



1. Project Data :
OEDID: C2198
Project ID: P001322
Project Name: Forestry Development Project
Country: Kenya
Sector: Forestry
L/C Number: C2198
Partners involved :
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2. Project Objectives, Financing, Costs and Components :

Cr. 2198, the fourth Bank supported forestry project in Kenya was originally designed to be a nationwide, sub-sector wide effort that would foster donor coordination and promote balanced development of the forestry sector. Project components for forestry extension, industrial plantation development, indigenous forest conservation, institutional strengthening, research and education --were to be (parallel) financed by different donors (SDC, DFID, EEC, FDA, IDA). Total project cost was estimated to be US \$ 83.83 million of which IDA was to finance only US \$ 19.9 million (24 percent of total project cost). However, delay in meeting the conditions of project effectiveness resulted in other donors either withdrawing or proceeding independently with their components. The Bank went ahead with only the two original IDA financed components ie. industrial plantation development and strengthening the Forest Department's (FD) central functions. Actual project cost was US \$ 21.19 million of which IDA's share was US \$ 17.25 million and Government of Kenya financed US \$ 3.94 million. The balance of the IDA credit i.e. US \$ 2.6 million was canceled.

3. Achievement of Relevant Objectives :

The project as implemented, after the withdrawal of the other donors, focused narrowly on the two IDA financed activities (industrial plantation development and strengthening the FD's central functions) rather than on sub sector wide concerns as was the original intention. Even here, project components were not geared towards fulfilling the project objectives. They focused too narrowly on specific activities geared towards the FD. The primary stakeholder in industrial plantation development, the timber industry, was left out.

4. Significant Achievements :

Despite these shortcomings, some physical targets (those related to replanting of clear felled plantations, civil works) were met and the project led to significant improvement in FD's inventory and management capacity. The project also resulted in improvement of the policy framework for forestry. A new Forest Policy was introduced in 1993 and reviewed by the Cabinet in 1995.

5. Significant Shortcomings :

The much needed institutional reform did not come about. As a result even the improved FD management capacity could not be put to use. Physical targets with respect to road rehabilitation, reducing backlog of areas treated for silvi-cultural treatment, establishing newly planted areas, were also not met.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Partial	Modest	same

Sustainability :	Unlikely	Unlikely	
Bank Performance :	Satisfactory	Unsatisfactory	The project, unlike the earlier three forestry projects in the country was meant to be sub sector wide to promote the sector's balanced development and help coordinate the activities of other donors in the sector. The dropping out of the other donors and their project components reduced the basic rationale for Bank financing of the project (SAR 2.28). The Bank at that very stage should have reconsidered the logic of going ahead with the project in its reduced form. In addition, lessons from past projects had underlined the crucial importance of involving the private sector to improve efficiency and financial viability of plantations. The Bank agreement to go ahead with the project despite the fact that the Ministry reversed its stance on private sector involvement resulted in flawed project design and was a major failing. The Ministry's action signaled lack of government commitment to crucial institutional reform and the Bank should have been more firm. The ICR itself acknowledges that "the project's most significant failings were a result of a failure by Government and the Bank to address these systemic concerns during appraisal and negotiations".
Borrower Perf. :	Deficient	Unsatisfactory	same
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

It is important that in the urgency to lend, issues identified as crucial for the sector and the country do not get diluted. The Bank should be ready to terminate a project even before its implementation if it is evident that crucial borrower commitment is missing.

8. Audit Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR :

The ICR is satisfactory and gives a complete and clear account of the project .