



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board — Sixty-Seventh Session

Rome, 8-9 September 1999

**REALLOCATION OF LOAN PROCEEDS, EXPANSION OF PROJECT AREA AND
EXTENSION OF THE COMPLETION AND CLOSING DATES OF THE COAST ARID
AND SEMI-ARID LANDS DEVELOPMENT PROJECT IN KENYA
(LOAN NO. SRS-027 KE) TO SUPPORT A PROGRAMME
FOR THE ERADICATION OF THE ARMY WORM**

1. This information paper is intended to brief the Executive Board on steps taken by IFAD management to assist the Government of the Republic of Kenya to contain the outbreak of the army worm plague, which is a threat to food security for the entire country, and especially to IFAD's target group as a whole.

2. The Coast Arid and Semi-Arid Lands Development Project (CADP) was approved by the Executive Board at its Forty-First Session (11-14 December 1990), and became effective in July 1992. The total cost of the project is USD 19.2 million and the IFAD loan amounts to SDR 11.0 million (equivalent to approximately USD 15.7 million). CADP aims to increase the production of improved crops, including forestry and livestock in the project areas, leading to improved family incomes, better standards of health and nutrition, and increased food security for IFAD's target group. In 1993, the Board's approval was sought to reallocate project funds for the financing of an emergency drought recovery programme. The loan agreement was thus amended to accommodate a new component for agricultural input: the fertilizer and seeds component. The provision of agricultural inputs included primary fertilizer, maize, beans, cowpeas, green grains and sorghum, as well as related transport and monitoring costs in all the districts of the project area affected by recurring drought. The project area for these activities is to be found in the districts of Elgeyo-Marakwet, Embu, Kajiado, Kiambu, Kilifi, Kwale, Lamu, Murang'á, Narok, Nyandarua, Taita-Taveta and Tano River. This modification was necessary in order to support the Emergency Drought Relief Programme initiated by the World Bank. Implementation of this component is considered to have been successful with a number of accomplishments recorded that have had a positive impact on the target population. A second amendment was also made after the Country Portfolio Review in September 1996, in which CADP itself was reformulated, simplified and rationalized so as to establish a more cohesive and disciplined development focused on community-based activities. With the exception of the emergency drought recovery programme, the project area was reduced from the original five districts, to a more manageable three (now four again, following the bifurcation of one of the districts), and the loan amount was reduced to SDR 9 950 000.



3. The Government of the Republic of Kenya submitted an application to IFAD for financial assistance in May 1999 to address the army worm attack currently occurring in several parts of the country. The outbreak of the army worm has affected a number of crops, including maize, wheat, sorghum, millet and rainfed rice, which are staple foods for the country. The outbreak of army worm was first reported in the arid and semi-arid area in the Coast Province, which is one of the project areas under the CADP (Loan No. SRS-027-KE). It then spread to the Eastern, North-Eastern, Nyanza and the Central Provinces. It is estimated that more than 150 000 ha of crop land has been destroyed so far. The outbreak of the army worm could not have happened at a more difficult time for Kenya, especially since the flooding in 1998 associated with the *El Nino* rains, and the lack of short rains in late 1998 seriously affected the maize, tea crops and grazing lands in many parts of the country. In the twelve months prior to November 1998, coffee output fell by 20.5% (equivalent to a 25% fall in export earnings).

4. The request made by the Government for the eradication of the army worm amounted to KES 120 million, or USD 1.7 million at the current exchange rate. However, included in the request were costs for aerial spraying and the rehabilitation of vehicles. Considering the environmental arguments and the emergency status of the activity, these components appear not to have been fully justified and therefore were excluded from this request for funding. This decreased the total amount to KES 107 million, or USD 1.5 million, or SDR 1.1 million, which was available under loan funding. The cooperating institution, the United Nations Office for Project Services (UNOPS) confirmed that the outbreak was serious and that action was urgently required, and supported the Government's request. A considerable part of the CADP project area is affected by the army worm infestation, which will further reduce the crop yields in the project area.

5. The effect of the infestation by the army worm will lead to a reduction of crop yields on a wide scale. Since the army worm spread very quickly, there was a need for urgent control measures to be put into place. Furthermore, since the coverage of the Army Worm Programme under the CADP would have exceeded the project design and area as approved by the Executive Board, the view was expressed that this amounted to a significant change in the scope and characteristics of the project and that therefore this activity should be communicated to the Executive Board for necessary approval. On the other hand, given the urgent response that was required by the Government to control this emergency, IFAD management felt that a rapid response was required to contain the outbreak of the army worm plague.

6. This information note therefore informs the Executive Board regarding the emergency measures taken by IFAD management to halt the spread of the army worm to various parts of Kenya. Management has approved that: (a) funds be made available from the CADP for the financing of the Army Worm Programme for an amount not exceeding SDR 1.1 million; (b) loan proceeds of the CADP be reallocated; and (c) the completion and closing dates of the project be extended by six months to 31 December 1999 and 30 June 2000, respectively, in order to ensure that the army worm operation is carried out in an effective manner. The loan agreement was amended accordingly.