

**MANAGEMENT REPORT AND
RECOMMENDATION
IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT**

**KENYA: LAKE VICTORIA ENVIRONMENTAL MANAGEMENT
PROJECT
WATER HYACINTH CHOPPING PILOT ACTIVITY
(IDA CREDIT 2907-KE)(GEF TF 23819)**

BACKGROUND

1. On October 12, 1999, the Panel received a Request for Inspection related to the Kenya portion of the Lake Victoria Environmental Management Project (LVEMP). The Requesters claimed that they were likely to suffer harm as a result of failures and omissions of IDA and IBRD (as Administrator of GEF) in the design and implementation of the water hyacinth management component (part B) of the Project in Kenya (the Borrower). The Request for Inspection concerned one part of the water hyacinth management component, namely a pilot activity in a limited part of the Project area designed to assess mechanical chopping as an alternative method of water hyacinth control.
2. On December 20, 1999, Management submitted to the Panel its Response, stating that the mechanical chopping method was a small-scale experimental pilot study. The pilot study was designed to test one possible tool which local riparian communities could fund and use for fast removal of water hyacinth to alleviate the problems associated with hyacinth blockage of fish landing sites, ports, and other sensitive areas. Before accepting its use as a pilot, the Bank had consulted experienced scientists, practitioners and experts. Based on these consultations, Management concluded that the method held sufficient promise to justify the pilot, that the pilot could be conducted safely, and that arrangements had been made for monitoring it.
3. On March 20, 2000, the Executive Directors authorized the Panel to conduct an investigation into the matters alleged in the Request. The Panel investigation included a visit to Kenya between July 24 and August, 2000.
4. Lake Victoria is the second largest freshwater lake in the world and has the world's largest freshwater fishery. Management of the lake and its resources is shared among the three countries -Kenya, Tanzania, and Uganda. The LVEMP is a comprehensive, US\$77.6 million program aimed at rehabilitation of the lake ecosystem for the benefit of the people who live in the catchment, the national economies of which they are a part, and the global community. It is financed by IDA Credits totaling US\$35 million, GEF Grants totaling US\$35 million, and contributions by the three Governments totaling US\$7.6 million. The total IDA and GEF funds are shared among the three countries, and the project, implemented by the three countries, is the first phase of a longer-term program. The first phase project aims to provide the necessary information to

improve management of the lake ecosystem, establish mechanisms for cooperative management by the three countries, identify and demonstrate practical, self-sustaining remedies, and simultaneously build capacity for ecosystem management. Implementation began when the Project was declared effective on March 31, 1997, and the Project will close on December 31, 2002.

5. An important part of rehabilitating the lake ecosystem is to control water hyacinth, a noxious, rapidly growing weed that is increasing human disease problems of bilharzia and malaria, interfering with access to water supply from the lake for both urban and rural communities, adding to the cost of purifying water, reducing fish in the lake through de-oxygenation of water, interfering with fishing operations by blocking fishing grounds and access to landing beaches, interfering with commercial transportation services for people and goods on the lake, and threatening the intakes at the Owen Falls hydroelectric power station in Uganda. The aim of the water hyacinth program, to which just over 10 percent of project resources are allocated, is to establish sustainable long-term capacity for maintaining control of water hyacinth and other invasive weeds in the Lake Victoria Basin. The water hyacinth program is testing biological agents for longer term control, and mechanical methods for rapid short term control in restricted areas, while also supporting manual removal in local situations.

6. The cost of Kenya's share of the water hyacinth program is US\$2.8 million, 3.6 percent of the total Project cost. The first priority was to establish the biological control program. When that had been achieved, the Project instituted, on a small scale, a pilot activity to test mechanical chopping of the hyacinth, allocating approximately US\$1.8 million for this pilot activity. Approximately four months after the mechanical chopping machinery had been procured for the pilot and brought to the lake side, and a program for monitoring the chopping had been agreed, a group of NGOs requested an inspection by the Inspection Panel of the water hyacinth chopping pilot, claiming that if carried out, this pilot activity would cause environmental damage and adversely affect communities living on the shores of the Nyanza Gulf of Lake Victoria.

7. The Request for Inspection focused on the water hyacinth chopping activity, itself a small part of the entire Project in Kenya, and an even smaller part of the overall project shared among the three countries. This Management Response also focuses on the water hyacinth chopping pilot.

II. FINDINGS OF THE PANEL

8. The Inspection Panel concludes that "Management is in compliance with OD 4.01 (Environmental Assessment) with respect to categorization of the Project, OD 4.15 (Poverty Alleviation) and OP 10.04 (Economic Evaluation of Investment Operations). It further concludes that Management is not in full compliance with OD 4.01 with respect to meeting the overall purpose and nature of the OD -including, as acknowledged by Management, adequate consultations with affected groups and NGOs. Nor is it in compliance with paragraph 42 of OD 13.05 on Bank Supervision." (Executive Summary, paragraph 86). Management will comment on these conclusions in Section IV of this Response.

III. RECOMMENDED ACTIONS IN RESPONSE TO THE PANEL'S FINDINGS

9. *With respect to the water hyacinth chopping contract*, in spite of establishment by the Borrower, in consultation with the Bank, of the arrangements for collecting baseline data prior to its implementation (from December 1999 to April 2000), in the event the data collected were not adequate to establish a baseline. Nevertheless, Management believes that it is important to continue efforts to measure water quality and other variables in the area where the chopping pilot took place, in order to be aware of, and to take action regarding, any unforeseen adverse outcomes. Therefore it has insisted, in the last supervision mission of the Project (June, 2000), that monitoring of water quality in the area where the mechanical chopping took place continue, and that the Kenya Fisheries Management Research Institute carry out measurements of indicators of biodiversity. Management is committed to seeing the process through to completion, and will continue to review the activities of the monitoring group. The water quality study in Uganda will likewise continue until completion, studying the impact on water quality, biodiversity and fisheries, of the collapse of water hyacinth in four sheltered bays, under the influence of biological control. Progress of these studies will be reviewed over succeeding months, and particularly during the supervision missions for Tanzania and Uganda, respectively February 12-23 and March 26-April 6, 2001 (the Project Executive Director for the Borrower will be present, following the arrangement of the past two years), and during the supervision mission in Kenya itself, set for May 14-25, 2001.

10. *With respect to monitoring the spread of water hyacinth*, in the context of supervision missions, Management has agreed with all three countries that they would establish and maintain a vigilant surveillance and response program for this purpose, tracking the movement of large infestations, projecting likely patterns of resurgence, and taking rapid action with biological control measures. In January 2000, Tanzania agreed to set up a national surveillance system by June 2000, and carry out a mapping of the location of major remaining hyacinth mats along the entire shoreline by January 2001. At that time, Management advocated exploring the use of satellite images taken at regular intervals, supplemented by information derived from local communities drawn together through the active Fisheries Extension network. By the time of the supervision mission in Kenya (June 2000); it was evident from preliminary studies that remote sensing imagery was costly and of limited value for tracking the movement and extent of water hyacinth and projecting its resurgence. It was therefore agreed that systematic aerial surveys would be undertaken every six months supplemented by ground truthing by boat, and by reporting from local communities. The efficacy of this surveillance system has not yet been reviewed, but Management concurs with the Inspection Panel that constant vigilance will be needed to direct appropriate responses in a timely fashion.

11. *With respect to community participation in the Project*, from the outset Management has recognized the importance of involving communities, their representatives, and Non-Governmental Organizations (NGOs) in every aspect of the Project, and has initiated numerous measures, with respect to both the three countries and the NGOs, to ensure the latter's involvement. Management notes that Project

implementation in all three countries has fallen short of attaining the desired degree of community involvement. Kenya has arguably made less progress in this regard than the other two countries. Management has initiated, and will continue to follow up on, the following additional actions under the LVEMP to deepen community participation:

(i) Beginning in 1999, in all three countries, mini-supervision missions for the LVEMP by the NGO coordinators in the IDA Country Offices in Uganda and Kenya have been undertaken specifically to look at Project compliance with community participation in its activities. The first such mission in Kenya was carried out November 18-24, 1999. These mini-missions occur approximately 6 months after the full Project Supervision Missions in Tanzania, Kenya and Uganda. The latter also include community participation specialists in the supervision teams, who review progress on community micro-projects, community manual control of water hyacinth and participation in biological control, and community involvement in every aspect of the Project.

(ii) At Management urging, each of the three countries has agreed to recruit Community Development Officers to work in the Project Management Units to assist the various Project components and the community of NGOs and Community Based Organizations (CBOs) in finding avenues for taking advantage of the abilities and comparative strengths of these community-oriented groups. All three countries now have such Community Development Officers in place. In Kenya, the Community Development Officer was appointed in April, 2000.

(iii) Membership of IDA/GEF supervision teams in all three countries has been extended to include observers from the NGO community. The leading NGO, OSIENALA¹ (which was also among the participants in the Request for Inspection) was one of the invited NGOs that participated as an observer in the June 2000 supervision mission in Kenya. This practice will be continued.

(iv) Management urged the new Project Community Participation Officers to organize meetings with the leaders for all Project Components and relevant NGO/CBOs in the Lake Victoria Basin (participants identified and invited by a committee of NGOs themselves) to begin to link the work being done by the three countries' agencies in each of the Project Components with NGO/CBOs having compatible skills and presence on the ground to facilitate Project activities. Initial meetings have now been held in Kenya and Uganda, and are expected to continue.

¹ Management has been in continuous contact with OSIENALA ("Friends of Lake Victoria") since project preparation during 1985. Among other things, OSIENALA contributed a favorable statement about the project to an NGO forum at the GEF annual meeting at Bank HQ in 1996; at the invitation of the Bank's supervision team chaired an open meeting of 15 representatives of NGOs and CBOs with 10 staff from the Borrower's project implementing agencies to discuss the project during the supervision mission of May, 1998; participated in the video-conference of August 1999 regarding the water hyacinth chopping contract and agreed to take part in the extended monitoring group; withdrew from the monitoring group in spite of Management's two letters urging them to reconsider (October and November 1999); joined the group of NGOs supporting the Request for Inspection (October 1999); and subsequently participated, at Management invitation, in the supervision mission of June, 2000.

(v) Following the Mid Term Review in 1999, Management has promoted a new approach for preparation of the next phase of investment activities in the Lake Victoria Basin. At its heart, this approach relies on identifying and harmonizing a common vision among all stakeholders in the project area before any project is prepared. In response to Management's initiative, the Norwegian Agency for Development Cooperation (NORAD) has agreed to provide financial support for strengthening community participation in preparation of this new, long-term vision. The process would be in the hands of the stakeholders themselves, and implementation is due to begin in the first quarter of CY2001. The process acknowledges local preferences for establishing a general consensus first, before going on to subsequent planning phases. The vision developed by the stakeholders will be a primary input into planning by the Borrower for the next phase of the project. Management will monitor this process.

12. *With respect to broader Project supervision*, in February 1999, Management initiated the practice, during its supervision missions, of having the Executive Directors of the Project Management Units for all three countries participate in supervision in each of the three countries. Management believes this practice enables lessons from each country to be shared with all three, and that the comparisons they are able to make of relative progress of the project in each country increase peer pressure on all three Directors. Management will continue this practice.

13. To summarize, Management's recommended actions include:

- continuing the program of monitoring of the areas where the pilot water hyacinth chopping took place, in order to be aware of, and to take action regarding, any unforeseen adverse outcomes;
- deepening and sustaining a vigilant surveillance and response program for monitoring the spread of water hyacinth;
- following up on five measures whose aim is to strengthen the Borrower's commitment to increase community participation in the Project; and
- sustaining the practice of having the Executive Directors of the Project Management Units for all three countries participate in supervision in each of the three countries.

IV COMMENTS ON THE PANEL'S OTHER FINDINGS

14. In Part IV, Management addresses some of the findings of the Panel. It notes at the outset that the Request for Inspection addressed the pilot water hyacinth chopping contract, which is part of the water hyacinth control component of Kenya's share in the multi-component, three-country Lake Victoria Environmental Management Project, and did not address wider matters of Project supervision. It acknowledges that the water hyacinth chopping pilot has been inconclusive with respect to its impact on water quality because baseline data needed to establish that impact were not collected adequately.

Panel Findings of Compliance

15. Management notes the Panel's findings that Management is in compliance with OD4.01 (Environmental Assessment) with respect to categorization of the Project, OD 4.15 (Poverty Alleviation), and OP 10.04 (Economic Evaluation of Investment Operations).

Panel Findings of Non-Compliance

16. Management disagrees with the Panel's conclusions that Management is not in full compliance with OD 4.01 (Environmental Assessment), and with paragraph 42 of OD 13.05 (Project Supervision), for the following reasons.

17. Compliance with OD 4.01 (Environmental Assessment): The Panel's conclusion of less than full compliance is based on the following: (a) that "some consultations should have been undertaken not only with experts but also with potentially affected people, as required in paragraph 19 of OD 4.01"; (b) that "there was no prior review of the environmental consequences of the [water hyacinth mechanical chopping] method"; and (c) that "environmental and other data needed for a subsequent assessment of the method have not been obtained."

18. With respect to *consultations with potentially affected people*, Management stated in its original response (December 20, 1999) its view that more could have been done by the Borrower to inform the public of the purpose of the water hyacinth chopping tender. Management believes, however, that its own actions aimed at ensuring adequate consultation were substantial, and in fulfillment of its responsibilities under OD 4.01. To this end, Management's many actions included the following examples, drawn from Project files made available to the Panel:

(a) *with respect to consultations about the water hyacinth chopping contract:*

(i) Conducting a dialogue with the Honorable Professor P. Anyang' Nyong'o by letter regarding his concerns about the water hyacinth chopping contract (September 1, 1998 and July 30, 1999), conveying his concerns to the Borrower, and encouraging him to continue his contacts with the Borrower on the issues.

(ii) On August 4, 1999, four months before chopping began, requesting and obtaining the agreement of the hyacinth chopping contractor to make himself and his staff in Kenya available for discussion with Professor Nyong'o.

(iii) On August 13, 1999, initiating a video-conference with the Borrower, Project management, scientists and NGOs, which resulted in an agreement to expand the monitoring of the water hyacinth chopping contract to include community groups and other independent monitors.

(iv) On September 13, 1999, writing to the Borrower's Project management unit underlining the importance of their involving the communities in Project-wide activities, and specifically in the monitoring of the water hyacinth chopping activities.

(v) In October and November 1999 sending letters urging leading NGO OSIENALA to reconsider its decision to withdraw from the monitoring group (the NGO withdrew in spite of Management's urging). ',

(vi) In December 1999, writing to the responsible Ministry of the Borrower urging their full support for the work of the monitoring group reviewing the water hyacinth chopping contract.

(b) *with respect to community consultations in the wider Project:*

(vii) Providing in the Project from the outset a substantial level of funding for workshops and other community consultation activities, as well as community participation in virtually every aspect of the Project, and conveying repeatedly to both the Borrower and the NGOs the expectation that these funds would be used (e.g. letter to leading NGO OSIENALA February 28, 1996, referred to the Borrower).

(viii) The first supervision aide-memoire (left with the Borrower on November 8, 1997) underlined the priority for Project Management to:

- organize workshops to raise the awareness of communities on the objectives of LVEMP and their involvement;
- support NGOs and CBOs that had the capability to organize workshops and awareness campaigns on Lake Victoria environmental problems, so as to make use of their comparative advantage in working with communities;
- hold quarterly workshops to bring together personnel from the implementing agencies, NGOs and CBOs to exchange ideas, share knowledge and experiences, and plan activities together;
- arrange for key Project personnel to undergo training in community participation by professional trainers; and
- arrange for collaboration between agencies implementing LVEMP and those implementing other projects in matters concerning community participation.

(ix) During the next supervision mission in May, 1998, the Bank team convened an open meeting with about 10 field staff from the implementing agencies and 15 representatives from several NGOs, CBOs and communities to discuss LVEMP implementation issues and solicit their views for achieving greater community involvement in Project activities; the supervision aide-memoire (left with the Borrower on May 9, 1998) expressed the urgency of carrying out all the community consultation activities envisaged in the Project; emphasized the need for the Borrower to establish verifiable community participation performance indicators to be monitored during Project implementation under each Project component; pressed for urgent community education and involvement in the water hyacinth control program; and recorded Management's pursuit of NORAD funding for community participation officers to be established in the Project.

(x) Pressing similar concerns in the supervision aide-memoire left with the Borrower on June 16, 1999.

(xi) Instructing the NGO coordinator in Nairobi to keep the Project compliance with community participation under continuous review, and starting in 1999 to undertake mini-supervision missions focusing particularly on this aspect of the Project.

19. With respect to *prior review of the environmental consequences of the water hyacinth mechanical chopping method*, Management, in its original response, described its extensive consultations with leading scientists and practitioners about four sets of technical issues relating to chopping water hyacinth, and how these consultations led Management to conclude that it was acceptable to proceed with a pilot chopping contract to round out testing of other hyacinth control methods already under way around the lake. The original Management response noted that concerns addressed included regeneration of chopped hyacinth, de-oxygenation of water, effects on fish possibly sheltering under the hyacinth mats, and return of nutrients to the water following chopping. Contrary to the Panel's assertion in paragraph 36 of its Investigation Report, all of these address possible specific local effects of water hyacinth chopping.

20. Management does not agree with the Panel that there is no official documentary support for the prior technical consultation process (Panel Report, para. 69, p. 25). In fact, documentation of three separate consultations during 1997 and 1999 with one of the leading scientists was in the files reviewed by the Panel, and in addition was sent to the Panel on September 13, 2000. That documentation demonstrates clearly that the consultations were about possible specific local effects of hyacinth chopping. The documentation also shows that other issues were raised in the consultations, including heavy metals. Most of the other consultations took place during conferences or joint travel with the specialists, and Borrower's officials involved in Project implementation, although notes of the consultations were not formally recorded. Bank staff also relied on the findings and conclusions included in published studies in this field. These were referred to in the original Management response. Furthermore, Management had estimated the economic costs of water hyacinth infestations, as well as the costs of alternative water hyacinth control methods (all data provided in the original Management response). Management believes that it established clearly the need for conducting the pilot (not enough data available to assess the hyacinth control method to be tested), the basic conditions for safe conduct of the pilot, and the arrangements for monitoring the pilot (see below). The Inspection Panel concurred with Management that its pilot approach, viewed as an "environmental-assessment-in-the-making", was acceptable (Panel Report Executive Summary, paragraph 47).

21. With respect to *outcome of the monitoring process*, Management acknowledges that the team of scientists set up in July/August 1999 did not, over the next four months, gather adequate baseline data prior to the commencement of the chopping activities in December 1999. As a result, it has not been possible to carry out an adequate assessment of the environmental sustainability of the water hyacinth chopping pilot, which was implemented between December 1999 and April 2000, because the data gathered subsequently cannot be compared with conditions before chopping, which were not adequately measured and documented. Management believes, however, that its actions in laying the groundwork for monitoring, initiating the process, and following it through its initial stages and subsequently, represented a full discharge of its responsibilities and that

it exercised due diligence in pursuing the matter; that in spite of taking a number of actions to ensure adequate monitoring (laid out below in paragraph 23), there were no indications that there were any problems with the progress of monitoring until after the chopping was under implementation (even in the report of the monitoring group reviewed in January, 2000).

22. ***Compliance with paragraph 42 of OD 13.05 (Project Supervision)***: The Panel's conclusion of less than full compliance is based on the following: (a) that "supervision of I the design and data collection systems for the pilot was inadequate and ...supervision of the implementation of the monitoring systems was also inadequate"; and (b) that paragraph 42 of "expressions of optimism and confidence on the status of the Kenya portion of the Project contained in the 1999 Aide Memoire, and in the transmittal letter, could, and in the Panel's view, did mislead Project Management and lull it into complacency". Management finds no evidence for the Panel's finding of general non-compliance with paragraph 42 of OD 13.05 (Project Supervision).

23. With respect to *the design and implementation of the monitoring of the water hyacinth chopping contract*, Management has described in its original response, (December 20, 1999) why it believes its supervision of the chopping contract fulfilled its supervision obligations. In pursuit of ensuring a satisfactory monitoring process, Management's actions included the following examples, drawn from Project files made available to the Inspection Panel:

(i) repeatedly urging the Borrower, in supervision Aides-Memoire of November 8, 1997, May 9, 1998, and June 16, 1999, to accelerate procurement of laboratory construction and equipment and other requisites for satisfactory water analysis;

(ii) in June 1999 identifying possible constraints to the water hyacinth monitoring program, and proposing (Aide-Memoire of June 16, 1999) action to address these constraints, which the Borrower took;

(iii) in particular, reaching agreement with the Borrower on backup water quality analysis protocols with laboratories and water quality specialists in all three countries, in the event that the staff of the new laboratory in Kisumu proved insufficiently experienced for the work. These protocols are fully in line with standard methods as set out in the joint publication of the American Public Health Association (APHA), American Water Works Association (AWWA), and Water and Environment Federation (WEF), *Standard Methods for Examination of Water and Waste Water*, 20th Edition, 1998. Based on these scientific norms, using the Winkler method for measuring dissolved oxygen, Management disagrees with the Panel's view that the lapse of time implied by transporting samples to more distant laboratories itself vitiates the result, and maintains its view that accepted standard methods are adequate to deal with such time lapses;

(iv) agreeing with the team of scientists a timetable for monitoring activities;

(v) reviewing (in January 2000) a report from the monitoring group that gave no indications of lack of support by the Borrower, or difficulties in collecting

information;

(vi) independently agreeing with the Fisheries Research Institute in Uganda in May 1999 that they would assess the effects on water quality, biodiversity, and fisheries of the "massive collapse" of water hyacinth biomass in sheltered bays as a result of the combined effects of biological control and hydrological conditions in and around Uganda's lake waters.

24. With respect to the *tone of the 1999 Aide Memoire and transmittal letter, and its effects on Project Management*, Management disagrees with the Panel's view that Project Management could have been lulled into complacency by the tone of the letter, or that any actions of Bank Management could be construed as *encouraging complacency*. In support of this view, Management makes the following points (all supported by documents included in Project files made available to the Panel):

(i) The Project includes a wide range of initiatives, implemented by numerous agencies. In the 1999 Aide Memoire, as with all its communications with the Borrower Management made favorable comments where progress was being made, and drew attention to problems where these were identified. More importantly, the Aide Memoire itself listed numerous actions that were to be undertaken urgently, most within two months of the end of the mission. For the Water Quality Monitoring component of the Project alone, the Aide Memoire listed six actions, five of which were to be completed within the two subsequent months. On August 3, six weeks following the Aide Memoire, Management sent the Borrower a letter requesting an update on key actions with respect to the Water Quality monitoring component discussed and agreed during the Review. In the letter the Bank stated that if the agency concerned had not yet acted on the matter of availability of vessels, an alternative agency should be found to ensure their availability.

(ii) Based on the 1999 supervision review (which was also the Mid-Term Review of the Project), Management rated overall implementation progress as Unsatisfactory, and in particular rated progress on the water quality component as Unsatisfactory, and conveyed these concerns to the Borrower both during the review mission and in subsequent *communications*.

(iii) Within three months of the review mission, several critical procurement matters relating to water quality had been accomplished, which were in part the result of the review itself, and in part the result of the replacement of the Project procurement officer. One month prior to the review, Management had given its no objection to hiring a new procurement officer, following the application of consistent pressure in the context of Management's Project contacts (which are continuous throughout the year and not confined to supervision missions).

(iv) Within one year of the review mission, as a result of restructuring of the Project by agreement between Management and the Borrower, disbursements under the Project in Kenya had increased by 240 percent. This accomplishment, leaving Kenya still significantly behind the other two countries, nevertheless demonstrates that Management did not lull the Borrower into complacency. This improvement in implementation performance was achieved following a lengthy involvement by Management (at least six months prior to the review mission) working with the Borrower to resolve severe

financial flow problems (which incidentally affected all projects in the Bank's portfolio in Kenya).

(v) The Borrower is fully aware that it is its responsibility to implement the Project in a timely manner consistent with the Credit Agreement.

25. With respect to *general non-compliance with paragraph 42 of OD 13.05 (Project supervision)*, Management notes that the Request for Inspection addressed the water hyacinth chopping contract and not wider Project supervision. Nevertheless, Management disagrees with this more broad finding by the Panel, and underlines the following points (documented in files available to the Inspection Panel):

(i) Project supervision was rated satisfactory in a review of the Bank's Quality Assurance Group (QAG) released September 16, 1998.

(ii) A special IDA panel review of the Kenya portion of the project, carried out in the context of a Country Portfolio Review and released on May 12, 1999, made a series of recommendations about restructuring the Kenya portion of the project, all of which were taken up in the Mid Term Review of June 1999, and reflected in the Aide Memoire of June 16.

(iii) The Executive Director of the Kenya Project Management Unit accompanied three view teams as they reviewed the project in all three countries. This practice, followed since February 1999, has been effective in increasing the peer pressure on all three countries, and may in part account for the substantial increase in disbursements in Kenya in the year following the sequence of Mid Term Reviews in the three countries.

(iv) Successful implementation of the Project in Tanzania and Uganda, where similar problems did not exist, supports Management's diagnosis of financial flow problems particular to Kenya, and Management's strategy of paying particular attention to this aspect in Kenya, resulting in actions to combine financial management under a single Ministry and re-locate all Project component implementation managers, actions which were accomplished soon after the Mid Term Review in June 1999.

(v) Formal supervisions have been augmented through regular monitoring by field office staff.