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PROJECT ASSISTANCE COMPLETION REPORT

NATIONAL RANGE AND RANCH DEVELOPMENT (NRRD)

PROJECT NO. 615-0157

AND

THE LIVESTOCK DEVELOPMENT PROJECT

NO. 615-T-008

DATE: JUNE, 1983

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PROJECT ASSISTANCE COMPLETION REPORT (PACR)

I. PROJECT TITLE:

NATIONAL RANGE AND RANCH DEVELOPMENT (NRRD) PROJECT NO. 615-0157 AND THE LIVESTOCK DEVELOPMENT PROJECT NO. 615-T-008.

II. PACR STRATEGY:

This Project Assistance completion Report (PACR) is designed to provide the Kenya Mission and the GOK with information that will be useful in future livestock and other agricultural development projects. It will therefore emphasize "lessons learned" and rely heavily on the project evaluation completed by Devres during the sixth year of the project end of tour reports by long term technicians. Since the September 1979 Devres evaluation the project has had no new or expanded activities.

The NRRD (Grant) project and the Livestock Development (Loan) project were two components of a larger Kenyan National Livestock Development Project II. These two AID supported elements will be considered as one for the purpose of this report.

III. PACD:

The PACD for the NRRD project was September 30. 1981 and for the Livestock Development Project was September 30, 1982.

IV. PROJECT GOAL:

One goal of Phase II of the Kenya National Livestock Development Project was to increase foreign exchange earnings from livestock exports and provide foreign exchange savings by providing a constant supply of meat to Kenya's expanding tourist industry. A second goal was to improve the economic welfare of poorer Kenyans through their increased participation in the livestock industry and simultaneously provide a larger and constant supply of reasonably priced meat, thus providing their diets with increased amounts of animal protein.

The project was expected to induce a stable way of life among the nomadic pastoralists in the North-East Province (NEP) by integrating them into a system of livestock production based on rotational grazing blocks with reliable water supplies. This would permit them to settle in one area and thereby have better access to health, education and other Government services.

The Devres evaluation stated the following about goal attainment:

"Two Objectively Verifiable Indicators are stated for this goal. The first has to do with family real income in the North East Province (NEP) and in the ranching areas. Since most families in both the NEP and in the ranching areas are subsistence pastoralists, who consume their own outputs and produce most of their own inputs, it is Devres' judgement that estimates of family real income are not objectively verifiable indicators. The data Devres collected suggest that such families exchange, in the marketplace, only from 5 to 20% of the total flow of materials and energy recycled within the family or clan unit, and therefore conversions to estimates of cash flow in U.S. dollars are misleading".

Secondly, "On ranches, it is not specified as to which families' real income is the indicator. We find that the company ranches are owned by a group of shareholders who neither live on the ranch nor tend the livestock. In most cases, they have received little or no additional income from the shares they hold in these ranches. These ranches have taken loans from AFC on a ten-year term, which is too short of a pay back period for cattle ranching.This time frame would be too short in better climates, and unlikely to be feasible where the ranch had little in the way of infrastructure at the time loans were first made. Also, it must be remembered that these semi-arid areas may face drought conditions once or twice in a ten-year period of time. Most ranches are in arrears, with loan repayments and future prospects are not promising".

It does not appear that there is any increase in real income among families involved in ranch programs. If income, as stated in the Logical Framework means cash flow, there is no evidence that it is increasing for families involved with project supported ranches.

The Devres' Team found no evidence of any change in quality of life that could be associated with the pastoral grazing block program. Since livestock are not kept primarily for cash profit through market transactions, the measure may be inappropriate. Some animals are sold, but the data suggested in the Log Frame as means of verification simply do not provide that information.

The second set of indicators has to do with the goal of settling pastoralists on smaller, known, and surveyed pieces of land. The Devres' Team had serious concern that such restriction in the normal patterns of movement of pastoralists may not be in the interests of those pastoralists. It is not likely to lead to either increased "income" or to improved "quality of life". Since change may be necessary for other reasons, but to measure its impact from the perspective of these economic and social criteria (program and sector goals) would be dysfunctional.

With respect to the goal of improved quality of life for low income livestock producers in range and ranch areas, it seems that neither the "objectively verifiable indicators," the "means of verification" nor the "important assumptions" were appropriate.

V. PROJECT PURPOSE:

The project purpose was "to increase the quantity and quality of livestock production to meet growing domestic demand and to earn foreign exchange through exports of livestock and livestock products".

The assumption that production of immature stocker cattle would respond to demand assumes a market economy, and the majority of the low-income producers seem not to be in the market economy, they are basically subsistence pastoralists. Livestock numbers represent savings and stock wealth, and are only on occasion exchanged for money at livestock markets. Livestock provide food through milk rather than meat and ownership of large numbers carry social prestige.

The project design also assumed (implicitly or explicitly) that markets existed or would be developed to assist pastorilist could sell their immature cattle when necessary on a year round basis. These Livestock markets were to be located so that they would be accessible to the pastorilist. The prices at these

markets were to be at a level which the pastorilist would find attractive and would increase trade. These livestock market outlets for the pastorilist never materialized.

The project design also assumed (implicity or explicity) that markets existed or would be developed so that pastoralists could sell their emmations whenever they wished, at markets that were not too far away and at prices that they would find attractive. None of this happened.

The means of verifying the project purpose that was anticipated when this project was initiated simply did not materialize. The suggested indicator of an increase in marketed offtake (stocker and feeder calves) from 7 - 8% to 11 - 12% by 1984 appears to be unattainable. These estimates may have been too high in the first place. Offtake has historically been more related to the climate conditions (i.e. reduce herd size in dry years and increase herd size when there has been adequate rain fall) than to any of the variables which this project is trying to manipulate. As long as prices for immatures are relatively low, it is unlikely that offtake will get as high as the Log Frame suggests. Devres' best estimate is that present offtake is in the magnitude of 4%, and never was as high as 8%.

There appears to be an increase in cattle quality on company and cooperative ranches. This will depend on price differentials between various grades of beef. However, such differentials tend to favour larger ranchers rather than the low income producers who are the target of this project.

Equity in the Coast ranches amounted to approximately 2 to 3 percent by the private owners. Therefore loans from Agricultural Finance Corporation (AFC) amounted to 97 to 98 percent of the total value of ranch. AFC charged a 10 percent interest rate and only gave 10 years repayment period on loans to the ranches. This type of financing required the ranches to make huge payments (interest and principle) to AFC.

Government controlled prices for livestock usually lags behind production costs and at one point - after a price increase was announced in 1978 it still gave the producer a mere 2 percent over cost if there were no losses on the operation: disease, predation, rustling, taxation by government, poor calf crop, drought, etc.

The numbers of individuals who had adequate training to be ranch managers (ranch farmers) was extremely limited. The project did introduce range management training at University of Nairobi and Egerton College, but more emphasis need to be placed on incountry training for the private sector i.e. ranch managers and board of directors.

VI. PROJECT STATUS:

Mission support for these projects has terminated. The larger National Kenyan Livestock II Project is approaching the original completion date and the GOK is negotiating with the World Bank for continued financial assistance for a National Livestock III Project.

With the exception of the participant training element of these projects all other elements fell short, by varying degrees, of obtaining the desired goal.

The Mission in 1981 designed a study to review project activities and develop lessons learned from this project. This study was not undertaken due to the security situation in the N.E.P. which prevented any field visitations.

VII. SUMMARY OF CONTRIBUTIONS AND PROJECT OUTPUTS:

A. USAID Contributions

The Livestock Development Project (Loan) authorized (as amended) funds for two components; (1) $3.2 million for reimbursing the Agricultural Finance Corporation (AFC) for livestock loans; and (2) $9.5 million for the procurement and operation of heavy earthmoving equipment. The loan total was therefore $12.8 million of which the GOK utilized $ 10.18 million.

The NRRD Project (Grant) authorized $8.172 million for technical assistance, training and commodity procurement. As of March 31, 1983 total expenditures were $5.488 million.

This amount was expended as follows:

Technical Assistance	$ 3,161,000
Equipment and Supplies	$ 312,000
Training	$ 2,015,000
Total	$ 5,488,000

The reasons why project funds were underutilized are detailed in the Lessons Learned Section.

B. GOK Contributions

The GOK agreed to provide the Kenya Shilling equivalent of U.S.$3.7 million to finance local costs such as the Wajir Workshop, Warehouse and Staff Housing Construction, local staff salaries and maintenance of reservoirs and boreholes. In general, the GOK contributions were provided as required throughout the project.

C. Project Outputs

- A qualified and trained cadre of Kenyans to conduct ranch planning and implementation.

- Establishment of effectively functioning credit system for the timely provision of credit and credit-related services to ranches for their development and operation.

- Improvement of Kenyan range management training institutions offering programs applicable to grazing block and ranch management.

    - Development of Grazing Blocks.

    - Establishment of service and maintenance facilities for project equipment.

    - A study of the meat industry in Kenya.

    - Development of livestock ranches in the Narok and Taita Taveta areas.

D. PROJECT ACCOMPLISHMENTS

Although the project fell far short of meeting the original objectives there were several accomplishments:

- The participant training of 100 GOK personnel (i.e. academic 76, non-academic 24) increased the skilled manpower of the MOLD's Range Management Division and the Hydrology Engineering capabilities of the MOWD's Rural Water Development Division.

- Completion of an analysis by Chemonics of the "Meat Industry in Kenya". This study was designed to assist the GOK in preparing a long term program for the development of policy guidelines and course of action that will assure the continued growth of this industry.

- Completion by Utah State University of a "Range Monitoring and Range Trends Study". In addition a USDA Range Scientist updated a long ongoing study (range site readings which are taken every 3 to 5 years) on range utilization, productiveness and plant growth in numerous locations throughout Kenya.

VIII. UNFORESEEN IMPLEMENTATION PROBLEMS

- Difficulty in maintaining U.S. Technical Assistance Team in the N.E.P. due to extreme and difficult working conditions.

- Lack of support from the participating Ministries and the incapability of these Ministries to work and coordinate with one another especially at the field level.

- Mechanical problems in maintaining vehicles in the N.E.P.

IX. POST PROJECT ACTIVITIES

All AID support for these projects ended as of their PACD. No additional project reviews, redirection or evaluation will be carried out. This PACR is the final project action.

X. SUMMARY OF LESSONS LEARNED

The major lessons learned for the GOK, AID and other donors involved in this project are:

- Large national projects which are supported by multi-donors require the establishment of an effective project coordinating committee. Such a project coordinating committee should be supported by one or more of the donors and not left to the responsibility of the host government.

- The project design was faulty in that it mistakenly assumed that pastoralists of north-east Kenya were meat producers when infact they are milk producers. Therefore, the whole livestock production system was quite different from that which the project designers had anticipated.

- The project greatly underestimated the complexity of the problems faced when dealing with pastoralists. It appears the cultural base of the pastoralists was not fully understood during project design.

- When the implementing Ministry, for the project, was split into additional new Ministries, steps should have been taken by the donors to specifically clarify the responsibilities of the new Ministries and to develop any appropriate redirection of the project. The low priority given to this project by the Ministry of Water Development (MOWD)) greatly constrained success of the project.

- The pastoralists should have more involved in project design operation and decision making during implementation.

- Grazing block committees were established but were less effective than planned because pastoralists from settlements were selected to represent the nomadic pastoralists. Very few of the GOK participants in these meetings spoke the language of the pastoralists, and minutes of these meetings were taken in English. All these factors effectively eliminated any meaningful participation by members of the target group as most neither speak nor read English.

- Most of the GOK employees working in the NEP are not from pastoral backgrounds have not been range livestock producers, and generally do not speak the local language. More emphasis should have been placed by the Government and donors in identifying individuals from the NEP for job assignments in that location and more of the same individuals should have been selected to participate in the various training programs within the project.

- The pastoralists should have been more involved in the development of the geographic boundaries for the grazing blocks. The grazing block concept would have been more successful if the establishment of these boundaries had taken into consideration the historical grazing patterns of the various pastoral clans as was intended by the original designers of this project.

- There is ample evidence the pastoralists would have accepted more responsibility in the operation and maintenance of boreholes and water catchment pans if the project design had provided for this type of participation. At present the pastoralists feel that the maintenance of the borehole equipment and pans is the responsibility of the GOK.

- Resources provided by the project (i.e. technical assistance personnel, equipment and financial resources) greatly exceeded the participating GOK Ministries administrative, coordinating and maintenance capacity. These excessive project resources overwhelmed the GOK and led to less than effective use of donor provided project inputs.

- A major constraint to the success of this project was the ineffective livestock marketing system which relyed on the Livestock Marketing Division of MOLD. During the project design phase, inadequate attention was given to the constraints created by government price controls, distances from the NEP to livestock markets, road conditions and other factors.

- The unwillingness of U.S. long term technicians to live in the isolated harsh conditions of the N.E.P. Prior to long term commitments individuals should be allowed a short TDY to ascertain their ability and willingness to work and live under such conditions.

- U.S. technicians should not be placed in "line positions" within participating GOK Ministries.

- Project provided vehicles for U.S. technicians should be under their control.

- The project over emphasized the development and utilization of the range by cattle and ignored the important role that camels, sheep, goats and donkeys have in the pastoral production system.

- The water pan siltration rate was much greater than anticipated and the maintenance skill level and or interest of the pastorialist in maintaining these pans was over estimated. Both these factors directly affected the amount of water available and resultant overgrazing.

- There were accusations by USDA technicians and others that the project was producing a negative effect on the ecological balance within the NEP and was enhancing the desertification of the area. It would appear that these allegations were never adequately investigated by the GOK or participating donors.

XI. REFERENCES

- Project Evaluation completed by Devres Inc. September 1979.

- End of Tour reports by long term TAs.

- Project documentation

- Project Files

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APPENDIX I

AGENCY FOR INTERNATIONAL DEVELOPMENT
LOAN LEDGER
MONTH ENDING 02-28-83

COUNTRY: KENYA

LOAN NUMBER MFF NUMBER FIELD IDENTIFICATION		RECORD CURRENCY TOTALS THIS PERIOD	 CUMULATIVE	DOLLAR EQUIVALENT TOTALS THIS PERIOD	 CUMULATIVE
615-T-008					
701	AMENDED AUTHORIZATION		7,633,843.48		
704	AMENDED AGREEMENT		7,633,843.48		
710	DISBURSEMENT		7,633,843.48		
	PRINCIPAL BALANCE OUTSTANDING		7,633,843.48		
	INTEREST COLLECTION		738,248.13		
705	INFO DATA - CUMULATIVE DEOBLIGATION		-1,966,156.52		
720	INFO DATA - SUPPLIER REFUND		- 3,669.73		
615-T-008A					
701	AMENDED AUTHORIZATION		2,547,025.14		
704	AMENDED AGREEMENT		2,547,025.14		
	DISBURSING AUTHORIZATION		2,547,025.14		
710	DISBURSEMENT		2,547,025.14		