Report Number: ICRR0022608

1. Project Data

Project ID P107314	**Project Name** KE-Nairobi Metropolitan Services	
Country Kenya	**Practice Area(Lead)** Urban, Resilience and Land	
L/C/TF Number(s) IDA-51020	**Closing Date (Original)** 30-Jun-2017	**Total Project Cost (USD)** 270,174,366.09
Bank Approval Date 10-May-2012	**Closing Date (Actual)** 30-Sep-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	300,000,000.00	0.00
Revised Commitment	300,000,000.00	0.00
Actual	270,174,366.09	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Kavita Mathur	Fernando Manibog	Victoria Alexeeva	IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) was "t**o strengthen urban services and infrastructure in the Nairobi metropolitan region"** (Financing Agreement page 5 and PAD para 23).

No changes were made to the PDO during the life of the project.

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
20-Apr-2017

c. Will a split evaluation be undertaken?
Yes

d. Components
The project included four components (PAD pages 9 to 11):

Component 1. ***Institutional reform and planning*** (appraisal cost US$15.0 million, actual cost US$20.0 million). This component would assist existing local authorities within the Nairobi metropolitan region, as well as new entities and authorities that would be created once the devolved government aspect of the new constitution takes effect. This component would support the capacity enhancement and planning activities of entities such as county governments, metropolitan authorities, and agencies, and other units of administration. The component would also strengthen the Ministry of Nairobi Metropolitan Development (MoNMED) or its functional successor, if applicable, after the advent of constitutional changes.

Component 2. ***Local government infrastructure and services*** (appraisal cost US$60.0 million, actual cost US$62.0 million). This component would finance, on a grant basis priority infrastructure in 13 selected urban areas in the Nairobi metropolitan region. The investments would be for relatively small-scale local projects such as drainage systems, local streets, bicycle and foot paths, street and security lighting, public parks, public markets, solid waste management and street cleaning, and firefighting equipment and facilities. All subprojects would be selected on the basis of the existing participatory process for prioritizing local investments, called the Local Authority Service Development Action Plan.

Revised Component 2. The ICR mentions that at the time of first restructuring the focus of the project changed from solid waste collection to disposal. Also, based on the changes in the results framework, there seems to have been a significant drop in the provision of sanitation services. These changes are not clearly mentioned in the revised components section of the ICR.

Component 3. ***Metropolitan infrastructure and services*** (appraisal cost US$250.0 million, actual cost US$243.0 million). This component would finance large-scale metropolitan infrastructure in the areas of solid waste, transport, and sewerage services. In contrast to those financed under component 2, these investments would be large-scale, which are crucial for the development and integration of the metropolitan region as a whole.

Revised component 3. The activities relating to the construction and rehabilitation of commuter rail stations as well as surrounding infrastructure, which were planned under the previous National Urban Transport Improvement Project (NUTRIP), were transferred to this project.

Component 4. ***Project management, and monitoring and evaluation*** (appraisal cost US$5.0 million, actual cost US$5.0 million). This component would finance the management activities associated with project implementation, including establishing and implementing a comprehensive monitoring and evaluation (M&E) system and training of the implementing agencies in environmental and social management. This component would also provide funds to undertake feasibility studies and prepare designs for implementation under a potential follow-on project in the urban sector in Kenya, and for other studies identified and agreed during implementation.

Geographic scope of the project. At appraisal, 13 urban areas were identified as comprising the Nairobi Metropolitan Region: Nairobi, Ruiru, Kikuyu, Kangundo/Tala, Thika, Mavoko, Karuri, Ngong, Limuru, Kiambu, Kitengela, Juja, Ongata Rongai. The geographic scope was changed with the change in the metro region. A Special Gazette Notice, number 53 (March 22, 2013) expanded the metropolitan region to include Murang'a County, and Makuyu urban center became the fourteenth urban center to benefit from the project. Murang'a County also became eligible to benefit from institutional strengthening, metropolitan infrastructure and services, and support for project management and monitoring and evaluation (ICR para 19).

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The appraisal and actual project costs were identical at US$330.0 million.

Financing. The actual IDA disbursement was US$270.2 million compared to the appraisal amount of US$300 million.

Co- financing. None was planned.

Borrower Contribution. The actual Borrower contribution was US$25.8 million, slightly lower than the appraisal commitment of US$30.0 million.

Dates. The project was approved on May 10, 2012 and became effective on December 17, 2012. It closed on September 30, 2020, after a delay of over three years. The project's closing date was extended three times from June 30, 2017 to May 31, 2019 (23 months) and then to March 31, 2020 (10 months), and finally to September 30, 2020 (6 months) (details discussed below under restructuring).

Restructuring.

The project underwent three level 2 restructurings:

- The **first restructuring** was approved on April 20, 2017. The targets for PDO indicators were revised as follows: (i) the target for PDO indicator "*direct beneficiaries*" was increased from 1.5 million to 2.2 million, when Makuyu urban center was added as a beneficiary of the project; (ii) the target for PDO indicator "*people provided with access to improved sanitation facilities*" was decreased from 100,000 to 10,000, (the ICR reports that this was because of the change in methodology as per the guidelines of the core indicator (Restructuring Paper para 6); (iii) the PDO indicator "*people in the Nairobi metropolitan region provided with access to regular solid waste collection under the project*," was dropped. The ICR noted that this was because the project focus changed from collection to disposal. The TTL (email dated 09/07/21 and meeting on 09/08/2021) clarified that this was not a shift from collection to disposal but reprioritizing of project's activities on collection and left disposal as the only solid waste management intervention of the project ; and (iv) the target for PDO indicator "*people in the Nairobi Metropolitan region living within a one-kilometer* *radius of a location for a commuter rail station, benefitting from improved access to that location"* was decreased from 500,000 to 350,000 (the scope of the commuter rail stations was reduced to fit the reduced budget because of foreign exchange fluctuations, which caused losses in total project financing (up to US$30 million)). **A related new corporate core indicator**, "*People provided with access to improved sanitation facilities – urban*", was added to the results framework (target was set at 10,000). The project's closing date was extended from June 30, 2017 to May 31, 2019 (23 months) to complete all project activities. which were delayed due to slow implementation during the first few years.

- The **second restructuring** was approved on February 20, 2019. The targets for PDO indicators were revised as follows: (i) the target for PDO indicator "*direct beneficiaries*" was increased from 2.2 million to 3.2 million (Restructuring Paper); (ii) the target for PDO indicator "*people provided with access to "improved sanitation facilities*" was increased from 10,000 to 14,000; (iii) the target for PDO indicator "*people provided with access to improved sanitation facilities - urban*" was increased from 10,000 to 14,000. Once the project gained momentum and started showing results, the target was then increased reflecting the actual results demonstrated; (iii) the target for PDO indicator "*number of people in urban areas provided with access to all-season roads within a 500-meter range*" was increased from 100,000 to 350,000; and (iv) the target for PDO indicator "*people in the Nairobi Metropolitan region living within a one-kilometer radius of a location for a commuter rail station, benefitting from improved access to that location"* was decreased from 350,000 to 280,000 (**this was a second decrease -** at the first restructuring, the target was decrease from 500,000 to 350,000). The closing date was extended from May 31, 2019 to March 31, 2020 (10 months) to complete the outstanding key infrastructure works, especially markets and the Mitubiri landfill, and implementation of the associated Resettlement Action Plan (RAP).

- The **third restructuring** was approved on March 25, 2020. The closing date was extended from March 31, 2020 to September 30, 2020 (6 months) to take into account disruptions in implementation brought about by the onset of the COVID pandemic.

Split Rating. As discussed above, the outcome targets were substantially changed during the first two restructurings. Therefore, the review will use a split rating methodology.

3. Relevance of Objectives

Rationale

Country and Sectoral Context. At appraisal in 2009, Kenya was rapidly urbanizing. Over 17% of Kenya's population (about 6.6 million) lived in the Nairobi metropolitan region (this includes Nairobi city and the surrounding smaller towns). The smaller towns were growing even faster than the capital city, at an estimated 6% a year. With rapid urbanization, the metropolitan region was struggling with service provision in water and sanitation services, solid waste management, and mass transport. This was primarily due to infrastructure bottlenecks, weak finances, and poor management (PAD para 4). Poorly managed urbanization was leading to the expansion of overcrowded and impoverished informal settlements.

Due to a lack of mass transit, people were wasting hours in daily traffic jams. Solid waste was uncollected, blocking drainage systems, and contributing to periodic flooding. Sewage was seeping into ground water and contaminating rivers and streams. Most importantly, the framework for management of these cities was very weak - mandates of city governments and national agencies overlapped, responsibilities were fragmented, mechanisms to ensure local accountability barely existed, and key institutions suffered from weak capacity.

Alignment with the Nairobi Metro Strategy. To address the needs of the large metropolitan region, the Government created the Ministry of Nairobi Metropolitan Development in 2008. The ministry (in 2008) published the "Nairobi Metro 2030", which presented the medium and long term vision and included the development program for the medium and long terms. The project intended to support the implementation of selected activities included in "Nairobi Metro 2030" (PAD para 12). This would include investing in key government institutions, in land use planning, and in infrastructure, such as solid and liquid waste collection and safe disposal, strategic roads, green spaces, markets, and other urban infrastructure.

Alignment with the World Bank Strategy. At appraisal, the project was aligned with the equity, environment and growth themes of the Country Partnership Strategy (CPS) for the period 2010-13. In particular, the CPS aimed at initiating an urban development program to upgrade slums, improve urban service delivery, and help generate agglomeration economies (CPS page 19).

At completion, the PDO remained highly relevant to the first engagement area of the World Bank Group CPS for Kenya (FY14–18) (the CPS was extended under the Performance and Learning Review to FY20). Outcome one under engagement area one -- "*Competitiveness and sustainability –growth to eradicate poverty*" -- focused on enhanced infrastructure and logistics for sustainable growth, which is aligned with the PDO to "strengthen urban services and infrastructure".

Previous World Bank Experience. The World Bank has been engaged in Kenya's urban sector since 2010s. The first project was the **Kenya Municipal Program (KMP)**, approved in May 2010. This program focused on strengthening the essential institutions of urban management -budgeting, financial management, participatory planning, project management, operations and maintenance, and good governance - in 15 of Kenya's largest cities, while also financing investments in city-wide infrastructure. The **Kenya Informal Settlement Improvement Project (KISIP),** the second project, was approved in March 2011. This project targeted the same 15 municipalities as the previous project (KMP), but focused on strengthening tenure security and infrastructure upgrading for basic services.

This project would focus on the Nairobi metropolitan region, Kenya's largest urban area. This project also focused on supporting the government to meet its vision of developing the metropolitan region by strengthening urban services and infrastructure delivery. All these projects were prepared concurrently, each addressing a different elements of urban development.

The PDO was in line with the Government priorities and the Bank's strategies. However, the PDO statement was broad and not sufficiently focused; the outcomes captured only the access to infrastructure. Overall, the relevance of objectives is rated **substantial**.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To strengthen urban services and infrastructure in the Nairobi metropolitan region.

Rationale

Theory of Change (ToC). The ToC envisioned that project activities such as: (i) investing in small-scale local infrastructure (roads, markets, street lighting, bicycle and pedestrian pathways, and drainage, and, (ii) investing in large-scale metropolitan infrastructure (improvements in integrated solid waste management, sewerage collection and disposal, and transport) would result in outputs such as improved infrastructure facilities in the Nairobi metropolitan region. In addition, the project's activities would be expected to result in improved service delivery by strengthening the current and emerging entities responsible for service delivery.

The activities included in the ToC were directly linked to the stated PDO in a valid causal chain. However, the ToC did not delineate the key assumptions that underpinned the achievement of the PDO.

Outputs

<u>Infrastructure</u>

Roads. About 44 km of urban roads were completed under the project (no targets were set). The urban roads provided access to commuter rail stations and increase urban mobility for residents (ICR para 28). For example, the Thika access road has increased transport to/from industrial parks and the Kikuyu access road has improved the connectivity to the new market.

About 78 km of rural roads were rehabilitated, primarily the Tala-Kangundo-Kenol-Komarock road.

Urban transport. The project constructed or upgraded 10 commuter rail stations (as targeted) and 10 surrounding infrastructure at 10 sites, exceeding the target of 15. The new and improved stations have increased passenger comfort (such as sheltered platforms) and safety.

Street Addressing. The physical addressing systems was adopted by the respective counties. The ICR does not explain what this entails. According to the TTL (email dated 09/07/21) “adoption means handing over of the systems from the project to the respective counties”. The ICR reports (page 16) that once adopted, the system will increase the ease of navigation around the city and other urban areas, and swifter response time and access for emergency services. The ICR also indicates that the systems will improve the ability of counties to properly identify properties and consequently accurately charge property tax rates, thus improving county revenue. However, increasing revenue would also require complementary collection activities which the project did not address.

Street lights. About 1,624 street and security lights were installed, exceeding the target of 1,050.

Drainage: About 170 km of drainage system was constructed (exceeding the original target of 40 km) in the targeted flood prone areas such as South C estate in Nairobi and Ongata Rongai. In these areas flooding and waterlogging had been a major issues, impacting ability of school children to go and return home from school.

Sewers. 4320 new household sewer connections constructed, substantially lower than the target of 12,000.

Solid Waste Management. At project closure, Mitubiri sanitary landfill was still under construction. The target of 3 sanitary landfills was reduced to 1 at the time of first restructuring. According to the TTL (email dated 09/07/21), the government and contractor encountered numerous challenges, including importation of lining materials and customs clearance, COVID-related mobility restriction (it's located in Muranga county outside the Nairobi, which often required special permission of truck movement, etc.), late payment to the contractor, etc. The landfill will be put into operation in 3-4 months. Once completed and operational, the landfill will serve the northern part of the metro (ICR page 15).

Markets. 6 markets were rehabilitated, exceeding the target of 5. The relocation of traders back to the markets was completed for four markets.

Other local urban infrastructure. Four parking bays/public car parks and two bus terminals were constructed. According to the beneficiary assessment, the proximity of the parking bays to public markets (Kikuyu, Ngong, Ruiru) increased access to the markets.

Institutional

An integrated metropolitan-wide solid waste management (ISWM) strategy was completed as planned under the first restructuring.

28 integrated strategic development plans were completed, exceeding the target of 24. These plans will provide broad and strategic guidance for development of large areas within the metro region.

The project financed the redevelopment plan of the main railway station in Kenya (Nairobi Railway Station, which is the main railway hub of the whole country and the development of the area surrounding SGR Embakasi Railway Station (emerging transport hub, which was not foreseen in the 2013 Nairobi Integrated Urban Development Plan (NIUPLAN). The Eastlands Urban Renewal plan provides strategic guidance in delivering affordable housing and restoring old and dilapidated neighborhoods and fits into the Government's Affordable Housing Program (ICR pages 15-16).

33 land use plans around the commuter stations were completed, exceeding the target of 13. The plans will guide urban growth around the stations by providing public infrastructure around the rail stations to promote private investment in housing, businesses, and services in easy proximity to the stations.

Outcomes

Compared against the original target.

PDO Indicator 1 was achieved. The project investments reached a total of 3.5 million ***direct beneficiaries,*** exceeding the original target of 1.5 million). Of these, an estimated 1.75 million were females (at project design about 50% of beneficiaries were targeted to be female).

PDO Indicator 2 was not achieved. About 49,000 people were provided with access to "***improved sanitation facilities***", substantially lower than the original target of 100,000. The project team clarified (email dated October 7, 2021) that the actual number at closing (49,000 people) was not comparable to the original target (100,000 people) as the methodology of this core indicator defined at corporate level was modified after project approval.

PDO Indicator 3 "People in the Nairobi metropolitan region provided with access to regular solid waste collection" was dropped, because the project focus changed from solid waste collection to disposal. No indicator for measuring solid waste disposal was added.

PDO indicator 4 was achieved. About 414,800 people were provided with access to "***all-season roads within a 500-meter range***" substantially higher than the original target of 100,000.

PDO indicator 5 was not achieved. At project closure, about 350,000 people in the "***Nairobi Metropolitan Region were living within a one-kilometer radius of a location for a commuter rail station, benefitting from improved access to that location***", lower than the original target of 500,000.

Integrated land use and transport plans were developed. These plans are expected to decongest urban growth while encouraging development around the commuter stations to ensure that passenger volumes are high enough to support the commuter rail. Regarding the implementation of integrated development plan, Nairobi County and the national government started taking steps to implement the Nairobi Railway Station Redevelopment Plan. The ICR notes (para 69) that there were no immediate indications that the other plans would be implemented, due to financing and capacity constraints.

Overall, the efficacy of this objective is **substantial,** with moderate shortcomings. Two out of four PDO indicators were achieved. The PDO indicator "*improved sanitation facilities" was* not achieved because of the change in methodology (the core indicator guideline effective as of April 2017 prescribed that the improved sanitation facilities include "flush or pour-flush to a piped sewer system, septic tank or pit latrine; ventilated improved pit latrine; pit latrine with slab; and composting toilet." Most of the people benefiting from new household sewer connections under the project already had access to one of the other facilities included in the definition above, such as a pit latrine with slab, thus the target was significantly reduced based on the assumption that only 10% of the people would benefit according to the guideline.

Rating
Substantial

OBJECTIVE 1 REVISION 1

Revised Objective
To strengthen urban services and infrastructure in the Nairobi metropolitan region.

Revised Rationale

Theory of Change (ToC). The ToC remained unchanged. Outcome targets were revised.

Outputs

Same as those reported under original objective.

Outcomes

Compared against the revised target set at April 2017 restructuring.

PDO Indicator 1 was achieved The project investments reached a total of 3.5 million ***direct beneficiaries*** exceeding the revised target of 2.2 million. Of these, an estimated 1.75 million were females (at project design about 50% of beneficiaries were targeted to be female).

PDO Indicator 2 was achieved. About 49,000 people were provided with access to "***improved sanitation facilities***", substantially higher than the revised target of 10,000.

PDO Indicator 2 (b) (added at 2017 restructuring) was achieved. About 43,200 people were provided with access to "***improved sanitation facilities - urban***", substantially higher than the target of 10,000. (Note: the originally appraised target was 100,000 people, which was decreased to one-tenth of that target at this first restructuring in 2017.)

PDO indicator 4 was achieved. About 414,800 people were provided with access to "***all-season roads within a 500-meter range***" substantially higher than the original target of 100,000.

PDO indicator 5 was achieved. At project closure, about 350,000 people in the "***Nairobi Metropolitan Region were living within a one-kilometer radius of a location for a commuter rail station, benefitting from improved access to that location***" achieving the revised target of 350,000. (Note: the originally appraised target was 500,000.)

All PDO indicators were achieved. The efficacy of this objective is **substantial**.

Revised Rating
Substantial

OBJECTIVE 1 REVISION 2
Revised Objective
To strengthen urban services and infrastructure in the Nairobi metropolitan region.

Revised Rationale
Theory of Change (ToC). The ToC remained unchanged. Outcome targets were revised.

Outputs

Same as those reported under original objective.

Outcomes

Compared against the revised target set at April 2019 restructuring.

PDO indicator 1 was achieved The project investments reached a total of 3.5 million ***direct beneficiaries*** exceeding the revised target of 3.2 million. Of these, about 50% of beneficiaries were female.

PDO Indicator 2 was achieved. About 49,000 people were provided with access to "***improved sanitation facilities***", substantially higher than the revised target of 14,000.

PDO Indicator 2 (b) (added at 2017 restructuring) was achieved. About 43,200 people were provided with access to "***improved sanitation facilities - urban***", substantially higher than the revised target of 14,000.

PDO indicator 4 was achieved. About 414,800 people were provided with access to "***all-season roads within a 500-meter range***" higher than the revised target of 350,000.

PDO indicator 5 was achieved. At project closure, about 350,000 people in the "***Nairobi Metropolitan Region were living within a one-kilometer radius of a location for a commuter rail station, benefitting from improved access to that location***" substantially higher than the revised target of 280,000.

Other outcomes from beneficiary survey (no targets were set).

The completion of urban roads resulted in an increase in land values (along the roads), sometimes as high as 202%. Road users reported cost savings (reduction of 32%), safety and diversity of transport means.

The improved rural roads enabled farmers to access more distant markets within the metropolitan region, compared to the pre-project period. About 90% of farmers using improved rural roads, reported increased incomes from farming activities as a result of improved transport.

According to the beneficiary assessment, 72% of the respondents reported improved sanitation due to construction of storm drains; 75% reported enhanced accessibility to business premises and residential areas; 76% in reduced incidences of stagnant water, 70% in reduced incidences of vector-borne diseases like malaria; and 74% in reduced water spillage into roads.

The installation of street lights improved security, according to 83% of the beneficiary assessment respondents; improved business environment (83%), and improved access & mobility (85%).

Integrated land use and transport plans were developed. These plans are expected to decongest urban growth while encouraging development around the commuter stations to ensure that passenger volumes are high enough to support the commuter rail. Regarding the implementation of integrated development plan, Nairobi County and the national government started taking steps to implement the Nairobi Railway Station Redevelopment Plan. The ICR notes (para 69) that there were no immediate indications that the other plans would be implemented, due to financing and capacity constraints.

All PDO indicators were achieved. The efficacy of this objective is **substantial**.

Revised Rating
Substantial

OVERALL EFFICACY

Rationale

Overall, efficacy is **substantial,** with moderate shortcomings. Two out of four PDO indicators were achieved. The PDO indicator "*improved sanitation facilities" wa*s not achieved because of the change in methodology (as discussed above).

Overall Efficacy Rating

Substantial

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

All PDO indicators were achieved but with some shortcomings. Overall, the efficacy of this objective is substantial.

Overall Efficacy Revision 1 Rating

Substantial

OVERALL EFFICACY REVISION 2

Overall Efficacy Revision 2 Rationale

All PDO indicators were achieved. The efficacy of this objective is substantial.

Overall Efficacy Revision 2 Rating

Substantial

5. Efficiency

Economic Efficiency.

At appraisal, the only investment identified was the Ruiru sewerage subproject. The Economic Rate of Return (ERR) for this investment was 12.75%. The PAD (para 58) noted that the other investments would be finalized after the Board approval, once local authorities identified their priorities. For investments costing more than US$1 million, cost-benefit or cost-effectiveness analyses would be carried out prior to presentation for approval to MoNMED and to the Bank for no objection.

At completion, ERR was calculated for investments financed under components 2 and 3, such as roads, storm water drainage, sewerage, landfill, water reticulation, fire station, parking, commuter stations, bus parks, and market rehabilitation. The analysis used income-based approach rather than a traditional cost-benefit (CB) approach because: (a) the income-related impact of improved public service delivery and infrastructure are well supported by the literature; and (b) the CB approach introduces considerably more assumptions into the analysis, for which limited data was available (ICR Annex 4). A 15% discount rate was used and yielded ERR of 46% over a twelve-year project implementation period. The benefits beyond the implementation period were not estimated. The ICR notes that the actual benefits would be much higher due to continued income growth. The TTL (email dated 09/21/21) provided the ERR over a number of different timeframes. The ERR was 46% for 12 year time frame; 57% for 20 year time frame; and 58% for 30 year time frame. The TTL explained that “the project interventions have widely different lifespans, the primary reason that the original analysis used a conservative approach by focusing only on a 12-year timeframe. For example, streetlights have a much shorter lifespan than road or drainage investments. The original analysis also used a more conservative 15 percent discount rate to account for the risks associated with the project investments, including the longer project implementation period, and crime and vandalism rates “.

Administrative Efficiency.

The project experienced delays during the initial implementation period. As a result the closing date was extended by 23 months from June 30, 2017 to May 31, 2019. There were delays caused by procurement processes and changes in the implementing agency which resulted in an extended implementation period (ICR para 34).

Efficiency is rated **Substantial**.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	12.75	0 ☐ Not Applicable
ICR Estimate	✓	46.00	89.00 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Under the original outcome targets. With high relevance of objectives, substantial efficacy, with moderate shortcomings, and substantial efficiency, the overall rating is **Moderately Satisfactory (4)**.

Under the first revised outcome targets. With high relevance, substantial efficiency and efficacy, the overall rating is **Satisfactory (5)**.

Under the second revised outcome targets. With high relevance, substantial efficiency and efficacy, the overall rating is **Satisfactory (5)**.

A **double split rating** is applied based on the disbursement shares before and after the project restructuring in 2017 and 2019, when a disbursement share was at 32.7%, 34.5%, and 32.7% respectively (total financing was US$300 million). The overall outcome rating is **Satisfactory,** the weighted value is 4.7 (0.327*4+ 0.354*5+0.327*5 =4.7).

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Operational risk. The operational risk is assessed as substantial, given the weak capacity of the counties to carry out maintenance. The ICR reports the finding from beneficiary assessment which notes that some of the street and security lights were not working and the counties were not responding quickly to fix them (ICR para 68).

Institutional risk. The project supported: (a) the development integrated development plans, (b) physical addressing systems; and (c) the Nairobi County valuation roll. There is substantial risk that these will not be implemented:

- At ICR preparation, Nairobi County was pursuing the implementation of the physical address system and the valuation roll. However, this encountered numerous stoppages. The TTL (email dated 09/07/21) explained that the delays were caused by: (a) non-responsiveness of Nairobi county officials; and (b) political tension between the Nairobi County and the national government from 2018-2020, which led to the transitioning of planning functions (under which these two systems were situated) from the Nairobi City County to a newly established institution, the Nairobi Metropolitan Services (NMS). This transition caused delays as the institution had to be staffed and then had to deliver on political mandates first. In the case of the valuation roll, additional challenges included: (i) receiving the full cadastre from the national Ministry of Lands (took over a year); (ii) reluctance by the County Assembly to implement this roll given that rates would go up. The rollout of the valuation roll has recently gathered momentum and the NMS gazetteed the roll in July 2021. Complaints have been received and the NMS is currently setting up the valuation court to handle the complaints.
- Regarding the implementation of integrated development plan, Nairobi County and the national government started taking steps to implement the Nairobi Railway Station Redevelopment Plan. The

ICR notes (para 69) that there were no immediate indications that the other plans would be implemented, due to financing and capacity constraints.

8. Assessment of Bank Performance

a. Quality-at-Entry

As discussed in the relevance of objective section, this project complemented the other two urban projects **(Kenya Municipal Program Project and Kenya Informal Settlement Improvement Project).** The ICR reports (para 64) that the preparation took five years largely due to building client awareness of metropolitan development and to allow sequencing of these projects.

The project's overall risk was rated "high" which was appropriate given constitutional reforms and the uncertainty over government structures and lack of experience by the selected implementing agency in Bank projects (ICR page 18). The safeguards were appropriately identified.

There were significant shortcomings in the M&E design at appraisal (see section 9a below).

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The ICR reports (para 65) that there was consistency in supervision with two Task Team Leaders (TTLs) and two co-TTLs. The project had two project coordinators and an assistant project coordinator (who remained throughout project implementation). The consistency allowed the TTLs to build strong client relationships.

On average two supervision missions were carried out per year. The supervision team included specialists to help on emerging issues such as the implementation of solid waste activities. The project encountered challenges in the implementation of safeguards and in response to these challenges, the project team instituted numerous capacity building sessions for the client and provided hands-on support to the client in developing and implementing corrective actions.

There was severe non-compliance to environment, social, health and safety (ESHS) measures at Ruiru and Juja/Thika sewerage sites (see section 10a below). The ICR does not provide sufficient detail on how the Bank ensured compliance with the ESHS measures; it only notes (para 59) that Bank supported the improvement of the capacity of the Project Coordination Team (PCT) from the fourth year of project implementation. Following the fatalities, the PCT started accident tracking records at each active construction site, which were monitored by the Bank.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The M&E framework included following PDO indicators: (i) Direct project beneficiaries (number), of which female (percent); (ii) People in the Nairobi metropolitan region with access to improved sanitation services (sewerage) (number); (iii) People in the Nairobi metropolitan region provided with access to regular solid waste collection (number); (iv) People in urban areas provided with access to all-season roads within a 500 meter range under the project (number); and (iv) People in the Nairobi metropolitan region living within a one kilometer radius of a location for a commuter rail station, benefitting from improved access to that location (number).

The first four indicators are “core indicators” for the World Bank. However, they were not adequate to measure the PDO “strengthen urban services and infrastructure in the Nairobi metropolitan region”. The indicators measured the achievement of the latter part of the PDO i.e. the access to infrastructure. The methodology for the indicators was not clearly spelled out in the PAD. The PAD (para 47) noted that the data to track the number of people benefiting from the project would come from the national census. During implementation, the targets had to be revised with improved methodology and results on the ground.

There were no PDO indicators to measure the “strengthening service delivery” through institutional strengthening and planning in the metropolitan region.

In sum, the PDO indicators only covered number of beneficiaries. These were World Bank core indicators, and although they are relevant, they are not sufficient to measure the results (at the outcome level) of the project. Most of the indicators had quantitative targets and were revised during the two restructurings.

b. M&E Implementation
The ICR reports (para 52) that setting-up of an M&E team was slow. The Project Coordination Team (PCT) established a dedicated team in 2008. Once established, the M&E team provided consistent and verifiable project data which were of high quality and were used by the World Bank in its Implementation and Status Reports (ISRs).

During implementation, the methodology for calculating beneficiaries (with access to all season roads) was modified and targets were revised upwards. In addition, the methodology to calculate the target “people in the Nairobi Metropolitan region living within a one-kilometer radius of a location for a commuter rail station, benefitting from improved access to that location” was revised downward when foreign exchange fluctuations caused losses in total project financing (up to US$30 million in the life of the project) and the scope of the commuter rail stations was reduced to fit the reduced budget.

The project carried out a Beneficiary Assessment to assess project's achievement. The Beneficiary Assessment was conducted across the 14 urban centers participating in the project and used both qualitative and quantitative approaches to data collection and analysis (ICR para 26).

c. M&E Utilization

The ICR reports (para 53) that the project's M&E was used for decision making and monitoring the progress of infrastructure works.

Despite significant shortcomings in the M&E design mentioned above, the overall quality of M&E is rated substantial because the team carried out a beneficiary survey to build additional evidence on the project achievements.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as **Environmental Category "A"** and four safeguards policies were triggered: Environmental Assessment OP/BP 4.01, Natural Habitats OP/BP 4.04, Physical Cultural Resources OP/BP 4.11, and Involuntary Resettlement OP/BP 4.12. An Environmental and Social Management Framework (ESMF) was prepared and disclosed in December 2011 during preparation. It was also reviewed, updated and re-disclosed after the Midterm Review (MTR) on September 1, 2015 (ICR para 55).

Environmental Assessment OP/BP 4.01. The sub-project preparation included screening, as per the ESMF procedures. This was followed by preparation of a site-specific Environmental and Social Impact Assessment (ESIA). An Environmental Specialist was part of the Project Coordination Team (PCT) to implement environmental safeguards.

There was severe non-compliance to environment, social, health and safety (ESHS) measures at Ruiru and Juja/Thika sewerage sites. This resulted in five fatalities – three in 2015, one in December 2017 and one in June 2019 (ICR para 56). This was due to: (i) contractor's non-compliance with safety procedures, (ii) inadequate remedial actions to the contractor's non-compliance, (iii) weak supervision by the supervision consultants and the implementing agency (Athi Water Services Board), and (iv) serious defects in safeguards monitoring and reporting mechanism (ICR para 56). The Project Coordination Team (PCT) posted extra security on sewerage sites to protect access to the ponds and to ensure that the machinery was well secured. Following the fatalities, the PCT started accident tracking records at each active construction site. These were monitored by the Bank (ICR para 56).

Natural Habitats OP/BP 4.04. The ICR does not report on compliance with this safeguard. The TTL (email dated 09/07/21) explained that in (rare) cases where OP 4.04 was found relevant, the project included provisions to design investments to avoid negative effects on natural habitats, prepared document and replaced vegetation on project site.

Physical Cultural Resources OP/BP 4.11. The ICR does not report on compliance with this safeguard. The TTL (email dated 09/07/21) explained that there were no “chance finds”.

Involuntary Resettlement OP/BP 4.12. The ICR reports (para 60) that the social safeguards performance was moderately satisfactory. Resettlement Action Plans (RAPs) were prepared for sub-projects following screening and scoping processes.

A total of 800 persons were physically displaced and the construction of the seven markets required the relocation of over 6,000 traders who were economically displaced.

During the first three years, the capacity of the Project Coordination Team (PCT) on safeguards was weak, but with support from the World Bank team the capacity was improved from the fourth year of implementation (ICR para 60). A Social Specialist was part of the PCT to implement social safeguards. The PCT also hired a RAP implementation team to support the RAP implementation of the markets. The project’s included a Grievance Redress Mechanism (GRM). Due to issues with counterpart funding, there were delays in compensation (ICR para 45). The ICR reports (para 60) that compensation was paid to all project affected persons and livelihood was restored according to the RAPs.

b. Fiduciary Compliance

Financial Management (FM). The ICR notes (para 61) that the project complied with the Bank’s financial reporting requirements. Quarterly interim financial reports (IFRs) and annual audit reports were submitted within the stipulated timelines. There was one ineligible expense related to the delivery of fire engines after the project closure. The ICR does not indicate if external audits were conducted. The TTL (email dated 09/07/21) explained that the external annual audits were conducted by the country’s Auditor General as stipulated in the country’s and the Bank’s FM procedures.

Procurement. The ICR reports (para 63) that the procurement capacity was weak at national level. There were severe delays in procurement during the first three years of implementation. There were contract management weaknesses and the Project Coordination Team (PCT) took corrective action on contracts that were flagged as being at risk. By project closing, the PCT had awarded all contracts (except for the Mitubiri landfill contract).

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	Both quality at entry and supervision are assessed as Moderately Satisfactory.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Modest	

12. Lessons

Adapted from the ICR (pages 25-26).

- **The design of metropolitan development projects requires engagement with local levels, incentives, and quick wins.** The project experience indicated that engagement in metro-level infrastructure is not easily recognized or appreciated by local-level (county) governments, and that consistent interest in the counties on metro level development cannot be assumed. It was the inclusion of the local/urban level infrastructure, an obvious political gain for the counties and their elected leaders, that maintained their interest.

- **Integrated planning for metropolitan infrastructure and services, while challenging to coordinate, is necessary to establish a backbone for effective metropolitan growth.** Urban planning in areas that have already experienced human settlement and development is challenging. This project, for the first time assisted in the preparation of the strategic and integrated development plans of the metropolitan sub-areas. These plans integrated land use, transport, environment, economic activities and social services. The existence of these plans ensures that the metropolitan emphasis on the development of the region is maintained.

- **Market rehabilitations can help address the core needs of the urban poor; however, they are difficult to implement particularly where different levels of government need to coordinate.** The project experience illustrated the process required identification of feasible relocation sites, first moving of the traders, then moving them back after the markets are completed takes time. Intensive engagement with the traders was carried out throughout the implementation period.

13. Assessment Recommended?

Yes

Please Explain

A Project Performance Assessment is recommended in order to (i) evaluate in more depth the evidence base and validity of using the income-growth methodology for valuating benefit streams in similar projects, based on literature reviews and (ii) assess the factors underlying the sustainability of varying project components that have significantly different lifespans, with a view to learning lessons and assisting in the design of future projects in this sector.

14. Comments on Quality of ICR

The ICR is not consistent with the OPCS guidelines. The ICR did not use a split rating methodology, despite substantial changes in outcome targets during the two restructurings. The reporting on the performance of the solid waste disposal component is lacking in the parts of the report where it should have been discussed, since it was a project component and was made a focus during the 2017 restructuring. It does not clearly discuss the changes in components and the rationale for target changes. In a few places the data presented is inconsistent. For example, paragraph 27 indicates that “about 49,000 people were provided with access to improved sanitation facilities” however, page 27 notes the figure as “43,200”. The ICR does not report on natural habitats or physical cultural resources, even though they were triggered. It does not discuss the methodology used for the beneficiary assessment. Overall, the quality of ICR is **modest**.

a. Quality of ICR Rating
Modest