

United States Position
Proposed IDA Project - Kenya—Water Security and Climate Resilience
June 18, 2013

The United States welcomes and supports this proposed IDA credit for a water irrigation scheme and climate resilience project, emerging from two years of discussions between the Bank, the Government of Kenya, and its development partners. The United States notes its close link to the 2010 Kenyan constitution, which envisioned broad ministerial reforms, reorganization and re-alignment, in order to reinforce the objectives of this project and better deliver government services.

Kenya is already classified as a “water scarce” country. Indeed, improving water security, sanitation, and public health remains key to the expansion of numerous sectors of the Kenyan economy, including agriculture, tourism, and hydro-energy, all of which depend on rainfall and/or water availability via irrigation.

Kenya has yet to adequately manage its hydrology and suffers from decades of under-investment in water infrastructure. Current levels of investment in Kenyan water infrastructure are only 10 percent of the estimated \$700 million per year needed over the medium term. This project’s seven-year-long program lays the foundation for catalyzing international and domestic resources.

The United States notes this project has been prepared under the Bank’s new Investment Project Framework (IPF) framework, which will become a sector-wide instrument for Kenya’s water sector. Implementation is expected over a period of 10-12 years, with co-financing anticipated at each phase. The first sub-project investment under this sector-wide investment framework, the Noiza irrigation scheme, will be co-financed by bilateral development partners for \$20 million.

Going forward, continuing Kenyan institutional reforms and ministerial reorganization will be required in order for this project to fully realize its potential. The United States appreciates that multiple mechanisms for fiscal decentralization and devolution of authority to sub-national, municipal, and local authorities have been built into the project implementation plan.

To this end, Kenyan authorities have initially agreed to numerous actions in support of and ownership of this project, including, *inter alia*, the creation of a special authority for water storage and water security, the allocation of \$60 million for capacity building, and \$50 million for impact evaluation.

The United States welcomes the Bank’s emphasis on *fiscal decentralization* and that selection of officials for the Project Management Unit (PMU) will be subject to World Bank standards and vetting. The United States notes, favorably, that the PMU will be mainstreamed into the Kenyan government and eventually merge with the Ministry of the Environment, which itself will chair the inter-governmental oversight committee (IMOC) responsible for the overall success of this project.

Finally, the United States commends the Bank for not making financial commitments for future stages of the project. Instead, follow-on stages are structured to leverage co-financing by

bilateral donors, potential private sector investors, and other elements of the World Bank Group. The project calls for three years to implement the new governance structure within Kenya, and fully seven years to implement the entire program, with firm milestones and safeguards along the way.

The United States urges the Bank and its development partners to continue to pay judicious attention to mitigating risks and any potential adverse effects from this project – including resettlement concerns, disease spillovers, and problems of corruption, which have been incorporated into other projects in Kenya. Benefits of this project for the Kenyan population could be substantial over time, including the tripling of crop yields for small farmers in the newly irrigated areas.