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Kenya: Livestock Development Project I, Correspondence, C 129-KE

Report no 1317

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SecM76-703

FROM: The Secretary

October 19, 1976

PROJECT PERFORMANCE AUDIT REPORT

Kenya First Livestock Development Project (Credit 129-KE)

Attached is a copy of a memorandum from Mr. Weiner with its accompanying report entitled "Project Performance Audit Report: Kenya First Livestock Development Project (Credit 129-KE)" dated October 19, 1976 (Report No. 1317) prepared in the Operations Evaluation Department.

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Office of Director-General
Operations Evaluation

October 19, 1976

MEMORANDUM TO THE EXECUTIVE DIRECTORS

SUBJECT: Project Performance Audit Report: Kenya First Livestock
Development Project (Credit 129-KE)

Attached, for information, is a copy of a report entitled
"Project Performance Audit Report - Kenya First Livestock Development
Project" prepared by the Operations Evaluation Department.

Attachment



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Report No. 1317

PROJECT PERFORMANCE AUDIT REPORT
KENYA FIRST LIVESTOCK DEVELOPMENT PROJECT
(CREDIT 129-KE)

October 19, 1976

Operations Evaluation Department

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List of Abbreviations

A. Government Agencies

- RLA - Range Livestock Authority
- RMD - Range Management Division
- LMD - Livestock Marketing Division
- DVS - Department of Veterinary Services
- RWD - Range Water Division
- AFC/RD - Ranch Division of the Agricultural Finance Corporation

B. External Agencies

- IDA - International Development Association
- SIDA - Swedish International Development Authority
- USAID - United States Agency for International Development
- PMEA - IBRD/IDA Permanent Mission in Eastern Africa (which name was later changed to Regional Mission in Eastern Africa)

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PREFACE

Credit 129-KE, signed in September 1968, was fully disbursed in July 1974 and closed in December 1974. This audit report reviews the design, implementation and achievements of the project supported by the credit. The audit was based first on information contained in the project's appraisal and supervision reports, the Project Completion Report (PCR) issued in February 1976 by the Eastern Africa Regional Office, other material from Bank files and several reports submitted by the Government; and secondly on discussions with Bank staff in Washington and Nairobi, and with Government officials and participating ranchers in Kenya.

The audit agreed with most of the analyses and with the main conclusions presented in the PCR. Because of the unusually exhaustive length of that document, it is not included under this cover (it is available in the regional Projects Department). The following chapters highlight the most outstanding of its conclusions, expand on some of its analyses and comment on some additional issues.

A special study on "Technical Assistance in Agricultural Project Implementation" was prepared in the Operations Evaluation Department, using the Kenya Livestock I Project as a case study. It was submitted to the Board on August 19, 1976 (Sec M76-592). Though that study and the present audit report treat the same project, their interest and focus are different. The former dwelt on a particular variable: technical assistance, using the livestock project as a sample case and analyzing mainly the elements relevant to that purpose. The latter dwells on the project as a whole and, taking additional factors into account, comes out with a more balanced judgment on the project itself. Nevertheless, the two reports concur in most of their conclusions. The main contrast stems from the narrower definition of "technical services" adopted in this report, where it refers only to advisory services to participating ranches.

The valuable assistance provided by the Government of Kenya and the ranchers visited in the preparation of this report is gratefully acknowledged.

BASIC DATA SHEET

Kenya: First Livestock Development Project (Credit 129-KE)

A. Amounts (in US\$ mln)

	<u>Original</u>	<u>Disbursed</u>	<u>Exchange Adjustment</u> /a	<u>As of 6/30/76</u>	
				<u>Repaid</u>	<u>Outstanding</u>
Credit 129-KE	3.600	3.600	0.326	-	3.926

B. Project Data

	<u>Original Plan</u>	<u>Revisions</u>	<u>Actual</u>
First Mention in Bank Files			12/31/65
Government's Application			10/24/66
Board Approval	08/13/68		08/13/68
Credit Agreement	09/26/68		09/26/68
Credit Effectiveness	12/01/68	03/01/69; 05/01/69	05/01/69
Last Disbursement			July/74
Credit Closing	12/31/73		12/31/74
Total Costs (mln)	US\$11.4		US\$11.5
Economic Rate of Return	15.3%		/b

C. Mission Data

	<u>Month/Year</u>	<u>No. of Persons</u>	<u>No. of Weeks</u>	<u>Manweeks</u>	<u>Date of Report</u>
Preappraisal)	Mar.-Apr.				
Appraisal)	1967	4	4	16	11/28/67
Total				16	
Supervision I	Oct./68	3	1	3	11/18/68
Supervision II	Feb./69	2	2	4	03/04/69
Supervision III	Nov./69	1	2	2	12/11/69
Supervision IV	Mar./70	2 /c	1	2	04/23/70
Supervision V	Oct./70	3 /c	2	6	12/30/70
Supervision VI	Jul./71	2	2	4	08/27/71
Supervision VII	Jan./72	1	1.5	1.5	04/06/72
Supervision VIII /d /e	Oct./72	2	1.5	3	11/13/72
Supervision IX /d	Apr-May/73	2	1.5	3	05/21/73
Supervision X /d	Mar./74	1	1.5	1.5	04/08/74
Total				30	
Completion	Jul./75	1	3	3	02/12/76
Total				3	

D. Follow-on Project

Credit 477-KE of US\$21.5 mln, signed June 5, 1974 for Second Livestock Development Project.

/a Adjustment to reflect the devaluations of the United States dollar in 1972 and in 1973.

/b See paragraph 5.08.

/c Plus one SIDA representative.

/d Supervision missions sent by the Permanent Mission for Eastern Africa, in Nairobi.

/e The Second Livestock Project was appraised by another mission of 6 experts sent from Headquarters in October-November 1972.

Project Performance Audit Report

KENYA FIRST LIVESTOCK DEVELOPMENT PROJECT (Credit 129-KE)

Highlights

The audit reviews progress under the first livestock project, which provided funds to finance ranch and water development and the improvement of livestock marketing and ancillary Government services. The Swedish International Development Authority (SIDA) co-financed the project. It was a well-conceived and imaginative project, which addressed the development of the traditional cattle raising system.

After initial delays, the project was completed and the credit fully disbursed only seven months after the original closing date. The project looks successful when its pioneering nature is taken into account, but rather unimpressive when analyzed according to the usual Bank standards. The main factor behind the project's rather successful image was good project preparation. The main factors hampering its implementation were severe initial delays (four years between the Government's application and the first disbursements), and organization and management problems (paras. 2.03-2.07, 4.05, 4.13, 5.04).

The project resulted in partial development of 108 ranches and increased beef production and exports. Rates of return could not be computed. On the other hand, it resulted in an increased risk of degeneration or destruction to some rangelands and to wildlife.

IDA participation and supervision was satisfactory, though it is partly to blame for the factors that hampered project implementation (paras. 2.03-2.05, 2.07, 3.01-3.03, 4.17-4.19). Further, the lessons that could have been learned from this project were not fully taken into account when the second, larger livestock development project was prepared, appraised and approved (paras. 6.05, 6.08, 6.09).

The following additional points may be of special interest:

- weakness in combining credit with technical services (paras. 4.02-4.03, 4.05, 4.09);
- most successful component used the least amount of credit (4.09);
- overcommitment of the project proceeds (4.03-4.04);
- water charges for operation and maintenance have neither been designed nor levied (4.15);
- increase in international beef prices increased profitability of the ranches and the project alike, but the project would have survived even without this development (5.06); and
- useful role of a socio-anthropologist in the appraisal mission (1.02), and effects of the absence of an expert in public administration (2.03-2.05).

Project Performance Audit Report

KENYA FIRST LIVESTOCK DEVELOPMENT PROJECT

(Credit 129-KE)

SUMMARY AND CONCLUSIONS

1. In September 1968, IDA lent US\$3.6 million (Credit 129-KE) to the Government of Kenya to assist in promoting beef production in the rangelands. It provided funds to on-lend to group, individual, company and commercial ranches; to improve livestock movement and marketing; to develop water facilities in North East Kenya; and to improve technical services. The total project cost of US\$11.4 million was to be financed jointly and in equal shares by IDA, the Swedish SIDA and the Government, plus a token contribution from the participating ranching enterprises. This was the first livestock project financed by either IBRD or IDA in Africa.

Main Characteristics of the Project

2. The project's most impressive features were its innovative character and its relevance to the specific condition of the Kenya rangelands. Imaginative schemes were designed or adapted to meet the requirements of different ethnic groups (the pastoralist Masai, Somali, Boran and Galla; the heretofore agriculturalist Taita; the commercial, mostly European, ranchers) in regions with diverse ecological conditions (North East Kenya, Masailand, the Taita lowlands, Laikipia, etc.).

3. The project's most troublesome feature was the controversial organization set up for its implementation. IDA required that three new agencies be created to implement the project, in addition to another three that also had to have a hand in project implementation; that the project management be centered in the credit agency instead of in the Ministry of Agriculture, as desired by Government; and that the three new agencies be headed by experts recruited internationally.

Project Approval and Implementation

4. Almost two years elapsed between Government application and the signing of the credit agreement, and another two years before the first credit funds were disbursed. Thereafter, project implementation progressed at a faster pace than expected; the credit was fully disbursed only seven months after the original closing date.

1) The On-lending Component

5. The on-lending component suffered severe delays. Organizational and staffing problems, as well as AFC/RD's overly cautious lending approach, prevented commitment of funds during the first year and a half. After both the General Manager of AFC and the Head of its Ranch Division were replaced, the lending policy was changed and the funds quickly committed - in fact, overcommitted by some 50%. Although that rate was too high, overcommitment

greatly reduced the then prevailing delays in disbursement. This allowed the credit to be disbursed almost on time, but reduced the technical impact the project could have produced.

6. Long-term ranch development investments were less than forecast, while short-term loans for working capital (including funds for the purchase of steers and short-term financing of other operating expenses) were greater, reflecting both the appraisal report's overly optimistic assumptions about ranch development and the poor capitalization of the ranches. Adequate flexibility in the allocation of the credit proceeds is to be praised, although its consequences in terms of reduced ranch development must not be overlooked.

7. More credit than expected went to commercial and company ranches, and, to a certain extent, to individual ranches. Group ranches fell far short of lending targets. This was the most difficult and ambitious ranching scheme in the project; it took much longer than expected to set up and man the governmental structure to deal with the Masai who, in addition, proved reluctant to invest in their group ranches as heavily as planned.

8. The physical development achievements and the changes obtained in the herds' technical parameters are very difficult to estimate, for almost no records were kept on ranch performance. Combining credit and technical services, one of the project's main purposes, was obtained only to a limited extent. Repayment of the sub-loans' principal and interest has been rather good; arrears in the project sub-loans are lower than in the rest of the agricultural portfolio of the AFC.

ii) The Other Components

9. The livestock marketing component was implemented according to schedule and eventually more facilities than planned were built or improved; operating the marketing system proved to be far more difficult than envisaged. A watering scheme smaller though more intensive than envisaged and rather different in concept was also eventually implemented. No satisfactory method of raising fees for operation and maintenance has yet been devised. Technical services were improved. A special study on livestock prices and marketing was never completed.

iii) Project Supervision and Costs

10. IDA supervision was satisfactory and well scheduled. However, the study of livestock prices and marketing was ignored after the fifth supervision mission. At times IDA also ignored SIDA's interest in participating in the supervision missions and in being informed promptly of their findings. This was the only drawback in an otherwise good relationship between the two co-financiers.

11. Final project costs are estimated to be close to the appraisal estimate of US\$11.4 million.

Project Impact

12. Taking into account that this project was the first livestock project financed by either IBRD or IDA in Africa and that it addressed the development of the traditional cattle raising system, it can be considered a successful effort. It promoted ranch development, contributed towards improving livestock marketing and technical services, and helped some ethnic groups to become progressively more adapted to living conditions in a developing society. A more integrated and stratified beef industry emerged as a result of the project. Good project design is the main reason for this result. In addition, good weather, higher beef prices, and rather good performance of the project technicians did help.

13. However, project performance looks rather unimpressive when it is judged by usual Bank standards; most of the objectives established at appraisal were only partially achieved (coupling credit with technical services, improving technical parameters, developing the participating ranches, etc.). The main reasons explaining these shortfalls are the unnecessarily complex organization set up to implement the project, flaws in project management, poor management of many of the ranches, and the lack of good and lasting technical services to ranches.

14. The shortage of reliable production data prevented both the PCR and this audit from making current estimates of the project's estimated economic and financial rates of return.

15. Without detracting from its benefits, the project has increased the risk of rangeland destruction in Masailand, the Taita plains, and North East Kenya. Government is well aware of these risks and is doing whatever it can to control them. IDA is making its own contribution to the solution of the North East Kenya problem by financing two new rangelands/livestock projects in southern Ethiopia and southwestern Somalia.

IDA Performance

16. IDA is to be praised for accepting, improving and financing a very innovative and relevant project, and for allowing reasonable flexibility in the allocation of the on-lending component proceeds once the local and international conditions had changed. But IDA is to blame for most of the delays occurring from appraisal to effectiveness and for the controversial organization set up for project implementation.

17. The main reasons for the delays between appraisal and negotiations, negotiations and signing, and signing and effectiveness were, respectively, the depletion of IDA funds, the Government's difficulty in having the Land Adjudication Act ratified by Parliament and the recruitment of the three expatriate division heads. Most of these delays were unnecessary, since the problems could have been partly circumvented: (i) an IBRD loan could have been offered to Kenya to finance the project; (ii) ratification could have been requested earlier (while waiting for the IDA funds) or later

(as a condition to effectiveness); (iii) ratification need not have been made a condition for the whole project since it was related only to the on-lending component for group ranches (accounting for 16% of the whole credit); (iv) a more conservative approach to project organization and management (see next paragraph) could have made the recruitment of managers from outside Kenya unnecessary; and (v) no reason could justify delaying the implementation of any component because the head of the division in charge of another component could not yet be hired. Perhaps up to half of the more than two years that elapsed from appraisal to effectiveness could have been avoided had IDA assumed a more flexible and staggered approach in setting its conditions.

18. The proliferation of new administrative units that the Government had to set up to meet IDA requirements put an unnecessary burden on the limited national supply of qualified technicians, exacerbated tensions between the units, and led to the establishment of an authority to coordinate those units which never could perform this job. There was no Project Manager in the sense envisaged by IDA, either in the credit agency or in the Ministry of Agriculture. IDA was not properly prepared to handle these kinds of issues, lacking the necessary expertise and underestimating the complexity of effecting such a change in the Government's organization. IDA's requirement that the head of the three newly created units be recruited internationally also seems unjustified. It would appear that Government had staff members qualified to perform those jobs satisfactorily. In retrospect, requirements related both to institutional design and foreign recruitment seem to have been unnecessary; project implementation could have worked at least as well as it did with the original governmental structure and staff, possibly with the aid of one or two experts hired as advisors or trainers but not for line positions.

19. In 1972, a second livestock project was appraised and approved. Although the first project had, by then, at last gained some momentum and most of its problems had been overcome, it had nevertheless encountered serious bottlenecks. However, a large, complex second project was designed: the number of activities, co-financiers, agencies and ministries was greatly increased; new fields of activity were included; the project cost was increased fivefold; the organization set up for the first project, which was at last partially working, was changed. If some of the problems of the first credit were reduced, others were aggravated. This second project has recently run into severe difficulties, and IDA and its co-financiers have had to review it in depth. It may have been more useful to Kenya's livestock development had IDA restricted even more the larger project proposed by Government and accepted a simpler follow-up that would have consolidated the progress already achieved under the first project before becoming involved in more ambitious endeavors.

I. GENERAL INFORMATION

1.01 In November 1966 the Government asked the World Bank for financial assistance to develop the beef industry in the low-potential rangelands of Kenya. The proposal envisaged a total expenditure of US\$26 million over five years, of which the Bank was asked to contribute US\$16 million.

1.02 The application was prepared in the Ministry of Agriculture by the Range Management Division (RMD) with the aid of a UNDP/FAO team. The appraisal mission, made up of three livestock experts and a social anthropologist,^{1/} introduced several useful innovations. Because of doubts concerning technical and economic viability and social feasibility, as well as limited experience with the proposed ranching schemes, the appraisal mission suggested a drastic reduction in the size and scope of Government's proposal. The revised project would cost US\$11.4 million, with US\$7.2 million financed externally. The Government would finance another US\$3.6 million equivalent, and participating ranching enterprises the last US\$0.6 million equivalent.

1.03 Since the Bank did not wish to lend to Kenya on hard terms, an IDA credit was selected. But since IDA funds were almost depleted, the Swedish SIDA was invited to co-finance half the costs.^{2/} A US\$3.6 million credit (Credit 129-KE) was made to the Government of Kenya in September 1968, together with an equivalent one by SIDA.^{3/}

-
- ^{1/} This was the first occasion on which a mission appraising an agricultural project included a social anthropologist (a consultant, since the Bank staff did not include social anthropologists). He checked the appropriateness of the solutions proposed and assisted in selecting the areas in which the project should be located. The then Africa Department memorandum to the Loan Committee acknowledged that "he contributed significantly to the findings of the appraisal mission"; as a result of his outstanding performance, he was included again in the team that appraised the second livestock project. This experience suggests that such a specialist can make substantive contributions during preparation and appraisal of projects in which complex ethnic situations are involved, or when the types of ranching organizations and productive methods included in the project are likely to alter tribal systems of livestock production.
- ^{2/} However, the possibility of considering an IBRD loan, if IDA replenishment were delayed much further, was explicitly mentioned in a letter to SIDA of October 1967. SIDA's willingness to finance half the cost on soft terms did help to make the IDA credit materialize.
- ^{3/} Both credits were to be disbursed together and in the same categories (annex 1). Subsequently, appreciation in the value of the Swedish krona increased the SIDA share to US\$4.1 million. The exchange adjustment to reflect the US dollar devaluations in 1972 and 1973 increased Government's debt with IDA to US\$3.9 million.

1.04 Several Government agencies had a hand in executing the project under the coordination of an official committee designated as the Range Livestock Authority (RLA): the Range Management Division (RMD), the Livestock Marketing Division (LMD), and the Department of Veterinary Services (DVS) in the Ministry of Agriculture; the Range Water Division (RWD), formerly in the same ministry and later in the new Ministry of Water Development; the Ranch Division of the Agricultural Finance Corporation (AFC/RD); and the Ministry of Land Settlement. Three of these agencies (LMD, RWD, and AFC/RD) and the Authority (RLA) were established by the Government as a condition of the credit agreement. The credit agreement also required that the principal officer of those three agencies be recruited internationally.

1.05 In the first four years the project moved very slowly. Almost two years elapsed between the Government application and the signing of the credit agreement. After the credit was signed, organizational and staffing problems in the Kenya Government, as well as an initially over-cautious lending approach of AFC/RD, delayed the start of disbursement of funds for two additional years. Once through the start-up period, however, the project progressed at a faster pace than expected; the proceeds of the credit were fully disbursed only seven months after the original closing date.

II. PROJECT CONCEPTION AND APPRAISAL

2.01 The Project was conceived as the first stage of a comprehensive approach to develop a more structured beef industry in the Kenya rangelands. Its principal objective was to increase beef production, particularly by the traditional pastoral societies. The main emphasis was put on fattening - to such an extent that heifers were not allowed to be financed with the loan proceeds.^{1/} The project: (i) provided funds to on-lend for the development of group, individual, company, and commercial ranches^{2/}; (ii) financed facilities to improve livestock movement and marketing, and to develop water resources in the North East Kenya rangelands, and (iii) financed the improvement of the ancillary technical services provided by the Ministry of Agriculture. This project complemented the dairy cattle component of the earlier smallholder credit project (Credit 105-KE) for high potential areas in the development of Kenya's livestock industry as a whole.

2.02 The project's most impressive features were its innovative character and its relevance to the specific conditions of the Kenya rangelands. In 1965 and 1966, when the project was being conceived, many persons in East Africa were skeptical that the African livestock systems could, and even should, be developed and, as a result, proposed parastatal ranches for some countries in lieu of directly assisting the traditional system (Tanzania, Zambia, Uganda). The outstanding feature of the Kenya project was its attempt to address the traditional livestock sector. Imaginative schemes were designed or adapted to meet the requirements of different ethnic groups in regions with diverse ecological conditions: group ranching for the pastoralist and semi-nomadic Masai tribesmen, with some individual ranches as "starters" and demonstration units; company ranching for the more commercially-oriented Taita people in the heretofore unused rangeland surrounding the Taita Hills; and support to the already existing commercial ranches supplying the bulk of Kenya's meat production. This effort, the Bank's first in Africa, was greeted with skepticism by quite a few persons knowledgeable about Africa.

^{1/} A regulation that had to be dropped when the rise in beef exports and the development of feedlots increased demand for feeder cattle beyond the supplies then available and indicated that North East Kenya was not an inexhaustible source. Financing of breeding herds in the Taita company ranches was then authorized by IDA.

^{2/} The meanings of these terms are presented in annex 2. Development of the ranching enterprises would be limited to that requiring the simplest inputs, and would not emphasize pasture establishment and/or improvement in this stage. Because there was little experience in Kenya with public financing of this type of development, and uncertainty regarding pastoral society responses, a pilot approach was used. Respective components of the project were confined to specific regions, selected on the basis of development potential and social feasibility (map 1).

2.03 The project's most troublesome feature was the controversial organization set up for its implementation. In examining the Government proposal, IDA rightly identified certain functions and tasks that had to be performed by the Government to carry out the project and boost livestock development as much as possible, functions which the existing group of organizations did not appear to be well prepared to perform. However, IDA seems to have over-extended its role, undertaking to design a new governmental organization which it thought could perform those functions and tasks, and required its implementation as a credit condition. This design included: (i) existing agencies, such as RMD, DVS and the Ministry of Land Settlement, whose tasks and responsibilities were somewhat modified; (ii) three new agencies to be established: a Ranch Division in AFC, seeking to combine credit with technical services to ranchers; RWD, under the Water Development Department, to handle range water development; and LMD, to be separated from DVS, its parent department. This proliferation of administrative units put an unnecessary burden on the limited national supply of qualified technicians; exacerbated tensions and created conflicts between the original and the new agencies, as well as between the new agencies themselves; and forced IDA to request that another organization, the Range Livestock Authority (RLA), be created to serve as coordinator. This Authority, lacking a clearly defined leadership, functioned only until 1970 and never accomplished its duties as a coordinator.^{1/}

2.04 The Government wanted Project Management to be centered in RMD, which was its specialized unit for handling range livestock activities. IDA found RMD to be mainly oriented towards conservationist and regulatory functions, rather than development,^{2/} and succeeded in getting Project

^{1/} Although IDA's insistence on establishing several new organizational units was inappropriate, that does not mean IDA should have exerted no pressure on Government to set up an institutional structure which could manage the project. But IDA should have restrained the impulse to design the changes and should have gotten the Government to propose a workable organizational set-up that could have better fit its own possibilities and restrictions. This kind of approach usually takes more time during project preparation, but since the Government itself develops the solution and gets more comfortable with it, project implementation can be made smoother and faster, as would almost certainly have been true in this case.

^{2/} This is still a disputed issue. The IDA staff members involved in the project still think that "these people were well-qualified in regulatory functions, but were inexperienced in a development concept combining credit and technical services to maximize production and marketing in all sub-sectors and phases of the livestock sector." The Government officials argue that "the Bank guessed wrong here", and that "while true that the then head of RMD was a conservationist, most of the principal officers in RMD were development-oriented." According to these officials, RMD was already handling a development-oriented project (financed with Government funds) whose future expansion (planned by them) called for additional funds (this being the reason for applying to the World Bank for a loan to support this expansion, application which eventually became Credit 129). IDA staff members still describe this application as a proposal which "amounted to a budgetary assistance credit to the Government to enlarge the on-going regulatory functions of the Ministry of Agriculture."

Management placed in the Ranch Division to be established in AFC. This was an unfortunate decision: the head of AFC/RD could not perform as Project Manager since the heads of the other agencies involved had a similar or even higher rank than his in the Government hierarchy. He had neither the power nor the status to influence the performance of the other agencies. Only the head of RLA could have been expected to perform such a management role; but RLA, which served to some extent as a compromise between the Government's desire to center authority in RMD, and IDA's insistence on placing it in AFC, was designed not as an authoritative body as its name would suggest, but as an advisory one to give "overall Project guidance." In fact, there was no Project Manager in the sense envisaged by IDA.^{1/}

2.05 Since organizational problems - some of them existing already, but others exacerbated or created by IDA's complex institutional requirements - plagued project implementation, and since this is the major project flaw attributable to IDA intervention, it is worth asking whether IDA was prepared to handle these kind of issues, particularly to diagnose Government organization and propose rather far-reaching reorganization. In fact, IDA was not properly prepared; in particular, it lacked the necessary expertise. The Livestock Division employed no expert in Public Administration or Management;^{2/} none of the members of the appraisal mission had had formal training in these areas; and IDA had no specialized unit for backing them up in this complex and sensitive field. IDA required the organizational changes without thoroughly analyzing the structural and functional problems of the new scheme and the double line of command it implied, and without duly weighing the burden it would impose on the available qualified staff. In short, IDA underestimated the problems and complexity of effecting such a change in the Government's organization.^{3/}

2.06 In addition to that institutional design, IDA required that all three new agencies be headed by experts recruited internationally. The following comments can be made with respect to this point: (i) a more conservative approach to project organization could have made the recruitment of division chiefs from outside Kenya unnecessary; (ii) even accepting that IDA was right in requiring the creation of the new agencies, it seems that the Government had some staff members at that time, European and African, who were qualified and experienced enough to be able to perform those jobs

1/ The head of AFC/RD was thus wrongly named "Project Manager", a mistake that brought about several problems and misunderstandings during implementation.

2/ Most of its livestock experts had had experience as project managers or Government administrators, however.

3/ The PCR's treatment of project organization demonstrates the same problem. Its analyses lean unjustifiably toward RMD, and its recommendations show the same kind of over-simplified approach to Governmental organization already mentioned with respect to the original set-up.

efficiently^{1/}; and (iii) the Bank did not duly consider the fact that the perceived cost of internationally recruited expatriates looked very high when compared with the salary scale established by the Kenya Public Civil Service - and even with Parliament salaries - and that many psychological and political problems would arise as a result. It seems that in countries such as Kenya it is no longer possible to program expatriates into important line positions - advisory roles are all that can be expected.^{2/}

2.07 These institutional and recruitment requirements and the problems arising therefrom delayed and hampered project implementation (see chapters iii and iv) and worsened relations between IDA and the Government, moving the Minister of Finance to comment harshly in his statement at the 1970 Joint Annual Meeting of the Governors of the Bank and the Fund.^{3/} In retrospect, it seems that these requirements were either ill-designed or unnecessary, and that project implementation could have worked at least as well with the original governmental structure and staff, possibly with the aid of one or two experts hired as advisors or trainers but not for line positions.

1/ In this respect, Kenya is rather unique among the Black African countries (and among most developing countries), for it has a lot of well-qualified technicians who may, on balance, satisfy most of IDA's requirements for the internationally recruited experts.

2/ See "Audit Report on Technical Assistance in Agricultural Project Implementation - A Pilot Case: Kenya Livestock I", OED Report No. 1279, August 19, 1976, distributed to the Board on the same date (SecM76-592).

3/ Taken from the Statement by the Hon. Mwai Kibaki, Minister for Finance and Governor of the Fund and Bank for Kenya, at the 1970 Joint Annual Meeting:

"There is a tendency for project missions to forget these wider economic questions but yet have plenty of time to question the administrative and even political structures within which a project will take place, even though these have little bearing on the viability or return of the project in question. If I may say so, there is a need for Bank missions to exercise greater caution when they question the organization of governments and they need to show rather less enthusiasm for setting up new government departments and institutions simply to operate individual projects. There is, I fear, some regrettable tendency on the part of some missions toward arrogance in their beliefs and a reluctance to consider local views contrary to the preconceived views of their members. It is sometimes the case that local institutions can best be considered by local people. Representatives of the local government may frequently be in a better position to judge the political aspects of a project which are frequently unrelated to its viability anyway."

2.08 Two other points call for comments. First, it was assumed during project preparation and appraisal that the commercial ranch participants would be European and not in need of technical help. Therefore, no technical services for them were provided for in the project. However, during negotiations and project implementation, Black Kenyans took over most of the commercial ranches and applied for project loans: they needed technical services that could not be supplied. Nobody could have asked the appraisal mission to forecast the rate at which these ranches would be Kenyanized, but in the late 1960s it was no longer possible to take European commercial ranches for granted. The appraisal mission should have forecast that several commercial ranches would be Kenyanized before and during project implementation; and should have included technical services for them in the project.

2.09 Second, the rate of development assumed in the project was too fast. To attempt to fully develop ranches such as the group and company ranches in just four years was physically difficult to achieve and would put a heavy front load of principal and interest on new African ranchers. Ranch development plans should have been spread over more years, even though this extended period could have been longer than IDA's usual project period.

III. UNNECESSARY DELAYS FROM APPRAISAL TO EFFECTIVENESS

3.01 Negotiations were put off for six months because IDA funds were almost exhausted when the appraisal report was ready. Presentation of the project (already negotiated) to the Board was deferred another five months because the Government needed more time than expected to have the Land Adjudication Act ratified by Parliament (ratification of this Act had been defined at negotiations as a precondition of signing). After signing of the Credit Agreement, seven additional months had to pass to recruit the expatriate heads of LMD, RWD and AFC/RD, as required by the Credit Agreement (see table 1). These delays deferred project implementation unnecessarily, decreased its impact, and made the achievement of some of its goals more difficult.

3.02 The following comments can be made on the IDA requirements and their consequences: (i) Negotiations were delayed because IDA funds were depleted at that moment, but negotiations could have proceeded immediately and an IBRD loan could have been offered to Kenya to finance the project. (ii) It was not necessary to wait until IDA funds were available to request the Government to have the Land Adjudication Act ratified by Parliament. Furthermore, this act was needed only to establish the group ranches; there was no reason to defer the development of North East Kenya range water and of the stock routes, holding grounds and quarantine stations, nor to hold up the lending to individual, company and commercial ranches. (iii) As already mentioned, a less complicated approach to project organization and management could have made the recruitment of division managers from outside of Kenya unnecessary (see para 2.06). (iv) IDA did not provide the Government with enough support to recruit the expatriate technicians IDA itself had insisted were essential to project success; a list of alternative candidates that IDA had committed itself to make available was not timely submitted to the Government. (v) Even accepting the need for expatriates, no reason could justify delaying the implementation of any component (water development in North East Kenya, for example) because the manager of another division (the head of AFC/RD, for example) could not yet be hired^{1/}. Expenses under each of the categories in the agreed List of Goods (annex 1) could have been declared eligible for reimbursement after the conditions specified for that category had been met, regardless of whether or not conditions of other categories had been met^{2/}.

^{1/} Of course, this statement is valid only in the short-term (let's say, three to six months). Both temporal and functional relationships existed among the different components; delaying the implementation of any of them during a longer period of time would have jeopardized the implementation of the others.

^{2/} Such an approach was later adopted by IBRD in the Zambia Livestock Project (Loan 627-ZA). Investments made on each of the state ranches involved were eligible for reimbursement after the Government produced the legal land titles for that specific ranch. The use of the "Kenya project approach" to effectiveness in Zambia would have delayed it for two or three years, until the titles of all the ranches could be produced.

Table 1

Delays From Application to Effectiveness

<u>Date</u>	<u>Stage</u>	<u>Length of Delay</u>	<u>Main Reason for Delay</u> ^{/a}
11/66	Government's Application		
12/66			
1/67			
2/67	Appraisal Mission		
3/67			
4/67			
5/67			
6/67			
7/67	<u>Appraisal Report Ready</u>	6 months	IDA funds exhausted
8/67			
9/67			
10/67			
11/67			
12/67			
1/68	<u>Negotiations</u>	5 months	Government's delay in having the Land Adjudication Act ratified by Parliament
2/68			
3/68			
4/68			
5/68			
6/68			
7/68			
8/68	<u>Credit Approved</u>		
9/68			
10/68	<u>Credit Agreement Signed</u>	7 months	Recruitment of the expatriate heads of LMD, RWD, and AFC/RD.
11/68			
12/68			
1/69			
2/69			
3/69			
4/69	<u>Credit Effective</u>		
5/69			

^{/a} Other requirements had to be met before signing of the Credit Agreement and effectiveness, but these were not critical in determining the length of the delays.

3.03 It can be concluded that perhaps up to half of the more than two years that elapsed from appraisal to effectiveness could have been avoided had IDA assumed a more flexible and staggered approach to conditions of signing and effectiveness. An earlier date of effectiveness would have allowed an earlier reaping of project benefits, would have allowed an easier development of the Masai's group ranches (since they were understocked at that time), and would have expedited the on-lending process, making it possible to use the ranch plans prepared by the FAO/UNDP Range Management Project during project preparation (most of which were outdated five years later when actual lending began; see para 4.05).

IV. PROJECT IMPLEMENTATION

A. The Implementation of the Project Components

4.01 After some reasonable delays following effectiveness, the livestock marketing, water development and technical services components of the project were implemented. The on-lending component, however, suffered severe initial delays; thereafter, it was implemented at a faster pace than expected.

1. The On-lending Component

4.02 The on-lending component suffered severe delays after effectiveness. Organizational and staffing problems, as well as AFC/RD's overly rigid, cautious and sophisticated approach to lending, prevented commitment of funds during the whole first year. By October 1970, only 10 ranch loans had been approved, for US\$210,000 (out of US\$6.4 million to be sub-lent) and US\$6,000 had been disbursed by AFC to ranchers; no claims had yet been presented to IDA. By December 31, 1970, 20 months after effectiveness, only 23 sub-loans - worth 14% of the total amount to be sub-lent - had been approved by AFC; less than 1% of the credit proceeds for ranch development had been disbursed by IDA (the appraisal report had forecast that about one-third of the proceeds in this category would be disbursed by IDA by that date).

4.03 Meanwhile, some changes were taking place which were soon to be reflected in accelerated disbursements. A new General Manager of AFC had been appointed;^{1/} another expatriate with credit expertise replaced a livestock expert as head of AFC/RD;^{2/} and AFC/RD lost its independent status in AFC (stipulated in the Credit Agreement) and was made a section within AFC's Loan Department.^{3/} An aggressive lending policy replaced the former cautious approach and the funds were quickly committed; in fact, the funds for long-term lending were overcommitted by 70%, and those for short-term lending by 40%. The overcommitment greatly reduced the delays, allowing the credit to be disbursed almost on schedule, and preventing the long postponement of the closing date that supervision missions had been forecasting (annex 3). Although the rate achieved was too high, the audit mission agreed that some rate of overcommitment was needed to disburse the funds on time.^{4/}

^{1/} Approved by IDA as a condition of the Smallholder Agricultural Credit Project (Credit 105-KE).

^{2/} IDA agreed fully with the removal of the first head of AFC/RD, who had no credit expertise, but reluctantly accepted the new appointee on the grounds that livestock expertise was more useful than credit expertise for the satisfactory execution of this job.

^{3/} This explicit breaching of an Agreement covenant was not challenged by IDA.

^{4/} Eventually, some of the funds overcommitted under this credit had to be honored with proceeds of the second livestock project (Credit 477-KE).

4.04 This faster rate of commitment brought about its own problems. The time needed to process each sub-loan application was greatly reduced - a badly needed improvement; but it seems that the processing of applications was sometimes speeded up too much, beyond what was needed for their thorough technical, economical and financial analysis. The audit mission heard allegations that in the rush to commit the funds, some of the loan applications had been processed with undue speed and that, later on, some of the funds had been misused by loanees. No evidence was found for either supporting or rejecting these allegations, but files of some of the loans made in this late period lack part of the documentation needed to support them.

4.05 The division of tasks and responsibilities between the old RMD and the new AFC/RD regarding the preparation of ranch development plans was never well defined or implemented. RMD used to prepare such plans. IDA required that AFC/RD be created to prepare those plans together with the credit applications, but staffing it satisfactorily proved to be a difficult task. An agreement defining complementary roles for both agencies in preparing those plans was difficult to achieve given the controversy that accompanied the establishment of AFC/RD (this agency trying to become independent from RMD, and RMD feeling it had been sidetracked from a project it had conceived and prepared). In addition, there were personality clashes between the heads of both Divisions. Eventually, working agreements were achieved in the field; most frequently ranch plans were prepared mainly by RMD, with the help of RWD, and then reviewed, turned into credit applications, and appraised by AFC/RD. Sometimes better and sometimes worse, these rather informal agreements worked during most of the implementation period. The ranch development plans that had been prepared by the UNDP/FAO Range Management Project in 1965 and 1966, during the livestock project preparation period, were outdated in 1970, when the lending process actually began.^{1/}

4.06 Long-term ranch development investments actually financed under the credit were less than forecast; short-term working capital was greater than forecast. These changes reflected both the appraisal report's overly optimistic assumptions concerning the rate at which the ranches (particularly the group and company ranches) could be developed, and the increased demand for working capital for steer purchase and other operating expenses, a consequence of the poor capitalization of the ranches. The shift in the use of credit proceeds to support the fattening industry, including the financing of some feedlots not contemplated at appraisal, allowed Kenya to increase its meat exports just when international beef prices were increasing. Adequate flexibility in the allocation of the credit proceeds when the national and

^{1/} The unnecessary delays from appraisal to effectiveness (already discussed in paras. 3.01-3.03) and the delay in starting on-lending (see para. 4.02) are to blame for this waste of effort.

international market conditions had changed is to be praised, although its consequences in terms of reduced ranch development investments must also be noted.

4.07 Most of the money in this category was lent to commercial, company and individual ranches: US\$3.6 million was lent to 42 commercial ranches (instead of a forecast US\$2.4 million to 20 ranches); US\$2 million (instead of US\$1.4 million) went to the 10 company ranches envisaged; and US\$0.36 million (double the amount planned) was borrowed by 41 individual Masai ranches (compared with only 10 ranches envisaged at appraisal). On the other hand, only 15 of the 20 group Masai ranches planned were actually developed by the project, and only US\$0.28 million (a bare 15% of the US\$1.9 million envisaged) was borrowed by them (see annex 4). Several reasons explain this shortfall: (i) It took much longer than envisaged to set up and to man the Government organization (which remains understaffed) to deal with group ranches, and to issue the regulations that allowed it to register the groups and to give them titles on the heretofore communal land. (ii) This was the most difficult and ambitious ranching scheme included in the project: besides there being new enterprises to be created (a feature in common with the company ranches), developing the group ranches implied changing the Masai's traditional cattle raising methods and working with a pastoralist tribe which was not used to commercial activities (the Taita in the company ranches were used to cash crops). (iii) The Masai proved to be reluctant to invest in their newly appropriated lands (formerly communal lands) as heavily as expected during project preparation and appraisal.

4.08 The physical development achievements and the changes obtained in the herds' technical parameters are very difficult to estimate, for almost no records were kept on ranch inputs and outputs; reporting on ranch performance was virtually absent throughout most of the project period.

4.09 One of the project's main purposes was to establish a lending system combining ranch credit and technical services. However, this combination was obtained only to a limited extent; the actual situation can be illustrated by referring to the ranchers themselves and to the performance of two of the expatriate officers involved in project implementation. It was assumed during project preparation and appraisal that the commercial ranch borrowers would be Europeans and, as such, not in need of special technical help. As the project progressed, Africans took over the European ranches and applied for AFC loans. Little technical service was offered to them by the project, and, since they lacked capital, the commercial ranch sub-component of the project turned in part into a kind of salvaging scheme to keep some of the new owners solvent and the cattle alive. Just the opposite happened to the group ranches: they got the most intense technical assistance effort in the project, but they used practically no credit. 1/ As for the foreigners

1/ Most participants and observers consider the group ranch development the most successful part of the project, which means that the part of this "credit" project which has worked the best so far is the part which used the least "credit."

involved in project implementation, the first "Project Manager" tied up the on-lending process while attempting to combine credit and technical services through a quite detailed farm development planning procedure. The on-lending component only began to move (in the sense of accelerated commitment and disbursement of funds) when the Bank and the Government agreed on replacing that project manager, a livestock expert himself, by a credit expert. Then the "floodgates" of credit disbursements were opened. The technical standards of the ranch plans which accompanied the accelerating credits have been criticized by many observers, and some plans may never have been prepared in detail.

4.10 The IDA credit to Government was made at the standard service charge of 3/4 of 1% for 50 years, including a 10-year grace period. Government re-lent IDA funds to AFC at 3% for 18 years, with a grace period of 5 years. Long-term sub-loans to participating ranches were made at 7.5% for 12 years, with a 4-year grace period. Short-term loans were made at the prevailing interest rates.

4.11 Some of the long-term sub-loans plus most of the short-term working capital have become due. In 1971/72, the small amount due was fully repaid to AFC. In 1972/73, 21% of the then due amount was left unpaid; in 1973/74, the unpaid portion increased to 25%, but in 1974/75 it was reduced to less than 13%. These figures are equivalent to 7.4%, 13.8%, and 4.4% of the respective outstanding balances and compare favorably with the percentage in arrears of AFC's total agricultural loans (17.1%, 16.2%, and 11.0%, respectively). By the end of 1975, 12.8% of the amount due for repayment was in arrears, the company ranches showing the best record (3.0%), and the individual ranches the worst (35.3%). Commercial ranches (7.3%) and group ranches (12.2%) stood in between. If the present cost/price squeeze continues, as well as drought and overstocking (see para 5.07), arrears in AFC will increase.

2. The Livestock Marketing Component

4.12 The project provided for physical facilities (establishment or improvement of stocking routes, holding grounds, veterinary facilities, quarantine stations, etc.) and organizational structures (the creation of LMD) to ensure a steady flow of "immatures" (feeder cattle) from the low potential range breeding areas to the higher potential range fattening areas (a long-term move to facilitate further development and stratification of Kenya's beef cattle industry) and to provide the "immatures" required by the project ranches. This component progressed according to schedule. Construction or improvement of facilities and marketing objectives were achieved (and usually surpassed).

4.13 Operating the marketing system proved to be far more difficult than envisaged. LMD had to buy the "immatures" in North East Kenya and walk or drive them south through the stocking routes provided for or improved by the project. Some losses were expected. However, during the periods of drought, stringent veterinary regulations prevented further movement of cattle that had already been bought by LMD or was already being driven through the routes; tens of thousands of heads of cattle were lost during the first three years

of operation. There is no evidence that the ultimately disastrous action of quarantining the movement of "immatures" south was deliberately imposed by DVS to frustrate LMD activities. However, it may be guessed that if DVS had remained in control of the marketing channel (i.e., if IDA had not required as a credit condition that LMD be established as a separate unit outside of DVS), DVS probably would have found ways to move its own animals, a liberty it chose not to take when regulating to the letter of the law the movement of cattle under the control of LMD. The possibility that the head of LMD, in his efforts to be independent of DVS, did not effectively liaise with DVS in working out his buying program to ensure that the stock routes were considered disease-free before he did any buying should also be mentioned.

3. The Water Development in North East Kenya Component

4.14 Contingent upon a more detailed survey to be undertaken and financed under the credit, the project provided for the construction of water points at 20 mile intervals in a 20,000 square mile area in North East Kenya, selected on the basis of the "water discipline" of the pastoral tribes concerned, cattle populations, and development potential. The detailed survey was carried out by a USAID team, who proposed a three-mile grid scheme on a much smaller area - a scheme more intensive and conceptually different than that originally envisaged. A revised proposal, covering 12,400 sq. miles with a distance between water points in some blocks of only 5 miles, was prepared at Government's and IDA's request. The number of facilities eventually provided was greater than appraisal estimates but fell short of the revised targets. In terms of area, only 3,000 sq. miles were developed, as compared with the appraisal 20,000 sq. miles and the revised 12,400 sq. miles. The audit agrees with the PCR and other reports that have supported the original Government/IDA proposal and criticized the overly intensive development actually carried out.

4.15 The Government still operates and maintains the dams and bore-holes. Its services are generally satisfactory, although there have been problems from time to time; repair costs are high due to dirty diesel oils and inexperienced operators. No satisfactory method of raising fees for operation and maintenance has yet been devised. The Government's argument is that "this cannot be accomplished until the users in the various areas have been defined" and that "the identity of users cannot be established until much larger areas are developed and a pattern of range use can be roughly determined. When the people can be more readily identified with the land, a method of payment for maintenance can be worked out." It is difficult to say if something better could have been done in an arid area with semi-nomadic pastoralist tribes wandering around, but one may wonder whether certain tribes or clans could have been associated with the development of certain watering facilities from the very beginning, having them discuss and approve their type and location, and partly finance their construction. Besides having them involved in the construction, operation and maintenance of such watering facilities, this kind of "ownership" or "allocation" could have helped prevent or reduce the severe overgrazing that came about associated with the years of drought which followed that development (see para. 5.11).

4. The Ancillary Technical Services Component

4.16 As a complement to the direct technical services to borrowing ranchers, the project provided for the strengthening of the ancillary technical services of RMD and DVS through the financing of additional staff, operating budgets, vehicles, equipment, diagnostic and laboratory facilities, and education and training facilities. This component was implemented with only minor problems. Staff costs in RMD were less than anticipated, but building costs were about twice as much as planned. Since only 43 houses were built instead of 53, RMD spent a bit more than envisaged (US\$0.63 million instead of US\$0.54 million). DVS spent only 63% of the appraisal estimate (US\$0.18 million instead of US\$0.28 million) because of: (i) delays in getting new posts approved (in some cases, not establishing them at all); (ii) salaries lower than expected; (iii) delays in building, which resulted in the laboratory and officers' houses at Wajir not being constructed; and (iv) as a result of the delay in the start of the project, the Government completed the vaccine laboratory at Kabete with its own funds. Total expenditures in this category were slightly under the appraisal estimate of US\$0.82 million.

5. The Study on Beef Prices and Marketing Component

4.17 At appraisal, IDA realized that there was not enough information on livestock marketing and pricing to support the formulation of a sound and permanent marketing and price policy. Thus, a special covenant was included in the credit agreement requiring that Government prepare a study of livestock marketing, movement and pricing in Kenya. Later on, the Government and IDA agreed on reviewing and completing a study already prepared by the Institute of Development Studies of the Nairobi University College. A committee was set up to undertake this job, but it never completed it. The Government never fulfilled this covenant under the first project. 1/

B. Project Supervision

4.18 IDA supervision was satisfactory and well scheduled. The technical assistance provided to the Government by the supervision missions was useful in securing improvements in project implementation and management.

4.19 However, the implementation of the study on livestock pricing and marketing, referred to above, was overlooked by the sixth and following supervision missions and never completed. None of the participating IDA staff members interviewed during this audit could recall what eventually happened with the study or why no further reference to its progress was ever made.

1/ Such a study was included again in the second livestock project (Credit 477). Arrangements were under way for this study to begin in August 1976.

It seems that the matter was just forgotten by IDA. A checklist in each supervision report calling the attention of subsequent missions to important matters deserving follow-up (actions to be taken, expected results or events, matters of concern, covenants or deadlines to be accomplished, etc.) might have prevented this oversight.

4.20 From time to time, IDA ignored SIDA's interest in participating in the supervision missions and in being informed promptly of their findings. This was the only drawback in an otherwise good relationship between the two co-financiers (annex 4).

C. Project Cost

4.21 The lack of accurate information prevents a precise calculation of the final project cost. The PCR roughly estimated it to be US\$11.5 million, almost in line with the appraisal estimate of US\$11.4 million, with Government and ranchers' contribution slightly smaller than expected and SIDA's contribution slightly greater.

4.22 Of total project costs, 58% was spent on ranch development, 18% on livestock marketing, 17% on water development, and 7% on the Government ancillary services. More than planned was spent on the first three categories: water development (50% over appraisal estimates), livestock marketing (18%), and ranch development (5%), the additional monies coming from "Category V, Unallocated" (annex 5). Disbursements from the credit followed a similar pattern (annex 6).

V. PROJECT PERFORMANCE AND IMPACT

A. General Comments

5.01 The project performance and impact has to be analyzed according to a double standard. On the one hand, it must be taken into account that this was the first livestock project financed by either IBRD or IDA in Africa,^{1/} that it addressed the development of the traditional cattle raising system and was innovative in many respects related to pastoral cattle raising, and that there were substantial constraints affecting implementation. Seen in this perspective, the project succeeded in promoting both livestock and social development. It resulted in partial development on 108 ranches rather than full development on only 60 as envisioned in the appraisal report; it helped to increase herds in quantity and to improve their quality,^{2/} and to develop rangelands and range water. Stock routes were improved and a new agency was set up to market the northeastern "immatures." Water facilities in North East Kenya were developed more intensively on a smaller area than planned. The project contributed toward improving technical services. A spatially more integrated and functionally more stratified livestock industry emerged as a result of the project. In the field of social development, the project helped some Masai tribesmen to become progressively less nomadic and more sedentary and to begin to adapt to the demands of commercial ranching. It also helped the advance of the Taita people towards fully commercial activities.

5.02 On the other hand, it must be taken into account that this was another livestock project financed by IDA whose performance must be judged by usual Bank standards. Seen in this other perspective, the project looks rather unimpressive: credit was not well coupled with technical services; ranch-level records on inputs and outputs were scanty; reporting on ranch performance was virtually absent throughout most of the project period; funds were extended more for operating costs than for capital development; technical coefficients seem to be far below the appraisal estimates; off-take of "immatures" from North East Kenya for finishing off in higher potential range areas was below expectations; and area with water development in North East Kenya was well below the appraisal and revised estimates.

^{1/} It preceded by a short time the contemporaneous Uganda and Tanzania first livestock projects, and by almost a year the Zambia one (Credits 130-UG and 132-TA, and Loan 627-ZA, respectively).

^{2/} IDA and Government expected that the proposed on-ranch investments, including working capital and supporting technical services, together with better herd control and improved management, would result in an overall improvement in herd and ranch output, with improved weaning rates, reduced mortality, higher carrying capacity, and increased off-take. Production has increased and herds have been improved, but although the information collected heretofore on herd performance is still inconclusive, progress already made in herd technical coefficients seems to be disappointingly low if compared with the rather optimistic projections made at appraisal.

5.03 The main reason behind the rather successful aspect of project performance was good project design. The loan application was prepared by technicians knowledgeable about Kenya range livestock production, with the help of a UNDP/FAO project staff, after years of experience and research. The appraisal mission improved the Government proposal, gave the project its final design, and rightly cut it down to a more manageable size (see paras. 1.02 and 2.02). In addition, rather good weather during the first years of implementation, the good performance of most of the project technicians (including most of the expatriate technicians hired for the project), and the increasing international beef prices helped project implementation.

5.04 The main reasons that prevented a better project performance were the controversial organization set up to implement the project, the inability of the executing agencies to coordinate their work and to achieve and retain good standards of management,^{1/} the poor management of many of the ranches, and the lack of good and lasting technical services to ranches. IDA and the Government are to blame for most of these shortcomings; IDA is also delinquent for not pressing the Government enough to improve project implementation. Three dry years in a row and the recent decline in the international beef prices have made the difficult situation of the ranches and the project itself quite apparent.

B. Economic Results and Rates of Return

5.05 The project resulted in increased beef production. Since this increase was made when international markets were favorable, the project resulted in increased beef exports and foreign exchange earnings too. The exact amount of those increases cannot be calculated because farm level data is scanty.

5.06 Beef prices in the international markets rose substantially during the early 1970s. This increase helped both project implementation and profitability. It increased the country's external exchange earnings. It also allowed some increase in the price at which ranchers could sell cattle bound for the export market and for some sold through certain marketing channels for the internal market.^{2/} In turn, this internal price

^{1/} The Government has rightly complained that management standards should be kept as uncomplicated as possible, but in several fields, such as monitoring and reporting, not even minimal standards were achieved. The Government has also rightly complained that "one way of achieving this (to keep standards as uncomplicated as possible) is to try as much as possible to adapt the existing Government set-up."

^{2/} High export prices were not fully passed on to the producer. A part of them was used to finance long-term capital developments at the Kenya Meat Commission (KMC) and to maintain low consumer prices. Nevertheless, prices of cattle rose from 30% to 80% (depending on grade) from 1971 to 1975.

increase boosted the demand for both cattle and AFC loans, spreading the expanded income among cattle fatteners and breeders, and eventually allowing commitment (in fact, overcommitment) of the on-lending project funds with only a short delay. However, the project would not have collapsed had the cattle price increase not occurred; it was sound and strong enough for adequate development under the appraisal price assumptions.

5.07 Beef prices in the international markets have decreased since their highest level in 1973; and the ranch development and operating costs have substantially increased in the last two years (costs have risen from 40% to 300% between 1972 and 1975, depending on the kind of input and the kind of works), bringing about a cost-price squeeze that is jeopardizing the economic and financial situation of all kinds of ranches. In addition, Kenya has experienced three successive years of drought; and livestock numbers have continued to increase above safe stocking limits. Therefore, most ranches seem to be now in a bad financial situation.

5.08 The shortage of reliable production data prevented the PCR and this audit from producing current estimates of the financial rates of return for each of the four ranching schemes supported by the credit or of the economic rates of return for the project as a whole and its main components. There are three sources that can provide some information on this field,^{1/} but all their computations are based on models, forecasts and guesses, and practically no actual ranch-level data. If the audit had to venture a guess, it would be that a present estimate of the project's rate of return would be far below the appraisal estimate of 15.3%.

C. Risks Brought About by the Project

5.09 Without detracting from its benefits, the project has increased the risk of rangeland destruction in some of the areas involved, mainly Masailand and North East Kenya. These risks were anticipated in the project design, but only to a limited extent and perhaps without following through to all the relevant implications.

5.10 When the project was conceived, the Masai were understocked as a result of the drought of the early 1960s. It might have been relatively easy at that time to convince them to limit their livestock increase to a certain safe amount that could prevent overstocking. But delays in both project approval and issuing regulations to implement the Land Adjudication Act and the Group Registration Act set back the introduction of the needed services to the Masai by almost four years. In late 1970 and in 1971, when lending to the group ranches began, their lands were already, at best, on the verge of being overstocked, and herds were still increasing. Persuading

^{1/} (i) H. Jahnke, H. Ruthenberg and H. Thimm: Range Development in Kenya: A Review of Commercial, Company, Individual and Group Ranches, Studies in Employment and Rural Development No. 4, Development Policy Staff, IBRD, Washington, D.C., September 1974, mimeo, 86 pages plus annexes; (ii) IDA, Appraisal of Second Livestock Development Project, Report No. 193a-KE, May 9, 1974; and (iii) Kenya Second Livestock Development Project, Draft Review Mission Report (August, 1976).

the Masai to reduce their stock to a more secure level, compatible with the actual carrying capacity of their land, has proved a very difficult task.^{1/} On the other hand, the project has increased the availability of water. This increase has permitted a better utilization of existing rangeland pasture resources, formerly constrained by the lack of water. But now the Masai, having more water, can hold many more animals than the amount that their prairies, under good management, could support - animals that would have died of thirst without the watering facilities constructed with the project proceeds. In view of the importance of daily milk supply to provide their subsistence needs, the Masai regard cattle numbers of paramount importance, particularly female breeding stock. The increasing human population provides more hands for herding and puts greater pressure on cattle to provide more milk to meet subsistence needs. Therefore, development of the group ranches has allowed individuals to increase cattle numbers even beyond the safe carrying capacity: to meet their subsistence needs, achieve some economic independence, and maintain their position in society, but has risked the contingent degeneration or destruction of the range pastures.^{2/}

5.11 North East Kenya is ecologically and ethnologically akin to southern Ethiopia (Sidamo Province) and the southwestern part of Somalia (Upper and Lower Juba, west of the Juba River). Closely related Somali and Galla speaking tribes wander with their cattle over those parts of the three countries, moving from one to another according to the local availability of grass or water and the variations in the price of cattle. The project increased the availability of water in only one "third" of that geographic area. In addition, the development of stocking routes and holding grounds allows the Kenyan agencies to buy in North East Kenya at prices somewhat higher than those usually prevailing in the neighboring countries.^{3/} Since no similar development had been made in the other two parts before the closing date of the credit, both factors could lead to a higher density of cattle and, almost certainly, of people in North East Kenya than would have existed had the water and marketing facilities not been built. Such increased density of cattle could lead to

^{1/} Perhaps the need to repay the loans is going to force them to sell a portion of their cattle.

^{2/} Under the Group Ranch registration, stock quotas were to be fixed and were in fact set on some ranches. Attempts were made to implement them, but the pressure from overstocked areas outside the project area limited their efficacy. Now a few ranches have begun to attempt to limit intruders, and it is hoped that as the social system changes and the value of permanent settlement becomes more marked, the importance of respecting boundaries will become more important and so allow stock control to be implemented by the owner of the land.

^{3/} Higher, that is, as a long-term average, though in particular years the reverse may be true, such as in 1975 with reference to Somalia.

overgrazing, making the range-water-livestock system more fragile and vulnerable, and threatening the range pastures here also with degeneration or complete destruction. ^{1/}

5.12 The project has brought about the risk of destruction to another area: the Taita plains. Company ranches were located in a low, erratic rainfall area previously ungrazed by cattle. The range quality was good and, with capable management, large live weight gains could be achieved. However, this range must be carefully used and monitored because permanent overgrazing would destroy the perennial grasses and encourage the encroachment of undesirable thicket species. This kind of range degeneration is almost irreversable.

5.13 Government is well aware of these risks and is doing whatever it can to convince Masai, Somali, Galla and Taita ranchers and herders to reduce their stocks to safe amounts and to control overgrazing of their ranges. A persistent and increased effort will be needed to attain these goals.

5.14 IDA is making its own contribution to the solution of the North East problem, financing two new rangelands/livestock development projects in Somalia and Ethiopia. In Somalia, the Trans-Juba Livestock Credit (Credit 462-SO, signed on February 5, 1974, and effective October 29, 1974) provides for the construction of five permanent cattle markets, one new holding ground, and development of water supplies and staging points on more than 1,000 km of existing stock routes. In Ethiopia, the Rangelands Development Project (Credit 603-ET, signed on January 16, 1976, and effective May 18, 1976) will provide for the construction of some 15 large water ponds and the upgrading or improvement of some 220 smaller rainy season ponds in the southern rangelands. ^{2/} The implementation of the two neighboring projects will relieve some of the above-mentioned pressure the Kenya project has put on the North East rangeland.

5.15 In addition, the project has exacerbated the conflict between livestock development and the wildlife preserve. Cattle has always shared the Kenyan rangelands with wildlife - antelope, elephants, and others - and conflicts between both kinds of range users have arisen from time to time, mainly in the dry years. The project, through the financing of water development, has allowed both the grazing of ranges formerly inaccessible to cattle because of their lack of water, and an increase of the cattle that can be maintained in ranges already in use. The project financed the buying of the additional cattle, too. This has sharpened the competition between cattle and wildlife for the range resources and has increased the cattle losses to predators. In addition, wildlife drinks the water pumped

^{1/} This risk has been exacerbated by the severe drought which followed the development undertaken under this project. Livestock was concentrated in the rather small developed area with the result that this area has been severely overgrazed. The overgrazing would not have been so severe had water development covered a greater area, as originally planned (see para. 4.14).

^{2/} To avoid or minimize the threat of range pasture destruction, the Ethiopia project provides for close integration of water development and range management in order to prevent overgrazing of hitherto protected areas.

and stored with the project financed facilities, and some species, particularly the elephants, damage or destroy some of these facilities, increasing both the ranches' operating and maintenance costs. Therefore, many ranchers have been trying to get rid of the wildlife, either killing it^{1/} or trying to block or hinder the influx of wandering flocks or herds of wild animals onto the ranches by measures that sometimes border the limits of legality. Because both livestock raising and tourism are important industries and sources of income and foreign exchange in Kenya, the development of either should not jeopardize the other. The second livestock project has tried to tackle this problem, providing for water development within the wildlife preserves to help keep wildlife inside.

^{1/} Some ranchers have bought "hunting rights" from the Government and have re-sold them to private hunters, getting rid of some wild animals and getting some additional income at the same time.

VI. THE FOLLOW-ON PROJECT

6.01 Another credit (Credit 477-KE, for US\$21.5 million, signed June 5, 1974) was prepared and approved and is being implemented as a second phase following Credit 129-KE. It provides for the development of 60 group ranches, 100 commercial ranches, 21 company or cooperative ranches, and 3 feedlots. It also provides for the development of 10 million acres of communal grazing land in North East Kenya by providing water facilities and access roads. Marketing facilities will be extended and improved, and transportation facilities will be augmented. Three wildlife areas will be developed to help overcome the resource competition with livestock. Finally, the project provides for technical services, livestock census, training, project monitoring and evaluation, and future project preparation.

6.02 Total project costs have been forecast at about US\$60 million. Foreign credits of about US\$34 million will finance foreign exchange costs of US\$19 million and about 35% of local currency costs of US\$41 million. The IDA credit of US\$21.5 million was made on standard terms to Government. USAID funds - US\$7.3 million - will finance water development and some ranch development. Canadian funds - US\$1.3 million - will finance water development and the wildlife census and monitoring unit. UK funds - US\$3.7 million - will finance the livestock marketing component.^{1/}

6.03 More than 12 separate departments in six different ministries are involved in project implementation.^{2/} A Project Coordination Unit was established in the Ministry of Agriculture to coordinate and supervise implementation of the project; its personnel includes a Project Coordinator, an Assistant Project Coordinator, and supporting staff.

6.04 This second livestock project was appraised in October 1972. By that time, the first project's water and marketing development in North East Kenya was proceeding without major problems, the on-lending component had finally gained momentum, and most of the early organizational, management, staffing, and personality problems had been solved or were being ironed out. A system had eventually been designed for the preparation of ranch development plans. The coordinating unit (RLA) was "dormant" and had provided no coordination at all.

6.05 The first livestock project was not a very simple one. It proved difficult to set up an adequate administrative organization to carry out its implementation and to make it work; IDA's institutional requirements did not help to make it easier. Irrespective of this experience, a large, complex second project was designed.

^{1/} The Canadian CIDA participation figure was amended according to the tables presented in the Review Mission Report. If the Appraisal Report figure for CIDA (US\$2.4 million) were taken into account, the total participation of the external co-financiers would add up to more than the total of US\$34 million referred to in the Appraisal Report.

^{2/} It must be pointed out that this second project did not proliferate new governmental agencies, as the first one did, other than the coordinator's office. The second project organizational complexity is rather attributable to adding more old units to the interlocking structure established under the first one.

The activities to be developed were greatly increased, both in quantity and quality, including the financing of Government action in new fields: wild-life development and game preserves. The project cost was increased five-fold. One concomitant result was the need to increase the number of foreign and international financing agencies from two to four. Moreover, SIDA, which decided not to participate in this second project, was only a kind of "passive co-financier" with no substantive participation in the first one. The present co-financiers are "active" ones, who insisted on separate appraisals, have their own people in the field, participate in supervision and require separate approval of the decisions to be taken during project implementation. In addition, the organizational structure set up for the first project, which was at last working after the initial difficulties, was changed; the number of agencies and ministries involved increased; and a new coordinating unit, exhibiting and confronting the same kinds of problems as its unfortunate predecessor, was conceived and implemented.^{1/} If some of the organizational problems that plagued the implementation of the first phase were lessened, others were aggravated.

6.06 Besides the increased complexity and organizational troubles built into this second phase of livestock development, the continuing drought and the cost-price squeeze have changed the highly favorable economic environment for beef production to one that no longer justifies many investments.

6.07 As a result of all of these problems, the second livestock project has run into major difficulties. IDA and its co-financiers reviewed the project in depth in February/March 1976, paying particular attention to project organization and management, economics of beef production, and the escalation of project costs.

6.08 Both IDA and Government are to blame for the excessive size of this second project. IDA decided that, in the interest of making the best use of scarce expert manpower in the Bank and in Kenya, it should try to increase significantly the size of individual projects in the agricultural sector. Encouraged by IDA's admonition about more and larger agricultural projects, the Government prepared a very large project (US\$81.5 million) to be financed by the Bank and other donors. Attempts by the Permanent Mission in Eastern Africa, which was assisting the Government in preparing the project, to scale down both the annual and the total project costs, were not accepted by the Government. The appraisal mission reduced the total project cost from US\$81.5 million to US\$50.9 million and, later, USAID decided to defer consideration of the meat processing plant that it wanted to finance, bringing costs down to US\$43.4 million. This figure had to be updated to take inflation into account and had to be increased to meet the new IDA guidelines for contingencies, resulting in the present figure of US\$60 million.

^{1/} The personal qualifications and capabilities of the coordinator, and the support he or she gets from the highest sector officers, are indeed important factors in determining the quality of the coordination that can be obtained in a certain situation. However, the quality of the design of the organization to be coordinated is a far more important factor in determining the maximum degree of coordination that can be achieved, and even in determining whether a certain organization set up can be coordinated at all.

6.09 In spite of the net reduction, the second livestock project added an enormous additional burden to the Government structure and created more problems than it eliminated. It may have been more useful to Kenya's livestock development had IDA restrained even more than it was able to the expansionary elements proposed by Government, and financed a simpler, more straightforward follow-up project that would have consolidated the progress already achieved under the first one, before becoming involved in more ambitious endeavors.

Allocation of the Proceeds of the IDA Credit
As Presented in the Credit Agreement^{1/}

(Amounts Expressed in US\$ Equivalents)

Category I - Part A of the Project

A. Long-term loans for investment in ranch development	\$ 1,100,000
B. Supporting technical services for ranch development	160,000
C. Short-term credits for working capital	630,000

Category II - Part B of the Project

Development of facilities for livestock movement and marketing	540,000
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Category III - Part C of the Project

Range water survey and development	400,000
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Category IV - Part D of the Project

A. Ancillary technical service of the Range Management Division	270,000
B. Ancillary technical service of the Veterinary Services Department	140,000

<u>Category V - Unallocated</u>	360,000
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Total	\$ 3,600,000
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^{1/} The pattern is identical for the SIDA credit of US\$3.6 million.

Types of Ranching Enterprises to be Created
and/or Financed Under the Project

Supplementary Letter No. 6 of the Credit Agreement stated that the following terms have the following meanings:

- A. "Group ranching enterprise" means a ranching enterprise located in the Kaputiei Section of the Kajiado District and operated by a group of families having group representatives who are registered under the Land (Group Representatives) Act 1968 and are the registered proprietors of the land, the group maintaining agreed stocking levels, marketing surplus in rotation and herding their livestock as sex/age aggregates, and yet continuing to own their livestock separately.
- B. "Company ranching enterprise" means a ranching enterprise located in the Taita District or adjacent areas of the Kwale or Kilifi Districts and operated by a company whose land is leased from the Government with its shareholders putting up cattle or cash for shares in the company.
- C. "Individual ranching enterprise" means a ranching enterprise located in the Kaputiei or adjacent Sections of the Kajiado District and operated by an individual who is the registered proprietor of the land, and has given his herd a market-oriented structure.
- D. "Commercial ranching enterprise" means an existing ranching enterprise located in the Machakos, Laikipia, or Nakuru Districts or adjacent areas of the Nyandarua or Nyeri Districts, which is oriented to the commercial production and marketing of beef cattle.

Schedule ofIDA Disbursements: Forecast and Actual

(US\$ million)

By the end of Year	Appraisal Estimate	Supervision Estimates				Actual
		-----Mission Number-----				
		V Dec/70	VI Aug/71	VII Apr/72	VIII Nov/72	
1969/70	0.74	-	-	-	-	0.06 ^{/a}
1970/71	1.72	0.60	0.44	0.44	0.44	0.44
1971/72	2.88	1.20	1.30	1.03	1.15	1.15
1972/73	3.30	1.80	2.30	1.95	2.60	2.50
1973/74	3.60	2.60	2.70	3.00	3.60	3.60 ^{/b}
1974/75		3.40	3.10	3.60		
1975/76		3.60	3.50			
1976/77			3.60			
Date of last Disbursement	Dec/73	Jun/76	Sep/76	Mar/75	Jul/74	Jul/74
Closing Date	Dec/73	Dec/74	Dec/74
By the Orig- inal Closing Date, Dec/73	3.60	2.00	2.50	2.55	3.10	2.95 ^{/c}
Percentage of Total Amount	100	56	70	71	87	82

^{/a} By October 31, 1970.^{/b} By July 31, 1974.^{/c} By January 31, 1974.

Involvement of SIDA in Project Supervision

SIDA did not participate in the first three supervision missions, but IDA at least sent it a copy of its reports. On January 14, 1970, SIDA mentioned that it desired participating in project supervision and did so in the fourth and fifth supervision missions. On November 26, 1970, SIDA asked IDA to give them more notice than they had been getting as to the dates supervision missions were likely to be in the field, suggesting at least one to one and a half months notice before the departure of an IDA mission to supervise any of the four projects that were then being financed jointly. On July 12, 1971, SIDA had not yet received the fifth supervision report, issued on December 30, 1970, and asked IDA when it was planning to send the next supervision mission. But this one, manned only with IDA staff members, was already in the field. Its report, issued on August 27, 1971, was not sent to SIDA until November 1971, when SIDA had to ask for a copy. No advance information was given to SIDA about any of the following supervision missions;^{1/} SIDA did not participate in them. The latest supervision reports for all the IBRD/SIDA and IDA/SIDA jointly financed projects in Kenya, including the eighth supervision report on this livestock project, were sent to SIDA on December 15, 1972, when SIDA requested them. No reference can be found in the files indicating whether the ninth and tenth (last) supervision reports were sent.

The Bank took steps, later, to ameliorate similar problems that had arisen in other IBRD/SIDA and IDA/SIDA jointly financed projects.

^{1/} This means that IDA did not send written advance information to SIDA headquarters. PMEA staff members orally informed the SIDA representative in Nairobi, however.

Project Costs and FinancingForecast and Actual

<u>1. Total per Category</u>	<u>Appraisal Estimate^{/a}</u>				<u>Actual Expenditures</u>			
	<u>\$(000)</u>	<u>%</u>	<u>No. of Ranches</u>	<u>Acres (000)</u>	<u>\$(000)</u>	<u>%</u>	<u>No. of Ranches</u>	<u>Acres (000)</u>
Cat. I Ranch Development	6,250	55	-	-	6,634	58	-	-
Cat. II Livestock Marketing	1,800	16	-	-	2,115	18	-	-
Cat. III Water Development	1,330	12	-	12,800	1,990	17	-	2,520
Cat. IV Government Services	800	7	-	-	803	7	-	-
Cat. V Unallocated	1,200	10	-	-	-	-	-	-
Total	11,400	100	-	-	11,542	100	-	-

2. Breakdown of Category I per Ranch Type

Cat. I A-C	<u>Ranch Type</u>								
	Commercial	2,360	37	20	600	3,620	55	42	417
	Individual	156	2	10	20	361	5	41	62
	Company	1,390	22	10	640	2,023	31	10	537
	Group	1,810	30	20	700	280	4	15	545
	Subtotal	5,716	(91)	60	1,960	6,284	(95)	108	1,561
Cat. I B	<u>AFC Ranch Division</u>	534	9	-	-	350	5	-	-
<u>Total Cat. I</u>		6,250	100	-	-	6,634	100	-	-

3. Financing

IDA	3,600	31			3,600	31
SIDA	3,600	31			4,134	36
Government	3,800 ^{/b}	34			3,480	30
Farmers	400 ^{/b}	4			328	3
	11,400	100			11,542	100

^{/a} As adapted by the PCR on the basis of the first side letter, which allocated the credit proceeds into the Categories of Goods.

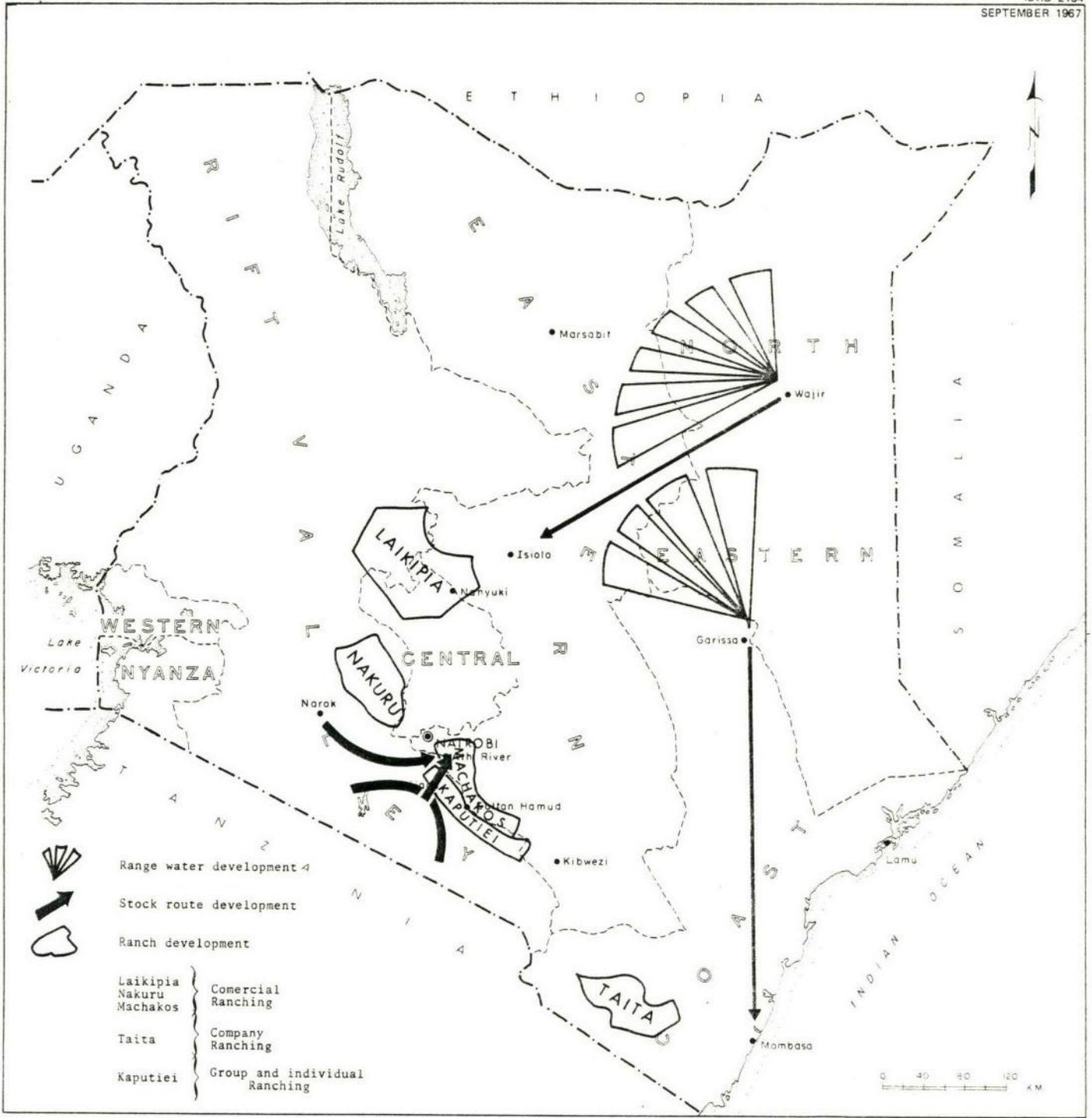
^{/b} Amount allocated was slightly different from the appraisal report figure (US\$3.6 million and US\$0.6 million) because of differences in original allocation between categories at appraisal which reduced farmers' contribution from US\$0.6 million to US\$0.4 million.

IDA Disbursements by Category:Forecast and Actual

	<u>Original Allocation</u>		<u>Actual Disbursement</u>		
	<u>\$ (000)</u>	<u>% of Credit</u>	<u>\$ (000)</u>	<u>% of Credit</u>	<u>% Increase over Allocation</u>
Cat. I Ranch Development	1,890	53	1,990	55	5
Cat. II Livestock Marketing	540	15	611	17	13
Cat. III Water Development	400	11	597	17	49
Cat. IV Government Services	410	11	402	11	- 2
Cat. V Unallocated	<u>360</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>- 100</u>
Total	3,600	100	3,600	100	0

KENYA LIVESTOCK DEVELOPMENT PROJECT GENERAL PROJECT LOCATION

IBRD 2134
SEPTEMBER 1967



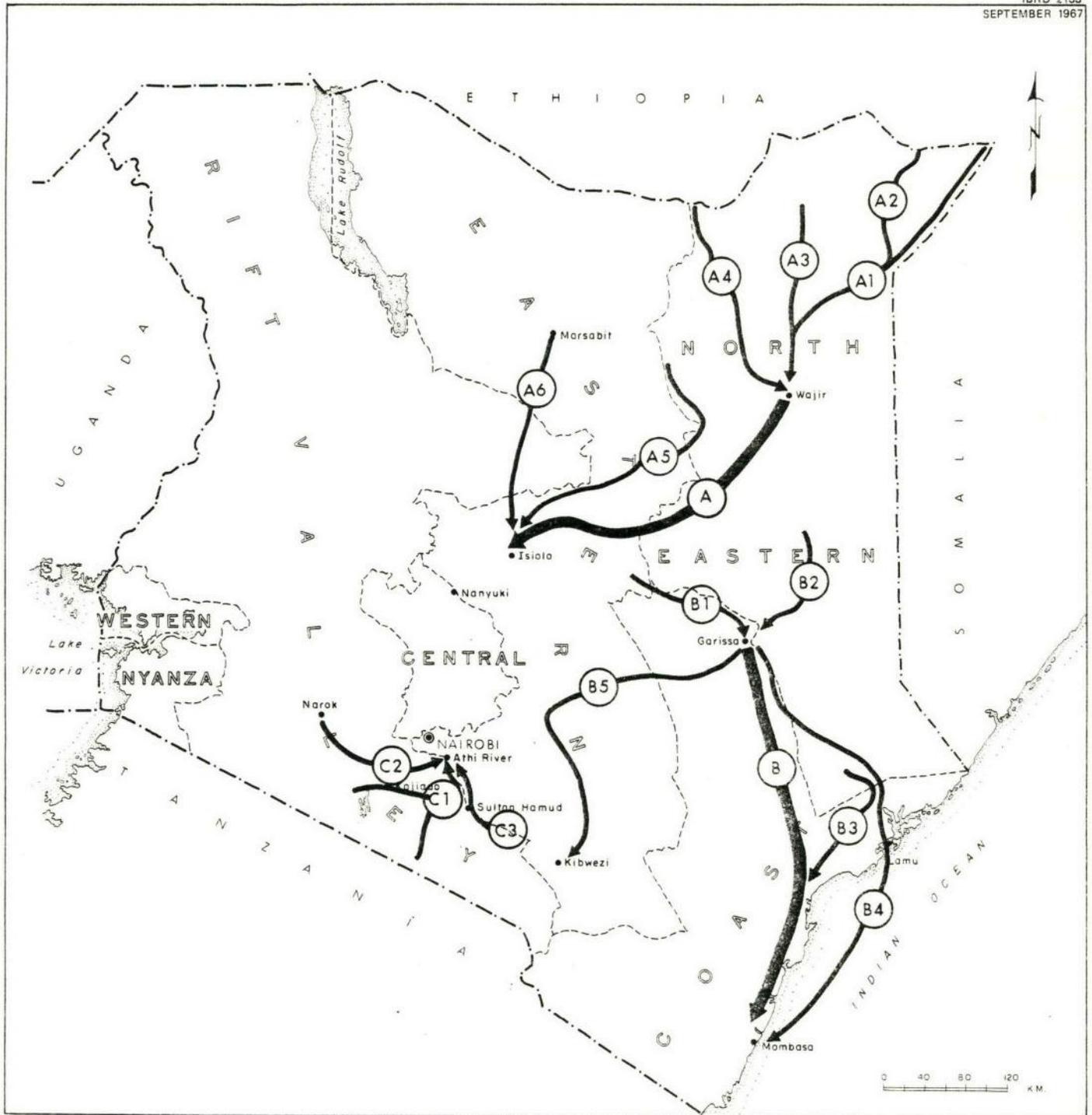
-  Range water development
-  Stock route development
-  Ranch development

- | | |
|----------|------------------------------------|
| Laikipia | } Comercial
Ranching |
| Nakuru | |
| Machakos | |
| Taita | } Company
Ranching |
| Kaputiei | } Group and individual
Ranching |



KENYA
LIVESTOCK DEVELOPMENT PROJECT
LIVESTOCK MARKETING DIVISION
DEVELOPMENT OF STOCK ROUTES AND HOLDING GROUNDS

IBRD 2133
SEPTEMBER 1967



November 10, 1976

Mr. A.M. Chege
Livestock Project Coordinator
Ministry of Agriculture
P.O. Box 30028
Nairobi, Kenya

Re: Kenya First Livestock Development Project
(Credit 129-KE)

Dear Mr. Chege:

Thank you very much for your most helpful assistance during the preparation of the Project Performance Audit Report for Credit 129-KE.

The draft report we sent you on April 8, 1976, was subsequently revised in light of the comments received from the Government authorities and a few from colleagues here, and distributed to our Executive Directors on October 19, 1976. I am now glad to send you one copy for your information.

Once again, our cordial thanks for your help.

Sincerely,

Shiv S. Kapur
Director
Operations Evaluation Department

Encl.

November 10, 1976

Mr. S.D. Gathiuni
Permanent Secretary
Ministry of Agriculture
Kilimo House
Cathedral Road
P.O. Box 30028
Nairobi, Kenya

Re: Kenya First Livestock Development Project
(Credit 129-KE)

Dear Mr. Gathiuni:

Thank you very much for your most helpful assistance during the preparation of the Project Performance Audit Report for Credit 129-KE.

The draft report we sent you on April 8, 1976, was subsequently revised in light of the comments received from the Government authorities and a few from colleagues here, and distributed to our Executive Directors on October 19, 1976. I am now glad to send you one copy for your information.

Once again, our cordial thanks for the help provided by yourself and your Government.

Sincerely,

Shiv S. Kapur
Director
Operations Evaluation Department

Encl.

October 22, 1976

Mr. Göran Bergman
Evaluation Section
Swedish International
Development Authority
S 105 25
Stockholm
Sweden

Dear Mr. Bergman:

As requested in your letter of May 31, 1976, I am sending you two copies of the final version of the Project Performance Audit Report on the Kenya First Livestock Development Project. I am also enclosing two copies of the Project Completion Report.

I should like to take this opportunity to inform you that I have now been appointed as Director of this Department in place of Mr. Willoughby, and should like to thank you for the assistance given to this Department in the preparation of the audit report.

Sincerely yours,

Shiv S. Kapur
Director
Operations Evaluation Department

Enclosures

SSKapur/JOlivares:clf

*File
my file.*

Mr. John A. King, Assistant to the Vice President,
CPS
Kenneth A. Bohr, OED

October 7, 1976

Project Performance Audit Report on Kenya First Livestock Project,
Credit 129.

We have reviewed the above report in the light of the comments contained in the memorandum of September 27 from Mr. Yudelman to Mr. Baum, a copy of which was sent to Mr. Rice. In response we have made some changes in the text to clarify the references to project preparation and to strengthen the paragraph summarizing the reasons for the success achieved (see attachments). These are in direct response to the comments in the memorandum at the bottom of paragraph 2.

I have also confirmed to my satisfaction that other specific comments made in the earlier memoranda attached to Mr. Yudelman's note had been incorporated into the text of the version of the report under discussion and that differences of opinion on certain aspects had been clearly noted.

The attached memoranda by Mr. Olivares, the author of the report, set out in some detail how we have responded to the earlier comments received from CPS as well as those contained in this recent memorandum. We are well aware that there is not a consensus of view on this project among the various individuals who have been associated with it and we do not expect all to agree with our interpretation of this experience.

Attachments.

cc: Mr. Yudelman

*OK by King
10/12/76*

Mr. Warren C. Baum, Vice President CPS

September 27, 1976

M. Yudelman, Director, Agriculture and Rural Development

KENYA - Project Performance Audit Report on Kenya First Livestock
Development Project (Credit 129-KE)

1. Mervyn Weiner's memorandum to you and Wapenhans, dated September 21, 1976, asks the question "are you satisfied that the comments of your staff have been adequately taken into consideration." We must reply in the negative.
2. On April 23, 1976, Don Stoops commented on an earlier draft of that audit report, and attached a copy of the comments of Gus Schumacher. The main thrust of these remarks is contained in paragraph 2 of Stoops' memorandum (copy attached). It is simply this: evaluation and audit reports, in general, tend to dwell on problems and "failures". This Kenya project has been labeled a success both in the PCR and the Audit Report (PPA) (paragraph 12). This view is strongly supported in the "Audit Report on Technical Assistance in Agricultural Project Implementation - a Pilot Case Study: Kenya Livestock I (Credit 129-KE)", submitted to the Board on August 19, 1976. Paragraph 4.02 of that report states: "Both the author of the Project Completion Report (PCR) and the author of the Project Performance Audit (PPA) placed Kenya Livestock I among the most successful agricultural projects financed by the Bank or IDA ----." In these circumstances, we believe Bank staff would benefit most if the PPA dwelt on an assessment of what were the ingredients (policy, managerial and operational) that made the project a success. It is stated in paragraph 12 of the PPA that "Good project preparation is the main reason for this result". This is not true. As pointed out in paragraph 2 of Stoops' April 23rd memorandum, the original preparation was very poor and had a very narrow focus. Major preparation occurred only at appraisal and was done by the Bank appraisal mission.
3. On the other hand, the Audit Report on Technical Assistance of August 19 does dwell on what some of the ingredients for the Project being successful really were.
4. We believe the PPA of September 17, 1976, attached to Mr. Weiner's memorandum of September 21, 1976, should be more consistent with the Audit Report of August 19, 1976 with its more positive and constructive approach and which has already been submitted to the Board.

DStoops:mam

cc: Messrs. Darnell
Rice ✓
Hendry
Walden
Schumacher

Mr. C. Willoughby, Director, Operations and Evaluations

April 23, 1976

Don Stoops, Livestock Advisor, CPS *AS*

Project Audit Report on Kenya Livestock Development Project (Credit 129-KE)

1. Attached you will find a copy of the memorandum Gus Schumacher sent you on April 6, 1976. Since I agree completely with his comments there is no practical point to be served by repeating them in this memo.
2. I do wish, however, to amplify some points. The report is critical of the cost and make-up of technical assistance, maintaining that there were plenty of qualified expatriates and some well-qualified Africans in the country at that time who could have administered the Project. These people were well-qualified in regulatory functions, but were inexperienced in a development concept combining credit and technical services to maximize production and marketing in all sub-sectors and phases of the livestock sector. In fact, the project preparation report, which was prepared principally by the expatriates serving in the Kenya Government, proposed what amounted to a budgetary assistance credit to the Government to enlarge the on-going regulatory functions of the Ministry of Agriculture of Kenya. These were the same professionals who had been working in Kenya for several years, during which time no real development project was apparent in the livestock sector. Consequently, I think it important to emphasize that without the help of the Bank and some more development minded expatriates, the "innovative" project, which the Audit Report states has been quite successful, might never have been born. As the project progressed, some of the long-term expatriates did participate in various aspects of the project and their experience was most useful. /see p 4 to 2
3. The second point I wish to raise is one on which I have commented in some previous reports and is particularly striking in this report. Despite labeling the project as successful, I find very little comment on what the ingredients and factors were which made it successful. Most of the report deals with problems and functions that could be improved. While not suggesting for one moment that these latter observations should be glossed over, I strongly believe that it would be helpful to all Operational Regions to have the Audit Reports on those projects which are considered to be "successful", dwell heavily on what made them successful. Moreover, it would certainly give a more positive and balanced perspective to the Bank's top management and to the Executive Directors.
4. One ~~further~~ minor point, the statement in paragraph 2.07 "IDA's Livestock Division, in charge of the Project, employed no expert in Public Administration or Management: none of the members of the appraisal mission had formal training in these areas; --" is both inaccurate and has no place in this report. The leader of the appraisal mission had directed

./...

April 23, 1976

Colombia's livestock development program, including livestock research, for ten years. Other members of the mission had also had extensive experience in administering important functions and units in their own countries. Lastly, the chief of the Division had not only been Deputy Director and Acting Director of what was then the largest USAID program in the world, but had also been V.P. for one of the leading Management consulting firms in the U.S. Other members of the Division had similar national and international experience in public administration.

DStoops:mam

cc: Messrs. Yudelman
Darnell
Rice
Schumacher

OFFICE MEMORANDUM

TO: Mr. C. R. Willoughby, OED

DATE: April 6, 1976

FROM: A. Schmacher, CPS, A&RD

SUBJECT: KENYA 129a Audit Report

1. Ted Rice asked me to dictate a few quick thoughts on this draft before leaving on mission. Principally, I find the report unbalanced. While concluding the Project was a "success", that it was disbursed on time and that it was innovative as a first "cut" at Bank involvement in African livestock, it gets too bogged down in some rather minor details. Since it was a "success", I would like to know "why" it was a success. Was it high cattle prices; was it designed correctly; was it administered well; was it supervised closely; did it basically have Government commitment; what, in sum, were the balance of factors that OED concludes led to its "success"?

2. One area that is lacking in the report is the "setting". In 1965 and 1966, Kenya had only been independent for a few years. Very little aside from veterinary assistance had been done to develop the traditional livestock system in Kenya. In fact, many persons in East Africa were sceptical that the African livestock systems should be developed and, as a result, proposed a string of government-owned parastatal ranches in lieu of directly assisting the traditional system (Tanzania, Zambia, Uganda). The outstanding feature of the Kenya project was its attempt to address the traditional livestock sector. This effort, the Bank's first in Africa, was greeted with scepticism, verging on derision, by quite a few persons supposedly knowledgeable about Africa. By bringing in a couple of externally recruited persons with no bias against the traditional sector, an effort was made by the Bank to offset to some extent this bias in the traditional "colonial" approach to livestock development in the implementation of the Project.

3. Also, I miss very much some of the more detailed ex poste studies of the innovative "bits". No mention is made of the highly competent "foreigners" such as George Murphy, etc. who worked with the Masai and in the Taiti groups. Also, little mention is made of the problems of the Livestock Marketing Department. When I supervised this project in 1970, the Government had insisted that LMD drive large numbers of cattle out of the NFD in the dry period. The losses were huge.

4. On the institutional side, the report gives the impression that IDA invented all those "complexities". First, I don't think the Project was all that complex. Second, it was my impression that many of the arrangements were suggested by local Kenyans as a way of getting a number of the local expatriates moving towards a development approach. To use the existing line agencies in 1967, agencies still dominated by "foreigners" would, in my opinion, have doomed the effort to failure.

*Point
now
qualified.*

*not
fully accepted.*

April 6, 1976

5. Bringing in some non-British foreigners, in my opinion, provoked a great deal of "creative tension" which basically made the project a flyer as it shifted line agency thinking from pure administration and control functions to a more development-oriented effort. What is also disturbing about this criticism of institutional complexity and foreign staffing, is that the second project, which does not have this complexity of foreigners in line agencies, is judged to be in a mess (pages 26 and 27).

6. I find OED's harping on oversized and complex Phase II and Phase III livestock projects both tiresome and inappropriate. I have commented several times on this issue to your Department. By ex ante evaluation, OED tends to usurp the supervision function so that Borrowers do not know which Bank missions to believe and, more importantly, OED tends to give the Borrowers the impression that these projects are already failures and that no more effort should be made to implement them. In fact, during our supervision work in the late sixties and early seventies, we had all, if not more, of the problems alluded to in the OED report and worked with Government to overcome the constraints. The Kenya project, disbursed to schedule, with higher economic rates of return and with a fair degree of success in addressing the traditional sector on the first "cut", is an example of this. If OED feels that subsequent supervision work was not as effective (work shifted to Nairobi), then it should say so. I do not believe this is the case though.

7. Some mention is made of AID's intensive range management approach. I suggest that those involved in AID's recommendations on this matter be given an opportunity to comment on OED's criticism.

8. On rates of return, I find the 18-19% mystifying. Certainly, the ecological factors on over-grazing by the Masai are not fully taken into account. If they only invested in the most profitable "goodies" from a short term point of view (water holes), these are just the investments leading to overstocking and, effectively, a reduced carrying capacity in the longer term leading, I would posit, to lower economic rates of return on a 20-year basis. *accepted*

9. I will be away for a month and would be pleased to discuss this draft with your staff when I return. I suggest you should obtain Chisholm's view -- he was on the various supervision missions and is also very knowledgeable on Kenya. Also, I suggest you send a copy to Fred Knobel in California as he is keen to contribute at no cost to reviewing such reports where he participated in supervision efforts.

ASchumacher:vmg

cc: Messrs. E.B. Rice
J. Olivares
D. Stoops ✓
J. Fransen (o/r)
F. Knobel (California)

Mr. Olivares

Subject to the comments in the margin, I agree.

OFFICE MEMORANDUM

TO: Mr. Shiv S. Kapur

DATE: October 4, 1976

FROM: J. Olivares *[Signature]*

SUBJECT: Mr. Yudelman's Memorandum on Kenya First Livestock Project (Cr. 129-KE)

10/6

1. The "successful" label - The first draft PPA report labeled the project a success. Some of the comments that we got on that first draft criticized the "rosy" approach of the report and presented evidence to support their view. After all the comments were taken into consideration, the files and our interview notes reviewed once again, and the matter thoroughly discussed within the agricultural evaluation group, we got a new picture of the project: a quite successful project when its pioneering nature and the strategy it tried to implement are taken into account, but a rather mediocre one (we said "unimpressive" in the report) when analyzed in the light of conventional economic criteria. We think that this picture reflects the project more fairly and correctly and, therefore, we amended the report accordingly, presenting a less rosy and more sweet-and-sour image.

The problem is of our getting started with the earlier PPA. Here, we can only qualify that overall judgement on the basis that the two reports are different; the present report is more well-rounded and takes additional factors into account, and, therefore, comes out with a more balanced judgement.

2. The lack of analysis of what made the project successful - This observation was made by Mr. Stoops and Mr. Schumacher in their comments on the first draft report (memos attached to the memo discussed here). We found this criticism valid to some extent and amended the first draft report accordingly. The final draft report, as sent to Mr. Weiner, contained a new paragraph, explicitly stating our judgment on what had given that successful aspect to the project (para. 5.03). In addition, we modified, expanded and strengthened the paragraph dealing with the (in our view) most important factor (good project design) of the project's successful image (para. 2.02), using for that purpose another of Mr. Schumacher's comments, and added another new paragraph to explain who had prepared the project (para. 1.02). The Bank's role in project preparation was highlighted in all three paragraphs, as well as in others (e.g., para. 2.03). Therefore, we thought we had correctly answered in the final draft the correct criticism we received on the first draft.

3. The judgment on what gave the project a successful image - We concluded that "good project preparation" was the main reason for this result, but the memo does not agree with this conclusion. We still think that that was the main reason, however. In our view, the project, as it was approved by the Bank, was nicely designed and, besides the organizational flaws we think its design contained, was very innovative and quite well suited to Kenya's possibilities and constraints for livestock development. Indeed, we presented good project preparation as the most outstanding project feature (paras. 1.02, 2.02, and 5.03, already mentioned). In addition, the memo discriminates between two stages: "original preparation" and "preparation at appraisal," and says that the first "was very poor and had a very narrow focus." We still think that important contributions were made during both stages, and that the original application already contained many of the features that we have praised.

Also, all right for what ever the Bank might have made.

776 10/5

4. Sometimes, "project preparation" has been narrowly defined as the process of preparation by Government of the loan/credit application. We prefer to define "project preparation" as a process that goes up to the moment the project is fully prepared and ready for appraisal, whoever handles the preparation job (the country, the Cooperative Program, UNDP, a consultant, or even the appraisal mission). To avoid such confusion, we have now introduced further though small terminological changes, particularly in para. 5.03, substituting for the words "good project preparation" the phrase "good project design" in the final draft PPA report.

5. In conclusion, we think that the final draft PPA report duly took into account the comments received, that the small terminological changes introduced now can prevent future misunderstandings, and that no further changes should be (or need to be) introduced.

OFFICE MEMORANDUM

TO: Mr. Shiv S. Kapur

DATE: October 4, 1976

FROM: J. Olivares SUBJECT: Comments by Mr. Schumacher (his memo of April 6, 1976)

1. Para. 1 - We agreed to this comment and amended the draft report accordingly (see my memo on Mr. Yudelman's comments, para. 2).
2. Para. 2 - We agreed to this comment and amended the draft report accordingly. Moreover, we used some of his own words in the final draft (para. 2.02). We only disagree with the emphasis put in the last sentence on the role of the expatriates in offsetting the "bias against the traditional sector," emphasis which we find unbalanced.
3. Para. 3 - We added a sentence mentioning "the good performance of most of the project technicians (including most of the expatriate technicians hired for the project)" as one of the reasons that helped project implementation ^{1/} (para. 5.03). A new paragraph was added to mention IMD problems (para. 4.13).
4. Para. 4 - We amended the wording of paras. 2.03-2.07 so as to prevent any "IDA inventing" impression and to stress the Bank's positive role in identifying flaws in Government organization. It was not the complexities of project organization that was criticized in the PPAR, but the lack of relevant expertise in the Bank to design major changes in complex organizations. Thus, the wording was changed to stress this point; the word "complex" was deleted altogether.
5. Para. 5 - "Creative tension" is only a euphemism; the clashes between the "British foreigner" Meadows and the "non-British" (but from the British Commonwealth) Miles can be described only as "destructive"; project implementation and, therefore, the country suffered. The "shifting" over "line agency thinking" did not "make the project a flyer"; it kept it grounded for a couple of years.
6. Para. 5 - The second project does have a very complex organization. This sentence should have come at the end of paragraph 4.
7. Para. 6 - This comment does not refer to the PPAR, but to a general OED policy.
8. Para. 7 - They were given such an opportunity.
9. Para. 8 - We dropped all the original paragraphs on rates of return except the one that said rates of return could not be computed.
10. Para. 9 - We got Chisholm's and Knobel's comments.

^{1/} Qualifying George Murphy as either a "foreigner," as Mr. Schumacher put it, or a Kenyan, is quite a difficult task.

Mr. Warren C. Baum, Vice President CPS

September 27, 1976

M. Yudelman, Director, Agriculture and Rural Development

KENYA - Project Performance Audit Report on Kenya First Livestock
Development Project (Credit 129-KE)

1. Mervyn Weiner's memorandum to you and Wapenhans, dated September 21, 1976, asks the question "are you satisfied that the comments of your staff have been adequately taken into consideration." We must reply in the negative.

① 2. On April 23, 1976, Don Stoops commented on an earlier draft of that audit report, and attached a copy of the comments of Gus Schumacher. The main thrust of these remarks is contained in paragraph 2 of Stoops' memorandum (copy attached). It is simply this: evaluation and audit reports, in general, tend to dwell on problems and "failures". This Kenya project has been labeled a success both in the PCR and the Audit Report (PPA) (paragraph 12). This view is strongly supported in the "Audit Report on Technical Assistance in Agricultural Project Implementation - a Pilot Case Study: Kenya Livestock I (Credit 129-KE)", submitted to the Board on August 19, 1976. Paragraph 4.02 of that report states: "Both the author of the Project Completion Report (PCR) and the author of the Project Performance Audit (PPA) placed Kenya Livestock I among the most successful agricultural projects financed by the Bank or IDA ---." In these circumstances, we believe Bank staff would benefit most if the PPA dwelt on an assessment of what were the ingredients (policy, managerial and operational) that made the project a success. It is stated in paragraph 12 of the PPA that "Good project preparation is the main reason for this result". This is not true. As pointed out in paragraph 2 of Stoops' April 23rd memorandum, the original preparation was very poor and had a very narrow focus. Major preparation occurred only at appraisal and was done by the Bank appraisal mission.

② 3. On the other hand, the Audit Report on Technical Assistance of August 19 does dwell on what some of the ingredients for the Project being successful really were.

4. We believe the PPA of September 17, 1976, attached to Mr. Weiner's memorandum of September 21, 1976, should be more consistent with the Audit Report of August 19, 1976 with its more positive and constructive approach and which has already been submitted to the Board.

DStoops:mas

cc: Messrs. Darnell
Rice ✓
Hendry
Walden
Schumacher

September 21, 1976

To: Mr. Baum
✓ Mr. Wapenhans
From: Mervyn L. Weiner
Subject: Project Performance Audit Memo on
Kenya First Livestock Project

Yes, thank you.
9/21
[Signature]

Are you satisfied that the comments
by your staff have been adequately taken into
account?

OFFICE MEMORANDUM

TO: Mr. Mervyn L. Weiner, Director-General,
 Operations Evaluation

FROM: Shiv S. Kapur, Director, OED

SUBJECT: Project Performance Audit Report on Kenya First
 Livestock Development Project (Credit 129-KE).

DATE: September 17, 1976

I am attaching for your approval the Project Performance Audit Report on the Kenya First Livestock Development Project supported by Credit 129-KE of 1968. The report has been revised in light of comments provided by the Eastern Africa Regional Office, the Central Projects Staff, other persons in the Bank once associated with the program, the Regional Mission in Eastern Africa and the Ministry of Agriculture of the Government of Kenya.

Attachment

cc: Messrs. Baum

~~Please~~

Wapenhans - O.K. 9/21

O.K. per John King 10/12

SSK:EBR:clf

Mr. Knapp:

Any comment?

John

9/21

No comment

[Signature]

INCOMING TELEX

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DISTRIBUTION:

Mr. Kapur GLO50

1976 AUG -3 AM 9: 53

COMMUNICATIONS
SECTION

Mr Rice

W
8/3

FROM: NAIROBI
August 3 1976

1165 FOR KAPUR DIRECTOR OED

REMYTEL 1149 JUL 30 KENYA LIVESTOCK, NORTH HAS ASKED SULAIMAN TO
FOLLOW UP WITH GOVERNMENT. REGARDS DEWAR

462
8/3

Telegrams: "MINAG", Nairobi

Telephone: Nairobi 335855

When replying please quote

Ref. No. ...PROJ/CO-ORD/7/1/14
and date



MINISTRY OF AGRICULTURE

KILN HOUSE

CATHEDRAL ROAD

P.O. Box 30028, NAIROBI

.....3rd August,....., 19..76

AM

J. M. Olivares

Mr. Christopher R. Willoughby,
Operations Evaluation Department,
The World Bank,
1818H. Street,
WASHINGTON D.C. 20433.

8/12

Dear Mr. Willoughby,

COMMENTS ON PERFORMANCE AUDIT
REPORT CREDIT 129 KE - BY MR. JOSE OLIVARES

Thank you for giving us the opportunity of reviewing the subject report. It has been examined by the agencies with responsibilities for Project Implementation as you requested.

We find the report well documented and we will therefore confine our comments to the clauses which we feel need some clarification.

✓ Para. 4.03 - The rather small area of intensive development in the North-Eastern Province under Phase I of Livestock Development Programme has probably created a bad impression of the entire North-Eastern component. This is unfortunate because the original layout of the North-Eastern programme called for a much wider distribution of water. Nevertheless, the severe overuse that the development area has had come about largely because of a severe draught which followed that phase of development. Livestock were concentrated in the rather small developed area with the result that the area has been severely overgrazed. This overgrazing would not have been so severe if water development had been less intensive. However, it was impossible to control livestock numbers in the area because the surrounding areas did not have water.

The Government is aware that an error in development policy was done. The fact that the decision to develop the area intensively was done on the advice of a donor does not reduce the Governments' responsibility in any way. It does however make us more conscious of the fact that such misjudgements must be closely guarded against in the future.

✓ We do agree that no satisfactory method of raising fees for maintenance of dams and for operating boreholes has been formulated. However, it should be realized that this cannot be accomplished until the users in the various areas have been defined.

....12...

506
8/12



REPORT CREDIT 129 KE - BY MR. JOSE OLIVARES
COMMENTS ON PERFORMANCE AUDIT

Dear Mr. Wiloughby,

WASHINGTON D.C. 20433.

The World Bank,
1818H. Street,
Operations Evaluation Department,
Mr. Christopher R. Wiloughby,

J. M. Olivares

Handwritten initials and marks

Handwritten mark

Thank you for giving us the opportunity of reviewing the subject report. It has been examined by the agencies with responsibilities for Project Implementation as you requested.

We find the report well documented and we will therefore confine our comments to the clauses which we feel need some clarification.

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The Government is aware that an error in development policy was done. The fact that the decision to develop the area intensively was done on the advice of a donor does not reduce the Government's responsibility in any way. It does however make us more conscious of the fact that such misjudgments must be closely guarded against in the future.

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Handwritten notes at bottom left

Telegrams: "MINAG", Nairobi
Telephone: Nairobi 335855
When replying please quote
Ref. No.
and date



MINISTRY OF AGRICULTURE
KILIMO HOUSE
CATHEDRAL ROAD
P.O. Box 30028, NAIROBI
....., 19.....

- 2 -

It seems most reasonable although further delay is unfortunate, that the identity of users cannot be established until much larger areas are developed and a pattern of range use can be roughly determined. When the people can be more readily identified with the land, a method of payment for maintenance can be worked out. Maintenance schedules and cost of the maintenance are currently being worked out.

Para. 4.12 - The Kenya Government is aware of the need for a continuous review of our livestock marketing and pricing policies. In keeping with this awareness, arrangements are under way for a marketing, pricing and processing strategy study of Kenya's meat industry to begin in August this year. The study is quite comprehensive covering aspects of meat production, marketing and processing in some details as well as examination of policies and programmes that may help to increase the quality and quantity of Kenya's meat output in the coming years. The results of the study will be used to re-examine policies related to livestock and meat prices to determine if further changes are required. We consider this approach more logical than arbitrary adjustment of livestock prices.

In conclusion, I wish to apologise for the delay in submitting our comments and wish to inform you that the delay was due to the fact that we wanted to give various implementing agencies a chance to comment.

Sincerely yours,

(S.D. GATHIUNI)
PERMANENT SECRETARY

C.C.
Permanent Secretary,
Treasury,
NAIROBI

Mr. North,
Regional Mission of East Africa,
NAIROBI

This could be reflected in the service, if nowhere else there is a footnote. It seems to me a sensible way of going about it.

July 30, 76

INCOMING TELEX From Nairobi

✓ Schul

sd

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JUL 30 10 03 AM 1976

COMMUNICATIONS SECTION

Distribution:

Mr. Kapur G1050

3
7/30

1149 FOR KAPUR, DIRECTOR OED
FURTHER MY 1096 KENYA LIVESTOCK I.
OPERATIONS EVALUATION REPORT.

I HAVE BEEN UNABLE, IN SPITE OF REPEATED REQUESTS, TO OBTAIN
THE GOVERNMENT COMMENTS ON REPORT. THEY HAVE PROMISED THESE FOR
MONDAY AND HAVE ADVISED ME THAT THEY WILL REQUEST MINOR AMENDMENTS
BEFORE SUBMISSION TO ED'S. HOWEVER IN VIEW OF PAST FAILURE TO
OBTAIN THE DOCUMENT, I HESITATE TO GUARANTEE THAT THE COMMENTS
WILL BE SUPPLIED ON TIME. IF THEY ARE I WILL PRECIS MAIN ISSUES
AND SUBMIT IN TELEX. REGARDS DEWAR

442
7/30

0770 2010

INCOMING TELEX

440098 WORLDBANK

INTBAFRAD NAIROBI

Distribution: Mr. Rice

JUL 16 1976

REUR 1329 FOLLOWING IS REPEAT OF OUR 1052 JUL 14:

1052 FOR RICE

KENYA FIRST LIVESTOCK PROJECT AUDIT REPORT

IN URTEL 1143 OF JUN 18 YOU ENQUIRED WHETHER KENYA GOVERNMENT
INTENDED TO COMMENT ON AUDIT REPORT. HAVE BEEN ADVISED THEY ARE
COLLECTING DATA AND HOPE TO HAVE COMMENTS COMPLETED BY END OF JULY.
REGRET DELAY IN REPLYING. REGARDS DEWAR

RECEIVED
1976 JUL 15 8 PM 2:49
COMMUNICATIONS
SECTION

INCOMING TELEX

FROM: NAIROBI
July 14 1976

RECEIVED

DISTRIBUTION:

1052 FOR RICE

Mr. Rice

1976 JUL 14 AM 11: 27

KENYA FIRST LIVESTOCK PROJECT AUDIT REPORT
IN URTEL 1143 OF JUN 18 YOU ENQUIRED WHETHER KENYA GOVERNMENT
INTENDED TO COMMENT ON AUDIT REPORT. HAVE BEEN ADVISED THEY ARE
COLLECTING DATA AND HOPE TO HAVE COMMENTS COMPLETED BY END OF JULY.
REGRET DELAY IN REPLYING. REGARDS DEWAR

COMMUNICATIONS
SECTION

R. ~~XXXXX~~ DEWAR
REGIONAL MISSION
EASTERN AFRICA
NAIROBI
KENYA

JUNE 17, 1976

1054

TELEX 22022

PLEASE CHECK IF GOVERNMENT IS GOING TO SEND US ANY COMMENT ON DRAFT AUDIT
REPORT KENYA FIRST LIVESTOCK PROJECT (CR 129-KE) AND IF SO WHEN STOP

REGARDS

E.B. RICE

Credit 129-KE

J. Olivares

E.B. Rice

Operations Evaluation

2873 Ptarmigan Dr., No.2
Walnut Creek, Ca 94595
June 3, 1976

Mr. Jose Olivares
Operations Evaluation Department
The World Bank
1818 H. St. N.W.
Washington, D. C. 20433

Re: Project Performance Audit Report-
Kenya Livestock Development Project
Credit 129-KE

Dear Mr. Olivares:

This is the first opportunity I have had to respond to your letter of May 11 transmitting a copy of the referenced report as I have been away on a 4-weeks trip to the Midwest. Even though my comments may be too late to be of use I shall offer a few for whatever they may be worth.

1. Under Project Impact most of the space is given to the financial rate of return (FRR) for each of the four ranching schemes. I find such analyses quite meaningless, first, because of the short period of time involved, and second, because of the lack of substantive data. Any FRR calculations to be significant would need to be based on inputs/outputs over a period of at least 10 years, would need to be accurately maintained, collated, and evaluated. To believe that such would be done in the African environment is unrealistic. What seems to be missing or rather not enough emphasis has been given to what effect, if any, did the Project have upon such objectives as improvement of animal husbandry practices, better animal health care including facilities and services, what was the feeder cattle takeoff from the Northeast Region and does the marketing scheme now provide the Northeast nomadic livestock people with a better market outlet. (No mention is made of the problems incurred with the implementation of the marketing component and, as I recall, there were some serious ones). Reference is made that technical coefficients were below appraisal estimates - I am not surprised but nothing is said as to possible reasons e.g., lack of good breeding bulls, drought conditions, unwillingness of the livestock people to accept better management practices or lack of capable technical services to assist them.

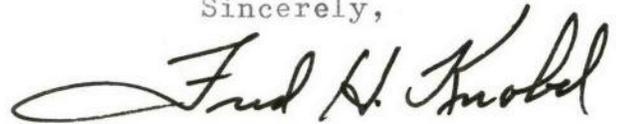
In summary, if as a result of the Project there is a growing awareness and increasing demand among the livestock producers to improve their productivity it then was a successful project regardless of how high the FRR's. (I have a feeling from this audit as well as the one on the Tanzania Livestock Project, Credit 132, that the audit teams have not included a practical livestock economist).

2. I find various references to the role of the Range Livestock Authority (RLA) to be inconsistent. Para S.19 infers that it never performed its job; para S.20 states that the organization set up for this project finally was working but was changed for second project; and para 2.05 that RLA never functioned as a coordinator and did not function at all after 1970. It is my recollection that RLA did function during the first years of the Project. I think that Chisholm and I did Supervision IV in March 1970 at which time we had an excellent meeting with RLA. Hence, it is misleading to state that it never functioned. Furthermore, if it ceased to function after 1970, why did it collapse.

3. The report criticizes IDA for not being more flexible to effect quicker implementation. I think that this is largely in retrospect and does not reflect the prevailing Bank/IDA policies in the '60's. Perhaps so but I never knew that an IBRD loan could have been made pending possible replenishment of IDA funds. Even so I doubt that any borrower would ^{have} accept such a contingency. Another point is made that it would not ^{have} been necessary to await compliance with all conditions for effectiveness before declaring certain components eligible for financing. Reference is made to the Zambia project (para 3.02) as a precedent. However, I believe that the Zambia project came after the Kenya project.

Thank you for an opportunity to review this audit report though it should be kept in mind that my involvement with the Kenya project was largely the one supervision that I did.

Sincerely,



Fred H. Knobel

cc:A.Schumacher

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Cable Address - INTBAFRAD LONDON

LONDON OFFICE:

NEW ZEALAND HOUSE, HAYMARKET, LONDON SW1Y-4TE, ENGLAND

Telephone - (01) 930-3886/3887

1st June, 1976.

Mr. José Olivares
Operations Evaluation
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
U. S. A.

Dear Mr. Olivares,

re. Project Performance Audit Report
ZAMBIA Livestock Development
Project (Loan 627-ZA)

Many thanks for your letter of May 6th and a copy of your first draft. I have found it fascinating reading and congratulate you on it for its most satisfying blend of factual information and philosophical questionings on project lending.

As you will see I have confined my remarks to specific points (of criticism of the Project) with which I am acquainted although I realise that these apply to a very early stage and that thereafter much water flowed over the dam. I am very sorry I lost touch with the Project so soon and was only on the fringe of the preliminary discussions of those who came to discuss the second Project. Perhaps the Area Control of Projects which has occurred since my time is now leading to better continuity and specialisation in both preparation and supervision which can only be to the good for technical and 'personal' reasons, i.e. maintaining the contacts and enthusiasms of those originally involved.

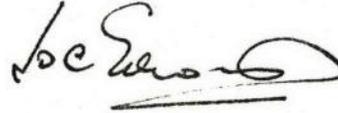
I hope that when you have time you will tell me about the 'missing link' I mention in my notes -- the C.S.B. connexion, so crucial to marketing. The C.S.B. Manager was first class and I almost shuddered to hear him talk of perhaps packing-up and returning to Scotland to farm.

I do not know how many audits of this kind have been done. As Chris knows, I became interested in the subject in South America where I found it difficult to measure results (in increased production) from numbers of loans for beef production in Uruguay and Paraguay; and tried to promote the idea of monitoring the production facts of a project from the beginning. Obviously it was wrong to judge 'success' by speed of disbursement of loans whose terms, with the inflation raging at the time, were gifts to the recipients.

I am not sure if you came across the notes of our final meeting with the Zambian authorities and so I am enclosing a copy. You will see how I summarised our views on the Project.

Kind regards and also to Chris to whom I hope you will show these notes.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'J. Edwards', with a horizontal line underneath the name.

J. Edwards

Enclosures

Remarks of Dr. Edwards

Dr. Edwards thanked Mr. Kasonde and Mr. Khasita for the considerable amount of their time that had been put at the disposal of the Mission during its visit; and also Mr. Denning and his colleagues who had made most effective arrangements so that the Mission had been able to see all it wanted to see and meet all those with whom it wished to discuss Mission matters.

The Project Dr. Edwards stated that in the view of the Mission, the project and its objective of increasing beef and milk supplies within the country was basically sound at present costs and prices, provided it was well managed.

He said that the Mission would propose some conceptual changes in aspects of the project and therefore he would describe first the ways in which beef and milk production in Zambia might develop.

For beef, there was likely to be a use of the extensive ranching area for the production of weaners in 'extensive' conditions and a separation of the fattening function (except at Mbala and Chisinga) which could be concentrated upon elsewhere.

By the removal of steers as weaners numbers of breeding cows on most ranches could be almost doubled and therefore many more weaners would be available for fattening.

As for finishing or fattening, Dr. Edwards expressed the belief that this would increasingly become an intensive operation on high energy regimes such as maize. The fact that Zambia could produce maize cheaply and efficiently should be made use of by the animal industry.

Operational Intensive fattening could take place in large feed lots but could equally well be developed in smaller units under the control of traditional farmers or cooperatives. The aim should be to finish steers at around 15 to 18 months rather than at up to 4½ years as at present.

Consequential Changes The changes just referred to would mean special attention to breeds and crosses for the purpose and to new feeding techniques.

As for breeds, it would be desirable to select a hardy native cow well suited to the extensive ranching environment and capable, though not too large itself, of producing a large weaner calf when crossed for beef production. In addition, this weaner calf if bred for finishing on high energy feeding would require to possess lean- meat qualities. A breed or cross given to easy fattening at small live weights would be most undesirable.

Dr. Edwards said that fortunately both for information on breeding in the future and on feeding systems on high energy diets, the research work now in progress at Mazabuku and at Mt. Mkula would help enormously in throwing light on these questions. He also mentioned that the Mission had asked Mr. Martin to draw up breeding plans, short term and long term, with the help of authorities in the country such as Messrs. Cruickshank, Gordon and Addy.

Milk Supplies In discussing the dairy situation, Dr. Edwards said that the Mission had naturally been very interested in the comparative economics of fresh v. reconstituted milk and was much in favour of closing the gap in supplies by increasing supplies of fresh milk i.e. of a larger Zambian Dairy Industry. He gave two reasons for this :

- i. the fact that Zambia could not count indefinitely on importing milk powder for reconstitution at present low give-away prices, and
- ii. that the flourishing dairy industry based on fresian cattle could also make a considerable contribution to Zambia's beef supplies.

Dr. Edwards gave the Mission's reasons for discarding the Kafubu dairy scheme, which, besides the laterite problem, had undesirable high cost features. In place of this the Mission was very much in favour of a number of 400 cow units in low cost areas of production with the new feature, not previously considered, of a feed lot for fresian steers attached to each and capable of producing 200 fresian bullocks annually on high energy diets such as maize. Animals feeding ad lib on these diets should be capable of reaching 850 lbs live weight at 12 months. Dr. Edwards said that production of beef on these lines as a profitable adjunct to dairy farming was now well proved in countries such as Israel, Yugoslavia and Great Britain and that Dr. Addy of the ARC's animal productivity unit was about to start similar work with fresian cows.

Dr. Edwards mentioned parenthetically that being so certain of the result he would like to see an immediate end to the slaughter of at least 3,000 fresians steer calves which, if salvaged, could produce 750 tons of beef per annum.

Summary of possible loan situation Dr. Edwards said that in the absence of certain essential financial facts it was not possible to be precise about the size of the loan, but that it was likely that it would not vary greatly from the original amount as conceived. The scope of the project would be likely to include two weaner/fattener ranches, at least 8 ranches for weaner production only and perhaps 3 to 4 400 cow units for dairy production in addition to Gravitts farm already in operation.

Meat Marketing Questions Local problems were likely to arise in the country around Mbala and Chisinga areas but discussions had taken place with the Cold Storage Board which was likely to accept responsibility for finding a solution.

Nationally, it might be possible that the increasing production of weaners could create a marketing problem and to solve this it would be necessary to strengthen the functions of the Cold Storage Board, including its credit operations.

Management Dr. Edwards said that it was not easy to assess the management abilities of the ADC and ZCDL since neither was yet properly in harness but a consideration of the structures of each led to the conclusion that they would require strengthening on the commercial and business side and that the ZCDL would require additional support for the development of the dairy programme. The Mission hoped that from discussions that had already taken place between ZCDL and Messrs. Cooper Brothers, that the latter firm which the Mission had interviewed would lead to a first class service of ranch management and costings which was considered essential to the commercial success of the ZCDL.

The Time Table Dr. Edwards described how work would progress on the Missions return to Washington, but said that it would be impossible to finalise estimates etc., until the Mission was in possession of the balance sheet reflecting existing assets, cash flow projections calculated in Zambia, proposals for the equity share capital structure for ZCDL. Originally the Mission was glad to have received the promise that this would be posted not later than 10th December to arrive in Washington on the 15th December, but was now delighted to hear that Mr. Khasita was to be in Washington at this time and would hold himself responsible for bringing the necessary documentation with him.

Future Dr. Edwards concluded by saying that as all knew, even when the plans of the present project had come to full fruition, there was still likely to be a large gap between these supplies of home produced meat and milk and the demand which would continue to increase with the rising affluence and the rising population. Therefore the gap between the two would nothing like be closed and because of this the Mission was greatly gratified by the promptness which the Ministry of Agriculture had set up a Working Party to consider plans for the next stage of development. The Bank would be only too pleased to help in any way possible and particularly (in answer to a question by Mr. Khasita) by providing expert help should this be needed to help the Committee in its deliberations.

ZAMBIA: (Draft) Project Audit Report, 6.v.76

Even without the benefit of hindsight I agree with two Audit criticisms of the project: that a smaller project, with fewer ranches, would have been better; and that a commercial bank should not have been invited to become involved, at least, not in the first Project.

The size of the Project:

Reflecting on our Mission's work, it seems to me that there were two reasons for mistakenly agreeing to the number of ranches listed by the Preparation Missions. Firstly, we were affected by the 'drive' in the Bank to increase its lending and, therefore, in its likely interest in large projects rather than small. (Although the Agriculture Projects view was that this should not lead to a lowering of standards of acceptability, there was an incompatibility). Secondly, our inspections of ranch sites revealed that the work of the Preparation Missions had not been as thorough and complete as we had expected as regards the boundaries, tenure or farming potential of the ranches. (Mr. Cameron Chisholm, ranch expert on the mission, could elaborate on this.) As a result there were many uncertainties affecting certain ranches to be cleared up even at the time of negotiations in Washington and it would have been better to have listed such ranches separately for subsequent incorporation or rejection.

Of the dairy farms in the Project only two were available for the Mission's inspection and one was immediately rejected as unsuitable. (It should never have been included and, again, inadequate P.M. inspection is suspected). I cannot comment on the other four dairy farm sites selected since they were not available for inspection at the time of the Mission's visit although we were shown the kind of dairy farming land that would become available and it seemed good.

A commercial bank involvement:

Again, as with the size of the project, we were influenced by current Bank thinking on the desirability of commercial bank involvement in projects wherever possible and by the desire, for its own 'political' reasons, of the commercial bank to play a part. The time was not right for this; commercial (white) farming was in the doldrums because of political uncertainty and, as our inspections showed, there were very few 'emerging native farmers' likely to become 'bankable' commercial clients in the foreseeable future. It was not necessary to expose the project to the psychological shock of a commercial bank suspending disbursements and withdrawing: the Zambian Government was in a sound position to finance the project on its own and regarded the loan as a way to bring expertise and discipline into a completely new field of its livestock development.

The emphasis on weaner production:

I do not agree with the Audit criticism that the emphasis on weaner production was wrong. Our optimistic view of the demand for weaners was not based solely on 'a few meetings with villagers'. It included discussions with the Manager of the C.S.B., an extremely well informed person at the centre of meat marketing and weaner supplies for the Grazier Scheme and for co-operative fattening schemes; and, (Annex 4, Project Report) we took note of the situation in the Southern Province where there were long waiting lists of participants enthusiastic to expand and where, as also in the Eastern Province Grazier Scheme, 'the major constraint... is the shortage of weaner stock'.

The Cold Storage Board and the Cattle Finance Company of Zambia:

In thinking about reasons for the failure of the demand for weaners to come up to forecasts, I note the omission from the Audit Report, which I think should be made good, of any reference to the operations of the C.S.B., its Grazier schemes and the development of the Cattle

Finance Company of Zambia. The latter Company was, partly at the Mission's instigation, brought into being to further the all-important financing and marketing arrangements essential to the bridge between Government ranches and native farmer beef production. As is said in the Audit Report, the Project was essentially a simple one which, given weaner production from Government ranches, a rising demand for beef and native farmers capable of fattening stock, required the financing and marketing expertise of the C.S.B. type of organisation to ensure success and a failure to perform as expected could have been most critical.

Given the inadequate market for weaners there was an alternative -- fattening in feedlots -- to the slower finishing of weaners on ranches with its attendant cash-flow problems. (Please see my Notes of the Mission's final meeting at the Ministry of Finance, 8th November, 1968, paras. A. and A.1.). With cheap and plentiful supplies of maize in Zambia, there was evidence both on experimental stations and on private farms of the ease and speed with which high-energy diets could be introduced to improve beef production. It was obvious to us that if there was one thing the native farmer understood it was feeding maize to cattle; commercial (white) farmers were already finishing crossbred cattle (bred out of native cows by exotic sires) up to European standard for growth rate and quality and the FAO Feedlot Project in Kenya was showing what could be done on a large scale, although in Zambia it could be repeated with a much lower capital outlay.

Management:

The Mission gave much thought to the credentials, personality and ability of the first Manager of the Project before recommending him and it appears (Audit Report) that in many ways he came up to expectations.

We reported back on Government criticism of his salary -- not that it was considered too high for the size of the job, but that, if paid within the country (i.e. as part of the Project budget), it would be embarrassing, being much in excess of the highest Government salary. Could a way be found, we were asked, to pay an appropriate salary within the country and bank the remainder outside? While this problem was not new to the Bank it was one for which a solution was apparently most difficult to find.

The second Manager appears to have been less successful but I cannot comment, not knowing anything about him.

As for the next level of management -- that of Senior Ranch Manager and Senior Dairy Manager -- I see no reference to their appointments which were to be made in consultation and agreement with the Bank. We regarded them as key appointments and I hope that their selection followed the agreed procedure.

General Comments:

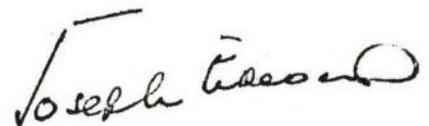
A most perceptive question is raised in the Concluding Remarks of the Audit Report (p.50): "where," (affecting the objectives and assumptions of a project) "should the line between optimism and pessimism be drawn?"

A first Project in a new country which is sadly lacking in the facts and figures needed to draw up 'a national livestock development strategy' approximates to an act of faith. Optimism develops as essential elements for success become evident such as natural assets of good land in plenty, individuals -- native and expatriate -- of ability and enthusiasm, a native farming population unused to a money economy but with an excellent cattle sense, a marketing organisation (the CSB) in being and research stations with first-class work in cattle breeding and feeding close to the stage at

which it is ready to be applied; and, for the economy of the country, an outlet for increased beef and milk production which is almost open-ended and can be an import-saver.

I had no doubt at the time of our Mission -- or now -- that the start made was the right one: a simple project of Government-owned ranches and farms to provide milk and beef and breeding and fattening stock for small farmers; and providing a training ground for Zambian livestock producers of the future. This could be the shape of things in Zambia for a long time ahead, much more predictable (and immediately productive) than a prospect of numbers of large 'emergent native farmers' on private enterprise lines coming on the scene to be one day 'Bankable' in the conventional way. (Similar enterprises exist in developed countries: e.g. the very large holdings of the Government Lands Division in New Zealand).

There is no doubt that the Mission helped to develop a spirit of optimism, bringing together livestock interests hitherto working independently and separately, with what has been described as a catalytic effect. A part of the act of faith lies in hoping and trusting that those brought together will be able to remain joined in the enterprise long enough for it to establish its own momentum. The western dictum that no one is irreplaceable does not apply where there are no replacements -- an eventuality, which may have occurred, at more than one link in the chain of Government control, marketing and finance and ranch and farm management. In my view this is a risk that has to be taken with a first project or a start might never be made.



J. Edwards
London, May 1976.



#188

07512*-1 JUN 1976

Datum/Date
31 May, 1976

Dnr/Reg No.

Bilagor/Encl.

Mr Rice ok

Research Division
G Bergman/kj

cc: Agriculture Div.

The World Bank
C.R. Willoughby, Director
Operations Evaluation Department
1818 H Street
N.W. Washington D.C.
20433 U.S.A.

Let's talk about this. Some interesting points here.

Ref.

SIDA ref.

Ärende/Re

154/1 KEN 52.5, dnr 5767

Credit 129-KE - Kenya First Livestock Development Project

./.

Your Project Performance Audit Report on above project has been studied by the Association for Swedish Livestock Breeding and Production whose comments you will find attached. The Association is frequently assisting SIDA as consultant in the field of animal husbandry and has a wide experience of the livestock sector in Kenya.

I regret that it has not been possible to forward the comments until now. Although the comments are too late for your completion of the report I hope that concerned officials in the Bank will find them of interest.

When the final report is completed I would appreciate receiving two copies.

Yours sincerely

Göran Bergman

Göran Bergman
Evaluation Section

119

6/4

Comments by SHS (Association for Swedish Livestock Breeding and Production) on the Project Performance Audit Report of the IDA/SIDA Kenya First Livestock Development Project.

1. Sources

IDA supervision reports and the draft project completion report have not been available for our study. Below comments are therefore based on the Project Performance Audit Report (PPAR) only and information gained in preparation of other development projects in Kenya and elsewhere.

We are surprised that so little of the socio-economic effects of the project are discussed in the PPAR and particularly by the fact that these aspects, which were extensively discussed in the Jahnke, Rutheberg, Thimm report (referred to on page 18 in the PPAR) have not been presented and commented.

✓ Such a discussion would in our opinion provide a much deeper understanding of the ultimate results created by the project.

2. Project Conception and Appraisal

The innovative character of the project deserves wide attention and praise. The project has greatly contributed to the creation of a more integrated and specialised beef industry in Kenya and will undoubtedly be of major importance for a development of a more productive use of the available resources in one of the few fields in which a strong demand exists both now and in the long term. A major part of the resources in Kenya's range areas have little alternative use, why livestock development is of vital importance for the pastoral peoples' future livelihood.

3. Problems experienced

The project has, however, also created - or rather aggravated - serious problems. These problems seem not to have been seriously considered in the design and implementation of the Second Livestock Project.

✓ Most of the problems are mentioned in the PPAR like the overstocking, bush-encroachment, destruction of grazing areas, difficulties to adjudicate areas for the group ranches which are large enough to provide

conditions etc. and problems of project administration and management. Other problems are not given proper attention as the socio-economic short- and long-term consequences, problems of movability of stock due to disease, price-policies for various kinds of animals etc.

4.

Suggestions for investigations

It is suggested that in-depth investigations are carried out i.a. to

- a. determine the possibilities to increase off-take rates - and thereby improve productivity and reduce pressure on the range-areas - by means of i.a. increase price-incentives, improved movability of stock (N.B. the SIDA-sponsored Livestock Disease Control Programme), increased marketing services, alternative forms or increased responsibilities for producer-organizations for the promotion of their joint interests in both the production and marketing sectors;
- b. define the scope for increased utilization of bull-calves from high-potential areas and for finishing of cattle on feed with high energy yields per land area (e.g. sugarcane or cassava) or industrial waste (e.g. molasses);
- c. analyze the socio-economic effects for different types of producers (i.e. breeders, backgrounders, finishers, feed-lot operators), KMC and the government at various price- and marketing policies;
- d. determine requirements of investments and social services outside the livestock sector to secure employment for those pastoralists who will not find employment in a modernized ranch operation.

It seems particularly important that the above-mentioned aspects are considered when the operations of the Second Livestock Development Project now are reviewed.

The present "cost-price squeeze" is likely to increase the reluctance among producers to make longer-term investments by means of credit and should increase the importance of the highly profitable investments in the marketing field and for disease control measures (to increase moveability and off-take rates) and inexpensive fattening operations.

The above studies may result in workable solutions in these directions, which would provide a basis for a less capital-intensive livestock develop-

ment policy for Kenya.

5. Administrative performance

We generally agree with the analysis of the PPAR on the organizational aspects and administrative performance of the project and would like to suggest that future appraisal teams actively are reminded about these experiences of i.a. specific organizational units set up particularly for a project and the disadvantages of international recruitment of staff.

It is finally suggested that SIDA^A staff comments on the description of the collaboration between the Bank group and SIDA included in Annex 5.

OFFICE MEMORANDUM

TO: Mr. J. Olivares

DATE: May 25, 1976

FROM: E. B. Rice

SUBJECT: Comments on your Draft PPA on Kenya Livestock I.

OK

- 1) My visit to Nairobi May 11-14, allowed me to discuss reactions to your draft briefly with three individuals, Messrs. Khouri (RMEA), Meadows (MinAg) and Hoffarth (USAID). The discussions included Mr. McKitterick's report as well, and my two memos to him, dated May 25 and 26, will add other background material.
- 2) Khouri was particularly concerned about the development of the rate of return analysis in your draft. He felt it was based on prior work by Messrs. Ruttenberg and Jahnke that itself was based on mostly guesses and practically no actual data. Khouri apparently feels that their projected rates of return were not only uncertain but inflated; and that the upward bias has been only further aggravated by the problem exacerbated on ranches of diverse types (but particularly in Taita) by the third year of drought. He does not dispute that the project has impressive elements of strength, but he thinks some of your general remarks about success are too "rosy" and that your rate of return discussion is misleading. If he had to make a guess, it would be that the updated rate of return estimate would be below the appraisal estimate.
- 3) RMEA sent OED a short cable summarizing Khouri's misgiving about your rate of return analysis. Khouri had also drafted a 3-page memo to Dewar which was not sent, but which is attached here for your information. It develops the point further.
- 4) Khouri argues also that more ought to be said about the "fantastic" lack of ranch level data which he found when RMEA supervision began in 1972. There had been no progress reports, and it appeared that neither AFC nor RMD had records of what was happening on any ranches (Hoffarth made this point too). All RMEA was presented with by the Government was applications for reimbursements from the Bank, applications showing only how much in total was spent on each category of ranch and how much of that was eligible for Bank disbursement. The RMEA staff pushed hard for "records and plans, plans and records", hoping to force Government to get serious about the ranch planning and accounting systems which had been an implicit feature of the original project design. He thinks there has been good progress, and wishes to point then not only to the years without data but to the useful work done by RMEA supervision (though he never claimed RMEA was solely responsible for data development).
- 5) Khouri also seemed nervous about Jahnke's use of the Taita ranch models for comparative purposes in his PPA on the Tanzania state ranches.

Khouri says there was probably better field data by then on Tanzania than Taita, and that Jahnke's basis for comparison were the same forecast estimates about whose validity I have already commented.

6) Meadows had no serious objections to your draft. Most of my talk with him concerned McKitterick's report, and it was only in conclusion that he ventured he felt your paper was good and that he had no important comment to make to me verbally.

7) Presumably Meadows will nevertheless pass a few written comments to Mr. Chege, who is waiting now for comments from nine different offices (he had received none when I met him May 11).

8) Hoffarth had no special disagreements with your draft report, though again most of the conversation was devoted to McKitterick's report.

9) I am left with a haunting feeling that there is a very unusual twist to the project story that has yet to be revealed in either yours or McKitterick's paper. It concerns the Masai group ranches, which seem to attract the most favorable comment in Kenya even though they used practically no credit and helped lead to the downfall of Mr. Miles. I'm fairly convinced that McKitterick's presentation of the essential and agreed strategy of combining ranch credit with technical services cannot be supported: that the essence of the project (and its successor) is in fact the continuing struggle to develop an effective combination, that the part of this "credit" project which worked the best so far is the part with the least "credit", and that an important point follows from that contradiction. (I'm oversimplifying the situation.)

10) Several other points made in my May 25 memo to McKitterick which might usefully be built up in your final report are: (a) the division of labor for technical services (KC4); (b) the fact that the commercial component was originally conceived for Europeans and was converted from a ranch development design to almost a survival design to keep the new African owners solvent (KB3); (c) ranch investment plans should have been spread over more years, to avoid the heavy front load of principal and interest on new African ranchers, even though this longer period may be twice as long as the Bank's usual project period. The Bank's conventional farm planning horizon and budgeting period should not be allowed to dictate the process of ranch development in East Africa (KC9).

Attachment

EBR/clf

May 11, 1976

Mr. J.C. Gerring
Trig Road
Waihi R.D.1
NEW ZEALAND

Dear Mr. Gerring:

Re: Project Performance Audit Reports -
Kenya First Livestock Development Project
(Credit 129-KE)
Zambia Livestock Development Project
(Loan 627-ZA)

We have finally produced the first draft of the Project Performance Audit Reports on the Kenya and Zambia Livestock Projects, and I am enclosing copies herewith.

I would appreciate receiving your comments, if any, by the end of May in order to take them into account when we prepare the final version to be submitted to the Board.

I look forward to hearing from you.

Very truly yours,

José Olivares

Encl.

JO/bc

May 11, 1976

Mr. Fred Knobel
2873 Ptarmigan Drive No. 2
Walnut Creek, California 94595

Re: Project Performance Audit Report -
Kenya First Livestock Development Project
(Credit 129-KE)

Dear Mr. Knobel:

Gus Schumacher suggested that we obtain your views on our draft Project Performance Audit Report on the Kenya First Livestock Project, a copy of which is enclosed herewith.

We would appreciate receiving your comments, if any, by the end of May in order to take them into account when we prepare the final version to be submitted to the Board.

I look forward to hearing from you.

Very truly yours,

José Olivares

Encl.
JO/bc

May 11, 1976

Mr. Cameron M. Chisolm
Chairman and Managing Director
C.M. Chisolm and Associates
Via S. Pantaleo 66
00186 Rome
ITALY

Re: Project Performance Audit Reports -
Kenya First Livestock Development Project
(Credit 129-KE)
Zambia Livestock Development Project
(Loan 627-ZA)

Dear Mr. Chisolm:

Gus Schuscher suggested that we obtain your views on our draft Project Performance Audit Report on the Kenya First Livestock Project. I am therefore enclosing a copy of that report as well as our draft audit on the Zambia Livestock Project. We would appreciate receiving your comments, if any, by the end of May in order to take them into account when we prepare the final version to be submitted to the Board.

I look forward to hearing from you.

Very truly yours,

José Olivares

Encl.
Jol/bc

Headquarters
Washington, D.C. 20433, U.S.A.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION



Regional Mission in Eastern Africa

Extelcoms House - Haile Selassie Avenue - Nairobi, Kenya
Mailing Address : P. O. Box 30577 - Telephone 24391 - Cable Address : INTBAFRAD



May 11, 1976

Mr. T. Rice,
c/o RMEA,
Nairobi.

Dear *Ted,*

Discussions in RMEA

You will have received our cables regarding the availability of staff for discussions in RMEA. Unfortunately, there is a further change - Jack Kordik left last night for Vienna and will not be available (his daughter is seriously ill). Mr. Khouri and Mr. Gregor are however available. As they have just returned from missions they have not had an opportunity to study the Completion Report for Madagascar, nor has Khouri had an opportunity to see either the Zambia Livestock report or the Kenya Livestock Memorandum from ~~Mc~~Kitterick.

As requested in your manuscript letter, two copies of the McKitterick report were sent to the Ministry of Agriculture one to Arthur Chege, Coordinator of Livestock II and the second to Lucas Ayuko, Head of the Range Management Division. I believe they have made other copies for distribution.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "R.J. Dewar", with a horizontal line underneath.

R.J. Dewar

cc: Mr. A. Denness

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HILTON HOTEL
TANANARIVEMADAGASCAR

FOR TED RICE WORLD BANK STAFF MEMBER
APPARENTLY OR LAST CABLE REGARDING STAFF MOVEMENTS DID
NOT REACH YOU BEFOR LEAVING WASHINGTON ATEST TRAVEL AS FOLLOWS
KORDIK CERTAINLY AVAILABLE FROM MONDAY 14TH POSSIBLY

ALSO AVAILABLE 1QTH

MARTIN AVAILABLE FROM MAY 17

MOURI AVAILABLE FROM 1QTH

REGARDS

DEWAR

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Q3 PTT TANA

Ted Rice (o.a.)

May 6, 1976

Mr. A. Chege,
Ministry of Agriculture,
Kilimo House,
Nairobi.

Dear Arthur,

You will recall that when our Audit Evaluation Mission from Washington was in Kenya earlier this year, it was accompanied by Mr. McKitterick. Mr. McKitterick's report has now been received and I have been asked to forward two copies to the Government, one for yourself and the other for Mr. Ayuko; your copy is attached.

Mr. Ted Rice, from our Operations Evaluation Department in Washington, will be in Nairobi from May 10 for a few days and would like to take the opportunity of meeting you and discussing the report. He will get in touch with you upon his arrival.

With kind regards,

Yours sincerely,

R.J. Dewar
Chief of Agriculture

Enclosure:

Headquarters
Washington, D.C. 20433, U.S.A.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION



Resident Representative in Kenya

Extelcoms House - Haile Selassie Avenue - Nairobi, Kenya
Mailing Address: P. O. Box 30577 - Telephone 24391 - Cable Address: INTBAFRAD



May 6, 1976

Mr. Lucas Ayuko,
Ministry of Agriculture,
Kilimo House,
Nairobi.

Dear *Lucas,*

You will recall that when our Audit Evaluation Mission from Washington was in Kenya earlier this year, it was accompanied by Mr. McKitterick. Mr. McKitterick's report has now been received and I have been asked to forward two copies to the Government, one for yourself and the other for Mr. Chege; your copy is attached.

Mr. Ted Rice of our Operations Evaluation Department in Washington will be in Nairobi from May 10 for a few days and would like to take that opportunity of meeting with you and discussing the report. He will get in touch with you upon his arrival.

With kind regards,

Yours sincerely,

A handwritten signature in dark ink, appearing to read "R.J. Dewar".

R.J. Dewar
Chief of Agriculture

Enclosure:

May 6, 1976

Mr. Hans Reichelt,
Resident Representative,
World Bank,
Lusaka,
Zambia

Dear Hans,

Zambia Livestock Development Project

I have been asked to pass on the above report to you
by Ted Rice our our Operations Evaluation Department in
Washington.

With kind regards,

Yours sincerely,

R.J. Dewar
Chief of Agriculture

Enclosure:

OFFICE MEMORANDUM

TO: Mr. Christopher R. Willoughby, Director, OED DATE: April 30, 1976

FROM: James R. Hendry, Assistant Director, Eastern Africa Projects

SUBJECT: Project Performance Audit Report on
Kenya First Livestock Development
Project (Cr. 129-KE)

Attached please find detailed comments on the draft audit report for the First Livestock Development Project in Kenya (Cr. 129-KE). The comments from our Livestock and Agricultural Credit Division have already been transmitted to Mr. Olivares, of your Department, and some discussion of these points have taken place. Telexed comments from RMEA in Nairobi have just been received and are also attached hereto.

cc: Messrs. Adler, Loh

JBHendry:cba

3778
APR 30 1976

OFFICE MEMORANDUM

TO: Mr. M. J. Walden - Chief, EAPCL

DATE: April 2, 1976

FROM: J. R. Peberdy *JRP*

SUBJECT: KENYA - Project Performance Audit Report on
First Livestock Development Project
(Credit 129-KE)

1. The audit reflects well the performance of the Project.
2. I have spoken to Mr. J. Olivares, the author of the report, and suggested the following (which are also particularly pertinent to our review of Livestock II):
 - (a) Less emphasis be placed on the role of rising international beef prices up to 1974 in the provision of incentives for the Project because these were only partially passed on to the producer (paras 4.08, 5.02d, 5.05, 5.07).
 - (b) A paragraph on Government pricing policy and trends during the Project period. How high export prices were not all passed to the producer but were used to finance long-term capital developments at KMC and to hold down consumer prices (Annex 25 of Completion Report, including KMC annual report extracts).
 - (c) Flag the coming cost price squeeze which has resulted in the review of the Second Project. Between 1972 and 1975 investment costs rose from 40 to 388% (CR, Annex 11) while producer prices of ranch produced cattle rose from 38 to 64% depending on grade (CR, Annex 25 Table 1).
 - (d) Conclusions on IRR and FRR are more positive than expressed in the Completion Report. While these IRR's might have been applicable while producer prices in relation to costs were favorable during Project disbursement period (and to some extent were reflected in Ranch Company balance sheets up to 1974), it should be added that in 1974/1975 these must have been declining since increasing costs were not matched by increasing producer prices. This has subsequently been corroborated by recent company balance sheets which show losses on many company ranches starting in 1974 and increasing in 1975. The position has been exacerbated by overstocking, drought and low equity participation by ranchers on some ranches.
 - (e) Include a warning in para 4.11 that if the cost/price squeeze continues, as well as drought and overstocking, then arrears in AFC will increase.

- (f) Recent information has shown that total feedlot production has surprisingly not declined greatly although some lots have closed down.

3. In view of the likely delicate nature of future discussions with Government on Livestock II which will be centered on costs and prices I think we should add the above suggested riders before the draft report is sent to Government. Mr. Olivares is agreeable to producing a revised draft for sending to Kenya.

4. In addition to the above, I have made the following suggestions for changes and additions.

- Para 2.02 - A rewording "this Project complemented the dairy cattle component of a former IDA smallholder credit (Credit 105-KE) for the high potential area."
- Para 4.06 - A rewording of the section to read "misapplication of funds by loanees."
- Para 4.08 - Last sections of page 14 "demand for working capital for steer purchase needed to maintain cash income on the basically undercapitalized ranches" rather than "to reap short term benefits --- from rising international prices."
- Para 4.09(i) - The Group Ranch Register still does not have his accounts staff to supervise Group ranches properly.
- Para 5.02(e) - Group ranches: indicate what are "profitable investments."
- Para 5.02(d) - Producer prices for feedlots did not fall - they did not rise fast enough to keep pace with increasing feed prices and other costs.
- Para 5.07 - I agree that dangers of overgrazing should be stressed but would suggest a rewording of last sentence of last paragraph on page 21 as follows: "In view of importance of daily milk supply to provide Masai subsistence needs Masai regard cattle numbers of paramount importance, particularly female breeding stock. The increasing human population which provides more hands for herding and leads to greater inequalities in stock wealth, puts greater pressure on cattle to provide more milk to meet subsistence needs, and inevitably leads to individuals increasing their numbers beyond the carrying capacity to meet their subsistence needs, achieve some economic independence, and to maintain their position

April 2, 1976

in society (which is governed by how they meet their subsistence, economic social needs). Under Group Ranch registration stock quotas are to be fixed and were in fact set on some ranches. Attempts were made to implement them but the pressure from overstocked areas outside Kaputei limited their efficacy. For the first time ever a few ranches have begun to attempt to limit intruders and it is hoped that as the social system changes and the value of permanent settlement becomes more marked, the importance of respecting boundaries will become more important and so allow stock control to be implemented by the owners of the land. It is clear that the provision of more water without control of stock numbers must lead to future disaster.

Para 5.08 - Not many private butchers buy in the North East and while prices paid to producer in the North East may have been higher than in neighboring countries during the Project period, in 1975 the converse was said to operate, at least as far as Somalia was concerned.

Para 6.04 - Timely preparation of ranch development plans is still a problem.

Should a remark be included to say that LMD met its buying targets but operated at a substantial loss representing a considerable subsidy to cattle owners in the North East?

Should audit recommend continuing supervision of the Project in conjunction with Livestock II?

JRP:bsc

cc: J. Olivares - Operations Evaluation

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

IBRD
 IDA
 IFC
 ICSID

TO: KORDIK
RMEA
INTBAFRAD
NAIROBI

DATE: April 30, 1976

COUNTRY: KENYA

ORIGINATOR'S EXT.: 8031/32

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

YOUR TELEX 639 RECEIVED SUBSEQUENT RICE TELEX TO DEWAR STOP RICE AND
SCHUL WILL ARRIVE AS SCHEDULED MAY 10 AND REMAIN AT LEAST TILL EVENING
MAY 14 OR DISCUSSIONS ARE COMPLETED STOP OUR DEMANDS ON YOUR TIME RELATIVELY
MODEST RE MALAGASY STOP RICE HAS OTHER MODEST DEMANDS RE KENYA LIVESTOCK
STOP RICE MAY BE CARRYING ZAMBIA LIVESTOCK DRAFT PPA ALSO ON MAY 2

REGARDS
RICE

NOT TO BE TRANSMITTED

REFERENCE: Malagasy Liv., Kenya Liv., Zambia Liv.	AUTHORIZED BY (Name): Edward B. Rice <i>E. B. Rice</i>
DRAFTED BY: E. B. Rice	DEPARTMENT: Operations Evaluation
CLEARANCES AND COPY DISTRIBUTION:	SIGNATURE (of individual authorized to approve): <i>E. B. Rice</i>
	SECTION BELOW FOR USE OF CABLE SECTION
	CHECKED FOR DISPATCH:

OFFICE MEMORANDUM

→ File PPA
Kenya 129

TO: Mr. Christopher R. Willoughby, Director, OED DATE: April 30, 1976

FROM: James *JH* Hendry, Assistant Director, Eastern Africa Projects

SUBJECT: Project Performance Audit Report on
Kenya First Livestock Development
Project (Cr. 129-KE)

Attached please find detailed comments on the draft audit report for the First Livestock Development Project in Kenya (Cr. 129-KE). The comments from our Livestock and Agricultural Credit Division have already been transmitted to Mr. Olivares, of your Department, and some discussion of these points have taken place. Telexed comments from RMEA in Nairobi have just been received and are also attached hereto.

cc: Messrs. Adler, Loh

JBHendry:cba

3778
APR 30 1976

INCOMING TELEK From Nairobi

sd

April 29, 76

Distribution:

APR 29 10 04 AM 1976

Mr. Hendry
Mr. Walden
Mr. Leh

SECTION

638 FOR HENDRY/WALDEN

KENYA: PERFORMANCE AUDIT REPORT- LIVESTOCK I

OUR ONLY POINT OF SUBSTANCE IS THAT RATES OF RETURN (FINANCIAL AND ECONOMIC) HAVE BEEN CALCULATED ON BASIS OF ESTIMATES RATHER THAN ACTUAL RESULTS (PARA 5.02 AND 5.05). THESE WE BELIEVE MAY GIVE AN INFLATED RATE OF RETURN BUT PERHAPS THE FIGURES FOR LIVESTOCK II REVIEW WILL BE MORE REALISTIC. REGARDS DEWAR

OFFICE MEMORANDUM

TO: Mr. M. J. Walden - Chief, EAPCL

DATE: April 2, 1976

FROM: J. R. Peberdy *JRP*SUBJECT: KENYA - Project Performance Audit Report on
First Livestock Development Project
(Credit 129-KE)

1. The audit reflects well the performance of the Project.
2. I have spoken to Mr. J. Olivares, the author of the report, and suggested the following (which are also particularly pertinent to our review of Livestock II):
 - (a) Less emphasis be placed on the role of rising international beef prices up to 1974 in the provision of incentives for the Project because these were only partially passed on to the producer (paras 4.08, 5.02d, 5.05, 5.07).
 - (b) A paragraph on Government pricing policy and trends during the Project period. How high export prices were not all passed to the producer but were used to finance long-term capital developments at KMC and to hold down consumer prices (Annex 25 of Completion Report, including KMC annual report extracts).
 - (c) Flag the coming cost price squeeze which has resulted in the review of the Second Project. Between 1972 and 1975 investment costs rose from 40 to 388% (CR, Annex 11) while producer prices of ranch produced cattle rose from 38 to 64% depending on grade (CR, Annex 25 Table 1).
 - (d) Conclusions on IRR and FRR are more positive than expressed in the Completion Report. While these IRR's might have been applicable while producer prices in relation to costs were favorable during Project disbursement period (and to some extent were reflected in Ranch Company balance sheets up to 1974), it should be added that in 1974/1975 these must have been declining since increasing costs were not matched by increasing producer prices. This has subsequently been corroborated by recent company balance sheets which show losses on many company ranches starting in 1974 and increasing in 1975. The position has been exacerbated by overstocking, drought and low equity participation by ranchers on some ranches.
 - (e) Include a warning in para 4.11 that if the cost/price squeeze continues, as well as drought and overstocking, then arrears in AFC will increase.

(f) Recent information has shown that total feedlot production has surprisingly not declined greatly although some lots have closed down.

3. In view of the likely delicate nature of future discussions with Government on Livestock II which will be centered on costs and prices I think we should add the above suggested riders before the draft report is sent to Government. Mr. Olivares is agreeable to producing a revised draft for sending to Kenya.

4. In addition to the above, I have made the following suggestions for changes and additions.

Para 2,02 - A rewording "this Project complemented the dairy cattle component of a former IDA smallholder credit (Credit 105-KE) for the high potential area."

Para 4,06 - A rewording of the section to read "misapplication of funds by loanees."

Para 4,08 - Last sections of page 14 "demand for working capital for steer purchase needed to maintain cash income on the basically undercapitalized ranches" rather than "to reap short term benefits -- from rising international prices."

Para 4,09(i) - The Group Ranch Register still does not have his accounts staff to supervise Group ranches properly.

Para 5,02(e) - Group ranches: indicate what are "profitable investments."

Para 5,02(d) - Producer prices for feedlots did not fall - they did not rise fast enough to keep pace with increasing feed prices and other costs.

Para 5,07 - I agree that dangers of overgrazing should be stressed but would suggest a rewording of last sentence of last paragraph on page 21 as follows: "In view of importance of daily milk supply to provide Masai subsistence needs Masai regard cattle numbers of paramount importance, particularly female breeding stock. The increasing human population which provides more hands for herding and leads to greater inequalities in stock wealth, puts greater pressure on cattle to provide more milk to meet subsistence needs, and inevitably leads to individuals increasing their numbers beyond the carrying capacity to meet their subsistence needs, achieve some economic independence, and to maintain their position

in society (which is governed by how they meet their subsistence, economic social needs). Under Group Ranch registration stock quotas are to be fixed and were in fact set on some ranches. Attempts were made to implement them but the pressure from overstocked areas outside Kaputei limited their efficacy. For the first time ever a few ranches have begun to attempt to limit intruders and it is hoped that as the social system changes and the value of permanent settlement becomes more marked, the importance of respecting boundaries will become more important and so allow stock control to be implemented by the owners of the land. It is clear that the provision of more water without control of stock numbers must lead to future disaster.

Para 5.08 - Not many private butchers buy in the North East and while prices paid to producers in the North East may have been higher than in neighboring countries during the Project period, in 1975 the converse was said to operate, at least as far as Somalia was concerned.

Para 6.04 - Timely preparation of ranch development plans is still a problem.

Should a remark be included to say that LMD met its buying targets but operated at a substantial loss representing a considerable subsidy to cattle owners in the North East?

Should audit recommend continuing supervision of the Project in conjunction with Livestock II?

JRP:bsc

cc: J. Olivares - Operations Evaluation

WORLD BANK / IFC
OUTGOING MESSAGE FORM
(TELEGRAM/CABLE/TELEX)

IBRD
 IDA
 IFC
 ICSID

TO: DEWAR
RMEA
INTBAFRAD
NAIROBI

DATE: APRIL 29, 1976

COUNTRY: KENYA

ORIGINATOR'S EXT.: 8031/32

CLASS OF
SERVICE: TELEX

CABLE NO. & TEXT:

RICE PASSING THROUGH NAIROBI AIRPORT EARLY MORNING MAY 2 STOP LEAVING FOR TANANARIVE 0845 HOURS STOP HE CARRYING COPIES DRAFT MCKITTERICK SPECIAL REPORT ON KENYA LIVESTOCK TECHNICAL ASSISTANCE TO GIVE RMEA AND KENYA GOVERNMENT IN ORDER HOPEFULLY TO DISCUSS ALONG WITH OLIVARES PPA ON RETURN FROM TANANARIVE STOP RICE AND SCHUL ARRIVING NAIROBI AS SCHEDULED LATE MAY 10 TO STAY WITH FRIENDS STOP WILL VISIT RMEA MORNING MAY 11 STOP RICE PLANS DEPART MAY 15 FOR WASHINGTON STOP REQUESTS APPOINTMENTS IN PERIOD MAY 11 TO 14 WITH WHOEVER IN KENYA GOVERNMENT WANTS TO DISCUSS OLIVARES AND MCKITTERICK REPORTS STOP THESE IN ADDITION DISCUSSION WITH RMEA ON MALAGASY LIVESTOCK STOP PLEASE ADVISE WHERE COPIES CAN BE DELIVERED AT AIRPORT FOR PICK UP BY RMEA AT ITS CONVENIENCE

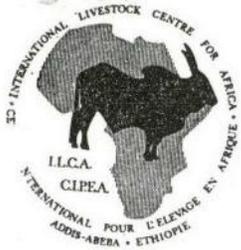
REGARDS

RICE

NOT TO BE TRANSMITTED

REFERENCE: Malagasy Livestock, Kenya Liv.	AUTHORIZED BY (Name): E. B. Rice <i>E. B. Rice</i>
DRAFTED BY: E. B. Rice <i>E. B. Rice</i>	DEPARTMENT: Operations Evaluation
CLEARANCES AND COPY DISTRIBUTION:	SIGNATURE (Of individual authorized to approve):
SECTION BELOW FOR USE OF CABLE SECTION	
CHECKED FOR DISPATCH:	

ADDIS-ABABA ETHIOPIA



0 01286 /ECON/038

April 28, 1976

Mr. José Olivares
The World Bank
1818 H Street, N.M.
Washington D.C. 20433
U.S.A.

Dear José,

Your first draft of the PPAR reached me only today. I have no major problems with it and I think that you present a fair picture. I attach a list with some comments I had. I should be grateful for a copy of your final draft.

Yours sincerely,

Hans E. Jahnke

HEJ/mk

Olivares - PPAR - Kenya LSI

OK ✓ not 5 : 20 but **S** : 20

OK ✓ p.18 The third author is Thimm

p.21 I consider the cost-price squeeze much more important than weather for the long-term success of the project and also stock control much more important than weather. A point to raise or stress more is that even on the ranches the overstocking problem has not been solved by the project although the basis may have been laid for a solution in the long run. Another catastrophe like the one in 1960 may be inevitable.

5.13 Insufficient

VI Must bring in - to be fair - the fact that the economic environment for beef production changed from a highly favourable one to one that no longer justifies investments.

Mr. R.J. Dewar

April 27, 1976

R.H. Khouri *RK*

KENYA - First Livestock Project - Credit 129-KE
 - Project Performance Audit Report

in box file

1. The audit report in fact says "Good on Kenya it designed an innovative and imaginative, livestock development project (para 2.01), and implemented it successfully (5.01) despite the complications in organization and management (para 2.07-2.10) and the delays in implementation introduced by IDA (3.01 and 3.02)." This conclusion is based not on an analysis of documented records and production data (para 5.02) because there is an acute paucity of these but on two reports the former by H. Jahnke, H. Ruthenberg and H. Trim who used "typical" ranch models to come up with some "guess estimates" and the latter by J. Peperdy the author of the project completion report, who before joining the Bank, headed the Kenya Government Range Management Division and prepared the project in question and who for the same reasons estimated and did not calculate the financial rates of return. Messrs Peperdy and Jahnke participated in reviewing the Kenya Second Livestock Project last month and came up with quite different results for basically the same types of ranches. In this latter study group ranches were found to have the highest rate of return (mainly because of low operating costs) whereas in their previous study company and commercial ranches were shown to be more viable. What I'm trying to say is that Jahnke and Peperdy have dealt with recipes, models and assumptions not with records, facts and figures - after all the proof of the pudding is in the eating and conclusions are only as good as the assumptions they are based on. The disturbing fact is that the audit report did not attempt to analyse records and production data for itself but regurgitated the conclusions of other writers. The Audit Report also seems to accord more importance to the disbursement of funds than actual achievements (paras 4.04 and 4.05).

2. Frankly I fail to see how a project can be deemed to have been successfully implemented when:

- (a) records of inputs and outputs can at least be described as scanty (para 5.02);
- (b) funds were extended mainly for operating costs and not for capital development of ranches as was envisaged by appraisal (5.01);

...../2

- (c) technical production coefficients on the ranches were far below the estimates of appraisal and the accepted attainments of commercial ranching (para 5.01);
- (d) offtake of inmaturs from North East Province for finishing off in higher potential areas of the country was below expectations despite the establishment of necessary infrastructure (para 4.02);
- (e) range development in North East Province was $\frac{1}{7}$ the appraisal estimate and a quarter the revised estimate (para 4.03);
- (f) servicing and maintenance of range water installations in North East Province was neglected because Government failed either to provide sufficient funds or to introduce a system of collecting fees from beneficiaries (para 4.03); and
- (g) numbers of Project generated cattle marketed locally or exported abroad are unavailable (paras 5.04 and 5.05).

How can rates of return be calculated under these circumstances?

3. The Project is certainly not an utter failure as one may conclude from my foregoing paragraphs. On the other hand it is certainly not a good example of a successfully implemented Project as the Audit Report would lead one to conclude. The Oxford dictionary defines "audit" as an examination of accounts. Accounts are essentially a record of transactions that have taken place over a period of time. An accurate audit is therefore impossible when records have been incompletely or improperly kept. This has been the case with the above project and I'm of the opinion that the audit report does not present a true picture of implementation and benefits. If I were to hazard a guess I would say that Project benefits are slightly below appraisal estimates.

4. The Audit Report states that :-

- (a) the second Livestock Project, Credit 477-KE, was overly large and complicated (Chapter VI). As you know I fully concur with this conclusion;
- (b) the IDA ignored SIDA's interest in participating in the supervision missions and in being informed promptly of their fundings (para 4.13). I supervised the project three times starting October 1972 and on each occasion contacted the SIDA office in Nairobi and asked the officer concerned to participate. To the best of my recollection they never participated in field work but were always present at wrap-up meetings. With regard to supervision reports these were supposed to be forwarded to Sweden by Headquarters; and

...../3

- (c) the last five supervision missions failed to report on the livestock marketing, movement and pricing study (para 4.12). I assume responsibility for this omission in the last three reports. Somehow there were far more important matters to cover in much too short a time.

WORLD BANK GROUP

ROUTING SLIP		DATE
		April 29
NAME		ROOM NO.
MR BOHR, OES		4/30
MR WEINER		4/30
<p>Mr Kuper: Thanks. I have the same impression. I'm glad Judelman sends these on, & you should arrange to get cc. of <u>all</u> comments simply to get the flavor of the dialogue.</p>		
APPROPRIATE DISPOSITION	NOTE AND RETURN <i>W.</i>	
APPROVAL	NOTE AND SEND ON	
COMMENT	PER OUR CONVERSATION	
FOR ACTION	PER YOUR REQUEST	
INFORMATION	PREPARE REPLY	
INITIAL	RECOMMENDATION	
NOTE AND FILE	SIGNATURE	

MARKS

Not having read the draft Audit, I can't form a balanced view. In themselves, however, some of the points in the attached memos seem to be well taken. I shall review the draft on my return from Mexico.

FROM	ROOM NO.	EXTENSION
<i>W.S. 3</i>		

ROUTING SLIP		DATE
NAME		ROOM NO.
Mr WEINER		
Mr Weiner		
Mr Kaper		
for info only: let		
APPROPRIATE DISPOSITION		NOTE AND RETURN <i>disin</i>
APPROVAL		NOTE AND SEND ON
COMMENT		PER OUR CONVERSATION
FOR ACTION		PER YOUR REQUEST
<input checked="" type="checkbox"/>	INFORMATION	PREPARE REPLY
INITIAL		RECOMMENDATION
NOTE AND FILE		SIGNATURE
ARKS		
<p>To give you sense of the processes of the debate - if you haven't seen > ?</p> <p><i>Not having to this draft attached to document</i></p> <p>Phone</p>		
FROM	ROOM NO.	EXTENSION
<i>(Signature)</i>		

OFFICE MEMORANDUM 2/22 my

TO: Mr. C. Willoughby, Director, Operations and Evaluations DATE: April 23, 1976
FROM: Don Stoops, Livestock Advisor, CPS *ds*
SUBJECT: Project Audit Report on Kenya Livestock Development Project (Credit 129-KE)

1. Attached you will find a copy of the memorandum Gus Schumacher sent you on April 6, 1976. Since I agree completely with his comments there is no practical point to be served by repeating them in this memo.

2. I do wish, however, to amplify some points. The report is critical of the cost and make-up of technical assistance, maintaining that there were plenty of qualified expatriates and some well-qualified Africans in the country at that time who could have administered the Project. These people were well-qualified in regulatory functions, but were inexperienced in a development concept combining credit and technical services to maximize production and marketing in all sub-sectors and phases of the livestock sector. In fact, the project preparation report, which was prepared principally by the expatriates serving in the Kenya Government, proposed what amounted to a budgetary assistance credit to the Government to enlarge the on-going regulatory functions of the Ministry of Agriculture of Kenya. These were the same professionals who had been working in Kenya for several years, during which time no real development project was apparent in the livestock sector. Consequently, I think it important to emphasize that without the help of the Bank and some more development minded expatriates, the "innovative" project, which the Audit Report states has been quite successful, might never have been born. As the project progressed, some of the long-term expatriates did participate in various aspects of the project and their experience was most useful.

3. The second point I wish to raise is one on which I have commented in some previous reports and is particularly striking in this report. Despite labeling the project as successful, I find very little comment on what the ingredients and factors were which made it successful. Most of the report deals with problems and functions that could be improved. While not suggesting for one moment that these latter observations should be glossed over, I strongly believe that it would be helpful to all Operational Regions to have the Audit Reports on those projects which are considered to be "successful", dwell heavily on what made them successful. Moreover, it would certainly give a more positive and balanced perspective to the Bank's top management and to the Executive Directors.

4. One further minor point, the statement in paragraph 2.07 "IDA's Livestock Division, in charge of the Project, employed no expert in Public Administration or Management: none of the members of the appraisal mission had formal training in these areas; --" is both inaccurate and has no place in this report. The leader of the appraisal mission had directed

./...

April 23, 1976

Colombia's livestock development program, including livestock research, for ten years. Other members of the mission had also had extensive experience in administering important functions and units in their own countries. Lastly, the chief of the Division had not only been Deputy Director and Acting Director of what was then the largest USAID program in the world, but had also been V.P. for one of the leading Management consulting firms in the U.S. Other members of the Division had similar national and international experience in public administration.

DStoops:mam

cc: Messrs. Yudelman
Darnell
Rice
Schumacher

OFFICE MEMORANDUM

TO: Mr. C. R. Willoughby, OED

DATE: April 6, 1976

FROM: A. Schuchter, CPS, A&RD

SUBJECT: KENYA 129a Audit Report

1. Ted Rice asked me to dictate a few quick thoughts on this draft before leaving on mission. Principally, I find the report unbalanced. While concluding the Project was a "success", that it was disbursed on time and that it was innovative as a first "cut" at Bank involvement in African livestock, it gets too bogged down in some rather minor details. Since it was a "success", I would like to know "why" it was a success. Was it high cattle prices; was it designed correctly; was it administered well; was it supervised closely; did it basically have Government commitment; what, in sum, were the balance of factors that OED concludes led to its "success"?
2. One area that is lacking in the report is the "setting". In 1965 and 1966, Kenya had only been independent for a few years. Very little aside from veterinary assistance had been done to develop the traditional livestock system in Kenya. In fact, many persons in East Africa were sceptical that the African livestock systems should be developed and, as a result, proposed a string of government-owned parastatal ranches in lieu of directly assisting the traditional system (Tanzania, Zambia, Uganda). The outstanding feature of the Kenya project was its attempt to address the traditional livestock sector. This effort, the Bank's first in Africa, was greeted with scepticism, verging on derision, by quite a few persons supposedly knowledgeable about Africa. By bringing in a couple of externally recruited persons with no bias against the traditional sector, an effort was made by the Bank to offset to some extent this bias in the traditional "colonial" approach to livestock development in the implementation of the Project.
3. Also, I miss very much some of the more detailed ex poste studies of the innovative "bits". No mention is made of the highly competent "foreigners" such as George Murphy, etc. who worked with the Masai and in the Taiti groups. Also, little mention is made of the problems of the Livestock Marketing Department. When I supervised this project in 1970, the Government had insisted that LMD drive large numbers of cattle out of the NFD in the dry period. The losses were huge.
4. On the institutional side, the report gives the impression that IDA invented all those "complexities". First, I don't think the Project was all that complex. Second, it was my impression that many of the arrangements were suggested by local Kenyans as a way of getting a number of the local expatriates moving towards a development approach. To use the existing line agencies in 1967, agencies still dominated by "foreigners" would, in my opinion, have doomed the effort to failure.

April 6, 1976

5. Bringing in some non-British foreigners, in my opinion, provoked a great deal of "creative tension" which basically made the project a flyer as it shifted line agency thinking from pure administration and control functions to a more development-oriented effort. What is also disturbing about this criticism of institutional complexity and foreign staffing, is that the second project, which does not have this complexity of foreigners in line agencies, is judged to be in a mess (pages 26 and 27).
6. I find OED's harping on oversized and complex Phase II and Phase III livestock projects both tiresome and inappropriate. I have commented several times on this issue to your Department. By ex ante evaluation, OED tends to usurp the supervision function so that Borrowers do not know which Bank missions to believe and, more importantly, OED tends to give the Borrowers the impression that these projects are already failures and that no more effort should be made to implement them. In fact, during our supervision work in the late sixties and early seventies, we had all, if not more, of the problems alluded to in the OED report and worked with Government to overcome the constraints. The Kenya project, disbursed to schedule, with higher economic rates of return and with a fair degree of success in addressing the traditional sector on the first "cut", is an example of this. If OED feels that subsequent supervision work was not as effective (work shifted to Nairobi), then it should say so. I do not believe this is the case though.
7. Some mention is made of AID's intensive range management approach. I suggest that those involved in AID's recommendations on this matter be given an opportunity to comment on OED's criticism.
8. On rates of return, I find the 18-19% mystifying. Certainly, the ecological factors on over-grazing by the Masai are not fully taken into account. If they only invested in the most profitable "goodies" from a short term point of view (water holes), these are just the investments leading to overstocking and, effectively, a reduced carrying capacity in the longer term leading, I would posit, to lower economic rates of return on a 20-year basis.
9. I will be away for a month and would be pleased to discuss this draft with your staff when I return. I suggest you should obtain Chisholm's view -- he was on the various supervision missions and is also very knowledgeable on Kenya. Also, I suggest you send a copy to Fred Knobel in California as he is keen to contribute at no cost to reviewing such reports where he participated in supervision efforts.

ASchumacher:vmg

cc: Messrs. E.B. Rice
J. Olivares
D. Stoops ✓
J. Fransen (o/r)
F. Knobel (California)

file

April 8, 1976

Mr. Hans Jehnke
Director, Economic Research
International Livestock
Center for Africa
Box 5689
Addis Ababa
Ethiopia

Dear Hans:

At last we have produced the first draft of the audit on the Kenya First Livestock Project. I would very much like to have any comments you may have by April 20 so I can meet my obligation to Ted for delivery of the final version by mid-May.

Yours Truly,

José Olivares

Encl.

JO/bc

file

April 8, 1976

Mr. Ernst Michanek
Director-General
Swedish International Development
Authority (SIDA)
S-10525
Stockholm, Sweden

Dear Mr. Michanek:

Re: Credit 129MKE - Kenya First Livestock
Development Project

At the request of the Board of Directors some three years ago, our management directed that we prepare performance audits shortly after completion of loan/credit disbursements for all projects assisted by either IBRD or IDA. The purpose of these audits is to evaluate the extent of achievement of the project objectives stated in the appraisal reports and to assess the effectiveness of the IBRD/IDA's role during project preparation and implementation, with the main focus on what the IBRD/IDA can learn from past experience.

I am enclosing a copy of the first draft of the Project Performance Audit Report on the Kenya First Livestock Development Project. This performance audit was based on a review of correspondence and reports in IBRD files as well as discussions with IBRD staff members and Kenyan officials who were involved in the project.

Since you co-financed the implementation of this project with IDA, we would be very grateful for any comments, corrections, or reactions you may want to make on this report. We would appreciate receiving them by May 14 so we can meet our obligation to the IDA Executive Directors for delivery of the completed report by the end of May.

Sincerely yours,

Christopher R. Willoughby
Director
Operations Evaluation Department

Encl.

cc: Mr. Jon Sigurdsson
Executive Director on behalf of Sweden
Mr. Hornstein
CRW/JO/bc

file

April 8, 1976

Mr. A.M. Chege
Livestock Project Coordinator
Ministry of Agriculture
P.O. Box 30028
Nairobi, Kenya

Dear Mr. Chege:

Re: Credit 129-KE - Kenya First Livestock
Development Project

At the request of our Board of Directors some three years ago, our management directed that we prepare performance audits shortly after completion of loan/credit disbursements for all projects assisted by either IBRD or IDA. The purpose of these audits is to evaluate the extent of achievement of the project objectives stated in the appraisal reports and to assess the effectiveness of the IBRD/IDA's role during project preparation and implementation, with the main focus on what the IBRD/IDA can learn from past experience.

I am enclosing the first draft of the Project Performance Audit Report on the First Livestock Development Project, prepared by Mr. José Olivares, of this department, after his visit to Kenya last January. This performance audit was based on a review of correspondence and reports in IBRD files as well as on Mr. Olivares' discussions with IBRD staff members and Kenyan officials who were involved in the project.

I am taking the liberty of sending you seven additional copies of the draft report in the hope that you will put them in the hands of the Government agencies which were involved in project implementation and should be involved in this review process. I would like to ask you to pass the eighth copy to the Director, Planning Department, Ministry of Finance and Planning, which is the Government agency concerned with expert evaluation of development projects.

In order to maintain our schedule of submitting the final version of the report to the Board of Directors by the end of May, I would very much appreciate receiving any comments the Government may have by May 14.

I take this opportunity to express our thanks for all the assistance provided to Mr. Olivares during his visit.

Sincerely yours,

Christopher R. Willoughby
Director
Operations Evaluation Department

Encl.

~~cc: Mr. F. Mekki, ED for Kenya~~

cc: Mr. F. Mekki, ED for Kenya

*file
a. 129*

OFFICE MEMORANDUM

TO: Mr. C. R. Willoughby, OED

FROM: A. Sch~~acher~~er, CPS, A&RD

SUBJECT: KENYA 129a Audit Report

DATE: April 6, 1976

1. Ted Rice asked me to dictate a few quick thoughts on this draft before leaving on mission. Principally, I find the report unbalanced. While concluding the Project was a "success", that it was disbursed on time and that it was innovative as a first "cut" at Bank involvement in African livestock, it gets too bogged down in some rather minor details. Since it was a "success", I would like to know "why" it was a success. Was it high cattle prices; was it designed correctly; was it administered well; was it supervised closely; did it basically have Government commitment; what, in sum, were the balance of factors that OED concludes led to its "success"?

2. One area that is lacking in the report is the "setting". In 1965 and 1966, Kenya had only been independent for a few years. Very little aside from veterinary assistance had been done to develop the traditional livestock system in Kenya. In fact, many persons in East Africa were sceptical that the African livestock systems should be developed and, as a result, proposed a string of government-owned parastatal ranches in lieu of directly assisting the traditional system (Tanzania, Zambia, Uganda). The outstanding feature of the Kenya project was its attempt to address the traditional livestock sector. This effort, the Bank's first in Africa, was greeted with scepticism, verging on derision, by quite a few persons supposedly knowledgeable about Africa. By bringing in a couple of externally recruited persons with no bias against the traditional sector, an effort was made by the Bank to offset to some extent this bias in the traditional "colonial" approach to livestock development in the implementation of the Project.

3. Also, I miss very much some of the more detailed ex poste studies of the innovative "bits". No mention is made of the highly competent "foreigners" such as George Murphy, etc. who worked with the Masai and in the Taiti groups. Also, little mention is made of the problems of the Livestock Marketing Department. When I supervised this project in 1970, the Government had insisted that LMD drive large numbers of cattle out of the NFD in the dry period. The losses were huge.

4. On the institutional side, the report gives the impression that IDA invented all those "complexities". First, I don't think the Project was all that complex. Second, it was my impression that many of the arrangements were suggested by local Kenyans as a way of getting a number of the local expatriates moving towards a development approach. To use the existing line agencies in 1967, agencies still dominated by "foreigners" would, in my opinion, have doomed the effort to failure.

APR 3 6 24
7 1976

April 6, 1976

5. Bringing in some non-British foreigners, in my opinion, provoked a great deal of "creative tension" which basically made the project a flyer as it shifted line agency thinking from pure administration and control functions to a more development-oriented effort. What is also disturbing about this criticism of institutional complexity and foreign staffing, is that the second project, which does not have this complexity of foreigners in line agencies, is judged to be in a mess (pages 26 and 27).

6. I find OED's harping on overdesigned and complex Phase II and Phase III livestock projects both tiresome and inappropriate. I have commented several times on this issue to your Department. By ex ante evaluation, OED tends to usurp the supervision function so that Borrowers do not know which Bank missions to believe and, more importantly, OED tends to give the Borrowers the impression that these projects are already failures and that no more effort should be made to implement them. In fact, during our supervision work in the late sixties and early seventies, we had all, if not more, of the problems alluded to in the OED report and worked with Government to overcome the constraints. The Kenya project, disbursed to schedule, with higher economic rates of return and with a fair degree of success in addressing the traditional sector on the first "cut", is an example of this. If OED feels that subsequent supervision work was not as effective (work shifted to Nairobi), then it should say so. I do not believe this is the case though.

7. Some mention is made of AID's intensive range management approach. I suggest that those involved in AID's recommendations on this matter be given an opportunity to comment on OED's criticism.

8. On rates of return, I find the 18-19% mystifying. Certainly, the ecological factors on over-grazing by the Masai are not fully taken into account. If they only invested in the most profitable "goodies" from a short term point of view (water holes), these are just the investments leading to overstocking and, effectively, a reduced carrying capacity in the longer term leading, I would posit, to lower economic rates of return on a 20-year basis.

9. I will be away for a month and would be pleased to discuss this draft with your staff when I return. I suggest you should obtain Chisholm's view -- he was on the various supervision missions and is also very knowledgeable on Kenya. Also, I suggest you send a copy to Fred Knobel in California as he is keen to contribute at no cost to reviewing such reports where he participated in supervision efforts.

ASchumacher:vmg

cc: Messrs. E.B. Rice
J. Olivares
D. Stoops
J. Fransen (o/r)
F. Knobel (California)

J. R. Peberdy

KENYA - Project Performance Audit Report on
First Livestock Development Project
(Credit 129-KE)

1. The audit reflects well the performance of the Project.
2. I have spoken to Mr. J. Olivares, the author of the report, and suggested the following (which are also particularly pertinent to our review of Livestock II):
 - (a) Less emphasis be placed on the role of rising international beef prices up to 1974 in the provision of incentives for the Project because these were only partially passed on to the producer (paras 4.08, 5.02d, 5.05, 5.07).
 - (b) A paragraph on Government pricing policy and trends during the Project period. How high export prices were not all passed to the producer but were used to finance long-term capital developments at KMC and to hold down consumer prices (Annex 25 of Completion Report, including KMC annual report extracts).
 - (c) Flag the coming cost price squeeze which has resulted in the review of the Second Project. Between 1972 and 1975 investment costs rose from 40 to 388% (CR, Annex 11) while producer prices of ranch produced cattle rose from 38 to 64% depending on grade (CR, Annex 25 Table 1).
 - (d) Conclusions on IRR and FRR are more positive than expressed in the Completion Report. While these IRR's might have been applicable while producer prices in relation to costs were favorable during Project disbursement period (and to some extent were reflected in Ranch Company balance sheets up to 1974), it should be added that in 1974/1975 these must have been declining since increasing costs were not matched by increasing producer prices. This has subsequently been corroborated by recent company balance sheets which show losses on many company ranches starting in 1974 and increasing in 1975. The position has been exacerbated by overstocking, drought and low equity participation by ranchers on some ranches.
 - (e) Include a warning in para 4.11 that if the cost/price squeeze continues, as well as drought and overstocking, then arrears in AFC will increase.

- (f) Recent information has shown that total feedlot production has surprisingly not declined greatly although some lots have closed down.

3. In view of the likely delicate nature of future discussions with Government on Livestock II which will be centered on costs and prices I think we should add the above suggested riders before the draft report is sent to Government. Mr. Olivares is agreeable to producing a revised draft for sending to Kenya.

4. In addition to the above, I have made the following suggestions for changes and additions.

Para 2.02 - A rewording "this Project complemented the dairy cattle component of a former IDA smallholder credit (Credit 105-KE) for the high potential area."

Para 4.06 - A rewording of the section to read "misapplication of funds by loanees."

Para 4.08 - Last sections of page 14 "demand for working capital for steer purchase needed to maintain cash income on the basically undercapitalized ranches" rather than "to reap short term benefits -- from rising international prices."

Para 4.09(i) - The Group Ranch Register still does not have his accounts staff to supervise Group ranches properly.

Para 5.02(e) - Group ranches: indicate what are "profitable investments."

Para 5.02(d) - Producer prices for feedlots did not fall - they did not rise fast enough to keep pace with increasing feed prices and other costs.

Para 5.07 - I agree that dangers of overgrazing should be stressed but would suggest a rewording of last sentence of last paragraph on page 21 as follows: "In view of importance of daily milk supply to provide Masai subsistence needs Masai regard cattle numbers of paramount importance, particularly female breeding stock. The increasing human population which provides more hands for herding and leads to greater inequalities in stock wealth, puts greater pressure on cattle to provide more milk to meet subsistence needs, and inevitably leads to individuals increasing their numbers beyond the carrying capacity to meet their subsistence needs, achieve some economic independence, and to maintain their position

in society (which is governed by how they meet their subsistence, economic social needs). Under Group Ranch registration stock quotas are to be fixed and were in fact set on some ranches. Attempts were made to implement them but the pressure from overstocked areas outside Kaputei limited their efficacy. For the first time ever a few ranches have begun to attempt to limit intruders and it is hoped that as the social system changes and the value of permanent settlement becomes more marked, the importance of respecting boundaries will become more important and so allow stock control to be implemented by the owners of the land. It is clear that the provision of more water without control of stock numbers must lead to future disaster.

Para 5.08 - Not many private butchers buy in the North East and while prices paid to producer in the North East may have been higher than in neighboring countries during the Project period, in 1975 the converse was said to operate, at least as far as Somalia was concerned.

Para 6.04 - Timely preparation of ranch development plans is still a problem.

Should a remark be included to say that LMD met its buying targets but operated at a substantial loss representing a considerable subsidy to cattle owners in the North East?

Should audit recommend continuing supervision of the Project in conjunction with Livestock II?

JRP:bsc

cc: ✓ J. Olivares - Operations Evaluation

February 17, 1976

Mr. F. Mains
General Manager
Agricultural Finance Corporation
P.O. Box 30367
Nairobi
Kenya

Dear Mr. Mains:

We wish to express our appreciation to you, Mr. Kachula and the members of the AFC field staff who did so much to make our recent visit to Kenya so productive. We realize that you do not lack for visitors inquiring about your affairs. Your generosity towards us is particularly appreciated in these circumstances.

As you know, Hohn Peberdy is about to leave to head the reappraisal mission. We had a long talk with him on our return and hope that the exercise will improve understanding on both sides. Kenya has a great future in ranching if only there are time and resources to build on the start you have made.

Mr. McKitterick has talked with George Metcalfe of Technoserve since his return to report on his visit with Greg Mitala of Allied Ranching Services during our field trip. He is particularly interested in the idea of common service companies, and hopes to have a chance in the future to see how this idea develops under your guidance.

Again we thank you for your reception and wish you the very best of negotiations in the immediate future.

Sincerely,

José Olivares
Operations Evaluation
Department

Nathaniel McKitterick
Consultant

February 17, 1976

Mr. Arthur Chege
IDA Project Coordinator
Ministry of Agriculture
Nairobi
Kenya

Dear Arthur:

Thanks largely to the time you, Mr. Mwya and others on your staff gave to us, our visit to Kenya was particularly productive. If you are, indeed, going to be in Washington this year, you must feel free to call on either of us for any help you may need.

As you know, John Peberdy is about to leave to head the re-appraisal mission. We had a long talk with him and Mike Walden, and we hope very much that the coming exercise will improve understanding on both sides. There isn't any question but that Kenya has a great future in ranching if only there is time and resources to build on the start you have made.

Again our thanks, which I hope you will especially pass on to Mr. Mwya who added a lot to the worth of our field trip. Again we hope to see you soon in Washington.

Sincerely,

Jose Olivares
Operations Evaluation
Department

Nathaniel McKitterick
Consultant

February 17, 1976

Mr. Robert Dewar
Regional Mission in Eastern Africa
Extelcoms House
Haile Selassie Avenue
Nairobi
Kenya

Dear Bob:

Neither you nor our Kenyan hosts lack for visitors sticking their noses in your respective businesses, so we are particularly appreciative of your help during our recent stay. We learned a lot. We particularly hope that the forthcoming reappraisal leads to closer understanding on both sides.

John Pebardey has a quite unofficial copy of McKitterick's report in case you want to take a rocket. Otherwise forget it. The Olivares audit will come through official channels in the usual way.

McKitterick also asked Nancy Lenthe of Personnel to pass on the job application form of Jim Fincares, his close friend who holds the title of Minister of Development on the Island of Dominica in the West Indies. Jim is known to the bank (Christofferson's shop), has good references here and spent eight years in East Africa. McKitterick thinks he would accept an appointment and would be a first-class source of supervision talent. If you are interested and want McKitterick to make a sounding, let us know.

Again thank for the hospitality.

Sincerely,

Jose Olivares
Operations Evaluation
Department

Mathaniel McKitterick
Consultant

February 17, 1976

Mr. S.D. Gathiuni
Permanent Secretary
Ministry of Agriculture
Nairobi
Kenya

Dear Mr. Gathiuni:

We wish to express our appreciation to you for permitting so many of your staff to be of such great help to us during our recent visit. Mr. Chege and his staff and Mr. Ayuko and his presented us with a great deal of useful information. We learned a lot both in Nairobi and in the field. There isn't any question but that Kenya has a great future in ranching if only we all can get over the hurdles immediately ahead. That we hope will be so.

Thanking you again for your generous reception, we are,

Sincerely,

Jose Olivares
Operations Evaluation
Department

Nathaniel McKitterick
Consultant

February 17, 1976

Ranch Division
Agricultural Finance Corporation
P.O. Box 30367
Nairobi
Kenya

Attention: Mr. Kachula

Dear Mr. Kachula:

Many thanks for the time you gave us in Nairobi and in the field on our recent visit. We are much better informed thanks to your guidance.

As you know, John Peterdy is about to leave to head the forthcoming reappraisal mission. We had a long talk with him on our return and hope that the exercise will improve understanding on both sides.

Mr. McKitterick also spoke with Mr. Macalfe of Technoserve about his talk with you and Greg Whitata of Allied Ranching Services. He is particularly interested in the common services company idea and hopes Kenya can prove the worth of it.

If we could send you one thing it would be a good April rain. Ranching in Kenya has a great future if only there are time and resources to build on the beginnings you have made.

Many thanks again and please feel free to call on us if your itinerary should include Washington.

Sincerely,

Jose Olivares
Operations Evaluation
Department

Nathaniel McKitterick
Consultant

*Copies to 3 pages (680) 1
Jan 1976*

125 KE Mr Olivares

Telegrams: "MINAG", Nairobi
Telephone: Nairobi 35855
When replying please quote
Ref. No. PROJ/COORD/7/1
and date



MINISTRY OF AGRICULTURE
KILIMO HOUSE
CATHEDRAL ROAD
P.O. Box 30028
NAIROBI

21st January, 1976

Mr. J.R. Dewar,
I.B.R.D.
P.O. Box 30577,
NAIROBI

Dear Mr. Dewar,

WORLD BANK AUDIT MISSION

I wish to refer you to the proposed itinerary for the World Bank Audit Mission ref. PROJ/COORD/7/1 of 6th January, 1976 which was copied to you and to inform you that arrangements have now been made for ranch visits on January 28th and 29th. The complete itinerary is as follows:

INTL. ROUTING	
	Creyke
	Ameur
	Byron
	Clough
	Denness
	Dewar
	Duane
	Golkowsky
	Gregor
	Hakim
	Hammerschmidt
	Hutchby
	Khouri
	Kordik
	Ljungman
	Martin
	McNeil-Wilson
	Menkir
	Peperzak
	Ramadan
	Russell
	Stubenitsky
	Wilson
	Dixon-IFC

January 26th 1976	A.M. - 9.00 Project Coordinator
	- 10.00 Mr. Indwasi
	P.M. - 2.15 Mr. Maina
	- 2.45 Mr. Kachula & Mr. Murphy
January 27th 1976	A.M. - 8.30 Mr. Meadows
	10.30 Mr. Mutitu <i>Jack Ngunther</i>
	P.M. - Mr. Ayuko, Koros, Mr. Sadera & Mr. Maluki.
January 28th 1976	A.M. - 8.30 Auditors to be collected from their hotel by a member of Project Coordination Unit staff and proceed to Athi River arriving 9.00 a.m.
	Visit - IImameu Group Ranch
	Kiboko Group Ranch
	J Solitei's Ranch.
	P.M. - 2.00 Lunch at Hunters Lodge.
	- 3.00 Proceed to Voi for a night stay.

22 JAN 1976

INCOMING TELEX

22

DISTRIBUTION:

Mr. Olivares ✓
Mr. Willoughby ✓

*file
A.129*

1976 JAN 19 PM 2:40

FROM: LONDON OFFICE

19TH JANUARY 1976

33

FOR OLIVARES

REMY LETTER NOVEMBER 24 AND YOURS OF JANUARY 9 ALL APPOINTMENTS
CONFIRMED AS PLANNED EXCEPT EDWARDS. DR EDWARDS WOULD LIKE
TO MEET YOU AT 6 PM AT 5, CHESTER CLOSE, CHESTER STREET
ON JANUARY 21 AND AFTERWARDS FOR DINNER

REGARDS

CORDERY

919462 WORBNK 3

3591

JAN 20 1976

File A.129

CORDERY
LONDON OFFICE

JANUARY 20, 1976

TELEX 919462

(Ext. 4910)

ENGLAND

REURTELEX 33 APPRECIATE DR. EDWARDS' INVITATION BUT UNFORTUNATELY I AM
ARRIVING THURSDAY JANUARY 22 AT 7:45 AM.

OLIVARES

E.B. Rice
E.B. Rice

Operations Evaluation Department

Oliver

INCOMING TELEX From Nairobi sd

Jan. 19, 76

RECEIVED

Distribution: Mr. Rice
Mr. Willoughby ✓

JAN 19 9 02 AM 1976

COMMUNICATIONS
SECTION

*file
A.129
file A.129*

84 FOR RICE

REURTEL 74 OF JAN 16

WE HAVE MADE HOTEL RESERVATIONS FOR JAHNKE IN JAN 25 OUT FEB 02

AT SIXEIGHTY. HAVE ADVISED HIM ACCORDINGLY. DEWAR

JAN 19 1976

3588

File G. 129

MR. DEWAR
INTSAFEAD

January 15, 1976

NAIROBI

Telex 22022 (5137)

KENYA

OED HAS INVITED JAINKE TO JOIN OLIVARES AND MCKITTERICK FOR TWO DAY FIELD
TRIP JANUARY 27 AND 28 TO TAKE ADVANTAGE HIS EARLIER STUDY OF LIVESTOCK
PROJECT STOP WE ALSO WANT ENCOURAGE COLLABORATION BETWEEN JAINKE'S
RESEARCH UNIT AT ILCA AND FUTURE OED WORK IN AFRICA STOP JAINKE REQUESTS
YOU TRY ARRANGE NAIROBI HOTEL RESERVATIONS ACCOMMODATIONS JANUARY 25
THRU FEBRUARY 1 COMMA PREFERABLY AT HOTEL 680 WITH OED MISSION STOP OED
WILL COVER AIRFARE AND ILCA WILL COVER OTHER EXPENSES STOP PLEASE
ADVISE STOP REGARDS

RICE

Edward Rice
Operations Evaluation

EBR:tdj

440098 IBRD UI

INCOMING TELEX

1-14
1-14-76

sd

MOM

⊛

440098 IBRD UI

Jan 14, 76

Distribution:

Mr. Rice
Mr. Willoughby

TELEX TO IBRD 440098 OR 248423 WASHINGTON DC
ADDIS ABABA, JANUARY 14, 1976

FOR E.B. RICE
OPERATIONS EVALUATION

REF 130/ECON/7

NO NEED TO BE EMBARRASSED. FEARED OVERLOADING GOVERNEMENT
INTERVIEWS MYSELF AND THEREFORE OFFERED AVAILABILITY IN
NAIROBI QUOTE AS OLIVARES REQUIRES UNQUOTE. STILL THINK
THAT MY ARRIVAL NAIROBI JANUARY 25 AND MY AVAILABILITY
AS REQUIRED BY YOU ACCOMMODATE YOUR INTENTIONS.

REGARDS JAHNKE

ILCA ADDIS 21207

RECEIVED
JAN 14 7 45 AM 1976
COMMUNICATIONS
SECTION

440098 IBRD UI

INCOMING TELEX

A 141 sd
1-12-76

TELEX TO IBRD WASHINGTON DC 440098 OR 248423

ADDIS ABEBA, JANUARY 12, 1976

Distribution:

Mr. Rice

Mr. Willoughby

FOR E.B. RICE

OPERATIONS EVALUATION

REF 91/ECON/6

I PROPOSE TO ARRIVE NAIROBI JANUARY 25 FOR 8 DAYS. SHALL BE AVAILABLE TO OLIVARES IN NAIROBI AS HE REQUIRES AND ACCOMPANY HIM ON BOTH RANCH VISITS. PLEASE NOTIFY IBRD NAIROBI ACCORDINGLY AND ARRANGE HOTEL ACCOMMODATION FOR OLIVARES AND ME. PLEASE AUTHORIZE MALONE, ADDIS TO ISSUE TICKET. ILCA WILL ADVANCE OTHER EXPENSES.

REGARDS JAHNKE

ILCA ADDIS 21207 (Telex NO.)

248423B IBRD URK

From:
HUNTING BORWOOD

23517 (Telex no.)

INCOMING TELETYPE

MS

Distribution

Mr. Olivares
Mr. Willoughby ✓

1976 JAN 12 AM 8:41

per C. 129

1277 FOR OLIVARES

YOUR LETTER JANUARY SIXTH REFERS.

CONFIRM WE WILL MEET YOU AT BANK'S LONDON OFFICE 10.30 AM

THURSDAY JANUARY 22ND. I REGRET THAT SINKER IS UNAVAILABLE

OWING TO A COURT CASE BUT AM ENDEAVOURING TO ARRANGE PRESENCE OF

FINNEY WHO WAS ALSO ECONOMIST ON THE STUDY

ROBERTSON HUNTECO

3635

JAN 12 1976

HUNTING BORWOOD

23517 12.1.76

248423B IBRD UR

White

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

TELETYPE WIRE

Jan C. 129

TO: UNK

DATE: JANUARY

ILCA

CLASS OF
SERVICE: LT
5137

ADDIS ABABA

COUNTRY: ETHIOPIA

TEXT: YOUR GENEROUS RESPONSE TO OUR INVITATION^{is} SOMEWHAT EMBARRASSING STOP
 Cable No.: OLIVARES IS ACCOMPANIED BY CONSULTANT MCKITTERICK WHO IS CONDUCTING
 PARALLEL STUDY OF EXPATRIATE CONTRACTOR PERFORMANCE IN SEVERAL COUNTRIES
 STOP WE WERE WORRIED ABOUT OVERLOADING GOVERNMENT INTERVIEWS WITH PERSONS
 ON SPECIAL ASSIGNMENTS OR FROM OTHER ORGANIZATIONS STOP NEVERTHELESS
 BECAUSE OF YOUR STRENGTHS ON KENYA PROJECT COMMA USEFULNESS OF BANK
 ILCA COLLABORATION COMMA AND SOMEWHAT MORE RELAXED FORMAT OF FIELD VISITS
 WE FELT WORTHWHILE TO TEMPT YOU TO ACCOMPANY TEAM ON FIRST TWO DAY FIELD
 VISIT TO ALLOW OLIVARES CHANCE TO EXCHANGE VIEWS STOP INCIDENTLY FIRST
 FIELD TRIP CONFIRMED FOR JANUARY 27 AND 28 BUT SECOND FIELD VISIT MAY
 NOT BE NECESSARY STOP PERHAPS WE HAVE MISINTERPRETED YOUR PLANS FOR
 EIGHT DAY VISIT TO NAIROBI BUT OED MISSION PLANS FOR COLLABORATION ARE
 RESTRICTED TO THAT TWO DAY INTERVAL PLUS OF COURSE UNLIMITED HOURS AFTER
 HOURS ON THE TOWN STOP PLEASE ADVISE WHETHER YOUR INTENTIONS CAN ACCOMMODATE
 OURS AND WE WILL CABLE RMEA AND MALONE FORTHWITH STOP REGARDS

RICE

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Edward B. Rice

DEPT. Operations Evaluation

SIGNATURE _____
 (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: Kenya Livestock - Cr. 129-KE
 EBRice:clf
 ORIGINAL (File Copy)
 (IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch: _____

White

OUTGOING WIRE

for Cr. 129

DATE: JANUARY 9, 1976

CLASS OF SERVICE: TELEX 21297
5137

COUNTRY: ETHIOPIA

TEXT: THANKS FOR QUICK COMMENTS ON TANZANIA ALL OF WHICH ACCEPTABLE STOP COMMENT
 Cable No.: FROM SENIOR BANK OFFICIAL WAS QUOTE A FINE REPORT REFLECTING THOUGHT AS
 WELL AS WORK UNQUOTE STOP DRAFT PCR OF KENYA LIVESTOCK EXPECTED IN FOUR
 DAYS STOP JOSE OLIVARES OF OED ASSIGNED TO PPA OF SAME PROJECT AND
 SCHEDULED ARRIVE NAIROBI JANUARY 25 FOR EIGHT DAYS THENCE TO ZAMBIA STOP
 HE PLANS NAIROBI INTERVIEWS 26 27 AND 30 AND TWO SERIES RANCH VISITS
~~28 29 AND~~ FEBRUARY 1 AND 31
 STOP WE WONDER WHETHER YOU INTERESTED JOIN EITHER
 SERIES OF RANCH VISITS AND IF DATES CONVENIENT STOP OED WILL FUND TRAVEL
 EXPENSES STOP REGARDS

RICE

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Edward B. Rice

DEPT. Operations Evaluation

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: Tanzania Beef Ranching - Cr. 132-TA
Kenya Livestock - Cr. 129-KE
ORIGINAL (File Copy) EBRice:clf

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch: _____

file 129

January 9, 1976

Ms. Janet C. M. Cordery
Administrative Assistant
International Bank for Reconstruction
and Development
New Zealand House
Haymarket
London S.W. 1, England

Dear Ms. Cordery:

Thank you for your letter of December 2, 1975 with the list of appointments made on my behalf.

Since my travel plans are going ahead smoothly, I would like to have all those appointments confirmed, as you suggested.

Thanks again for all your help in this matter.

Sincerely,

Jose Olivares
Operations Evaluation Department

JO/clf

January 8, 1976

Letter Number 12

Mr. Dewar
Resident Mission
World Bank
P.O. Box 30577
Nairobi, Kenya

Dear Mr. Dewar:

I would like to apologize for our delay in establishing the exact schedule for our trip, but the Zambian Government took its time to agree with our proposition.

I will be arriving in Nairobi at 09:10 a.m., Sunday, January 25 on Alitalia AZ 814. Mr. McKitterick will be arriving at 08:15 a.m. on the same day on BA 031. The Travel Office has booked us at the Hotel "680".

If you or one of your deputies would like to share a late lunch or dinner with us and in the process give us an orientation, we should be delighted to play host. We do not want, however, to intrude on anybody's Sunday rest. If at all possible, we would like to have delivered to our hotel a list of the appointments you have made for us. This will help us burden the Kenyans less by planning and spreading the load of our questions.

When one returns from a field trip, there are often questions to ask. Therefore, we hope it is possible to schedule a day in the field during the week (Wednesday or Thursday) in order to have at least an additional working day in town. Both of us have the following weekend available if it is needed or available for another field trip. Mr. McKitterick is most interested in the training of APC field personnel as mentioned in our earlier letter. I will depart for Zambia at 10:00 a.m. on Monday, February 2 on EC 951. Mr. McKitterick holds a reservation on AF 466 that leaves for Paris just after midnight Saturday (Sunday, February 1 at 00:10). However, we are both anxious to fit in a field trip, and Mr. McKitterick will postpone his departure for Paris as necessary.

Tom Martin and Alec Tweedie were deeply involved in the Zambia Livestock Loan, which Audit I am also preparing. I would like very much to interview both of them while in Nairobi.

We thank you in advance for your help in the midst of which must be an inordinate demand.

Sincerely yours,

Jose Olivares
Evaluation Officer
Operations Evaluation Department

OUTGOING WIRE

TO: DEWAR
INTBAFRAD
NAIROBI

1982

DATE: December 19, 1975

CLASS OF SERVICE: TELEX 22022
(Ext. 2745/46)

COUNTRY: KENYA

TEXT: REUR TELEX 1770/1798 MISSION CONFIRMED JANUARY 26 THROUGH FEBRUARY ONE stop
Cable No.: WILL CONTINUE TO LUSAKA MONDAY FEBRUARY TWO stop HOPE CONDUCT NAIROBI
INTERVIEWS MONDAY TUESDAY FRIDAY WITH FIELD VISITS WEDNESDAY THURSDAY AND
FOLLOWING WEEKEND IF NECESSARY stop REGARDS

OLIVARES

NOT TO BE TRANSMITTED

AUTHORIZED BY: Edward Rice
NAME: Jose Olivares/lcu
DEPT.: Operations Evaluation
SIGNATURE: *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

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Checked for Dispatch: _____

OUTGOING WIRE

TO: WAIRAGU
FINANCE
NAIROBI

DATE: December 19, 1975

CLASS OF LT
SERVICE: (Extension 2745/46)

COUNTRY: KENYA

TEXT: REUR CABLE DECEMBER 9 RE AUDIT FIRST LIVESTOCK PROJECT CREDIT 129-KE stop
Cable No.: WISH INFORM YOU EVALUATION MISSION WILL BE IN KENYA JANUARY 26 THROUGH
FEBRUARY ONE stop ~~REUR CABLE~~ HOPE CONDUCT NAIROBI INTERVIEWS MONDAY TUESDAY
FRIDAY WITH FIELD VISITS WEDNESDAY ^{THURSDAY} AND FOLLOWING WEEKEND IF NECESSARY
REGARDS

OLIVARES

NOT TO BE TRANSMITTED

AUTHORIZED BY: Edward Rice

NAME Jose Olivares,

DEPT. Operations Evaluation

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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INCOMING TELEX From Nairobi

sd

Dec. 16, 75

Distribution:

Mr. Olivares G1055

Mr. Willoughby

1798 FOR OLIVARES COPY WILLOUGHBY

FURTHER MY TEL 1770 EVALUATION MISSION - KENYA GRATEFUL YOUR

CONFIRMATION DATES JANUARY 26 THROUGH 31 FOR MISSION. DEWAR

DEC 16 02 11 PM '75

RECEIVED

Dec. 9, 1975

From: airobi

INCOMING TELETYPE

Distribution:

Mr. Olivares

sj

1975 DEC -9 AM 10:02

1770 FOR OLIVARES

EVALUATION MISSION - KENYA

REUR 1905 PLEASE CONFIRM YOU WILL NOW BE IN KENYA MONDAY

JANUARY 26 THROUGH SATURDAY 31 TO ENABLE US ARRANGE APPOINTMENTS

AS REQUESTED. DEWAR

248423B IBRD UR

INCOMING CABLE

sj

RCWI AZCZC 248424

YWB730 RMF9533 FRQ4139 UWS343 BDA218 GPA324 C094

URWT C0 KENI 037

NAIROBI 37/36 9 1050

Dec. 9, 1975

1975 DEC -9 AM 9:09

Distribution:

Mr. Olivares (G1055)

ETAT

OLIVARES INTBAFRAD

WASHINGTONDC

REURCAB DECEMBER 4 AUDIT ON FIRST LIVERSTOCK PROJECT

CREDIT 129 KE STOP EYE CONFIRM JANUARY SUITABLE FOR MISSION

VISIT TO KENYA STOP AWAITING EXACT DATES FROM YOU STOP REGARDS

WAIRAGU FINANCE NAIROBI

OUTGOING WIRE

C. 129

TO: (BOOK OF TWO)
(I)

DEWAR

INTBAFRAD

NAIROBI
KENYA

COUNTRY:

TEXT:
Cable No.:

(II)

REICHELT

INTBAFRAD

LUSAKA
ZAMBIA

DATE:

December 16, 1975

CLASS OF
SERVICE:

TELEX (Extension 5137)
(I) TELEX 22022
(II) TELEX ZA 3453

STOP

TO REICHELT RE LIVESTOCK EVALUATION MISSION KENYA GOVERNMENT AND PMEA
REQUEST IMMEDIATE CONFIRMATION MISSION SCHEDULE TO ARRANGE APPOINTMENTS
STOP PLEASE CABLE EARLIEST POSSIBLE ZAMBIA GOVERNMENT DECISION ON FIRST
WEEK FEBRUARY STOP REGARDS

OLIVERAS

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME E. B. Rice *[Signature]*

DEPT. Operations Evaluation

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: *C. 129-KE*

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INCOMING TELEX From Nairobi

Dec. 16, 75

sd *file*
A.129

Distribution:

Mr. Olivares G1055

Mr. Willoughby ✓

1798 FOR OLIVARES COPY WILLOUGHBY

FURTHER MY TEL 1770 EVALUATION MISSION - KENYA GRATEFUL YOUR

CONFIRMATION DATES JANUARY 26 THROUGH 31 FOR MISSION. DEWA

COMMUNICATIONS
SECTION

DEC 16 9 02 AM 1975

RECEIVED

DEC 16 1975

DEC 16 1975

3391

Dec. 16, 75

INCOMING TELETYPE From Nairobi

Distribution:

Mr. Olivares G152

Mr. Willoughby

1788 FOR OLIVARES COPY WILLOUGHBY

FURTHER MY TEL 1770 EVALUATION MISSION - KENYA GRATEFUL YOUR
CONFIRMATION DATES JANUARY 26 THROUGH 31 FOR MISSION. DEWA

5761 013ED
DEC 16 1975

DEC 16 1975

SECTION
COMMUNICATIONS

DEC 16 9 05 AM 1975

RECEIVED

ad
for
2.12d

3321

December 9, 1975

Ms. Janet Cordery
Administrative Assistant
The World Bank
New Zealand House
15th Floor
Haymarket
London, SW1, Y4TE, England

Dear Ms. Cordery:

This is to acknowledge receipt of your letter of December 2. As you have suggested, I will confirm these appointments nearer the date.

May I also thank you for your assistance and take this opportunity to wish you seasonal greetings.

Yours truly,

Jose Olivares

J0livares:clf

December 8, 1975

Mr. Verne Miles
1085 Castle Hill Crescent
Ottawa, Canada K2C 2A9

Dear Mr. Miles:

A belated thanks for taking the trouble to visit us last month. What you had to say was very helpful. Now if we can only get to Kenya! The trip has been postponed, lastly until the end of January.

I hope the new job pans out and we can have the pleasure of seeing you around here sometime in the future.

Sincerely,

Nathaniel McKitterick

NMcKitterick:clf

December 8, 1975

Mr. Sheldon Ward
Route #2
Winslow, Maine 04901

Dear Mr. Ward:

A belated thanks for visiting with us last month. What you had to say was most helpful. Unfortunately our visit to Kenya has been postponed twice; lastly until the end of January.

If you have not received your expenses, they are on their way, through the labyrinth of this institution. I know, because the clerks have called me three times for an explanation.

With many thanks again, I am,

Sincerely,

Nathaniel McKitterick

NMcKitterick:clf

December 8, 1975

Mr. Henry Lowe
1702 South Highway 39
P. O. Box H260
Zephyr Hills, Florida 33599

Dear Mr. Lowe:

A belated thanks for taking the trouble to visit us last month. What you had to say was not only fascinating, but very helpful. Now if only the Kenyan Government will permit us to pay a visit, we can wrap up this investigation. Our trip has been postponed twice, lastly until the end of January.

I got a letter from George Aiken last week. It read in its entirety "I'm glad I'm not in jail!" A happy man, he.

Sincerely,

Nathaniel McKitterick

NMcKitterick;clf

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

White
INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

file Credit 129

TO: GREYKE

DATE: December 4, 1975

INTBAFRAD

CLASS OF

NAIROBI

SERVICE: TELEX 22022
(5137)

COUNTRY: KENYA

TEXT: RE OUR TELEX NOVEMBER 20 AND LETTER NOVEMBER 26 RE CREDIT 129 STOP REGRET
Cable No.: INFORM YOU EVALUATION MISSION POSTPONED BECAUSE ZAMBIA GOVERNMENT PREFERENCES
FEBRUARY DATE STOP WE NOW HOPE VISIT NAIROBI LAST WEEK JANUARY AND LUSAKA
FIRST WEEK FEBRUARY STOP CABLE SENT TO NGANGA TODAY COPY TO YOU GIVING
SOME DETAIL STOP WE APPRECIATE YOUR FOLLOWING UP STOP REGARDS

OLIVARES
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Edward B. Rice

DEPT. Operations Evaluation

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: Cr. 129-KE
Jolivares:clf

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch:

OUTGOING WIRE

TO: ~~(XXXXXXXXXX)~~
NICHOLAS NGANGA
PERMANENT SECRETARY
MINISTRY OF FINANCE AND PLANNING
P. O. BOX 30007
NAIROBI

COPY ONLY
~~GREYKE~~
~~INTBAFRAD~~
~~INTBAFRAD~~
GREYKE
INTBAFRAD
NAIROBI
KENYA

DATE: DECEMBER 4, 1975

CLASS OF
SERVICE: LT
(5137)

COUNTRY: KENYA

TEXT: REURCABLE NOVEMBER 24 STOP OPERATIONS EVALUATION DEPARTMENT IS PREPARING AUDIT
Cable No.: ON FIRST LIVESTOCK PROJECT CREDIT 129 KE STOP FURTHERMORE ~~FIRST LIVESTOCK~~
PROJECT WAS SELECTED AS CASE STUDY IN ORDER TO EVALUATE COST COMMA PERFORMANCE
AND APPROPRIATENESS OF EXPATRIATE STAFF RECRUITED AS CREDIT CONDITION STOP
JUDGEMENT BY GOVERNMENT OFFICIALS INVOLVED IN THE CREDIT MOST IMPORTANT FOR
BOTH TASKS AS SHOWN IN OUR EARLIER AUDITS OF KENYAN AGRICULTURE PROJECTS
STOP WE WOULD LIKE TO INTERVIEW RELEVANT OFFICIALS OF MINFIN COMMA MINAG
COMMA TREASURY COMMA ^{AFC} AND ITS RANCH DIVISION COMMA ~~AFC~~ COMMA RMD COMMA LMD
COMMA RWD AND LAND REGISTRATION DEPARTMENT COMMA BOTH AT PRESENT AND DURING
THE LIFE OF THE PROJECT AND TO VISIT SOME RANCHES STOP ESTIMATE ^{FOUR} DAYS
IN NAIROBI AND ^{TWO} ~~FOUR~~ OUTSIDE NAIROBI STOP GREYKE HAS SUGGESTED THAT JANUARY
DATE PREFERABLE TO GOVERNMENT STOP I MUST PARTICIPATE ON MISSIONS IN ZAMBIA
AND PERHAPS UGANDA AND LAST WEEK IN JANUARY NOW SEEMS MOST CONVENIENT ^{FOR MY KENYA VISIT} STOP
PLEASE ADVISE IF ALSO CONVENIENT TO GOVERNMENT STOP I WILL PROPOSE EXACT
DATES LATER IN DECEMBER STOP REGARDS

OLIVARES
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Edward B. Rice
DEPT. Operations Evaluation

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: ~~KE~~ Cr. 129-KE
Jolivares:clf

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Greyke, Director, RMEA

For Use By Communications Section

Checked for Dispatch: _____

November 25, 1975

Mr. Victor Bunderson
Project Manager
DP/SOM/72/003
UNDP
P. O. Box 24
Mogadishu, Somalia

Dear Mr. Bunderson:

As an old hand at scheduling missions, you will understand that nothing ever works the first time.

My task is to appraise, as part of a regular IBRD "post-audit" exercise, the technical assistance input in the Kenya Livestock I project that resulted from conditions set forth in the original IDA credit. This is the first in a series of case histories commissioned by the IBRD Executive Directors who are inquiring into the scale and character of the demand for technical assistance generated by Bank/IDA loans and credits.

Vern Miles was in the office last Saturday. Earlier in the week Henry Lowe, General Manager of the AFC during much of the project, and Sheldon Ward, Miles' successor, visited us. John Peberdy, who conceived the project in the first place, is now in IBRD, serving as Agricultural Officer for Kenya among other things. We have also interviewed a large number of IBRD officers who at one time or another filed past the project. We, are, in short, better informed than one usually is in these cases.

I would accordingly like to talk to you by telephone from Nairobi if a convenient time can be arranged. (I will be staying at the Hilton.) You were head of the UNDP/FAO program in Kenya, which I understand was at that time the largest of its kind anywhere. With this in mind, I would like to discuss with you three fundamental points:

1) Would the project have evolved better had the IBRD concentrated its attention and influence in the Range Management Division of the then MAAH rather than the AFC? Would it have been possible for the IBRD to insist that both the Livestock Marketing Division and the Range Water Development Division be folded into the Range Management Division? Should the Project Manager have been located in RMD rather than AFC? (Miles claims Meadows was in fact the project manager, but the IBRD considered that Miles was.)

2) Was it a good idea to name an economist to the post of manager of the Ranch Division in AFC? The IBRD, you will remember, insisted on expatriates filling the RD post, the LMD post and the RWD post. All of Bruce McKenzie's candidates were turned down, yet the IBRD had no real candidates of its own. Would you, for example, have been willing to take the post that Miles took?

3) The IBRD philosophy at the time was clear: credit and technical services should be combined. This philosophy has been weakened in recent years, but not replaced by any other. Was it an applicable philosophy in Kenya at the time you were there? To put the same question another way: was it practical at one and the same time to try to pioneer group and company ranches while using the same loan to bolster the financial structure of the AFC?

What I am looking for here, of course, is judgement rather than factual answers. Many of the issues raised in Kenya Livestock I are live issues today in other countries and to some extent in Kenya. I will value your comments, which, of course, will be kept in confidence and anonymous.

I will attempt to reach you by phone when I get to Kenya. Thanking you in advance for your help, I am,

Sincerely,

Nathaniel McKitterick
Consultant
Operations Evaluation Department

NMcKitterick:clf

November 24, 1975

Letter No. 772

Mr. Thomas C. Creyke
Director, Regional Mission in
Eastern Africa
P. O. Box 30577
Nairobi, Kenya

Dear Mr. Creyke:

The Operations Evaluation Department is preparing the Project Performance Audits referred to in O. M. 3.50 for both the Kenya First Livestock Project (Cr. 129-KE) and the Zambia Livestock Project (Ln. 627-ZA). At the same time, a study on the use of expatriates in key governmental positions as a Bank requirement is being conducted by Mr. Nathaniel M. McKitterick, a consultant with the Department. The Kenya First Livestock Project was selected as case study for this purpose.

Therefore, we would like to interview:

1) you and those in your staff who were associated with both projects. Particularly we are thinking of Mr. Khouri and Mr. Martin. I met with Mr. Dewar Friday afternoon and understand that Mr. Khouri will be on vacation until January 11 and will leave for Tanzania on January 12. Since he supervised both projects in their last stages, meeting him is most important to us. Would it be possible to meet with him for at least two or three hours between his return from vacation and his departure for Tanzania?

ii) some top relevant Government officials in the Ministry of Finance, the Ministry of Agriculture, AFC, AFC's Ranch Division, Project Coordinating Unit in Ministry of Agriculture, Range Management Division, Livestock Marketing Division, Range Water Division, and Land Registration Department, both at present and during the life of the project.

Some important people from our point of view:

Michuki, who we understand is now President of one of the commercial banks. Meadows of LMD; Philip Ndegwa, Chairman of AFC during the project; Francis Maina, AFC General Manager; Kibe, now permanent secretary at Minag, who was a major contact with IBRD while in the Ministry of Finance; Von Kaufman of AFC Ranch Section; and Mlamba, who we understand is now permanent secretary at the Ministry of Education, but was permanent secretary at Minag when the project started.

Mr. Creyke

- 2 -

November 24, 1975

We would particularly like to see Bruce McKenzie if possible. If possible, we would like to make a field trip with George Murphy of AFC's Ranch Section. If AFC's District Officers Behrens and Bergman, both USAID financed, are still on the job, we would like to talk with one or the other about training. Perhaps Abercrombie at USAID can help.

Other possible contacts: Ayuko at RMD; Chege as Livestock II project coordinator; Sadera. Feel free to add or delete names according to your judgment.

After receiving confirmation of our cable of November 20, 1975 that our proposal is convenient for both the Government and you, we plan to arrive early Wednesday morning, January 7, 1976. Mr. McKitterick will return to Washington and I would leave for Lusaka in the evening of Tuesday, January 13.

Your earliest confirmation of these arrangements will be appreciated. Looking forward to seeing you, I remain

Yours sincerely,

Jose Olivares
Operations Evaluation Department

cc: Messrs. Loh
Dewar
McKitterick

JOlivares:clf

November 24, 1975

*file
A. 129*

Miss Janet Cordery
World Bank European Office
15th Floor
Haymarket
London, SW1, Y4TE, England

Dear Miss Cordery:

Re: My cable of November 20, 1975

In accordance with the Bank's standard procedures, an ex-post evaluation (called "project performance audit" in Operational Memorandum 3.50) has to be prepared on each project after its completion. I am working now on the audits of Kenya Livestock I Project (Gr. 129-KE) and Zambia Livestock Project (Ln. 627-ZA). For that purpose, I need to interview several people. Three of the persons associated with the Zambian project are now in London:

- 1) Mr. Joseph Edwards, former Bank staff member, now retired, who was the Head of the Appraisal Mission.
- 2) Mr. Heath, a staff member of Barclays Bank D.C.O., which co-financed the project.
- 3) Mr. Sinker, a staff member of Hunting's Technical Services, the consultant who prepared the Government's application for a second livestock project, which was rejected by the Bank.

I scheduled the field mission for early December; these interviews were going to be held in the Bank's London Office on December 16, 1975. Unfortunately, the Kenyan Government requested us to postpone the mission until January. I am scheduling it now from January 4 to January 23. I would appreciate it if you could contact these persons and ask them to reschedule the interviews to Thursday, January 22, 1976.

Looking forward to hearing from you, I remain

Yours truly,

Rose Olivares
Operations Evaluation Department

Jolivares:clf

398 1BRD 01

INCOMING CABLE

SS

I WA 8440400

DISTRIBUTION:

Mr. Loh ✓
Mr. Walton

*Mr Olivares
GROSS*

NOVEMBER 24, 1975

ITT MESSAGE 005

ZCZC TLD 352 VIA ITT CTB 302 BDA 634 EHA 664 C011

USWA CY KENI 050

NAIROBI 50/49 24 1030

NOVEMBER 24 1975

RECEIVED
1315 NOV 24 11 09 50
COMMUNICATIONS SECTION

ETAT
LOH INBAFRAD
WASHINGTONDC

HAVE REVIEWED CONTENTS YOURCAB RE AUDIT MISSION AND IN VIEW OF
ABSENCE OF AGRICULTURE MINISTER AND PERMANENT SECRETARY THE TIMING
OF

THIS
MISSION WOULD BE INCONVENIENT TO GOVERNMENT STOP MAY I ALSO HAVE
MORE

INFORMATION REGARDING
THE ACTUAL WORK INTENDED FOR THIS MISSION

N NGANGA

STVP 11/24/75

OUTGOING WIRE

TO: CREYKE

DATE: November 20, 1975

INTBAFRAD

CLASS OF

NAIROBI

SERVICE: TELEX 22022
(4055)

COUNTRY: KENYA

TEXT: REURTEL 1681 WE HOPE KENYA GOVERNMENT WILL FIND JANUARY SEVEN TO THIRTEEN
Cable No.:

APPROPRIATE STOP REGARDS

OLIVARES
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

CLEARANCES AND COPY DISTRIBUTION:

NAME Jean-Jacques Schul

cc: Mr. Loh

DEPT. Operations Evaluation

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: Cr. 129-KE
JJSchul:Jolivares:clf

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From: Nairobi
Nov. 18, 1975

INCOMING TELEX

RECEIVED

Distribution

Mr. Olivares ✓
Mr. Willoughby

mc

1975 NOV 18 AM 6.42

COMMUNICATIONS
SECTION

1681 FOR OLIVARES REURTEL 1794 HAVE TO INFOR YOU MINAG AND
MINFIN REGRET DATES SUGGESTED ARE NOT CONVENIENT AS MANY OF
KEY PEOPLE WILL BE AWAY. THEY SUGGEST A DATE IN JANUARY WOULD
BE PREFERABLE. REGARDS CREYKE

White

OUTGOING WIRE

TO: CREYKE/SATO

DATE: NOVEMBER 17, 1975

INTBAFRAD

CLASS OF
SERVICE: TELEX 22022
4055

NAIROBI

COUNTRY: KENYA

TEXT: WE WOULD APPRECIATE EARLIEST CONFIRMATION THAT PROPOSED SCHEDULE OF CR 129-KE
Cable No.: LIVESTOCK PROJECT AUDIT MISSION AS PER LOH'S CABLE NOVEMBER SEVEN IS CONVENIENT
IN ORDER TO MAKE FINAL TRAVEL ARRANGEMENTS STOP REGARDS

OLIVARES
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Jean-Jacques Schul

DEPT. Operations Evaluation

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: Cr. 129-KE
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*file
A.129*

OFFICE MEMORANDUM

TO: Mr. Christopher Willoughby

FROM: Messrs. Olivares and McKitterick *mk*

SUBJECT: Luncheon - Tuesday, November 18th

DATE: November 13, 1975

We have reserved a place for you at 12:30 PM, Tuesday, November 18th, in the event you would like to join us. In attendance besides ourselves will be:

1. Mr. Henry Lowe, who was the last expatriate general manager of the Agricultural Finance Corporation in Kenya. He was funded by USAID; this was his first overseas job; he had been administrator of farm rentals (or something like that) in the U.S. Farm Home Administration. He fitted in well with the Kenyans, or so we gather, but was not considered a mover and shaker. Considering that the major organizational objective of the Kenya Livestock I Credit was to strengthen the AFC vis-a-vis the Ministry of Agriculture, his recollections are of key importance.
2. Mr. Sheldon Ward, who was the second project manager, or head of the AFC Ranch Section. He was funded by USAID. His appointment came after the Kenyans objected to any expatriate replacing the first project manager, Vernon Miles, whom we are interviewing in Lesotho. Mr. Ward is also out of the U.S. Farm Home Administration. He and Mr. Lowe are now retired.
3. John Peberdy, who until 1967 was head of the Range Management Division of the Kenyan Minag. and was the author of the original submission to IDA that resulted in the credit under study. Peberdy founded the RMD which in his day was staffed entirely by European Kenyans and is now completely Africanized. He feels that the Bank was wrong in using its leverage to increase the authority of the AFC at the expense of the RMD. He is the author of the forthcoming project completion report and is now a projects officer in East Africa.
4. We are talking separately with Mr. Ward in the morning and Mr. Lowe in the afternoon. Mr. Ward is driving down from Maine and will have to be provided with some sort of expense reimbursement. Mr. Lowe has been taken care of.

November 12, 1975

Mr. Henry Lowe
1702 South Highway 39
Box H 260
Zephyr Hills, Florida 33599

Dear Mr. Lowe:

You should shortly receive notice of a pre-paid ticket, Tampa-Washington-Tampa, for Tuesday, November 18, 1975.

I have booked you out on Eastern Flight #180 which leaves Tampa at 9:25 and arrives Washington, 11:22. I have booked you back on an Eastern flight that leaves Washington at 5:35, with a change at Atlanta. The Atlanta flight leaves at 8:06, arriving Tampa at 9:21. There is a non-stop Eastern flight leaving Washington at 7:47 and arriving Tampa at 11:42. You may wish to change to that.

We are most grateful for your willingness to come to Washington. Mr. Sheldon Ward is also coming that day and will join us for lunch together with John Peberdy who was head of the Range Management Division before your time and who drew up the original credit application to the IDA. We will talk with Mr. Ward in the morning and continue our conversation with you after lunch. We will value your judgments very highly since the AFC was the focus of the IDA recommendations.

I will plan to meet you at the airport. If I am not immediately in sight, please take a taxi to 1800 G Street and come to room 1055 where you will find myself, Mr. Ward and my colleague in this investigation, Sr. Jose Olivares. If you need to get in touch with me before you come, the telephone number is 202-477-4910.

With many thanks for your cooperation, I am

Sincerely,

Nathaniel McKitterick
Operations Evaluation

NMcKitterick:clf

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

file Cr. 129 White

OUTGOING WIRE

TO: SHELDON WARD

DATE: November 12, 1975

ROUTE #2

CLASS OF

WINSLOW, MAINE

SERVICE: LT
4055

COUNTRY: USA

TEXT: GRATEFUL YOUR PARTICIPATION KENYA LIVESTOCK EVALUATION STOP IN VIEW LOWE'S
Cable No.: LATER ARRIVAL TUESDAY AND MY UNDERSTANDING YOU WILL BE IN WASHINGTON OVER
WEEKEND CAN YOU VISIT THIS OFFICE 0930 INSTEAD OF AFTERNOON QUERY ADDRESS
1800 G STREET N.W. ROOM 1055 STOP TELEPHONE 202-477-4910 STOP WITH THANKS

NAT MCKITTERICK

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Jean-Jacques Schul *[Signature]*

DEPT. Operations Evaluation

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: *ЗВНХБ*
Cr. 129-KE NMcKitterick:clf

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Checked for Dispatch: _____

INCOMING TELEX

sd

From Magadiscio Via N.Y.

Distribution:

Mr. McKitterick G1055
Mr. Willoughby

IB62 ZY1166 FG 89 (IBRD) MOGADISCIO 25/28 11/11 10.30 Z

Nov. 11, 75

LTF

INTBAFRAD

WASHINGTON

MISC 2615 MCKITTERICK FROM BUNDERSON REFYR CABLE EVALUATION
CR-129-KE PREFER SEEING YOU 4 DECEMBER. FLIGHTS NAIROBI/
MOGADISCIO THURSDAYS AND SUNDAYS ONLY;

OZEROV""

COL2615 CR-129-KE 4

NOV 11 12 45 PM 1975
COMMUNICATIONS SECTION

RECEIVED

INTBAFRAD WSH

INCOMING TELEX

VO

BARCLADOM LDN

Distribution: Mr. Olivares
Mr. Willoughby

887591 11/11/75 18.30 HRS
(TLX NO)

INTBAFRAD WASHINGTON D.C.

H O CABLE REF NO.219

ATTENTION OLIVARES THANKS YRTEL RE ZAMBIA LIVESTOCK PROJECT
STOP ABLE MEET YOU DECEMBER SIXTEENTH FOR DISCUSSION THOUGH
WE NOT IN POSSESSION OF RECENT REPORTS
HEATH BARCLADOM

BARCLADOM LONDONEC3

SENT 18.32 HRS 11/11/75 L.THOMAS

+++++

•

INTBAFRAD WSH

BARCLADOM LDNA

RECEIVED
NOV 11 3 06 PM 1975
SECTION

International, Inc. W/V [Illegible] Western Union International, Inc.

CREYKE/SATO
INTBAFRAD
NAIROBI

NOVEMBER 7, 1973

TELEX NO. 22022
(X-4005)

KENYA

~~FOLLOWING CABLE SENT TO NGANGA TODAY QUOTE~~ FOR PROJECTS ALREADY
COMPLETED THE BANK IS REQUIRED TO CONDUCT PERFORMANCE AUDIT AND
SUBMIT AUDIT REPORTS TO GOVERNMENT AND BOARD STOP CR 129-KE LIVESTOCK
PROJECT IS BEING AUDITED AND IN THAT CONNECTION OLIVARES OF OPERATIONS
EVALUATION DEPARTMENT WOULD LIKE TO VISIT KENYA DECEMBER TWO TO SIX TO
DISCUSS WITH OFFICERS IN YOUR MINISTRY COMMA AFC AND MINAG STOP HE WILL
BE ACCOMPANIED BY MCKITTERICK COMMA CONSULTANT COMMA WHO WILL DISCUSS
XXXXXXXXXX PERFORMANCE AND COST EXPATRIATE STAFF IN THAT PROJECT STOP
TRUST TIMING CONVENIENT UNQUOTE PLS FOLLOW UP WITH NGANGA STOP OPED
HAS SUGGESTED THAT THEY WOULD LIKE TO MEET WITH BRUCE MCKENZIE COMMA
MLAMBA COMMA KIBE COMMA MEADOWS COMMA MAINA COMMA VON KAUFMAN AND
SUITABLE REPRESENTATIVES OF LAND REGISTRATION DEPARTMENT STOP OTHER
NAMES SUGGESTED COLON EDWASI COMMA SADERA COMMA LEKAKENT COMMA MURPHY
AND LH BROWN STOP THEY WOULD APPRECIATE YOUR OR KHOURI'S ASSISTANCE IN
MAKING THE APPOINTMENTS STOP LETTER FOLLOWS STOP REGARDS

LOH

Ping-cheung Loh, Chief
Country Programs Division
Eastern Africa Regional Office

cc: Messrs. Olivares/McKitterick

NMcKitterick/PCLoh/ebb

KABBAH

NOVEMBER 7, 1975

UNDEVPRO

LT

MASERU

LESOTHO

IN CONNECTION REGULAR IBRD PERFORMANCE AUDIT KENYA LIVESTOCK PROJECT
NATHANIEL MCKITTERICK, CONSULTANT, PLANS TO VISIT LESOTHO TO INTERVIEW
WILLEM BRAKEL AND VERNON MILES BOTH OF WHOM HAD CONSIDERABLE EXPERIENCE
WITH PROJECT. MESSAGE ALREADY SENT MILES BUT WOULD REQUEST YOU NOTIFY
BRAKEL. MCKITTERICK PLANNING ARRIVE MASERU MONDAY DECEMBER 8. REGARDS

SULLIVAN
INTBAFRAD

Roger Sullivan, Loan Officer

EA2DB

cc: Mr. McKitterick (G 1055)
Mr. Cisle

RSullivan:si

NGANCA
FINANCE
NAIROBI

NOVEMBER 7, 1975

LT

KENYA

FOR PROJECTS ALREADY COMPLETED THE BANK IS REQUIRED TO CONDUCT
PERFORMANCE AUDIT AND SUBMIT AUDIT REPORTS TO GOVERNMENT AND
BOARD STOP CR 129-KE XXX LIVESTOCK PROJECT IS BEING AUDITED AND IN THAT
CONNECTION OLIVARES OF OPERATIONS EVALUATION DEPARTMENT WOULD LIKE TO
VISIT KENYA DECEMBER TWO TO SIX TO DISCUSS WITH OFFICERS IN YOUR
MINISTRY COMMA AFG AND MINAG STOP HE WILL BE ACCOMPANIED BY
MCKITTERICK COMMA CONSULTANT COMMA WHO WILL DISCUSS PERFORMANCE
AND COST EXPATRIATE STAFF IN THAT PROJECT STOP TRUST TIMING CONVENIENT
MERRY STOP REGARDS

LOH
INTBAFRAD

X 4005

Ping-cheung Loh, Chief
Country Programs Division
Eastern Africa Regional Office

cc: Messrs. Olivares/McKitterick

MMcKitterick/FCLoh/ebb

OUTGOING WIRE

TO: MR VERNE MILES
DP/LES/70/502
P. O. BOX 27
MAPUTSOE

DATE: NOVEMBER 5, 1975

CLASS OF
SERVICE: LT
4910

COUNTRY: LESOTHO

TEXT: WORLD BANK OPERATIONS EVALUATION DEPARTMENT EVALUATING BANK-FINANCED
Cable No.: TECHNICAL ASSISTANCE PROGRAM STOP KENYA LIVESTOCK (CR 129-KE) CHOSEN AS
PILOT STUDY STOP IN VIEW OF YOUR KEY ROLE IN THIS PROJECT I PROPOSE
VISITING LESOTHO ON DECEMBER 8 OR 9 TO INTERVIEW YOU STOP I WILL ALSO BE
IN NAIROBI DECEMBER 1 TO 5 STOP GRATEFUL CABLE BANK WHETHER PROPOSED
ARRANGEMENTS CONVENIENT OR ALTERNATIVE PROPOSALS STOP REGARDS

NAT MCKITTERICK
CONSULTANT - OED
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Jean-Jacques Schul 

DEPT. Operations Evaluation

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
Cr. 129-KE

REFERENCE: NMckitterick:clf

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch: _____

OUTGOING WIRE

TO: MR BUNDERSON
PROJECT MANAGER
DP/SOM/72/003
C/O UNDP
P. O. BOX 24
MOGADISHU
COUNTRY: SOMALIA

DATE: NOVEMBER 5, 1975

CLASS OF
SERVICE: LT
4910

TEXT:
Cable No.:

WORLD BANK OPERATIONS EVALUATION DEPARTMENT IS EVALUATING BANK-FINANCED
TECHNICAL ASSISTANCE PROGRAMS STOP KENYA LIVESTOCK (CR 129-KE) CHOSEN AS
PILOT STUDY STOP IN VIEW OF YOUR KEY ROLE IN THIS PROJECT I WOULD LIKE TO
GET YOUR PERSONAL VIEWS STOP I WILL BE IN NAIROBI DECEMBER 1 TO 5 STOP
PROPOSE MEETING YOU IN MOGADISHU DECEMBER 4 OR 5 STOP GRATEFUL CABLE
WHETHER THESE ARRANGEMENTS ARE CONVENIENT OR ALTERNATIVE PROPOSALS STOP
REGARDS

NAT MCKITTERICK
CONSULTANT - OED
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Jean-Jacques Schul 

DEPT. Operations Evaluation

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: Cr. 129-KE
NMckitterick:clf
ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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White

OUTGOING WIRE

TO: HANS JAHNKE
C/O ILCA

DATE: OCTOBER 24, 1975

ADDIS ABABA

CLASS OF
SERVICE: LT
4910

COUNTRY: ETHIOPIA

TEXT: REYURCAB 1863/ECON/21 PEBERDY COMPLETION REPORT EXPECTED FOR NOVEMBER STOP
Cable No.: PPAR SCHEDULED FOR LATE DECEMBER STOP WILL FORWARD BOTH WHEN AVAILABLE
STOP REGARDS

OLIVARES

NOT TO BE TRANSMITTED

AUTHORIZED BY: *[Signature]*
NAME J. J. Schul
DEPT. Operations Evaluation
SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
REFERENCE: Kenya Livestock - Cr. 129-KE
Olivares/clf
ORIGINAL (File Copy)
(IMPORTANT: See Secretaries Guide for preparing form)

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248423A IBRD UR

ILCA ADDIS

INCOMING TELEX

sd

File

IBRD E.B.RICE

REF NO. 1363/ECON/21

RECEIVED

Distribution:

Mr. Rice G1055 ✓

Mr. Willoughby

ATTENTION MR. E.B.RICE

OPERATIONS EEATFUL

IF YOU WOULD SEND ME AT ELCA ADDIS A COPY OF PEBERDY
OF KENYA LIVESOICK PHASE ONE

PC/R
P.P.A.R.

REGARDS JAHNKEDDJ

ILCA ADDISJJJJDDG

248423A IBRD UR

ILCA ADISS