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Report No. 3622 Impact Evaluation Report Kenya: First Livestock Development Project (Credit 129-KE)

September 22, 1981

Operations Evaluation Department

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MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

SUBJECT: Impact Evaluation Report - Kenya: First Livestock Development Project (Credit 129-KE)

Attached for information is a copy of a report entitled "Impact Evaluation Report - Kenya: First Livestock Development Project (Credit 129-KE)" prepared by the Operations Evaluation Department.

Attachment

Menny Lileine

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IMPACT EVALUATION REPORT

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KENYA:	FIRST	LIVESTOCK	DEVELOPMENT	PRUJECI
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MAP

IMPACT EVALUATION REPORT

KENYA: FIRST LIVESTOCK DEVELOPMENT PROJECT (CREDIT 129-KE)

PREFACE

This is an impact evaluation of the First Livestock Development Project in Kenya. Credit 129-KE was signed in September 1968, fully disbursed in July 1974 and closed in December 1974.

The Impact Evaluation Report is based on a review of the original and revised Government of Kenya (GOK) loan applications of 1965 and 1966, the Appraisal Reports for the First and Second Projects, the Project Completion Report (PCR) of February 1976 and the Project Performance Audit Report (PPAR, OED Report No. 1317) of October 19, 1976. Numerous other project documents and research publications were also reviewed. Relevant Bank files have been consulted and Bank staff associated with this project and its successor have been interviewed. OED missions visited Kenya in July 1980 and February 1981 and held discussions with the Ministry of Livestock Development - Range Management Division (RMD) and the International Livestock Center for Africa (ILCA), under whose auspices the field work for the impact evaluation was carried out.

Extensive field interviewing and data gathering were done for OED by ILCA staff and consultants in January - April 1981, including visits to most of the project ranches and two of the four grazing blocks.

This project was selected by OED for impact evaluation for several reasons:

- (a) it was the Bank's first livestock project in Africa;
- (b) it was concerned with protecting and improving the livelihood of large numbers of semi-nomadic pastoral people;
- (c) it was also concerned with environmental protection in Kenya's rangelands, a problem with wide relevance in the semi-arid tropics; and
- (d) it served, for better or for worse, as a prototype for similar activities in Kenya and in some other African countries.

As such, the Kenya First Livestock Project represented an extremely important innovation which has attracted development researchers from around the world and has been the subject of innumerable articles, dissertations and theses. This impact evaluation is the first attempt to achieve a synthesis and overview of the entire project with the benefit of more than a decade's perspective. Even at this stage in time, however, many of the processes of change initiated under the project are still unfolding, and, as recommended in the report, bear further close observation.

Due to lack of quantitative data, the report is unfortunately deficient with regard to economic and financial issues; in this respect, it compares unfavorably with most of the other project impact evaluations prepared thus far by OED. In particular, no effort has been made to recalculate the rates of return of the various components, nor has the impact of the project on AFC been measured; however, a full treatment of the impact on AFC of relending another, somewhat similar IDA credit was contained in an earlier OED Project Impact Evaluation Report on the Kenya First Smallholder Agricultural Credit Project 1 .

On July 21, 1981, the report was sent to the Government of Kenya, SIDA and USAID for comments; no comments were received.

OED wishes to gratefully acknowledge the valuable assistance provided by the Government of Kenya, the International Livestock Center for Africa and the many individual officials, ranchers and pastoralists who contributed to this study.

1/ OED Report No. 2968 dated May 5, 1980.

IMPACT EVALUATION REPORT

KENYA: FIRST LIVESTOCK DEVELOPMENT PROJECT (CREDIT 129-KE)

SUMMARY AND CONCLUSIONS1/

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

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 Maasai, Somali, Boran and Galla; the heretofore agriculturalist Taita; the commercial, mostly European, ranchers) in regions with diverse ecological conditions (North East Kenya, Maasailand, the Taita lowlands, Laipikia, etc.). See map for location of project components.

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

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/ Partly adapted from the PPAR.

(1) The On-Lending Component

The on-lending component suffered severe delays. Organizational and staffing problems, as well as $AFC/RD^{-}sl'$ 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.

The 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.

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 Maasai who, in addition, proved reluctant to invest in their group ranches as heavily as planned.

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

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 imported. A special study on livestock prices and marketing was never completed.

1/ Agriculture Finance Corporation - Ranch Division.

(iii) Project Supervision and Costs

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.

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

Project Impact

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.

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.

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

In 1974, 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 run into severe difficulties, and IDA and its co-financiers have had to review it in depth. It may have been 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. The effectiveness of African livestock development efforts during the past fifteen years, and their appropriateness as vehicles for IBRD/IDA funding, are now matters of general discussion; 1/ The Kenya Livestock Development Project figures prominently in these discussions, as IBRD's first venture into African livestock financing, on which subsequent projects were sometimes (ill-advisedly) modelled. Useful as they are, such general discussions can obscure perception of the impact of the project in Kenya; as a purely Kenyan experience which may not have been created solely by the project functioning as its designers expected, but in which the project has clearly been an essential element.

The project has brought the rangelands to the country's official attention. The scale of investment, the complex interdependence of the design, the funding of a follow-up phase, even the seemingly intractable problems associated with project performance, have all played a part. Insofar as Kenya's initial Credit Application spoke of rescuing the range areas from neglect, the project has achieved its most general aim.

The institutional costs of bringing the range areas into prominence have been high. The Range Management Department has an enormous task; despite the efforts of some talented and hard-working officers, it experiences overwork and frustration and generates disappointment to a greater degree than is necessary or than is good for efficient range development. The starting point of the problem, seen in retrospect, is an assessment in the initial Credit Application, which is stronger in rhetoric than realism of the then Range Management Department's capacity to generate sufficient staff of sufficient skill to operate the project.²/ The outcome has been a perpetual shortage

2/ Credit Application (October 1966 revision) p. 19:

"It may be thought that Range Officers and Range Assistants new from training will be of little value to the project in view of their lack of practical ranch experience. However, there already exist in the field service officers of 2-10 years or more experience, to whom the new recruits will be responsible, so that, by the time the project gathers momentum and the new men are required to assume positions of responsibility, they will all have had practical in-service training and experience of their own. In other words, although the project relies on a continual intake of new recruits no-one will be required to assume the responsibility in the project until he has been subject to and tested by the accumulative experience of the Division. Furthermore, it is intended that trainees surplus to Government requirement, prior to being released for employment by individual ranches, should receive an initial period of service in junior managerial posts on established commercial or settlement ranches."

^{1/} For example, CPS recently hired a consultant to review 30 livestock projects in dry tropical Africa. His report was discussed at a day-long staff seminar in April 1981.

of personnel for range extension work. As the project progressed, it became apparent that, although both were necessary, behavior modification, rather than technology installation, was the crucial task, which exacerbated the difficulty. Finally, IDA's acceptance of a plan designed by Range Management Department Corporation, has proved to have a seriously disabling effect on the morale and responsiveness of range officers to the difficulties encountered. Two permanent results of this situation remain. First, a predictable tendency in any general range planning meeting for officers of the two agencies to see each other as part of the problem rather than colleagues; secondly, a persistent inclination in IDA supervision missions to see failure of extension effort as a prime cause for project difficulties. Inadequate extension work in range areas is a real project effect, which reduced potential achievement and continues to do so; but the requirement now is to remedy that by accelerated recruitment and training, and to diagnose where ineffective extension work is also a consequence of poor project design as well as a contributory cause of poor project performance.

Bringing the range areas into prominence was in part achieved by having too high an expectation of them; and the persistence of expectations which are too high has a deleterious effect on the pastoral populations. The productivity of the ranges and of their livestock populations is not what was expected: more precisely, their surplus productivity and the sustainable productivity are lower.

The Project in Perspective

In the following sections of the report, after a brief description of the project background, environment and design process, the impact of the main components is analyzed in detail. To recapitulate these effects briefly here, the Kenya Livestock Development Project:

- (a) brought Kenya's rangelands to notice as areas of potential, to be developed; they were formerly neglected in favor of high-rainfall agricultural areas;
- (b) involved traditional range populations in the marketing process to a far greater extent than had been achieved previously. Even for Somali this meant a big jump in quantity; for Maasai, it meant major social changes;
- (c) opened up the range areas for private property development. This process is still only in its infancy both in time and region affected, but for better or worse, the Kenya rangelands are now headed for a totally different kind of human occupation than existed before;
- (d) raised the imminent problem of range population re-location. Nothing has been done so far, but it will become more and more apparent that a major strategy has to be developed for this as ranges go into privatized ranching and rainfed agriculture.

- (e) increased livestock productivity. But Kenya cannot expect a sustained high productivity in the near future because of human population subsistence needs and drought fluctuation. A further social/ technical leap will be needed for sustained production of the kind seen in the early years of project.
- (f) demonstrated that planned change requires conditions of social order: its impact in North-Eastern Province was dwarfed by the effects of political problems in same period.
- (g) accelerated range-related institutional activity. But in doing so, it showed that far greater resources of personnel and data are still needed for effective project planning.
- (h) discovered that, although both are necessary, behavorial change rather than technical innovation is the key to transformation from subsistence to market production. In practical terms this means much greater extension effort; a much longer time period for effects to be achieved; a much more interactive development strategy; and above all renewed attempts to create totally different leadership roles. These are positive lessons arising out of negative (i.e. failed) impact.
- (i) accelerated demand for social services in range areas: some of which (school opportunities) were met; some of which (improved medical and health care) were not.
- (j) provided opportunities for independent management for those producers capable of learning with minimal assistance. It uncovered a need for more intense training in money management (rather than in livestock management which they already know).
- (k) did not have or more precisely cannot be demonstrated to have had - any deteriorating effect on the range beyond the fluctuations seen in earlier years and attributable to usual rangeland fluctuations.
- (1) created unresolvable financial burdens for some small producers (company ranch members) by involving them in capital investments far beyond their capacity to pay in real world (as opposed to project design) circumstances.
- (m) has so far had no significant effect on traditional pastoral strategies for range exploitation: i.e. producers do not restrict themelves within fixed boundaries; they do not follow western pasture rotations; they have not significantly altered the structures of their cattle herds and they still operate multi-species livestock production plans.

IMPACT EVALUATION REPORT

KENYA: FIRST LIVESTOCK DEVELOPMENT PROJECT (CREDIT 129-KE)

I. BACKGROUND

A. The Project Site:

A.1 Environment

About 80% of Kenya is rangeland, which falls largely into the lowest 1.01 zones (5 and 6) of the current eco-climatic classification (Pratt & Gwynne, 1977). Zone 5 is characterized by a rainfall usually less than 600 mm, which peaks bimodally (eastern Kenya) or falls intermittently from March to October High evaporation (moisture index -42 to -51) is caused by (western Kenya). hot dry winds, high temperatures, and low elevation. Vegetation is mainly thorn bush, with a grassland of predominantly annual species on flood plains and impeded drainage areas as bush density allows. Zone 6 is harsher, with rainfall usually under 300 mm but evaporation over 3,000 mm. Rainfall can be less than expected for periods of several years in a row. Vegetation is annual grasses and dwarf shrubs, except in sheltered depressions and impeded drainage areas which allow perennial grasses (during some rainfall cycles) and taller bush and thicket. Scattered stretches of barren land occur. A limited stretch of Kenya's rangeland also falls into zone 4, which is a more favorable environment by reason of a rainfall in excess of 700 mm and a moisture index of -30 to -42, although it is an environment stressed nonetheless by distinct dry seasons (bimodally or singly according to region). Vegetation is open grassland in impeded drainage areas, and otherwise Acacia woodland with a varied grass under-cover.

1.02 Although Kenya's original application to IDA emphasized an ecological approach to varied environments as they could contribute to a national livestock production plan, most of the project operations fell ultimately within zone 5, and can be regarded as a systematic attempt to integrate this extensive marginal area into the nation's economy and conserve its natural resources.

A.2 Existing Production Systems

1.03 Human exploitation of the Kenya rangelands is largely achieved by keeping livestock: cattle where rain and grass permit, camels where aridity and browse compel, sheep and goats everywhere, and enough donkeys to move baggage as people track the rains or evade disease and competitors. Looked at as a whole the range carries densities of 2.3 persons and 27-40 head of livestock per km², and has a ratio of 13.5 head of livestock per person. Seasonal incidence of forage and water, and differences in distribution of wealth create much variability in these figures, however.

1.04 The range is occupied by nine major pastoral populations: Somali, Maasai, Pokot, Turkana, Samburu, Boran, Orma, Gabbra, and Rendille (in descending order of size). Their areas of occupation, strategies of exploitation, cultural inheritance, local history and social behavior differ enough to create distinguishable production systems. The production systems show many common features nonetheless, including general feeding strategies, household size, herd structure, interlinked family and herd development cycles, and the social organization of resource exploitation.

1.05 Three features of the existing production systems are particularly relevant in influencing the character of the project site. One is the extreme dynamism of the range ecosystem within which production takes place. There is high variability in resource levels both seasonally and from year to year. Expressed in the plant cover, it is rapidly transferred to the livestock and thence to the condition of the human population. A second is the existing herd structure. The main concern of the human population must be to maintain a threshold food supply during periods of environmental stress, and the age/sex/species composition of management units reflects this pre-occupation. The third feature is the nature of the management unit. Behavioral response to patchy resources and fluctuating environmental states is an organization of the population into numerous, small, independently foraging units. Each unit is based on one or more linked households, depending on their stage in the family development cycle, which determines their capacity to muster adequate labor to cope with livestock needs under different environmental conditions.

1.06 Considerable similarity is evident in the age/sex characteristics of the cattle herds, wherever they are located. Similarly, multi-species livestock herding is usual in all rangeland areas. No direct information is available for small management units, but a guess can be made by estimating them at two-to-three households, which would give 70,000-100,000 management units on the Kenya range. In a very approximate sense, such a management unit would then comprise 10 persons with 40 cattle and 80 sheep and goats. Units of that order are observable, but are also subject to wide variation in numbers.

A.3 Previous Development

1.07 The rangelands of Kenya have been subject to development interventions for much of the twentieth century. At the beginning this was sporadic, low intensity interference not necessarily in the interest of the pastoral populations themselves. Sections of the Maasai were moved from their range and relocated to allow the development of European settler farms in western Kenya; and veterinary disease controls were introduced into Maasailand in the 1920s. More intense development was tried after the Second World War by ALDEV1/. This included water installation and grazing control (rotational

1/ African Land Development Organization.

grazing) in Marsabit, Samburu, Turkana, Garissa, Wajir and Mandera Districts; and attempted ranch development among the Maasai, in an area of some 7,000 sq. miles at a (1947) cost of £75,000 sterling. Konza, Kisongo, Loodokilani, and Matapatu grazing schemes, and Oliosur Ranch in the Maasai area were undertaken with the aims of: "The development of sound ranching techniques in most of the area to replace nomadic pastoralism...The encouragement of settled agriculture by all who wish to adopt it in suitable areas." In particular, ALDEV noted its plans for

> "...the establishment of large extended family ranches concentrated in blocks of the order of 20,000 acres each. These ranches would be created in carefully selected areas and would combine a number of small individual ranches some 200 acres each for which there is now a growing demand among the Masai. The problem is to finance their establishment, as it is doubtful if a Maasai rancher whose economy is at present based entirely on scrub cattle could finance the undertaking from provision of a loan. It is, however, beyond the Board's resources at present to provide grant funds for the purpose in any quantity, and the money will have to be sought elsewhere."

1.08 Much here prefigures Kenya's application for an IDA credit 20 years later; and the persistence of the idea of collective and individual ranches may have eventually become an important factor. But in the short run, not a great deal was accomplished in this mid-century phase of development. The Samburu grazing scheme is typical. Strenuous administrative effort was put into establishing a grazing rotation, with extra water installations. Despite the appointment of a special grazing officer and very frequent meetings with chiefs and herders, the scheme was a constant struggle between Government wishing to enforce a paddock rotation, and people wishing to go where and as their perceptions indicated they should go. The first thing the Samburu people did to celebrate Kenya's independence was to abolish the grazing scheme. By the 1960s all that remained was some contemporary archeology at the site of water installations, and resentful memory of fines for trespass on their own rangelands.

1.09 In 1963 a Range Management Division (RMD) was established within the Ministry of Agriculture. Although entrepreneurial development of agriculture (including dairy) was well advanced in the highlands, little commercial exploitation existed of the extensive rangelands. Such ranches as did operate were run by Europeans, and although they owned only 5% of the national herd, they provided nearly all the country's marketed meat. To redress this imbalance, the new range department assembled a plan for the development of a stratified livestock industry on a national scale, in which the dry range areas would have a prominent and integrated role. A compendious document was submitted by RMD to IDA in November 1965, revised to a more manageable form in October 1966, appraised in 1967 (April) and still further revised into the Kenya Livestock Development Project which as Credit 129-KE was signed in September 1968.

B. The Project Design Process

1.10 As finally formulated by Kenya, the livestock development plan called for:

- Ranch development in traditional pastoral areas, by means of 29 co-operative ranches on 1.3 m. acres; 203 group or individual ranches on 5.4 m. acres; and 96 community grazing schemes on 7.6 m. acres.
- (2) Improvement of existing commercial ranches and development of unoccupied coastal rangelands on 2 m. acres.
- (3) Mobilization and marketing of livestock, by means of water development in NE Kenya; and the development of stock routes, quarantine holding grounds, and marketing facilities throughout much of Kenya. The total cost of the plan was put at \$26.3M, of which \$16.5M was asked from IBRD. "In addition, the participants will contribute cattle valued at \$100M"1/ the request concludes; which with the benefit of 15 years hindsight might now be recognized as an unusually transparent example of 'development from above', whereby the capital resources of a million pastoralists (and some others) are committed without either their clear understanding or their explicit consent.

1.11 It is easy to think of project plans as if they were institutional givens, existing in their own right; but they are of course the creations or accretions of particular individuals guided by particular assumptions, driven by particular goals, working in specific institutional and historical contexts. It can be of help in understanding the overall nature of a project design and outcome if some of these specificities are considered.

1.12 Re-examined in time perspective, the Kenya plan reveals several features of importance:

(i) It is a <u>national plan</u>, even a national enthusiast's plan,²/ where great effort is made to feed varied socio-ethnic groups into playing their part in a single, stratified beef production industry. It is understandable that a small group of largely expatriate (i.e.,

^{1/} Range Development Project: an application for financial assistance... (etc.) Nairobi, October 1966: Sec. iii/A (p. 5).

^{2/} Credit Application (October 1966 revision) p. 24: "No excuse need be given for stressing the dependence of the separate sub-projects one on the other: the project was conceived as a total development plan for the range area of Kenya, and as such it must remain."

recently ex-colonial service) officers, in a newly created department, in a government pledged to develop a multi-racial society, would find nothing strange about a design which found a place for the continued prosperity of the white settler ranchers of Laikipia as well as looking to the welfare of indigenous pastoralists, and even noted the ranch investment possibilities for small businessmen of agricultural affiliation with a little spare money to put into cooperatives. This move towards integration must have seemed logical at the time. But it now looks like wishful thinking (grazing schemes for poor pastoralists on the desert fringes were later designed-out for administrative practicality; the white ranchers of Laikipia faded away in the stress of practical politics). It also creates a major weakness of project design, for what in one sense is praiseworthy integration is in another dangerous inter-dependence, and difficulties experienced in one part of the project are rapidly felt elsewhere. Furthermore, an elaborately interdependent project calls for simultaneous advance in several areas, which presupposes an extensive cadre of professional, technical and extension staff; and a run of good natural conditions over a very wide area. In the event, the project could not count on either of these.

(ii) It takes an ecological perspective. Inspired by the work of C. G. Trapnell in the 1950's, in what was then N. Rhodesia, agricultural officers in several African colonies had turned to ecological surveys (of vegetation and soil types, principally) as a basis for rational land-use planning. In Kenya, L. H. Brown made an extensive survey of the semi-arid and arid areas, attempting carrying capacity assessment of this sort; and D. J. Pratt, M. D. Gwynne, P. J. Greenway and others put together vegetation/soil/ topography characteristics for understanding natural resource availability on both a macro (eco-zonal) and micro (catena) scale. The Kenya Livestock Development Plan benefits from such work, not least because the same men were often involved in both activities. They deserve credit for a then new, persistently ecological approach. Insights turn quickly to dogma, however; and with the 20/20 vision that hindsight allows, it is now clear that there was a price to pay for this innovation. First, data was often not available to plan ecologically, and a heavy element of 'guestimating' crept in, to create figures which might have been excusable as first-approximations but became fictitious when introduced into development stocking rates for various range conditions and units arguments: were one example; the complex calculations about "the biology of pastoral man" were another. Secondly, much was made of vegetation community structure but not much attention was paid to its dynamics: this was in accord with the fashion of the time and no-one can be But the essential feature of African rangelands blamed for it. is dynamism, and several drought periods during the project demonstrated the difficulties of implicitly assuming a steady state of natural resources, from which a predictable supply of livestock might be predicated. It also exposed a major flaw in the planning of group ranches, which needed to be ecologically viable to succeed; which had been claimed to be ecologically viable during questioning at appraisal; but which turned out to be non-viable as the project progressed. In short, ecological sensitivity (which was there) was too readily equated with ecological soundness (which was not).

- (iii) It assumes a readily available and reliable surplus of productivity in the range areas themselves and in the cattle herds kept on them. More recent work suggests that the efficiency of traditional pastoralism is already much higher than supposed; and that, while it is an achievement to support such densities of human population on the dry range areas, there is little wastage or spare for export as beef unless it is recognized as an exchange in which equivalent food supplies of other sorts are introduced into the range. The entire thrust of the Kenya plan, however, is on the unilateral contribution of the dry ranges to the national economy.1/ It is true that pastoralists are supposed to benefit (by a precisely stated 27% to 67% in total production of subsistence and cash according to region; and by 94% to 330% in net cash income according to region) but explicit consideration of balanced exchange as ecological necessity, or even as terms of trade, is missing.
- (iv) It assumes (presumably as development projects often must) that western technological capacity is the key to making that surplus readily available; and that lack of capital to acquire this is thus the limiting factor on economic productivity and human well-being. In this respect the Kenya plan merely shares the general supposition of livestock development projects as a class, with greater cause for innocence because it was the first.²/ Even then, it was the triumph of optimism over experience (and hence an indirect outcome of characteristic No. (i) perhaps), because the ALDEV grazing schemes had shown that technology held no quick answers for the rangelands. By now enough is known to admit ignorance more openly: that not enough is known of savana phenology to produce a defensible grazing rotation; that a technology of water which comprises only water-finding and water-getting techniques is an impaired, and therefore a dangerous, technology.

^{1/} Credit Application (October 1966 revision) p. 25 "the primary objective... (is)... getting more livestock from the range area through KMC to the benefit of the national budget and the economy and status of the pastoral community..."

^{2/} Credit Application (October 1966 revision) p. 21: "...existing knowledge is sufficient to establish the project...a number of problems will require solution before optimum land use can take place."

- (v) Paradoxically, for a plan based on faith in the Western technology of ranch and range management, the plan is marked by naive ranch economics. Rates of return, herd projections and rates of supply are all exercises in optimism, and perhaps without optimism no ranch project would ever get off the ground; but if such is the case it has an inimical effect on project management to conceal it, because shortfalls are attributed to their inefficiency much more often than to flaws in the project design. It is interesting to recall two instances of skepticism which suggest that clear sight need not necessarily be hindsight. During the appraisal mission, a gathering of white ex-settler ranchers was convened in the Laikipia area; and the likely outlines of an IBRD project explained to them. They bluntly declared that at the interest rates quoted, and without a grace period, they could not afford to be helped to develop, and only hoped their black fellow ranchers also understood that they would not be able to afford it either. During a post-project visit to individual ranchers on the coast, one of them had a belated He attributed his success to the chance to reply to that comment. fact that, unlike all the other ranchers he knew, he had not joined the project. He had thus not taken a loan he could not afford, but simply worked on the principle that he made improvements when he made the profit to afford them, and otherwise he and improvements went their separate ways.
- (vi) It is a cattle development project. Probably, no other feature so demonstrates preoccupation with an outside ranch model as the persistent synonym of "livestock" and "cattle". Nor does any other feature of this plan (and most livestock development plans) so clearly indicate the divide between the planners and the pastoralists with whom they otherwise sympathize. Traditional livestock production on African rangelands is multi-species production; it has a major milk-related subsistence component; and it often exists in browse-producing habitats rather than grass-producing habitats, and consequently the cow is replaced by the camel as large animal species in the production system. All three of these important criteria are downgraded by cattle-centered development proposals. This need not be so. Certainly in Kenya, the urban meat market (the hidden driving variable in all livestock development plans) is as responsive to goat meat as to beef; and camels are regularly exported for meat in the Gulf/Red Sea/Horn of Africa region. But when the main task of a government unit is perceived as "transforming subsistence pastoralism into the beginnings of commercial livestock production"1/, a focus on cattle production seems almost unavoidable.

1/ D. J. Pratt (1968) E. Afr. Ag. & For. Jnl., 38, Spec. Is:43.

(vii) There is a clear assumption that private property rights are preferable to communal resource exploitation, and that land tenure reform from public towards private ownership is necessary for economic and environmental improvement.1/ This rather than a preoccupation with a ranch model of production is the most western aspect of the though it is indeed implicit in the 'ranch' notion. plan: It is doubtful if anyone could successfully have disagreed with that notion at the time and been taken seriously. By general consent, collective ownership was the root cause of environmental degradation on the range (an over-simplified view which became opaquely concise as 'the tragedy of the commons'). It is also unlikely that IDA would have lent without some version of tenure, except to Government (the ultimate owner) for use as grants to pastoral areas (as with NE water development). Views on tenure were consistent with two other features of the plan: the spirit of nation-building mentioned earlier, and an evident sympathy for the pastoral populations (noted below). As such, the issue of tenure became a prime example of how different parties to a project may agree but for widely different reasons, and thus with widely different expectations and very varied consequences. For some of the Maasai (and indeed even for some of the expatriate planners) it was sufficient that group ranches, by means of titles to land, would keep their land safe from the expected incursions of a newly dominant agricultural elite, most especially the Kikuyu; and insofar as it has done so, then (planners or Maasai) they would declare the Kenya Livestock Project to be a success. That over-simplifies: land registration made the acquisition of private holdings by locally or nationally prominent political figures easier rather than harder, and considerable stretches of Maasailand now belong to outsiders. At this point in time, it seems possible that land reform towards restricted title is not the necessary pre-condition it might have seemed and may well have too many undesirable side effects to be embarked upon at an early stage of range livestock development.

<u>1</u>/ Application (October 1966 revision) pp. 1 and 18 refer to Lawrence Mission Rept. on Land Consolidation and Adjudication. Cf. D. J. Pratt (1968) An. Arid Z., 7(2):185. "...security of tenure is the one aspect that has always been withheld in previous attempts at management control ...and now it is seen as the key to introducing necessary social changes." (Reference to published comment by one of the authors of the Kenya plan is used to substitute for the big (November 1965) version of the Kenya request, which seems to be missing from IBRD archives).

- (viii) Imminent range degradation, requiring corrective action urgently, is another clear theme of the Kenya plan,¹/ which also seems more open to doubt now than it did then. The planners were serious enough: some had served in Baringo (one of the development sites proposed for community grazing control in the plan), and it is difficult to serve in Baringo and not be serious about range degradation. Nonetheless, there has been a shift in ecological theory in the past 15 years which stresses that dry range ecosystems are resilient rather than fragile, and that equilibrium is not a characteristic to be expected of them. Without swinging from one easy formula to another and merely exchanging alarm for complacency, it is evident that a rather different strategy (of accepting controlled over-stocking), complete forage depletion, and 'catastrophic' unloading of livestock, for example) might result if one believed less in land tenure reform and more in range resiliency.
 - (ix) An evident sympathy for the traditional pastoral populations is a notable feature of the plan. The Kenya project was clearly genuinely concerned with regional range development, and with the welfare of the pastoral populations, however far from national identification and market integration they seemed to be; and it was IBRD that in effect suggested they be less so, by deleting considerable areas of pastoral production in their plan revisions at appraisal. The Project Performance Audit Report rightly praised the plan as imaginative and innovative, and those qualities seem as rooted in concern for and commitment to the welfare of ordinary pastoral people as in creative intelligence about organizational forms, or ecological insight.
 - (x) Possibly because of a simultaneous sympathy for pastoralists and alarm about range deterioration, there is also in the report an unrealistic approach to the question of grazing control in the pastoral areas. This is most obvious in the intent to establish 96 Community Grazing Schemes covering 7.5 m acres in only 5 years, while also noting that "A slow but increasing rate of development over the first five years will be inevitable in view of the backwardness of the people and the areas concerned"²/₂ The areas are widely scattered among the Kamba, Samburu, Turkana, Pokot and Tiamus populations. The plan notes hopefully, "It is encouraging that in some...areas there is a growing demand for the resuscitation, with certain modifications, of grazing schemes abandoned in 1959-61... (which)...collapsed due to an unfortunate combination of drought,

2/ Credit Application (October 1966 revision) p. 8(c).

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^{1/} Credit Application (October 1966 revision) p. 4.

political disturbance and in some cases poor technical planning." Calling as it did for a heavy complement of range extension workers and a widespread, willing pastoral audience, neither of which was in evidence at the time, this proposal would have been a formula for disaster and was dropped at appraisal. It is worth noting, nonetheless, because it flags an unrealistic expectation which is also present in the other ranch development proposals. Indeed, the less satisfactory aspects of the grazing blocks could be described by exactly the same phrase here used for the defunct community grazing schemes. Whether the boundaries are those of group ranches, grazing blocks, or community grazing schemes, the assumptions that one can (by superior knowledge) put and (by superior authority) keep people in restricted areas, moving in regulated patterns without major opportunities for flexible adjustment by the pastoralists themselves betrays a repeated insensitivity to the ecological and social facts of a herder's existence. This is surprising in a plan which expresses such general concern for pastoral people, but equally real; and the peculiar capacity to exhibit both might best be described as 'colonial'.

(xi) The plan openly acknowledges differential accrual of benefits according to present wealth: "As is the way of the world, the richer will benefit most..." $\underline{1}$ / To be fair, this can be matched by an open plea for the poorer pastoralists served by community grazing schemes; $\frac{2}{}$ it was before the Bank supported the idea of aid to the poorer 40% as a bankable activity; and it can be defended as both honest and accurate. However, it does countenance increased social stratification which is a serious issue (but see the comments below on xii/xiii) and it facilitates a certain carelessness in handling the classic question which crime and development have in common: who benefits? An ideology of equality exists in pastoral societies not because all herders are equally rich (three quantum jumps span the gap from poor to rich in most pastoral socieities say from 20 to 2,000 cattle) but because under the unpredictable conditions of African rangeland the poor and the rich can sometimes change places relatively quickly. With development, differences rigidify however; partly because development infrastructure insulates against natural hazard (if it works) and partly because increased permanence may be a part of development, as in granting The issue of social equality then becomes more title to land. serious. In practical terms, this means that it should be a matter of major concern rather than worldly acceptance if NE water development principally benefits a small number of already prosperous

^{1/} Credit Application (October 1966 revision) p. 28.

^{2/} Ibid. p. 8(c).

herder-traders, or if Maasai group ranches buttress the few wealthy herders and discrimiate against the surprisingly large number of poor herders. As the project finally operated, both of these seem very real situations.

There was an assumption that multiple objective plans can be imple-(xii) mented to general satisfaction and without necessitating any major "trade-offs". The list of objectives in the Kenya plan is considerreversing the degradation of the range areas; increasing able: offtake from the range areas; increasing throughput at the Kenya Meat Commission (KMC) abbatoirs; increasing the meat available to Kenyan city dwellers; increasing Kenya's foreign exchange earnings by exporting beef; increasing Kenya's international political status by exporting beef to Europe; improving disease control; establishing market centres and stock routes; opening up unused state lands; increasing investment possibilities for small businessmen; relieving overcrowding in the agricultural areas of Taita; improving labor opportunities on the range; facilitating the move to individual commercial entrepreneurship among some pastoralists; securing title to land for less commercially adventurous pastoralists; improving subsistence for backward pastoralists; providing KMC as a buyer of last resort for pastoralists desperate to sell stock in poor condition in drought situations; making sure KMC makes a profit; integrating the politically troubled populations of NE Kenya into the nation more effectively; expanding the Range Management Department; and training professional, technical and extension workers in range and livestock sciences. There may be more.

1.13 The list of beneficiaries is equally long. There is no suggestion that they compete with each other at all, let alone that they may conflict. In the event contradictions and competition did occur. They occurred organizationally between Range Management Department and Agricultural Finance Corporation; between Range Water and Rural Water Development groups; between siting water installations for maximum grazing access or minimum maintenance cost; between the Livestock Marketing Division as a profit-maker and as a buyer of last resort. Competition arose between development forms, as Individual Ranches (which were to exist in small numbers as exemplary sites for Group Ranch members) were funded at a faster rate than Groups, and often took crucially favorable areas from within them. Competition arose directly between pastoralists in the NE who streamed into the limited developed areas and destroyed the grazing rotation plans as they destroyed the grazing, damaged the water pans, and threatened the pan attendants who tried to control them. It would have been more comforting to project personnel if they could have faced these difficulties with something more explicit than a feeling that nothing ever works quite as intended. It would perhaps have softened the edges of criticism from IDA supervision missions. It would have allowed the project as it transpired to be more of a learning experience; and then the planners could have moved a step closer to reality with some lessons learned as they offered a second phase plan based on the hard but valuable lessons of experience.

II. RANCH DEVELOPMENT: COMPANY RANCHES

A. Introduction

A.1 Origins

The project financed eight company ranches, seven of which are in 2.01 Taita District in an area which, until the mid 1960's, was virtually empty state land designated as a game control zone. 1/ Although the adjacent hills of Taita, Sagalla and Kasigau supported a high density of agricultural population, the plains of Taita were virtually devoid of settlement due to lack of water and the infestation of tsetse. The East African Livestock Survey carried out by FAO, (FAO, 1967) estimated the 1964 livestock population of Taita-Taveta District as 36,000 cattle and 73,000 sheep. This livestock population was mostly confined to the cultivated hills and the plains adjacent to the foothills. The indigenous cattle of the Taita area were typical of the unimproved Small East African Zebu type averaging about 200 kg liveweight. Due to poor husbandry, coupled with lack of technical skill and finance to control diseases, the productivity of the indigenous cattle of Taita was very poor.

With increased population pressure in the early 1960's livestock 2.02 owners in the hills started forming loose grazing associations to collectively develop water points and herd their stock in the Taita plains. The government was also aware of the over-crowding in the hills and keen that the empty plains be developed for beef production and encouraged the Wataita to organize themselves to take up leases of land from the state. Despite the government's commitment to give priority to the Wataita in land allocation, the local leaders, aware of developments of land adjudication in Central Kenya, were fearful that upcountry Kenyans might take up the land leases if they did not act fast. They therefore mounted an active campaign among the Wataita urging them to contribute their cattle and cash to form companies and cooperatives so that they could be allocated land. Astutely, the leaders explained that the major objective was to develop the ranches for profit but hinted that if the Wataita failed to respond to this call, they would have nobody to blame but themselves for losing the land. As a result of the genesis of the ranches from loosely organized grazing associations and their legal formation by the community leaders, the Taita ranches were formed on a sectional basis. With the exception of Rukinga ranch, a majority of the shareholders of each ranch are residents of the adjoining hills. Thus, Lualenyi ranch is owned mainly by

^{1/} Idasa-Godana, a cooperative ranch with 90 members in Tana River District was granted a loan in 1973. However, it was not incorporated until 1975, one year after the completion of the project. Choke company ranch in Taita district did not take any development loan. It was granted a small working capital loan of only K.sh 192,000. Both of these ranches are not included in this impact evaluation.

residents of the Mwanda location of the Taita hills. The shareholders of Mgeno come mostly from Chawia and Sagalla locations. Sagalla and Kasigau ranches are in fact named after the hills where a majority of the shareholders live.

2.03 A brief questionnaire was administered to a random sample of 37 shareholders of six company ranches to get an indication of their views on a number of issues on these ranches.

2.04 Without making any statistical inference to the whole population of shareholders the answers reflect the variety of responses that can be expected. Two of the questions dealt with their objectives for becoming a shareholder and their source of information about the formation of their company ranches. Twenty-seven respondents (73 percent) mentioned profit and 17 (46 percent) stated preserving the land for their children as their objectives. They stated that rearing cattle in the Taita plains was hazardous. They felt that the cattle they contributed to purchase shares would be managed properly by the company ranches. Three of the respondents (8 percent) mentioned a loftier objective of participation in nation building as their reason for being shareholders.

2.05 Sixteen shareholders (43 percent) indicated that they were informed of the investment opportunity in the company ranches by their community leaders, while ten (27 percent) got the information from their friends. Extension Officers of RMD assisted in the organization of most of the ranches, in particular Sagalla, Kasigau and Maungu. Only 14 (37 percent) indicated that they were informed directly by these officers.

2.06 The interview indicated that in general, there was an open invitation for the community at large to become shareholders in the three public companies of Mgeno, Kasigau and Maungu. Of the remaining four ranches, the opportunity to invest was more open for Lualenyi and Sagalla than for Taita and Rukinga.

A.2 Ownership

2.07 The Taita ranch was the first to be established. It was officially registered as a private company in 1964. It was promoted by a prominent local businessman, who owns 55 percent of the subscribed shares. The remaining 45 percent are held by shareholders, who are his relatives and close friends.

2.08 Rukinga ranch was started by a rancher of European origin, who brought cattle from upcountry and was grazing them in the Taita Plains before the government started issuing land leases. The condition of allocating him a land lease was that he should make available to the Wataita fifty percent of the shares issued. In complying with this stipulation, prominent Wataita in business and government were invited to buy shares. Consequently, 34 percent of the shareholders are employees of government and related agencies, while 53 percent are businessmen including the Theta Group, a holding company, which owns 42 percent of the subscribed shares. 2.09 Lualenyi, Rukinga, Sagalla and Taita are private companies limited to only 50 shareholders. The remaining three - Mgeno, Kasigau and Maungu are public companies with membership of more than 50 shareholders. The par value of the shares of these public companies was made KSh 20/ - so that farmers and other Wataita with low income could effectively participate.

2.10 An analysis of the occupation of the shareholders of the company ranches shows that, except for Rukinga and Taita in which businessmen dominate, a majority of the shareholders of the remaining four ranches are farmers both in number and shareholdings. Taking all the seven ranches into consideration, farmers account for 59 percent of the shareholders, followed by employees of government and related agencies forming 19 percent; businessmen, 17 percent; and teachers, 5 percent.

2.11 There is a high degree of concentration of ownership of the shares in the hands of the few, especially in the private companies. In the Taita ranch, one shareholder, representing 2 percent of the total shareholders, owns 55 percent of the shares, while 76 percent of the shareholders own only 25 percent of the shares. In Rukinga, one shareholder, representing two percent of the shareholders, owns 25 percent of the shares, and six percent of the shareholders own slightly more than 50 percent of the shares. 73 percent own only 25 percent of the total shares. In Lualenyi ranch, three shareholders own 25% of the shares, and 10 shareholders representing 19 percent of the total own fifty percent of the shares, while 57 percent of the shareholders own only 25 percent. Although the concentration is less in the remaining four ranches, 50 percent or more of the shareholders own 25 percent or less of the total shares.

B. The Project Plan for the Development of Company Ranches

2.12 The appraisal of the project based the development of company ranches on a model 64,000-acre ranch, which starts out its production with a breeding herd of 620 cattle composed of 600 cows and 20 bulls. In the initial years, the plan was to augment production by the fattening of immature steers purchased from outside, principally the Livestock Marketing Division's supply from the North East. It was envisaged to purchase annually an average of 1,418 steers for fattening. During this time, the breeding herd would have increased to a stable 800 cows and their followers, capable of providing about 800 ranch bred steers for sale. The number of immatures purchased for fattening would then fall to about 800 per year. On the basis of this, the model company ranch would stabilize by year 11, generating an annual offtake of 1,283 head of cattle, representing about 252 tons CDW of beef yielding a sales revenue of about KSh 614,400 per year. 2.13 The on-ranch investment of the model company ranch was estimated to cost KSh 500,000 comprising the following infrastructure:

	Estimated Cos Total	st ('000 KSh) per ha	Percent of Total Investment
Firebreaks and roads	21.7	0.84	4
Watering facilities	302.2	11.67	60
Dips + stock handling			
facilities	58.6	2.26	12
Buildings	60.9	2.35	13
Tractors, vehicles	52.2	2.02	10
Other equipment	4.4	0.17	_1
Total	500.0	19.30	100

2.14 The above on-ranch investment was to be financed with KSh 400,000 of development loan and KSh 100,000 of equity. It was also estimated that the operating costs of the model company ranch would require a maximum working capital loan of KSh 625,000. The assumption was that both working and development capital loans would bear an interest rate of 8 percent p.a. and the development loan would be repaid within 12 years in eight yearly equal installments following a grace period of four years. The model company ranch was expected to generate a 13.6 percent internal financial rate of return.

C. Development of the Company Ranches $\frac{1}{2}$

2.15 Some of the company ranches the project financed were started some four to six years before the project became effective. Taita ranch was registered as a private company in 1964 and Lualenyi in 1965. Other like Sagalla and Mgeno were started in the late 60's as unregistered graziers' associations. However, the lack of adequate finance had prevented the development of water facilities and the stocking of the ranches to utilize effectively the range resources at their disposal. In the officially registered ranches the initial subscription of the shares was very small and mostly made through the contribution of livestock. The project made credit available through the Agricultural Finance Corporation (AFC) and technical assistance through the Range Management Division (RMD), Range Water Division (RWD) and the Department of Veterinary Services (DVS) of the Ministry of Agriculture and was highly instrumental in the development of seven company ranches in Taita District. Credit was also made available to Galana ranch in Tana River District.

^{1/} The huge 345,000 ha Galana Ranch, which was started as a game cum cattle ranch, is atypical of company ranches. Since it is difficult to disentangle development and other operating costs specifically attributable to the cattle enterprise, it has been excluded from the analysis of costs. The use of per hectare costs for such a large spread rather distorts the comparison of costs.

2.16 Plans for the infrastructural development of each ranch were drawn up and agreed upon by RMD and RWD in consultation with AFC and the management of the ranches; on the basis of these plans, the ranches applied for loans from AFC. The first loan approved by AFC was for Lualenyi at the end of 1970. Loan approvals for Taita and Rukinga followed at the beginning of 1971. Ranch planning and organizational problems delayed loan approvals for the remaining ranches until late 1972. Thus, most of the infrastructural development of the company ranches was not implemented until 1972-1974, despite the fact that the project had been effective since May 1969.

2.17 The approved loan amounts have been fully disbursed. However, the manner in which records were kept both by AFC and the ranches makes it difficult to determine exactly how much was spent on the various categories of ranch infrastructure, steer purchases and other operating expenses. For instance, before disbursing new funds to a borrowing ranch, AFC automatically deducted any interest on their earlier loans and principal of the previous year's working capital loans as they fell due, which meant that, although a given amount of working capital for steer purchase had been approved and "fully disbursed" during a given year, a substantial amount might actually have been retained by AFC. One cannot therefore tell by looking at the AFC disbursement records whether steer purchase loans were actually spent on purchasing steers.

2.18 The AFC charged an interest rate of 7-1/2 percent p.a. on both development and working capital loans. Working capital was to be repaid within 24 months. The development loan was given for 12 years with a grace period of four years, during which only interest was to be paid.

D. On Ranch Investment

2.19 The expenditure figures given in the table below were arrived at by reconstructing development costs of various categories of ranch infrastructure from the available balance sheets of the company ranches. Caution should be exercised in interpreting these costs for several reasons. To begin with, not all of the ranches have adopted a comparable model of development in terms of size of paddocks, construction of firebreaks, ranch buildings, etc. Secondly, their sources of water vary. Some have constructed ponds and dams. In addition to these, some ranches like Rukinga, Taita and Sagalla use tap water from the Mzima Springs pipeline. Kasigau and Maungu as well as Sagalla get their water from springs in the Kasigau hills. These different sources of water affect the layout of the water distribution systems of the ranches as well as their costs. In addition, some ranches paid dearly for the mistakes of inexperienced technicians of RWD, who in one instance, contrary to local knowledge and advice, laid pipelines to springs which failed to yield sufficient water and had to be abandoned. In another instance, a very large butyl reservoir was constructed in a low lying area of the ranch making it extremely difficult and costly to distribute water to the rest of the ranch. The booster pump provided was too small to handle the waterhead, and the ranch suffered the consequences of inadequate water distribution.

2.20 Thirdly, the water development costs are still only partial, as some ranches have not yet completed the development of water sources that can enable them to fully utilize the grazing available. They are planning to invest more in water development if and when their financial positions allow them to do so. Finally, the ranches developed their infrastructure in different years. Developments undertaken after 1973 were adversely affected by inflation.

Appraisal Cost ! per ha !				Range in	! Percent of Total ! Investment Cost			
Appraisal Estimate	!	Actual	!	Actual Cost/ha	! ! Actual	! Appraisal ! Estimate		
Kshs	!	Kshs	!	Kshs	! %	! %		
0.84	!	2.51	1	0- 8.50	1 7	1 4		
11.67	1	18.41	1	6.10-36.60	! 49	! 60		
	!		!		!	1		
2.26	!	1.59	!	0.20- 3.90	! 4	! 12		
2.35	!	4.33	!	2.60- 8.70	! 12	! 13		
	!		!		1	1		
2.02	!	9.48	!	5.30-15.20	! 25	! 10		
	! !		! !		! !	1		
0.17	1	0.93	!	0.10- 3.30	! 3 !	! 1		
19.31	1	37.25	!		! ! 100	! ! 100		
	Appraisa per Appraisal Estimate Kshs 0.84 11.67 2.26 2.35 2.02 0.17 19.31	Appraisal per ha Appraisal ! Estimate ! Kshs ! 0.84 ! 11.67 ! 2.26 ! 2.35 ! 2.02 ! 0.17 ! 19.31 !	Appraisal Cost per ha Appraisal ! Estimate ! Actual ! Kshs ! Kshs ! 0.84 ! 2.51 11.67 ! 18.41 ! 2.26 ! 1.59 2.35 ! 4.33 ! 2.02 ! 9.48 ! 0.17 ! 0.93 ! 19.31 ! 37.25	Appraisal Cost per ha ! Appraisal ! Estimate ! Actual ! Kshs ! Actual ! 1.67 ! Kshs ! 0.84 ! 2.51 ! 11.67 ! 18.41 ! 2.26 ! 1.59 ! 2.35 ! 4.33 ! 2.02 ! 9.48 ! 1.0.17 ! 0.93 ! 19.31 ! 37.25 !	Appraisal Cost Range in Appraisal ! Range in Appraisal ! Actual Estimate ! Actual Kshs ! 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.84 2.51 0.167 18.41 6.10-36.60 1 1 2.02 9.48 5.30-15.20 1 1 0.17 0.93 0.10- 3.30 19.31 37.25	Appraisal Cost ! Percent per ha ! Range in ! Investme Appraisal ! ! Actual ! Investme Appraisal ! ! Actual ! Actual Estimate ! Actual ! Actual ! ! ! . Actual ! ! ! . . 0.84 ! 2.51 ! 0- 8.50 ? 0.84 ! 2.51 ! 0- 8.50 ? ? 11.67 ! ! ! 2.26 ! 1.59 ! 0.20- 3.90 ! 4 2.35 ! 4.33 ! 2.60- 8.70 </td ! 12 0.17 . 0.93 ! 0.10- 3.30 . . 19.31 ! . . .		

Summary of On-Ranch Investment Costs of Seven Company Ranches in Taita District

2.21 The average on-ranch investment cost was KSh 37.25 per ha., almost double the appraisal estimate of KSh 19.13 per ha. Nearly 50 percent of the total investment was spent on developing water facilities. This compares with 60 percent foreseen in the appraisal estimates. However, the average expenditure on water development was KSh 18.41 per ha ranging from KSh 6.10 to 36.60.

2.22 About twenty-five percent of the total on-ranch investment was spent on the provision of vehicles, tractors, and machinery costing an average of KSh 9.48 per ha ranging between KSh 5.30-15.20 per ha. This compares unfavorably with the appraisal estimates of only 10 percent and KSh 2.02 per ha.

2.23 Ranch buildings cost an average of KSh 4.33 per ha representing about 12% of total investment, compared to 13% and KSh 2.35 per ha in the appraisal estimates.

2.24 About 7 percent of the total investment costing an average of KSh 2.51 per ha was spent on the construction of roads and firebreaks as compared to KSh 0.84 per ha in the appraisal estimate. However, this is misleading in that the firebreaks have not been sufficiently developed on most of the ranches. Consequently, they are exposed to fire hazards, particularly those ranches bordering Tsavo West National Park, which have experienced numerous fires. Furthermore, some of the ranches have constructed roads and firebreaks with their own machinery and labor, the cost of which has been accounted for as operating costs.

2.25 A comparison of the Phase I AFC development loan with on-ranch investment shows that one of the ranches invested almost twice as much as its development loan. One ranch invested less than half of the development loan on ranch infrastructure. For the remaining five ranches on-ranch investment represented 66-117 percent of the development loan.

Ranch	Investment on Ranch Infrastructure	AFC Development Loan	Development Loan As Percent of Investment
	'000 KSh	'000 KSh	%
1	1,472	528	36
2	1,220	404	33
3	925	616	66
4	970	1,060	109
5	1,063	924	87
6	1,044	1,224	117
7	722	1,389	192

Comparison of AFC Development Loan to On-Ranch Investment Costs of Phase I Company Ranches in Taita District

Source: AFC files and ranch records.

E. Impact on Production

2.26 The primary objective of developing the company ranches was to produce beef in an area where virtually no significant meat output existed before the project. Judged by the criterion of the physical production of beef, this component of the project was successful, although only 62 percent of the production target expected at appraisal was realized.

2.27 Whereas the 1964 cattle population of the entire Taita-Taveta District was estimated at 32,000 head, the 1980 year end cattle population of the seven project-financed company ranches in the district alone was more than 24,000, which is a sizeable increase. 2.28 The annual offtake of cattle from these ranches and the Galana ranch shows that a substantial amount of beef has been produced. In the period 1975-1979, during which all of these ranches were in active production, the total offtake from the seven ranches in Taita was 29,161 head of cattle averaging 5,832 head (1,021 tons CDW of beef) per year. Adding the output from the Galana ranch for the same period, average output from the eight ranches was 10,981 head of cattle or 1,922 tons CDW of beef per year.

In order to compare the actual offtake with that estimated at 2.29 appraisal, the annual estimated offtake for the model company ranch was proportionally adjusted for the actual ranch size. The comparison shows that only 55 percent of the offtake envisaged during appraisal was realized by the seven company ranches in Taita District. Annual offtake from Galana ranch was about 79 percent of the appraisal target. The average for all eight ranches was about 62 percent of the target production. Offtake during 1976 and 1977 was high for most of the ranches because they were destocking due to the drought that occurred during 1975/76. Had it not been for the drought the ranches would have realized in later years higher offtake which would have been closer to the appraisal target. In addition to the loss of cattle, the ranches were not able to purchase enough immature stock for fattening in subsequent years when rainfall was normal, as the drought had drastically reduced the supply of immatures from the northern rangelands. The managers of the Taita ranches said that the immatures they bought from the LMD holding grounds at Kurawa since 1977 were in poor condition and unable to gain weight appreciably. In addition, they had trypanosomiasis, and a large number had died while trekking. Consequently, the ranches were forced to follow a strategy of increasing their breeding herds, resulting in reduced cash inflow.

2.30 Purchases of immature stock by six company ranches in Taita District were drastically reduced from 8,802 in 1974 to 1,991 in 1975 and 2,235 in 1976. Purchases in subsequent years have never even recovered to 50 percent of the pre-drought level. Galana ranch, being nearer to the North Eastern rangelands and being in the non-disease-free zone, was not affected as much because it could easily purchase immatures and move them without veterinary quarantine restrictions.

2.31 A comparison of the actual purchases of immature stock for fattening with whate was estimated shows that the 1974 purchases by the Taita ranches were nearly 90 percent of the appraisal target. Galana was able to purchase only 44 percent of the target in 1974. Purchases since 1974 are far below the targets.

2.32 Rukinga ranche was the most affected by the drought (see the table below). It lost as much as 33 percent of its herd in 1975/76, a loss estimated at KSh 1.95 million. Whereas other ranches affected by the drought moved their cattle to other areas of the country where grazing and water was still available, Rukinga failed to do so and suffered severe losses. Lualenyi ranch was not affected by the drought as it received enough localized rains. Its cattle losses in 1975 and 1976 favourably compare with what it would have lost in normal years.

	1975							1976					!	Total		
	!	No.	!	% of Total Herd	!	Value ~000 Kshs		No.	!!!	% of Total Herd	!!	Value ~000 Kshs		No.	! ! !	Value [°] 000
Rukinga	!	2,033	!	33	1	1,954	!	94	!	2	!	90	1	2,208	1	2.044
Mgeno	!	422	!	9	1	130	!	466	!	11	!	211	1	888	1	341
Taita	!	478	!	7	!	457	1	289	1	5	1	276	1	767	1	733
Sagalla	1	370	!	14	1	226	1	27	1	1	1	16	1	397	1	242
Lualenyi	1	204	!	2	!	186	1	243	!	3	1	216	1	447	1	402
Maungu	1	123	!	5	!	94	!	234	1	11	1	192	1	357	1	286
Kasigau	1	92	!	5	1	88	!	178	1	11	1	169	1	270	1	257

Losses of Cattle During The Drought of 1975-76 on Phase I Company Ranches in Taita District

F. Impact on Technical Efficiency of Production

2.33 The level of technical efficiency of production achieved by the seven company ranches in Taita District varies in accordance with the capability of the management. In general, five of the ranches have good technical management. The management in the remaining two seems to be very weak and inexperienced.

2.34 The International Livestock Centre for Africa (ILCA) has been monitoring the technical performance of three of the better managed ranches in Taita District. Livestock productivity achieved by these ranches in recent years compares very favorably with their productivity during 1970 as reported by the FAO/UNDP survey.

F.1 Calving and Weaning Rate

2.35 The calving rate of the three ranches was estimated as 64 percent. Rates for 1971 and 1972 are not available. The calving rate on these ranches remained about the same in 1973 and 1974 declining to 55 percent in 1975 and 1976 due to drought. Calving rates markedly improved in 1977 and 1978 with the increase in rainfall. The highest calving rate attained was 79 percent in 1978, which compares very favorably with what is achieved on well established and managed ranches elsewhere in Kenya.

2.36 The weaning rate for these ranches was 55 percent in 1970. the trend of weaning rate from 1973 and 1979 is similar to that of calving rate. The best weaning rate of 85 percent was achieved in 1977.

F.2 Average Liveweights and Gains

2.37 Liveweights measured in 1970 and 1978 were taken in the mornings before cattle were released for grazing or watering. So in both cases, cattle that had been kept away from feed and water were weighed. The average liveweights and gains are summarized in the table below. In all cases 1978 cattle were heavier and growing faster than those of 1970.

2.38 The difference between the average weaning weight of 1970 and 1978 is nearly half the weaning weight of 1970. This is a highly significant difference in livestock productivity and monetary terms. From the cow weights one can state that increased mothering ability has resulted because of the increased weight of the cows from an average of 200.23 kg in 1970 to 279.74 kg in 1978. This has mainly resulted from the introduction of Boran and Sahiwal breeds.

Year	! ! ! No.	! Average ! Weaning ! Weight ! kg	! Growth ! Rate to ! Weaning ! kg	! ! ! No.	! Average ! 18 months ! Weights ! kg	! Growth ! Rate to ! 18 Months ! kg	! ! ! No.	! Average ! Cow ! Weights ! kg
1978	! ! 514	! ! 116.53	! ! 0.57	! 654	! ! 181.49	! ! 0.33	! !1476	! ! 279.74
1970 <u>/a</u>	! ! 336	! ! 79.89	1 0.39	! ! 317	1 157.73	0.29	! ! 285	200.23
Difference	! !	: ! 36.64 !	: ! 0.18	: ! !	23.76	! 0.04 !	1 1	! 79.51 !

Average Weights and Gains

Source: P. Semenye, Productivity of Livestock in Taita Taveta District, ILCA Internal Report, 1981.

/a From Rangeland Surveys, Range Development in Taita District (FAO, 1970).

F.3 Mortality Rates

2.39 Mortality rates on adults and immature stock do not show any specific trend. However, it is clear that, except for the drought years of 1975 and 1976, mortality rates on the better managed ranches fluctuated between 2 and 5 percent. On some ranches, mortality of as high as 13 percent has been reported; but this includes death caused by predators from the parks. During a period of 3-1/2 years between 1977 and 1980, a total of 361 cattle have been killed by wildlife. In general, regular dipping and vaccination programmes are strictly followed in all of the ranches, and prophylactic treatments are given for trypanosomiasis. The Department of Veterinary Services seems to render satisfactory service whenever called upon.
F.4 Other Technical Indices

2.40 Again, there are no specific trends in other technical indices like cow and bull culling rates. The ranch records show cow culling rates of 0-49 percent. The high percentage may be due to the fact that immature females were recorded as cows after they were fattened and sold. The general picture is that all ranches do cull cows, but the ratio of culling is not consistent between years. Based on 3-year average (1977-79), four of the ranches were culling cows at a rate of higher than 17 percent. The remaining three were culling at a rate of less than ten percent.

2.41 It appears that none of the ranches are paying sufficient attention to culling bulls. Their records show that no bulls have been culled for a number of years. This creates the danger of introducing in-breeding in the herd. One factor that discourages culling bulls is the high price of bull replacement. A programme of exchanging bulls between the ranches in Taita District can alleviate this problem.

2.42 Most of the ranches exhibit a favorable bull:cow ratio. The records of the three poorly managed ranches show that this ratio was below the recommended 1:40 for a number of years.

2.43 In conclusion, the achievement of better livestock productivity on the company ranches can be attributed mostly to the continuing introduction of improved bulls and heifers over the years and the improved management of the stock due to better availability of water, regular dipping and disease control, all of which were made possible through project financing.

G. Impact on Range Condition1/

2.44 Except for a couple of ranches which were heavily stocked immediately before the 1975/76 drought, the Taita ranches were in general understocked, averaging above 12 ha per LSU. Consequently, there is no sign of generalized degredation of the range. However, it appears that the grazing pressure has been unevenly distributed. The areas around the permanent watering points are heavily grazed. These are also the places where the bomas of the herders are located, and livestock seem to be herded around there more frequently than desirable. Some of the ranches have not fully developed their water sources, resulting in portions of the ranch being underutilized. Although there appear to be no signs of generalized permanent or long-term degredation, which would necessitate resting the range for many years, care should be taken to utilize the range properly in the event the ranches are eventually stocked with more cattle, near their potential full capacity. Siting the bomas strategically to spread the grazing pressure more evenly should be an important consideration.

1/ Based on an internal ILCA paper by J. C. Bille.

H. Financial Performance

2.45 Financial records of most of the company ranches before 1975 are scanty and unreliable. In 1975, Allied Ranching Company introduced a unified accounting system for all the ranches and trained the accounting clerks on how to keep the books and use the system. The ranches have since then kept comprehensive financial records on their income and expenditures. Unfortunately, most of them had by that time completed the major on-ranch investments.

2.46 Unlike their technical performance, the financial performance of six of the seven ranches has been dismal. The future appears to be very bleak for two or three of the poorly managed ranches. Only Lualenyi has made profit in most years and consistently declared dividends in the form of issuing new shares, increasing its paid-up share capital five fold during the period 1974-1979. It has also invested in the purchase of a building in Mombasa, which is rented and has now more than doubled its original value of KSh 200,000/-.

2.47 The remaining six ranches had accumulated losses at the end of 1979 ranging from KSh 403,000 to KSh 2.1 million. This is an unhealthy situation, especially when one considers that an overwhelming part of this loss is financed by the project loan. The paid-up capital of the ranches has been very low vis-a-vis the financial requirements of their operations: the accumulated losses are in the region of 2-12 times their paid-up share capital.

2.48 Although the figures only show the general financial position of these ranches, the absolute figures have an element of speculation in that the profit and loss statements include the residual value of stock at the beginning and end of the financial years as evaluated by the board of directors rather than independently by the auditors. Those ranches who are in the process of building up their breeding herd can easily undervalue their stock deliberately. The profit and loss figures have therefore to be interpreted cautiously. Nonetheless, the picture is not rosy.

2.49 Their outstanding loans from AFC were upwards of KSh 3 million, reaching KSh 7.5 million in one case. Even Lualenyi, which has declared dividends in most years is in arrears of its loan repayment schedule. The assets of the ranches, which are mostly cattle, are barely enough to cover the total outstanding AFC loans.

2.50 The ranch accounts for 1980 are not yet finalized. The ranches and the Taita District Range Office report that 1980 was a very good year and that the ranches' financial performance will show better results than the preceding years. The figures available show that sales had reached record levels for all ranches, ranging between KSh 1.03 million and KSh 2.5 million. It is difficult to assess the financial impact in 1980 without knowing the costs involved. 2.51 Nevertheless, the accumulation of arrears on the development loan cannot be totally blamed on the ranches. The 12-year repayment period of the loan was made short on the basis of a high expected throughput of fattening steers, which did not materialize due to the drought of 1975/76. 1978 and 1979 were profitable years for all the ranches but two. It will require 3-5 years of continuous profits at the level of 1979 to clear their accumulated losses before they can start repaying the principal on their development loans.

2.52 AFC has now recognized the brevity of the loan repayment period. In view of the debt burdens and financial difficulties of the ranches AFC is rescheduling repayment of the development loan over 20-25 years depending on the capabilities of each ranch. All new development loans for ranches will be paid over a 20-year period.

2.53 An attempt to calculate the internal financial rate of return for Lualenyi, the most successful of the Taita ranches, was frustrated by the difficulty of getting concrete data on the cash flow. Ranch accounts prior to 1975 are scanty and unreliable. A cash flow was abstracted from the balance sheets of one of the six ranches which has the least accumulated losses. Even for this ranch, it is obvious that it will take the most optimistic and heroic projections about the future to show an internal rate of return equaling the interest rate it pays on its loan capital. The question is, why have these ranches performed so poorly when their technical performance is not that bad? There are a number of reasons contributing to this sad state of financial affairs.

Year	1	А	! ! !	В	! ! !	С	1	D	1	Е	! ! !	F	!	G
1971	!	(3)		2	1	(373)	1	-	-i- !	166	- <u>i</u> 1	n.a.	- <u>i</u> - !	(422)
1972	!	(6)	1	13	1	4	!	-	!	162	1	n.a.	1	(210)
1973	!	510	!	n.a.	!	n.a.	1	n.a.	!	125	1	n.a.	!	(510)
1974	1	(246)	!	(88)	!	n.a.	1	(386)	1	306	1	(69)	!	(90)
1975	1	5	!	(294)	!	n.a.	!	(544)	1	(1,051)	1	45	!	(38)
1976	!	(593)	!	(418)	!	23	1	(250)	!	(1,788)	1	182	1	(336)
1977	1	68	!	(75)	!	(354)	!	(11)	1	(16)	!	108	!	(68)
1978	1	(70)	1	(374)	!	275	!	180	1	1	1	554	1	27
1979	1	(333)	!	(525)	!	405	!	223	!	840	1	431	1	83
	!		!		!		!		1		1		!	

Profit and (Loss) of Phase I Company Ranches in TAITA District 1971 - 1979

(in '000 KSh)

RANCHES

Source: Ranch Records.

H.1 Low Levels of Equity

2.54 All of the ranches stared with unacceptably low levels of equity in comparison to the requirements of their on-ranch investments and working capital needs. The results of heavy loan financing necessitated high annual commitments in interest payments. Calculated interest charges on the loans of the ranches in 1979 ranged from KSh 100,000 to KSh 610,000, averaging KSh 329,000. For most of the ranches, this was more than 25 percent of their revenue for the year.

At the insistence of IDA, AFC has since early 1980 put a brake on 2.55 financing the working capital needs of the ranches, insisting that they raise their equity to 20 percent of their debts through share subscriptions. The ranches are trying hard to increase their equity in this manner but have so far achieved very limited success. A majority of the 37 shareholders interviewed (94 percent) stated that they are willing to buy more shares to avoid foreclosure by AFC but are constrained by lack of savings or resources they can convert into cash. As discussed in Section 2, a majority of the shareholders in most ranches are farmers who have relatively low incomes. Poor rainfall distribution in 1980 resulted in poor harvests, and the purchase of food from the market must have cut deep into whatever savings they may have Secondly, the fact that the ranches have not been paying dividends so had. far discourages shareholders from effectively increasing their shares to the A number of the ranches which are private level required by management. companies have considered going public, but have not yet made the decision. Even then, their past financial performance will deter prospective investors. AFC officials were asked why it took them 8-10 years to reach a firm stand on the equity issue. The explanation given was that at the beginning most of the shareholders could make a share contribution only in the form of cattle. Since water sources needed to be developed first before the ranches could accept cattle as share contributions, they had out of necessity to start from a position of low equity. Later on AFC was behind schedule in the disbursement of loan funds and was under pressure from IDA to disburse approved credit. The equity issue, which would have impeded disbursement if strictly pursued, was deliberately ignored. This unfortunately allowed the development of ranch infrastructure at such a rapid rate that management could not cope with it, nor could actual production and fattening of purchased steers sustain it financially. In retrospect, had the equity issue been enforced from the beginning, the opportunity for increasing share contributions would have been much better, and on-ranch development would have taken place at a slower and more manageable pace vis-a-vis the poor calibre of management available and the low levels of production attained.

2.56 While AFC's refusal to finance the ranches' working capital requirements in 1980 is pressuring their management to make an all-out effort to raise more equity, it will at the same time jeopardize their already precarious financial position if it continues to deprive them of working capital for a long time. Most of them are already dipping into their ranch-bred immature stock to generate revenue to finance their operating costs. None of the ranches except Mgeno and Lualenyi have a sizeable stock of over 2-year-old steers to sell in order to finance their 1981 operating costs.

2.57 Selling their breeding stock will be catastrophic in view of the shortage of immatures and the unavailability of steer purchase loans. AFC will have to reconsider the situation carefully lest its disciplinary action in an attempt to raise their equity result in pushing them over the cliff into bankruptcy, particularly when, after so many difficult years, most of the ranches have managed to make profits in the past few years.

H.2 Inadequate Supply of Immatures

2.58 It was mentioned earlier that the plan for the ranches envisaged a heavy reliance on fattening immatures to generate their cash flow. The ranches were not able to purchase immatures anywhere near the level of the planned throughput. The highest level of steer purchases have ever reached for the seven Taita ranches was 8,802 in 1974. Steer purchases have declined since then. The low level of immatures purchased in 1980 is an additional reflection of the lack of steer purchase loans from AFC.

2.59 On average, the ranches bought only 15 percent of what they were expected to buy. This low level of throughput of fattening steers has severely constrained their cash flow and profitability. The ranches had to switch to increasing their breeding herds. For example, Taita ranch has not bought any steers since 1975.

2.60 This is a clear case of built-in interdependency in which a complex project design systematically makes the success of one component heavily dependent on the successful implementation of another component. When, as in this case, the independent component of the project fails to operate or its output is far below the planned target, the beneficiaries of the dependent component are made to suffer the financial loss arising therefrom, since there is no built-in mechanism in the design of the project or in the loan agreements to protect them.

H.3 Damage by Wildlife

2.61 It has been mentioned at the outset that prior to the establishment of the company ranches the Taita plains was a game control area. These ranches are situated between the two of the largest game parks in Kenya, Tsavo East and Tsavo West, which occupy 11,431 km² representing 67% of the whole Taita/Taveta District. Five of the eight ranches developed under the project border one of these parks. Although the potential damage that could be caused by game on these ranches was recognized, it was generally felt that systematic cropping of the game within the quotas allowed by the Wildlife Department could be an important source of revenue to the ranches. Suggestions were advanced that some arrangement for sharing Park revenue with the ranches would provide an additional incentive to tolerate the presence of game on the ranches. Prior to the 1978 banning of hunting in Kenya, some of the ranches were getting substantial income ranging from KSh 15,000-137,000 per ranch per annum in the form of hunting fees, which made them tolerate game. The hunting also discouraged game from congregating in large numbers on the ranches. Unfortunately for the ranches, the hunting ban has altered the situation to their disadvantge. Besides losing a lucrative source of revenue, they are also losing more cattle and incurring a lot of expenses in connection with rectifying damages caused by wildlife. The district Range Office reports the following losses of cattle due to game on Taita ranches (see Annex 4).

Year	Cattle	Value KSh
1977	77	80,945/-
1978	99	103,850/-
1979	114	134,550/-
1980	188	299,590/-
Total	472	619,935/-

It appears from these figures that annual loss of cattle due to game has more than doubled since the 1978 ban of hunting. Ranch managers report that the wildlife population has markedly increased. They claim the water distribution on the ranches is so much better than in the parks, especially Tsavo East, that wilflife prefer to stay longer periods on the ranches and are more daring than they used to be prior to the ban.

2.62 Furthermore, elephants are a nuisance, as they consume huge volumes of water for which the ranchers have paid, and when water is not easily available, they uproot the water pipes and burst the water systems. Sometimes a substantial amount of water is wasted before the breakage is discovered. On some ranches elephants had demolished sections of concrete water reservoirs to get at the low level of water, which they could smell but were unable to reach with their trunks. they also damage the banks of the dams and ponds. Taita Ranch reports its water bill from the Mzima Springs pipeline has increased by as much as KSh 27,837 per annum due to game. They estimate damage inflicted by game on their pipelines and reservoir at KSh 25,000/-.

2.63 The Wildlife Department has shown some sympathy towards the ranchers and has promised some sort of compensation for the reported cattle losses and damage to water facilities in the form of subsidizing development of additional water sources or outright cash compensation. So far, this promise has not been translated into deeds.

H.4 Stock Theft

2.64 Stock thefts from the Taita ranches by cattle rustlers, who find easy refuge and markets by crossing the border into Tanzania, have become more frequent and pose a serious problem. Lualenyi, Kasigau and to a lesser extent Maungu, which adjoin Tsavo West and are nearer to the border, seem to bear the brunt of the raids. The Taita District Range Office reports that 893 head of cattle valued at nearly KSh 1.5 million have been stolen during 1975-80. In the first half of 1980 Kasigau lost 628 head of cattle worth KSh 1.09 million, which led to posting of police on the ranch as well as the Taita and Lualenyi ranches to frustrate attempts by the rustlers. The Taita ranches have through the leadership of Allied Ranching Company installed a radio communication system between the ranches and Voi, which has proved to be effective. Ranches are now able to call for help from the police when raids occur and tracking teams are immediately dispatched. The Game Department had also assisted the police by monitoring the escape routes from the air using the Game Warden's aircraft and communicating the rustlers' exact location to the police team on the ground.

H.5 Cost-price Squeeze

2.65 It is a well known fact that beef prices in Kenya were very low during the 1970's and did not keep abreast of inflation. In fact, real producer prices of beef declined by 27.3 percent between 1974 and 1978. Ranch operating costs, on the other hand, doubled between 1973 and 1976. There is no question that higher beef prices would have ameliorated the financial position of the company ranches.

H.6 Losses Due to Drought

2.66 It was mentioned earlier that the widespread drought of 1975/76 had adversely affected the ranches. Rukinga suffered the most and this is reflected in its heavy indebtedness to AFC. The other ranches had moderate losses, except Lualenyi, which was not affected. In addition to causing the loss of the value of the cattle that died, the drought forced the ranchers to send their cattle into other areas including upcountry ranches, where they had to pay for grazing and water. The trekking, transport and grazing fees were additional expenses they had to bear. At the time no drought relief considerations were made by the Government and AFC either to freeze the interest or write off part of their loans.

H.7 Low Calibre of Management

2.67 Perhaps the most severe constraint that most of the Taita ranches have faced in the past was the low calibre of management they have had. In retrospect, it appears that except in a few cases the level of management provided was far below what the implementation of the ranch development plans called for.

2.68 As registered companies with limited liabilities, the ranches are run by managers, who are responsible to their respective boards of directors. The directors are elected by the shareholders, an overwhelming majority of whom were, and still are, rural-oriented Wataita with little or no formal education, particularly no experience of ranching or running a business with a large financial turnover. The significant representation of such people on these boards and the unbusinesslike manner in which these boards operated was the major reason that intially the Taita ranches could not obtain capable and experienced managers. In the early 1970's when the Taita ranches were being developed, the only people experienced in managing ranches were expatriates or Kenyans of European origin. With the insistence of AFC attempts were made to recruit such experienced ranch managers. Unfortunately, there were indeed very few who were willing to subject themselves to the direction of boards composed of shareholders with characteristics such as described above. It is reported that some who had responded to the newspaper advertisements and taken the trouble to travel all the way to Voi for interview cancelled their appointment after learning who their prospective employers would be. The few who accepted the jobs left after a few months. Consequently, the Taita ranches had to employ young people who had their technical training at the Egerton Agricultural College or AHITI. These graduates had no experience whatsoever in managing a commercial ranch. So the development of the Taita ranches was left in the hands of directors and managers who were learning the business of ranching. With practice, extension inputs by RMD and services of the DVS, most of the managers seem to have mastered the technical side of the ranch operations very well. Unfortunately, the financial aspects of the ranch operations remained a major weakness, as the managers had little training in these aspects and could not receive adequate assistance from the AFC, which until today is operating an understaffed office in Taita district with only one technical officer.

2.69 Furthermore, due to unfortunate experiences of embezzelement by ranch managers in three ranches and a board chairman in one case, a feeling of distrust and suspicion had developed among the boards of directors as well as some shareholders of these ranches. The inevitable consequence of such feelings was: (i) that ranch managers had to be closely supervised and controlled, and (ii) that decisions, especially of a financial nature such as sales and purchases, had to be made by an executive committee of the board, resulting in a cumbersome and slow process of management which frustrated ranch managers. Squabbles among executive committee members struggling for power and control of the ranches' resources also added to their frustration, contributing to a rapid turnover of ranch managers and the discouragement of good prospective managers from taking up the job.

2.70 Realizing the weakness in the management of the Taita ranches, AFC approached Technoserve, a non-profit technical assistance organization financed partially by USAID, to assist them in setting up and managing a company that would render centralized services to member ranches. Technoserve responded positively, and Allied Ranching (Taita) Ltd. (Allied) was formed and officially registered in March 1975. The seven Taita ranches bought shares worth KSh 25,000 each. Technoserve and Theta Group, Ltd. the major shareholder of Rukinga ranch, each bought shares worth KSh 21,875 representing 10 percent each of the total shares of Allied. 2.71 The purpose of establishing Allied was to provide the Taita ranches with services which would be difficult and expensive for them to procure individually. It was envisaged that Allied would establish:

- (a) an engineering division which would be fully equipped with (i) a workshop for maintaining ranch vehicles, tractors, machinery and equipment, and (ii) heavy earth moving equipment and machinery for constructing and maintaining roads, firebreaks, earth dams and ponds;
- (b) a ranch support division, which would (i) stock ranch input supplies such as salt, minerals and other feed supplements, veterinary drugs, dip fluids and building materials for sale to member ranches, (ii) render animal health services including the reading of blood samples, treatment of sick animals and establishing a program of regular innoculations, (iii) provide an AI programme, and (iv) assist in marketing of cattle; and
- (c) a financial services division, which would (i) provide systematized bookkeeping and accounting services for the ranches including the training of ranch bookkeepers, and (ii) arrange group insurance enrollment at discount premiums.

2.72 Allied set up its office in Voi and began its operation in 1975. The first function it tackled with lasting effect was the introduction of a unified bookkeeping and accounting system on the ranches. It trained the clerks on how to record and keep the accounts. Prior to 1975, the livestock and financial records of the ranches were in shambles. They were neither systematic nor accurately kept. Today, the livestock and financial records of these ranches are among the best in the commercial ranch sector in Kenya. Unfortunately, Allied introduced the accounting system after most of the ranches had already established their existing ranch infrastructure, the cost of which is difficult to reconstruct.

2.73 Allied also assisted in the preparation of budgets and financial forecasts as well as preaudits. This service was well received initially. Later on some of the directors and managers, aware that this would put them under Allied's close monitoring and scrutiny, resented and frustrated it by refusing to pay the annual management fee for these services.

2.74 Allied's engineering division acquired earth moving equipment and set up a workshop in Voi. Initially, the ranches used its services in surveying and constructing roads and firebreaks, in building ponds and earthen dams, and in maintaining these and their vehicles, tractors and equipment. Unfortunately, as time went on the ranches, which were suffering from cash flow problems, avoided maintaining the infrastructure, thus depriving Allied of sufficient business to make its engineering division a financially viable enterprise. Over time, the use of the workshop declined. Ranch managers claimed that Allied was charging too much and the quality of its services were deteriorating. Consequently, they avoided the services of the engineering division altogether, which eventually forced Allied to close it down in September 1980.

2.75 Allied's ranch support division started its work by stocking up ranch input supplies as foreseen. Its plan for rendering animal health, AI and cattle marketing services never got off the ground. The heavy losses of cattle due to stock theft during 1979-80 was a major threat to the ranches, and Allied coordinated the purchase and installation of a radio system that connects the ranches with one another through the control station at Allied's office in Voi. this has proved to be a very valuable service, which has facilitated the alerting of neighboring ranches as well as the police in Voi whenever cattle rustlers are spotted.

2.76 This radio service and the provision of input supplies are the only remnants of the original conception of Allied. Even the patronage of the ranches in purchasing input supplies has been declining and is posing a grave danger to the very existence of Allied. Part of this stems from the aggressive salesmanship of various competing chemical companies, whose salesmen regularly visit the ranches and offer acaricides and other veterinary drugs on the spot at reduced prices to establish their brands firmly and increase their sales. There is also evidence that owners of workshops and stores in Voi were opposed to the activities of Allied in reducing their business, so much so that they persuaded the Commissioner of the Coast Province to temporarily suspend the activities of Allied in 1978.

2.77 In view of the weak planning ability of most of the ranch managers and the non-existence of on-ranch capability for the maintenance of ranch infrastructure and vehicles, it is unfortunate that the badly needed and valuable technical and management services Allied could have continued to provide the Taita ranches had to be nipped in the bud, due to a combination of the financial troubles of the ranches, causing inadequate patronage and support, and local Voi politics. Most of the ranch managers, who had little say in the running of Allied, as their directors were the board members of Allied, recognize this. Perhaps, if the financial performance of the ranches improves in the future, there may be a chance to revive and revitalize Allied.

I. Secondary Impacts of Company Ranch Development

2.78 Thirty-seven shareholders of six company ranches in Taita were asked to state what in their view are the contributions of the company ranches to the community of the Taita District at large. They mentioned several contributions, which together form the secondary impacts of the development of these ranches.

I.1 Employment

2.79 Ranching is not a labor intensive operation, and investment in ranching is not expected to generate high employment. However, a majority

of the respondents (65 percent) mentioned employment as an important contribution. The eight company ranches in Taita District which were financed under the project are directly providing employment for about 400 people and paying in wages and salaries about KSh 1.4 million per year. The salaries and wage bill of the Galana ranch is close to KSh 1.0 million. Although, figures for the number of people directly employed on the cattle enterprise is not known, it is estimated at upwards of 300 people.

2.80 More than 90 percent of ranch employees are herdsmen earning around KSh150/-per month. Most of them originate from pastoral areas outside Taita District, mainly from North and North-Eastern Kenya due to the keeness of the ranch managers to employ herdsmen to whom looking after lifestock is second nature.

2.81 Regarding other social amenities for ranch employees, all of the ranches stock first aid supplies. Ranch employees who are seriously ill are transported to the nearest clinic, where they can get medical attention. There are no schools on the ranches but most of them are near to villages where there are public schools. Those ranches which are far away from large villages with shops operate canteens where employees can purchase items of basic necessity.

I.2 Production of Livestock and Livestock Products

2.82 Twenty-four and eight percent of the respondents, respectively, mentioned increased meat and milk supply to the community as an important contribution of the ranches. They indicated that Taita District was meat deficient before 1970, which necessitated importation. They now have a source of steady meat supply at their door steps which makes it cheaper than importing from up-country or Mombasa. Ranches like Lualenyi, which is close to a game lodge, and Mgeno, which is near a large village (Mwatate), are selling milk from their breeding cows.

2.83 Twenty-four percent of the respondents indicated that the ranches have introduced into the district improved breeds of cattle from which many hill farmers are benefiting.

I.3 Rural Services

2.84 Fourteen percent of those interviewed mentioned development and improvement of roads to their villages as another contribution of the ranches. These were people residing in villages such as Kasigau and Maungu, which are located in the interior of the plains far away from the Voi-Mombasa road.

2.85 A few respondents (11 percent) mentioned easier access to and availability of water both for people and livestock as another contribution of the ranches. In fact, in the case of Maungu, the provision of water has been a source of conflict between the ranch and nearby agriculturalists, who bleed the pipeline to avoid walking a few kilometers to get water from the tap. 2.86 Fourteen percent of the respondents mentioned the generous donations of the ranches to self-help (Harambee) projects as an important contribution.

2.87 Other minor factors, which in themselves were not significant but were collectively mentioned by 42 percent of the respondents, include:

- the company ranches were a symbol of unity for the Wataita;
- they preserved the land for the Wataita;
- they generate business for the villages; and
- their radio service to Voi, although installed for the ranches security, also serve for the security and emergency calls of the outlying villages, which do not have telephone or other means of communication.

I.4 Impact on Capital Formation and Income Distribution

2.88 The development of the company ranches has resulted in some capital formation in the private sector, although below that expected in the plan. Up to the end of 1979, the share contribution of the seven Phase I company ranches in Taita District totalled KSh 1.6 million. Had the shareholders fully paid for the authorized shares, their contribution could have surpassed KSH 4.0 million. On the other hand, a substantial amount of capital in the form of AFC loans (KSh 24 million) has been invested in the development and operation of these ranches. If in future their costs and prices are favorable, their management is improved and they are not hit by another major drought, a majority of these ranches may be able to generate sustained profit that will gradually enable them to repay their loans, thus converting public capital into private capital.

Past researchers had indicated that the development of ranches in 2.89 Taita District, massively assisted by AFC loans and government subsidies in the form of extension service, tends to concentrate capital and property in the hands of a small group (Jahnke et al, 1972). It is true that ownership of the first phase ranches in Taita is concentrated in the hands of 800 households which represent only 3% of the total households in the district and that even among the shareholders the distribution of ownership is skewed. However, this concentration has not resulted through a process that has inherently or systematically disadvantaged one group at the expenses of another. The door has been, and is still, open for any Wataita to invest in the public companies and for any shareholder to increase his or her shares in the private com-The limiting factor as mentioned earlier has been the inability of panies. the Wataita to raise the capital for investing. Furthermore, an additional seven small ranches have been developed covering some 40,000 ha of the Taita Plains, and eight more company and 6 group ranches are proposed for development, in which more Wataita are expected to participate.

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2.90 As mentioned earlier, so far the profits of the company ranches have not been of appreciable magnitude. However, whenever they do make profits the government stands to collect 45% as tax, which it redistributes in the form of social services and development works for the community at large.

J. Benefits to Shareholders

2.91 Only Lualenyi has made profits consistently enough to pay its shareholders dividends in the form of additional shares. Rukinga was also doing the same prior to the 1975/76 drought. Taita had declared dividends before 1970. The remaining four companies have never declared dividends since their incorporation.

2.92 Against this background, the 37 shareholders interviewed were asked whether they felt their objectives for being shareholders had been met and what they thought about the financial future of their companies. The respondents showed a high degree of ambivalence on the achievement of their objectives, since several of them had multiple objectives for participating. Some of the objectives, such as the preservation of the land in the hands of the Wataita, aversion of risk and participation in development, were met. On the other hand, the overriding objective of making profit on their investment was not met, except for all five of the respondents from Lualenyi ranch, who were satisfied that all their objectives were met.

2.93 Three of those who responded that their profit objective was not met indicated that the development of a ranch is a long-term process and, as the 1975/76 drought disrupted the growth of the ranches, they have to be patient.

2.94 An overwhelming majority, 86 percent of the respondents, expressed optimism on the financial future of their companies. Five of the 37 respondents were not so optimistic. Surprisingly, when the latter were asked whether in retrospect they considered their decision to invest was wise, only one of them indicated it was not. Three of them even responded that they would buy more shares in the future despite their companies' poor financial performance. However, this seems to stem from their fear that they will lose all their investment if AFC forecloses on their companies due to their failure to raise equity as being demanded by AFC.

K. Prospects for the Future

2.95 It has been explained in detail that, due to a combination of various problems the Phase I company ranches have faced in the past (i.e., low equity, the drought of 1975/76, cost-price squeeze, inadequate supply of immatures, low calibre of management, stock theft and wildlife damages), all of them are in various degrees of financial difficulties.

2.96 The government has belatedly recognized that some of the above problems were outside the control of the ranches and has decided to assist them by subsidizing, for each ranch, the capital cost of a primary water supply and the perimeter firebreak development. This subsidy, ranging from KSh 451,000 to KSh 936,000 as calculated by the IDA Supervision Mission of 1980, will be written off from their AFC loans. AFC has also decided to reschedule the development loan over a 20-25 year repayment period depending upon the capability of each ranch.

2.97 Both of these decisions will give some badly needed relief (though not adequate for all) to the financial burden of these ranches. Most of them will still remain with high levels of outstanding loans which have to be repaid out of their future profits. Barring another major drought and unfavorable market conditions, the only way profits can be realized is by prudent planning and efficient and responsible management. At present, the management of five of the ranches appears to be capable, and, with some experienced assistance in planning, their prospects for becoming profitable and remaining solvent are encouraging. The managers on the remaining two ranches are inexperienced and incapable. Since RMD is providing these managers, it also has the responsibility of replacing them with better qualified managers. Even with good management it will be an uphill fight to keep them operating. If their management is not improved, continuing to finance their operating costs may be sending good money after bad.

K.1 The Proposal of the Commonwealth Development Corporation (CDC)

2.98 In 1979, the CDC conducted a feasibility study of forming a new company, Kenya Cattle Limited (KCL) that would amalgamate the existing ranches under experienced CDC management by issuing shares for the assets it takes over from them and by subleasing the land. KCL would be run by a board comprised of one director each from government and AFC, two directors representing CDC and three directors representing the amalgamated company ranches. Provided that the transfer of assets into shares is not taxed and the the CDW price of FAQ graded meat is guaranteed at a minimum of KSh 11.50 per kg., CDC reckoned that KCL would be in a position to generate an internal financial rate of return of 10.8 percent.

2.99 The CDC proposal on forming KCL was submitted to government in 1980 and was also explained to the company ranches. The latter seem to have divided opinions on the proposal. Two of the ranches appear not to favor it for different reasons. One is convinced it is doing well financially and can proceed alone. It does not see any reason to amalgamate with other financially troubled entities. The second one is largely owned and controlled by one individual, who sees in the proposal a complete loss of identity and control. Two of the ranches support KCL as an easy way out of their financial quagmire. Three of the ranches with significant management input from RMD are waiting for government directives.

2.100 The Government has not so far decided on the CDC proposal to form KCL. In general, there seems to be no doubt that the financial future of the company ranches will be much brighter with the implementation of the CDC proposal. Even the ranches opposed can be persuaded to join KCL if sufficient explanation is provided on how existing ranch assets will be converted into

shares, how their AFC debt will be handled and how the ranches will be represented on the board of KCL. A major reservation, and perhaps the central issue, in discussions on the subject is whether KCL is the appropriate model to follow for further developing the company ranches. Although their management still has a lot to learn, they have come a long way, especially in the technical aspects of ranch management. There is a feeling that one can build on this local experience rather than surrender to foreign intervention and create a gigantic operation which, if it succeeds, may be impossible to replicate or to take over and run successfully.

III. GROUP AND INDIVIDUAL RANCHES IN MASAILAND

A. Introduction

The Kenya Livestock Project was conceived as a segmented operation 3.01 whose several parts were equally important because interdependent. Nonetheless, from the time of appraisal until now, it is the ranch development sub-project which aimed at the creation of Group Ranches and (on a much more limited scale) Individual Ranches from the previously communal grazing of the Masai areas which has drawn the greatest attention. This is not surprising. The appraisal report itself emphasized that this would be a risky undertaking, and that a pilot approach should be taken; although the plan was praised as the most feasible proposal yet put forward for moving from traditional subsistence pastoralism towards market-oriented livestock production. The division of tribal grazing lands into Group Ranches was a major component of Kenya's land adjudication legislation; and the imminence of IDA funds for ranch development, emphasized as conditional upon adjudication, created significant leverage for the passage of that legislation through the Kenya parliament. The project audit had group ranches in mind as a major element when describing the project as creative and innovative. Very soon (far too soon as it transpired) the Bank was using the group ranch as a model in some other parts of Africa where conditions were far different from those obtaining among Masai. Finally, the ranch development of Masailand is the one truly irreversible process established by the project. Grazing Blocks could be discontinued without great difficulty in Kenya: it would call for only an administrative change in recently instituted and erratically followed local government activities in one Province. Company ranches could fade away easily enough if they failed, by the simple process of company declarations of bankruptcy, and a reversion of the land to its holder at time of allocation, the state. But for better or worse, the extensive grazing areas of the Masai have been legally partitioned and the attitudes of Masai to resource sharing have been significantly altered. Even if the Kenya Government wished for some unlikely reason to retrace its steps in range development, attempting to do so in Masailand would cause a major political convulsion. Whether or not Group Ranches have worked as intended, whether they are likely to do so, whether in a strict sense they have justified investment, are all questions which can be debated. That they have already irreversible change is beyond argument. For that reason, their prominence is deserved, and continued reconsideration of them is likely to be illuminating.

A.1 The Development Design for Masailand

3.02 It is useful to consider them together, however, because Individual Ranches were justified (in the project) by what they could do in the Group Ranch context, rather than as a free-standing design familiar to western livestock economists; later developments within Group Ranches themselves can be understood only in the light of the existence of Individual Ranches in the same general area during the same period of time.

B. Status of the Response to Group Ranch Organizational Changes

B.1 Group Ranch Boundaries

3.03 Boundaries have become increasingly important on Phase I group ranches. Members are making some efforts to stay in their own ranches. Still, on most of the group ranches (especially in the south) there is some movement across boundaries without consulting the committee of the host ranch; however, on some group ranches, outside individuals must request permission to graze. Nevertheless, it was not possible to record a <u>single</u> case of a member of a group ranch being refused permission to graze his animals on another group ranch. (Individual ranches do exclude group ranchers, though group ranches frequently allow individual ranchers to graze).

3.04 In discussing the boundary issue with Maasai, they continually point to the variability in rainfall and availability of grass; they also commonly mention the problem with wildebeest (carriers of malignant catarrh) which must be avoided in the calving season (and which sometimes overrun a group ranch). Maasai do not believe that strict boundary maintenance is possible.

3.05 Maasai talk with great fear of the possible closing of boundaries, and the dire consequences it would have. This fear seems to be fed by the strict closing and fencing of individual ranch boundaries. Now fortunately GOK and Bank staff both seem to be realizing that cooperative arrangements between ranches will give crucial flexibility to the production system.

3.06 It is interesting to note that fattening steers do not fall under the pattern of sharing grazing. There are several recorded instances of a group ranch refusing to allow the AFC loan steers of another ranch to graze. Maasai persist in thinking of the steers as belonging to AFC (see section on fattening steers) and hence do not feel bound to offer them grazing. This, of course, can be very problematic for the ranch with the steers (Embolioi, for example, is desperately searching for grazing for their 500 steers as the wildebeest are invading the ranch by the thousands).

B.2 Membership

3.07 Under the group ranch, each household head (primarily males) was expected to register for the group ranch of his choice; it was expected that

people would largely remain where they were. There was an effort to register all Kaputiei Maasai whether or not they were pastoralists or lived in the area.

3.08 There has been some debate in the literature as to what extent Maasai followed the spirit of group ranch membership (i.e., the attempt to create a new social formation). From conversations with members, it appears that the majority of people did, in fact, register in the group ranch in the area where they traditionally resided. Others, families who perhaps understood some of the limitations of the group concept, divided among several group ranches (e.g., with each member registering on a different ranch) in order to maximize their flexibility during droughts. Some nearly mature men posed as heads of household in order to be registered and some men managed to register even very young sons to maximize their own opportunities. Members of some group ranches complained that sons of owners of individual ranches were allowed to register on group ranches; they feel they should share their father's allocation. Hedlund noted as early as 1971 that group ranch membership was becoming part of a person's identity. This remains true today. Many Maasai know to which group ranch others belong (although the social implications of this are not fully understood).

3.09 One aim of the group ranch was to make Maasai aware that land is finite, with the expectation that this would enhance the solution of the overgrazing problem. While overgrazing is still an unsolved issue, the Maasai realization that land is finite has evinced itself over the issue of registration of new members. The impact evaluation recorded no instance of a person being allowed to change group ranch membership; only never-registered sons and brothers of existing members are considered. If a man dies, his eldest son, regardless of age, is registered. However, on many group ranches, the question of registering the next generation of maturing men has become a major issue.

B.3 Second Generation Issue

3.10 Although the planners realized that the increasing population of Kaputiei was incomapatible with the group ranch as they envisioned it, they had no concrete suggestions or project component to deal with this problem. Nor was there any consideration of what would happen as increasing numbers of young men matured and applied for registration.

3.11 Group Ranch by-laws state that a person may become a member (1) by inheritance, (2) by approval of all the Group Representatives and later by the Annual General Meeting or (3) by a Court order.

3.12 For reasons that remain unclear, ranches have responded differently to the request of young men to be registered. Registration of sons and brothers has been reported only on three northern group ranches (Imaroro Mashuru, Embolioi, Olkinos); however, elders in the other group ranches have refused to register new members (except in replacing a deceased member by a senior son). In all ranches, the issue of registration is intimately linked to that of sub-division. Even the three ranches that registered young men before seem reluctant to continue. 3.13 There is some suggestion that developments on Poka may have more strongly influenced ranches in the south. The thirty members of Poka conceive of the land as owned by themselves in equal shares. They point to the different number of sons of various members. They note that some members have nearly mature sons whereas others have only small sons. They argue that it would not be fair to register adult sons as the number per member varies. Some say if they are forced to register, they should at least include all sons regardless of age. They are pressing for immediate subdivision (as they did in 1972); then, they claim, each father can decide what to do with his own sons.

3.14 The situation at Poka has recently reached the Ministerial level. The Government is commissioning a study on subdivision in group ranches. Group ranches (both members and non-members) throughout Kaputiei (and undoubtedly elswhere) are conversant with the situation at Poka and watch it anxiously for indications of what their own future might hold.

3.15 Young unregistered men are particularly worried about their future. On the whole, they are pressing for immediate registration. Some of them are honest enought to admit, however, that as soon as they are registered they will press for subdivision.

3.16 These issues are very complex; there is no easy solution. They relate to fundamental aspects of the group ranch; in a sense they are the equity issue in a time perspective, requiring resolution as to who has what rights (presumably for all time) based on the conditions at a single point in time.

B.4 Grazing Quotas and Destocking

3.17 Perhaps the thorniest issue in group ranch development has been that of grazing quotas (conceived by planners to be the functional equivalent of land parcel allocation among settled agriculturalists).

3.18 The basic idea as developed by the planners was that:

- each ranch had a certain carrying capacity (fluctuating cyclically around a mean - which would be increased as a result of the project inputs);
- (2) each registered member would be given a grazing quota the number of stock units he would be allowed to graze on the ranch - in proportion to the number of animals he owned at the time of incorporation;
- (3) poorer members would receive compensation for their small grazing quotas by being the recipients of fattening steers, which would be allocated as carrying capacity was increased. Lengthy discussions

were held throughout the early stages of conception and implementation, but no satisfactory resolution of the grazing quota issue materialized. As noted before as early as 1970, Poka was ready to subdivide over this very issue.

3.19 It is well known that distribution of stock wealth among Maasai is highly skewed (see section on 'The Equity Issue'). Reports indicate that the rich wanted to keep their advantage and generally favored the proportional approach. People with small holdings felt that they were being doomed to marginality forever, whereas Maasai traditional ideology holds that fortunes are extremely variable, and one might be rich today and poor tomorrow, or poor today but rich in the future. Following practice in other areas of Kenya where land registration was done on a proportional basis, both GOK and the Bank strongly favored that approach for grazing quotas. However, as noted earlier, the adjudication legislation did not discuss grazing quotas, but rather said all members held the ranch in individual shares.

3.20 The RGR was greatly concerned about the equity issue. His recommendations had the effect of giving a minimum grazing quota of 10 livestock units; this could only be accomplished at the expense of the larger owners (who would need to significally destock).

3.21 In fact, little is known about how people with sub-subsistence herds are in fact making a living. The project has put no real effort into developing alternative sources of livelihood for these small stockholders. Nor has there been any consideration of how newly registered members (brothers and sons who have reached maturity) would be allocated grazing quotas.

3.22 Project planners had hoped to introduce group ranches in the mid-1960's before Maasai herds had recovered from the drought of 1960-61. The project delays, however, meant that by the time of incorporation most group ranch holdings were above the estimated carrying capacity. After a slow start, anxiety to increase disbursement was such that, after 1970, little or no attention was paid to the issue of carrying capacity and overstocking. In fact, both Kiboko and Olkarkar were given fattening steers in 1973-74 when their herds already exceeded estimated carrying capacity. This only served to confirm to the Maasi that the issue of grazing quotas could be ignored.

3.23 The supervision mission of June 1980 has, I believe, wisely concluded that the issue of grazing quotas is an area where exhortation fails. Their hope was that a significant improvement in extension activities would re-open the dialogue on the issue of overgrazing and how to cope with it. The mission notes that the ultimate solution will have to come from the Maasai. They will have to be convinced of the benefits of limiting stock numbers.

3.24 Maasai themselves are not optimistic about the issue of grazing quotas. They view subdivision, with which each member will have his own piece of land and the freedom to make reciprocal arrangements as he chooses, as the

best way to resolve the issue. Both GOK and the Bank have stated that the proportional precedent set in other, very different cultural areas of Kenya needs to be followed among the Maasai; this case needs further examination.

3.25 It must also be noted that the grazing quota issue is further complicated by two factors which the ranches feel are beyond their control. These are (1) non-Maasai squaters who are on a few group ranches and whom the Government has not yet succeeded in removing and (2) increasing numbers of wildlife for which little, if any, compensation has been given. Maasai wonder why they should be the only ones blamed for overstocking and overgrazing; and certainly poorer Maasai wonder why they should be allowed only two stock units while thousands of wildebeest are eating their grass.

B.5 The Equity Issue

3.26 The issue of equity deserves special comment both because it is a concern of planners and implementers and also because Maasai interpretations of equity do not necessarily correspond to our own.

3.27 Planners noted that there was great inequality in livestock holdings among Maasai: some men owned literally hundreds of cattle whereas others owned none. They assumed, following developments in agricultural areas of Kenya, that a member's rights in the group ranch should be proportional to his livestock holdings. They hoped that increased carrying capacity would be allocated to poorer members (especially through fattening steers). This model of equity distribution must be seen as either assuming little mobility (hence time of allocation of rights is unimportant) or institutionalizing possibly fleeting inequalities.

3.28 Current research suggests that <u>patterns</u> of inequality on group ranches have not changed significantly in the course of group ranch development. Data collected by ILCA for two group ranches in 1980 corresponds quite closely to data cited by Jahnke, Thimm and Ruthenberg (1974) for 1971. (See table below). Recent data show that on Merueshi the richest 10% of the members own 47% of the stock units, and the richest man owns 22%, as much as the poorest 50% of the members. Data for Olkarkar are similar, showing the richest 10% owning 37% of the stock units and the richest man owning as much as the poorest 44% of the members.

3.29 These figures support the concern of planners with the issues of equity and landlessness. They also help us to understand why the Maasai have had difficulties with grazing quota allocation. These difficulties become even more apparent when we consider Maasai ideology.

3.30 Under the traditional system, all Maasai had equal rights to the land. They were all bound by the same traditional regulations; whatever one man could do, others (at least in theory) could do. Despite obvious inequalities in actual stockholdings at any one point in time, Maasai have a strong ideology of equality. All men have equal rights, although some men are in a position to more fully utilize these rights. The ideology of equality is closely tied to concepts of mobility, which in turn are tied to fluctuations in climatic and other conditions, and consequently fluctuations in animal numbers. With a long history of episodes of warfare, epidemic disease and drought, it is no wonder Maasai assume herd sizes will fluctuate widely. They say a man may be rich today and poor tomorrow, or poor today and rich in a short period of time. Hence, the idea of grazing quotas fixed by a man's status at one point in time is essentially incompatible with Maasai beliefs.

	Percent of Stock Units Owned By:			
	Merueshi/a	<u>Olkarkar/b</u>		
Richest 5%	27%	21%		
Richest 10%	47%	37%		
Richest 25%	70%	68%		
Richest 50%	78%	85%		
Poorest 25%	3%	3%		

Concentration of Livestock Holdings in Two Group Ranches

Holdings of largest single owner equals that of poorest:

53% of residents

44% of residents

/aBased on 36 residents owning 4,486 LSU:ILCA survey./bBased on 41 residents owning 3,673 LSU:ILCA survey.

These figures are in close agreement with those of Jahnke, Thimm and Ruthenberg (1974) who reported that in 1971 the richest 10% in Olkarkar owned 35% of the cattle LSU and the poorest third owned 6%.

3.31 There are some indications that the Maasai belief in mobility continues to have foundation. For Merueshi and Olkarkar, the AFC lists of stock units per member dating to the early 1970's were compared with ILCA's enumeration in 1980. Twenty-four members of Merueshi and 19 members of Olkarkar were identified on both sets of lists. For various reasons 1/(e.g.,the passage of time and a different way of calculating stock units) the total numbers of LSU in 1980 were far higher than in the 1970's. The original AFC LSU were adjusted for this factor (see Annex I) and then compared on an individual cases with the ILCA LSUs.

^{1/} As shown elsewhere, the difficulties of obtaining time depth data for the Maasai often seem insuperable. These data look at individual (rather than ranch - level) holdings so one element of uncertainty is removed. Nevertheles, caution must be exercised.

3.32 The figure yielded is current holdings as a proportion of former holdings. This proportion varies from .16 to 3.22 on Merueshi, and from .04 to 2.78 on Olkarkar. Thus, on Olkarkar, some members have only 4% of the stock units held 10 years ago while others have 278%.

3.33 A downward spiral is suggested by these figures for poorer ranchers, all of whom have proportionally fewer LSU today. In Olkarkar, the poorest third owns only 27% of their earlier ranch holdings, in Merueshi it is 33%. While poorer ranchers have lost, both the middle and upper third have gained. However, what is most intersting is that while some of the middle and rich pastoralists have gained significantly, others have lost, or only held their own. Thus, within the middle third in Olkarkar, one man has 60% of his original stock units, whereas another man has 278% of his.

3.34 Thus, there is a suggestion (at least for the middle and upper thirds of the population) that mobility (both upward and downward) still occurs.

3.35 We can imagine that these segments of the population, at least, would prefer a fluctuating situation through which they can improve their relative position. We can also expect that Maasai would be generally horrified at the institutionalization of the inequalities existing at any arbitrary point in time.

B.6 AFC - Indebtedness

3.36 Related to the equity issue are responses towards AFC indebtedness which was supposed to be proportional to grazing quotas. Thus, men with large holdings were to have a greater share of the debt, while poorer men with small holdings would have a small share.

3.37 This aspect of the group ranches has caused concern for many Maasai who fear that if a few people pay most of the loan for an infrastructural development they might subsequently claim this structure as their own. As Maasai largely feel they have equal shares in the land, they are anxious to avoid unequal shares in the infrastructure. Thus for example in Poka the members decided to equally share the cost of constructing a dip. On other ranches, there has been a movement towards paying off development capital loans with profits from steer fattening loans. This sidesteps the equity issue, and facilitates repayment. These concerns are not important for operating costs.

3.38 For at least five ranches, AFC has not updated chargeable stock units since the drought of 1975-76. (They say they have not had enough time or personnel). This has caused great concern among the members who realize that fortunes have changed since that time. While some members pay for far fewer cattle than they own, others (particularly poorer members) pay for far more animals than they own. Maasai realize this, and it adds to their sense of injustice and dismay with AFC.

B.7 Group Ranch Social and Political Formations

3.39 The group ranch constitutes a new social formation for the Maasai; it also involves a new political concept: decision-making and enforcing by a committee of elected representatives. Especially since the Phase I group ranches do not, as orignally planned, coincide with traditional boundaries, their organization represents an overlay on both the existing traditional and modern socio-political sectors. Unfortunately, there has been little research on how the group ranch structures dovetail with the pre-existing structures. There are indications that the pre-existing structures continue to strongly influence the course of events on group ranches. Some decision-making is still done at the traditional level. D. Dougherty reports on a group ranch in Narok District where committee members are so torn by various loyalties (age-set, linage, and Maasai section) that they cope by essentially making no decisions at all. Galaty suggests that, given time, Maasai will convert the group ranch structure to their own culture and needs. However, he concludes "...future responses will likely not emanate from the Group-Ranch organization itself, but from Maasai institutions which themselves provide the substance to the Group-Ranch order, such as generational relations, sectional loyalties and animosities, stock-partnerships and factions, big men as individual ranchers, and lineage affinities in certain sections".

3.40 Committees say that, originally, as they understood little, they just went along with government's recommendations. Increasingly, they are becoming more aggressive in pursuing their own goals, particularly where these arise from traditional requirements.

3.41 As noted earlier, except for one group ranch, no committee members receive a salary or expense money. In 1979, the chairmen of all Phase I and Phase II ranches called a meeting to discuss problems in group operation. They felt that a common difficulty is that the chairmanship involves a lot of time and travelling yet there is no compensation provided. They passed a resolution stating the Chairmen should get an allowance and/or salary. But there appeared to be no source of money, so the idea was dropped. The Chairmen realized that if they had to collect the money from the people on the ranch, it would take far too much time. This is a good example of an instance in which communication between government and Maasai could have helped lead to the solution of a common obstacle to improved group ranch administration.

3.42 The constitution of the Group Ranch prepared by the RGR includes provision for an Annual General Meeting (AGM) at which time committee members would be elected. The AGM <u>requires</u> a quorum of 60 percent of all registered members. Many ranches find it difficult to hold successful AGMs. In one ILCA study, it was found that over 30% of the registered members did not reside on the group ranch. (Preliminary investigations on other group ranches lead to similar conclusions). For this ranch, a quorum of 60% of the members would require almost 80% of the resident members to attend. (In how many local elections in Western democracies could that percent of voter turn-out be expected?) Preliminary indications are that committee elections have been held every 2-3 years (less frequently in the drought). 3.43 It is clear from conversations with Kaputiei Maasai that neither committee members nor other group ranches are happy with management-by-committee. It comes as no surprise that everything seems to take an inordinate amount of time (particularly matters that necessitate a committee quorum). The concept of management by committee was predicated on the assumption that, as members of a group ranch, people would work towards their common interests in the development of that ranch. Unfortunately, at this point in time, there seems to be more that divides than unites members.

3.44 Factionalism is rife on many committees; unfortunately, it was not possible within this research to examine its causes. People themselves readily talk about the newer factionalism between the rich and the poor (see sections on fattening steers). A number of group ranches reported that this was preventing any accord at all. Anoi Group Ranch has even discussed the feasibility of dividing into two group ranches - one for the rich, one for the poor.

3.45 Many individual Maasai acutely feel the loss of a sense of autonomy and flexibility. The traditional system of frequent movement, coupled with extensive social ties gave the individual herd owner considerable flexibility. At any time, he could decide to move to a new location, whether for environmental or social reasons. The group ranch has radically changed this, by making its members a permanent group in a fixed location, bound to continue to interact with one another. A major source of tension release (separating) has been removed; there has been no substitute. This has combined with the new system of management-by-committee to increase the sense of loss, imitation and alienation from group ranch identity. As one Maasai said: 'In the group ranch, we people are being herded as we herd our sheep and goats'.

B.8 Grazing Rotation

3.46 Ranch-wide grazing management has not been achieved. There have been only a few instances of portions' of a ranch being designated as a dry season grazing area (e.g. Embolioi). The only other instance of special grazing policy has been for loan fattening steers. Usually at the insistence of AFC, a part of the ranch with good grazing, water and dip facilities is allocated for the sole use of the steers.

B.9 Fattening Steers

3.47 The role of fattening steers has changed during the course of the project. Originally fattening steers were envisioned as a means of providing income for members who were given below-subsistence grazing quotas. They also were to serve as a mechanism for coping with fluctuating climatic conditions and carrying capacity; when conditions were good more steers would be fattened, when conditions were poor, steers would be the first animals disposed of.

3.48 The appraisal model included provision of 200 steers per annum per 35,000-acre ranch. When the project planners/implementers discussed steers with the Maasai, they apparently promised the group ranches fattening steers in order to facilitate debt repayment. Thus, members <u>expected</u> steers regardless of other circumstances. From the beginning of the project, AFC was given broad responsibility regarding the purchase of fattening steers¹/. This was widened by AFC to include management and sale.

3.49 Originally steers were allocated and given to poorer members to herd. However, AFC felt there were problems due to sales without AFC permission, and they feared the steer loans would not be repaid. Subsequently, AFC insisted that the steers be herded together. (This remains the only practice). AFC's insistence on determining the management strategy for the steers, (as well as their prominent role in their purchase and sale) seemed to push RMD even farther into the background. There was, for example, a flurry of letters about loan steers in Kiboko during the drought of 1975. The Technical Range Assistant (RMD) was anxious for their welfare, but not in a position to make decisions about either their management or sale. After some months of apparent inaction on AFC's part, the District Agricultural Officer told the Range Assistant We have spent enough petrol and the trouble we have had is enough. Therefore, leave the animals where they are. The AFC will take care of them." Both Olkarkar and Kiboko lost a large number of steers during the drought.

3.50 Even though the loan steers were herded together, in the early days of the group ranches the steers continued to be allocated to the members of the ranch with few stock units. These were to receive the profit from the steers on a proportional basis. However, so far, only three group ranches (Kiboko, Olkarkar and Ilmamen) have ever received returns from steer loans. (At least four others are still owed money from AFC from sales of steers in 1979).

3.51 Some details are available on the Ilmanen steers. They are shown below:

Ilmamen Steer Data 1976-1978

	KShs
Sale price (February 1978)	595,200
Steer loan (purchase price August 1976)	242,944
Gross profit ,	352,256
AFC deduction/a	128,056
Net profit paid	229,200

/a Apparently for all members' loan repayment for 1977.

^{1/} Side letter No. 4 stated "... all purchases of other livestock required for the project will be subject to the approval of the Project Manager (AFC-RD) with respect to quality, source and animal health standards.

3.52 As is usual practice, when the Ilmamen steers were sold the money went to AFC who then decided the amount of profit (if any). AFC first deducts the amount of the steer loan; if the group ranch has other debts, AFC may decide to subtract these (in the case of Ilmamen this amounted to KShs 123,056). In Ilmamen, 64 of the 93 members were given cash payments in inverse proportion to their stock units in $1974\frac{1}{}$. Payments ranged from approximately KShs 6,000/- for a member with no stock units to KSHs 70/- for a member with 32 stock units. Members with more than 32 stock units in 1974 received no steer profit.

3.53 ILCA interviewed 32 of the 64 members of Ilmamen who had received a share of the profits. This money was largely used by them for livestock purchases. (It should be noted that the money was received only 2 years after serious drought when livestock numbers were depleted).

3.54 The Ilmamen steer loan of 1976-78 was close in its intention to the original group ranch proposal. However, it has had serious negative repercusions. Some people in Ilmamen felt that everyone should share in the steer profit; others complained that the stock units used were out of date and unfair. When a borehole broke down in Ilmamen, members who had received no money said the other members should pay the cost of repair. Essentially, the steer loan issue has widened an already existing gulf between rich and poor members. Rich members in a number of ranches are refusing steer loans. They note that if there is a drought and the steers die, they will have the greatest proportion of the debt; yet if there is profit from the steers they receive none. Why should they accept risk with no potential benefit? In other group ranches, especially those with large debts, loan steers are still welcomed. Members have decidied that profits would be used to pay off existing debts (hence, in fact, benefitting largely the rich as they have the greatest debt burden). These ranches see no other way of repaying the loans; they are on the whole anxious to clear all debts so they can petition for subdivision.

3.55 Fattening steers have been a source of discontent among group ranchers for two other reasons:

(1) The distribution of steers has been highly skewed. While some ranches have already received several allotments of steers, some groups received their first steers in 1980, while one group has not yet received any. The allotments themselves have not been proportional to either ranch acreage or membership, for example, in early 1980 Olkinos (15,000 acres, 106 members) received 400 steers while Embolioi (59,000 acres, 202 members) received only 500.

^{1/} Fortunately, this did not necessarily reflect stock units held in 1978 as severe drought had intervened.

(2) Recently, AFC single-handedly purchased a large number of steers for distribution on group ranches. Although ranches had been involved in earlier purchases, on this occasion they were not. (AFC personnel say that it would have been too complicated to bring ranch representatives to Lamu). Many of the steers were very small; others were in ill health. (Embolioi lost over 20% of their steers from trypanosomiasis within the first few months. They tried unsuccessfully to get reimbursement and/or replacement for these). The local Maasai were unanimous in their condemnation of the prices paid for these steers (an average of KShs 800/- plus transport). They say that after 11 months of fattening they would be lucky to get that price from a local butcher (and would get less from the Kenya Meat Commission). They feel it will take 2 to 2-1/2 years to fatten these animals, by which time they might fetch 1,300/-. Although, of itself, this event may not seem significant, it adds to the enormous sense of disaffection with the group ranches generally and with AFC in particular. As one committee member said, 'I have no words to express my regrets and the disadvantages about loan money. During the drought, AFC used the money that was supposed to be for steers to pay back our interest. These loans have even made us poor. The planning by the Government was not good. Even rinderpest was better than these loans .

C. Group Ranch Impact on Production and Offtake

3.56 Time series data on livestock parameters are scarce; data that exist are largely unreliable. Those that have any reliability tend to be on a level of aggregation (e.g., District) which is not useful for our purposes.

3.57 To give the reader an indication of the difficulties with available ranch-level data, figures for cattle numbers on individual Kaputiei Group Ranches (1968-1977), taken largely from government files, have formed the basis of discussion and planning. There is some suggestion that they include cattle only of members (thus representing a significant shortfall of existing animals). In any case, wide variations from year to year indicate clearly that the numbers involve factors other than natural increase or decline (e.g., Mbiline cattle population figures for the three-year period 1974-1976, which are 6,580; 3,395 and 6,395 respectively). On the basis of this kind of information, it is impossible to analyze changes in production.

C.1 Environmental Effects

3.58 Concern with degradation of the pastoralists' semi-arid environment was a major motivation for the group ranches. Planners felt that the 'tragedy of the commons' was occurring in pastoral areas; that each individual herd owner was maximizing herd size in <u>unregulated</u> competition with other pastoralists. By giving small groups exclusive title to smaller portions of land it was hoped that conservationist measures would be more readily adopted. This was felt to be particularly important lest the provision of increased watering facilities should lead to even greater degradation. 3.59 In order to analyze the Kaputiei environment, 24 transects were installed in 1967 by UNDP-FAO for the Pre-Investment survey. There are indications that their figures involve some estimation rather than actual measurements. Njoka (1978) succeeded in re-identifying most of the transects and measurements by ILCA staff began. In comparing the figures for 1980 with those for 1967, it must be remembered that, whereas the former are 3-4 years post-drought, the latter are 6 years post-drought.

3.60 Empuyankat is situated in northern Kaputiei, largely on open grasslands plains. The 1967 figure for vegetation cover is probably a high estimate, but indicative of the proportion of vegetation found. The transect lies towards the northern boundary of the ranch, where grazing pressure is less than elsewhere in the ranch. Thus, in 1980, whereas the transect showed 29% basal cover, the estimate for the rest of the ranch is 22.5%. However, it should be noted that the northern group ranches, including Empuyankat, are now seasonally overrun by vast herds of wildebeest to the extent that members are forced to send their animals elsewhere, both to avoid malignant catarrh and to find grazing.

3.61 Imaroro-Mashuru is located in the transitional part of central Kaputiei. The first records (1967) state that the area was heavily utilized. The ILCA data show an improvement in vegetation after 1977; in 1979 the estimate for total ranch cover was 31.2%. This improvement results from the severe depletion of herds in the 1975-76 drought.

3.62 Mbilini is part of the erosional plains of south central Kaputiei. In 1967, it was one of the poorest group ranch sites in terms of vegetation cover. Grass continued to suffer depletion through the drought of 1975-76 and then began a relatively rapid recovery due to low grazing pressure.

3.63 If one accepts that the UNDP-FAO figures for 1967 were over-estimated, the ILCA data indicate that (1) there is a diversity of situations on the group ranches, and (2) as the last drought has been followed by good rehabilitation, the evidence does not suggest increasing degradation of the range lands. However, the data suggest that the post drought rehabilitation was made possible only as a result of the continuation of the traditional cycle of boom and bust. Generally, the areas of heaviest grazing are around human settlements (not watering points). Unfortunately, comparable data do not exist for non-group ranch areas for comparison.

C.2 Cyclical Fluctuations in Animal Populations

3.64 Recent historical evidence shows that Maasai pastoralists have been subjected to a cyclical pattern of periods of boom and bust: that is, periods of building up animal and human populations in favorable conditions then suffering serious losses (from disease and/or drought and earlier, war), only to begin to build populations again. It is impossible to know the extent to which this occurred in earlier times, but Maasai traditions indicate that cycles of growth followed by disastrous decline were not uncommon. 3.65 In the last century, several interventions seem to have exacerbated these cycles. Under colonial rule (1904-1911) Maasai lost much of their land (including critical dry-season grazing areas). Later, due to competition with Europeans, they were forbidden to purchase the Boran bulls with which they had traditionally upgraded their stock. This presumably reduced both the quality and productivity of Maasai stock. Cessation of warfare and governmental interventions in the areas of human and animal health (later including famine relief) have led to larger and larger populations of both animals and people.

3.66 The result of these interventions on the traditional Maasai system has been recent severe fluctuations in animal, but not human populations. From circa 347,000 head in 1944, numbers grew to 757,000 in 1961, dropping to 300,000 in the disasters of 1961-62. Numbers again climbed to 700,000 in 1975, when drought again struck, bringing numbers back to about 300,000 in 1977.

3.67 The important point is that the group ranches in the Kaputiei area, as they were functioning in the mid-1970's (and continue to function), have not been able to prevent the occurrence of a calamitous loss of livestock. To all appearances, the cycle of boom and bust continues as before. (See section on equity for indications that not all Maasai have reason to want to eliminate such cycles, which have at least a limited levelling effect). The only difference noted between 1962 and 1976 was that in 1976 Maasai took advantage of KMC to sell off their dying livestock. Unfortunately, KMC was not able to handle the supply, which was at least a minor setback for the proponents of commercialized ranching.

3.68 Comparing cattle herd structures from the pre-investment survey with herd structures from a sample of two group ranches, we find no significant differences. In 1967, 67% of the herd were females, in 1980 72% were females. This implies a continuing management of cattle for maximum milk production.

3.69 There is some indication that there is increased reliance on small stock in all group ranches but particularly in the northern and central ranches. The data indicate only that small stock had a much better survivability rate in the last drought than did cattle. Even so, the data demonstrate the importance of small stock to the Maasai as protection against droughts.

3.70 Other management strategies are beginning to change, although again the degree cannot be determined with present data. There are indications of: decrease in movement of animals, use of acaricide (in either dips or hand sprays) and other veterinary preparations, use of salt licks, especially for small stock, increased frequency of watering (especially for those living near newly developed sources) and increasing use of improved breeds of cattle, especially sahiwal.

a. Improved Cattle

3.71 Only the members of Poka and some members of Olkarkar and Kiboko have ever received improved bulls through project funds. Others have acquired cross-breeds largely through private purchase and occasionally from running their animals with another herd with an improved bull (though owners of improved bulls do not freely allow this privilege). (See section on effects of the cash economy).

3.72 Keepers of improved animals stress the new risks involved. They say that daily watering and frequent dipping are required to maintain condition. One owner of a largely improved herd said that when the next drought occurs his primary constraint will be to find grazing near a dip. He and others worry about the ability of their improved animals to withstand even a mild drought.

b. Dipping

3.73 All men interviewed agree that dipping is important for cattle. However, those in southern areas (where East coast fever was apparently not endemic) see the usefulness in terms of improved condition, while those in the north stressed increased survivability. Those who dip or spray cattle also tend to treat their small stock. Unfortunately, there have been some small stock fatalities as the dips were constructed for cattle and levels of acaricide are not always properly maintained, resulting in levels high enough to be toxic for small stock.

c. Watering

3.74 Group Ranchers living near permanent water sources (both natural and developed) water their animals every day. Others tend to water every second day, especially in the dry season. People note, however, that they cannot depend on the boreholes and site their bomas with access to both developed and traditional water sources. Even so, a water facility breakdown (which can easily last months) may necessitate a three-day watering regime.

D. General Socio-Cultural Change

3.75 It is most difficult to distinguish group ranch impact in the area of changing socio-cultural parameters. This section will emphasize the description of such changes, and only occasionally be able to indicate lines of causation.

D.1 Decreased Boma (Compound) Size

3.76 Traditionally Maasai bomas were quite large, following a Maasai belief that it is not good for a family to live alone. Large bomas facilitated cooperation in grazing and in defense (against other peoples and animals). While bomas were large, their composition depended on whim; a variety of social ties (kinship and friendship) could be invoked in joining a boma (which gave each family access to many bomas). Since the formation of the group ranches, it is clear that the size of bomas in Kaputiei has declined dramatically. Whereas the mean boma size in the 1950's was 6.2 families, the mean size in the 1970's was 2.7. According to the 1977 Human Census, over half of the 397 bomas in Kaputiei had only one or two resident households; however, this accounted for only 26% of the families. Fifty-six percent of the families lived in bomas of four families or less.

3.77 A number of reasons for the change have emerged. Undoutedly, all play a role, but it is not possible at this time to weigh their importance either generally or for different kinds of producers (e.g., large vs. small).

3.78 Early factors affecting boma size included Pax Brittanica and the cessation of warfare, which fostered the breakdown of large residential groups in many areas in Africa. The Maasai are no exception. Decreased problems with predators with the spread of human habitation have removed another constraint on separation of residence.

3.79 More recent factors which have led to a rapid decline in boma size (and the emergence of single family bomas) include the desire to stake a claim to a piece of land in the event of subdivision, and increased household autonomy (particularly related to the intrusion of a cash economy). Although these factors are inter-related, it is useful to consider tham separately for clarity.

(a) Land Claim. Most of the men interviewed linked smaller bomas and sedentarization (see next section) with the subdivision issue. As noted elsewhere, the possibility of subdivision is foremost in the minds of group ranchers. In anticipation of that, individual herders are beginning to settle permanently in one location, either alone or perhaps with the household of a brother or son. There are indications that the location chosen is in an area to which the family has a traditional claim (for example, one young man explained he was preparing to establish an independent boma near his deceased father's old well sites). On one group ranch elders are already arbitrating settlement disputes.

Traditionally, a man could designate an area adjacent to his boma as a special calf grazing area on which trespass was forbidden. On a number of recent occasions, herders have used this tradition and tried to claim very large calf grazing areas with the intent of establishing firm rights to the land. This issue has been discussed on several group ranches, and herders have been directed to give up claims to such large areas.

(b) Individualization and the Cash Economy. In many areas of Africa, the introduction of a cash economy has led to a breakdown in existing communal organization and the emergence of the household as an independent unit of production. (This is not to say that these independent units do not join together as the need arises). Concommitant with this structural change has been a general decline in cooperation in production activities. Although these remarks are facile, they nevertheless indicate a general pattern of response to the market economy (which it is not within the scope of this study to discuss in detail). 3.80 Among the Maasai, once a man became independent of his father, his household was an autonomous decision-making unit. However, Maasai were bound by strong loyalties to various cross-cutting groups (e.g., age-set, clan). These loyalties were often manifest through cooperation in production and various kinds of stock lending and exchange. By all indications, these ties continue to form the fabric of social life for most Maasai. Nevertheless, there are suggestions that patterns of cooperation are beginning to change, that decreased boma size results partially from a desire for decreased cooperation in animal production. It is interesting to note that the apparent decline in cooperative labor has occurred just as the number of children in schools has increased, leading to labor bottlenecks and the use of women and occasionally hired labor for cattle herding.

In asking Maasai men why bomas are getting smaller, the second most 3.81 common kind of response was 'to rear our animals by ourselves.' In pursuing this line, a number of examples were given of men not wanting to freely share purchased (and thus individually owned) inputs with other people. Two things frequently mentioned were Sahiwal bulls and Salt licks. One herder said, 'If I go and buy a Sahiwal, I don't want it running with and serving other people's cows. I might let a brother or a friend use it, but others should come and buy a small bull calf from me. A similar line of argument holds for salt licks. If an individual buys a salt lick, he will want to conserve it for his own use. This is easier to do in a small or single-family boma. A woman suggested that some bomas have disintegrated as a result of disagreements over the division of proceeds from the sale of manure from inside the boma fence.

3.82 Unfortunately at this time it is not possible to say if patterns of stock lending and exchange are changing and, if so, how. Most Maasai women interviewed said they were just following their husbands into smaller bomas. They felt the small bomas resulted from 'development' in some inexplicable way. Most women who lived in small bomas were unhappy with them. They said they suffered from a lack of companionship, and the help of other women (e.g., in hut building, child care). They were particularly distressed about women being without help after childbirth. Cooperation now occurs between women of different bomas to fill this gap, but the sense of isolation remains.

D.2 Sedentarization

3.83 By creating group ranches, the Government intended to eliminate nomadism as a production strategy. By confining people to a fixed location, the provision of health, education and social services would be facilitated. Sedentarization can be viewed on two levels: within the ranch boundaries and at a specific location on the ranch. Obviously, the second implies the first, but not vice-versa. As noted earlier, group members are tending to stay within group ranch boundaries in all but drought conditions. In addition, however, families are tending to stay in the same location on the group ranch, rather than moving around on the ranch itself. This relates largely to the attempt to establish a land claim (as discussed above). In the last drought, while men and cattle moved off the ranches, women, children and old men stayed in the permanent bomas. According to Maasai tradition, a man-made improvement gives the builder a special claim to the surrounding area (e.g., wells). The Maasai view the building of permanent structures largely as a way to claim land.

3.84 The table below shows the time of construction of permanent structures on Kaputiei group ranches. Sixty-five of 395 bomas had permanent structures (primarily houses). Of these 82% had been constructed since 1971. Unfortunately, the table does not present data by ranch. It is clear, however, that most (and perhaps all) construction of permanent structures has occurred since the ranches were formed.

Periods	of	Ereci	tion	of	Per	maner	ıt	Structures	in
Ka	aput	tiei/a	a (He	ouse	es,	Wire	Fe	ences)	

Dates	When Were	Structures Built	Absolute Frequency	Percentage Frequency
Before	e 1968	3	4	7.5%
1968	to 197	70	7	10.6%
1971 1	to 197	75	30	45.5%
1976 1	to 197	78	24	36.4%

<u>/a</u> From Njoko (1978), based on interviews with members of 65 bomas (compounds) having permanent structures.

3.85 Some earlier reports have noted that Maasai were beginning to build permanent non-traditional houses, interpreting this as an indication of the beginning of radical changes in Maasai living. In this light, it is interesting to note that most bomas with 'modern' housing have only one such house; the bulk of the population continue to live in traditional huts. The house, more than anything, serves as a symbol of their intent to claim the surrounding land.

3.86 Maasai do see advantages to a sedentary life. They list the availability of schooling as an important factor in settling. During the drought, many men left at least one wife behind with the children so schooling would not be interrupted (see section on education). A few noted that more material possessions (e.g., chairs) could now be owned.

3.87 Sedentary life does have problems, however. These include deteriorating conditions for good animal and human hygiene. Traditionally, both the kraal and the huts were enclosed within a fence. Now some people are building their huts outside the fence. Some bomas have moved short distances to escape unhygenic conditions while remaining in the same location. Every woman

interviewed (except one) stated that children have more problems with health now than before the group ranch was formed; most said they did not know why, but malaria was commonly mentioned. While it is possible that exposure to Western medicine may have changed people's expectations, the impact of group ranches on the health of the people requires fuller investigation. (See section on diet changes).

3.88 Another problem associated with the new settlement patterns is the tendency for severe overgrazing near the homestead (due largely to small stock, which don't travel as far as cattle in search of grazing). This localized overgrazing also encourages the founding of smaller bomas.

D.3 Diet Changes and Cultivation

3.89 Although Maasai continue to manage cattle in order to maximize milk production, the traditional Maasai reliance on milk for subsistence has begun to change dramatically. This is largely attributable to increases in the human population, which has outstripped the current capacity for milk production. This situation is exacerbated by the unequal distribution of cattle throughout the population: the majority do not own sufficient cattle to keep them in milk even in the wet season.

3.90 Periodic droughts were originally important for the introduction of agricultural foodstuffs in Kaputiei. Most older Maasai say they only tasted agricultural foods in a drought. Now, however, especially in the northern areas, some people rely primarily on agricultural foodstuffs throughout the year, while others rely on them primarily in the dry season. The most important foods are sugar, tea, maize, beans rice and potatoes. Whereas sugar and tea have had an important role for over a generation, the others are relatively new additions to the diet.

3.91 Most of the agricultural foodstuffs consumed are purchased (largely from proceeds from the sale of stock). However, increasingly Maasai are attempting cultivation (despite strong cultural proscriptions). Njoka found that over half of his Kaputiei sample had tried cultivation) by 1977. More families had started cultivation between 1976-77 than the combined total of all previous years. Unfortunately, much of Kaputiei is not well suited to unirrigated cultivation. Families can expect a reasonable harvest about one year in three. A few Maasai have managed to purchase land in better watered locations, but preliminary data suggest this is rented out rather than farmed.

3.92 Maize and beans are the crops most commonly grown. Both men and women participate in cultivation, and a Kamba agriculturalist is often hired for the initial ground-breaking. The fields are generally quite small and located adjacent to the boma. It must be noted that preparing a field gives a person special long-term rights in the land. Thus, while farming may be marginal in terms of food production, it can have an important impact on later land tenure.

D.4 Education

3.93 The years since Kenyan independence have been marked by significant advances in education throughout the country. Maasailand is no exception. The number of primary schools in Kaputiei has grown from 2 in 1963 to 22 in 1980. The northern Kaputiei area has been exposed to outside (and especially urban) influences to a greater extent than the southern area. Unfortunately, figures for the percentage of school-aged children actually in school are not available either for the ranches or for Kaputiei as a whole. However, it appears that in the northern region, a greater proportion of the children receive a higher level of education than in the south. In turn, more young men are employed outside of the area, especially in non-service jobs.

3.94 The Maasai interviewed in the group ranches are acutely aware of the fact that they live in a changing world, that the lives of their children will be very different from their own. They stress the importance of education for the child's general ability to cope with the wider environment. As they deal more and more with non-Maasai, they realize both a sound knowledge of swahili and literacy will be critical tools.

3.95 The reason most commonly given for sending children to school, however, is the hope that they will find employment. A number of young men have found employment outside Maasailand. While the absolute numbers are not great, their success spurs others on. Unfortunately, the prospects for employment for Maasai school leavers seem limited. Parents view a son's education as a good investment; for example, they site cases of employed children sending parents money to buy cattle after the last drought.

3.96 Girls are going to school with greater frequency than before, although they tend not to reach as high a level as boys. Mothers say they hope to improve their daughters' prospects for a good marriage. In addition, they note that it is possible for a girl to get a job and help support her parents.

3.97 Although Maasai on the whole seem committed to the education of their children, there are still substantial problems. The average dropout rate is about 25% per annum. Further research is needed to understand these figures. As the group ranch planners have noted all along, a significant portion of the Maasai population will have to have non-traditional sources of subsistence if any degree of commercialization is to be achieved. As education will play a critical role in the future; it is important to understand the factors which encourage and inhibit the education of Maasai children.

IV. GRAZING BLOCKS

A. Introduction

4.01 As part of the Kenya Livestock Development Project (Credit 129-KE), some 3,000 sq. miles of rangeland in North-East Province were developed by the installation of 116 pans and 43 boreholes, the cutting of 1,250 miles of track (for water access) and the preparation of management plans - and their initial implementation - for four development units categorized as <u>Grazing</u> <u>Blocks.1</u>/ A further 2,000 sq. miles, calling for 32 pans and 450 miles of track, was in course of development as the Project ended and became transitional to a Project second phase (Credit 477-KE).

A.1 Origins/Design

4.02 Grazing Blocks have their direct but distant origin in Kenya's 1965-1966 proposals for "sub-project 3": mobilization and marketing of livestock, for which an IDA credit of £770,000 sterling was requested, the greater part (±369,000) being allocated for "stock routes, quarantine hold-The argument for this investment ing grounds and marketing facilities". "development... under sub-projects 1 and 2" (respectively, ranch was that: development in traditional pastoral areas and improvement of existing commercial ranches and development of unoccupied coastal rangelands) "requires the provision of up to 8,000 breeding stock and 27,000 fattening stock in the years of peak demand" with a 5-year project total of about 170,000 cattle, including 1,800 bulls; that "North-East Kenya is the main area from which will come the supply of immatures and the breeding stock needed for the rangelands of higher potential", and that "the requirement, therefore, is for water facilities to extend present grazing areas in the North-East so that larger numbers of stock can be obtained."

4.03 The data base for this argument is merely the observation that providing 74 (or 130: it is not clear) extra water sources in the North East between 1950 and 1958 can be matched with a ten-fold increase in cattle exports (3,000 to 30,000 annually) and a doubling of small stock exports (76,000 to 180,000 annually) in roughly the same period (1948-1960). The assumption is of simple cause-effect. It is expected that the improvement in water supplies will improve subsistence production and provide an extra 29,000 head of slaughter and store cattle. Sheep and goat exports will probably rise

1/ Application for financial assistance for the development of the range areas of Kenya (October p.66, revision).

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by another 50,000 head. $\frac{1}{}$ No data on North-East stock populations or range comparable to the data given for areas of intended ranch development are provided, however.

4.04 Supplementary reasons, by late 1966, were that hostile Somalia-Kenya relations consequent upon irridentist Somali activities in Kenya's North-East Province had led to a loss of 2,000 slaughter stock monthly for Mombasa markets; these had to be replaced. The same conditions had produced defensive concentration of Somali settlement, which would create irreversible damage to the range unless it were quickly relieved by dispersed additional water supply and increased livestock offtake.

4.05 Over 60% of the cost of water installation was to be recovered through Conty Councils by a 9% increase in the Ksh. 56.00 per head due annually from 76,000 taxpayers among the North-East rangeland population: Government would subsidise the balance. As a result of these essentially modest investments (calculated as US\$1.1 million or US or Ksh. 1.00 or less per acre of range) the benefit to the pastoral producer was projected as a 27% average increase in total productivity (cash and subsistence) including an average 94% increase in his net income.

4.06 These simple technocentric proposals for NE water development underwent major transformation between Kenya's 1965-6 loan application and its implementation as an IDA-approved project. The impulse behind the changes was admirable, as will be seen; but their effect was to create an initial schizophrenic situation from which NE development has suffered ever since. Although central to an elaborate program of ranch development elsewhere, NE development remained in the category of range development, a fundamentally technical exercise; and while this mode of technical exploitation called for new forms of organisation to handle it, the problem of organization was never placed squarely in view, as it was with the group ranches elsewhere in the project.

4.07 IDA approved the project component for NE water development, as indeed was logically necessary given the central role allocated to the NE rangelands as the source of breeding and fattening stock for the remainder of the project. It was recognized, however, that uncontrolled additional water resources could lead to long-term range deterioration as well as to short term production gains. Previous engineering experience in the NE had also indicated a marked difference among local groups in their treatment of new water installations. Briefly, it was clainmed that groups of Boran origin had elaborated community responsibility and strict procedures for the careful use of water points (presumed to derive from their experience with deep wells in Ethiopia). By contrast, Somali populations showed extreme opportunism, carelessness and disregard for the interests of others and even for the

1/ Application (October) p. 12.

long-term condition of the water source itself. IDA support therefore took the form of an in-principle agreement to develop a network of water installations over 20,000 sq. miles on a 20-mile interval; but required prior detailed survey of the areas to be affected. Beginning in 1969, surveys were conducted of livestock (Watson 1969), of human groups (Chambers 1969) and of range and water potential, this last being focussed on a single pilot project area (Mundorff et a. 1970).

4.08 From the surveys emerged the final design of Grazing Blocks as areas (1) big enough to allow set procedures for rotational grazing even in semiarid conditions; (2) with enough hydrologic potential to allow greatly increased use of existing forage; (3) corresponding closely to the established home ranges of identifiable social groups; (4) whose members could be solicited for agreement about "rational" range exploitation; (5) whose agreement could be ensured by their own leaders acting as a grazing committee; (6) with resident technical advice from a government appointed block manager; (7) who would implement production strategies designed by ranching experts. Although strict observance of boundaries was not made a major issue, and legal redefinition of territorial rights (as in group ranches) was carefully avoided, it is clear from comments at the time that increasing sedentarization of small groups within their mutually respected boundaries was one hoped-for consequence of the Grazing Blocks.

B. Project Impact

B.1 Livestock Offtake

4.09 In terms of its objective to increase livestock offtake from the northern rangelands, the project was clearly a success. In the first year of the project, sales increased from 37,000 to 49,000; thereafter the climb continued and by the final year of the project, sales had more than doubled (see table below). In the follow-up phase of the project, it is true, difficulties in the supply of immature cattle from the NE have appeared, and recent conclusions are that commercial offtake will not exceed 10% in an average year, whatever development plans are implemented, so long as present livestock management persists. However, within the context of original project objectives, the installation of NE water achieved a great increase in offtake, and secured the double benefit for the project of channelling most of it through the Livestock Marketing Division, another project component.

		and and a mangeration	
(Figures	in '000s. Parentheses	give % channelled	through LMD)
	(After White &	¥ Meadows)	
1962-63	31 (68)	1971-72	45.1(65)
1963-64	21.3(68)	1972-73	53.4(78)
1964-65	23.5(70)	1973-74	22.8(59)
1965-66	32.3(74)	1974-75	60.5(74)
1966-67	27.8(74)	1975-76	1.3(0.6)
1967-68	26.8(72)	1976-77	22.4(33)
1968-69	35.8(73)	1977-78	2.7(0.6)
1969-70	25.3(48)	1978-79	35.7(48)
1970-71	52.1(67)	1979-80	31.3 to LMD

The extreme fluctuations reflect pastoral response to drought: initially disposing heavily of stock, then later building herds up again.

B.2 Grazing Committee and the Grazing Blocks

4.10 Two features distinguish the N.E. Grazing Blocks from a simple technoorganizational provision of water installation and marketing services (as first proposed by Kenya); and these are block boundaries and block grazing committees. The boundaries are an attempt to identify a homogeneous, responsive group of producers with enough sense of their common welfare to take collective action in pursuit of it. This is to say it was not intended that the boundaries totally repel outsiders, so much as organize insiders. The initial rough sketches of Somali sectional distribution in the Chambers 1969 report were immediately over-concretized to the contrary. $\frac{1}{2}$ His pleas for detailed follow-up study of social composition and grazing patterns of Somali groups were ignored. Since Somali acknowledge the impossibility of turning thirsty animals away from water after long journeys, but adjust their resentment to the social distance between the intruders and themselves: non exclusive block boundaries recognize the reality of the existing situation but do not express the problematic aspects of it. Utilization of a block means in fact utilization of several additional blocks and the comparable intrusion of several other groups of graziers. Rotational grazing plans make no accommodation of these facts and become for the most part elaborate fictions.

Compare this with: "Planning of the Block involves determining the Block boundaries following the Chambers sociological study recommendations ..." (Handing over report, Ranch Management Branch, N.E. Province, August 1979, p.5).

Livestock Sales from North-East Rangelands

^{1/} Chambers, 1969. "I cannot emphasize too strongly that, in all Districts, Sections and Sub-sections are intricately intermingled and cannot be separated out in any tidy patterns... It would be dangerously misleading to suppose that there are inclusive sub-section territories... the people themselves are frequently on the move, and for instance, the whole southwest of Wajir District is seasonally virtually uninhabited. The map is best treated as a tentative sketch..."

B.3 Committees

4.11 Grazing blocks are definable by grazing committees as much as by block boundaries. The tasks of the committees are to decide (with range department technical assistance) and to enforce (with local government authority assistance) a rotational grazing strategy designed to alleviate stress on rangeland; to set a procedure for livestock watering which will impose minimal damage on water installations; to collect a watering fee for the maintenance costs of water installations; to register pastoralists as regular graziers with the block; and to record livestock numbers using the block, enforcing appropriate stocking levels within each demarcated pasture.

4.12 As so described, grazing committees do not work; and several years after the project, still show no immediate prospect of working. The limited effectiveness of the committees is attributable (in order of increasing importance) to the following factors:

(a) the infrequency of their meetings

(b) their uncertain ability to compel: Local powers to compel derive from the Chief's Act, which does not cover the activities of the committees, although local chiefs are regularly members of the committees. Since the members are Somali, they have a precise appreciation of the impossibility of imposing on fellow Somali procedures to act in ways detrimental to their interest (and sometimes to their survival). Opinion on the desirability of compelling response is divided in the committees also, because some members are aware that many pastoral producers neither know nor care about their supposedly representational decisions.

(c) their composition: Most (and possibly all) of the committees' members are drawn from settled communities in N.E. Province, including wealthy herdowners-turned-traders and local government chiefs. Producers who are poorer or who, though prosperous, are more committed to highly mobile modes of life, are not represented on the committees. This is an unfortunate, and unnecessary defect because it was identified as a matter of concern in the Chambers 1969 Report (p. 22, recommendation 3).

4.13 The result of these limitations is that Grazing Committees are largely paper creations. The 1979 report of the Madogashi West Block Manager notes: "Though the grazing committee is present, they are ineffective. The members are not committed to the purpose intended for, hence give the Range staff little help if any." (Range Management Branch, North-Eastern Province. Handing Over Report, August 1979, p. 15) The Manager for Buna Grazing Block similarly comments: "A grazing committee was formed following block develop-Members are not very influential, as some graziers in the block are ment. unaware of its existence." In several Bank assessments since the project was concluded, a much rosier picture of the committees has been given, e.g., Supervision Report Second Livestock Development Project (Credit 477-KE) of May 19, 1978. This should be compared with the Provincial Handing Over Report of only one year later. Apart from positive thinking or an urge to be encouraging, this is presumably to be attributed to the inability of the missions to travel in the N.E. for reasons of insecurity.

4.14 It would be imprecise and unfair to categorize grazing committees as a total failure, however. Firstly, in several blocks created subsequent to the project under review, their managers were claiming committee effectiveness at the same time (August 1979) the others were being criticized. Ajao Block noted "the majority of members of this committee are fully committed to the cause of Block development" and attributed difficulties rather to local administration officials who would neither attend their meetings nor support their resolutions. In Ellein-Dadaab East Block: "It was surprising how some pastoralists responded to water fee collection even before any range watering facilities were completed. This success can be attributed to the effectiveness of the Range Block Committee. This Committee has also done a lot in explaining the Range Management aspects to the other pastoralists." They had in fact registered 400 graziers (thought to be 70%) and raised \$6,000. Tarbaj Block noted over two years of co-operation from its committee, and an unusual degree of organizational initiative also: "There are sub-committees for the various areas to ease management. They are all answerable to the central committee. The membership in the central committee are the most influential people in the various sub-committees. The central committee co-ordinates the activities of the various sub-committees. This was found to be more effective than having only one main Grazing Block committee - as applicable to our situation. There are five sub-committees in the Grazing Block, i.e. Sangow, Elben, Mans, Tosi borehole and Tarbaj." A comment elsewhere, however, makes it clear that one suitably placed, highly influential man (Chief Ali Olen Abah) had a dominant role in all this, and that his death was already producing negative results. The instances are worth relating, even though subsequent to the project time frame, because they re-emphasize the variability to be expected from a single model of organization applied widely in a pastoral context. Pastoral leadership has so far been charismatic and contextual, drawn by the needs of the occasion for the right conjunction of man and situation: they may well not transcend that situation, or even emerge within it if the mix is wrong. Exigency leadership of this sort is difficult to convert into routine formal office. The assembly of several individuals of notable pastoral performance and impressive presence, the switching of the limelight from one to another of them according to the demands of the situation, and the representation of most groups with definable interests when those individuals are selected, are perhaps the only useful guidelines.

4.15 Secondly, one cannot fairly write off the grazing committees as a total failure because their leadership role for the pastoral producers is only one of their activities. The committees are an interface between pastoral population and government hierarchy. Their characteristics, although the majority of producer-traders, entrepreneurs, politicians and local chiefs inhibits their capacity (or willingness) to represent everyone, also are seen in their persistent lobbying (through local officials) for effective water installations, frequent and appropriately timed markets, and disease control, which benefits are eventually shared by others. Their rate of success in this respect of their work is also frustratingly low, but it is more effective than their supposed role in counting and registering human and livestock populations, and controlling the movements and watering habits of both.

B.4 Grazing Rotation

4.16 Together with the advantage of water installations, the utilization of N.E. rangelands was to be made more efficient and less damaging by the adoption of paddock-based rotational grazing plans; and detailed proposals were set out by the USAID teams (see Mundorff et al, 1970). This was anticipated at appraisal to be a difficult task. Repeated attempts had been made in the late colonial period to impose grazing control. All but one had failed, and even in that case (Samburu) it was the first feature people abandoned when given the choice to do so at independence. The difficulty of establishing grazing controls was also the reason for the appraisal mission dropping one form of ranch development which had been included in Kenya's original proposals: Community Grazing Schemes in W. and N.W. Kenya.

4.17 An objective rating can be made of the efficiency of rotational grazing by asking in how many of the ten years since the project's effective inception (when the new pans at Madogashi filled with the rains of 1970) has a year-round rotation been achieved. By that standard, Madogashi grazing efficiency is less than 10% because not a single annual rotation has yet been achieved. On the assumption (perhaps contestable) that any rotation is better than none, it is possible to score even shorter periods by noting seasons rather than years in which this is achieved. But even seasonal rotations are so rarely achieved that they are cause for explicit congratulations in quarterly reports from the Provincial Range Officer; and an efficiency rating between zero and 3% is appropriate for most Grazing Blocks so far established in either phase of the Kenya Livestock Project.

4.18 An example may indicate that this is only partly pastoral obduracy (traditionally cited as the cause of non-cooperation). With the provision of pans and boreholes, Madogashi in 1970 was the best site for water in the entire N.E. Province. "People came from Garissa, Isiolo, Mandera and Wajir and even Somalia, until the place was overgrazed beyond all reason: we were left with only sand" said a Grazing Commmittee member. Far more than double the usual livestock numbers had intruded in 1971-72 also. People therefore moved to other blocks in turn (to Mado Gashi E. in 1972, to Buna-Giriftu in 1973-74, to Kalalut in 1974): every time a new block was opened there was an inrush of livestock. In 1977, there was a drought, and it was not possible to keep people out. By the end of 1978, no forage remained on the block (they say), so they scattered to Isiolo, to Tana River, to Dodaab; in late March 1981 the greater part of the livestock and human population had still not returned to the block. 4.19 The problem may be illustrated from another perspective. The intent of rotation is both to allow efficient exploitation and to rest pasture; and projecting from Watson's 1969 livestock survey, USAID plans for the Madogashi-W/Madogashi-E/Kalalut area assumed different stocking rates for wet season (five months) and dry season (seven months) as follows:

	Cattle	Camels	Sheep & Goats	Total
Wet	45,000	4,560	18,600	58,160
Dry	9,000	4,560	18,600	32,160

4.20 A count of livestock is available for the late dry season of 1977 (Sept./Oct.) which shows the presence of more than double the expected number of cattle, (although only half of the camels) and 50% more small stock than had been allowed for. The figures are as follows:

Cattle	Camels	Sheep & Goats	Donkeys	Total
22,304	2,883	28,490	246	53,923

4.21 The concept of rotational grazing becomes difficult to sustain under such conditions: indeed as has been noted, in the seasons immediately following, those pastoralists primarily affiliated with this grazing area will most likely be forced out to become part of someone else's problem somewhere else.

B.5 Water Installations and the Grazing Blocks

4.22 One way of assessing the effectiveness of water installation in N.E. Kenya is to scan the situation in mid-1979 (from the Provincial Range Handing Over Report) for the original pilot blocks, five years after the project was completed.

4.23 Of 17 pans in Madogashi East, five had been completed swept away by flooding rivers; another five (including three of the largest) were badly silted and needed bank stabilizing and scooping; the reminder were all gullied and/or eroded. Only seven of the 17 received an overall rating of "fair", and though 181 millions liters was the designed storage capacity, only 41 million liters of water was impounded. Of five boreholes, only one was operating, and that at a very reduced rate because of age; another had been abandoned in 1975 because of salty water; the remaining three had mechanical breakdowns, dating to early 1979, mid-1977, and early 1977, which were still without repair. An overall rating of the block would put water operations at 25% efficiency therefore; with serious concern about any maintenance program content to leave pumps out of operation for two and a half years; and about the need to incur the capital cost of pans all over again.

4.24 Madogashi West appeared to be an even worse case, at about 14% efficiency. With a design capacity of 204 millions liters, impounded water was estimated at 29 millions liters. Of 26 pans, seven had been swept away by

river flood and three formed part of the new river course iself. Four were highly silted, the remainder had multiple erosion problems. all needed scooping and fencing. Two of the largest pans (18 and 14 millions liters capacities) contained no water at all.

4.25 In Kalabut water efficiency was at 10% for the pans and 50% for boreholes. 24 of 29 pans were dry; 4 of them had had no water for the preceding two years; and silting had reduced the holding capacity of all pans to 5% - 50%. Constructed to provide 240 million liters, available water in mid-1979 was only 24 millions liters. Two of the four boreholes operated, but in those circumstances of highly localized water, extensive trampling resulted in the vicinity of the boreholes.

4.26 The Grazing Block manager for Madogashi West summarized the problem: "Despite the efforts by the Range staff to make the pastoralists understand the need for proper utilization of the available water structures, little has been achieved. They refuse to fence the water pans and remove (destroy) the already fenced ones. They do not .. use .. troughs for watering the camels. When the pans are dry, they dig holes in the flood of the dam. They prefer watering from all sides instead of from the ramp." Somalis themselves acknowledge the problem, as with the Madogashi West Grazing Committee (interviewed in March 1981) who said: "The large pans must have been expensive, but they are not much help, because people with camels abuse the pans by taking animals into the water, where they urinate and defecate - as people also do - and in a few days the water becomes undrinkable." They find it easier to put the blame on outsiders.

4.27 "After development herders come from everywhere, with different standards. It is not us, the Aulihan, who spoil the water; it is outsiders who spoil the water." Not always realistically, as another Committee member observed:

"I went to Girifton (the pastoral training center established under the project), and there the people really take care of their pans. I tried to tell people about that here, but nobody took any notice. These pans help; we used to lose people in collapsing wells - but the problem is that there are too many people (from the outside) to control."

4.28 However blame is allocated, the root fact remains, that five years after the end of the project, and despite a continuing benign influence in the shape of a Project second phase, the same problems of water control are still identified as were voiced at appraisal, twelve years earlier, with no prospect of improvement in sight, and no general agreement even on what a strategy for their resolution might be.

B.6 Cattle Population Structure

4.29 When a subsistence range livestock production system becomes the site of a development project, changes are usually expected (because aimed for) in the age-sex structure of the animal population, as indices of changes

in health, nutrition and management practices. The population structure for cattle in Garissa in 1969 (Watson 1969: 72-73) was as follows, figures in % (N:6516).

Ma	les ov	er l	Females	over 1		Calves		Adult/Calf	Ratio
Bulls		Castrates			Fema	le	Male		
2.6	(5.6)	3.0	65.9	9	16	(28.6)	12.6	71/29	

As a development goal, the project aimed at a considerable transformation of this population structure, as follows:

Working	Bulls	Other Males	Cows	He	ifers	(Calve	S	(Audit/Calf	Ratio)
		over 1				f		m		
2	(27) 25	29	(53)	24	10	(20)	10	80/2	0

This structure was to be reached within a herd (management unit) of 306 head, and presumably was the outcome of the stated animal production objectives, which were for average cattle to mature at 4 years; for more heifers to calve at 3 years; for steers to be sold at a lower age, consequent upon greater weight gains, leading to greater weight-for-age; but older steers also to be held because of improved forage and water supplies; and immatures (1-3 years) sold because of project demand; a reduction in calf mortality from 35% to less than 10%; a reduction in general mortality; and a better grade of all cattle sold (presumably through reduced stress and improved nutrition).

4.30 In the final year of the project, cattle population there was as follows (stated as % and derived from 4,000 head watering at Injirr Pan, Madogashi West, Oct. 10-11, 1974).

Bulls	3	Other Males	Cows	H	eifers	Cal	ves	(Audit/Calf	Ratio)
	-	over 1				f	m		
2	(6)	4	49	(65)	16	2	9	71/29	e

These figures correspond almost exactly with the population structure given by Watson above for pre-project Garissa, which suggests no effect of the project at all. Some further check of on project/off project conditions is desirable; and this can be achieved by shifting to 5 years after the project, when a large scale dry-season count was taken. There is generally a problem with under-counting calves in dry-season censuses, because they may be left behind when water is distant; but all cases will share the same defect, and Madogashi E&W blocks are contained within the set again, which allows reasonable comparison. The table below gives the population structure for 108,000 head of cattle; including the project area (given first); the area transitional between the project and phase II (i.e. Buna Block); 5 other blocks from Phase II proper; and finally 2 areas as yet undeveloped (proposed for a project Phase III which has not yet transpired). However, to facilitate comparison, the three situations are summarised here. The project is compared with an average of Phase II blocks, which omits extreme over and under representing of calves; and with the one undeveloped case that seems to have calf representation. This simplification, referring to groups censused at about the same time, is as follows:

Bulls	Othe	er Males	Cows	He	eifers	(Calve	S	Calf Ratio	Adult/Calf
	<u> </u>	over 1				f		m	m:f	Ratio
1	(12)	11	46	(65)	19	14	(23)	9	1:1.55	77/23
				(Proj	ect aft	er 5	year	s)		
2	(10)	8	48	(66)	18	13	(24)	11	1:1.18	76/24
				(Phas	e II av	of of	4 blo	cks)		
3	(13)	10	47	(67)	20	12	(20)	8	1:1.5	80/20
				(Unde	veloped	l:Rha	mu)			

Calf ratios are given to allow comparison with Watson's pre-project findings of 1:1.3 in Garissa (corresponding to project area); of 1:1.6 in Wajir (corresponding to Phase II area); and 1:1.1 in Manera (corresponding to undeveloped area).

Whatever the defects in these data, and they may be considerable, 4.31 they are unfortunately the best we have; and, if they are to be believed, they suggest that there is little difference in the structures of a cattle population which has been exposed to a development project for over a decade, of one exposed to a follow-up project for half that time, and of one subject to no project intervention at all. All of them seem far (and equally) distant from the target population structure proposed by the project. The difference is that the design found in varying degrees in NE Kenya still has a greater preponderance of milk-yielding females, whose food contribution is still significant in a subsistence-based economy; while the external ranch adviser's design includes adult females principally to breed males to market as beef. The one dramatic shift since Watson's 1969 survey is that, in the twelve intervening years, if these dry season figures are taken to be more reliable for adults than for calves, the adult male to female sex ratio has risen sharply from 1:11.7 to 1:5.4 in Garissa; from 1:14.4 to 1:6.6 in Wajir; and from 1:15.6 to 1:5.2 in Mandera. All these are closer to the 1:2 ratio posited by the project design; but it seems to be a general regional effect rather than a project-specific one.

4.32 Having wrestled with such data as are available, it is difficult to avoid the disheartening alternative possibilities that either a marketoriented livestock program is having no significant effect in changing the management strategy of livestock producers (insofar as that is reflected in population structure of their cattle); or any effects, good or bad, intended or not, are virtually impossible to demonstrate for lack of adequate data, even five years after the project has terminated and even though a follow-up project persists.

C. Conclusions: achievements, obstacles and lessons

4.33 The project did greatly increase water resources in NE Kenya. An obstacle to their maximum effect is created, as was forseen to some extent at appraisal, by the destructive use of the water installations by pastoral producers. An unforseen obstacle to their maximum effect is the extreme difficulty Government has in maintaining them in operation. Extreme shortage of staff and their localization at a single point for the entire Province; shortage of spares; reluctance of suppliers to provide spares because of dilatory official payment procedures; dirty fuel, because fuel is left as the responsibility of graziers who know little of such matters and get it from unscrupulous casual suppliers; all are relevant factors. Among the lessons obvious at this remove in time are that dense, localized water resource installation is counter-productive, because it attracts distant populations which then graze out the developed area. More widespread development is a necessary but only partial response, because it does not address the issue of water control. It is clear that officially provided water ranks in producers minds with naturally accessible water as a free good; and that creating procedures for its systematic control pose an organizational problem of great difficulty, which the producers themselves have no spontaneous means to solve. Raising fees for water use meets the same difficulties. The design of control organizations requires much more attention, otherwise the technology of water provision is only theoretically, not functionally, available to range pastoralists.

4.34 The project did greatly increase the livestock marketing possibilities available to NE pastoralists, with a consequent dramatic rise in offtake. There seem to be obstacles to maintaining this achievement, however. Producers, and in particular those producers who also engage in trading at the various small settlements in NE Province, complain that marketing (by which they mean LMD marketing) is infrequent and unpredictable; and they have pressed, so far without success, for a regular twice-yearly market schedule. These obstacles derive from the changing fortunes of LMD and are dealt with elsewhere; but marketing obstacles are also created by the fluctuating supply which accompanies the producers' attempt to dispose of large numbers of animals at the onset of drought, and their refusal to sell in order to build up their herds again after a drought. Unresponsive meat prices, despite years of effort by IDA, have also been an obstacle in the past and will probably be so again. Prices are themselves symptomatic of a more general obstacle to regional development by way of livestock projects, because the pastoral producer is only one (sometimes seen to be a minor) beneficiary of such projects. The hidden, and politically more influential, beneficiary is the low income urban dweller, for whom meat prices are being kept down with a consequent depressing effect on both the incentive and the welfare of the dry-land pastoralist. Two lessons emerge. One is the desirability of building into marketing the necessary flexibility to handle drought and postdrought supply phases. The other is that, although project integration has a satisying tidy look, it also means interdependence of components, including transmission of negative effects. Difficulties faced by NE producers because of drought are echoed eventually by the inability of ranchers elsewhere to get immature stock on which their financial solvency depends.

The project did not succeed in systematically altering the pattern 4.35 of range use by pastoral producers. Its attempts to introduce rotational grazing based on blocks and their constituent pastures do not seem to have functioned effectively anywhere for any significant period of time, despite concerned efforts by Range Management Department personnel, and in places by block committees, to explain the project design. On present evidence, there is no likelihood of the project pattern of range use being adopted in the foreseeable future either. The obstacles are several. First, the pastoral producers themselves already have a strategy of rotational grazing: the project has simply attempted to displace it with a competing one. Second, the existing strategy of rotational grazing seems superior to the one proposed by the project; because it deals with much larger units of area, which is a credible response (fluctuating productivity, patchy resources and localized rainfall being the conditions); and because the rotations proposed are not based on a satisfactory knowledge of savanna grassland characteristics (which does not yet exist in an immediately applicable form). Third, although some effort has been made to seek conformity of blocks with the existing home ranges of various social groups, this has not been achieved and is in fact very difficult to do, there being extensive areas of group overlap. Fourth, in a pastoral system of the African rangeland sort, there are procedures for the allocation of natural resources among large populations; and for the use of natural resources (for animal management) by small groups; but there is no intermediate level of organization for the control of the movement (and thereby the management plans) of others. Creating a rotation to be enforced by a block grazing committee is an exercise in the impossible; even without the opera-plot complexity of some of the plans themselves, it is trying to hang a plan from a hook which is not there. Apart from the post facto perception of the mistake, the lesson is not an easy one to formulate, and may be even less easy for governments (and hence development agencies) to use. Extensive and fluctuating grazing orbits are highly effective food search patterns for African ranges: in fact, for all dry ranges, but for African ranges in particular because they have a high human population. Creating small units may be desirable for political or financial reasons, but ecologically it is hazardous. Wherever small units are created, it is therefore at the very least advisable to help them formulate exchange relationships with each other, so that each is part of a chain, which may be used by agreement

and when necessary for survival. If improvements are made on a wide scale across the range, and if explicit relationships between units are fostered (whether new or on the basis of old links) then a context has been created for the people themselves to try to work out a new, viable strategy; and perhaps that is all that can or should be done.

4.36 It is worth recalling that a concern for environmental degradation, as well as a desire to optimise grazing, lay behind the rotational grazing proposals; and by implication a failure of the rotations should mean an It is difficult to get data to environment in high risk of degradation. establish, or conclusively refute, this possibility. USAID re-visits to Kenya rangeland in 1981 to monitor range changes did not include the NE. Range transects were laid in the project area (Madogashi West for example) but a common complaint by block managers is that, even where transects have been made, they have not been re-visited by the RMD team responsible. Range readings provided by RMD for the Kenya Range Ecology Monitoring Unit have yet to be returned to them analyzed. The pastoralists themselves will complain about the destruction of grazing, but this is in the context of what is available to them at a given time in a given place, and is no indicator of a They also note that most people have double the number of general trend. animals they had before the project, which is obviously a source of environmental pressure. But there are no data available to suggest that a persistent (let alone an irreversible) degradation of the environment is taking place in the NE, as distinct from the periodic severe droughts which have characterised the region as far back as our records extend.

4.37 It follows the earlier discussion that the project did not succeed in creating control groups in the Grazing Blocks, and in a sense therefore did not succeed in creating the blocks (as new social forms) themselves. This is not intended to be tendentious; and certainly it is still too early to speak of Grazing Blocks having failed. But their reality is less than it would seem when compared with the map of grazing blocks which turns NE Province into a neat checkerboard. The committees exist, but they do not function well. They cannot prevent destruction of water installations; they cannot enforce grazing rotation; they cannot limit stocking levels; they cannot stop outsiders from intruding or insiders from departing; they can raise no more than nominal or occasional contributions to a watering fee; they have not registered the producers who primarily use the block, nor censused the livestock on which A major obstacle has been the unrepresentative nature of the they depend. committees, which are essentially the voice of the prosperous, the sedentarised, the part-trader, the government official. Like the failed grazing control schemes of the colonial period, the Grazing Blocks can neither reach the sympathies, identify the interest, nor count on the support of their presumed participants. The lesson of all this is that formal and consistent leadership roles are difficult to create in range livestock projects. Pastoral indigenous leaders are largely created by context - they are thrown up by the same problems they are called to solve - and may vary from one context to another, and derive their leadership from a skill in identifying both the problem faced and the degree and mode of response that people will contribute to its solution. In livestock projects a heavy burden of extension work is thus unavoidable. Impossible though it may seem, an attempt must be made to meet a large (and thereby one hopes, a representative) selection of the thousands of independent producers who comprise any pastoral production system. If their interests are identified, and their support mobilised, then leadership can be readily exercised: committee members can be interchanged as contextually appropriate leaders, who are spokesmen for an already numerous and committed lobby. Without that approach, a project is in fact committed to addressing a few (probably already prosperous) entrepreneurs who can afford the risk of an untried strategy, but cannot carry the majority along with them. For the ordinary pastoralists, dry-land herding is a risky enough strategy as it is.

The question of extension work leads unavoidably into matters 4.38 of organization and management. Initially, provision had been made for a separate management consultant's report; the USAID Devres report concerns itself almost entirely with management issues; and the Project Completion Report deals thoroughly with issues which are still relevant. Only brief mention need be made here and it can be confined to extension-related issues. Not only in the project area, but throughout the blocks created subsequent to it, block managers complain of inadequate transport to do their job of meeting pastoralists and checking range and livestock conditions: vehicles remain unrepaired, fuel is short. To this must be added the security problem - more precisely the insecurity problem - which has plagued NE Province for years, before the project and after it. Security procedures require restricted travel, by day, with armed police escort, along main routes only. It is difficult for government officers to make contact with local people under these conditions; and even the wish to do so sometimes evaporates. Additional difficulties are the inability of many officers to speak the local language; homes in distant and very different regions of Kenya; and a feeling of being forgotten by headquarters in Nairobi: all of which can reduce morale. The distances involved in NE Province themselves are a source of major difficulty, given fuel and security constraints. This is particularly true for the maintenance of water installations, and despite an able and committed staff. The PC North-East Province has now made the establishment of a separate borehole maintenance unit at Garissa his leading priority, because servicing all water installations from Wajir with such few staff is a source of frustration to block committees and range officials alike, and leaves the pastoralist and his animals at great risk. At the end of February 1981, for example, over 40,000 animals waited to water at Garufa borehole (Madogashi E). About 6,000 people kept them company. Watering interval for the animals was anything from 4 to 9 days, depending how far away their grazing had been. To keep quarrels at a minimum, the local chief organized a queuing system in which animals got about half their water requirements and were not allowed to return for three In such circumstances, "organization and management" problems with days. boreholes are not simply bureacratic issues but matters of desperation.

4.39 While it is another facet of the organization and management issue, it is worth separating out the problem of project-related data. Data are required both for judging what the project has effected, and for forward This is particularly the case when the exiguous data which were planning. available for initially designing the project are considered. In general the project has not provided them, nor several years after project completion does it seem close to providing them. Range officials at several levels are aware of the deficiency and make attempts at intervals to correct it, but the obstacles are considerable: security prevents free travel, as does lack of fuel; there is always a need for more trained personnel than are available; with difficult operational jobs to do, provision of information is given lower priority; and 'research' is often enough regarded as a luxury rather than a necessary item for planning and operating projects.

At its most general level of aspiration, the project like all 4.40 development projects was intended to improve the life of the people affected by it. Data of all kinds are (as noted) scarce; and it is in fact not easy to substantiate this proposition except by inference. The producers of the area did receive extra income from the greatly increased sale of livestock, though the distribution of the income is not known; and consequently it cannot be ascertained how much of it, if any, went to poorer people. Kenya's original application openly accepted the proposition that wealthy herdowners would derive much more benefit than poorer herdowners "as is the way of the world". However, water is a general good in the NE, and since the project period came within a succession of droughts, it can be generally supposed that poor and rich alike lost fewer animals than they would otherwise have done, and that therefore, whatever its faults in detail, Grazing Block development (more precisely, the installation of water) has provided a significant and general improvement in the condition of the people of NE Province.

V. LIVESTOCK MARKETING

A. Introduction

5.01 Prior to the project, sales of livestock out of the north and north eastern rangelands of Kenya were severely hampered by two factors. First. moving livestock out of these areas into the disease-free zones posed a serious risk to the livestock industry as a whole, and the Division of Veterinary Services (DVS) was enforcing quarantine requirements which at times necessitated confining stock for as long as five months. This discouraged traders from actively participating in marketing livestock out of these areas. Second, cattle could not easily be moved out of these rangelands during the dry seasons due to lack of adequate watering points and holding grounds along the stock routes. This was a serious bottleneck in the livestock marketing system in view of the fact that these range areas had a large cattle population, which could supply more stock for the market, especially feeder cattle (immatures) for fattening. In particular, KMC's throughput had traditionally been uneven due to the seasonal supply of cattle from commercial ranches (supplying nearly 45% of its throughput), which was dictated by the condition of their livestock and pasture situations. An increased flow of slaughter stock from these rangelands would help to smooth out fluctuations in KMC's throughput, thus reducing its fixed cost per head of animal slaughtered. Furthermore, increased marketing opportunities in the northern and north eastern rangelands would generate more income to the pastoralists, whose principal income derived from the sales of livestock, while at the same time relieving the rangelands from some grazing pressure.

5.02 In addition to these, a combination of the government's pricing policy, which was primarily aimed at keeping meat prices low for urban consumers, and KMC's cattle supply quotas was discouraging livestock producers from increasing their investment to expand production and improve their productivity. KMC's monopoly on the supply of meat to butchers in the major urban centers was also discouraging cattle traders and butchers from competitive participation in the marketing process.

B. The Project Plan

5.03 The livestock marketing component of the project was therefore aimed at relaxing these bottlenecks by encouraging government to seriously review its livestock and meat pricing policies and by providing an organizational structure and facilities to ensure the steady flow of slaughter stock to KMC and feeder stock from the lower to the higher potential range areas, which are nearer to slaughtering and consumption centres, thus facilitating the development and the stratification of the national livestock industry.

In particular the project called for reorganizing the African 5.04 Livestock Marketing Organization (ALMO), which was then operating under the auspices of the DVS in the Ministry of Agriculture and Animal Health, and establishing it as an autonomous Livestock Marketing Division (LMD). In competition with established traders LMD was envisaged to purchase immatures and slaughter stock and sell them to fattening ranches and the KMC. The project provided US\$20 million for staffing, equipping and operating LMD as well as for developing, under LMD's supervision, stock routes and holding grounds for facilitating quarantining and movements of cattle. LMD would set up mobile veterinary laboratories for screening cattle at the sources of purchase to shorten the length of time cattle would have to be quarantined. Funds were also provided for the purchase of cattle transporting trucks to expedite the movement of cattle, particularly during the dry seasons. All of these facilities developed under the project would be made available to private traders wishing to use them upon payment of reasonable fees.

5.05 Specifically, the implementation of this project component was envisaged to result in: (i) doubling the supply of feeder cattle for fattening ranches, (ii) increasing the participation of private traders and local butchers in the marketing process, and (iii) encouraging the government to adopt appropriate stock and meat pricing policies, which would provide sufficient incentives to producers for increasing their investments and improving their productivity. During negotiations of the project with the Bank, the government undertook to complete a thorough analysis of livestock and beef prices, price relationships and marketing methods within six months of signing the loan agreement.

C. Project Impact

C.1 Infrastructural Development

5.06 Although initially a lot of controversy surrounded the weaning of LMD out of DVS and the choice and recruitment of its expatriate head, the implementation of the infrastructural development and staffing of this component of the project progressed almost according to schedule. In some cases project achievements surpassed appraisal targets substantially. Three times as many staff houses, stores and offices were built. The number of major watering and stock holding facilities established was double that expected at appraisal. The number of vehicles, tractors and equipment purchased was more than planned, primarily due to the fact that the requirements for these were under estimated in the plan. However, only one of the three cattle transporting units was purchased due to procurement problems, and only one of the three stationary veterinary laboratories was built.

5.07 As a consequence of developing much more infrastructure than was provided for in the plan, the capital expenditure of this component totalled KSh 5.5 million. Watering facilities cost 50% more than planned and buildings three and a half times more. The purchase of vehicles and equipment cost nearly twice that estimated in the Plan. On the other hand livestock handling facilities cost less than half. Operating costs during the project period were only slightly more than two thirds of those expected at appraisal, mainly because staff salaries were only half of those estimated.

5.08 The infrastructural development carried out under the project succeeded in greatly improving and expanding the stock routes and developing 47 holding grounds distributed as follows:

Province	No. Holding Grounds
North Eastern	14
Eastern	11
Coast	7
Rift Valley	14
Nyanza	1
Total	17
Iotal	47

The development of the stock routes and holding grounds was not restricted to the northern and north eastern rangelands. Almost one third of the development took place in other parts of the country, thus providing a solid foundation for the further expansion of a truly national livestock marketing infrastructure.

C.2 Staffing

5.09 With the exception of a few posts, the staffing of LMD was also carried out on schedule. The head of LMD was recruited in 1969 and the key posts, except that of the senior economist, were filled by 1970. The senior economist was in post only during 1971 and 1972. By the end of the project period only 28 of the 42 animal health assistants expected were recruited. However, this was not a serious constraint, as the regular non-project veterinary staff were rendering the required services. The lack of the services of a senior economist throughout the project period was a serious setback for LMD, as it prevented a much needed economic analysis and planning of LMD's operations and the development of a national livestock market information service.

C.3 Purchase and Sale of Cattle

5.10 Prior to the project ALMO was annually purchasing an average of 29,000 head of cattle composed of about 14,000 immatures for fattening and about 15,000 head for slaughtering. Implementation of the livestock marketing component of the project more than doubled LMD's capacity to purchase cattle. LMD's annual cattle purchases averaged slightly over 50,000 head during the three year period between 1973 and 1975.1/ Unfortunately the occurrence of a widespread and prolonged drought in the mid seventies disrupted its purchas-ing and selling activities and prevented it from sustaining as high throughput as expected in the project plan.

During 1973/74 LMD was quarantining over 20,000 heads of cattle at 5.11 its Isiolo holding grounds when the drought started. Poor grazing on holding grounds and along stock routes forced LMD to decrease its purchasing activities. It lost 6,375 head of cattle, representing 17.5% of its holdings during that period. The drought became more widespread in 1974/75, and in response to political pressure to assist pastoralists, LMD stepped up its purchase of cattle, resulting in the procurement of 62,227 head, the highest number it has ever purchased. Unfortunately, demand for its cattle was at a very low level because KMC as a matter of priority was slaughtering cattle at full capacity from drought affected ranches, especially in Machakos and Kajiado districts, and the coast company and commercial ranches, which were the principal buyers Feedlots were adversely of immatures, were also affected by the drought. affected by cost/price squeezes and postponing their purchase of immatures until beef prices were increased. Consequently, LMD ended the financial year of 1974/75 with a carry over of 50,012 head of cattle, which was 83% of its purchases for that year, and experienced a very high mortality of 7,268 head, primarily due to shortage of grazing at its holding grounds. In fact it was forced to provide supplementary feed to keep the remaining stock alive. The consequence of this unfortunate experience was that in the following financial

1/ It is not clear to what extent this was the result of increased productivity vs. other factors. year LMD's purchase of cattle fell sharply to only 4,547. It was able to sell only 22,426 head during that year, mainly to KMC, as the ranches still did not have sufficient grazing for immatures due to the persistence of the drought and political considerations, LMD bought during 1976/77 nearly 23,000 head of cattle. It was able to dispose of 43,829 head during that year.

Finally, the rains of 1977 broke the prolonged drought and the 5.12 response of the pastoralists was to rebuild their herds, which had shrunk due to severe losses and accelerated sales during the drought period. Consequently, LMD's source of cattle dried up and its purchase of cattle dwindled to 1,234 head during 1977/78, to the detriment of all types of ranchers, who again had ample grazing for fattening immatures and AFC financing for their The rains during subsequent years have been normal, and LMD's purchase. purchases show an upward trend of 20,387 and 35,133 head of cattle respectively in 1978/79 and 1979/80. There is an indication that a significant number of cattle were being marketed across the border in Somalia due to favorable prices obtaining in that country for the last two years, which may have a bearing on decreased supplies of cattle for LMD.

5.13 In conclusion, it is clear from the above that, although LMD's capacity to purchase cattle had been doubled by the project, annual purchases at the levels of those projected could not be consistently achieved due to the adverse effects of the drought of 1974/76. LMD's holding grounds and stock routes have been further expanded under the successor project, and its current capacity is estimated to be a throughput of about 100,000 head of cattle per year, albeit grossly underutilized at present.

D. Project Impact

D.1 LMD's Impact on Income of Pastoralists

5.14 LMD's impact on the income of pastoralists has certainly been In its 11 years of operation since 1969, LMD has purchased an positive. average of about 32,000 head of cattle annually, paying about KSh 11.5 million per year compared to an average of KSh 6.8 million per year during the three year period prior to the project. Most of this increase has been due to higher prices paid by LMD. The prices ALMO paid in the pre-project period were in the region of KSh 230 per head. Prices paid by LMD since 1972 have consistently been above KSh 400 per head. Since LMD purchases cattle from local livestock traders as well as direct from pastoralists, it is not possible to indicate how much of LMD's payments for cattle have ended as pastoralists' income. However, LMD's purchases are announced far in advance using public radio and advance notices given to chiefs and elders of the pastoralists, which creates awareness among the pastoralists that they have an alternative outlet to the local trader. This has a tendency to make the local traders more competitive and more amenable to pass on a fair share of LMD's prices to pastoralists. Furthermore, LMD's high level of purchase at a good price during 1975/76 was a welcome relief for the pastoralists who were losing a large number of animals due to drought.

D.2 LMD's Impact on Private Traders

5.15 The improvements of the stock routes and development of the holding grounds was expected to promote the participation of the private traders in marketing livestock. Although there is no concrete data on how many cattle private traders were purchasing out of the northern and north eastern rangelands of Kenya prior to the project, White and Meadows (1980) estimate from LMD's records that the number of cattle, mainly slaughter stock passing through the stock routes and holding grounds via Lamu, Tana River and Isiolo, has increased three fold from about 13,000 in 1968/69 to 41,000 head in 1978/79. However, stock traders' cattle passing through the Bohdai/Bargoni stock route increased from 28,000 in 1968/69 to 48,816 in 1971, declining since the beginning of the drought to an average of about 20,000 head per year during 1974/79. They indicate that the decline in this flow is partially explained by the reverse of cattle sales across the border to Somalia. Although figures are not readily available, traders have on occasions rented LMD's trucks to transport their cattle. As indicated earlier, LMD's payment of high prices in the range areas could not have been totally ignored by the traders, as a result of which they must have become more competitive than in the past. In fact since 1978, the emergence of other abattoirs and the willingness of butchers to pay higher prices than those gazetted have made traders so competitive that LMD could not afford to pay as much.

D.3 LMD's Financial Performance

5.16 In keeping with the tradition of many a parastatal livestock organization in Africa, LMD has been operating at a loss since its establishment in 1969. Its annual losses have ranged from a low of KSh 1.4 million in 1977/78 to a high of KSh 8.0 million in 1970/71 and again in 1975/76. Its losses per head of cattle sold have fluctuated widely from KSh 61 per head in 1972/73 to KSh 500 in 1978/79. The latter is explained by the fact that during that year the handling expenses of purchasing 20,387 heads of cattle was borne by the sales of only 6,955 head. Actual losses are reported to be higher than those shown in the balance sheets of LMD, as these do not include salaries of established posts.

5.17 Aside from the unavoidable inefficiency common to most parastatal trading organizations, the losses sustained by LMD over the years stem from the diverse roles it has been expected to play in the livestock industry, some of which unduly increase its cost of operation. First, its quarantining function, which it has effectively discharged, renders a beneficial service to the livestock industry as a whole, but it exposes LMD to great financial risks. Cattle are sometimes kept at holding grounds for a period of 5-12 months in meeting quarantine requirements, an act which substantially increases the unit cost of marketing. Second, during periods of drought LMD was pressurized into purchasing at normal prices more animals than it could possibly sell or safely keep in its holding grounds for a period of time, which led to high losses of cattle. In addition to the loss of revenue from the dead cattle the cost of keeping the remaining cattle alive was increased. Third, in developing the livestock marketing infrastructure over the years LMD had built up an

organization with a large staff and overhead that it has to maintain regardless of the throughput of livestock. This makes its operating costs excessive during periods of low throughput as was the case in 1975/76 and 1978/79. Fourth, LMD has not been in a position to maintain an adequate margin between its buying and selling prices. The wide fluctuation in its trading margin, ranging between a deficit of KSh 61 per head in 1974/75 and a surplus of KSh 258 per head in 1977/78, reflects that LMD does not have any control whatsoever on the margin between the prices it pays producers and what it receives from ranchers and KMC. The Ministry of Agriculture, keen to increase the income of pastoralists, encourages LMD to pay high prices to pastoralists. On the other hand the cattle originating from the north and north eastern rangelands grade standard and commercial for which KMC's gazetted producer prices are very low. A tremendous pressure is also applied on LMD by ranchers and sympathizers of fattening ranches to sell immatures at low prices.

5.18 It is clear from the foregoing that LMD seems to have been preoccupied with moving cattle through the marketing system, paying little attention to the cost of its operations. It is highly likely that, had LMD continuously employed the services of a senior economist as was provided in the plan, it would have had the financial analysis with which to confront the government more aggressively for subsidies to cover its quarantining costs and for a sharp increase in meat prices at an early stage. The government has belatedly recognized that LMD's valuable quarantining function is expensive and has agreed to subsidize it at a rate of KSh 15 per head per month beginning from the 1979/80 financial year, which should partially alleviate LMD's losses. The 1980 IDA supervision mission of the Second Livestock Development Project succinctly stated that the future financial viability of LMD was "dependent on an adequate margin between purchase and sale price, expanded throughput, holding operating expenses at a reasonable level, and efficient management of animals on stock routes and holding grounds, all of which depend heavily on the future commercial astuteness and trading ability of LMD's management and staff." This is perfectly valid today as it was a year ago. Given the nature of parastatal organizations the prospects of achieving this soon are very low.

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KENYA LIVESTOCK DEVELOPMENT PROJECT



WORLD BANK / INTERNATIONAL FINANCE CORPORATION **OFFICE MEMORANDUM** TO: Mr. Shiv S. Kapur, Director, OED thru: Mr. Frederick L. Hotes, Acting Assistant Director, AGR FROM: Donald N. Sutherland, Livestock Development Adviser, AGR SUBJECT: KENYA - First Livestock Development Project - Credit 129-KE Project Impact Evaluation Report (PIER)

1. The draft PIER of August 28, 1981 has in general taken adequate account of the comments of this Department on the earlier draft. However, as noted in our memo of August 10, the report contains very little data on financial or economic issues or on the impact of the project on AFC which was the lending agency.

cc: Messrs. Baum, Donaldson, Von Pischke, Kordik Ms. Marshall

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Imprace - Eveluption File WORLD BANK / INTERNATIONAL FINANCE CORPORATION Ha Halone / boudite OFFICE MEMORANDUM DATE: August 28, 1981 Mr. Warren C. Baum, Vice President, CPSVP TO: Mr. Willi A. Wapenhans, Vice President, EANVP (2) He Halone, on FROM: Shiv S. Kapur, Acting DGO SUBJECT: Impact Evaluation Report on Konya: First Livestock Development Project prepare (Credit 129-KE) rate on X' lecton. I am attaching the final draft of the Impact Evaluation Report on Kenya First Livestock Development Project supported by Credit 129-KE of 1968. Comments received from the Eastern Africa Regional Office and 914 Central Projects Staff have been taken into account. No comments were received from the Government, SIDA and USAID to whom the report was sent on July 22, 1981. In Mr. Weiner's absence, please confirm to me that your earlier comments have been adequately reflected in this final draft. -> St. Attachment Typos: P. V, 5, 8, 11, cc: Messrs. Stern, SVPOP Golsong, VPG 12, 19, 29, 33, 62, Weiner, DGO (o/r) COMMENTS RECEIVED 9/3 DG0 ____ CPS ____ Region 1-1-1 LEG ____ SVPOP

Another facculation & sobering, story.

This is a fairly major exercise, which I quees would be of far more segnificance & The Sout's Investock staff, and to Kerya, than to ED's who may find it rother long and detailed for their taste. It raises large questions about whether assues which should have been addressed in the follow up project, but were not have been more adequately addressed since then. In preparation for the JAC discussion; malone should prepare a life note for your 9301 me giving his assersment of the readership, dissemination impact of this report (+ perhaps of the other AGR in pact evaluation reporte also /

SEP 0 3 1981

Mr. Warren C. Baum, Vice President, CPSVP Mr. Willi A. Wapenhans, Vice President, EANVP

August 28, 1981

Shiv S. Kapur, Acting DGO

Impact Evaluation Report on Kenya: First Livestock Development Project (Credit 129-KE)

I am attaching the final draft of the Impact Evaluation Report on Kenya First Livestock Development Project supported by Gredit 129-KE of 1968. Comments received from the Eastern Africa Regional Office and Central Projects Staff have been taken into account. Ho comments were received from the Government, SIDA and USAID to whom the report was sent on July 22, 1981.

In Mr. Weiner's absence, please confirm to me that your earlier comments have been adequately reflected in this final draft.

Attachment

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cc: Messrs. Stern, SVPOP Golsong, VPG Weiner, DGO (o/r)

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RE KENYA IMPACT EVALUATION REPORT FIRST LIVESTOCK PROJECT AND URTEL

2879 OF AUGUST 11, 1981.

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COMMENT LATER FOLLOWING A MORE DETAILED REVIEW.

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WE TRUST THAT DENNIS PURCELL, WHO WAS FAMILIAR WITH THE PROJECT,

WILL HAVE COMMENTED IN SOME DETAIL.

INTBAFRAD NAIROBI

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AUGUST 17/8/81

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COMPLICATION

INTBAFRAD WASHINGTON

2996 FOR JOHN MALONE OED. M -707

RE KENYA IMPACT EVALUATION REPORT FIRST LIVESTOCK PROJECT AND URTEL

2879 OF AUGUST 11, 1981.

AAA

WE HAVE SKIMMED REPORT AND HAVE NO COMENT AT THIS TIME. WE MAY

COMMENT LATER FOLLOWING A MORE DETAILED REVIEW.

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WILL HAVE COMMENTED IN SOME DETAIL.

AUGUST 17/8/81

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WILL HAVE COMMENTED IN SOME DETAIL.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Shiv S. Kapur, Director, OED FROM: J.B. Hendry, Acting Director, EAPDR

SUBJECT: Impact Evaluation Report: Kenya First Livestock Development Project (Credit 129-KE)

Impact Evaluation Report cited above.

Attach.

cc: Messrs: W.A. Wapenhans, Kraske, Adler (o.r.)

JBHendry:of

DEADLINES FOR COMMENTS

Staff: Preliminary ______ Detailed

Country: _____

AUG 1 3 1981 920

MESPO F.C.

hill' most of the finds Attached please find some further detailed comments on the the repeat for hiven lake zane of thim.

DATE: August 12, 1981.

I tind to agree

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. James B. Hendry, Asst. Director, EAP FROM: Katherine Marshall, Chief, EAPCA DATE: August 11, 1981

SUBJECT: KENYA - First Livestock Development Project (Credit 129-KE) - Draft Impact Evaluation Report

> 1. This report is interesting and provacative. It adds useful material for the continuing introspective review on the troubled experience with African livestock projects. However, I would suggest that it be carefully reviewed before it is finalized in order to make it a more effective document. The principal observations from my own (admittedly quite rapid) reading are as follows:

- (a) The report does not hang together well. It appears to be an amalgam of three quite different segments: a summary and conclusions (which is not clearly linked to the body of the report), a short background segment, much of which includes analysis and conclusions of a general nature, and chapters dealing with an analysis of the major project components - Company ranches, group ranches, grazing blocks, and livestock marketing. An example of the lack of linkage is the comment on page (i) of the summary and conclusions that the project's most troublesome feature was the controversial organization set up for its implementation; this issue, however, is not a central theme in the report, and is not discussed specifically. Similarly, page (ii) focuses on problems with on-lending and AFC's role, which is not covered in the report. The summary and conclusions in general seems rather unrelated to the report, and the linkage would seem at a minimum to call for some explanation. The major chapters of the report (II - V) include a very careful and interesting description of the project components covered but would benefit from a clear summary and general analysis, as well as a better summary of the basis on which the information was assembled.
- (b) The background chapter (I) is quite different in style and tone from the rest of the report and includes assertions and language which merit careful review. It is not well integrated with the rest of the report. I found Chapter I (Background) of the report very interesting and provacative, but would suggest that some statements would be more appropriate for a journal article than for a Bank report. I also found some of the language and vocabulary usage rather precious and suggest that it could be difficult for a non-native English speaker to follow and appreciate. Examples are:

para. 1.03 ...where aridity and browse compel..." is this correct usage?

para. 1.08 "Much here prefigures Kenya's application for an IDA Credit..." very unusual usage.

para. 1.10 (3) -"Mobilization and marketing of livestock" - meaning?

para. 1.11 That project plans "are of course the creations or accretions of particular individuals guided by particular assumptions..." etc. is interesting but perhaps inappropriate in such a report.

This paragraph includes 13 "points" para. 1.12 on individual prejudices etc. that went into project design, without much analysis. It should be carefully looked at since it generalizes about white officers, the Bank, and the Kenyan Government in ways that are, at a minimum, open to debate. It seems in places to amount to little homilies and cute phrases about the failings of those who design projects. Most points are interesting and valuable but the language used might be counterproductive. The effort to design integrated projects (i) may be "touching, tidy and wishful thinking," but it is part if all our work to try - Would a piecemeal approach be better? In (ii) the "ecological perspective" is not very clearly explained for the non-initiated. In critizing the "magic figures" of the project designers, the author seems to allow jargon and/or hyperbole to creep into his own pose. In point (v), the phrase "all documents, descended from the plan, whether of USAID or IDA ancillary parentage, show the same characteristics, so there is little point in blaming the Kenya planners. Rates of return, herd projections and rates of supply are all exercises in optimism and perhaps without optimism no ranch project would ever get off the ground ... " I might agree, but is this OED's general view? Point (vi) attributes a liking for cattle to white expatriate officers,

which seems excessive. In point (vii) I wondered whether the suggestion that "the World Bank was the proximate cause of the carving up the dry rangelands of Kenya" was well-considered and could or should be defended. In the same paragraph, the phrase "views on tenure were cognate with two other features of the plan ... " seems rather difficult usage. In point (ix), do we really want to generalize that African Governments seldom "put high welfare on the benefit of their pastoral populations?" Likewise does IBRD "insist" on something? Again, there is truth in the observations but they are rather sweeping. The same comments apply to the suggestion in (xi) that "it was before President MacNamara (sic) legitimated aid to the poorer 40% as a bankable activity ... ", and the asertion in (xii) that there was "an underlying assumption of development as a no-cost universal good."

para. 1.13 The last sentences on page 20 include some valid points on changing fashions and perceptions, but the presentation is very sweeping: "Instead, apparently believing still in development as a no-cost universal good, and the feasibility of multiple objective plans, they offered more of the same. They were funded for more of the same; and in the fullness of time became diagnosed by IDA as a problem project."

- (c) I suggest that the report would be quite difficult for someone unfamiliar with the Kenya livestock situation to follow. At a minimum, a map to assist in visualing places should be included.
- (d) More tables and analytic material must be available, and would be helpful. Full references would be used when sources are cited, as they are in many instances.
- (e) Finally, given the special difficulties in presenting Impact Evaluation Reports clearly and fairly (it is not easy to distinguish what happened during the project period and afterwards, etc.), it might be useful to sharpen the presentation in some places. For example, in the discussions of both group and company ranch developments, it was difficult to distinguish the project impact from the general, current situation, and to understand the sequence of events from their inception. A bit more factual background, and perhaps even chronologies, maps, etc. would help.

- 3 -

This formulation is how elize + auto must be charted , must any names 2. Mr. Gamba also reviewed the report, and his comments are attached. Mr. von Samson would have commented on the report, but he is unfortunately away from Washington. RMEA's comments, which should be particularly useful since they are directly and intensively involved with the sub-sector, should be available within the next few weeks.

KMarshall:dm

Attachment

cc: Gamba (o/r), von Samson (o/r), de Largentaye (o/r), Cox, Badgley, Dewar, Rice, Sandberg, McBride

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO:	Ma.	к.	Marshall.	Chief,	EAPCA
10.	MS.	A.	riar Shall,	Childry	Thu cu

DATE: July 31, 1981

FROM po Julio R. Gamba, EAPCA MIC

SUBJECT: Impact Evaluation Report : KENYA First Livestock Development Project (Cr. 129-KE) - Comments

> 1. The above report is a good account of the implications and shortcomings of the Kenya First Livestock Project. There are, however, some aspects which require attention, both to provide a better link between some value judgements and the evidence behind them and to adjust conclusions.

2. First, one has to assume that quite a number of conclusions have been arrived at on a quantitative basis which is not presented in the report. Summary tables or data should be incorporated to support statements like "more credit than expected went to commercial and company ranches" (page iii of summary) or "arrears in the project sub-loans are lower than in the rest of the agricultural portfolio of the AFC" (same page).

3. <u>The on-lending component</u> (page 11). It conveys the impression that the General Manager of AFC as well as the Head of its Ranch Division were opposing any adjustments in AFC's lending policy. In fact, non-compliance with minimum equity requirements was an important negative factor for the expansion of AFC's lending. It could also be concluded that overcommitment led to a reduction in the technical impact, mainly because of the increased coverage needed to be tackled by the extension service.

4. <u>Project Impact</u> (page iv). The notion of "usual Bank Standards" could be misleading; it should just refer to the comparison between actual achievements against stated (and quantified) project objectives. The shortage of "reliable production data" should apparently refer to "cost production data," as on page viii the report indicates that data on production and productivity is available. In page v, the recommendation for a simpler follow-up project instead of the ambitious second project should be supported by an analysis of the possible alternatives.

5. The review of the CPS hired consultant's report brought about some important conclusions; it would be important to briefly mention those relevant to this project.

6. In page viii, the assertion that the institutional costs have been high has no significance unless a relationship or a comparator are included. It appears from recent supervision reports that the problem was not as much a shortage of personnel for range extension work as the lack of quality and experience and, in addition, the absence of good work programming and leadership which seriously lowered the personnel's morale. Proper training (both formal and on-the-job) was indeed lacking and still is the main constraint to improve the effectiveness of the extension service. It would be useful to spell out the objectives and scope of the plan designed by AFC and the RMD (incorrectly called Range Management Department Corporation on page viii) and approved by IDA to understand the negative results obtained.
The Project in Perspective (pages ix and x). In point (d), 7. the main issue is how a livestock project like this fits in the general broad development strategy of Kenya; a proper resolution requires a study of land-use alternatives, including among others range population re-location. This matter is currently tackled within our agriculture sector work. In (e), the relative importance of both high future demand for beef and low production levels due to unforeseeable factors should be quantified. In (g), not only project planning but also project implementation should become effective. Again, strengthening staff skills is more important than increasing staff numbers. The need to train the extension agents in financial matters and socio-economic principles should be stressed. In (h), behavioral and technical changes should be tackled together. The "negative impact" is not supported as such elsewhere in the report; a less than satisfactory performance would be a more adequate expression. In (m), these generalizations should be avoided and seem to contradict the main report. It is true that producers do not restrict themselves within fixed boundaries in the North East, but boundaries are being kept in Masailand to a large degree in normal seasons (as indicated in the main report). As suggested in the main part of the report, there is not sufficient evidence to conclude that pastoralists should indeed follow theoretical western pasture rotation systems in the pasture associations existing in the Kenya rangelands; therefore not much weight should be given to adoption of this principle as an indicator of success. To change the structure of the cattle herds was not a stated project objective, although it could be implied from the herd models.

8. In page 56, para 2.93, it is not true, that the Bank would agree to consider the subsidy as part of the ranches' 20% equity; the whole formula was changed in 1980 (refer June and December 1981 supervision reports and changes in legal agreements). In page 57, para 2.95, we understood that the final CDC proposal did not include an equity contribution by CDC. Page 66, para 3.22, the identity of those responsible for the conclusion that "destocking should have been a precondition of loan disbursement" is unclear. Page 68, para 3.30, the table appears to be misplaced. Page 79, para 3.59, at end, the latter is also 4 years (1976-1980) post-drought. Paras 3.60 and 3.62 lack comparative figures.

cw and cc: D. Purcell cc: D. von Samson o/r

:MChung

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WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

	IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)
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0 START 1 HERE TO	INTBAFRAD
CITY/COUNTRY	NAIROBI, KENYA
MESSAGE NO	
MEGONGE NO	
4	FOR DEWAR. RE KENYA IMPACT EVALUATION REPORT FIRST LIVESTOCK
5	PROJECT (129-KE) REURTEL 2863 DATED AUGUST 5. COPY OF DRAFT
6	HANDED TO PURCELL LATE JULY HERE AT HEADQUARTERS FOR HIS COMMENTS.
7	REPORT IS DUE FOR DISTRIBUTION TO JOINT AUDIT COMMITTEE, AND WE
8	WILL NOT REPEAT NOT BE ABLE TO WAIT BEYOND AUGUST 20 FOR RMEA
9	COMMENTS. WOULD APPRECIATE RECEIVING ANY COMMENTS BY TELEX.
10	REGARDS, JOHN MALONE, OED.
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22 TEXT	
	SUBJECT: IDRAFTED BY:
	Impact Report- KENYA First Livestock
	CC: Mr. Hendry John Malone DEPARTMENT:
	SECTION BELOW FOR USE OF CABLE SECTION CHECKED FOR DISPATCH
	DISTRIBUTION: WHITE - File Copy WHITE - Transmittal Copy CANARY - Bill Copy BLUE - Originator to Keen

WORLD BANK / INTERNATIONAL FINANCE CORPORATION PIERebul" F.L. OFFICE MEMORANDUM TO: Mr. Shiv S. Kapur, Director, OED DATE: August 10, 1981 FROM: Donald C. Pickering, Assistant Director, AGR SUBJECT: KENYA - First Livestock Development Project - Credit 129-KE -Project Impact Evaluation Report (PIER) 13

1. We found this to be an extremely interesting review of the history of the formulation, appraisal and implementation of this project, due no doubt to the fact that it was performed by two people who are well qualified and very familiar with the project. However, as with many ex post evaluations of interventions in livestock development in Africa it sets out in some detail what was wrong with the project concept but it does not help us very much in identifying what alternative interventions may have been more successful. As an impact evaluation report, it is deficient with regard to economic and

Economic Issues. No effort has been made in OED work concerning this project to calculate rates of return because of lack of data. However, indicates that it would be fortuitous if financial rates of return equal to the cost of loans obtained from AFC could be reached (para. 2.51). Issues relating to economic methodology do not appear to have been prominent in this

3. Financial Issues. Data problems again complicate analysis of impact at the ranch level, but from the information available for the Taita ranches a dismal financial picture is given (paras. 2.44 ff). Especially interesting points in the analysis are that credit was used to perform the function of equity capital (paras. 2.52 ff) and that good management appears to be an important ingredient for achieving successful financial performance (paras. 2.65 ff). The PIER's analysis provides a strong indictment of "supply leading" financial initiatives designed to force development through the provision of finance, which is related to the fairly common erroneous assumption behind credit projects that lack of credit is a generally binding constraint to onfarm development.

4. The report is seriously incomplete because it fails to attempt to quantify the impact of the project on AFC, the lending agency. The precedent for making such estimates was established in OED work concerning smallholder credit projects using AFC, and is certainly important in this project.

5. We do not have any other substantive issues to raise with regard to the views expressed in the report. However, we have comment on the following points:

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i) page ii sub para. (d) and para 3.01; we doubt whether it is correct to say that this project was used as a prototype in many other projects, at least as far as the Bank is concerned;

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- ii) page v the first sentence which is a quote from the PPAR as are the first 15 paragraphs of the summary - is not quite correct; the second project was approved in 1974;
- iii) page (vi); the impact of the project in regard to the establishment of the Ministry of Livestock Development and the range research station at Kiboko is rather tenuous; the former was not established until 1979 or 1980; the latter has existed for many years, largely due to the FAO/UNDP Range Management Project, but was more or less in limbo from 1974 until 1980 when it was resurrected with aid from USAID;
- iv) pages (vi) and (vii); it is interesting to note that the authors apparently do not share the views expressed by Stephen Sandford that training in the USA and similar countries in range science is of very little use or even counter-productive;
- v) page (vii); while there may have been a perpetual shortage of personnel for range extension work, has this been attributable to the project;

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J watt we page (vii); surely it is not the case that "behaviour modification, rather than technology installation, was the crucial task" but that a combination of both was needed; - see also page x, sub-para. (b); vii) para. 5.10 - this report indicates that LMD purchases over the three year period averaged 50,000 head which is 21,000 head above the pre-project average; where did these increased productivity (?) or were they drawn from further afield?

> cc: Messrs. von Pischke, Donaldson, Argyle (o/r), Purcell; RMEA Miss. Marshall

DNSutherland/sm

DEADLINES FOR COMMENTS

Staff: 7/21 Preliminary 7/21 Detailed 8/11

Country:

INTRAFRAD NAIROBI AUGUST 6, 1981

Dsitribution; fea Mr. Hendry Ms. K. Marshall Mr. S.S. Kapur

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2863 FOR HENDRY/MARSHALL/KAPUR

KENYA: IMPACT EVALUATION REPORT: FIRST LIVESTOCK PROJECT (129-KE) lu sch L RECEIVED TODAY ALTHOUGH COVERING MENO DATED JULY 7. DUE ABSENCE buil Buy and OUR LIVESTOCK STAFF FROM NAIROBI, REGRET WE CANNOT COMMENT BY met - August. AUGUST 11. WILL FORWARD ANY COMMENTS AS SOON AS THEREAFTER AS Also inframe Dewar by tiley. POSSIBLE.

REGARDS. DEWAR.

July 22, 1981

Ms. Birgitta Johansson Counsellor Head of Development Do-operation Office Swedish Embassy P.O. Box 30600 Nairobi, Kenya

Dear Birgitta,

I think I mentioned to you the last time we met that I was working with Solomon Bekure on an impact evaluation of the Kenya First Livestock Project, of which SIDA and IDA were the co-financers. I am sending you a copy of the report (a long one !) in the hope that it may be of interest to you and your staff. As you will see from the official covering letter from my Director, we would like to receive any comments you may have on the report by August 25 so that it can be sent to our Board in September. I am also sending a copy of the report to Johan Nolmberg in Stockholm so you need not do so yourself.

I hope our paths will cross again some day, somewhere; until then,

All the best,

John Malone Chief Evaluation Officer Operations Evaluation Department

Encl.

OFFICIAL FILE COPY

July 22, 1981

Mr. Johan Holmberg Chief Agriculture Division Swedish International Development Authority (SIDA) S-102 205 Stockholm, Sweden

Dear Johan,

Thanks very much for your letter of June 25. It was a very pleasant surprise to have some news from you after so many years. Congratulations on your appointment as Chief of the agriculture division. of SIDA; it is well deserved.

Solomon Bekure must have told you that he and I have been collaborating on an impact evaluation of the Kenya Livestock Project. In the hope that it may be of interest to you and your staff, I am sending you a copy. If you would be kind enough to comment on the report, we would appreciate receiving any comments you may have by August 25 so that the report can be sent to the Board in September.

While I am in a congratulatory mood, let me also congratulate you on your marriage; I am looking forward to meeting the new Mrs. Holmberg some day. Christa joins me in sending both of you our warmest personal regards and best wishes for the future.

Sincerely yours,

John Malone Chief Evaluation Officer Operations Evaluation Department

Encl.

July 21, 1981

Dr. Lucas Ayuko Bead of Rangeland Department Ministry of Livestock Development Kilimo House Mairobi, Kenya

Deer Dr. Ayuko,

Re: Impact Evaluation Report on: Kenya First Livestock Development Project (Credit 125-KE)

The Operations Evaluation Department is an independently constituted unit within the World Bank Group. The functions of the Department include a project performance audit, abortly after completion of lean disbursements, and reviewing the experience and results of all projects assisted by the Bank and the International Development Association. In addition, the Department carries out impact evaluation studies on a few selected projects completed some years ago and audited earlier by this Department. These impact studies are intended to evaluate the long-term socio-economic impact of World Eank supported projects and focus particularly on the effects on project beneficiaries and on achievements in institution building. The aim is to provide to the organization lessons from past experience.

I attach a copy of the first draft of the project impact evaluation report on the First Livestock Development Project supported by Gredit 129-KE in 1968. I would appreciate receiving any comments that you may have on the draft by August 25, 1981, so that we can take them into consideration in formulating our final conclusions before distributing the report to the Bank's Executive Directors.

We consider your views and comments as of crucial importance to reaching balanced conclusions concerning this project experience. In addition to reflecting them in the conclusions of the impact evaluation, we also propose to fully reproduce your views and comments in the final report. Should you find the present draft of this project impact evaluation report setisfactory and have no comments to make, I shell be grateful if you can inform me accordingly, preferably by cable. A copy of this final report, as distributed to the Executive Directors, will be sent to you for your information. I am also sending a copy of the present draft report to Mr. Harris Mule, Fermament Secretary, Ministry of Finance and Planning, SIDA and USAID for their comments.

May I take this opportunity to thank you and your staff for the kind help extended to Mr. John Malone on his visit during February 1981 regarding this study.

Sincerely,

Shiv S. Kapur Director Operations Evaluation Department

Attachment

cc: Mr. Y.S.M. Abdulai, E.D. for Kenya

JMalone: rak

July 21, 1981

Ms. Birgitta Johansson Counsellor, Head of Development Co-operation Office Swedish Embassy P.O. Box 30600 Nairobi, Kenya

Dear Ms. Johansson,

Re: Impact Evaluation Report on: Kenya First Livestock Development Project (Credit 129-EE)

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Sincerely,

Shiv S. Kapur Director Operations Evaluation Department

Attachment

JMalone: rak

July 21, 1981

Mr. Richard Eney East Africa Desk Room 1063A Agency for International Development Main State 21st Street, N.W. Washington, D.C. 20523

Dear Mr. Eney,

Re: Impact Evaluation Report on: Kenya First Livestock Development Project (Credit 129-KE)

The Operations Evaluation Department is an independently constituted unit within the World Bank Group. The functions of the Department include a project performance audit, shortly after completion of loan disbursements, and reviewing the experience and results of all projects assisted by the Bank and the International Development Association. In addition, the Department carries out impact evaluation studies on a few selected projects completed some years ago and audited earlier by this Department. These impact studies are intended to evaluate the long-term socio-economic impact of World Bank supported projects and focus particularly on the effects on project beneficiaries and on achievements in institution building. The aim is to provide to the organization lessons from past experience.

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Sincerely,

Shiv S. Kapur Director Operations Evaluation Department

Attachment

JMalone: rak

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

DATE: July 14, 1981 **OFFICE MEMORANDUM**

TO: Mr. Shiv S. Kapur, Director, OED FROM: G. A. McBride, Acting Chief, EALDA

SUBJECT: KENYA - First Livestock Development Project (Cr. 129-KE) Impact Evaluation Report

> 1. This is in response to your July 7 request for comments on the above draft report.

> 2. I have found no statements in the draft report which could injure the Bank's relationships with Kenya.

3. You may wish to note two typos:

> Spelling of "Maasailand" on page 2 of the (i) Table of Contents, top line; and

(ii) Spelling of "following" on page viii, fourth line from bottom.

C.c.: Ms. Deen, EA1DA (o/r)

GAMcBride:jm

DEADLINES FOR COMMENTS

7/21 Staff: Preliminary Detailed

Country: _____

JUL 16 1981 836

Pinjed' File

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7/16

connections,

country.

Mr. Warren C. Baum, Vice President, CPSVP Mr. Willi A. Wapenhans, Vice President, EANVP Shiv S. Kapur, Director, OED

July 7,, 1981

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

1. I attach, for your review and comments, the draft of an Impact Evaluation Report on the project supported by Credit 129-KE. This project was the subject of anPerformance Audit Report No. 1317, dated October 19, 1976. I would appreciate receiving any comments you may have by August 41,1981.

2. On July 24, 1981 we plan to send the Impact Evaluation Report to the Government of Kenya for their comments. Your comments at this stage should normally concern themselves with factual inaccuracies and with statements that could injure Bank/country relationship. More detailed comments are requested by the date mentioned in para. 1 above.

Attachment

ce:	messis.	Kraske EA1
		Rajagopalan, PAS
		Yudelman, AGR (3)
	and the second	Hendry, EAP
		Sandberg, EA1
	Ms.	Marshall, EAP
	MessMs.	McBride, EA1
		Van Puymbrokek, LEG
		Miller, CTR

Dewar, RMEA

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Datum/Date 1981-06-25

Dnr/Reg No. Bilagor/Encl.

John M Malone Chief Evaluation Officer Operations Evaluation Department The World Bank 1818 H Street. N.W. Washington, D.C. 20433 USA

SIDA ref.

Ärende/Re

Ref.

Dear John,

Thank you for your greetings transmitted through my colleague Karlis Goppers who visited the Bank in March, it was nice hearing from you. I was in Washington in January, if I had known that you were there I would have called on you.

After some years in Mozambique I returned to Sweden in April 1980. Since that time I work in SIDA Headquarters as Chief of the Agriculture Division. Frankly, I enjoy being in Sweden, I have had my bellyfill of life in the developing world (over ten years), so I shall expect to remain here for the next several years.

Vassula and I were divorced last year, and both of us have now remarried: she married a Sweden and expects to live with him in Africa for the foreseeable future. while I married an American lass from Colorado. She has adjusted well to Sweden and likes it here.

Solomon Bekure was here recently and told me that you and Christa are well. I will look you both up next time I am over there.

Best regards to you both

Johan Holmberg

me a line

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Telephone 08 - 15 01 00 Telegram sida stockholm

Telex 11450 sida sthlm FORM NO. 27 - OCR (11-78)

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

	Class of Service:	Date: March 20, 1981
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1 HERE TO	INTBAFRAD	
CITY/COUNTRY	NAIROBI, KENYA	
MESSAGE NO		
4		
	FOR DEWAR. PLEASE CONVEY THE	FOLLOWING MESSAGE TO DR. SOLOMON
5	BEKURE AT ILCA QUOTE OED'S DIRE	CTOR HAS TODAY APPROVED TRAVEL
6	REQUESTS FOR BOTH YOURSELF AND	DR. DYSAN HUDSON TO VISIT WORLD BANK
7	HEADQUARTERS IN WASHINGTON LATE	R HALF OF APRIL FOR SUBMISSION,
8		T ATUNA DEBART - THRACT CHAI HATTON
9	DISCUSSION AND REVISION OF DRAF	T STODY REPORT - IMPACT EVALOATION
10	OF KENYA LIVESTOCK PROJECT. WE	WILL ASK BANK'S OFFICE IN NAIROBI
	TO ARRANGE FOR ISSUANCE OF TICK	ETS AND TRAVEEBRS'CHEQUES FOR YOUR
11	TRIP. REGARDS, JOHN MALONE, O	ED, INTBAFRAD
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INTBAFRAD NAIROBI, FEBRUARY 5, 1981

465 FOR JOHN MALONE, OED

REYRTEL 300.

MR. JOSSCHAT HAS CONFIRMED YOU AND SMITH AT MOUNTAIN LODGE (2 SINGLES) IN 14TH OUT 15. WE HAVE RETAINED BOOKING AT OUTSPAN IN 13 OUT 14 FEB.

MM

RECEIVED

101 FED -5 MI 10-35

COMPENSION DIVISION

I HAVE GIVEN HIM-MESSAGE ABOUT PARCEL FROM KORDIK.

REGARDS,

MONTEIRO- TRAVEL OFFICE.

FORM NO. 27 - OCR (11-78)

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM)

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5	FOR WOOD. THANKS FOURTEL 17 OF	JAN. 27. COULD TIGANI POSSIBLY
	MEET AND ASSIST US UPON ARRIVAL	? REGARDS AND BEST WISHES TO
6	ALL. JOHN MALONE, OED. INTBAFR	AD
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I B R D ADDIS

JAN. 27, 1981

17 MALONE

HAVE WRITTEN TO MINISTRY FOREIGN AFFAIRS REQUESTING ISSUANCE TRANSIT VISAS AT AIRPORT ON ARRIVAL. THEY SAY NO PROBLEM.

Man

REGARDS WOOD

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FORM NO. 27 - OCR (11-78)

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

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	Telex No.: Ori	12 10
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i nene ji	MINISTRY OF LIVESTOCK DEVELOPMENT,	KILIMO HOUSE
CITY/COUNTR	NAIROBI, KENYA	
MESSAGE N	FOR DR. AYUKO, HEAD OF RANGELAND D	EPARTMENT. RE IMPACT EVALUATION
4	OF FIRST LIVESTOCK DEVELOPMENT PRO	JECT (CREDIT 129-KE). EYE AM
5	PLEASED TO CONFIRM THAT EYE WILL B	E ARRIVING NAIROBI ON SUNDAY
6	FEBRUARY EIGHT, ACCOMPANIED BY MR.	WILLIAM SMITH (CONSULTANT).
7	WE SHALL BE STAYING AT HILTON. BE	ST REGARDS. JOHN MALONE, CHIEF
8	OBCOATTONE OFFICE OPERATIONS OF	
5	OPERATIONS OFFICER, OPERATIONS EVA	LUATION DEPARTMENT, INTRAFRAD
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FORM NO. 27 - OCR (11-78)

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

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	Telex No.:		Originators Ext: 6-1763 12 10
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CITY/COUNTI	NAIROBI,	KENYA	
MESSAGE N	FOR MR. HARR	RIS MULE, PERMANENT	SECRETARY. RE IMPACT EVALUATION OF
4	FIRST LIVEST	TOCK DEVELOPMENT PRO	JECT (CREDIT 129-KE) AND AUDIT OF
5	POPULATION P	ROJECT (CREDIT 468-	KE). EYE AM PLEASED TO CONFIRM
6	THAT EYE WIL	L BE ARRIVING NAIRC	BI ON SUNDAY FEBRUARY EIGHT,
7	ACCOMPANIED	BY MR. WILLIAM SMIT	TH (CONSULTANT). WE SHALL STAY AT
8	HILTON. BES	ST REGARDS. JOHN MA	LONE, CHIEF EVALUATION OFFICER,
9	OPERATIONS E	EVALUATION DEPARTMEN	IT, INTBAFRAD.
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COMPONICATIONS DIVISION

INTBAFRAD NAIROBI, JANUARY 27, 1981

340 FOR MALONE, OED.

REYRTEL 4020 ADDRESSED TO KIMANI, MIN OF HEALTH . I HAVE CONFIRMED 2 DOUBLES FOR YOU AND SMITH AT:

OUTSPAN FEB.13 AT SHS.675/= PER DOUBLE FULL BOARD

AND

TREETOPS FEB.14 AT SHS, 1,080/= PER DOUBLE FULL BOARD.

PLEASE ADVISE URGENTLY IF YOU DEFINITELY NEED THESE RESERVATIONS AS WE WILL HAVE TO PAY NO-SHOW FEES IF WE COLLECT VOUCHERS AND YOU DO NOT TURN UP. PLEASE REPLY BY RETURN.

NARY

REGARDS, MONTEIRO, TRAVEL OFFICE - RMEA.

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WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) READ INSTRUCTIONS RELOW REFORE TYPING FORM

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1 HERE TO	INTBAFRAD
	NAIROBI, KENYA
MESSAGE NO	
4	FOR MONTEIRO. THANKS YOURTEL 348 DATED JANUARY 27, 1981. AS
5	SUGGESTED BY MR. KORDIK, WE WOULD LIKE TO CHANGE BOOKING TO LODGE
6	OPERATED BY HIS CLOSE FRIEND MR. SIGMUND JOGSCHAT, MANAGER OF
7	AFRICAN TOURS AND HOTELS LIMITED. EYE BELIEVE NAME OF LODGE IS THE
8	MOUNTAIN LODGE. PLEASE CALL HIM (MR. JOGSCHAT) IN NAIROBI AT
9	TELEPHONE NUMBER 336858 AND ASK HIM TO RESERVE TWO ROOMS AT
10	MOUNTAIN LODGE FOR SMITH AND ME.FOR NIGHT OF FEBRUARY FOURTEEN.
11	ALSO INFORM MR. JOGSCHAT THAT EYE AM CARRYING A PACKAGE FOR HIM AND
12	HIS WIFE FROM MR. & MRS. KORDIK, AND THAT EYE WILL TELEPHONE HIM
13	MYSELF AS SOON AS EYE ARRIVE IN NAIROBI. WE WOULD LIKE TO RETAIN
14	BOOKING AT THE OUTSPAN FOR FEBRUARY THIRTEEN, UNLESS MR. JOGSCHAT
15	HAS A BETTER SUGGESTION. MR. SMITH AND EYE WILL BE CONDUCTING BANK
16	BUSINESS IN NYERI VICINITY ON FRIDAY AFTERNOON AND SATURDAY MORNING,
17	AND THE OUTSPAN IS PROBABLY THE MOST CONVENIENT BASE FOR THIS
18	PURPOSE. PLEASE INFORM BOTH MR. JOGSCHAT AND THE OUTSPAN HOTEL THAT
19	WE REQUIRE TWO ROOMS FOR SINGLE OCCUPANCY, I.E. ONE ROOM EACH, BUT
20	WE WOULD PREFER DOUBLES IF AVAILABLE AT SAME RATE. THANKS VERY
21 END OF	MUCH FOR YOUR ASSISTANCE IN THIS MATTER. BEST REGARDS. JOHN MALONE.
22 TEXT	
	NOT TO BE TRANSMITTED SUBJECT: DRAFTED BY:
	PPAR Kenya - and Impact Livest. Malone:rak
	Iohn Malone
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WORLD BANK OUTGOING	MESSAGE	FORM	(Telegram,	Cable,	Telex)
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	Class of Service: TELEX Date DECEMBER 1, 1980
	Telex No.: 22022 Originators Ext. 61762
START HERE TO TY/COUNTRY	INTBAFRAD NAIROBI, KENYA
	FOR RICE THANKS YOURTEL 3908 OF NOVEMBER 28.
	PRIMO, RE KENYA POPULATION AUDIT, AGREE MIGOT-ADHOLLA SHOULD
	VISIT HQ DECEMBER 28-JANUARY 9.
	SECUNDO, RE KENYA LIVESTOCK IMPACT EVALUATION, WILKERSON OF
	PERSONNEL ISSUED APPOINTMENT LETTER DATED NOVEMBER 19 FOR DRS.
	SOLOMON BEKURE AND NEVILLE DYSON-HUDSON ADDRESSED TO SIHM ILCA
)	NAIROBI OFFICE. PLEASE INFORM SOLOMON.
	TERTIO, DURING MY VISIT TO KENYA IN FEBRUARY I WILL BE ACCOMPANIE
ſ	BY WILLIAM E. SMITH, CONSULTANT, AUTHOR OF WORLD BANK STAFF
1	WORKING PAPER NO. 375, ENTITLED "THE DESIGN OF ORGANIZATIONS FOR
	RURAL DEVELOPMENT PROJECTS - A PROGRESS REPORT". SMITH WILL
ć.	EXAMINE ORGANIZATIONAL ASPECTS OF BOTH ABOVE MENTIONED PROJECTS
	FOR OED. REGARDS. JOHN MALONE. INTBAFRAD.
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END OF	
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	SUBJECT: Kenya: Population DRAFTED BY:
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FORM NO. 27 - OCR (11-78)

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WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

	Telev No.	1762
	Telex No.: Original	tors Ext: 01766 12
TO	MR. L. J. AKUYO, HEAD OF RANGELAND	DEPARTMENT
NTRY	MINISTRY OF LIVESTOCK DEVELOPMENT.	NAIROBI, KENYA
ENO		
	CHOTHED TO NY LETTER AS CONTENDED 5	PVP AND UTILITAN ONTTH
	FORTHER TO ME LETTER OF SEPTEMBER J	ETE AND WILLIAM SHITH
	(CONSULTANT) ARE PLANNING TO ARRIVE	IN NAIROBI FEBRUARY 9 TO
	REVIEW PROGRESS OF KENTA LIVESTOCK	IMPACT EVALUATION STUDY.
	REGARDS. JOHN M. MALONE, INTBAFRAD	
		신성 중에 가지 않는 것이 아니는 바람이 해야.
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	Kenya Livestock Impact Evaluation	JMalone/cs ///////////////////////////////////
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NECONTRE	MINISIRI UF FINANCE AND FLANNING	, AALEVDI, KLAIN
MESSAGE NO		
	EYE AND WILLIAM SMITH (CONSULTAN	T) ARE PLANNING TO VISIT NAIROBI
1	FROM FEBRUARY 9 TO FEBRUARY 22 T	O CARRY OUT AUDIT ON POPULATION
	PROJECT (CREDIT 468-KE). WE WIL	L BE ASSISTED BY DR. SHEM MIGOT-
	ADHOLLA, CONSULTANT IN RURAL SOC	IOLOGY, OF IDS. WHILE IN KENYA
-	WE WILL ALSO REVIEW PROGRESS OF	KENYA LIVESTOCK IMPACT EVALUATION
	STUDY. REGARDS. JOHN M. MALONE	- CHIEF EVALLATION OFFICER, OED.
0	INTBAFRAD.	
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	SUBJECT: Kenya - Population Project	DRAFTED BY:
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	cc: IDS	John M. Malone, CEO
	ILCA	Operations Evaluation
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Distributongn fca Mr. J. Malone N-1124

1980 NOV 11 AN 9:19

RECORCINTRAFRAD NAIROBI, NOVEMBER 11,1 COMMUNICATIONS

3639 FOR MALONE, OED. RE KENYA LIVESTOCK ONE SECOND AUDIT.

YOUSHOULD BE ADVISED OF TWO NEW ELEMENTS: AAA USAID INTENDS TO UNDERTAKE A REVIEW OF THEIR NORTHEAST PASTORAL DEVELOPMENT COMPONENT IN PHASE II USING MR. AND MRS. MERRIMAN SOCIOANTHRO-POLOGISTS WHO HAVE WORKED FOR MANY YEARS IN THE NORTHEAST. THEY ARE TENTATIVELY SCHEDULING THE STUDY FOR 3 TO 4 MONTHS FROM JANUARY. PURCELL HAS ADVISED USAID OF OUR PLANS USING ILCA CONSULTANTS AND THEY WILL ENSURE THAT MERRIMANS AND DYSON HUDSON MAKE CONTACT THIS WEEK SO THAT COMPLEMENTARITY CAN BE ENSURED.

BBB. THE SHIFTA BANDI ACTIVITY IN NORTHEAST HAS WORSENED. FIVE PUBLIC SERVANTS HAVE BEEN KILLED IN THE LAST WEEK. SOMALIS ARE BEING CONFIRED TO VILLAGES AND A DUSK TO DAWN CURFEW WAS IMPOSED AS FROM YESTERDAY. THIS MAY AFFECT YOUR STUDY PLANS IF IT CONTINUES.

REGARDS,

980

69193

TELEX 22352

INTERNATIONAL LIVESTOCK CENTRE-FOR AFRICA (ILCA)

P.O. BOX 46847

NAINCBI, KENYA

ATT: SINK. WORLDBANK CONFIRMS NEVILLE DYSON-HUDSON AND SOLOMON BEKURE FOR CONSULTING ASSIGNMENT TO PREPARE KENYA LIVESTOCK DEVELOPMENT IMPACT EVALUATION REPORT DURING DECEMBER/JANUARY/FEERUARY FOR ABOUT 100 MANDAYS INTERMITTENTLY. BANK WILL REIMBURSE ILCA FOR THEIR SALARY AND RELATED BENEFITS AND PAY THEIR ECONOMY TRAVEL AND SUBSISTENCE DIRECT TO THEM WHILE AWAY FROM HONE. APPOINTMENT LETTER FOLLOWS. REGARDS, WILKERSON, PERSONNEL, WORLDBANK.

file

Sheila C. Wilkerson:rlk

cc Mr. S.S. Kapur (2) N-1130

FORM NO. 27 - OCR (11-78)

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WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex) IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

Class of Service:	TELEX
Taley No.	

Date: November 11, 1980 Originators Ext: 61792 12

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1 HERE TO FOR RICE COPY TO SOLOMON BEKURE, ILCA. THANKS YOURTEL 3639 RE **CITY/COUNTRY** KENYA LIVESTOCK ONE IMPACT EVALUATION. COINCIDENTALLY RECEIVED MESSAGE NO PHONE CALL TODAY FROM SOLOMON BEKURE AT ILCA NAIROBI OFFICE ASKING BANK TO EXPEDITE LETTERS OF APPOINTMENT FOR HIM AND DYSON-HUDSON AND INFORMING ME THAT KENYA GOVERNMENT, IN PERSON OF AYUKO, HAVE NOT APPOINTED ANY LOCAL COUNTERPART FOR STUDY SINCE THEY ARE STILL AWAITING "DRAFT TERMS OF REFERENCE" REFERRED TO IN AYUKO'S LETTER TO ME OF JULY 31. AS I INDICATED IN MY REPLY TO AYUKO DATED SEPTEMBER 5, HOWEVER, WE DO NOT CONSIDER IT USEFUL TO PREPARE DETAILED TERMS OF REFERENCE FOR SUCH A STUDY BEFORE IT IS UNDERTAKEN. I INSTEAD SENT AYUKO THREE COPIES OF SUDAN ROSEIRES IMPACT STUDY AS BRIEFING FOR COUNTERPART. I WOULD APPRECIATE IT IF YOU WOULD NOW MAKE SURE THAT BOTH AYUKO AND SOLOMON HAVE COPIES OF THIS EXCHANGE OF LETTERS ALTHOUGH BOTH SHOULD ALREADY HAVE THEM, SO THAT WORK CAN BEGIN. HOPEFULLY, FIELD WORK CAN GO ON IN BOTH MASAILAND AND NORTHEAST DURING JANUARY. I AM NOW PLANNING TO VISIT KENYA IN FEBRUARY TO CARRY OUT AUDIT OF KENYA POPULATION ONE AND REVIEW PROGRESS OF LIVESTOCK STUDY. APPRECIATE YOUR HELP GREATLY. REGARDS, JOHN MALONE, OED.

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cc: Ms.	K. Marshall, EAH	John	M. Malone Jr

(11-78)	WORLD BANK OUTGOING MESSAGE IMPORTANI (PLEASE READ INSTRUCTION	E FORM (Telegram, Ca	able, Telex) DRM.)
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ESSAGE NO			
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	STUDY REMAIN AS AGREED WITH YO	U AND MOLD IN JULY,	I.E., FIELDWORK
	JANUARY/FEBRUARY AND REPORT WR	ITING FEBRUARY/MARCH	. SUGGEST YOU
	CONTACT TICA FOR MORE PRECISIO	N TIMING MY VISIT	TENTATIVELY
	CONTACT IEUX FOR MORE FRECISIO	N. TINING III VIGIT	
-	FEBRUARY DUE SLIPPAGE OTHER TA	SKS TO BE COVERED ON	SAME TRIP.
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NAIROBI

OCTOBER 3, 1980

3147 FOR JOHN MALONE, OED, RE KENYA LIVESTOCK CREDIT 129-KE AND YOUR TELEX 3151. WE WOULD APPRECIATE KNOWING DATES OF (A) PSED STUDY AND (B) YOUR JANUARY 1981 VISIT. REGARDS RICE.

N/124

1000 OCT -7 AN 11: 12

ILCA

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ADDIS ABABA, ETHIOPIA

FOR POUL SINK. RE KLOP IMPACT EVALUATION. HAVE RECEIVED LETTER FROM AYUKO AGREEING TO PROCEED AS PLANMED AND PROPOSING LOCAL COUNTERPART TEAM OF THREE EXPERTS FROM MOLD, ECONOMIC PLANNING AND UNIVERSITY (IDS). WE NEED FOR PERSONNEL COPIES OF CV'S DYSON-HUDSON AND SOLOMON AND ESTIMATE OF PER DIEN COST IN LIEU OF FEE TO BE REIMBURSED TO ILCA BY BANK FOR THEIR TEMPORARY SECONDRENT AS CONSULTANTS TO DED. REGARDS. JOHN MALONE, DED. INTRAFRAD.

Kenya: Impact Evaluation Report JohnNalone:rak

John Malone

cc: Mrs. Sheila, Wilkerson Mrs. Siervo

Operations Evaluation

OFFICIAL FILE COPY

Dr. Achola Pala Okeyo 188-56 85th Road Hollis, N.Y. 11423

September 5, 1980

Dear Dr. Pala Okeyo

I enjoyed talking with you on the telephone this morning and I hope very much that it will be possible for you to obtain some leave from the United Nations so that you can work with me on the project performance audit of the Kenya First Population Project.

I have informed the division of our Population, Health and Nutrition projects Department responsible for the project completion report (PCR) that you are most likely to be free to undertake this audit in late October and early November, rather than early 1981 as we had discussed previously. They will make every effort to have the PCR finalized by mid-October, but it is not absolutely necessary for the PCR to be in final form when you undertake the field visit.

I have come accross a paper recently which I am sending you as background and which makes a number of references to the project in Kenya. I hope you will find it of interest. I am also enclosing a report given to me by Dr. Kanani during my recent visit to Nairobi.

Looking forward to hearing from you soon regarding your availability, I remain,

Sincerely yours,

John M. Malone Chief Evaluation Officer Operations Evaluation Department

JMalone:rak

Enclosure (2)

"Organizational Commitment and Adaptation in an International Agency: The World Bank's Population Program" by Jason L. Finkle and Barbara B. Crane University of Michigan

"A Report on the Activities of the Field Educators, 1978 (Evaluation/Research Divison National Family Welfare Centre, Ministry of Health, Nairobi, June 1978

OFFICIAL FILE COPY

Nov 11, 1980

It

Copies sent to :-

1. The Rice Inthehad

Nairsb;

2) Ar Solomon Bekune Naussi, Kenya.

for Information -
Colory also in File

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234 • Cables: INTBAFRAD

Mr. L. J. Ayuko Head of Rangeland Department Ministry of Livestock Development Kilimo House, Cathedral Road (P.O. Box 68228) Nairobi, Kenya

September 5, 1980

Dear Mr. Ayuko,

Re: Impact Evaluation of the First Livestock Development Project (Credit 129-KE)

Thank you very much for your letter of July 31 on the above subject. As requested, I am sending you, under separate cover, three copies of the Project Performance Audit Report (PPAR) on the First Livestock Development Project together with three copies of the Impact Evaluation Report on the Sudan Roseires Irrigation Project to give you and your colleagues an example of the approach we have been following in looking at the longer term socioeconomic effects of projects evaluated earlier, including their indirect as well as direct costs and benefits. Since the exact approach to be followed depends so heavily on the specific nature of the project in question and on the availability of socio-economic data relating to project impact, we do not consider it useful to prepare detailed terms of reference for such a study before it is undertaken. We expect that Drs. Solomon Bekure and Dyson-Hudson will be devoting a total of approximately 100 man-days to this study between them and that some incremental cost may be incurred in order to obtain additional field survey information, which would not otherwise be needed for the purpose of the ILCA study. We hope, however, that much of the information obtained in the field will serve both purposes.

Now that we have obtained your agreement to proceed with the impact evaluation, I will be making the necessary arrangements to retain the services of the two consultants. I am tentatively planning to visit Kenya for a week or two in late January to review the progress of this study with the consultants and the three local experts to be nominated by the Government. We hope to receive a draft of the report sometime in late February or early March 1981.

Yours sincerely,

Trull. Malory,

John Malone Chief Evaluation Officer Operations Evaluation Department

cc: Mr. Peter Kamau, Project Evaluation Unit, Ministry of Economic Planning, Nairobi Mr. Paul Sihm, Monitoring Coordinator ILCA, Nairobi Telegrams: "MINAG", Nairobi Telephone: Nairobi 335855 When replying please quote

Ref. No. RANGE/90/XI/ and date

MINISTRY OF LIVESTOCK DEVELOPMENT KILIMO HOUSE CATHEDRAL ROAD P.O. Box 68228, NAIROBI

Copy Sent to el. Dewan RMEA: Manobe with coof refly

Mr. John M. Malone, Chief Evaluation Officer, Operations Evaluation Department, The World Bank, P.O. Box 30577, NAIROBI.

Dear Mr. Malone,

RE: IMPACT EVALUATION OF THE FIRST LIVESTOCK DEVELOPMENT PROJECT.

I acknowledge with thanks the receipt of your letter of July 2, 1980 on the above subject.

This is to confirm that the contents of your above quoted letter accurately reflects our understandings concerning the OED proposal to carry out a project impact evaluation of the first Livestock Development Project. I also confirm that those carrying out the study including Drs. Bekule and Dyson Hudson', will be accorded all the assistance and access to relevant information as necessary.

I would, however, appreciate it if you made the following items available to us in good time to enable our nominees to study them before the evaluation starts: the draft terms of reference and about three copies of the first evaluation report of the first Livestock Development Project. We will be nominating about three local experts to take part in the evaluation exercise, possibly one each from the University of Nairobi. (IDS), Project Evaluation Unit, Ministry of Economic Planning and Ministry of Livestock Development.

(L.J. Ayuko) for: <u>PERMANENT</u> SECRETARY.

C.C. Mr. Peter Kamau, Project Evaluation Unit, Ministry of Economic Planning, NAIROBI.

Mr. Paul Sihm, Monitoring Coordinator ILCA. International House, NAIROBI.

LJA/Cmw.

INTERNATIONAL LIVESTOCK CENTRE FOR AFRICA





KENYA COUNTRY PROGRAMME INTERNATIONAL HOUSE P.O. BOX 46847 NAIROBI Telex: 22358 Telegram: ILCAKENYA Telephone: 20498, 333541/2 & 336673

PAS/RNS/MON./618/80

15th July, 1980

Mr. John Malone, Operation Evaluation Department, World Bank, 1818 H. Street N.W. Washington D.C. 20433, U.S.A.

Dear John,

KLDP I - Impact Study

Please find enclosed a xerox of the part of my BTO dealing with our discussions which represents my understanding of our agreement. For your information, I also enclose a copy of a summary report to GOK on ILCA monitoring activities since 1976.

I have not heard anything from Lucas Ayuko regarding your letter copied to me. Should you have any comments to what I believe to be our understanding please let me know.

It was nice meeting you here and to have the opportunity to catch up with news: from the bank.

Best regards,

Yours sincerely, International Livestock Centre for Africa

Poul A Sihm Project Coordinator <u>Monitoring</u>

P.S. 15.7. fiest talked to Ayake who says Encls. governent agreement wird le 6. July 1st thru 4: Dyson-Hudson, Solomon and I had several meetings with Mr. John Malone of the Operations Evaluation Department, World Bank. The purpose of Mr. Malone's visit was to plan with Government an "Impact Study" of KLDP I which would include ranches established under that project. Since ILCA is doing such impact evaluation already World Bank has requested Government agreement (copy of letter attached, appendix II) to commission Solomon Bekure and N. Dyson-Hudson to carry out this study as part of the ongoing ILCA programme. I agreed in principle provided that:

- i. ILCA was informed by copy of government letter to World Bank of their agreement to such an arrangement.
- ii. The full cost of staff, travel and per diem; enumerators (including the prorated global cost of international staff) would be reimbursable to ILCA on submission of accounts.
- iii. The responsibility for the report and financial arrangements were to rest with Solomon Bekure; and that it was understood that whereas Dyson-Hudson would be responsible for the sociological part of the report the field work would in fact be carried out by Grandin, Caddis and de Souza under his direction.

Telex

July 8, 1980 6-1783

21207

ILCA

ADDIS ABABA, ETHIOPIA FOR JAHNKE. FURTHER MY TELEX OF JUNE 3. AS YOU WILL BE HEARING FROM POUL SYHM, HAVE DECIDED RETAIN SERVICES OF SOLOHON BEKURE TO WORK WITH DYSON-HUDSON ON KENYA IMPACT EVALUATION. SORRY WE COULD NOT WORK SOMETHING OUT THIS TIME, BUT LET US KEEP IN TOUCH AND MOPE THAT ANOTHER OCCASION WILL SOON ARISE FOR US TO COLLABORATE. REGARDS. JOHN MALONE, OPERATIONS EVALUATION DEPARTMENT. INTBAFRAD

Re: Impact Evaluation Kenya First Livestock Development Project

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Johnfialone:rak

John Malone GED

OFFICIAL FILE COPY

July 8, 1980

Mr. L. O. Kibinge Permanent Secretary Ministry of Livestock Development Eilimo House Nairobi, Kenya

Dear Mr. Kibinge,

Re: Impact Evaluation Report on Kenya First Livestock Development Project (Credit 129-KE)

I very much enjoyed meeting you and your colleagues on July 2nd and I appreciate the cooperation you extended to me in preparing for the proposed impact evaluation of the Kenya First Livestock Development Project.

I am enclosing for your information a copy of a letter I sent to Mr. Ayuko after the meeting.

With best regards,

Sincerely yours,

John Malone Chief Evaluation Officer Operations Evaluation Department

Enclosure

JM: rak

cc: Ms. K. Marshall, RA1



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INTBAFRAD NAIROBI JNE 4, 1980

1697 FOR KAPUR (OED)

KENYA FIRST LIVESTOCK. MOLD HAS NO OBJECTION TO MALONE PROPOSED VISIT IN END JUNE.

REGARDS

RICE

TELEX REF NO TL/01275/HEJ/106/80

WORLD BANK OED TELEX 440098 WASHINGTON D.C.

FOR MALONE OED

THANKS YOUR TELEX MAY28.

FROM END SEPTEMBER EYE SHALL BE BACK AT UNIVERSITY IN GERMANY

N 112

30/5/30 MAY 30 MM 9:45

RECORDS COMMUNICA

ATTRACTION OF YOUR ORIGINAL REQUEST WAS POSSIBILITY OF COOPERATION WITH SIHM, DYSON-HUDSON AND ILCA IN GENERAL FOR IMPACT EVALUATION KENYA AND FOR ESTABLISHING BASIC APPROACH ALSO TO BE USED IN TANZANIA.

EYE THINK THE JOB SHOULD PREFERABLY STAY IN ONE HAND AND IF ILCA DOES UNDERTAKE KENYA JOB AS AN ORGANIZATION YOU MIGHT CONSIDER ASKING THEM TO DO TANZANIA JOB ALSO.

EYE WOULD PREPER NOT TO UNDERTAKE THE REDUCED ASSIGNEMENT.

EYE SHALL BE IN WASHINGTON END JULY EARLY AUGUST AND LOOK FORWARD TO SEEING YOU.

REGARDS

JAHNKE

ILCA ADDISO

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FORM NO. 27 - OCR (11-78)

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FOR TED RICE. THANKS YOUR TELEX NAY 27 NUMBER 1607 RE PROPOSED SECOND LOOK EVALUATION OF CREDIT 129-KE FIRST LIVESTOCK DEVELOPMENT PROJECT. MINISTRY OF LIVESTOCK DEVELOPMENT IS APPARENTLY CONFUSED BY TELEX EVE SENT TO THEM SUGGESTING BRIEF VISIT BY HE DURING SIMULTANEOUS VISIT OF POUL SINM TO HAVE PRELIMINARY DISCUSSIONS BETWEEN GOVERNMENT, OED AND ILCA RE POSSIBLE COLLABORATION ON IMPACT EVALUATION IN CONJUNCTION WITH ILCA STUDY OF KLOP ONE AND TWO. IMPACT EVALUATION WOULD LIKELY TAKE PLACE IN EARLY 1981 AND WOULD HAVE THE ADDED ADVANTAGE OF NOT REPEAT NOT IMPOSING ADDITIONAL BURDEN ON MINISTRY SINCE ALMOST ALL INFORMATION NEEDED BY OED WOULD BE COLLECTED BY ILCA STUDY TEAM ANYWAY. PURPOSE OF MY PROPOSED VISIT IN JUNE WAS ONLY TO ASCERTAIN GOVERNMENT WILLINGNESS TO PROCEED IN THIS NANNER AND FEASIBILITY OF DOING SO WHILE DISCUSSING PRELIMINARY TERMS OF REFERENCE WITH SINN, DYSON-HUDSON AND REST OF ILCA STUDY TEAM. EVE WOULD APPRECIATE IT VERY MUCH IF YOU NOULD EXPLAIN THIS TO GOVERNMENT AND TELEX ME WHETHER PROPOSED ORIEF VISIT IN JUNE IS CONVENIENT. REGARDS. JOHN MALONE, GED.

NOT TO I	BE TRANSMITTED
SUBJECT:	DRAFTED BY:
Kenya Impact Evaluation Livestock CLEARANCES AND COPY DISTRIBUTION:	AUTHORIZED BY (Name and Signature): John Malone DEPARTMENT: SECTION BELOW FOR USE OF CABLE SECTION CHECKED FOR DISPATCH

Kenya Livesbock Impact

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INTBAFRAD

1980 NAY 27 AN ID: 41 COMMUNICATIONS DIVISION

MAY 27, 1980

1607 FOR JOHN MALONE, OED .

THE MINISTRY OF LIVESTOCK DEVELOPMENT HAS CONTACTED US REGARDING A REQUEST FROM OED TO UNDERTAKE AT THE END OF JUNE A SECOND OED EVALUATION OF CREDIT 129-KE FIRST LIVESTOCK DEVELOPMENT PROJECT. RMEA IS CURRENTLY COMPLETING A REVIEW OF THE ONGOING SECOND LIVESTOCK PROJECT AND HAS RECOMMENDED THAT AN EXTENSION BE GRANTED PAST DECEMBER 31, 1980 ONLY IF A LARGE NUMBER OF CONDITIONS ARE FULFILLED BEFORE THAT DATE. THE PROJECT AGENCIES HAVE A FULL AND TIGHT SCHEDULE TO KEEP IF THESE CONDITIONS ARE TO BE MET, AND WE WOULD STRONGLY RECOMMEND THAT THE SECOND OED EVALUATION BE POSTPONED, PREFERABLY INTO EARLY 1981. THE EXTENSION AND CONDITIONS OPEN THE WAY FOR IMPORTANT MODIFICATIONS IN THE LIVESTOCK PROGRAM THAT SHIFT IS IMPORTANT ALSO FOR YOUR EVALUATION WHICH PERHAPS COULD BE POSTPONED FOR THAT REASON ALONE . REGARDS RICE

FORM NO. 2 (11-7)	27 - OCR 8)	WORLD BANK OUTGOING	MESSAGE FO	ORM (Telegram, Cable, Telex) LOW BEFORE TYPING FORM.)	Dir file
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FORM NO. 27 - OCR (11-78)

TO

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END OF TEXT RE KENYAFFIRST LIVESTOCK DEVELOPMENT PROJECT (CREDIT 129-KE). THE OPERATIONS EVALUATION DEPARTMENT IS AN INDEPENDENT DEPARTMENT WITHIN THE WORLD BANK ESTABLISHED TO REVIEW SYSTEMATICALLY AND COMPREHENES SIVELY AFTER PROJECT COMPLETION, ALL BANK LENDING OPERATIONS AND THEIR CONTRIBUTION TO DEVELOPMENT PROCESS IN MEMBER COUNTRIES. BASIC PURPOSE OF THIS REVIEW IS TO LEARN FROM EXPERIENCE, DEMONSTRATE ACCOUNTABILITY FOR FUNDS DISBURSED AND CONTRIBUTE TO BANKS CONTINUING EFFORT TO IMPROVE QUALITY OF ITS LENDING AND TECHNICAL ASSISTANCE ACTIVITIES. MMR. JOHN MALONE, CHIEF EVALUATION OFFICER OF OUR OPERATIONS EVALUATION DEPARTMENT, PLANS TO VISIT NAIROBI FROM JUNE 30 TO JULY 4. HE WOULD LIKE TO DISCUSS WITH YOUR AUTHORITIES AND WITH MESSRS. SIHM AND DYSON-HUDSON OF ILCA THE POSSIBILITY OF COLLABORATION IN A FURTHER REVIEW OF THE LONGER TERM SOCIAL AND ECONOMIC IMPACT OF THE FIRST LIVESTOCK DEVELOPMENT PROJECT WHICH WAS THE SUBJECT OF A REPORT PREPARED BY OPERATIONS EVALUATION DEPARTMENT IN 1976. EYE WOULD APPRECIATE RECEIVING YOUR CABLED REPLY INDICATING WHETHER THE PROPOSED VISIT IS CONVENIENT. REGARDS. SHIV S. KAPUR, ACTING DIRECTOR-GENERAL, OPERATIONS EVALUATION. INTBAFRAD.

NOT TO BE TRANSMITTED				
SUBJECT:	JMalone: pt Man Malone			
CLEARANCES AND COPY DISTRIBUTION:	AUTHORIZED BY (Name and Signature):			
cc: CotsMs. Marshall	Shiv S. Kapur			
Mr. Sandberg	DEPARTMENT:			
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WORLD BANK / INTERNATIONAL FINANCE CORPORATION

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DATE:

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February 21, 1980

OFFICE MEMORANDUM

Mr. M. Weiner, Director-General, DGO TO:

FROM: M. Yudelman, Director, AGRDR

SUBJECT:

Project Impact Evaluation Report KENYA: First Smallholder Agricultural Credit Project

This is the first project impact evaluation report of an agricultural credit project. As with most agricultural credit projects of that period, the project was designed without the effective monitoring and evaluation system needed to assess its impact on farmers and national production. Assessments on impact must therefore be largely based on judgements which get more difficult the further one moves away from the implementation period.

The report examines a number of issues in detail and expresses the author's opinions based on the limited data available. To strengthen the discussion on one issue a comprehensive hypothetical case study has been prepared to examine the possibilities of whether borrowers could, if necessary, have financed the investments made under the project by means of their own funds or other sources of finance.

A detailed analysis of the financial impact of the project on AFC has been prepared. However, the author has not had the benefit of monitoring of the institution's staff use and has had to make his own estimate of administration costs. As this is a major item of total expenses, the financial impact on AFC, estimated to be slightly negative, is also necessarily somewhat uncertain.

On a particular but important aspect the report appears somewhat inconsistent in that para. 8 considers AFC improved as do paras. 32 to 35; however, in paras. 36 to 38 the report is quite critical of both AFC and the Bank. While AFC has had problems, its achievements over the period stated are also substantial - it greatly increased its loan portfolio, it expanded its branch system and staffing substantially, it Africanized most of its senior staff, it achieved an overall profit, and it kept overall administration costs, overdues, and bad debts fairly low. While weaknesses remain in planning and management, etc. and further improvements should undoubtedly be made, AFC has definitely improved and, compared to many institutions in developing countries, its achievements are quite good. Overall, paras. 36 to 38 are too harsh on AFC and the Bank giving the impression of failure rather than the qualified success warranted.

The report is a useful document discussing a number of issues general to many agricultural credit projects. It will also be useful for Regional staff in considering future projects with AFC and to bring home the importance of effective monitoring if project impact is to be more accurately measured.

cc. and cleared with: Mr. D.C. Pickering R cc: Messrs. W. Baum, J.D. von Pischke, V. Rajagopalan

DBArgyle:sj