

STATUS OF PROJECTS IN EXECUTION – FY05
SOPE
REGION: AFRICA
COUNTRY: KENYA

Operations Policy and Country Services
SEPTEMBER 23, 2005



Report on the Status of Projects in Execution - FY05
Region: Africa
Country: Kenya

Introduction

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart¹ showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

Country: Kenya

Project Name (ID): Nairobi Water and Sewerage Institutional Restructuring (P049618)

Country: Kenya

Board Approval Date: 06/17/2004

Closing Date: 06/30/2007

Loan/Credit/Grant Number: IDA-H1000

Sector(s): Water supply (100%)

Theme(s): Other urban development (P)

Project Development Objectives:

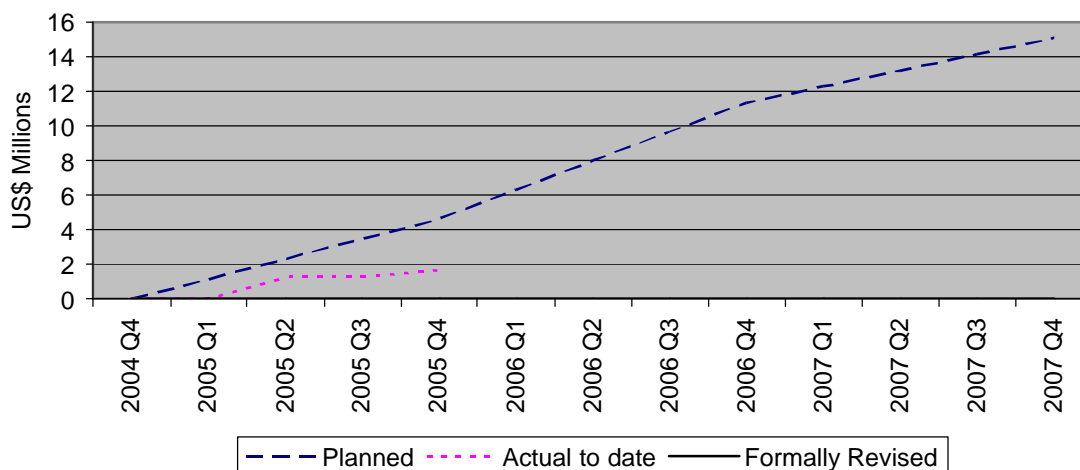
The objective is to build a strong governance, institutional and service delivery framework that will enable the efficient and sustainable delivery of water and sewerage services to the population of Nairobi.

Progress toward achieving development objective(s):

The project is consistent with and supports the implementation of the Water Act (2002), the main Government vehicle for sector reform. All the agreements setting up the framework for service delivery are being respected by signatory parties. Continued adequate implementation of these agreements would over time solidify the institutional and governance framework that has been put in place. Financial sustainability is being enhanced through revenue 'ring fencing' of the operations. At the same time, the Government is finalizing the Transfer Plan called for under the Water Act which would solidify the legitimacy and mandates of the new service delivery institutions in Nairobi being supported by the Project i.e., the Nairobi Water Services Board and the Nairobi City Water and Sewerage Company.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1000	Effective	14.88	1.64	13.25	0.00



Project Name (ID): Decentralized Reproductive Health and HIV/AIDS (P066486)
Country: Kenya
Board Approval Date: 12/12/2000
Midterm Review Date: 09/29/2003
Closing Date: 12/31/2005
Loan/Credit/Grant Number: IDA-34400
Sector(s): Health (92%), Sub-national government administration (8%)
Theme(s): HIV/AIDS (P), Population and reproductive health (P), Child health (P), Decentralization (S), Gender (S)

Project Development Objectives:

The objectives are to improve mother and child health, slow increase of HIV prevalence rates and create an enabling environment for the decentralized delivery of child survival, reproductive health and HIV/AIDS services.

Progress toward achieving development objective(s):

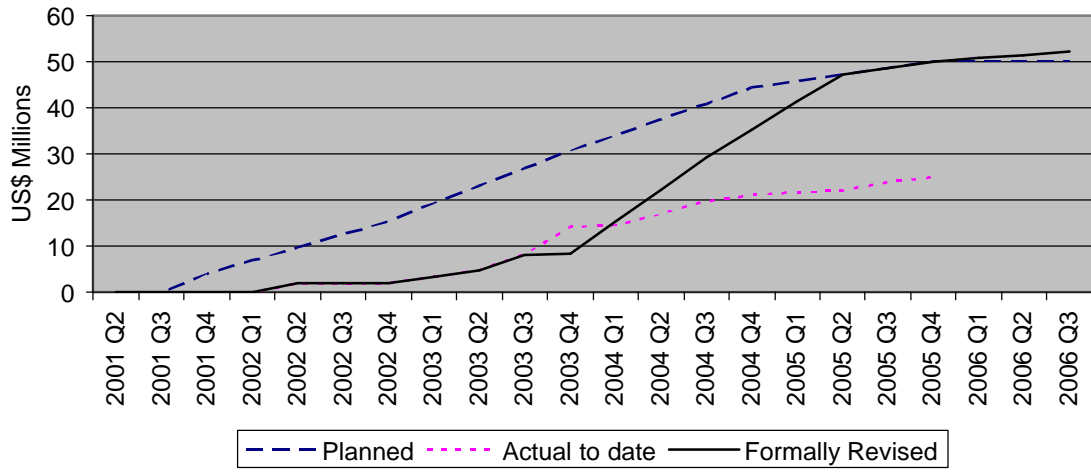
On realizing that the development objectives (DO) could not be met with the present design--especially since the District Grants had been cancelled due to inadequacies in disbursement and accounting processes that were beyond MOH--the Government and the Bank agreed on the restructuring of the Project. The proposed restructuring would include the development of new DO and extension of the Project by 30 months amongst others. However, this process has been put on hold due to the findings of a forensic audit which has recently been undertaken by the Government on three IDA projects, including the Decentralization of Reproductive Health and HIV/AIDS Project (DARE). This resulted in the DARE Project being withdrawn from the Board and was followed up with a six months extension, during which time Project implementation on the other components will continue.

Actions already taken or to be taken during the six month extension include cancellation of the District Grants Component, a clean-up of the district level accounts, and addressing the forensic audit report intensively. The deferred restructuring has been designed to address these very issues and is expected to be resubmitted to the Board, including an appropriate action plan, during the period of the extension.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34400	Effective	55.89	24.95	30.08	0.00

Status of Projects in Execution - FY05



Project Name (ID): Regional Trade Facilitation (P070718)

Country: Kenya

Board Approval Date: 04/03/2001

Closing Date: 06/30/2011

Loan/Credit/Grant Number: IDA-34900, IDA-Q2260

Sector(s): Non-compulsory pensions, insurance, and contractual savings (100%)

Theme(s): Regional integration (P), Trade facilitation and market access (P), International financial architecture (S), Export development and competitiveness (S)

Project Development Objectives:

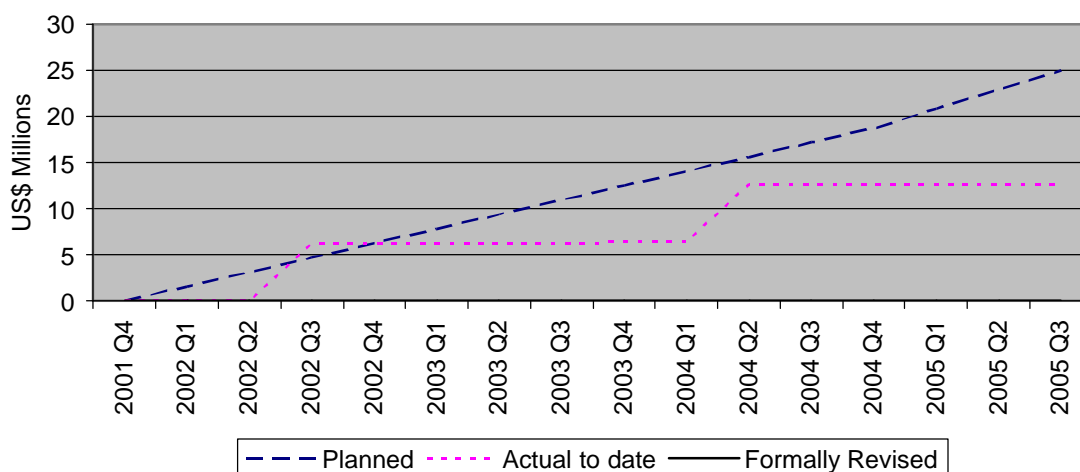
The objective is to contribute to poverty alleviation through private sector led growth in participating countries by improving access to financing for productive transactions and cross-border trade.

Progress toward achieving development objective(s):

Achievement of the overall development objective must be assessed in relation to progress registered in the other 9 country credits. After a delayed implementation due to a downturn in the insurance market and in the volume of trade flows to African countries, the African Trade Insurance Agency (ATI), headquartered in Nairobi and supported by the project to manage the regional insurance facility, is rapidly building its credibility. Expression of interest/demand for ATI's insurance to cover productive/trade transactions in the country is picking up. Kenya represents the largest user of ATI insurance capacity to date. Two insurance policies were signed in July 2003 for the import of equipment by a Telecom company, SAFARICOM, and, in November 2003, for the export of fish products. ATI has already covered one Kenyan exporter selling fish to Europe and the Middle East, thus also focusing on outbound trade flows. The ongoing communication campaign is expected to lead to other positive developments. ATI's pipeline of transactions shows a number of insurance policies are expected to be issued in the short and medium term (including 4 credit insurance and 8 terrorism risk insurance policies) with varying degree of likelihood.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34900	Effective	28.50	12.61	14.78	0.00
IDA-Q2260	Closed	0.14	0.00	0.00	0.14



Project Name (ID): HIV/AIDS Disaster Response (P070920)

Country: Kenya

Board Approval Date: 09/12/2000

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IDA-34150

Sector(s): Health (63%), Other social services (30%), Central government administration (7%)

Theme(s): HIV/AIDS (P), Population and reproductive health (P), Social safety nets (P), Gender (P), Child health (S)

Project Development Objectives:

The objective is to intensify the multi-sectoral response to HIV/AIDS and accelerate the process of achieving the targets as elaborated in the National Strategic Plan with broad participation of communities.

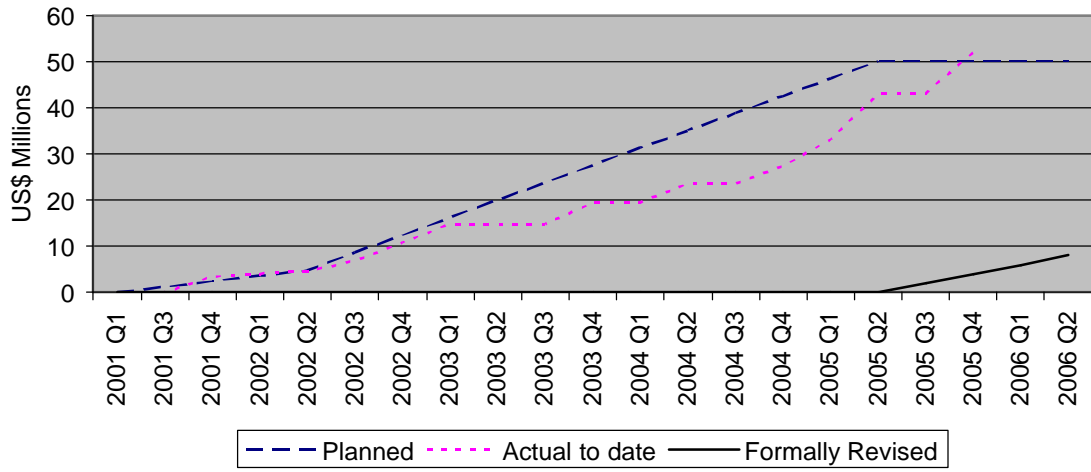
Progress toward achieving development objective(s):

The Kenya HIV/AIDS Disaster Response Project (KHADREP) has three components: (a) Community Initiative Account: over 5,000 community imitative programs have been financed; (b) Public Sector Activities: internal mainstreaming of HIV/AIDS activities has been carried out in nearly all sectoral ministries, and in the Ministries of Education, Agriculture and Transport there have also been significant steps to address external mainstreaming of activities; and (c) Program Coordination: through the duration of the KHADREP, there has been a significant decrease in the prevalence of HIV (in 2000, approximately 13% of Kenyan adults were infected with HIV, but by 2004 this rate had dropped to 7.4%), and prevalence data modeling indicates a national decline from 96,000 new HIV infections in 2001 to 86,000 new infections in 2003. There have also been some important program achievements in recent years: (a) the age at first sex among women has increased by 12 months over the last ten years; (b) there is now increased abstinence until marriage among young people; and (c) there has been a significant increase in condom use during higher-risk sexual activity. The management of the national HIV/AIDS program has also been strengthened in some important ways, with the introduction of an annual joint program review and improved coordination of partners. While most observers believe that much of the progress made in "breaking the silence" about HIV/AIDS should be attributed to the KHADREP, it is very difficult to attribute the success to individual factors or specific Project activities. Also, continuing management persist at the National AIDS Control Council, including with the governance of the program.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34150	Effective	55.30	51.92	1.77	0.00

Status of Projects in Execution - FY05



Project Name (ID): Integrated Ecosystem Management (P072981)

Country: Kenya

Board Approval Date: 03/01/2005

Loan/Credit/Grant Number: MULT-51024

Sector(s): General agriculture, fishing, and forestry (67%), Agricultural extension and research (15%), Sub-national government administration (10%), Other social services (5%), Central government administration (3%)

Theme(s): Biodiversity (P), Environmental policies and institutions (S), Climate change (S), Participation and civic engagement (S), Other rural development (S)

Project Development Objectives:

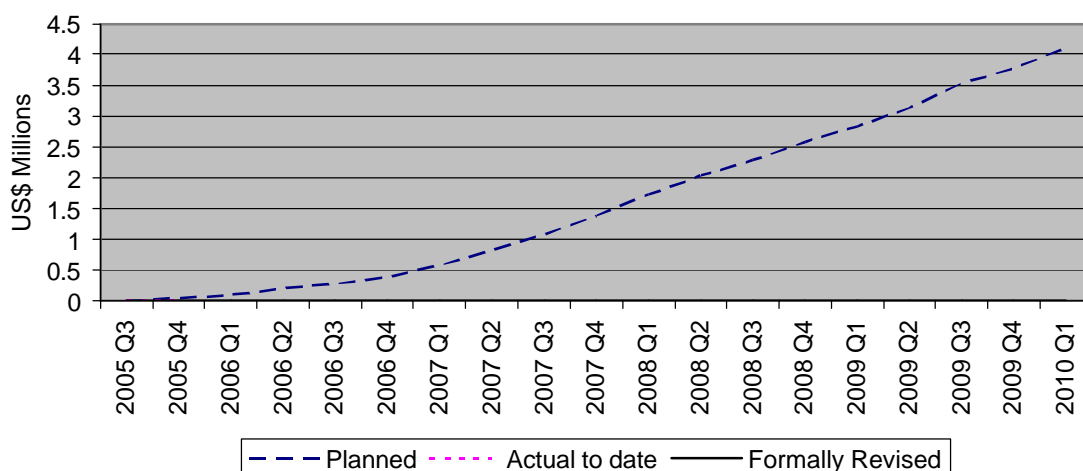
The project seeks to improve the productivity and sustainability of land use systems in selected watersheds in the Nzoia, Yala and Nyando river basins, through adoption of an integrated ecosystem management approach. In order to achieve this the project will: (i) support on- and off-farm conservation strategies; and (ii) improve the capacity of local communities and institutions to identify, formulate and implement integrated ecosystem management activities (including both on-and off-farm land use planning) capturing local and global environmental benefits.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-	Not Effective	4.00	0.00	4.00	0.00



Project Name (ID): Arid Lands Resource Management Phase 2 (P078058)

Country: Kenya

Board Approval Date: 06/19/2003

Closing Date: 06/30/2009

Loan/Credit/Grant Number: IDA-37950, IDA-Q3610

Sector(s): General agriculture, fishing, and forestry (40%), Animal production (30%), Other social services (30%)

Theme(s): Natural disaster management (P), Other rural development (S), Participation and civic engagement (S), Other environment and natural resources management (S)

Project Development Objectives:

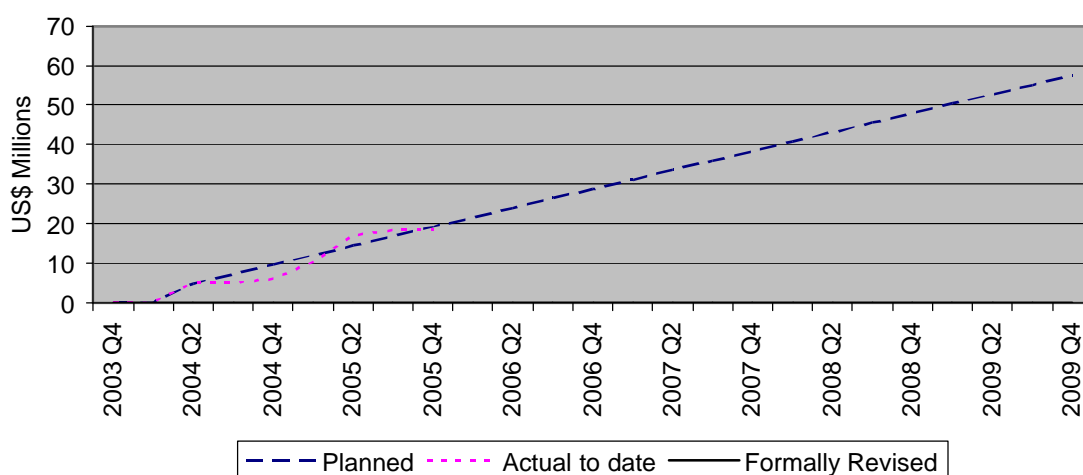
The objective is to enhance food security and reduce livelihood vulnerability in drought-prone and marginalized communities in 21 arid and semiarid districts of Kenya.

Progress toward achieving development objective(s):

The drought early warning and response system continues to facilitate timely and targeted response to drought stress, reducing losses and human suffering. The community development component has implemented an additional 700 community micro projects this fiscal year, and capacity for improved natural resource management (NRM) is being strengthened and mainstreamed in all project districts through NRM vision and strategy development and environmental audit. In addition, mobile school education has started in three pilot districts and other social infrastructure has been completed and is in use by communities and district governments.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37950	Effective	63.62	18.53	45.41	0.00
IDA-Q3610	Closed	0.75	0.00	0.00	0.75



Project Name (ID): Development Learning Center (P078209)

Country: Kenya

Board Approval Date: 10/17/2003

Closing Date: 12/31/2008

Loan/Credit/Grant Number: IDA-H0650, IDA-Q3370

Sector(s): Central government administration (70%), Vocational training (30%)

Theme(s): Education for the knowledge economy (P)

Project Development Objectives:

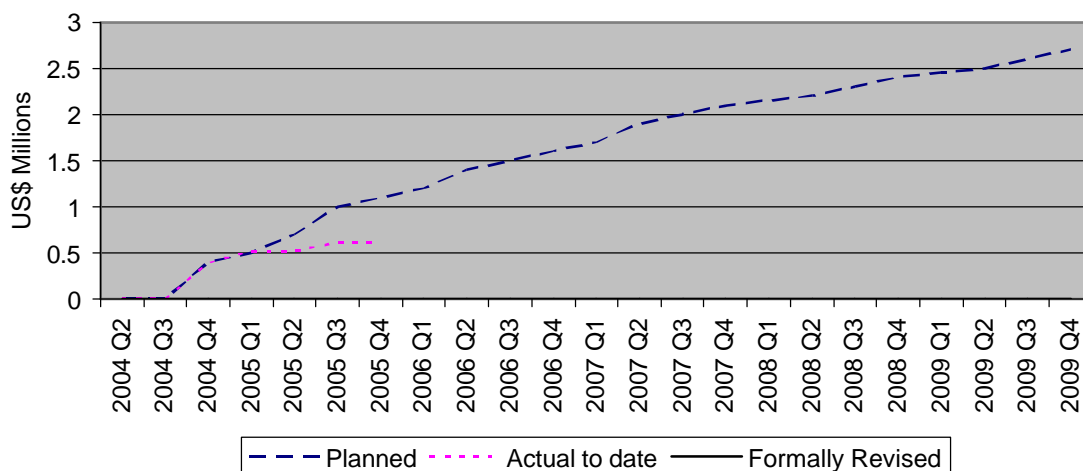
The project objective is to test the effectiveness and sustainability of a development learning centre in Kenya as part of a global knowledge-sharing network to strengthen the capacity of public, private and civil society decision makers and implementers. In particular, the centre aims to enhance the capacity to design, plan and manage social and economic development polices and programs.

Progress toward achieving development objective(s):

The project was largely on schedule but delays were experienced in staffing and in equipping the centre under construction. Once the centre is operational in FY2006, it will provide a much better basis for measuring its effectiveness in training and in achieving institutional sustainability.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0650	Effective	2.92	0.60	2.33	0.00
IDA-Q3370	Closed	0.15	0.00	0.00	0.15



Project Name (ID): Free Primary Education Support (P082378)

Country: Kenya

Board Approval Date: 06/19/2003

Midterm Review Date: 09/16/2004

Closing Date: 12/31/2006

Loan/Credit/Grant Number: IDA-H0500, IDA-Q2590

Sector(s): Primary education (100%)

Theme(s): Education for all (P)

Project Development Objectives:

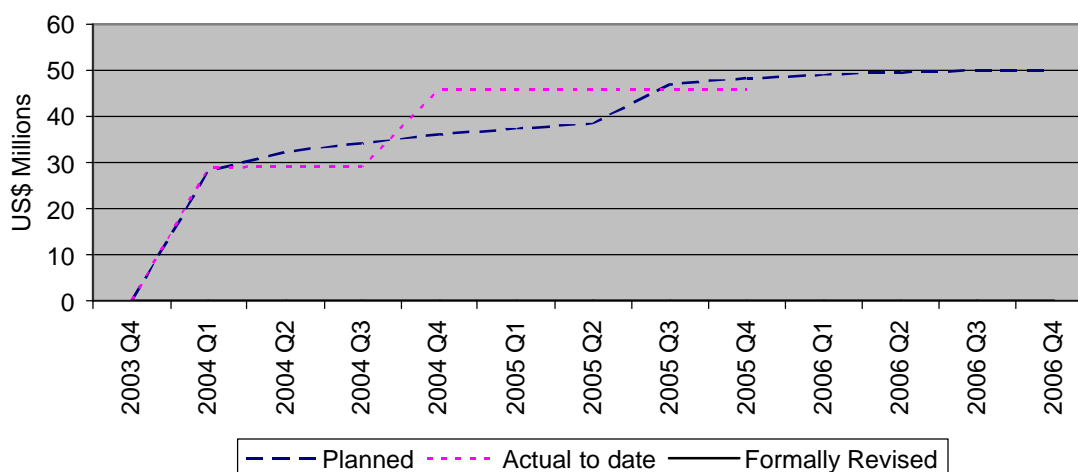
The objective is to improve pupil performance and retention through ensuring an adequate supply and better use of instructional materials.

Progress toward achieving development objective(s):

The project is progressing well in achieving its objectives. It has significantly contributed to improving the provision and utilization of instructional materials by school children and teachers. The national student/textbook ratios in schools are now ranging 1:2 to 1:4 (target is 1:3) in lower primary, and 1:2 (target) to 1:4 in upper primary. The associated teacher support and development program planned under the Project has been important for ensuring that 72,000 teachers in Mathematics, English and Science are retrained. Pilots aimed at expanding access for disadvantaged groups in slums and arid and semi-arid areas are currently underway. The Project has demonstrated the effectiveness of transferring financial resources directly to schools and decentralizing the procurement of instructional materials to that level. This experience has been extended and expanded upon in the Ministry of Education's new five-year strategic plan. While school-based procurement of instructional materials has greatly enhanced financial management and procurement capacity at school-level, efforts to enhance capacity at the Ministry level for the forthcoming Sector Wide Approach are currently being undertaken.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0500	Effective	53.55	45.74	6.61	0.00
IDA-Q2590	Closed	1.19	0.00	0.00	1.19



Project Name (ID): Agricultural Productivity (P082396)
Country: Kenya
Board Approval Date: 06/17/2004
Closing Date: 12/31/2007
Loan/Credit/Grant Number: IDA-39290, IDA-H0980, IDA-Q4130
Sector(s): Agricultural extension and research (100%)
Theme(s): Rural services and infrastructure (P)

Project Development Objectives:

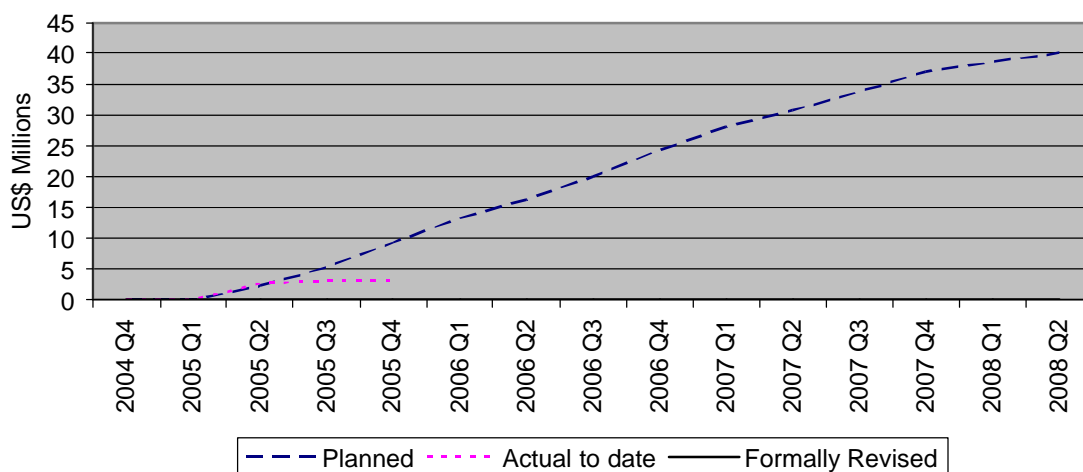
The objective is the enhancement of agricultural productivity through improvements in systems supporting development, dissemination and adoption of modern farming practices and technologies.

Progress toward achieving development objective(s):

The project became effective in the latter part of the reporting period and was still in too early a stage for meaningful progress.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39290	Effective	26.26	2.34	24.00	0.00
IDA-H0980	Effective	12.69	0.75	11.97	0.00
IDA-Q4130	Closed	0.98	0.00	0.00	0.98



Project Name (ID): Northern Corridor Transport Improvement (P082615)

Country: Kenya

Board Approval Date: 06/17/2004

Closing Date: 12/31/2009

Loan/Credit/Grant Number: IDA-39300

Sector(s): Roads and highways (72%), Aviation (15%), Central government administration (10%), Other social services (2%), Health (1%)

Theme(s): Trade facilitation and market access (P), Infrastructure services for private sector development (P), Regulation and competition policy (P), Regional integration (S), Administrative and civil service reform (S)

Project Development Objectives:

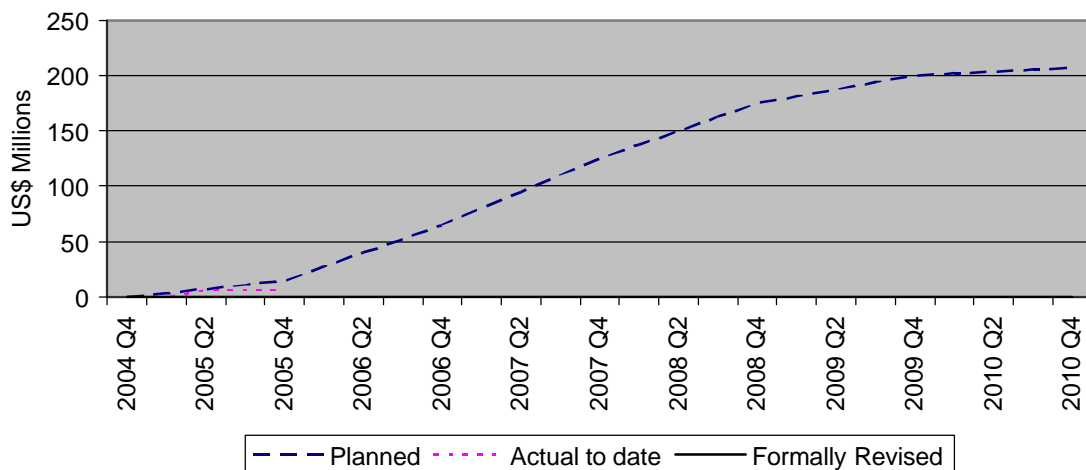
The objectives are to: (a) increase efficiency of road transport along the Northern Corridor to facilitate trade and regional integration; (b) enhance aviation safety and security to meet international standards; and (c) promote private sector participation in the management, financing and maintenance of road assets.

Progress toward achieving development objective(s):

Overall, implementation progress is proceeding well, albeit slow, and project objectives are likely to be met. All pre-bid procurement process for the major road works contracts have been completed and bids have been invited from pre-qualified bidders. These road works, on completion, will reduce significantly transport costs and travel times on the Northern Corridor. Options for re-designing Nairobi Airport and improving security have been studied and detailed plans are underway for implementation in the next 24 months. Consultants to provide technical assistance to the Kenya Civil Aviation Authority (KCAA) have been selected and this will enhance KCAA's capacity to inspect aircrafts and ensure aviation safety and regulation. Progress is good on concessioning the Nairobi Urban Toll Road which will introduce private sector and ownership and management of a road project in Kenya for the first time.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39300	Effective	202.00	6.51	195.52	0.00



Project Name (ID): Energy Sector Recovery (P083131)

Country: Kenya

Board Approval Date: 07/13/2004

Closing Date: 03/31/2010

Loan/Credit/Grant Number: IDA-39580

Sector(s): Power (85%), Oil and gas (12%), Central government administration (3%)

Theme(s): Regulation and competition policy (P), Access to urban services and housing (P), Corporate governance (S), Infrastructure services for private sector development (S), State enterprise/bank restructuring and privatization (S)

Project Development Objectives:

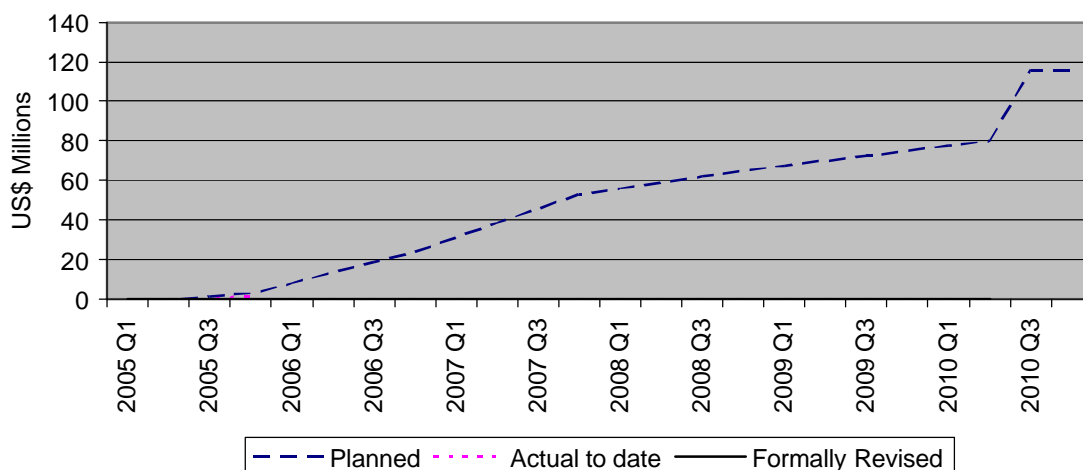
The project development objective is to: (i) enhance the policy, institutional and regulatory environment for private sector participation and sector development; (ii) support efficient expansion of power generation capacity to meet the economy's supply deficits projected to occur by 2006/07; and (iii) increase access to electricity in urban and peri-urban areas while improving the efficiency, reliability and quality of service to existing customers.

Progress toward achieving development objective(s):

The project became effective in the latter part of the reporting period and was still in too early a stage for meaningful assessment of progress. Issues that are critical for speedy and successful implementation such as the engagement of a management contractor and the development of a customer connection policy are being closely monitored.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39580	Effective	80.54	1.80	78.80	0.00



Project Name (ID): Financial and Legal Sector Technical Assistance (P083250)

Country: Kenya

Board Approval Date: 10/14/2004

Closing Date: 03/31/2010

Loan/Credit/Grant Number: IDA-39920, IDA-Q4090

Sector(s): Law and justice (40%), Central government administration (30%), Payment systems, securities clearance, and settlement (14%), Banking (12%), Capital markets (4%)

Theme(s): Regulation and competition policy (P), Law reform (P), Legal institutions for a market economy (P), Debt management and fiscal sustainability (S), State enterprise/bank restructuring and privatization (S)

Project Development Objectives:

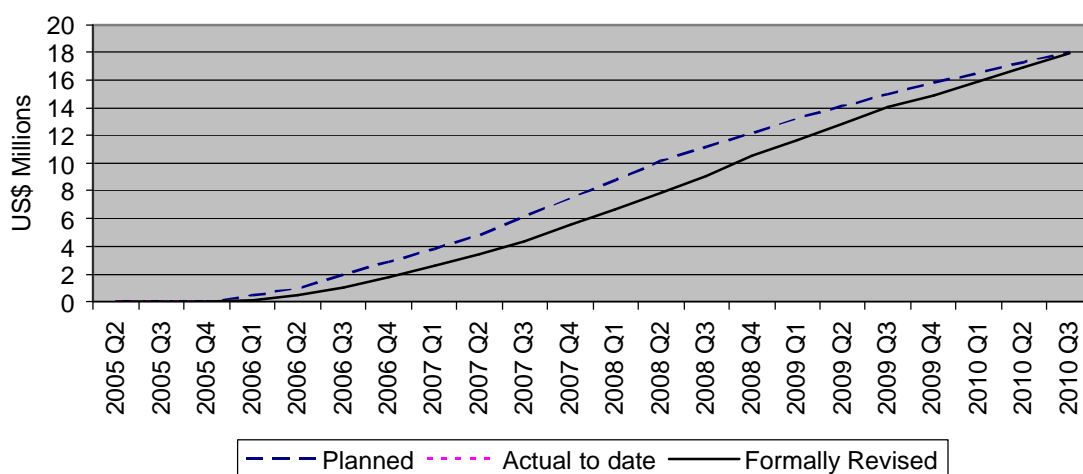
The overall development objective is to create a sound financial system and strengthened legal and judicial capacity that will ensure broad access to financial and related legal services.

Progress toward achieving development objective(s):

The project had just become effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39920	Effective	17.80	0.00	17.80	0.00
IDA-Q4090	Closed	0.73	0.17	0.55	0.00



Project Name (ID): Micro-, Small-, and Medium-Enterprise Competitiveness (P085007)

Country: Kenya

Board Approval Date: 07/13/2004

Closing Date: 06/30/2010

Loan/Credit/Grant Number: IDA-39590, IDA-Q4320

Sector(s): General industry and trade (45%), Micro and SME finance (35%), Vocational training (10%), Central government administration (5%), Sub-national government administration (5%)

Theme(s): Regulation and competition policy (P), Small and medium enterprise support (P), Improving labor markets (P), Rural markets (S), Tax policy and administration (S)

Project Development Objectives:

The Project aims to increase productivity and employment in participating micro, small and medium enterprises (MSMEs). The project will focus on key value chains and on both formal small and medium enterprises and informal micro-enterprises that have high potential for dynamic growth, including "graduation" from informal to formal status.

Progress toward achieving development objective(s):

Despite initial delays in implementation, the project is progressing well toward achieving its objectives. (1) The Financial Sector Deepening Trust has been established and is accepting applications from financial institutions (ranging from microfinance institutions to commercial banks) for capacity building and strengthening. This will help deepen and expand the reach of financial services and products that are available to MSMEs. (2) The SME risk capital fund, a quasi equity vehicle, is in the process of raising funds from private investors (with IFC, The International Finance Corporation, as lead investor) to begin operations by end of this year. (3) The value chain matching grant is active and receiving applications, which aims to strengthen linkages within each sector, strengthen competitiveness, and provide access to business development services across the value chain. (4) the three participating business schools for the Global Business School Network has been selected and the case writing program has been launched, which will strengthen the capacity building of these business schools.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39590	Effective	21.89	1.51	20.46	0.00
IDA-Q4320	Closed	0.11	0.10	0.01	0.00

