

Type of mission	MID TERM REVIEW
Project Name	Upper Tana Nairobi Water Fund Project
Country	Kenya
Country programme manager	Esther Kasalu-Coffin
Name of Project Director	Anthony Kariuki
Date of mission (month/year)	19 -28 th August 2019
Project Area:	Nyeri, Muranga, Laikipia Counties
Days in the field	6
	Frigoken Ltd
	Solio settlement, Laikipia
	Gura conservation sites
	TNC Sagana offices
	Maragua sub-watershed
	KTDA hydro power station
Field sites visited	Farmer Teresia Wangechi, Laikipia
	Farmer Nancy, Nyeri
	Farmer Pauline, Nyeri
	Mr. Musembi, KTDA
	UTNRMP team, Muranga
	County government officials
	Mawira Chitima, IFAD Global Technical Specialist, Water and Rural Infrastructure
	Edith Kirumba, IFAD Environment and Climate Officer, ESA
	Emerson Zhou, IFAD Institutions, Agronomy, Markets Consultant
Mission composition	Richard Batamanye, IFAD Financial Management Consultant
	Joylyn Ngoro, IFAD M&E, Gender, Knowledge Management Gender, and Targeting Consultant

Abbreviations and acronyms

BoT	Board of Trustees
AfDB	African Development Bank
AWPB	Annual Work Plan and Budget
BoM	Board of Management
GAPs	Good Agricultural Practices
GHGs	Greenhouse Gases
GEF	Global Environment Facility
IAP	GEF Integrated Agriculture Programme
GoK	Government of Kenya
CIDP	County Integrated Development Plans
CFAs	Community Forest Associations
BCG	Biological Condition Gradient
CEAs	County Extension Assistants
CAC	County Advisory Committee
GEBs	Global Environmental Benefits
CIAT	International Centre for Tropical Agriculture
INRM	Integrated Natural Resources Management
ICRAF	International Centre for Research in Agroforestry
KMD	Kenya Meteorological Department
MoU	Memorandum of Understanding
PMU	Project Management Unit
PCT	Programme Coordination Team
MPAT	Multidimensional Poverty Assessment Tool
PS	Principal Secretary
PSC	Project Steering Committee
NCWSC	Nairobi City Water and Sewerage Company
NDEKA	Ndakaini Dam Environmental Conservation Association
M&E	Monitoring and Evaluation
KENGEN	Kenya Electricity Generation Company
PPP	Public Private Partnership
JKUAT	Jomo Kenyatta University of Agricultural Technology
ESMP	Environment and Social Management Plan
SACDEP	Sustainable Agriculture Community Development Programme
SLM	Sustainable Land Management
WARREC	Water Research and Resource Centre of JKUAT
NMK	National Museums of Kenya
LDSF	Land Degradation Surveillance Framework
WEAI	Women Empowerment Agriculture Index
SECAP	Social, Environment and Climate Assessment Procedures
WRUAs	Water Resource Users Associations
WRA	Water Resources Authority
USD	US Dollar
UTNRMP	Upper Tana Natural Resources Management Programme
TNC	The Nature Conservancy
WF	Water Fund
WSTF	Water Sector Trust Fund
UTNWFP	Upper Tana Nairobi Water Fund Project

A. Project Overview (auto-generated by the system)

This chapter provides basic facts about the project. Therefore, you don't introduce any text here, it will be sourced from different IFAD's systems and displayed in the final report generated by the system.

B. Overall Assessment

This chapter provides an overview table of all ratings, this table will be generated by the system. No need to introduce any text, it will be sourced from the sections below and displayed in the final report generated by the system.

C. Mission Objectives and Key Conclusions

Background and main objective of the mission

The Upper Tana Nairobi Water Fund Project (UTNWFP) is a 5-year Public Private Partnership (PPP) funded by the Global Environment Facility (GEF) cycle 6, through IFAD and implemented by The Nature Conservancy (TNC). IFAD manages and supervises the execution of the grant on behalf of the Government of Kenya (GoK), through the Ministry of Environment and Forestry. The UTNWP is a child project of the "Integrated Approach for Fostering Sustainability and Resilience for Food Security in Sub-Saharan Africa" (Food Security IAP). The project became effective in October 2016 with an overall financing of 33.6M USD broken down as follows: a) 7.2M USD GEF-IAP grant; b) USD 3M in-kind contribution by TNC to support administrative/project management costs; c) USD 1.5M as in-kind contribution from project beneficiaries; d) USD 11.9 M as in-kind contribution from local NGOs and county governments; e) USD 10M private sector target, of which 6M USD is earmarked for capitalisation of the endowment fund. The project's completion date is 31st December 2021, whereas the grant closing date is 30th June 2022.

The UTNWFP is being implemented in four counties (Nyeri, Murang'a, Nyandarua and Laikipia) in the Upper Tana River Basin, and covers two of Kenya's five major water towers, namely, Mt Kenya and the Aberdares. The goal of the Project is that "The Upper Tana-Nairobi Water Fund as a Public-Private-Partnership increases investment flows for sustainable land management and integrated natural resource management in the Upper Tana catchment". As such, UTNWF will contribute to the overall objective of the GEF Food Security IAP, which is to support countries in target geographies to safeguard and maintain ecosystem services in investments that improve smallholder agriculture and food value chains. The project targets 21,000 smallholder farmers, and is implemented through four components, namely: a) Water Fund management platform institutionalised; b) Improved Upper Tana catchment ecosystems that support livelihoods, food security, and economic development; c) Robust knowledge management and learning systems implemented to direct UTNWF management and share lessons both nationally and regionally; and, d) Project management.

The mid-term review mission of the UTNWFP took place from 19-28 August 2019, and was undertaken jointly by IFAD, TNC and GoK, represented by the Ministry of Environment and Forestry. The main objective of the mission was to: i) strategically review ongoing and planned activities, progress towards the development objectives, unforeseen issues that may have impacted project implementation, and to assess project response to evolving government policies and priorities; ii) to evaluate the project's performance in relation to the

expected project outputs and outcomes, to analyse implementation constraints, and to propose appropriate remedial measures; iii) to review the project delivery structure, detailed implementation arrangements under each structure, and coordination mechanisms; iv) to examine the adequacy of the current institutional, organizational, implementation and management arrangements, with particular emphasis on sustainability and efficiency; and, iv) to review the physical and financial progress in the implementation of the annual work plans and budgets.

To gain a better understanding of the overall performance of the project as well as to propose remedial measures to improve performance and efficiency in delivery, the mission team undertook field visits to project sites, analysed project documents, and held in depth technical discussions with project partners, implementers, and stakeholders. These included: the Ministry of Environment and Forestry; the Nairobi City Water and Sewerage Company (NCWSC); The Nature Conservancy (TNC) Nairobi and Sagana teams; County Government Officials and County Executives; the Water Fund's Project Management Unit (PMU); Board of Trustees (BoT); and Board of Management (BoM); Project Steering Committee (PSC); Water Resources Authority (WRA), National Museums of Kenya (NMK), County Agricultural Extension Assistants (CEA) of Nyeri, Murangá and Laikipia; Caritas Murang'a; Sustainable Agriculture Community Development Programme (SACDEP); Ndakaini Dam Environmental Conservation Association (NDEKA); Green Life Development Initiative (GDI) Frigoken; Jomo Kenyatta University of Agriculture and Technology (JKUAT); World Agroforestry Centre (ICRAF); The Upper Tana Natural Resources Management (UTNRMP) team; Kenya Tea Development Authority (KTDA) and project beneficiaries.

The mission immensely thanks the Government of Kenya, project partners, collaborators, implementers and relevant stakeholders met, for sharing their valuable insights and experiences with the mission team. In particular, the mission profoundly thanks Dr. Ibrahim M. Mohamed (Principal Secretary, Ministry of Environment and Forestry/GEF Operational Focal Point) and Ms. Agnes Yobteric, (Director of Programmes, Projects and Strategic Initiatives/GEF Desk Officer, Ministry of Environment and Forestry), Mr. Henry Obino, (Director of Administration, Ministry of Environment and Forestry) and all ministry officials that participated in the mission. The commitment and strong support shown by the Ministry towards the project and the mission during technical meetings and field visits is much appreciated. We also thank Mr. Fred Kihara, Africa Water Funds Director, TNC; Mr. Anthony Kariuki, Water Fund Manager; Ms. Loice Abende, M&E officer, Water Fund; Mr. Diida Wario, Programme Officer, Water Fund; and Mr. George Njugi, Project Field Conservation Coordinator, Water Fund; for ensuring the seamless coordination of consultations and field visits. We most sincerely thank Mr. Eddie Njoroge, the President of the Water Fund, and Mr. Joshua Irungu, a Trustee and the Chairman of the Water Services Regulatory Board (WASREB) for their diligence, zeal, and relentless support to the mission team and the Water Fund. This Mid Term Review Report provides details of the mission's key findings and agreed actions.

Key mission agreements and Conclusions

UTNWFP became effective on 6th October 2016, and is in its third year of implementation. The implementation of project activities started full throttle in January 2017. Overall, the project is making good and steady progress towards meeting its objectives and deliverables. The project's overall financial performance as at June 30th 2019 is at 48.4% with a total of USD 16,246,531 out of the design target of USD 33,601,000. Individual financiers' performance is: GEF (61.8%); Private Sector (22.7%); TNC (30.9%); Counties/NGOs (65.9%); and beneficiaries (56.9%).

While it is too early to assess the success of the Water Fund, significant progress has been made in its establishment. All its intended institutional structures of a Board of Trustees and Board of Management have been established and these meet regularly. The mission notes that the membership of the BoT has three institutional members while the rest are appointed as individuals. The mission notes that appointments from public sector institutions consider the strategic nature of the institution. The mission recommends that consideration be given to having additional institutional representation by the public sector, if considered to be advantageous for policy engagement and access to public sector funding.

The Mission further recommends that the Water Fund should start operating as an autonomous entity with still about 1.5 years of the project still in operation, to give time for TNC to support the new entity using the project resources. It is suggested that there will be a sub-award agreement between TNC and the Water Fund, that will recognize the Water Fund as an implementer of activities under the IFAD/GEF/GoK project and the continued support and oversight of TNC, to fulfil the grant agreement requirements. It is important that the capitalisation of the fund is successful and that interventions produce a positive impact on the communities. To ensure successful continuation of project activities beyond the project, the endowment fund should meet the target 7.5 million-dollar investment. This level of investment will ensure a minimum amount of income for both activities and operational costs, that will be augmented by income from other sources.

The project has been providing financial, in kind and technical services to SLM initiatives in the target catchment areas. As of June 2019, 23,218 farmers (against MTR target of 8400 and project target of 21,000 households) have been placed under SLM/INRM and have benefited from SLM measures. While this is commendable, there is need for these outreach figures to be broken down on the basis type of project services, type of technologies adopted and over what period of time. There is also a need to introduce a graduation model that would record the level of adoption of recommended conservation measures over a period of time, including farmers that were opted in from the pilot phase and continue to receive support in this project. The Mission recommends that implementation partners increase tracking and reporting on results/outcomes at farmer level.

Furthermore, there is a need to put in place arrangements for upscaling of technologies under promotion. This requires that: i) beneficiaries fully understand the cost of such technologies, ii) beneficiaries have access to information on available commercial supply channels allowing them to have access to replacements as well as to be able to get additional units under commercial terms, and, iii) alignment of subsidy levels to allow for post project linkages with commercial suppliers. The Mission recommends that the project develops financing models for scaling up adoption of the priority SLM practices with minimum project support. The model will identify sources of funding for small holder farmers to finance the interventions.

The project needs to continue to address the question of attribution for results reported. Project focal areas are a target of a number of other development initiatives both past and present. There is a need to capture the without project/baseline status of intervention sites and beneficiaries, and to specify the project's contribution in relation to that of others. This will improve attribution of positive development outcomes to project interventions or partnerships with other projects.

On Project Management, the mission identified the need to continue strengthening the M&E function both at the level of the PMU and Implementation partners. It is further observed that the PMU does not carry a staff structure that allows for it to engage in direct implementation of activities as a mode of operation as it is currently doing. As a future Secretariat of the

Fund, it should ideally focus on design of interventions, contracting implementing partners, providing implementation support and, monitoring and reporting on implementation performance. The mission noted that it would have been ideal for the project to have conducted a formal impact assessment using baseline study results in preparation for the MTR, so that the findings can be used in refocusing the project on progress in relation to outcomes and impacts. The mission thus recommends that a mid-term survey be carried out in order to capture outcomes in the next progress report for July to December 2019.

Overall financial performance by all financiers as at 30 June 2019 is at 48.4% with a total of USD 16,246,531 realised out of the design target of USD 33,601,000. The fund, arising out of its investments has now grown to equivalents of USD 1,675,754. The combined investment is below target given the remaining implementation period, but it has been agreed that this target will remain unchanged. The mission notes the need to improve better record and analyse in kind contribution and co-financing, as well as strengthening of financial reporting and documentation.

With regards to procurement, as per the Large Grant Agreement section 6.4 between IFAD and TNC, procurement is carried out in accordance with the Recipient's procurement procedures, hence according to TNC's Purchasing Standard Operating Document (SOP) and Financial Management Handbook. The review is against the above TNC procurement procedures. The mission revealed some shortcomings and areas of improvement with regards to filing and record keeping, the bidding processes for services and goods, procurement of good and services, and quality assurance. A proposal has been made to amend the financing agreement highlighting these gaps and actions required to address them.

D. Overview and Project Progress

UTNWFP became effective on 6th October 2016, and is in its third year of implementation. The implementation of project activities started full throttle in January 2017. Overall, the project is making good and steady progress towards meeting its objectives and deliverables. The total (33.6M USD) project's disbursement rate is 48.4% while that of the GEF grant (7.2 M USD) is 61.8%.

Component 1: Water Fund Management Platform Institutionalised

The component seeks to achieve two outcomes namely: 1) multi-stakeholder and multi-scale platform supports policy development, institutional reform and up scaling of INRM, 2) policies and incentives support climate smart smallholder agriculture and food value chains in financially viable and sustainable watershed stewardships.

Operationalising the Water Fund: The UTNWF (the Water Fund, WF), registered as a charitable trust, is a fully-fledged institution, having been in existence for the last 3 years. The WF has developed financial management systems (using QuickBooks), opened a bank account and has an investment manual for its operation. The Board of Trustees and Board of Management hold regular meetings to mainly discuss the capitalisation of the fund. The BoM hold quarterly meetings to discuss the business of the WF and the activities being undertaken by the project. The Counties Advisory Committee (CAC) is in place and holds quarterly meetings to review project progress. The mission notes that the membership of the BoT has three institutional members while the rest are appointed as individuals. The mission notes that appointments from public sector institutions consider the strategic nature of the institution. The mission recommends that consideration be given to having additional institutional representation by the public sector, if considered to be advantageous for policy engagement and access to public sector funding.

The project has updated the transition plan that will guide the transfer of project activities from TNC to the Water Fund at the end of the project. The plan aims to have a gradual weaning off of the Water Fund to achieve full autonomy by end of 2021, with continued support for resource mobilisation. This target date coincides with the end of the IFAD/GEF/GoK supported project.

The Mission recommends that the Water Fund should start operating as an autonomous entity with still about 1.5 years of the project still in operation, to give time for TNC to support the new entity using the project resources. The Water Fund will also have an opportunity to develop systems and procedures that will ensure full operational effectiveness by end of 2021. It is suggested that there will be a sub-award agreement between TNC and the Water Fund, that will recognize the Water Fund as an implementer of activities under the IFAD/GEF/GoK project and the continued support and oversight of TNC, to fulfil the grant agreement requirements.

The Endowment Fund has been credited with USD 1.63 million from the GEF grant, Coca Cola Foundation, Frigoken, beneficiaries, and other private sector entities. The mission notes that the efforts to raise capital resources for the fund have attained 23% success at mid-term. It has been reported that the resource mobilisation effort has been intensified by both TNC and the BoT members, such that there are pledges of about USD1.52 million and discussions with other financiers are ongoing. These resource mobilisation efforts by both TNC and the Water Fund are commendable. However, the target of mobilising USD 7 million for the endowment fund by the end of the project may require concerted effort by the project and the Water Fund. To assist in resource mobilisation for the Water Fund, the MTR Mission recommends that the Water Fund should hire the services of a resource mobilising officer to assist in the ongoing work to raise funds. The resource mobilisation officer will assist in the arrangement for preparation of business cases that will be used to justify private sector entities paying into the fund.

The Water Fund should consider having two parallel accounts, one for the endowment fund and a replenishment account for activities. The fund-raising effort should be for both accounts. This being an innovative PPP approach, there is need for the development of a comprehensive business case for public and private sector investment into the fund, beyond the normal corporate social responsibility (CSR) and philanthropy. The MTR mission reiterates the need for comprehensive business cases for individual public and private sector parties, to enhance resource mobilisation.

The mission recommends that the project assists the Ministry of Environment and Forestry to lead a review of the public policies and regulations financing catchment conservation, with a view to better coordinate efforts, ensure effective use of these funds, and to have some of the funds invested in the Water Fund. The use and management of environment funds from water tariffs will be more transparent. As recommended during the last supervision mission, the Fund is encouraged to look at ways of increasing participation of smallholder farmers in the governance structure.

The appointment of two senior public sector officers including the Ministry of Water and the Ministry of Environment and Forestry to the BoT has been finalised. The Water Fund has expressed willingness to engage with the WSTF to identify areas of potential synergy. The Mission reiterates the recommendation of the last supervision mission that the Water Fund initiates discussions with the WSTF to identify areas of synergy and develop a working modality that leverages on the two Funds' strengths.

Title of Agreed Actions/Recommendations	Responsibility	Deadline	Status
1. Consider having institutional representation of the public sector in the BoT, if considered to be advantageous for policy engagement and access to public sector funding.	TNC, WF PMU	October 2020	Agreed
2. Water Fund should mobilise the services of a resource mobilising officer to assist in the ongoing work to raise funds.	TNC, WF PMU, partners	July 2020	Agreed
3. Water Fund initiates discussions with the WSTF to identify areas of synergy and develop a working modality that leverages on the two Funds' strengths.	TNC, Water Fund PMU	July 2020	Agreed
4. Prepare comprehensive business cases for individual public and private sector parties, to enhance resource mobilisation	TNC, WF PMU, Partners, Counties	Continuous	Agreed
5. Water Fund should start operating as an autonomous entity as soon as practical but at the minimum with still about 1.5 years of the project	TNC, WF PMU	July 2020	Agreed

Component 2: Improved Upper Tana Catchment Ecosystems that Support Food Security and Economic Development

This component seeks to facilitate farmer investments in SLM and climate smart measures through farmer training, promotion of Agroforestry, on farm water harvesting and drip irrigation among others. The combination of biophysical and agricultural techniques and support for water management is expected to lead to diversified production and increased yield, broadened adaptation potential and climate resilience.

The project has been providing financial, in kind and technical services to SLM initiatives in the target catchment areas. Supported activities include promotion of rainwater harvesting and drip kits; promotion of build-up of carbon stocks in Upper Tana catchment through agroforestry, nurseries and public forest rehabilitation; conservation of riparian lands and wetlands protection; and, protection of rural roads' shoulders to reduce soil erosion that contributes to sedimentation into river systems. As of June 2019, 23,218 farmers (against an MTR target of 8400 and project target of 21,000 households) have been placed under SLM/INRM and have benefited from SLM measures. To promote water conservation, 6,912 water pans have been installed and farmers are using these to provide water for domestic use and small-scale irrigation.

The project has been supporting drip irrigation technologies and so far, 121 kits have been distributed against a mid-term target of 1,000. A service provider to promote Biogas technologies was mobilised during the 2nd quarter of 2019 and to date, 13 units, against a target of 100 have been installed under cost sharing arrangements with beneficiaries. To promote the build-up of carbon stock in target catchment areas 1,773,396 tree seedlings were distributed and planted (approximately 85% survival rate) against a PDR target of 800,000. Rural road shoulders (16 km) have been improved through planting of grass. A total of 249 km of riparian land was conserved using giant bamboo, Napier grass, and indigenous trees. Five tree nurseries received technical support from the project of which two have been certified by HCDA for propagating at commercial scale. Two nurseries as a result of certification have received orders from the Water Fund and County government of Murang'a worth over KES 4 million.

Implementing partners adopted a common farm planning tool that allows the collection of baseline information on beneficiaries and planned intervention activities. It has previously been recommended that this forms the basis for developing a graduation model that would record the level of adoption of recommended conservation measures. Adopting this approach would have assisted in providing for a better understanding of project outreach numbers and in classifying outreach numbers in terms of type of project services or technologies participating farmers have taken up. The mission recommends that this graduation tool is further developed and that Implementation Partners produce reports using this tool.

The implementation partners' reports provide very limited information to demonstrate the link between conservation works, agriculture production and productivity as well as farmers' livelihoods. However, the Mission was able to observe in the field some good initiatives involving the use of water pans in the production of horticultural crops as well as production of tree nurseries. The Mission recommends that implementation partners increase tracking and reporting on results/outcomes at farmer level. This include information on the level of utilisation of installed water pans, the nature of agricultural activities underpinning the SLM initiatives, and the level of market integration of farmers. This information needs to be systematically collected and reported in order to inform on level of adoption of technologies and impacts on household livelihoods. Increased access to markets needs to receive more emphasis in initiatives under implementation.

The Mission acknowledges efforts being made to provide markets through County Governments to farmers producing tree seedlings as well as linkages to Frigoken Ltd; for farmers producing French beans. These efforts should be extended to other commodities. Discussions with implementation partners revealed that technical support to beneficiaries, follow-up and monitoring is generally inadequate. There is a need to allocate more resources to strengthen extension delivery at the level of contracted implementation partners. Service providers should also adopt innovative extension approaches that would improve outreach including demonstrations, farmers innovation platforms to enhance farmer to farmer training, field days and shows as well as introducing awards for best farmers. The Mission recommends that the project reviews the technical designs of the NGO intervention programmes with a view to improve on outreach and effectiveness of methodologies.

The project is premised on a well conserved environment. There is a need to intensify the landscape approach to guarantee wider participation of households in target catchment areas. The fact that intervention activities supported by the project are demand driven creates the risk that the project is not able to create a critical mass of actors in target geographical areas that would result in desired conservation outcomes.

Furthermore, there is a need to put in place arrangements for upscaling of technologies under promotion. This requires that: i) beneficiaries fully understand the cost of such technologies, ii) beneficiaries have access to information on available commercial supply channels allowing them to have access to replacements as well as to be able to get additional units under commercial terms, and, iii) alignment of subsidy levels to allow for post project linkages with commercial suppliers. The Mission recommends that the project develops financing models for scaling up adoption of the priority SLM practices with minimum project support. The model will identify sources of funding for small holder farmers to finance the interventions.

The project successfully mobilised the services of an Implementation partner for promoting Biogas. The advantage is that the service provider is also able to extend credit facilities to beneficiaries. This technology is reported to be well accepted among target beneficiaries. However, by its nature, it is more applicable to better off households who own a pre-determined number of cattle. In order to minimise elite capture, the mission proposes that the support limit by the project for biogas technologies is revised from 50% to 25%.

The project has been supporting drip irrigation systems under direct implementation arrangements. It is the view of the mission that for success, this type of technology requires specialised technical support. It is therefore recommended that the PMU hires a specialised service provider to provide technical support to interested households. The project support levels will be similar to those applied on water pans. The project needs to continue to address the question of attribution for results reported. Project focal areas are a target of a number of other development initiatives both past and present. There is a need to capture the without project/baseline status of intervention sites, specify project contribution in relation to that of others in order to be able to better attribute positive developments to project interventions.

Component 3: Robust knowledge management (KM) and learning systems implemented to direct UTNWF management and share lessons both nationally and regionally.

This component seeks to ensure there exists a strong M&E system, and that knowledge management and learning are done systematically, and lessons shared both nationally and regionally. Specifically, the component has 3 outcomes: 1) institutional capacity building and establishment of monitoring protocols; 2) framework for M&E of resilience and socioeconomic benefits, and, 3) knowledge management and sharing of lessons learned.

Knowledge Management and Learning: The project has completed the implementation baselines on all the 5 targeted Global Environmental Benefits (GEBs) monitoring tools and approaches that include the Land Degradation Surveillance Framework (LDSF) baseline survey by ICRAF, 26 River Gauging Stations (RGS), with 6 telemetric stations established by JKAUT, WRA database, Multi Poverty Assessment Tool (MPAT) that incorporates biophysical elements from the Resilience, Adaption Pathways and Transformation Assessment Framework (RAPTA), NMK wetland biodiversity baseline, and greenhouses gases avoided and carbon sequestration measured through the Ex-ACT tool. In addition, the project established knowledge management centres at Sagana and NMK and has made progress on 4 Land Degradation Surveillance Framework (LDSF) dashboards for the 4 Counties. A total of 15 meetings against a target of 5 at MTR and 10 end term we conducted. Two pre-feasibility studies were developed for Mombasa and Eldoret water catchment areas.

A real-time data display system was set up at NCWSC offices in Ndakaini that uses Microsoft's Power BI app to process and create reports from the raw telemetric data. This information helps NCWSC monitor water quantities and quality and make informed decisions. In addition, two data loggers that sample data on turbidity and water levels have been procured, and one has been installed in Kimakia River (Thika-Chania). These data loggers will assist in collecting data on the turbidity in the catchment. LDSF biophysical baseline and a M&E framework for assessing processes of land degradation and the effectiveness of rehabilitation measures over time will inform the implementation of activities across the three sub watersheds. The project awarded scholarships to 15 JKUAT Masters students (9 males and 6 females) to conduct research in the Upper Tana Basin.

Monitoring and Evaluation: The project has made good progress with the establishment of the Management Information System (MIS) that consolidate data collected by partners using standardised reporting forms. However, the dataset still needs to be populated and analysed. The project also has an M&E plan and a full time M&E specialist in place who is responsible for producing monthly, quarterly, bi-annual and annual reports. The project has also completed baseline surveys on LDSF, MPAT/RAPTA and the other baselines will be useful in tracking outputs, outcomes and impacts in meeting project objectives. It is however noted

that at mid-term, the reporting is activity and output oriented and does not capture achievements at higher levels of the results chain; i.e. outcome and impact levels. The mission acknowledges the documentation of a number of success stories but this needs to be complemented by other methods such as case studies, mini-surveys, focal group discussions to yield the type of information that is needed to report on outcomes. Inadequate information presents difficulties to assess the efficiency, effectiveness of the project.

There is need for improvement in the compilation of the M&E data set and in the justification of the outreach figure. For instance, the project has presented different outreach figures. In the last supervision of March 2019, the overall outreach was first reported as 24,000 and finally adjusted to 12,977. As at June 2019, the outreach is 23,218, comprising of 14,348 males, 8,870 females and 2,786 youths. The outreach figure at midterm has already exceeded the project target of 21,000 farmers. There is need to provide a breakdown of farmers reached by technology/services in order to justify the outreach figure. In order to accomplish this, the project needs a clear definition of outreach. The UTWFP should separate the beneficiaries of SLM activities before the inception of the project who have continued to benefit under the UTWFP and account for the additionality of UTWFP on this target group. With regards to UTWFP, the project definition of outreach should refer to households practicing the 3 core SLM technologies that include: grass strip, terracing, and agro-forestry. It is noted that the households that have implemented the 3 core SLM are incentivised through biogas, drip kits and water harvesting technologies. Based on the above definition, the mission recommends the project to review the data set with the view of coming up with a realistic outreach figure broken down according to the intervention packages received by each farmer, the county and the financier.

The project is working with a number of partners and has a standardised M&E data template that is collated at PMU level. The project is in the third year of implementation and should ideally start analysing whether outputs that are being produced are actually leading to changes and benefits among the target group. The mission observed that the M&E does not track outcomes and impacts. The mission recommends that the project reviews the reporting templates for partners to track outputs, outcomes and impacts of each project activity. The project should use case studies, focus group discussions and mini-surveys to yield the type of information that is needed to report on outcomes. It is also observed that the partners do not have dedicated M&E focal points which presents difficulties in coordination. The project should start tracking greenhouse gas emissions (GHGs), river basin's aquatic and terrestrial biodiversity. The mission observed that the project has not fully utilized the LSDF, NMK biodiversity and MPAT baseline surveys results. The project completion impact assessment needs to utilize the MPAT alongside other more comprehensive M&E tools.

The mission noted that it would have been ideal for the project to have conducted a formal impact assessment using baseline study results in preparation for the MTR, so that the findings can be used in refocusing the project on progress in relation to outcomes and impacts. The mission thus recommends that a mid-term survey be carried out in order to capture outcomes in the next progress report for July to June 2020. The project installed District Health Information System 2 (DHIS2) as a platform for data collection, validation, and analysis. The project is commended for coming up with a functional MIS system that has been adapted from the District Health Information System (DHIS2). The tool is being used by partners to feed data collected electronically to a server at national level. While the migration of data is complete, the data sets are incomplete and contain data from the period before project inception. This needs to be rectified.

There is a need to strengthen M&E systems through training of PMU and all implementing partners, provision of TAs to assist in analysis of biophysical, socio-economic and

hydrological data to inform in decision making and planning. The project staff and partners require training in M&E in order to generate M&E data, validation and analysis. There is need for the project to retain and strengthen the role of a full time M&E officer as well as provide M&E training for all project staff, institutional partners MoUs.

Component 4: Project Management, Service Provision and Partnerships

Institutional structures to oversee and facilitate implementation are in place. The project steering committee co-chaired by the PS Environment and Forestry and president of the Water Fund is operational and meets according to planned frequency. The PMU has the planned staff compliment and an operational base both in Nairobi and in the field. Moreover, the Project is guaranteed of additional technical support from TNC as provided for in Support Agreement between TNC and UTNWF.

Project Management: The PMU structure needs to be further strengthened through realigning of reporting lines. Two key positions of Operations and M&E have direct reporting relationship outside the Project Management unit which to some extent limits the effectiveness of the unit. The project has identified the need for specialist M&E support on biodiversity, hydrology and socioeconomic analysis of already available data for results and outcomes. This mission is supportive of this but point the need to take full advantage of existing collaboration agreements with its Scientific Partners to carry out such work.

Service Provision and Partnerships: The project has made commendable efforts in mobilising various partners to join in efforts to support smallholder farmers to adopt climate-smart sustainable land management practices. Current and active partners include, ICRAF, NMK, JKUAT. The promotion of SLM (component 2) is done in partnership with Frigoken Ltd; SACDEP and Catholic Diocese of Murang'a (Caritas). At field level, partner NGOs in turn are working and collaborating with the four Counties of Murang'a, Nyeri, Nyandarua and Laikipia and government agencies including KFS, KWS, NEMA and WRA.

Project implementation

i. Effectiveness and Development Focus

Development Effectiveness

Effectiveness

Rating: 4

Justification of rating

The midterm outreach is 23,218 against the end target of 21,000 farmers. Outreach should a) include beneficiaries that have implemented 3 core SLM technologies on terracing, agro-forestry and grass strips; b) provide a breakdown by financier, county, service provided disaggregated by men, women and youth; c) separate beneficiary data of the pilot phase and state the additionality of UTWFP. Despite the promising outlook, private sector capitalisation of the Endowment Fund has been slow (23.3%); water pans (56%); drip irrigation (4%); riparian land conservation (48%) agro-forestry (117%), and biogas (13%). Overall project progress on component 1 and 2 is 80% and 53% towards meeting the mid-term and end line target respectively.

Log-Frame Analysis & Main Issues of Effectiveness

The mission concluded that project targets will be reviewed in the next mission once the M&E data has been fully verified. In the meantime, the project will focus on deepening implementation and consolidation of the landscape approach to enhance the impact of SLM interventions. The mission observed that the M&E data requires cleaning up and verification. PMU will commission an outcome survey and introduce additional tools over and above the

MPAT ones, to measure outcomes and verify the accuracy of the outreach data. The raw data set presented to the mission should separate data of the beneficiaries from the pilot phase and at the same time highlight the additionality of UTNWF to these beneficiaries. The mission observed that there are different target figures presented that are at variance with the PDR log-frame. This applies to drip kits, water harvesting installations, communal water tanks and riparian land. The mission recommends that the AWPB reflects the log frame and baseline values that should be built into the log frame. Besides success stories, outcomes are not reflected in the reporting. Observations by the mission team during the field visit indicate that the project objectives are likely to be achieved. The mission revised the log-frame to include ORMS core indicators and baseline values. The revised log frame is attached to this report.

Component 1: The project successfully put in place the WF by laws and has concluded MOU and pre-feasibility studies with Mombasa and Eldoret paving way for the establishment of WF based on lessons learned from UTNWF. The mission noted that the private sector capitalisation of the WF has been slower than anticipated, hence the mission recommendation for the project to engage a resource mobiliser. The project has to work on ensuring that the WF is referred to in government plans and strategies. The component is 102% and 58% towards the achievement of mid-term and end targets respectively.

Component 2: SLM activities were implemented of 78,400 ha but the figure needs verification. Other outputs include: water pans (56%) drip irrigation (8%), and riparian lands (64%). Good progress was made in tree planting and nursery development, however, there is also concern that UTNWF is providing the market for the tree seedlings from the farmers which is not sustainable. The low performance in drip irrigation was due procurement that failed to meet IFAD procedures. Although 13 bio-gas were completed. The mission noted that the selection criteria for biogas tend benefit the elite. The project still needs to justify the area covered by SLM, the area influenced to adopt SLM and increased in ability to manage environmental and climate related risks. The component is 134% and 87% towards the achievement of mid-term and end targets respectively.

Component 3: The project has been successful in achieving the mid-term target of establishing 26 water monitoring stations of which 6 are telemetric, and this is 100% of the appraisal target. The project conducted a baseline survey using the Multi-sector Poverty Assessment Tool (MPAT) and RAPTA approach; developed the DHIS2 for data collection, validation and analysis; established 2 out of the targeted 3 information sharing centres at NMK and Sagana; conducted 2 pre-feasibility studies based on lessons learned in UTNWF for Mombasa and Eldoret Water Towers. However, poor data quality and limited capacity for data analysis presents a hindrance to the achievement of outcome. Baseline data is still to be uploaded to the log frame and the project should conduct annual outcome surveys to report on the achievement of outcomes which is additional to the success stories that are already in use.

Actions	Responsibility	Deadline	Status
Justification of outreach Use the definition of outreach to clean up M&E data. Provide a breakdown of data by financier, county, type of service disaggregated by age and sex. Account for beneficiary from the pilot phase and additionality of the UTNWFP	TNC, WF PMU	October 2019	Agreed
Outcome survey Conduct an outcome survey, incorporating among others the MPAT tools	TNC, WF PMU	December 2019	Agreed

Development Focus

Targeting and Outreach

Rating: 4

Justification of rating

The project reached 23,218 smallholder households with 48% women and 12% youths, against the target of 21,000 smallholder households; 50% women and 20% youths. This represents 233% of MTR target and 111% of end target. While the achievement is commendable, there is a need for justification of the outreach figure which increased by 10,241 households since the last mission. UTNWF does not explicitly take poverty targeting into account, as participation is driven by metrics such as extent of land degradation. Female headed households receive a subsidy of 30% as compared to 50% for males on drip kits. So far 42 women and 79 men benefited from the drip kits, resulting in the reduction in their workloads.

Main issues

There is need for the project to improve on the quality of the M&E system, through the collection and analysis of gender and age disaggregated data. The project should also continue to incentivise the participation of poor women and youth in the programme. The mission observed that women and men were empowered to grow horticultural crops through water pans, provision of fruit seedlings, and training by extension staff. The reported benefits from UTNWF included improved asset ownership, household food and nutrition security, increased yield and incomes, improved soil water retention and prevention of erosion. As a result of the success of the SLM interventions, more farmers are adopting SLM practices and it will be important for the project to keep track of the figures on adoption. The mission recommends the use of poverty targeting using the socioeconomic data collected the farm plans and profiling farmers according to their socio-economic categories as well as according to the progress in implementation of project activities.

The project has made limited use of the socio-economic and biophysical baseline data that was collected through MPAT/RAPTA, LDSF etc. The project should use the baseline data to populate the log frame in order to understand the socio-economic characteristics of targeted farmers and geographical areas; to utilise the analysis to refine the poverty targeting strategy; continue to improve data collection by filling the gaps on the existing data set; and to include questions that capture women's empowerment in the farms level data .

With regards to youth, it is commendable that the project reached 12% of youth given that this is a land-based project and youth generally do not own land. However, the mission recommends that the project continues to explore more ways to attract the participation of youth in this programme. For instance, during the field visit, the mission interacted with two young farmers (M&F) who have both developed tree nursery businesses and have entered into formal tree seedlings supply contracts with the county government and other service providers. The project through the JKUAT, offered Masters scholarships to 15 youths (9 men and 6 women). The project has engaged secondary school students in 62 schools through environmental clubs in the greening of school's program and environmental awareness marathons. The awareness program has reached 25,500 (14,013 boys and 11,487 girls) students. Fifteen (6F, 9M) youth are engaged as water pans campaigns mobilisers under supervision of the county extension assistants. Additionally, the project engages youth graduate interns as technology promoters (16) in PMU (4 out of 7) and the youth interns are employed by partner service providers such as GDI.

Actions	Responsibility	Deadline	Status
Poverty targeting Improve poverty targeting by analysis and categorisation of the socioeconomic data collected the farm plans and profiling farmers according to their socio-economic categories as well as according to the progress in implementation of project activities.	TNC, WF PMU	October 2019	Agreed
Youth inclusion Continue to explore more ways to attract the participation of youth in this programme and provide sex disaggregated	TNC, WF PMU	Ongoing	Agreed

Gender equality & women's participation

Rating: 3

Justification of rating

The project has a Gender Equality and Poverty Reduction Targeting Strategy and an Action Plan in place. The current outreach is 14,348 - 62% men, 8,870 – 48%- women and 12% youth. Three out of the 4 country extension workers are women. The project has a special subsidy to target women headed households by lowering the contribution for women to buy drip kits and biogas. Although 25% of the population consist of WHH and these are among the poorest people in society, the project data does not differentiate WHH. The mission recommends that the project adheres to the women and youth quota of 50% and 30% respectively for the remaining activities in the project.

Main issues

While the project developed an action plan for its Gender Equality and Poverty Reduction Strategy, the cation plan lacks timelines, responsibilities, and the budget is lumped. There is need to review the action plan to take this into account. The project needs to operationalise the action plan. The project should carry out WEAI survey that was anticipated during project design. WEAI is a gender analysis tool that assesses empowerment across 5 domains namely: production, resources, income, leadership and time use. There is also the need to organise training of project staff on gender and social inclusion, as planned in the gender strategy. In addition, it will be important to ensure that gender mainstreaming takes is carried out in all project activities and there is a budget allocated for this. The gender focal point in PMU is the project director. The PMU should also ensure that there are gender focal point persons for the implementing partners.

Furthermore, the project needs to provide more evidence on the three main focus areas of the IFAD GEWE (Gender and Women Empowerment) strategies namely: is the project expanding women's access to and control over fundamental assets – capital, land, knowledge and technologies?; is the project strengthening women's agency and thus their decision-making role in community affairs and representation in local institutions?; and is the project improving women's well-being and easing their workload?

Field visits revealed that SLM technologies such as water pans have contributed in the reduction of the workload of women. With the adoption of water pans and other SLM practices, the mission observed that women were able to grow horticulture crops both for home consumption and for sale. With increased incomes, women were in a position to increase their access to and control of productive assets such as livestock and improved the household's food and nutrition security. Sharing of knowledge on the SLM technologies increase the rate of adoption by other smallholders. However, decision-making at household still rests with the man. The mission recommends to include policy dialogue on strategies that will transform the inequalities between men and women.

Actions	Responsibility	Deadline	Status
Review the gender action plan to include timeliness, responsibilities and budget that is broken down, and operationalise the plan	TNC, WF PMU	May 2019	Agreed
Conduct training on Gender for all project implementers	TNC, WF PMU	June 2019	Agreed
Undertake the WEAI to assess gender equality and women's empowerment in the context of the project and use the 5 WEAI domains of production, resources, income, leadership and time use, for gender analysis when undertaking any socio-economic survey/study	TNC, WF PMU	January 2020	Proposed

Agricultural Productivity (if relevant) Rating: 3

Justification of rating

The Implementation partners' reports need to provide information to demonstrate the link between conservation works, agriculture production and productivity. However, the Mission was able to observe in the field some initiatives involving the use of water pans in the production of horticultural crops as well as production of tree nurseries. Farmers that have invested in water pans are now able to diversify their crops and cultivate off season due to availability of water in the water pans. The water pan technology has enabled many farmers to venture into horticultural farming for both domestic and commercial use. In a rapid survey conducted by Caritas within the framework of this mission, 34% of farmers practice crop irrigation using water pans in less than 0.5 acres of land.

Main issues

The Mission recommends that Implementation partners increase tracking and reporting on results/outcomes at farmer level. These include the level of utilisation of installed water pans, the nature of agricultural activities underpinning the SLM initiatives, and the level of market integration of farmers. This information needs to be systematically collected and reported in order to inform on level of adoption of technologies and impacts on household livelihoods. Increased access to markets needs to receive more emphasis in initiatives under implementation.

Moreover, there is need to strengthen the monitoring of agricultural productivity at farm level, based on different crop models promoted by the project as well as linked to technologies such as drip irrigation and application of bio slurry from biogas plants. This will require identification and population of the M&E indicators in the operational M&E framework.

Actions	Responsibility	Deadline	Status
Provide reports that show the link between SLM initiatives and agricultural production and productivity	TNC, WF PMU,	December 2019	Agreed

Adaptation to Climate Change Rating: 4

Justification of rating

The project is implementing various interventions that are contributing to climate adaptation and mitigation. These are: tree planting; nursery establishment; promotion of biogas and drip irrigation; water harvesting; greenhouse gases (GHG) accounting; carbon sequestration; and soil and water conservation measures. There is need for the WF to strengthen working relationships with KFS, WRUAs and CFAs in order to strengthen catchment conservation and rehabilitation as well as ensure sustainability of interventions such as riparian conservation, and public forest rehabilitation among others.

Main issues

Climate change is one of the GEF multifocal areas funded under project. The project is making good progress in strengthening climate adaptation and mitigation and has achieved some of the MTR and PDR targets. These are: planting of tree seedlings (1,773,396, 197% of PDR target); upgrading of river gauging stations (26, 100% of PDR target); establishment of tree nurseries (5, 100% of PDR target); and installation of water pans (6912, 115% of MTR target and 58% of PDR target). More work needs to go towards meeting the MTR and PDR targets for: drip irrigation installation (121, 12% of MTR target, 4% of PDR target); biogas installation (13, 26% of MTR target and 13% of PDR target); and rehabilitation of public forests (41, 51% of PDR target). The project has performed well with regards to promotion of tree planting and has also reported a tree seedling survival rate of 85%, which is commendable. There is need for regular follow-ups to ensure that the tree seedlings are nurtured into mature trees and conserved in the long term. This will require stronger

collaboration with KFS and the CFAs in each county or catchment, on farm tree planting, riparian conservation, and public forest rehabilitation.

The mission recognised the efforts made by WRA and the NCWSC in generating information on water quality and quantity. It is important that WRA receives additional technical support to enable it continue to analyse this data and to communicate it to the Fund and stakeholders in ways that inform decision making and programming. This will also help to make the case for attribution of changes to the Fund's interventions in the catchment. The project also needs to work more closely with WRUAs in each catchment particularly in riparian conservation since these are the sustainability vehicles at grassroots level.

As noted in the previous mission, it is not clear how well integrated climate and weather information-based planning is applied in project planning and implementation. The mission recommends that the project works more closely with the county level meteorological department units and MoA to provide farmers with updated, timely and accurate weather and climate information advisories to inform the farming activities and mitigate risks. Some project activities such as biogas installation and tree planting contributing to greenhouse gases reduction and carbon sequestration. To better understand the extent to which GHG emissions have been avoided or tons of carbon sequestered, the project should carry out a GHG emissions assessment and compare progress at end term and compare with the baseline situation. As recommended in the previous mission, there is need for the PMU to liaise with IFAD in order to be trained on the Ex ACT tool to build the capacity of PMU staff, implementing partners and extension staff in monitoring and reporting on greenhouse gases avoided as envisaged in the PDR and in GEF reporting requirements.

Actions	Responsibility	Deadline	Status
Strengthen working relationships and collaboration with CFAs, KFS and WRUAs in order to fast track catchment rehabilitation and conservation as well as ensure sustainability	TNC, WF PMU	Ongoing	Agreed
Liaise with the Meteorological units and MoA at county level to ensure that updated, accurate and timely weather and climate advisories are provided to farmers regularly	TNC, WF PMU	Ongoing	Agreed
Liaise with IFAD to access training on the Ex ACT tool for project staff to inform reporting on greenhouse gases avoided	TNC, WF PMU, IFAD	December 2019	Agreed

ii. Sustainability and Scaling-up

Institutions and Policy Engagement(if relevant)

Rating: 4

Justification of rating

UTNWF has been fully institutionalized and an appropriate Governance Structure established, with a BoT and a BoM to oversee the Fund activities, and a Technical Secretariat and a PSC to implement the project. The Endowment Fund is up and running with capitalisation of US\$ 1.67 million. The Fund has identified 4 policy issues for review, commencing with areas of rural roads management, riparian land management, plants and quarries management, and counties have already been engaged and committees formed at county level with CAC's support. The CAC continues to support the integration of water fund activities within counties and two MOUs were signed with County Governments of Murang'a and Nyeri pledging long term support to some of the regions the UTNWF had already completed implementation thus enhancing sustainability of activities.

Main issues

The WF is now fully functional with all governance mechanisms in place and the endowment fund capitalised at 1.67M USD. The policy dialogues at county level are ongoing and good progress is noted. The project is working with Kenya Rural Roads Authority (KERRA) in Murang'a County to integrate rain water harvesting from road run off. Under the leadership of CAC, Policy dialogues are focusing on four topics, namely, riparian land management (pegging, maintenance, protection, sustainability, wetlands); plants (Water unfriendly, invasive, establishment localities); quarries management (establishment of management committees, best practices, support by counties, rehabilitation); and road runoff safe drainage and necessary conveyancing across sloppy farmers' fields. The policy dialogues processes need to be expedited and documentation of successes and lessons done to inform decision making.

The Upper Tana Nairobi Water Fund (UTNWF) has partnered with Murang'a county to plant 1 million avocado seedlings in two years. The joint project is a 50:50 cost sharing to diversify on farm incomes and food security for farmers in the watershed and contribute to well conserved farms and riparian lands. The Water Fund is supporting county based technical officers to provide extension services and purchase of 500,000 seedlings for farmers within priority areas of the watershed. The County government will support market linkages for farmers. Moreover, engagement with Kenya Revenue Authority (KRA) for tax exemption continued. Two follow up presentations and a field validation visit were held, and a positive final report prepared and submitted to KRA headquarters. Final decision is still pending.

The sustainability of project activities is based on the development of the Water Fund as a financing source for environmental conservation activities, the engagement of national and County Governments in project activities and cost sharing by farmers in technologies promoted. The activities being carried out are linked to enhanced income for the smallholder farmers in the catchment, that enhances the ability of the farmers to continue with conservation activities.

It is important that the capitalisation of the fund is successful and that interventions produce a positive impact on the communities. To ensure successful continuation of project activities beyond the project, the endowment fund should meet the target 7.5 million-dollar investment. This level of investment will ensure a minimum amount of income for both activities and operational costs, that will be augmented by income from other sources.

Actions	Responsibility	Deadline	Status
Expedite the policy dialogue processes and document successes and lessons at each stage to inform decision making	TNC, WF PMU	Ongoing	Agreed

Partnership-building

Rating: 4

Justification of rating

The project has made commendable efforts in mobilising various partners to join in efforts to support smallholder farmers to adopt climate-smart sustainable land management practices. Current and active partners include, ICRAF, NMK, JKUAT. The promotion of SLM (component 2) is done in partnership with Frigoken Ltd; SACDEP and Catholic Diocese of Murang'a (Caritas). At field level, partner NGOs in turn are working and collaborating with the four Counties of Murang'a, Nyeri, Nyandarua and Laikipia and government agencies including KFS, KWS, NEMA and WRA.

Main Issues

The project needs to improve its management of Implementation Partnerships. In the first instance, this requires good design of partnership agreements ensuring that these are clear

on deliverables and reporting on outcomes and impacts. Agreements signed with SACDEP and Caritas do not specify annual targets for the various planned interventions (including farmer outreach) and also lack indicators that would link soil conservation activities to agricultural investments. The second element is the need for a monitoring system to ensure delivery by the implementing partners. The reporting framework and deliverables need to be harmonized for implementing partners that are working on the similar types of activities to allow for comparison of results. Implementation partners need to be clear about their role in the project M&E system particularly in the collection of data on both the level of outputs and impact. The project should provide resources for technical support to both the PMU and implementation partners for effective delivery on the M&E function.

Field visits and interactions with partners revealed the need for greater degree of coordination and lesson learning among partners. As has been observed by the PSC, there is a need to set up institutionalised coordination mechanisms at field level. Institutionalized quarterly partners meetings at sub watershed level that involve all actors working on SLM issues would go a long way towards achieving required coordination and lessons learning.

Implementation partners are using County extension staff to implement extension activities. This relationship is an important element in the technical capability of the implementation partners to deliver on this assignment. It is observed that there are no formal agreements between County Governments and the Implementation partners. There is a need to strengthen these engagements through MOUs that define priority setting, leverage on budgets, human capacity etc. and joint monitoring.

The project partners such as ICRAF, NMK and JKUAT have generated information that needs to be analysed to inform project activities including its monitoring systems. Further, there is a need to marry the baselines developed by both ICRAF and NMK in order to inform the overall baseline situation of the project.

Actions	Responsibility	Deadline	Status
Establish a Partnership Coordination Mechanism in each Watershed areas and organise regular meetings	TNC, WF PMU	TNC, WF PMU, partners, counties	October 2019
Formalise relationships between County Governments and Implementation Partners. Clarify roles and strengthen the relationship between implementing partners and seconded county extension staff, and ensure there are clear deliverables and performance standards	TNC, WF PMU	TNC, WF PMU, partners, counties	November 2019

Human and Social Capital and empowerment

Rating: 4

Justification of rating

The project has contributed towards strengthening the capacities, economic and social positions of rural smallholder farmers. While the WF provides a measure of sustainability, emphasis should be placed on farmer learning as the foundation for investments efforts and continued benefits for downstream and upstream water users. At farm level, the various interventions, and capacity building are likely to strengthen farmers' incomes and better their livelihoods. The PMU is encouraged to fast track delayed activities and systematically collect data and report on impacts of these interventions on: crop productivity, farmers' incomes; livelihoods; and social empowerment – including integration of women and youth. Technical support is required in socio-economic, biophysical and hydrological data analysis.

Main issues

The field visits confirmed that the farmers had realised economic benefits from the various project interventions. For instance, water pans enabled the farmers to grow horticulture

crops, fruit trees, forest tree nurseries, maize, napier grass, among others. One farmer reported that she had bought a gas stove with proceeds realised from the sale of tree seedlings. The gas stove has helped to reduce her workload in terms of time spent to look for firewood and it has helped in conserving the forests that are cut for fuel wood. Another farmer bought chicken and goats from income derived from agricultural activities. The water pans enabled the farmers to grow crops throughout the year. The same farmer was able to revive her coffee production through terracing and intercropping the coffee plants with other crops. As a result, she expects coffee yield of 500kg as compared to 50 kg.

Through capacity building, Rumukia Cooperative Society has adopted good agricultural practices in coffee production, and environmental and social safeguards, thereby receiving Rainforest Alliance Certification. It is expected that an improvement in coffee productivity and better prices and premiums for certified coffee are expected to improve the overall financial position of 7,000 farmers. There is however need to countercheck these perceptions against hard data on the impacts of interventions of crop productivity, farmer incomes and livelihoods, including empowerment of women and youth. Farmers' capacities have also been improved in relation to catchment conservation, e.g. conservation of riparian lands using various approaches such as the planting of bamboo.

The project is targeting women and youth through various interventions but there is limited data to confirm the number of women or youth beneficiaries per intervention. Likewise, data on the impacts of the various interventions on crop productivity, farm incomes, and livelihoods needs to be systematically collected and fed into the M&E system, including being used to strengthen business cases for potential investors into the WF. There is more work to be done in linking farmers to markets, organising learning tours across the counties, involvement of farmers in policy dialogue. The involvement of farmers in the decision-making structures of the Water Fund will strengthen their voice and increase the sustainability of the WF.

Actions	Responsibility	Deadline	Status
Commission technical assistance to collect and analyse data on socio-economic, biophysical and hydrological impacts of the project interventions	TNC, WF PMU	December 2019	Agreed

Quality of beneficiary participation

Rating: 4

Justification of rating

The general mobilisation approach adopted by the project guarantees good beneficiary participation. Farmers are being mobilised through community meetings followed by door to door visits by implementation partners, and supported by the county local leadership. During the bazaras beneficiaries are informed of the services available through the project and required contributions both in cash and in kind. The project has registered good beneficiary participation in provision of labour for excavating the water pans, digging terraces and trenches for capturing and water retention, planting trees and Napier grass. Beneficiary contribution of USD 43,843 into the endowment fund has been realised from cash contributions for investments in water ponds, drip irrigation kits and biogas equipment. This is commendable.

Main Issues

Whereas the NGO partners are working directly with beneficiaries, their ToRs do not require them to collect data on in-kind beneficiary contributions or use standard reporting templates. There is need to adopt a uniform approach to record and value beneficiary participation. For example, the labour input into digging of water pans is estimated at significantly varied levels

between the project implementation partners. The project uses door to door farmer visits in its engagement with farmers. The advantage of this approach is that it allows for individualised responses to identified problems. The downside is that the process maybe tedious and time consuming, making it expensive and long. Service Providers do not have sufficient manpower to ensure regular follow up and feedback. Landscape and cluster approach might be more efficient where the PMU and implementing partners meet a group of beneficiaries together in the same locality for advice and feedback. This approach could ensure a wider participation of households in target catchment areas. The fact that intervention activities supported by the project are demand driven creates the risk that the project is not able to create a critical mass of actors in target geographical areas that would result in desired conservation outcomes.

In the case of water pans, the farmer is required to contribute Kshs. 1000 upfront towards the purchase cost of the dam liners which cost a total of Kshs. 4000, excluding provision of labour for the excavation of the water pan. The farmer is also providing rain water gutters and pipes in the case of roof water harvesting. With regards to biogas installations, the farmers contribution cash upfront is 50%. The project is commended for giving a 50% subsidy for poor female headed households and advised to consider lowering this in order to reach more. The mission visited women beneficiaries and was impressed by the involvement of women beneficiaries in the programme. The involvement of women extension workers encourages the participation on women in the programmes.

Furthermore, there is a need to put in place arrangements for upscaling of technologies under promotion. This requires that: i) beneficiaries fully understand the cost of such technologies, ii) beneficiaries have access to information on available commercial supply channels allowing them to have access to replacements as well as to be able to get additional units under commercial terms, and, iii) alignment of subsidy levels to allow for post project linkages with commercial suppliers. The Mission recommends that the project develops financing models for scaling up adoption of the priority SLM practices with minimum project support. The model will identify sources of funding for small holder farmers to finance the interventions.

Actions	Responsibility	Deadline	Status
Train beneficiaries on record keeping and gross margin calculations in order to give confidence and project appreciation to the beneficiaries as well contribution to the project's economic analysis at closure	TNC, WF PMU	Continuous	Agreed

Responsiveness of service providers

Rating: 4

Justification of rating

The promotion of SLM (component 2) is done in partnership with Frigoken Ltd; SACDEP and Caritas). At field level, partner NGOs in turn are working and collaborating with the four Counties of Murang'a, Nyeri, Nyandarua and Laikipia as well as government agencies including KFS, KWS, NEMA and WRA. Discussions with implementation partners reveal that technical support to beneficiaries, follow-up and monitoring is generally inadequate. There is a need to allocate more resources to strengthen extension delivery at the level of contracted implementation partners. Service providers should also adopt innovative extension approaches that will improve outreach including demonstrations, farmers innovation platforms to enhance farmer to farmer training, field days and shows as well as introducing awards for best farmers.

Main Issues

Agreements signed with SACDEP and Caritas do not specify annual targets for the various planned interventions (including farmer outreach) and also lack indicators that would link soil conservation activities to agricultural development activities. The second element is the need for a monitoring system to ensure delivery by the implementing partners. The reporting framework and deliverables need to be harmonized for implementing partners that are working on the similar types of activities to allow for comparison of results. Implementation partners need to be clear about their role in the project M&E system particularly in the collection of data on both the level of outputs and impact. The project should provide resources for technical support to both the PMU and implementation partners for effective delivery on the M&E function.

Field visits and interactions with partners revealed the need for greater degree of coordination and lesson learning among partners. As has been observed by the PSC that there is a need to set up institutionalised coordination mechanisms at field level. Institutionalized quarterly partners meetings at sub watershed level that involve all actors working on SLM issues would go a long way towards achieving required coordination and lessons learning.

Implementation partners are using County extension staff to implement extension activities. This relationship is an important element in the technical capability of the implementation partners to deliver on this assignment. It is observed that there are no formal agreements between County Governments and the Implementation partners. There is a need to strengthen these engagements through MOUs that define priority setting, leverage on budgets, human capacity etc. and joint monitoring.

The project successfully mobilised the services of an implementation partner for promoting Biogas. The advantage is that the service provider is also able to extend credit facilities to beneficiaries. This technology is reported to be well accepted among target beneficiaries. However, by its nature, it is more applicable to better off households who own a pre-determined number of cattle. In order to minimise elite capture, it is recommended that the support limit by the project for biogas technologies is revised from 50% to 25%. The project has been supporting drip irrigation systems under direct implementation arrangements. It is the view of the mission that for success, this type of technology requires specialised technical support. It is therefore recommended that the PMU hires a specialised service provider to provide technical support to interested households. The project support levels will be similar to those applied on water pans.

Implementing partners adopted a common farm planning tool that allows the collection of baseline information on beneficiaries and planned intervention activities. It has previously been recommended that this forms the basis for developing a graduation model that would record the level of adoption of recommended conservation measures. Adopting this approach would have assisted in providing for a better understanding of project outreach numbers and in classifying outreach numbers in terms of type of project services or technologies participating farmers have taken up. The mission recommends that this graduation tool is further developed and that Implementation Partners produce reports using this tool.

Actions	Responsibility	Deadline	Status
Revise technical design of NGO Partner programmes to improve extension approaches and outreach and effectiveness. Allocate as necessary more resources to improve on outreach	TNC, WF PMU	November 2019	Agreed
Mobilise Service Provider to provide technical support for implementation of drip irrigation	TNC, WF PMU	December 2019	Agreed
Determine impact of SLM measures on improvement in production and	TNC, WF PMU	December	Agreed

productivity and establish business case for farmers categorisation criteria and a graduation model to guide decision making on the number and intensity of conservation interventions required, and to better assess progress against the ideal/model situation		2019	
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Environment and natural resource management

Rating: 4

Justification of rating

The project has made good strides in environment and natural resources management. Most of the mid-term and some PDR targets have been met, with regards to: tree planting; establishment of tree nurseries; protection of riparian land; installation of water pans; wetland biological resource assessment for food and feed, and integration of GEBs into partner monitoring protocols. The project needs to work closely with UTNRMP on areas of overlap and synergy in ENRM and to adopt a landscape approach to SLM promotion in order to maximise impact and benefits. There is need to develop metrics to measure progress on rural road water harvesting and quarry management, and to finalise the county level LDSF dashboards.

Main Issues

The project has made good strides in environment and natural resources management at mid-term. The project has met most of its mid-term targets and some PDR targets with regards to: planting of tree seedlings (1,773,396, 197% of PDR target); number of farmers that have adopted SLM (23,218, 111% of PDR target); establishment of tree nurseries (5, 100% of PDR target); protection of riparian land (249 km, 138% of PDR target); installation of water pans (6912, 115% of MTR target and 58% of PDR target); wetland biological resource assessment for food and feed (4 products, 100% of PDR target); LDSF survey completed (100% of PDR target); and integration of GEBs into partner monitoring protocols is complete. Efforts need to go towards reaching the MTR and PDR targets for: rural roads water harvesting (16 km, 53% of PDR target); and establishment of quarry management committees and development of rural roads water harvesting guidelines.

Based on the mission team's discussions with partners and stakeholders including proposals received from the PSC and TNC, several suggestions have been made, to strengthen environment and natural resources management and climate adaptation. The project should work more closely with UTNRMP, which is also operating in the catchment, and was the core base investment of the UTNWFP at design. Both projects share many similar activities, and the design foresaw the need for them to work closely. The relationship could take the form of collaboration on areas of overlap, co-financing, and learning. Areas of convergence between both projects include: engagement and support for Water Resource User Associations (WRUAs) and Community Forest Associations (CFAs); tree planting; rehabilitation of public forests; biogas and energy saving stoves; individual and institutional levels; construction of bio latrines; school greening; riparian protection; plantation establishment and livelihood improvement system (PELIS); small scale irrigation e.g. use of drip kits, and working with county teams.

There is need to adopt a landscape approach in the execution of SLM and climate smart approaches such as on farm agroforestry and riparian conservation in order to maximise impact and to strengthen the attribution of results and impacts of the Fund. The partnership with the UTNRMP and Kenya Forest Service (KFS) will further buttress the landscape approach and improve monitoring of implementation e.g. care and management of tree seedlings to ensure high survival rates. As demand for biogas increases, the project has proposed to increase the target from 100 to 400 plants by end of project. The project is encouraged to do this, while also assessing the current subsidy arrangements with a view to lowering them or promoting biogas at market cost for farmers that can afford. The engagement with ICRAF should be strengthened in relation to ensuring the finalisation of

county dashboards and leveraging the IFAD grant to ICRAF to generate satellite imagery to assess soil and land health status for the project against the baseline situation. Support for KFS on GIS/remote sensing equipment to improve monitoring of gazetted forests and forest plantations rehabilitation should be considered in the context of the existing GIS and remote sensing unit of the KFS at Karura.

Metrics for the measurement of progress with regards to rural roads water harvesting and quarry management committees need to be developed, agreed on with stakeholders/partners and updated into the log frame.

The project should strengthen its engagement and technical inputs into national and county policy dialogues of relevance to the Water Fund e.g. those in the water and conservation sectors. This will be achieved through evidence generation as a result of strengthened data analysis and outcomes harvesting on various project interventions such as hydrology, biodiversity, socio-economics, SLM etc. The mission recognised the efforts made by WRA and the NCWSC in the analysis of sedimentation and turbidity levels and in generating information on water quality and quantity. It is important that WRA receives additional technical support to enable it continue to analyse this data and to communicate it to the Fund and stakeholders in ways that inform decision making and programming. This will also help to make the case for attribution of changes to the Fund's interventions in the catchment. Although gradually, the UTNWF is beginning to be referenced by other institutions as an incentive model for catchment management and financing.

Actions	Responsibility	Deadline	Status
Jointly with UTRMP, agree on modalities of co-financing for similar activities as well as implementation arrangements and support for agreed areas of overlap e.g. WRUAs, CFAs etc.	TNC, WF PMU	December 2019	Agreed
Adopt a landscape approach in the implementation and monitoring of SLM and climate smart approaches such as on farm agroforestry and riparian conservation in order to maximise impact and to strengthen the attribution of results	TNC, WF PMU	Ongoing	Agreed
Develop metrics for the measurement of progress on rural roads water harvesting and quarry management committee formation and update the log-frame	TNC, WF PMU		Agreed

Exit Strategy

Rating: 5

Justification of rating

The project has described a transitioning framework that will have the project activities taken over by an autonomous Water Fund by December 2021. The transition framework is backed by the support agreement between the BoT and TNC. The Water Fund's BoTs is fully engaged with the task of resource mobilisation to be able to meet future cash flow demands to continue with project activities. TNC should assist the Water Fund to develop a resource mobilisation strategy to capitalise the endowment fund and the replenishment account based on sound business cases for each target company.

Main issues

The exit strategy of the project is described in the transition paper prepare by the project. The project will transition into fully autonomous Water Fund charitable Trust by the end of the project. The Water Fund requires capitalisation of a minimum of US\$7 million by 2021, for it to start generating adequate income to continue financing rehabilitation activities in the Upper Tana catchment area. The financial model presented by the project indicates a gap in financing that needs to be filled through effective resource mobilisation. The mission encourages the project to assist the Water Fund's BoT by preparing business cases on why it makes business sense for the public sector particularly, to invest in the Fund outside of legally prescribed water tariffs. The suggested PES model will assist in the preparation of

these business cases. In addition, to assist in financing activities beyond the project, the project should assist the Water Fund's BoT to engage with public sector entities to reach out for public sector funding. The public sector funding can be in the form of getting a share of the tariffs or through other government allocations.

Furthermore, the timing of the full operation of the water fund may not leave time for the project to observe the fund in operation and learn from it. The Water Fund is still to sign MoUs with two county governments in the sub-catchment areas. This will present a risk to the continuation of collaboration for on-the-ground activities that are done with county government staff. The capitalisation of the Water Fund is critical for the continuation of the fund. The slow capitalisation of the Fund is a risk to the smooth exit of the project.

Actions	Responsibility	Deadline	Status
Revision of transition framework Revise transition framework to have the fund operational as an autonomous entity by July 2020	TNC, WF PMU	December 2019	Proposed

Potential for Scaling-Up

Rating: 5

Justification of rating

The government has shown interest in starting a new Water Fund in the country for Eldoret by allocating some GEF 7 funding towards this effort. The funding from the private sector, albeit small at the moment, indicates some willingness to finance project activities. The TNC has also initiated new water funds in other cities in Africa. However, the government is still to have the water fund approach as part of its policy.

Main issues

Early indications of interest from the private sector to finance SLM activities in the Upper Tana catchment area, has inspired the government to have an interest in initiating two other Water Funds in Eldoret and Mombasa. The Mission finds that there are key lessons from the establishment of the Water Fund that should inform the development of these two. Key lessons to be considered are: a) The importance of good assessment of the willingness and ability of the downstream water users to pay for environmental services; b) Being realistic in setting financing targets for the fund for activities; c) The Water Fund model is a payment for ecosystems services approach, therefore it is important to have a policy, regulatory and legal framework that supports the setting up of a Water Fund, especially with support from water tariffs; d) The establishment of a governance structure should consider the full participation of both public and private sector institutions and the landowners; e) Strong M&E and reporting successes and lessons are key cornerstones for building the case for investments by both public and private sectors.

iii. Project Management

Quality of Project Management

Rating: 4

Justification of rating

The project steering committee co-chaired by the PS Environment and Forestry and president of the Water Fund is operational and meets according to planned frequency. The PMU has the planned staff compliment and an operational base both in Nairobi and in the field. Moreover, the Project is guaranteed of additional technical support from TNC as provided for in Support Agreement between TNC and UTNWF.

Main Issues

The PMU structure needs to be further strengthened through realigning of reporting lines. Two key positions of Operations and M&E have direct reporting relationship outside the Project Management unit which to some extent limits the effectiveness of the unit. The project has identified the need for specialist M&E support on biodiversity, hydrology and socioeconomic analysis of already available data for results and outcomes. This mission is supportive of this but point the need to take full advantage of existing collaboration agreements with its Scientific Partners to carry out such work. The PMU does not carry a staff structure that allows it to undertake effective direct implementation of activities. As a future Secretariat of the Fund, it should ideally focus on design of interventions, contracting implementation partners, providing implementation support and, monitoring and reporting on implementation performance.

Actions	Responsibility	Deadline	Status
Mainstream reporting lines for the Operations Officer and M&E officer for greater accountability within the PMU	TNC, WF PMU	November 2019	Agreed
Undertake a capacity assessment of the M&E function in each of the implementation partners and provide TA as necessary	TNC, WF PMU, partners, counties	November 2019	Agreed

Knowledge Management

Rating: 4

Justification of rating

Good progress has been made in the knowledge management, in terms of SMS mobile platform that has reached over 29,000 farmers with conservation messages, farmers learning exchange tours, documentation of lessons learned and success stories. In addition, 2 information centres were established at Sagana and NMK. MPAT/LSDF survey reports are completed as well as research papers by the JKUAT students who have been awarded scholarships to conduct research in Upper Tana catchment. The project has a Knowledge Management and Communication strategy as part of the M&E plan. Lessons learned have been shared international, regional and international platforms and in addition, the lessons learned have informed the pre-feasibility for Mombasa and Eldoret Water Towers with a view to replicate the WF.

Main Issues

Other countries in Africa have approached TNC to learn about the WF approach and in Kenya, Mombasa and Eldoret are ready to adopt the same approach. In order to replicate the approach, there is need for TNC to strengthen its M&E which is currently a shortcoming in the project. The KM strategy is included as part of the M&E plan. The strategy envisages a systematic scaling up of its activities, initially to 2 water towers, then regionally and internationally. KM disseminated is through the seminars, workshops, project website, social media, roundtable discussions, study reports, national newspapers, peer learning groups and annual stakeholder reviews.

The project report shows that 9 farmer leaders from Solio settlement participated in a learning exchange tour with farmers in Maragua sub-watershed. Lessons shared through a farmer to farmer training and experience sharing on scaling up rainwater harvesting is helping farmers in Thika-Chania Sub watershed produce more farm produce and contribute to replenishment goals. UTaNRMP adopted the water pans best practices from the UTWFP. The project has established knowledge management centres in NMK and Sagana for knowledge sharing and support in dissemination of information. A third information management centre will be established at the Ministry of Environment and Forestry. The mission observed that the project has developed and distributed posters, leaflets with conservation messages.

The project partnered with 62 schools in Murang'a County through SACDEP for the annual marathon. Each school is supported through provision of agroforestry tree species, conservation materials, and skills training. To ensure participation and success, pupils are assigned to the trees for watering and nurturing. A total of 21,450 tree seedlings were planted within the schools' compounds. A peer review workshop was organized to discuss and adopt project research results by NMK and develop knowledge management products for sharing with stakeholders. Another workshop, with participants from WRA, TNC, UTNWF, NCWSC and Celestial Geo-consultants Limited (CGL) was conducted to review and adopt a python script that aggregates telemetry data and the launch a Power BI dashboard.

Actions	Responsibility	Deadline	Status
Lessons learned Strengthen the M&E system to draw lessons that can inform scaling up to other WF	TNC, WF PMU	December 2019	Agreed

Value for Money **Rating: 3**

Justification of rating

Value for money could not be done since the project does not capture inputs from all co-financing partners with the exception of GEF/IFAD funding. The project financial reporting is at a component level and not at activity level. This makes it difficult to analyse the cost ratio of inputs and outcomes. Besides, the project has not started to capture outcomes in a quantifiable manner. During the mission, it was realised the 50% subsidy for biogas is mainly benefiting the better off households. Other service providers were charging full cost for the biogas. The mission recommended to reduce the subsidy for biogas by 3:1 for farmer to UTNWF contribution. The next mission will look at Value for money.

Actions	Responsibility	Deadline	Status
Provide financial and physical reports the adequate information to enable the assessment on value for money.	TNC, WF PMU	December 2019	Agreed

Coherence btw. AWPB and implementation **Rating: 4**

Justification of rating

The AWPB's due date is on July 31. The AWPB was submitted to IFAD on 3rd August 2018 and received an IFAD No on 22nd March 2019. The delay in approval was due to the fact that the AWPB did not fulfil IFAD procurement requirements. The physical progress for the July 2018 to June 2019 AWPB is 76% against the financial progress of 48.4%. The mission noted that the financial progress is not linked to the physical progress in terms of outputs and the beneficiaries reached per activity. While the physical report captures aggregated progress by all the co-financing partners, the financial report only covers the GEF/IFAD budget which is not broken down to activity level. It will be difficult to assess the effectiveness of project activities due to inadequate verifiable M&E data.

AWPB Review

The AWPB's due date is on July 31. The AWPB was submitted to IFAD on 3rd August 2018 and received an IFAD No on 22nd March 2019. The delay in approval was due to the fact that the AWPB did not fulfil IFAD procurement requirements, with regards to procurement of the drip irrigation kits. The physical progress does not mirror the financial progress. This is due to the fact that the financial report needs to reflect the total project budget by the co-financing partners including GEF/IFAD budget. It is noted that the AWPB differs from the log frame to some extent, which makes it difficult to use it as a monitoring and planning tool. In conclusion, there is a slight mismatch between the planned and implemented activities in the AWPB. The project implementation seems to be on course for most of the activities. However, attention will be required in the following activities: (i) Endowment fund

capitalisation; i(i) Installation of biogas systems and (iii) Improvement of rural roads to reduce sedimentation.

Actions	Responsibility	Deadline	Status
Revise the AWPB to capture all activities to be implemented by all co-financing partners in both physical and financial terms	TNC, PMU WF	November 2019	Agreed
Fast track implementation of delayed activities such as i) Endowment fund capitalisation; i(i) Installation of biogas systems and (iii) Improvement of rural roads to reduce sedimentation.	TNC, PMU WF	December 2019	Agreed

Performance of M&E System

Rating: 3

Justification of rating

The project made good progress in the establishment of the MIS. Baseline surveys on LDSF, MPAT/RAPTA were completed and will bench-mark progress. Project reporting should capture achievements at outcome and impact levels. The mission acknowledges the documentation of success stories but this needs to be complemented by case studies, annual outcome surveys, focal group discussions to yield the type of information that is needed to report on outcomes. UTNWFP should provide to provide a breakdown outreach according to the intervention packages received by each farmer, the county and the financier, based on clear definition of outreach and separate the beneficiaries of pilot SLM activity and account for the additionality of UTNWFP. Inadequate information presents difficulties to assess the efficiency and effectiveness of the project.

M&E system Review

There is need for improvement in the compilation of the M&E data set and in the justification of the outreach figure. The project has presented different outreach figures. In the last supervision of March 2019, the overall outreach was first reported as 24,000 and finally adjusted to 12,977. As at June 2019, the outreach is 23,218, comprising of 14,348 males, 8,870 females and 2,786 youths. The outreach figure at mid-term has exceeded the project target of 21,000 farmers. There is need to provide a breakdown of farmers reached according to the intervention packages received by each farmer, the county and the financier, and based on clear definition of outreach. UTNWF should separate the beneficiaries of pilot SLM activity and account for the additionality of UTNWFP on this target group. The definition of outreach should refer to households practicing the 3 core SLM technologies that include: grass strip, terracing, and agro-forestry. It is noted that the households that have implemented the 3 core SLM are incentivised through biogas, drip kits and water harvesting technologies. Based on the above definition, the mission recommends the project to review the data set with the view of coming up with a realistic outreach figure

The project is working with a number of partners and has a standardised M&E data template that is collated at PMU level. The project is in the third year of implementation and should ideally start analysing whether outputs that are being produced are actually leading to changes and benefits among the target group. The mission observed that the M&E does not track outcomes and impacts. The mission recommends that the project reviews the reporting templates for partners to track outputs, outcomes and impacts of each project activity. The project should use case studies, focus group discussions and mini-surveys to yield the type of information that is needed to report on outcomes. It is also observed that the partners do not have dedicated M&E focal points which presents difficulties in coordination. The project should start tracking greenhouse gas emissions (GHGs), river basin's aquatic and terrestrial biodiversity. The mission observed that the project has not fully utilized the LDSF, NMK biodiversity and MPAT baseline surveys results. The project completion impact assessment needs to utilize the MPAT alongside other more comprehensive M&E tools.

The mission noted that it would have been ideal for the project to have conducted a formal impact assessment using baseline study results in preparation for the MTR, so that the findings can be used in refocusing the project on progress in relation to outcomes and impacts. The mission thus recommends that a mid-term survey be carried out in order to capture outcomes in the next progress report for July to December 2019. The project is commended for coming up with a functional MIS system that has been adapted from the District Health Information System (DHIS2). The tool is being used by partners to feed data collected electronically to a server at national level. While the migration of data is complete, the data sets are incomplete and contain data from the period before project inception. This needs to be rectified. There is a need to strengthen M&E systems through training of PMU and all implementing partners, provision of TAs to assist in analysis of biophysical, socioeconomic and hydrological data to inform in decision making and planning. There is need for the project to retain and strengthen the role of a full time M&E officer.

Actions	Responsibility	Deadline	Status
Strengthen the M&E system through training for Project PMU, BOM, CAC, PSC, Counties and Partners, and commission hydrology and biodiversity experts to analyze data and train staff and partners	TNC, PMU WF	November 2019	Agreed
Clean up M&E data: provide a breakdown of farmers reached according to type of intervention, adoption level and financier	TNC, PMU WF	November 2019	Agreed
Improve on reporting: Carry out the MPAT mid-term survey; introduce tools to measure outcomes and impacts; build the capacity of WF staff, partners and implementers; and, assign M&E focal points among partners and IPs	TNC, PMU WF	November 2019	Agreed
Undertake a mid-term survey to establish performance against outputs, outcomes/impacts and to verify outreach and adoption data	TNC, PMU WF	November 2019	Agreed

Requirements of SECAP¹

Rating: 4

Justification of rating

A SECAP review note was prepared at the design phase of the project. The review note identified potential environment and social risks and proposed mitigation measures. There is need for the project to undertake an Environment and Social Management Plan (ESMP) based on the risks posed by some of the interventions being promoted. The ESMP should provide mitigation measures for these environmental and social risks and provide guidance on who is responsible to execute them and how monitoring will be done over time.

Main Issues

The UTNWFP has a strong environment and natural resource management as well as climate resilience focus. As such, it is assumed that the project will to a large extent mitigate some of the environmental risks such as soil erosion, deforestation, climate change etc. This is being done through activities such as tree planting, soil and water conservation measures, promotion of biogas, fodder trees/grasses and drip irrigation, protection of riparian land, water harvesting through the use of water pans, rural road water harvesting, among others.

At the design stage, a SECAP review note was prepared and the project was classified as a category B, with a moderate climate risk classification. The mission observed during field visits that there were environment and social risks that were existing and emerging in the project sites. For instance, as a result of promotion of water pans, it was noted that not all water pans were fenced off or covered, thus posing risks of accidental falls by children and

¹ Social, Environmental and Climate Assessment Procedures (SECAP)

the breeding of mosquitoes. Drought in some of the drier areas such as Laikipia indicated a need for drought tolerant crop and tree varieties.

The mission proposes a stronger working relationship with the National Environment Management Authority (NEMA) with regards to environment and social safeguards as stipulated in the Environmental Management and Coordination (EMCA) Act, 1999, revised 2012, and the environmental impact assessments guidelines and assessment procedures (2002). The project should also develop an Environment and Social Management Plan (ESMP). The ESMP will outline all potential environmental and social risks, mitigation measures, the responsible entity to mitigate the risk, monitoring indicators and frequency, and timelines.

Actions	Responsibility	Deadline	Status
Develop an ESMP and its Monitoring Plan, with clear responsibilities assigned	TNC, WF PMU,	January 2020	Agreed

iv. Financial Management and Execution

Disbursement Rate

Acceptable Disbursement Rate **Rating: auto-calculated**

Justification of rating

The project is in its 3rd year of implementation and its disbursement rate on the GEF grant is 61.8%. There have not been any extensions. The endowment fund is capitalised at 23.3% which is considered low given that the project is in its third year of implementation.

Main issues

Overall financial performance by all financiers is at 48.4% with equivalents of USD 16,246,531 realized out of the design target of USD 33,601,000. As at 30 June 2019, individual financiers' performance is as shown in the table below:

Financial performance by financier

Financier	Allocation at design (USD)	Realised to-date/Disbursed (USD)	Balance (USD)	%Disbursed
GEF	7,201,835	4,450,686	2,751,149	61.8%
Private Sector	10,000,000	2,170,625	7,829,375	22.7%
TNC	3,000,000	926,003	2,073,997	30.9%
NGOs/Counties	11,900,000	7,845,134	4,054,866	65.9%
Beneficiaries	1,500,000	854,083	645,917	56.9%
Total	33,601,835	16,246,531	17,355,304	48.4%

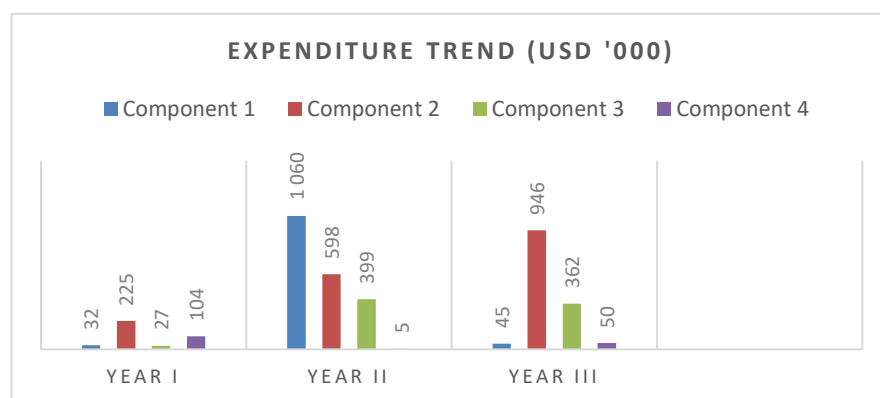
Contribution to endowment fund capital is at USD 1,633,843 which is 23.3% of the target USD 7,000,000 at design. Of the reported amount under endowment fund, USD 990,000 is from GEF grant, USD 600,000 is from private sector being Coca-Cola Foundation - USD 500,000; Frigoken – USD 50,000 (paid in KES 5 million); and USD 50,000 from a US private donor. Beneficiary contribution of USD 43,843 into the endowment fund has been realised from cash contributions for investments in water ponds, drip irrigation kits and biogas equipment. The fund, arising out of contributions and investment in a fixed deposit account has now grown to equivalents of USD 1,743,445 (KES 174,344,530) of which KES 167,575,450 has been reinvested at 9.75% for 12 months to 25/01/2020 and KES 6,769,080 is held on the collection account. The combined investment is still below target given the remaining implementation period, but it has been agreed that this target will remain unchanged.

Disbursement to-date has surpassed the expected disbursement for a project of a similar disbursement profile. TNCs withdrawal applications are based on the financial reporting arrangement that require justification at 75% of advances and 100% of the previous advances. This has some short comings where IFAD's interface with the project is limited to missions limited reporting during the financial year. For example, there was a fourteen months lag between the first advance disbursement of USD 500,000(12/06/2016) and the second disbursement of USD 2,963,014 (20/08/2017). This was followed by eighteen months lag with the last disbursement being USD 987,672 on 20/03/2019. This triggers alerts of a non-performing ("problem project") which in turn affects project rating with a risk of some expenditure items taking too long to be claimed being disallowed or even disbursements being suspended. It is important that this arrangement is revisited to align it with IFAD disbursement arrangements.

In terms of actual expenditure, year I started off at a low pace at the project was setting up structures and mobilising partnerships for implementation. Year II registered the highest expenditure mainly following GEF's investment of USD 990,000 into the endowment fund under component 1. Expenditure in component 2 has been on an increasing trend since inception while components 3 and 4 expenditure is characterised by fluctuations. Total actual expenditure has been reported at USD 3,844,157 (53% of allocated financing by the GEF) compared to 62% disbursement. Overall, USD 3,357,673 remains available to be disbursed in the second half of the project. Rationalisation for reallocation has not been done due to challenges elaborated under financial management. Performance by year and component is shown in the table and figure below.

Actual expenditure trend by component as at 30 June, 2019

Component	Allocation	Actual expenditure					Available balance
		Year I	Year II	Year III	Total	%	
1	1,562,482	32,334	1,060,907	44,685	1,137,926	73%	424,556
2	4,330,938	224,874	597,622	945,763	1,768,259	41%	2,562,679
3	955,525	26,572	399,218	362,116	787,906	82%	167,619
4	352,885	104,417	4,577	50,225	150,066	43%	202,819
Total	7,201,830	388,198	2,053,170	1,402,789	3,844,157	53%	3,357,673
Cash balance	-	-	-	-	606,529	-	-
Grant total	7,201,830	388,198	2,053,170	1,402,789	4,450,686	62%	-



Actions	Responsibility	Deadline	Status
Withdrawal applications Change disbursement arrangements to follow IFAD requirements where withdrawal applications are submitted once expenditure reaches 30% of the original advance (authorised allocation) or once it is	FO/IFAD and Africa Grants Specialist/TNC	10/2019	Proposed

90 days since submission of the last withdrawal application even when 30% of the original advance has not been reached.

Fiduciary Aspects

Quality of financial management

Rating: 3

Justification of rating

TNC's accounting software in use, regular bank reconciliations done and accounting documents are available online for review. As pointed out in the previous mission, improvements will be required in reporting, to ensure reports are generated at sub – component level to ease analysis and comparison of financial with physical progress as some underperforming activities may pass unnoticed. There is also need to improve financial reporting by financier by ensuring proper breakdown of activities financed and supporting of in-kind and cash contributions from the financiers.

Main issues

- Project financial reports are consolidated at component level, making analysis at sub-component and activity level impossible and comparison with physical progress unattainable. This has been attributed to the structure of the accounting system that does not allow for reporting at this level. As a consequence, proposals for reallocation have not been attended at this stage pending presentation of analysed expenditure against activities in the financial reports in line with the project cost tables.
- TNC's cumulative contribution had been reported at USD 1,697,673, comprising of TNCs in-kind contribution and resources mobilised from the private sector by TNC and extended through TNC to the project. This was as a result of the financing mechanism where resources are pooled at TNC and expenditure incurred on behalf of the project. The mission has revised contribution downwards by USD 771,670 to USD 926,003 having reversed amounts in respect of private contributions to recognise private sector contributions separately.
- Efficiency in use of resources.* The reported physical progress points to efficiency in use of project resources. The reporting at aggregated level, however, which limits expenditure analysis against activities makes it is difficult to verify efficiently. Considering the GEF financing, it is observed that investment activities and therefore the related costs are moving at a slower pace compared to the fixed operating costs. Except for the grants and subsidies category (endowment fund) that is disbursed at 100%, the other categories are disbursed as follows: Works (21.54%); consultancies (14.53%); goods, services and inputs (34.88%); and training (46.80%) compared to operating costs that is disbursed at 63.73%. The consequence of this is if the project does not scale up implementation, it will run out of resources to support investment with a risk of surpassing the 8% GEF threshold on management cost and possible ineligible expenditure. In-depth analysis of direct investment ratio against operational cost having attributed activities to different financiers is required.

Actions	Responsibility	Deadline	Status
Financial reporting Disaggregate historical data to sub-component level and subsequently improve reports to include sub-components (repeat recommendation). For reallocation purposes this should be as per cost tables	Grants Specialist/Project Manager	November 2019	Agreed
Reporting of TNC's contribution Private Sector contributions granted through TNC for the Water Fund activities to be reported as such and not as TNC contribution.	Grants Specialist/Project Manager	November 2019	Agreed
Financial management at partner level Carryout in-depth analysis of investment cost vs operating cost per component. There is also need to increase the pace of investment	Grant Specialist/Project Manager	December 2019	Agreed

activity implementation			
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Quality and timeliness of audit

Rating: 4

Justification of rating

Statutory audit report for the period to 30 June, 2019 was submitted two months late and the management letter issued by the auditors was not shared with IFAD. The review of audit report was covered under the March, 2019 mission. The audit report for the financial year 2018/18 is not yet due but audit terms of reference have been shared and cleared by IFAD, financial statements are being compiled in preparation for audit. Financial statements should be finalised and the audit exercise initiated to facilitate timely submission of the audit report.

Actions	Responsibility	Deadline	Status
Timeliness of audit Initiate the audit process for the year 2018/19 on a timely basis. Submit audit report and management letter to IFAD no later than 6 months following end of the financial year	Grants specialist	December 2019	Agreed

Counterpart funds

Rating: 4

Justification of rating

UTNWFP design envisaged co-financing of USD 26,400,000 from TNC, private sector, beneficiaries, counties and implementing partners (NGOs). By 30 June, 2019, equivalents of USD 11,795,845 representing 44.7% of design targets had been reported. Government is making in-kind contributing through the counties and other government agencies.

Main issues

- a) **Contribution from counties and NGOs.** Contribution from counties, NGOs and other government agencies has been reported at equivalents of 7,845,134 being in – kind contribution. This contribution is attributed to activities under component 2. There is need to breakdown this contribution to reflect the different elements of the contribution of activities to Counties, NGOs and those directly implemented by the Water Fund.
- b) **Beneficiary contribution.** Beneficiaries were allocated USD 1,500,000 at design. Since project inception, beneficiary contribution has been reported at equivalents of USD 854,083 representing 56.9% of the design target. Of this amount, USD 810,240 has been contributed in kind in the form of labour and materials while USD 43,843 has been contributed in cash as cost share for water pans, bio gas and drip irrigation technologies that has been credited to the Endowment Fund account. It was observed both the in kind and cash contributions have not been matched to activities against which contributions were made. For example, beneficiaries are required to make a minimum cash contribution of KES 1,000 (USD 10). With 10,242 water pans reported to have been constructed, the related cash contribution ought to be USD 102,420 as opposed to USD 43,843 reported which covers water pans, bio gas and drip irrigation technologies. This points to possible over reporting on physical progress or under reporting/declaration of cash collected by the implementing partners. In the absence of a detailed list of contributions per beneficiary, only USD 43,843 deposited in the bank was verified. TNC will require to follow up the physical achievement against cash receipts reconciliation to confirm the level of beneficiary participation and contribution to sustainability especially in respect of the endowment fund.

Actions	Responsibility	Deadline	Status
In-kind contribution Break down in-kind contribution to reflect labour, materials and any other	Grants Specialist/M&E Specialist	November 2019	Agreed

form of contribution. These should be attributed to components and activities to ease attribution			
Beneficiary contribution Reconcile cash contributions from beneficiaries to physical progress to facilitate realistic reporting and accountability for both activities, in-kind and cash contributions	Grants Specialist/M&E Specialist	November 2019	Agreed

Compliance with grant covenants

Rating: 5

Justification of rating

The Project is being implemented in compliance with the grant agreement except for delays in submission of the 2017/18 audit report.

Procurement Review

Procurement

Rating: 3

Justification of rating

As per the Large Grant Agreement section 6.4 between IFAD and the TNC, procurement is carried out in accordance with the Recipient's procurement procedures, hence according to TNC's Purchasing Standard Operating Document (SOP) and Financial Management Handbook. The review is against the above TNC procurement procedures. IFAD rating is not applicable.

Procurement Review

UTNWFP procurement is handled by the Project's Operations Programme Coordinator (OPC) trained by the TNC team in their procurement procedures. The majority of activities under the 2018-2019 PP are completed. Although excessive use of RFQ was noted even for those activities subject to open competitive processes. Justifications were provided in writing in accordance with TNC rules. In most cases, prequalification was not undertaken.

The PP does not have planned dates it simply lists activities. This means it is not being used as an implementation tool. Similar activities are grouped correctly (seedlings or planting materials) yet some activities are procured through simplified purchase orders. Justifications back the decision and these are in line with TNC procedures. With regards to 2019-2020 PP, the mission discussed the details and advised the OPC to use IFAD's template to facilitate planning and ensure the use of the PP as a management tool. The 2018 supervision mission highlighted that evidence on actual distribution of seedlings to farmers and delivery notes for goods were missing. The current mission confirmed this, in addition to noting the absence of other delivery notes: specifically for laptops and polo shirts. The project has provided these missing delivery notes later via email. A review of procurement activities revealed the following shortcomings:

- (i). Filing and recordkeeping need serious attention. Document retrieval is not easy. It is difficult to review the entire historical record of a procurement activity. TNC uses digital recordkeeping but procurement files are not organized in one folder. Section VII of the TNC procedures [See para VII – Purchasing records of TNC Finance Purchasing procedures] specifically provide for comprehensive record keeping and filing. The mission did not find enough evidence to confirm adherence to the TNC procedures. The project agreed to ensure any member of the team has access to the online "cloud" platform.
- (ii). Evaluation criteria used for the Biogas systems service provider and Feasibility studies was not disclosed to the bidders which is a key element for a transparent and fair bidding process. Besides, Section IV of the TNC Manual (Finance Purchasing) requires that bidding documents include the selection criteria.

Moreover, minutes of the evaluation committee for the feasibility studies were not provided. Hence, the mission was not able to examine the procurement activity package fully.

- (iii). The procurement of water pan liners, the advance payment was made without the advance payment guarantee.
- (iv). NO for the 2018-2019 AWPB and PP was not provided by IFAD. Written NOs must be provided as stated in the General Provisions of the Large Grant Agreement.
- (v). Technical personnel checks the quality of the goods purchased yet this is not documented at the moment of examination. The mission recommends that the acceptance note is introduced.

The bidding for procuring Drip Irrigation Kits in 2018 was cancelled following IFAD suggestion since the RFP did not include technical specifications and the process did not follow the required procedures. Although project procurement is not subject to IFAD Prior review, the mission proposed the draft bidding documents for Drip Irrigation Kits be submitted to IFAD procurement team for the advice.

Overall the mission finds the TNC procurement rules to be weak in regulating procurement processes in addition to not having been fully adhered to. To mitigate future risks at procurement implementation level, in addition to the agreed actions below, the mission enlists the detailed recommendations and the way forward under the detailed technical report, attached as an Annex to this review. The mission also recommends the revision of the Financing Agreement between IFAD and TNC, highlighting the gaps in procurement and proposing a way forward. This will require further consultations between IFAD and TNC.

Actions	Responsibility	Deadline	Status
Revise the PP for 2019-2020 in IFAD template Revise the 2019-2020 PP using IFAD template and submit it for NO: <ul style="list-style-type: none"> - separate each procurement activities correctly (goods, works, service); - insert planned dates for each activity; - include the AWPB ref. numbers and correct the budgets accordingly; - Include the thresholds and selection methods as per TNC SOP and the Grant Agreement. 	TNC, WF PMU	November 2019	Agreed
Recordkeeping and filing Create a separate folder for each procurement activity (for both, the future and the past procurement activities) to ensure the ease of document retrieval	TNC, WF PMU	November 2019	Agreed
Written evidence of quality assurance of goods Request a written confirmation from the technical personnel to certify the quality of goods checked.	TNC, WF PMU	Immediate	Agreed
Bidding documents and evaluation process RFPs must include the technical evaluation criteria and the methodology that will be applied.	TNC, WF PMU	Immediate	Agreed
NCB for Drip Irrigation Kits Submit the draft bidding documents for IFADs advise	IFAD/Procurement Consultant	December 2019	Agreed
Financing Agreement Revise the Financing Agreement between IFAD and TNC to reflect the gaps in procurement and to provide a way forward on the handling of procurement matters	TNC, IFAD Procurement, Finance and Legal units	December 2019	TBD

v. Key SIS Indicators

# 1: Overall implementation performance	Rating:	auto-calculated
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# 2: Likelihood of achieving the development objective	Rating:	auto-calculated
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vi. Additional Aspects

Revision of the financing agreement between IFAD and TNC

Due to procurement challenges being faced by the project, a proposal has been made to revise the project's financing agreement to reflect these changes, and to provide a way forward on improvements that will be made to the procurement processes and/or procedures.

E. Relevance

Relevance	Rating:	5
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Justification of rating

The UTNWFP remains very relevant in meeting its development objective and in addressing IFAD's environment and climate change strategies, as well as addressing the Kenya government's objectives of conserving water towers critical to the economic well-being of the country and livelihoods of millions of farmers and citizens dependent on natural resources. There is general support by GoK for PPP approaches geared towards conservation and payment for ecosystem services, thus making the WF a project of interest for government. GEF resources are allocated by GoK to implementing and executing agencies of projects that show relevance in meeting its national strategies and objectives. This WF received GoK endorsement in GEF 6, and two more WFs have been funded under GEF 7.

Main issues

The UTNWFP remains strategically relevant and in sync with government priorities, policies and strategies such as Vision 2030, Big 4 Agenda, National Adaptation Plan, Nationally Determined Contributions, Environmental Management and Co-ordination Act, No. 8 of 1999 (Revised 2012), Climate Change Act, 2016, National Policy on Climate Finance (2018), National Biodiversity Strategy and Action Plan, 2000, Forest Conservation and Management Act, 2016, the Water Act, 2016 among others. The project does this through promotion of SLM and climate smart interventions upstream as well as the establishment of an Endowment Fund to continue financing conservation efforts beyond the project and meeting the project's goal. The project's goal is "The Upper Tana-Nairobi Water Fund as a Public-Private-Partnership increases investment flows for sustainable land management and integrated natural resource management in the Upper Tana catchment". This project therefore contributes to addressing the Kenya government's objective of conserving water towers critical to the economic well-being of the country and improving the livelihoods of millions of farmers and citizens dependent on the natural resources.

The GoK has shown interest and support for PPP approaches geared towards conservation and payment for ecosystem services, particularly for conservation of water towers. GEF resources are allocated by GoK to implementing and executing agencies of projects that show relevance in meeting its national strategies and objectives. The UTNWF received GoK endorsement in GEF 6, and two more WFs have been funded under GEF 7. The Water Fund modality has been identified as a best practice for

conservation of Kenya's tropical water towers by the Kenya Water Towers Agency who endorsed a proposal for Kenya government to allocate financing towards the upscaling of the current Water Fund model through support towards the development of the Eldoret Water Funds under the GEF Phase 7.

F. Project Modification

Modifications							
Reallocation among categories						Yes	<input type="checkbox"/>
There are no project modifications at mid term							
Extension of Project Completion Date						Yes	<input type="checkbox"/>
Logical framework						Yes	<input checked="" type="checkbox"/>
A few editorials have been made to the log frame. See the revised log frame attached to this report as an appendix							
Additional financing						Yes	<input type="checkbox"/>
Project area						Yes	<input type="checkbox"/>
Cancellation				full	<input type="checkbox"/>	partial	<input type="checkbox"/>
Environmental and social category (SECAP)	new:	A	<input type="checkbox"/>	B	<input type="checkbox"/>	C	<input type="checkbox"/>
Climate Risk Classification (SECAP)	new:	high	<input type="checkbox"/>	medium	<input type="checkbox"/>	low	<input type="checkbox"/>
Other Modification nr.1							
Other Modification nr.2							

G. Lessons Learned

A robust monitoring and evaluation system is important to measure project effectiveness of a PPP.

Applicability

Project	<input checked="" type="checkbox"/>	Country	<input type="checkbox"/>	Region	<input type="checkbox"/>	Multiple-region	+
Tag(s)	Project design, project data and monitoring,						

Measuring the outputs and outcomes of the UTNWF was made difficult due to lack of easily verifiable data for physical progress and financial expenditure by sub-components and activities. With no reliable data, the extent of outreach and outcomes, and value for money could not be assessed. The project did not have a list of beneficiaries, with GIS coordinates, with interventions done and full cost of the interventions.

H. Logical Framework

See Appendix for the log frame

Appendix 1: Logical Framework

	Results Hierarchy	Key Indicator							Means of Verification			Assumptions /Remarks
	Outreach	Households receiving project services									Responsibility	
			Baseline (BL)	Mid-term	Actual at mid term	% achieved of mid term target	End Target	% achieved of end target				
		Households - Number	0	8400	23,218	233%	21000	111%		Project start; mid-term; project end	PMU	Outreach figures need verification. End Target exceeded by mid-term
		Males - Number	0	3360	12,656	377%	8400	151%				
		Females - Number	0	3360	7,806	232%	8400	93%				
		Youth	0	1680	2786	166%	4200	66%				
	Project Goal: The Upper Tana-Nairobi Water Fund as a Public-Private-Partnership increases investment flows for sustainable land management and integrated natural resource management in the Upper Tana	1. Smallholder farmer households with improved food-security, climate change adaptation and resilience capabilities (gender- and age disaggregated)	70%	30% over BL	TBD	TBD	100%	TBC		Project start (BL); mid-term; project end. Baseline MPAT	PMU	National and county governments supportive of the WF concept

	<i>catchment</i>											
	Development Objective: A well-conserved Upper Tana River basin with improved water quality and quantity for downstream users (public and private); maintaining regular flows of water throughout the year; enhancing ecosystem services, specifically food security, freshwater and terrestrial biodiversity, and improving human well-being and quality of life for upstream local communities.	2. Smallholder farmer households adopt climate-smart SLM practices (gender- and age disaggregated)	28%	30% over BL	TBD	TBD	100%	TBC	LDSF survey	Project start (BL); mid-term; project end. Baseline MPAT	PMU	Downstream water users (public and private) are interested in supporting upstream SLM and watershed conservation to improve water quality and quantity
	Component 1: Water Fund Platform											

	institutionalised											
	Outcome 1.1: Multi-stakeholder and multi-scale platform supports policy development, institutional reform and upscaling of INRM	3. WF operational	0	WF by-laws established	WF by-laws registered	100%	WF by-laws registered	100%	Certificate of registration	Mid-term; project end	PMU	Proposed Public Benefits Act supports UTNWF establishment
		4. Relevant policies and strategies refer to the WF as an incentive model (No. of policies/strategies)	0	4	1	25%	6	17%	Official documentation records	Mid-term; project end	PMU	Policies and strategies open for amendment and addition
	Outcome 1.2: Policies and incentives support climate smart smallholder agriculture and food value chains in financially viable and sustainable watershed stewardships	5. WF provides incentives to smallholder farmers	0	7000000	1,633,843	23%	Reward schemes are agreed upon and payments are delivered, based on local priorities	23%	5. WF disbursement records	Mid-term; project end	PMU	Smallholder farmers interested in joining incentive schemes. Incentive funding available through WF account and/or endowment
		6. Coordinated watershed	0	3	0	0%	3 county development plans	0	6. Official documentation records	Mid-term; project end	PMU	Policy and strategy formulation

		management policies at county and federal levels (No. of CDP and strategies)					coordinated with WRMA					at local, county and national level can be coordinated. No evidence provided for the mission
	Component 2: Improved Upper Tana catchment ecosystems that support livelihoods, food security and economic development											
	Outcome 2.1: Increased land area, freshwater, and agro-ecosystems under INRM and SLM	CI 3.1.3 Number of ha of land brought under climate resilient management	0	50,000	78400	176%	337000	23%	Project reports; M&E records	Project start; mid-term; project end	7. PMU	UT smallholders are actively supporting SLM and INRM approaches
		8. Area (ha) influenced to adopt SLM	0	100,000	TBC	TBD	663,000	TBC	Project reports; M&E records	Project start; mid-term; project end	PMU	Stakeholders commit to adopt new practices
		CI 3.2.1; Number of tons of Greenhouse gas emission (CO ₂) avoided/or sequestered	1,646,840 tonnes CO ₂ equivalent	5%	10%	TBD	11,646,840 (0% over baseline through LUC)	TBC	Project reports; M&E records	Project start; mid-term; project end	PMU	Land use changes can be facilitated and are accepted

		CI 3.1.2 : Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions	0	8400%	2321800%	233%%	21000	111%				
		CI 3.2.2: Percentage of persons/hou seholds reporting adoption of environment ally sustainable and climate- resilient technologies and practices	0	30%	TBD	TBD	100% (21,000 households engaged in SLM, climate risk reduction and DRR activities)	TBD	Project reports; M&E records	Project start; mid-term; project end	PMU	DRR and climate risk reduction activities are widely accepted by smallholders
	Output	Number of individuals provided with technologie s that reduce or sequester greenhous e gas emissions										
	Farmers successfully adopting SLM and INRM	Farmers - Number	0	8400	23218	233%.	21000	111%	figure to be verified	Project start; mid-term; project end	PMU	Outreach figure to be verified
		Water harvesting equipment										

		for farmers (Water pans)										
		Household - Number	0	12300	6,892	56%.	12300	56%.	Project reports; M&E records	Project start; mid-term; project end	PMU	Project is on course to meet the target. Diasggregati on of data.
		Community Water pans										
		number	0	6	2	33%.	10	20%.	Project reports; M&E records	10 community water pans were planned and 2 have been implemente d. The number of household benefiting from communal water pans is not given		No data provided
		Road shoulders										
		Km	0	20	6	30%.	30	17%	Project reports , M&E records	Only 6 km done		
		Water conservatio n equipment for farmers (Drip irrigation)										
		Household - Number	0	1610	121	8%	2300	5%	Project reports. M&E records	Project start; mid-term; project end	PMU	Low uptake. The project to engage a specialised firm that will provide drip

												kits, train farmers and provide back up
		Protection of riparian land										
		Hectares - Number	0	150	249	166%	200	125%	Project reports M&E records	Project start; mid-term; project end	PMU	Figure needs to be verified
		Support mechanisms for agro-forest landscape management planting materials										
		Seedlings - Number	0	600000	1773396	296%	900000	197%	Project reports M&E records	Project start; mid-term; project end	PMU	Target exceeded. 85% survival rate
		Capacity development for nursery and tree management										
		Farmers - Number	0	2	5	250%	3	166%	Project reports M&E records	Project start; mid-term; project end	PMU	
		Biogas system installation										
		Systems - Number	0	50	13	26%	100	13%	Project reports; M&E records		PMU	implementation low due to procurement problems
	Component 3: Robust knowledge management and											

	learning systems implemented to direct UTNWF management and to share lessons both nationally and regionally											
	Outcome 3.1: Institutions capacitated to monitor Global Environmental Benefits (GEBs)	11. GEB monitoring tools and protocols integrated with partner institutions (No.)	0	≥ 2 LDSF updated/ completed	4	100%	LDSFs for at least 4 sub-watersheds updated/ completed	100%	Project reports; M&E records	Mid-term; project end	PMU	Institutional processes allow for integration of monitoring protocols: Monitoring protocols developed include: LDSF, MPAT/RAT A; Wetland Biodiversity monitoring tool, Ex-Act, WRMA database, RGS
				≥ 10 biophysical monitoring stations upgraded/ operational	26	100%	26 monitoring stations upgraded/ operational	100%				
				WRMA prepared to house water-quality database	100%	100%	A water-quality database established and integrated into WRMA	100%				

							system					
	Outcome 3.2: M&A framework supports the integration of climate resilience into policy making	12. MPAT and RAPTA survey results referenced in county development plans (No. of CDPs) At mid-term 2 MPAT surveys completed.	0	2 MPAT surveys	1	50%	3	33%	Project reports; M&E records	Project start (BL); mid-term; project end	PMU	3 MPAT surveys, BL. Midterm and end term
	Outcome 3.3: Knowledge management and sharing of lessons learned is facilitated	13. Information sharing platforms established (County and National levels (No.))	0	3	2	66%	3	33%	Project reports	Mid-term; project end	PMU	sagana, NMK, established, MENR and lessons learned workshop Mombasa/Eldoret
		14. Number of inputs to meetings held at national, regional and international levels (No.)	0	5	15	300%	10	150%	Project reports	Mid-term; project end	PMU	Opportunities for influencing dialogues present themselves
		15. Lessons learned out scaled to at least 2 other catchment areas in Kenya (No. Lessons learnt and Feasibility studies)	0	1 x Lessons learnt document	2	50%	2	50%	Project reports	Mid-term; project end	PMU	Mombasa and Eldoret watertowers have prepared pre-feasibility studies on the establishment of Water Funds.
		Number of schools	0	30	62	206%	50	124%	project reports	Mid-term, project end	PMU	schools greening

		awareness programmes held										programme
		Number of University scholarships awarded	0	10	15	150%	15	100%	project reports	mid-term, Project end	PMU	15 JKUAT students awarded scholarships to useUTWFP data for research (9 men 6 women)

Appendix 2: Actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier as at 30 June, 2019

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD grant	7,201	4,451	61.8%
TNC	3,000	926	30.9%
Beneficiaries	1,500	854	56.9%
Private Sector	10,000	2,171	21.7%
NGOs and Counties	11,900	7,845	65.9%
Total	33,601	16,247	48.4%

Table 2B: Financial Performance by Financier by Component as at 30 June, 2019 (USD '000)

Component	IFAD/GEF grant			TNC			Private Sector			NGOs and Counties			Beneficiaries			Total		
	Appr.	Actual	%	Appr.	Actual	Appr.	Appr.	Appr.	%	Appr.	Actual	%	Appr.	Actual	%	Appr.	Actual	%
1. Water Fund Management Board Institutionalised	1,562	1,138	72.9	-	-	-	6,000	600	10.0	-	-	-	-	-	-	7,562	1,738	22.9
2. Improved Upper Tana Ecosystems	4,331	1,768	40.8	500	-	0.0	3,000	1,570	52.3	9,432	7,767	82.3	1,488	854	57.4	18,731	11,959	63.8
3. Robust Knowledge Management and Learning Systems	955	788	82.5	300	-	0.0	1,000	-	0.0	2,358	78	0.3	-	-	-	4,655	866	18.6
4. Project management	353	150	42.5	2,200	926	42.1	-	-	-	96	-	0.0	-	-	-	2,653	1,076	40.6
Bank balance	-	607	-	-	-	-	-	-	-	-	-	-	-	-	-	-	607	-
Grand Total	7,201	4,451	61.8	3,000	926	30.9	10,000	2,170	21.7	11,886	7,845	59.9	1,488	854	57.4	33,601	16,246	48.4

Table 2 C: IFAD/GEF grant disbursements (SDR, as at 30 June, 2019)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Consultancies	950,000.00	600,000.00	87,295.83	0.00	512,74.17	14.55%
II	Goods, Services and Inputs	3,230,000.00	3,230,000.00	1,126,620.48	0.00	2,103,379.52	34.88%
III	Training	390,000.00	390,000.00	182,516.95	0.00	207,483.05	46.80%
IV	Grants and Subsidies	990,000.00	990,000.00	990,000.00	0.00	0.00	100.00%
V	Works	920,000.00	920,000.00	198,184.00	0.00	721,816.00	21.54%
VI	Operating Costs	250,000.00	600,000.00	382,384.61	0.00	217,615.39	63.73%
VII	Unallocated	471,835.00	471,835.00	0.00	0.00	471,835.00	0.00%
	Advance account	0.00	0.00	1,483,684.13	0.00	(1,483,684.13)	
	Total	7,201,835.00	7,201,835.00	4,450,686.00	0.00	2,751,144.00	61.80%

Figure 1: IFAD/GEF disbursement, comparisons between original and revised allocations and actual disbursement

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per cent disbursed
I	Consultancies	600,000.00	600,000.00	87,295.83	512,74.17	14.55%
II	Goods, Services and Inputs	3,230,000.00	3,230,000.00	1,126,620.48	2,103,379.52	34.88%
III	Training	390,000.00	390,000.00	182,516.95	207,483.05	46.80%
IV	Grants and Subsidies	990,000.00	990,000.00	990,000.00	0.00	100.00%
V	Works	920,000.00	920,000.00	198,184.00	721,816.00	21.54%
VI	Operating Costs	600,000.00	600,000.00	382,384.61	217,615.39	63.73%
VII	Unallocated	471,835.00	471,835.00	0.00	471,835.00	0.00%
	Advance account	0.00	0.00	1,483,684.13	(1,483,684.13)	
	Total	7,201,835.00	7,201,835.00	4,450,686.00	2,751,144.00	61.80%

[Click here and type country name](#)

[Click here and type project name](#)

Supervision report - Mission dates: [\[click here and insert mission dates\]](#)

Appendix 3: Compliance with legal covenants: Status of implementation

c	Covenant	Action due date	Status	Remarks
Schedule 2.3	Designated Account to receive the Grant shall have been duly opened and the authorized signatories shall have been submitted to the Fund	October, 2016	Complied	
Schedule 2.3	The first AWPB including 18 month procurement plan shall have been submitted to IFAD for no objection through the PSC	N/A	Complied, July 2017	
Schedule 2.3	The PSC shall have been established	N/A	Complied	
Schedule 2.3	The PMU shall have been established and the key Project staff with qualifications acceptable to the Fund duly appointed	N/A	Complied, Jan 2017	
Schedule 2.3	A computerized accounting system shall have been identified and implemented for the project	N/A	Complied, Oct 2016	
Schedule 2.4	An Endowment Fund will be established and a separate Bank account opened and financed parallel by both the GEF grant and the Private Sector	N/A	Complied	
Schedule 2.5	Water Fund has been registered under the trust laws of Kenya with a fully constituted Board of Trustees and a Technical Secretariat	N/A	Complied	
Schedule 2.5	A draft subsidiary Agreement between TNC and the WF BoT has been approved by the Fund	N/A	Complied, Aug 2017	
Schedule 2.5	A WF operations manual shall have been submitted to the Fund and shall have been identified and selected by the Charitable Trust	N/A	Complied, Aug 2017	
Schedule 2.5	A computerised accounting system acceptable to the Fund shall have been identified and selected by the Charitable Trust	N/A	Complied	QuickBooks accounting software has been installed
Schedule 6.7	Audit and submission of audit reports	December, 31	Partially complied	Audit report for 2017/18 submitted 2 months late. Report for 2018/19 is not yet due

Appendix 4: Technical background analysis

Procurement Review of the Mid-term Review Mission

I. Introduction and background

1. The Upper Tana Nairobi Water Fund Project (UTNWFP) is a 5-year grant funded by the Global Environment Facility (GEF) through IFAD and implemented by the Nature Conservancy (TNC). As per Large Grant Agreement section 6.4 between IFAD and the TNC, procurement will be carried out following the Recipient's Procurement Procedures, hence according to the TNC Procurement Procedures.
2. The goal of the UTNWFP, as a Public-Private-Partnership project, is to increase investment flows for sustainable land management and integrated natural resource management. The UTNWFP is in its third year of implementation. The completion date is December 31st, 2021 and the grant closing date is June 30th, 2022.
3. The mid-term review mission took place from 19-28 August 2019 jointly organized by IFAD, TNC and the Government of Kenya (GoK, represented by the Ministry of Environment and Forestry). The procurement review mission was planned later from September 2-6, 2019.
4. The TORs of the procurement mission included reviewing the adequacy of the procurement arrangements and the compliance of procurement processes against the TNC Procurement Procedures.

II. Procurement Review

A. Procurement Unit

5. UTNWFP procurement is handled by the Operations Programme Coordinator (OPC). Although the OPC was trained by the TNC team in their procurement procedures, she still requires significant support in procurement activities, especially in handling competitive bidding processes.
6. The TNC, as an implementing agency, supports the project, ensuring good procurement practices and public procurement principles are not compromised due to lack of technical expertise. This is part of the obligation under the Large Grant Agreement 1.8 on Implementing Partners and Implementation Agreement. The project team confirmed TNC's commitment to support the procurement activities.
7. To strengthen the project team's technical capacity the team will be invited for any future procurement training opportunities in the region.

B. Procurement Planning

8. The Mission was pleased to observe the coherence of the 2018-2019 PP with the AWPB. Most of the activities under the 2018- 2019 PP (14 out of 16) are completed. Similar activities are grouped correctly (seedlings or planting materials) and procured through the Standard Purchase Order (SPO), which includes GTCs. Justifications for the use of SPO are provided in accordance with the TNC Procurement Procedures.
9. The 2019-2020 PP has been agreed to be submitted in IFAD format to facilitate the planning and ensure the traceability.

C. Review of Procurement processes

10. The mission noted that most goods are procured through a simple POs. Although extensive use of POs was made, even for activities with thresholds subject to competitive processes, the Project recognized the need for further improvement of the SOPs and the TNC manual Finance-Purchasing. The Mission was informed that a review of the TNC manual Finance-Purchasing on purchasing procedures is being undertaken to reflect the needs of the Continent. IFAD recommends to work with TNC to provide key recommendations on addressing the concerns identified and to ensure that best international practices are followed.
11. Overall, the procurement processes of the project follow the TNC procurement rules, however activities reviewed revealed the following shortcomings:
 - (i). the project conducted two competitive processes: the Request for Proposal (RFP) for the Feasibility Study and the RFP for Biogas Systems service provider. In both cases, the bidding document did not provide for evaluation criteria, but only for *the "Minimum skills, qualification and experiences"*, which are the minimum requirements for an offer to be considered responsive. The TNC's manual, Section IV Para 2 clearly states that the solicitation documents are to include the selection criteria (i.e. evaluation criteria). The project has agreed that specific evaluation criteria will be communicated as such in the bidding documents and these will be provided under a dedicated section.
 - (ii). following the discussions with the project and the IFAD mission team, it was reported that the outcomes of the Feasibility Study were unsatisfactory. The mission noted that TORs drafted for this consultancy were wrong. The consultancy was advertised to undertake the pre-feasibility study. Yet the project needed to conduct the feasibility study. Besides, the mission was unable to examine the full procurement package for this consultancy. The minutes of the evaluation committee were not provided. The Project commits to file the documentation for future reference.
 - (iii). the project maintains an electronic filing system, but document retrieval was hindered by difficulties to access some online files. SOP section VII requires *that written purchasing records for purchases above the small purchase thresholds be maintained at the business unit level where the purchase transaction is initiated*. Such records will be made available upon request to external auditors, to funding agencies and their authorized representatives, and to other parties who are authorized by law or regulation to review them. Purchasing records should include, at a minimum, the rationale for the method of procurement, selection of the contract type, contractor selection or rejections, and the basis for the contract price. The project has agreed to ensure any member of the team has access to the online data centre ("cloud" platform).
 - (iv). the Mission noted RFPs were used for both firms and individuals together without making any distinction and that this can lead to some risks (ex. individuals may not be evaluated in the same manner as firms who may be financially stronger and able to provide more resources). IFAD encourages reviewing this aspect of TNC procedures to strengthen the current manual.
 - (v). for purchasing Water Pan Liners, the advance payment was made without the advance payment guarantee. This was flagged and the risks associated were discussed with the project team.

- (vi). the technical personnel checks the quality of the goods purchased. Although the committee reviewing quotations indicates this in the minutes, yet during the mission it was not possible to review evidence of a written confirmation certifying the quality of goods and conformity with the technical specifications. The project noted the necessity to issue an acceptance note.

D. Project's Procurement Filing System

- 12. Procurement filing and recordkeeping need attention. The mission noted that the project does not keep records properly. The TNC uses soft copies but procurement files are not organized in one folder. It was difficult to review the entire historical record of any procurement activity. The document retrieval took hours and sometimes days. The project has agreed to ensure the proper filing.

E. Issues from the previous mission

- 13. The supervision mission from 2018 highlighted that evidence on the actual distribution of seedlings to farmers and delivery notes for the goods were missing. The delivery notes were not filed for procuring laptops and polo shirts either. The documented evidences were provided later via email, after the mission, thus it was impossible to check these against the whole package of the procurement activity.
- 14. The bidding for procuring the Drip Irrigation Kits in 2018 was cancelled following IFAD's request, since the RFP package was incomplete, it did not include technical specifications. Although the UTNWFP procurement is not subject to IFAD Prior review, the mission proposed the draft bidding documents for Drip Irrigation Kits to be submitted to IFAD procurement team for their advice. It is strongly recommended that the TNC procurement team supports this bidding process.

III. The Brief on TNC Procurement procedures

- 15. TNC Procurement Procedures include the Standard Operating Procedures (SOP) and the Financial Management Handbook.
- 16. The SOP defines thresholds for small, intermediate and large purchases:
 - (i). Purchase transactions up to 25. 000 USD may be made without competition and even without further justification. Nevertheless, responsible purchasers may choose to pursue some form of competition and should use judgment and an understanding of the applicable marketplace in making this decision.
 - (ii). In case of Intermediate purchases, the thresholds are defined from 25.000 USD up to 150.000USD where a simple request for quotations (RFQ) can be used. A minimum of three quotes shall be obtained.
 - (iii). For purchases over 150,000 USD, the project must engage in a competitive bidding process. Although section 5 of the SOP enlists what the RFP document should consist of, it includes no requirement on disclosing the evaluation criteria. Under section 5, *the contracts will be awarded to the responsible entity whose proposal is most advantageous to the program, with the price and other factors considered.*
- 17. Section B provides for the exceptions to the intermediate and large purchases. When the RFQ receives fewer than three quotes or only one or no responses, the responsible purchaser may proceed to negotiate a contract that is in the best interests of the organization without making further attempts to generate competition. This gives a room to avoiding competitive processes without justification.

18. The exceptions to use single-source selection complies with good procurement practices and these are aligned with IFAD Procurement Guidelines and a Handbook. Furthermore, in case of contract renewal, if the project considers to enter into additional or subsequent contracts with such vendor/contractor and the initial contract was awarded more than 36 months prior to the proposed new contract(s), the UTNWFP must follow the purchase procedures that apply to the particular size of the new purchase(s).
19. The recordkeeping is regulated under section VII according to which the UTNWFP should maintain records for activities above the small purchase thresholds. Such records must be made available upon request to external auditors, to funding agencies and their authorized representatives. Purchasing records should include, at a minimum, the rationale for the method of procurement, selection of the contract type, contractor selection or rejections, and the basis for the contract price. These were not the case for the two RFPs reviewed during the mission.
20. TNC is in the process of elaboration of the amendments to its project procurement regulations package and the missions' observations were discussed with the team. The TNC has acknowledged IFADs' recommendations and it has been agreed to take those into consideration.

IV. Agreed actions

Actions	Responsibility	Deadline	Status
Revise the 2019-2020 using IFAD template Revise the 2019-2020 PP using IFAD template and submit it for NO: <ul style="list-style-type: none"> - separate each procurement activities correctly (goods, works, service); - insert planned dates for each activity; - include the AWPB ref. numbers and correct the budgets accordingly; - Include the thresholds and selection methods as per TNC SOP and the Grant Agreement. 	TNC, WF PMU	November 2019	Agreed
Recordkeeping and filing Create a separate folder for each procurement activity (for both, the future and the past procurement activities) to ensure the ease of document retrieval	TNC, WF PMU	November 2019	Agreed
Written evidence for the quality assurance of goods Request a written confirmation from the technical personnel to certify the quality of goods checked.	TNC, WF PMU	Immediate	Agreed
Bidding documents and the evaluation process RFPs must include the technical evaluation criteria and the methodology that will be applied.	TNC, WF PMU	Immediate	Agreed
NCB for Drip Irrigation Kits Submit the draft bidding documents for IFAD's advise	TNC, WF PMU	December 2019	Agreed
Financing Agreement Revise the Financing Agreement between IFAD and TNC to reflect the gaps in procurement and to provide a way forward on the handling of procurement matters	TNC, IFAD Procurement, Finance and Legal units	December 2019	TBD

V. Proposed way forward and mitigating actions

21. In order to mitigate future risks at procurement implementation level, the mission makes the below recommendations:
 - (i). Project to use IFAD's PP template. The mission shared the IFAD template with the project, and it was agreed that it will be used henceforth;
 - (ii). Actions addressing compliance weaknesses relating to the use of own procedures to be implemented immediately and no later than November (for record keeping and filing-related actions)

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- (iii). IFAD will review the TNC manual provisions and make some recommendations for its amendment to strengthen procurement principles of fairness, transparency and competitiveness;
- (iv). IFAD will work with the TNC team on any needed modification to TNC procedures to satisfy basic internationally accepted best practices in procurement;
- (v). Following IFAD's and TNC collaboration to address the above points, IFAD will plan a training session with the project team to ensure compliance accordingly.

Post Review Checklist

#1	Description	Check	Remarks
A	Procurement Planning (for entire PP)		
1	Are there planned dates for all procurements?	No	Procurement Plan template used does not include planned dates. IFAD template was shared and the Project agreed to implement its use.
2	Are the planned dates consistent with the procurement process and methods?	N/A	
3	Are the procurement methods consistent with the estimated budget for each procurement?	Yes	Mostly in compliance with the threshold stipulated by the TNC SOP.
4	Is the reviewed Procurement Plan an updated one?	No	Four activities were not completed yet were under the PP.
5	How many updates of the current Procurement Plan were submitted for the year?	No	The updated plan has never been submitted. The PP has never obtained a written No Objection.
6	How many upgrades of the current Procurement Plan were submitted for the year?	No	No upgrade was made

#2	Description	Check	Remarks
RFQ - Procurement of seedlings (8 contracts viewed – purchased for different agricultural seasons and different varieties) ²			
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	The goods were grouped with the final budget subject to the NCB. Yet the project needed to purchase the seedlings in different periods of the year. Therefore, the number of RFQs were conducted.
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	No	Competitive selection method was planned, yet the RFQ was used. The reasons are justified.
4	Is enough done to demonstrate that competition was achieved?	Yes	Almost all existing suppliers in the market were invited.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	yes	
6	Is there enough time allotted for bidders to prepare quotations, bids and proposals	Yes	5 to 7 days in case of RFQ
7	Ensure that no late bids were accepted	Yes	According to the project records no late bid was accepted
B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	NA	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	No bidders were rejected
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	Yes	All bidders were responsive. Given that the big volume in quantities and different seed varieties were needed, almost all suppliers were contracted.
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before	NA	

² Exceeds the threshold under the SOP. These are tree seedlings that are procured during two seasons of the year – March April and May rainy seasons and October November and December rainy season. This is not one single procurement activity yet was included as one under the PP. The Project has no means to store them and every year the preliminary study is conducted to define the amount and the varieties needed. The seedlings are bought from the local nurseries. But not all of them have the varieties or the amount needed. The project sources from local nurseries since the delivery of seedlings is convenient and no additional transportation charging is necessary.

	the Financial Proposal(s) was/were opened?		
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	Yes	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	No one appeal the decision of the evaluation committee
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	Yes	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	Yes	No bidder has filed the compliant
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	yes	
2	Ensure that negotiations were not held for Goods and Works	yes	Based on what the project team has reported, no negotiations are held for goods and works.
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	NA	
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	The applicable conditions of contract including payment terms/method and delivery requirements along with insurance and delivery modes were part of the contract.
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	Technical specifications and the amount indicated under the RFQ correspond
4	Was a Contract amendment made to extend	No	

#3	Description	Check	Remarks
NCB for Biogas Systems Service provider			
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	No	the UTN/WFP uses a prequalified suppliers/professionals list provided by the Ministry of Energy through the National Biogas programme. Although this is an acceptable practice and sometimes convenient, it is not a guarantee that enough competition is achieved.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	Yes	few days before the bid submission deadline
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	No	14 days. Good procurement practices suggest 30 days.
7	Ensure that no late bids were accepted	Yes	According to the project records no late bid was accepted

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B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	No	Existing shortlisted candidates were invited
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	No	No bids were rejected
3	Was Technical Evaluation done?	Yes	Yet the technical evaluation criteria were not disclosed to the bidders under the RFP text.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	Yes	
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	N/A	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	yes	Yet the technical evaluation criteria were not disclosed to the bidders
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	No one appeal the decision of the evaluation committee
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	It was a one envelope proposal
10	Was Financial evaluation done and properly?	No	The weighting system for technical vs financial was not included under the RFP and disclosed to the bidders.
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	No	Although the project affirms the results are normally shared with the bidders, the evidence to this was not provided.
14	Were challenges/protests received? Were they handled properly?	NA	
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	NA	
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	yes	As reported. Yet the minutes of the negotiations was not provided.
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	No	The contract price is within the estimated budget
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	yes	
2	Have the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	yes	
4	Was a Contract amendment made to extend	no	

#4	Description	Check	Remarks
RFP	Feasibility study for other water funds		
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	No	No prequalification was carried out. Prequalified consultants were invited to bid. In addition, the mission noted several gaps in the TORs.
5	Is there time provided for bidders to request and	Yes	

	receive clarifications, before the submission deadline?			
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals		No	14 days, which is below the recommended time for the national competitive processes
7	Ensure that no late bids were accepted		Yes	
B	Evaluation Process (for each procurement)			
1	Was Preliminary Examination done?		No	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?		NA	
3	Was Technical Evaluation done?		Yes	The minutes of the evaluation committee was not provided. Therefore, it was impossible to further asses the procurement activity. However, the Project commits to file the documentation for future reference. On the other hand, the RFP did not include the evaluation criteria, which would have been used later at the evaluation stage.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?		NA	The evaluation report was not provided. . However, the Project commits to file the documentation for future reference.
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?		NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?		NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?		NA	
8	Were bidders given enough time to submit a challenge/protest?		No	As reported, No one appeal the decision of the evaluation committee. Although the evaluation criteria were not disclosed to the bidders which makes it impossible to appeal.
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?		NA	
10	Was Financial evaluation done and properly?		NA	This is a one envelope bid. The minutes of the evaluation committee is yet to be provided by the project. Therefore, it was impossible to assess the adequacy.
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?		NA	
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?		NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?		NA	
14	Were challenges/protests received? Were they handled properly?		NA	
C	Award and Negotiations (for each procurement)			
1	Was award done after all challenges/protests were received?		NA	
2	Ensure that negotiations were not held for Goods and Works		NA	
3	Ensure that negotiations were held for consulting services?		NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?		NA	
D	Contract, Contract Administration and Management Process (for each procurement)			
1	Was the Contract signed by both parties? (A copy		Yes	

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	must be evident in file)			
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?		Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?		No	Procurement plan included feasibility study. The TORs and the contract instead enlist pre-feasibility study, which was only noted at the end of the contract, after receiving the outcome. The evaluation report was not provided hence to check the consistency was impossible.
4	Was a Contract amendment made to extend		NO	

#5	Description	Check	Remarks
RFQ - Materials for water harvesting structures (Water Pan Liners)			
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	No	Competitive selection method was planned, yet the RFQ was used.
4	Is enough done to demonstrate that competition was achieved?	No	Given the budget of the activity, competitive selection method might have been a better solution.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	yes	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	5 to 7 days in case of RFQ
7	Ensure that no late bids were accepted	Yes	According to the project records no late quotations were accepted
B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	NA	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	Yes	Non-responsive bids were rejected
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	Yes	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	yes	
8	Were bidders given enough time to submit a challenge/protest?	NA	No one appeal the decision of the evaluation committee
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	Yes	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	Yes	No bidder has filed the compliant
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	yes	
2	Ensure that negotiations were not held for Goods and Works	yes	Based on what the project team has reported, no negotiations are held for goods and works.
3	Ensure that negotiations were held for consulting services?	NA	

4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (iii) the prices?	NA	
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	The applicable conditions of contract including payment terms/method and delivery requirements along with insurance and delivery modes were part of the contract. It has to be noted that the project made the advance payment without receiving the advance payment guarantee.
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	Technical specifications and the amount indicated under the RFQ correspond
4	Was a Contract amendment made to extend	No	

Appendix 5: Partnership-Building

This section provides details of the various partners working with the project, their instrument of engagement, key deliverables and contribution to the project with regards to components.

Partner	Engagement Instrument	Key deliverables	Component Contribution
ICRAF	MOU and a Sub-Award	<ul style="list-style-type: none"> Produce landscape-level maps of soil condition, land health and land degradation measures for targeted management interventions. Provide the Upper Tana-Nairobi Water Fund with interactive and up-to-date maps of important land health indicators. Build capacity among project partners on data analysis and land health assessments. 	Component 3
National Museum of Kenya (NMK)	MOU & a Sub-Award	<ul style="list-style-type: none"> Mapping of Freshwater Wetlands Wetland Biodiversity atlas developed NMK Database Improved Biological Resource Assessment for Food and Feed Establish 1 National Information Centre at National Museum of Kenya 	Components 2 and 3
JKUAT	MOU & a Sub-Award	<ul style="list-style-type: none"> 	Component 3
CARITAS	Sub award	Operating in Murang'a County <ul style="list-style-type: none"> Water pans for 3000 farmers Conservation structures for 1000 farmers Drip kits for 1000 farmers 10 Tree nurseries empowered with certification to commercialize 	Component 2
SACDEP	Sub-Award	Operating in Murang'a and Nyandarua Counties <ul style="list-style-type: none"> Water pans for 4,500 farmers 3 Communal water dams Protect 63 KM of riparian lands Soil conservation in 2,500 farms Agroforestry – 125,000 tree seedlings in 2,500 farms Rehabilitation of 40 Ha in public forest through 2 CFAs Sports for nature – 4 Marathons and reach 92 schools 	Component 2
County Government of Nyandarua,	MOUs For Seconded staff	<ul style="list-style-type: none"> 4 staff deployed to WF full time In-kind contribution 	Components 1, 2, 3 and 4

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Laikipia, Nyeri & Murang'a		
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Appendix 6: Mission preparation and planning, TORs, schedules, people met.

Name	Organisation/Designation	Contact
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