



## Eldoret-Iten Water Fund for Tropical Water Tower Conservation

### Part I: Project Information

**GEF ID**

10209

**Project Type**

FSP

**Type of Trust Fund**

GET

**CBIT/NGI**

CBIT

NGI

**Project Title**

Eldoret-Iten Water Fund for Tropical Water Tower Conservation

**Countries**

Kenya

**Agency(ies)**

IFAD

**Other Executing Partner(s)**

**Executing Partner Type**

**Other Executing Partner(s)**

The Nature Conservancy (TNC), Kenya Water Towers Agency (KWTA), Kenya Forest Service (KFS)

**Executing Partner Type**

Others

**GEF Focal Area**

Multi Focal Area

**Taxonomy**

Focal Areas, Biodiversity, Protected Areas and Landscapes, Productive Landscapes, Community Based Natural Resource Mngt, Terrestrial Protected Areas, Biomes, Wetlands, Tropical Rain Forests, Rivers, Mainstreaming, Infrastructure, Tourism, Forestry - Including HCVF and REDD+, Agriculture and agrobiodiversity, Species, Invasive Alien Species, Wildlife for Sustainable Development, Financial and Accounting, Payment for Ecosystem Services, Conservation Trust Funds, Natural Capital Assessment and Accounting, Land Degradation, Land Degradation Neutrality, Carbon stocks above or below ground, Land Productivity, Land Cover and Land cover change, Food Security, Sustainable Land Management, Sustainable Agriculture, Restoration and Rehabilitation of Degraded Lands, Community-Based Natural Resource Management, Improved Soil and Water Management Techniques, Income Generating Activities, Sustainable Livelihoods, Ecosystem Approach, Integrated and Cross-sectoral approach, Sustainable Forest, Influencing models, Convene multi-stakeholder alliances, Strengthen institutional capacity and decision-making, Transform policy and regulatory environments, Demonstrate innovative approaches, Deploy innovative financial instruments, Stakeholders, Communications, Awareness Raising, Education, Public Campaigns, Civil Society, Community Based Organization, Academia, Non-Governmental Organization, Trade Unions and Workers Unions, Beneficiaries, Local Communities, Type of Engagement, Information Dissemination, Participation, Partnership, Consultation, Private Sector, Individuals/Entrepreneurs, Non-Grant Pilot, Capital providers, Large corporations, Indigenous Peoples, Gender Equality, Gender results areas, Capacity Development, Knowledge Generation and Exchange, Access and control over natural resources, Participation and leadership, Access to benefits and services, Gender Mainstreaming, Sex-disaggregated indicators, Women groups, Gender-sensitive indicators, Capacity, Knowledge and Research, Learning, Theory of change, Adaptive management, Indicators to measure change, Targeted Research, Knowledge Generation, Innovation, Enabling Activities

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 1

**Climate Change Adaptation**

Climate Change Adaptation 1

**Duration**

36 In Months

**Agency Fee(\$)**

249,861

**Submission Date**

4/21/2020

**A. Indicative Focal/Non-Focal Area Elements**

<b>Programming Directions</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
BD-1-1	GET	979,684	5,400,000
LD-1-1	GET	640,000	5,815,000
LD-1-3	GET	501,455	5,950,000
LD-2-5	GET	509,000	7,600,000
	<b>Total Project Cost (\$)</b>	<b>2,630,139</b>	<b>24,765,000</b>

**B. Indicative Project description summary**

**Project Objective**

Conserve globally significant biodiversity and protect the integrity and resilience of critical ecosystems and their services in the targeted water towers.

<b>Project Component</b>	<b>Financing Type</b>	<b>Project Outcomes</b>	<b>Project Outputs</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
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Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Component 1: Establishment of public-private partnership platforms and enabling policies for sustainable management of the targeted water towers (catchments)	Technical Assistance	<p data-bbox="551 339 842 587">1.1: A Water Fund (WF) platform provides resources for sustainable and financially viable integrated catchment management that conserves biodiversity and ecosystem functions</p> <p data-bbox="539 635 853 847">1.2: Policy development and enhanced institutional collaboration enable upscaling of integrated natural resource management (INRM) in the water towers</p>	<p data-bbox="898 339 1144 432">1.1.1 Assessment of enabling conditions for scaling up WF</p> <p data-bbox="898 456 1144 549">1.1.2 Tools to scale up the WF model developed</p> <p data-bbox="898 572 1144 715">1.1.3 Sustainable finance secured from water-reliant entities in the public and private sectors</p> <p data-bbox="898 738 1144 799">1.1.4: One WF facility established</p> <p data-bbox="898 874 1144 1023">1.2.1: Enabling by-laws/regulations enacted in 2 target counties (Uasin Gishu &amp; Elgeyo-Marakwet</p> <p data-bbox="898 1046 1144 1353">1.2.2 Guidelines for linking and harmonizing WF management with climate-smart agricultural production and gazetted forest reserves and PA management drafted and adopted</p>	GET	208,000	2,012,000

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Component 2: Restoration of degraded catchment and wetland ecosystems and improved production practices and food value chains with the WF areas	Technical Assistance	<p>2.1: Community-based land use planning and implementation results in healthier and more resilient ecosystems that support improved food production and downstream water flows</p> <p>2.2: Improved smallholder agricultural and forestry management practices, and food value chains that incentivize sustainable management principles, improve food security and conserve biodiversity and ecosystem health</p>	<p>2.1.1 Enhanced awareness and skills of local communities to engage in participatory land-use planning</p> <p>2.1.2: A participatory catchment management plan for the EIWF is established and adopted for implementation, in line with existing management plans at catchment and sub-catchment levels</p> <p>2.2.1 Agroforestry and SWC implemented on 3.500 ha of degraded land</p> <p>2.2.2 Sustainable forest management implemented on 15,000 ha of degraded forest land</p> <p>2.2.3 Wetlands restored through implementation of green infrastructure on 500 ha</p> <p>2.2.4: Pro-poor and climate-smart food value-chains benefit 5,000 households (22,500 persons, 50% male and 50% female) with 20% rise in farm production</p>	GET	1,883,895	21,792,000

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Component 3: Capacity development and knowledge management support a paradigm shift toward INRM in important water towers	Technical Assistance	3.1: Monitoring and evaluation (M&E) tools and approaches enable tracking of local and global environmental benefits and support adaptive management and scaling up of the WF model	<div style="border: 1px solid black; padding: 5px;">           3.1.1 M&amp;E system for and with local stakeholders and county decision makers developed and adopted in 2 counties             3.1.2 Assessment and Knowledge management tools developed and adopted that facilitate the incorporation of INRM approaches into policy making to enable scaling beyond the targeted water towers         </div>	GET	413,000	165,000
<b>Sub Total (\$)</b>					<b>2,504,895</b>	<b>23,969,000</b>
<b>Project Management Cost (PMC)</b>						
					GET	796,000
					125,244	
<b>Sub Total(\$)</b>					<b>125,244</b>	<b>796,000</b>
<b>Total Project Cost(\$)</b>					<b>2,630,139</b>	<b>24,765,000</b>



**C. Indicative sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
GEF Agency	IFAD - INTERNATIONAL FUND OF AGRICULTURAL DEVELOPMENT	In-kind	Recurrent expenditures	1,605,000
Others	TNC	In-kind	Recurrent expenditures	337,000
Private Sector	Local corporate partners, e.g. Coca Cola, Water utility companies (water tariffs)	Grant	Investment mobilized	1,610,000
Beneficiaries	local resources users	In-kind	Recurrent expenditures	322,000
Beneficiaries	local resources users	Grant	Investment mobilized	15,000
Government	GoKenya (taxes and duties)	In-kind	Recurrent expenditures	3,940,000
Government	Elgeyo-Marakwet County	In-kind	Recurrent expenditures	7,100,000
Government	Uasin Gishu County	In-kind	Recurrent expenditures	7,500,000
Government	GoKenya	In-kind	Recurrent expenditures	2,336,000
			<b>Total Project Cost(\$)</b>	<b>24,765,000</b>

**Describe how any "Investment Mobilized" was identified**

The proposed project will contribute to and benefit from a parallel IFAD-led investment that is currently under development, the Kenya Livestock Commercialization Project (KELCoP). KELCoP will cover 10 counties in the Northern, Western and Rift Valley regions, including Elgeyo-Marakwet, aiming at three livestock value chains - small ruminants, poultry and honey - predominantly carried out by women and the relatively poor among small-scale farmers. Contributions from the private sector are indicative, conservatively calculated, and not yet fully confirmed; public sector utilities, e.g. the Eldoret Water and Sanitation Company (ELDOWAS) will provide funds based on water tariffs including WF contributions. They will be firmed up during the PPG and are based on similar experiences with the first African Water Fund in Kenya as well as other water funds in Latin America.

**D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds**

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
IFAD	GET	Kenya	Biodiversity	BD STAR Allocation	979,684	93,068	1,072,752
IFAD	GET	Kenya	Land Degradation	LD STAR Allocation	1,650,455	156,793	1,807,248
<b>Total GEF Resources(\$)</b>					<b>2,630,139</b>	<b>249,861</b>	<b>2,880,000</b>

**E. Project Preparation Grant (PPG)**

PPG Required

**PPG Amount (\$)**

91,325

**PPG Agency Fee (\$)**

8,675

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
IFAD	GET	Kenya	Biodiversity	BD STAR Allocation	34,016	3,231	<b>37,247</b>
IFAD	GET	Kenya	Land Degradation	LD STAR Allocation	57,309	5,444	<b>62,753</b>
<b>Total Project Costs(\$)</b>					<b>91,325</b>	<b>8,675</b>	<b>100,000</b>

## Core Indicators

### Indicator 1 Terrestrial protected areas created or under improved management for conservation and sustainable use

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
85,138.00	0.00	0.00	0.00

### Indicator 1.1 Terrestrial Protected Areas Newly created

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
Akula National Park	125689	Select				<input type="checkbox"/>
Akula National Park	125689	Select				<input type="checkbox"/>

### Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
85,138.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
<b>Akula National Park</b> Forest Reserves Cheboit Chemurukoi Kaisungor Kaptagat Kerrerr Kipkabus (U. Gishu) Kipkabus (Elg-Mara) Kipkunurr Northern Tinderet Sogotio Toropket	<b>125689</b> Incl. 7546, 7548, 7567, 7577, 7587, 7610, 7611, 7612, 7693, 7713, 7729.	<b>Select</b> Others	85,138.00						

**Indicator 3 Area of land restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
19000.00	0.00	0.00	0.00

**Indicator 3.1 Area of degraded agricultural land restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
3,500.00			

**Indicator 3.2 Area of Forest and Forest Land restored**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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15,000.00			
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Indicator 3.3 Area of natural grass and shrublands restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Indicator 3.4 Area of wetlands (incl. estuaries, mangroves) restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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500.00			
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Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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15862.00			
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0.00			
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0.00			
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0.00			
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Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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5,862.00			
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Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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10,000.00			
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Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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## Documents (Please upload document(s) that justifies the HCVF)

Title		Submitted		
<b>Indicator 6 Greenhouse Gas Emissions Mitigated</b>				
<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
Expected metric tons of CO <sub>2</sub> e (direct)	400000	0	0	0
Expected metric tons of CO <sub>2</sub> e (indirect)	254500	0	0	0
<b>Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector</b>				
<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
Expected metric tons of CO <sub>2</sub> e (direct)	400,000.00			
Expected metric tons of CO <sub>2</sub> e (indirect)	254,500			
Anticipated start year of accounting				
Duration of accounting				
<b>Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector</b>				
<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
Expected metric tons of CO <sub>2</sub> e (direct)				
Expected metric tons of CO <sub>2</sub> e (indirect)				
Anticipated start year of accounting				
Duration of accounting				
<b>Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)</b>				
<b>Total Target Benefit</b>	<b>Energy (MJ) (At PIF)</b>	<b>Energy (MJ) (At CEO Endorsement)</b>	<b>Energy (MJ) (Achieved at MTR)</b>	<b>Energy (MJ) (Achieved at TE)</b>
Target Energy Saved (MJ)				
<b>Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)</b>				
<b>Technology</b>	<b>Capacity (MW) (Expected at PIF)</b>	<b>Capacity (MW) (Expected at CEO Endorsement)</b>	<b>Capacity (MW) (Achieved at MTR)</b>	<b>Capacity (MW) (Achieved at TE)</b>

**Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment**

	<b>Number (Expected at PIF)</b>	<b>Number (Expected at CEO Endorsement)</b>	<b>Number (Achieved at MTR)</b>	<b>Number (Achieved at TE)</b>
<b>Female</b>	65,000			
<b>Male</b>	65,000			
<b>Total</b>	130000	0	0	0



## Part II. Project Justification

### 1a. Project Description

#### **•1) Global environmental and/or adaptation problems, root causes and barriers**

The main drivers of degradation in Kenya's upper catchment areas include the expansion of agriculture, wood fuel harvesting, legal/illegal logging, poor enforcement of forest protection laws, forest excision for settlements, invasive alien species, rapid urbanisation, growing demand for timber and charcoal trade, and other forms of human encroachment. These drivers are threatening the forest ecosystems and important wetlands (e.g. in Uasin Gishu County) in Kenya's water towers, driving the destruction of Kenya's rich biodiversity and undermining the livelihoods of smallholder farmers. As a result of these threats, sedimentation is becoming a serious problem, reducing the capacity of reservoirs and increasing the cost for water treatment. The challenges to water security will likely grow as climate change brings increasingly unpredictable rainfall, further challenging the resilience of catchment ecosystems and the food security of upstream smallholder farming systems.

At independence in 1963, Kenya's forests covered 10% of the total land area. However, since the 1970s, forests on steep hillsides and areas of wetlands have been converted to agriculture and, by 2003, forest cover had drastically declined to about 2%. Deforestation in Kenya's water towers deprives the Kenyan economy of 6 billion Shillings annually and threatens the supply of more than 70% of the country's water.

Forests and wetlands in upper catchment areas play an important role in maintaining water quality and quantity, providing areas where runoff water and sediment can be captured, stored, and filtered naturally. Over 75% of the country's renewable surface water originates in the forests comprising the country's water towers and catchments. Thus, these water tower regions are vital for human livelihoods, irrigated agriculture, and hydro-power generation. Major water catchment areas or water towers in Kenya are Mount Kenya, Aberdare Ranges, Mau Forest, Mt. Elgon and Cherangani Hills. Kenya is seeking best participatory ways of integrating good water tower management practices while safeguarding livelihoods for indigenous communities, including the Sengwer people, also occasionally referred to as the Cherangani people, in the Embobut part of the Cherangani Hills water tower.

Increasing water demand: Water resources in Kenya are affected by growing demand, due to increasing population, industrialisation and changing lifestyles. To this end, Kenya has been described as a water-scarce country, with rapidly dropping fresh water availability. In 1992, the per capita water availability was about 647 m<sup>3</sup>. Due to increasing population, this had dropped to 534 m<sup>3</sup> per capita by 2011 and is projected to decline to 235 m<sup>3</sup> by 2025, meaning the country will be severely water stressed. Meanwhile, the demand for water supplies and services continues to grow. The total water demand for domestic and industrial use, irrigation, livestock, wildlife, and inland fisheries will increase from 3,218 million m<sup>3</sup> per year in 2010 to 21,468 million m<sup>3</sup> per year in 2030 and, by 2050, the demand is expected to be 23,141 million m<sup>3</sup> per year. Current developed water infrastructure in the country is often inadequate across all services, including for industrial, commercial, domestic, as well as for irrigation, livestock and wildlife use. In addition, excessive abstraction of surface and groundwater and over-cultivation of water catchment areas are causing soil erosion and contamination of water sources by increasing the eutrophication and siltation of lakes, dams and pans and increasing pollution from municipal water sources and toxic chemicals, including agricultural pesticides and heavy metals. Thus, the increasing demand for water will continue to intensify competition among users and uses. Meeting the growing demand for water in Kenya faces major challenges particularly due to rapid urbanisation and changing lifestyles.

Land degradation and deforestation: Land degradation is increasing in many areas of Kenya both in severity and extent, with over 20% of all cultivated areas, 30% of forests, and 10% of grasslands subjected to degradation. The main causes of land degradation include: population growth and increasing food demand, leading to more land opened for cultivation with attendant destruction of natural vegetation; poor farming practises (e.g., failure to use inputs, over-grazing); invasive alien species; poorly planned infrastructure developments; and generally unsustainable over-exploitation of natural resources.

Biodiversity: The catchments the project targets for conservation through the Eldoret-Iten Water Fund form part of two of Kenya's major Water Towers, the Cherangani Hills and the Mau Forest Complex. The Mau Forest Complex is the largest indigenous montane forest in East Africa. The Forest complex has a total area of 273,300 ha (675,000 acres)[1]<sup>1</sup> and is the largest drainage basin in Kenya, with numerous rivers originating from the forest, and feeding major water bodies such as Lake Victoria and Lake Natron, including Lake Nakuru and Lake Baringo, which are Ramsar sites. The Mau is equally an Important Bird Area (IBA), regarded by Birdlife International as being in danger due to the very high pressures it is under. The forest is home to a rich bird community and regional endemics such as *Tauraco hartlaubi* and the restricted-range *Cisticola hunteri* and *Francolinus jacksoni*, as well as regionally threatened species. "This forest holds one of the richest examples of a central East African montane avifauna, and its size means that populations of most species are likely to be viable." [2]<sup>2</sup>

Cherangani Hills is an important biodiversity hotspot harboring several forest types [3]<sup>3</sup> and regionally threatened species such as the African crown eagle (*Stephanoaetus coronatus*), the red-chested owlet (*Glaucidium tephronotum*), Sitatunga antelope (*Tragelaphus spekii*) and Thick-Billed Honeyguide (*Indicator conirostris*). The forest is

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classified under the East Afromontane ecosystem type as one of 36 globally recognized biodiversity hotspots.[4]<sup>4</sup> The ecosystem is home to 2,350 endemic plant species and 157 endemic bird species. Although invertebrates have not been well-studied in the area, it is probable that there is a significant level of endemic species providing valuable ecosystem services through pollination for the agricultural sector. Further, the water tower has important conservation areas including Saiwa Swamp National Park, South Turkana National Reserve, Rimoi Game Reserve and Kerio Valley National Reserve, which generate important revenues to local communities through tourism attracted by the areas rare biodiversity.

The dominant Land Use and Land Cover (LULC) within the forest zone in Cherangani Hills is open forest (30%) and cropland (45%) in the 5 km buffer zone. Between 1990 and 2016, there was an overall loss of 13,003 ha of forest cover, equivalent to an annual loss of 500 ha. In the Mau Forest complex' buffer zone, crop land increased by 12,953 ha between 1990 and 2016 to become the dominant land cover and forest land occupied only 25% of the area.

Within the project area, there is a network - or rather a patchwork - of gazetted forest areas (PAs) covering a total of 85,138 ha, equally under increasing pressures through forest encroachment for cultivation and grazing, deforestation, illegal logging of indigenous trees for timber and charcoal, uncontrolled harvesting of forest products, as well as human settlements.

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[1] WWF (2020). The Mau Forest Complex and Catchment Basin. [https://wwf.panda.org/wwf\\_news/?10823/The-Mau-Forest-Complex-and-Catchment-Basin](https://wwf.panda.org/wwf_news/?10823/The-Mau-Forest-Complex-and-Catchment-Basin)

[2] BirdLife International (2020) Important Bird Areas factsheet: Mau forest complex. Downloaded from <http://datazone.birdlife.org/site/factsheet/mau-forest-complex-iba-kenya> on 08/04/2020.

[3] *Aningeria strombosia* forest, with a large area of mixed *Podocarpus latifolius* forest on the higher slopes. The southern slopes hold *Juniperus nuxia* and *Podocarpus falcatus* forests. Valleys in the upper peaks area shelter sizeable remnants of *Juniperus – Maytenus undata*–*Rapanea*–*Hagenia* forest. Tree ferns *Cyathea manniana* occur in stream valley, and there are patches of bamboo *Arundinaria alpina*. In clearings, *Acacia abyssinica* occurs among scrubby grassland with a diversity of flowering plants. At higher altitudes, the forest is interspersed with a mixture of heath vegetation and swamp then later with *Lobelia aberdarica* and *Senecio johnstonii*. The eastern region has a mosaic of vegetation types with little altitudinal zonation, possibly as a result of the hills' varied topography and the long history of interchanging practices of cultivation, grazing and bush fires, and the establishment of plantations. KWTa Status Report for Cherangany and Mt. Elgon, 2018, p. 20.

[4] <https://www.cepf.net/our-work/biodiversity-hotspots/eastern-afromontane/species>

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Climate change: There is growing evidence of climate change in Kenya. The frequency of droughts, floods, and other extreme climate events has increased over the last four decades. Since the early 1960s, both minimum and maximum temperatures have been increasing (warming) throughout the country. The minimum temperature has risen by 0.2-1.3°C, depending on the season and the region. Temperatures are increasing, and the six warmest years have all occurred since 1987. Also, the frequency of ‘hot’ days has increased dramatically, by 57 days per year, whilst cold nights have declined by 42 days per year. Projections indicate increases of 1.0-3.5°C by the 2050s. The general warming is leading to reduced glaciers on Mt Kenya and sea level rise along the coast. Kenya’s National Climate Change Response Strategy (2010) and National Climate Change Action Plan (2013) seek to mainstream an inclusive and equitable low-carbon development pathway for the country in the face of climate change. The Action Plan feeds into Vision 2030’s Second Medium Term Plan (2013-2017) and lays a solid foundation for reducing vulnerability to climate change and enhancing climate adaptation in the country. It incorporates adaptation and mitigation efforts in all key sectors including: livelihood diversification, development of human capital, water resources conservation and development, climate-proofed infrastructural development (roads and energy), reforestation, forest restoration, and climate-resilient agricultural systems, among others.

The above-mentioned threats are often exacerbated by barriers that limit the efforts to reducing the threats. Some of these barriers can be clustered as follows:

a) Weak institutional frameworks and capacities, particularly at devolved levels

While water is increasingly recognised as a very important resource in policy frameworks, such as the Constitution (2010) or the National Development Strategy (Vision 2030), integrated water resource management or integrated catchment management approaches are rarely practiced in Kenya. A broad array of sectoral policies touch upon water management, and these tend to exist in silos without good alignment, thus allow for overlapping or even contradictory implementation plans and aims. In parallel, the county governments received the mandates and responsibilities for implementing natural resource policies through the decentralisation process that began with the enactment of the new Constitution in 2010. However, county governments are struggling to allocate sufficient resources to ensuring this implementation and face difficulties in retaining staff and technical capacities for doing so.

b) Limited land use planning and continued land fragmentation

Unfortunately, land areas which experience the highest degradation coincide with the most productive areas in the country. These areas are experiencing increased fragmentation and deforestation due to rising anthropogenic pressures, including population growth and thus demand for new cultivation and grazing lands as well as for settlements. This is not met by adequate land use planning approaches that would account for the rising demands and pressures on natural resources, nor are such land use planning practices widespread or even taught.

c) Sketchy monitoring, evaluation and knowledge management for natural resources

In line with the mostly compartmentalized and sectoral policies, approaches to monitoring and evaluation of attempts to address drivers, root causes or even barriers to environmental degradation are scattered and only rarely coordinated across counties. While the technical knowledge of such monitoring and evaluation techniques might be available, it is not used consistently enough to inform policy and decision making at both county and national levels, leading to the further persistence of policies and implementation plans that do not meet demand and reality in natural resource management.

Therefore, to reduce and eventually remove these barriers to effectively addressing aforementioned environmental challenges, the proposed project particularly aims at

- a) institutional support and reform, providing sustainable financing models, and policy influencing to catalyse sustainable land use management, and sustainable food value chains in its component 1;
- b) community-led land use planning and improved agricultural practices in its component 2; and
- c) coherent knowledge management, monitoring and evaluation in its component 3, so as to prepare the enabling environment, to provide sustainable resources and to inform policy and decision making in favor of integrated natural resource management.

Both the threats and barriers to sustainable use and forest conservation will be addressed through the project's landscape approach:

- Via incentivizing biodiversity protection both on-farm and in the forests, focusing on the two sectors that have significant biodiversity impacts, i.e. agriculture and forestry (energy-efficient stoves, IAS for briquette production, water harvesting and wetland conservation, agroforestry and climate-smart agriculture (CSA) with a broader cropping variety, etc.);
- Integrated catchment management planning with a focus on both biodiversity conservation and land degradation instead of separate planning tools and processes for forests and farms;
- Capacity development for sustainable land use planning and integration of monitoring and evaluation approaches into extension services' portfolios and their PA management mandates;
- Influencing of County policies and by-laws to mainstream integrated natural resource management into sectoral approaches and to incentivize biodiversity-positive land and resource use remaining productive without degrading biodiversity.

**2) Baseline scenario and associated baseline projects**

The GEF, during its 6<sup>th</sup> replenishment period, helped establish Africa's first Water Fund (WF), the Upper Tana Nairobi Water Fund (UTNWF). The UTNWF brought together diverse partners to address serious water security challenges through improving farming practices in the watershed. By building on the expertise of scientists from The Nature Conservancy (TNC) gained from designing more than 30 WFs around the world and working with Kenyan stakeholders, the UTNWF bridged gaps between national and devolved institutions and policies through an integrative approach, linking different sectoral concerns for a single commodity (i.e., water) with multiple users. This pioneer WF helped a critical mass of stakeholders learn the unique skills of establishing a public-private partnership for conservation of nature and growing benefits for people and nature. The proponents have also developed a toolbox detailing the various recommended steps in WF development. This knowledge base has been applied in securing the water supply to East Africa's most important business hub and city, Nairobi, and could be deployed to help Kenya save its fast degrading water towers and its differing, more rural environmental settings for a broader upscaling of the water fund approach.

The proposed project seeks to scale up previous WF work to conserve Kenya's water towers and implement actions to strengthen the incentives provided by food value chains for sustainable and resilient production practices. In this, it builds upon ongoing work of its main partners in the two counties, namely:

Kenya Water Towers Agency (KWTA): The organisation has been a collaborator to TNC in baseline investments and also has led pioneering work in indigenous bamboo promotion and growing for river riparian areas and livelihood diversification. KWTA has also piloted rainwater harvesting techniques and biogas adoption by prior forest-grazing farmers. The cost over the last two years is calculated at USD 800,000. Results from these activities have helped in selecting appropriate interventions and determining potential success rates for the proposed project. They will continue regardless of the EIWF approval, albeit at a much slower pace and range.

Kenya Forest Service (KFS), has a continued mandate to protect and enhance Kenya's forests through reforestation and forest conservation. KFS does so in the two counties through collaboration with and support to the Community Forest Associations (CFAs) in the catchment, establishing, guiding and supporting community nurseries for providing the seedlings for reforestation, or capacity development for community leaders as well as regular forest restoration activities. KFS further sustained an operation to reduce illegal forest settlers, which has seen community who had previously encroached in the forest move to their adjudicated settlement areas. As a result, this operation has recovered over 8,000 hectares, which are now ready for rehabilitation and natural regeneration. KFS has invested USD 500,000 in direct cost of the operation over the past two years, in addition to the cost for its regular forest conservation efforts equalling at least twice this amount. The EIWF project can build on these initiatives to reforestation and community engagement, while strengthening collaborative approaches.

County governments of Uasin Gishu and Elgeyo-Marakwet: The two county governments' ministries in charge of environment, water and natural resources have led over the last two years investments of USD 180,000 and USD 150,000 each to support direct environment conservation activities in the watershed areas that supply both Eldoret and Iten urban areas as well as the upstream forest areas and small-scale farm operations. Most of this support was in direct tree growing, riparian area protection, community mobilization and conservation training. Both counties invested much more than the above-stated amount in 'grey infrastructure', i.e. dam excavation, pipeline protection etc. They are therefore very much interested to engage in longer-term 'green' investments through a water fund.

The Nature Conservancy (TNC) has invested in capacity development for local stakeholders including 16 steering committee members who have been taken through public-private partnerships development and Water Fund feasibility and design certificate courses. This included training of national government officers in the region, relevant county staff as well as private sector representatives drawn from the water utility companies and the Kenya Association of Manufacturers (KAM) as well as the Kenya National Chamber of Commerce and Industry (KNCCI). TNC also offered two of the Water Fund leaders' international training in Senegal to further their skills. The objective of this investment was to build longer term capacity to develop a well sustained Water Fund that can lead conservation investment and community engagement for long-term conservation stewardship. The estimated direct costs for this work is USD 50,000.

Certificates attained:

Stakeholders: <https://tnc.box.com/s/dv0xniyt5tk1ov1eqfg3mb6mepd4v6c4>

Water Fund Committee: <https://tnc.box.com/s/3mrqxa697rbg0144nirqoy2pyrybj4vh>

TNC has led the mobilization of stakeholders, GIS-based resource mapping and pre-feasibility study development in both Uasin Gishu and Elgeyo-Marakwet counties. These were further validated in stakeholders' fora convened to receive broader stakeholders buy-in and endorsement. The estimated total cost of this work is USD 100,000, including USD 40,000 from the GEF-6 grant through the Upper Tana- Nairobi Water Fund project.

While TNC investments are not baseline investments in the narrow sense of interpretation, they contribute to preparing the ground for project intervention and contribute thus to project readiness and preparation.

### **3) Proposed alternative scenario (proposed work)**

The project’s goal is to work with public and private sector partners to promote sustainable land and forest management, ecosystem restoration and integrated natural resource management approaches (INRM) in five critical and threatened water tower catchments in Uasin Gishu and Elgeyo-Marakwet Counties by establishing a WF as a sustainable financing mechanism and strengthening the enabling environment for transformational change in Kenya’s smallholder production sector.

Table 1: Terminology and areas covered by the project

Term	Definition
<b>Water Tower</b>	<p>Mountainous region and highland area that acts as a receptacle for rain water, stores it in aquifers and gradually releases the water to rivers and springs emanating from it. (Kenya Water Towers Agency, KWTA)</p> <p>Kenya has defined five water towers as the country’s primary and most important sources of water, this includes a) Aberdare ranges; b) Cherangani Hills; c) Mau forest complex; d) Mount Kenya; and e) Mount Elgon. In addition, KWTA is gazetting further areas capturing substantive amounts of water as Water Towers (<a href="https://watertowers.go.ke/wtowers/">https://watertowers.go.ke/wtowers/</a>).</p> <p>A Water Tower is not clearly defined in geomorphological terms and is rather likely to follow administrative delineations for the purpose of its management. It normally comprises more than one à catchment area and definitively several à sub-catchment areas</p>
<b>Catchment or catchment area;</b> terms used interchangeably depending on language use in different geographies (US vs. Canada or UK: <i>drainage basin, divide or area, watershed</i> )	<p>A catchment area is any area of land where precipitation collects and drains off into a common outlet, such as into a river, bay, or other water body. The catchment area includes the surface water from rain runoff and nearby streams that run downslope towards the shared outlet, as well as the groundwater underneath the surface.</p>
<b>Sub-catchment area</b>	<p>Depending on geographic features such as ridges, escarpments or valleys, catchment areas can contain smaller sub-catchment areas collecting water in separate outlets or pour points.</p> <p>For managerial needs, rivers are sometimes divided into upstream, midstream and/or downstream “sub-catchment areas”, although geomorphologically being just one catchment area</p>



<p><b>Project intervention area</b></p>	<p>The proposed project will target one water fund encompassing five catchment areas of the Moiben and Sosiani river systems, being the main sources of water for upstream protected area forests and small-scale farming activities, and for the downstream Eldoret and Iten cities. These catchments are Moiben, Two Rivers, Tambach, Kipkaren and Kesses (map 2 in annex A and table 2). They are situated within two Kenyan Counties, Uasin Gishu and Elgeyo-Marakwet, and belong to two of Kenya’s declared top five water towers: the Cherangani Hills (the northern project area) and Mau Forest Complex (the southern project area). A third Water Tower in close vicinity, Mt. Elgon, underscores the area's importance for water provision to Kenya.</p> <p>The overall project intervention area spans about 120,000 ha, within which lie 10 protected forest areas, covering 85,138 ha (map 3 in annex A and table 3), listed on the World Database of Protected Areas (WDPA). These PAs are named ‘gazetted forest areas’ in the Kenyan context. In line with Kenyan legislation, each PA has a buffer zone of 5 km to support the PA management efforts. Both the PAs and the buffer zones are of particular concern for the landscape restoration approach pursued by the project.</p> <p>The five catchments are divided into 9 sub-catchment areas, each of which has a Water Resource Users Association (WRUA) who are tasked to develop and implement a sub-catchment management plan (SCMP). All catchments face severe challenges with regard to biodiversity and forest loss, and land degradation, e.g. encroachment on forests and wetlands, soil erosion due to inappropriate agricultural techniques being employed, also on steep slopes.</p>
<p><b>Project interventions and core indicator links</b></p>	<p>Through its interventions, the project will restore 19,000 ha of degraded land (core indicator 3), composing of 3,500 ha of agricultural lands with agroforestry and sustainable water management (output 2.2.1); 15,000 ha of gazetted forest areas under SFM (output 2.2.2) and 500 ha of wetlands being restored (output 2.2.3), in addition to 85,138 ha of forest PAs being under improved management (core indicator 1) and a further 15,862 ha of areas outside of the above PAs being under improved management (core indicator 4).</p>

Initially, this PIF was submitted targeting three water towers in a) Shimba Hills, providing water to Mombasa, b) Aberdare Ranges, serving Kiambu and Nairobi, and c) Cherangani Hills, supplying water demand in Eldoret, capital city of Uasin Gishu county, as well as Iten, the capital of Elgeyo-Marakwet county. Using the opportunity of the mid-term review of the UTNWF project, a scoping mission was tasked in September 2019 with additional stakeholder engagement and baseline assessments in these three water towers. The scoping mission provided an additional solid foundation informing this PIF, including on how to best incorporate lessons learned from UTNWF implementation into project design and during its PPG phase. However, the most important recommendation was not to spread efforts too thinly across various spatially and environmentally different watersheds and to instead focus on one water tower to achieve best possible results on the ground that can serve as best practice and lessons to be learned for a further scale-up to other water towers, in Kenya and beyond. Most importantly, the scoping mission voiced concerns with regard to Shimba Hills and its Mwache dam catchment, in that resettlement

plans for the dam construction could probably have negative impacts on the WF project, as well as the big dam construction pushing the proposed WF into a category A project, requiring extensive focus on and resources for risk management and monitoring the implementation of safeguard procedures, and thus further reducing resources and efforts for implementation on the ground aiming for tangible environmental, social and economic benefits for local smallholders as well as global environmental benefits.

Table 2: The hectares for the 5 catchment areas represented in the Eldoret-Iten WF as per attached maps

(Annex A)

Catchment Name	Area in Hectares
Tambach	2,084.26
Moiben	17,741.2
Two Rivers	26,777.5
Kipkaren	54,509.6
Kesses	16,128.6
<i>Total</i>	<i>117,241.16</i>

Table 3: The areas of gazetted forest reserves (protected areas) within the source water catchment areas.[1]

# on map 3	Forest Reserve Name	Area in Hectares	WDPA ID
1	Cheboit	2,524	7546
2	Chemurokoi	3,974	7548
3	Kaisungor	1,087	7567
4	Kaptagat	12,931	7577
5	Kerrer	2,238	7587
6a	Kipkabus (Uasin Gishu)	6,929	7610

6b	Kipkabus (Elgeyo-Marakwet)	6,504	7611
7	Kipkunjurr	15,869	7612
8	Northern Tinderet	29,413	7693
9	Sogotio	3,550	7713
10	Toropket	119	7729
	<i>Total</i>	<i>85,138</i>	

[1] As referred to in the explanations to the Core Indicator Table F above, the overall hectares of the gazetted forest reserves were reviewed by the KFS, the new data now in official use not necessarily aligning with WDPA data for all areas.

In addition, a mapping exercise overlaying the PAs with the project intervention area revealed inconsistencies for the WDPA data which are now reconciled for the PIF. These reduced the number of PAs and their area within the catchment area and thus under direct influence of project activities. However, this did not result in any change to the core indicators.

The concept of WFs is based on the principle that it is less expensive to protect water resources at the source than it is to address reduced flow and degraded water quality downstream. Investments in green infrastructure that use natural systems and their services to trap sediment and regulate water flow often provide a more cost-effective approach than relying solely on grey infrastructure such as reservoirs and treatment systems. Such investments also contribute to biodiversity conservation, ecosystem health and resilience, farmer livelihoods, and food security by introducing sustainable, climate-smart agricultural (CSA) techniques that increase yields and reduce soil erosion that is damaging to crop production and downstream water quality and supply. Integrated catchment management aims at increasing ground cover, maintaining and restoring forest ecosystems and also contributes to increasing genetic diversity of globally significant cultivated plants that are sustainably used within production systems. It also raises the appreciation of smallholders to integrating the protection and sustainable use of biodiversity into their soil and plant management approaches, and thus preserving indigenous plant species and preserving or even broadening the plant pool within the catchment. Furthermore, in working with both local smallholders and agencies and decision makers at county level, the proposed project will not only promote sustainable use practices on the ground but also influence sectoral policies and regulatory frameworks to mainstream and incorporate biodiversity conservation and sustainable use considerations. Conceived as a public-private-partnership of donors and major water consumers 'at the tap', private sector partners contribute to the initial endowment of the WF to support water and soil conservation measures 'at the top'. Overall, WFs can be regarded as 'payment for water services' schemes, sustainably mobilizing investments into watershed conservation in return for increased water quality and quantity for water-reliant producers in the public and private sectors. The

major water users pay for the investment, implementation in the upstream catchments is carried out by local smallholders and community groups, and tariff-based deductions benefit small-scale consumers and citizens, allowing them to take better care of their important water resource. Water funds have been successfully implemented elsewhere in the world to help secure the water quality and supply of major cities including New York, Quito, Rio de Janeiro, and Lima, among others, and most recently in Nairobi. The proposed work will focus on the targeted water towers in Uasin Gishu and Elgeyo-Marakwet counties; their beneficiary urban centre comprises Eldoret, the 5<sup>th</sup> largest Kenyan city with a population of approximately 290,000 inhabitants according to the 2009 census. However, as Eldoret is also the fastest growing Kenyan city, its current population is estimated at already 400,000.

The project, through its network of public agencies, private sector entities, NGOs and CBOs, will support smallholder farmers to adopt climate-smart sustainable land management practices, with the objectives to:

- a) stabilise and restore ecosystems and their services in the targeted areas, including for important wetlands;
- b) conserve and protect the catchments' ecological integrity and globally significant biodiversity;
- c) increase food security and climate adaptation potential at the household level; and
- d) improve water quality and quantity for both upstream and downstream water users.

The project's goal and objectives will be supported through the following components with their respective outcomes:

Component 1: Establishment of public-private partnership platforms and enabling policies for sustainable management of the targeted water towers (catchments)

To promote integrated water resource management approaches and to address the persistent barriers of a weak enabling environment and scarce resources, component 1 aims at institutional support and collaboration, providing sustainable financing models, and policy influencing to catalyze sustainable land use management and sustainable food value chains. Based on the experiences and good examples from the UTNWF implementation, e.g. that Nairobi receives over 20 million additional litres of water from its catchments than it did before the Upper Tana/Nairobi Water Fund, and over 800,000 city dwellers together with the major water using sectors benefit from more reliable water supply, there is strong political support at national and county levels for upscaling the water fund concept. The aim is not only to replicate in the proposed location, but to prove the concept with a different stakeholder environment and challenges, so as to bring the water fund approach to other Kenyan water towers. Private sector stakeholders are equally very interested in joining and contributing to similar schemes, and policy makers discuss amendments of water policies, e.g. to tariff-based conservationschemes. Consequently, the outcomes and related outputs are:

Outcome 1.1: A Water Fund (WF) platform provides resources for sustainable and financially viable integrated catchment management that conserves biodiversity and ecosystem functions

In line with this outcome, the outputs are:

1. Assessment of the enabling conditions for a scaling-up of the Water Fund concept;
2. Tools to scale up the WF model developed;
3. Sustainable finance secured from water-reliant entities in the public and private sectors;  
so as to have
4. One WF facility established.

Among the deliverables for these outputs are

- Proposals for the legal status and governance structure of the EIWF
- Close cooperation with the Water Services Regulatory Board (WASREB) to engage in policy dialogue/development towards the allocation of conservation tariffs generated by water utility companies to initiatives such as the water fund.
- Business case studies, policy briefs and best practice materials to target specific audiences on the WF approach
- Liaison with relevant policy entities to integrate the WF approach into water towers management strategies
- Mobilizing high-level support for policy, legal, public and private partners
- A fund-raising strategy, allowing for productive engagement with potential funders and the development of communication products to sustain such funding flows
- Establishment of the EIWF, facilitation of initial governance meetings, engagement of EIWF bodies in field monitoring
- Enabling the seamless transition from the project to the EIWF management structures

A Water Fund Facility refers to the administrative structure governing a WF, coordinating and being responsible for administrative and fiduciary aspects of the operations and aims of the WF, i.e. providing public-private collaboration for integrated water resource and catchment management, resulting in payments for water services and related returns

on investment through watershed conservation measures leading to improved water quality, quantity and supply for upstream and downstream water users and partners. A Water Fund Platform comprises the administrative structure as well as partners contributing to the WF operations.

### Water Fund Structure

As part of the initial project preparations, a 12 member EIWF stakeholder steering committee has been set up. This committee has been involved in initial preparatory activities including contributing to the feasibility studies and stakeholder mobilisation. This body shall be maintained during the project and serve as a local level Stakeholder Steering Committee for the project. This committee is made up of a consortium of public and private sector entities with an interest in water and conservation issues. It is comprised of TNC as the convener, Eldoret Water and Sanitation Company (ELDOWAS), Iten Tambach Water and Sanitation Company (ITEWASCO), Elgeyo-Marakwet and Uasin Gishu County Governments, Kenya Water Towers Agency (KWTA), Kenya Forest Services (KFS), University of Eldoret, Moi University, Kenya National Chamber of Commerce (KNCC), Kenya Association of Manufacturers (KAM), WRUA and CFA representatives and a representative of communities. The project shall cooperate with these organizations in instituting the EIWF organizational and governance structures, including the WF Board of Trustees and the Management Board. Upon full establishment of the Fund structures, the EIWF stakeholder steering committee will be transformed into a WF Advisory Council that would support the Board of Trustees and Board of Directors.

So far, active membership and contributions from the private sector to the EIWF were agreed upon by Coca Cola, the New KCC dairy producer and the two water utility companies in Eldoret and Iten. Support to attracting further private sector partners will be provided by the two umbrella organizations KNCC and KAM, being active members of the committee. Private sector entities are selected and will be approached according to their respective roles in water utilization, the impact of their activities in the watersheds and/or their potential role in improving the current situation toward sustainable use.

It is intended that the project will be institutionalized into a Water Fund. In this regard the project structures will be transformed into the structures of the Trust Fund modelled along the same structures as those of the UTNWF. Along these lines a Board of Trustees would be responsible for the governance issues of the Fund; a Board of Management to provide guidance and oversight over the operations of the Fund and a Secretariat to be responsible for the day to day activities of the Fund. The experience of the UTNWF points to the need to accelerate the transfer of oversight and management from the GEF-supported project to the Fund itself in order to allow for consolidation of the emerging structures during the life of the project. This will not only ensure a smooth hand-over of activities to the new body, but also provide for a transfer of institutional knowledge. It is expected that the structures and operational procedures for the EIWF will be institutionalized no later than the end of project year two (PY2). Once completed, activities under the project will be transferred to WF for the remaining period of the project under the overall oversight of TNC.

A very rough cost estimation for the establishment and the operation of a water fund is provided below:

WF Facility establishment

Scoping and consultative process	50,000
Feasibility study	60,000
Designing the Water Fund Facility	150,000
Governance / legal mechanism and incorporation	50,000
Launch and strategic marketing	25,000

WF operations and management (O&M)

Pilot on-the-ground activities (optional)	150,000
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Annual cost of conservation investment - is determined by size of watershed and conservation needs at design. May vary from 300,000 – 1m

Duration for conservation investment - varies and is determined at design Often 5-15 years

Need of endowment - is determined by the longevity of needs and investment potential of partners.

Often, O&M can be undertaken by government or a local NGO at low costs of around 50,000

The positive experiences with the UTNWF and the solid foundation of lessons learned point to the opportunity for accelerated transfer of oversight and management from the GEF-supported project to the WF itself in order to allow for consolidation of the emerging structures during the life of the project. This will not only ensure a smooth hand-over of activities to the new body, but also provide for a transfer of institutional knowledge.

It is envisaged that the setting up of the EIWF structures can be accelerated to the end of project year 2, based on the previous experience in the UTNWF, and that the transfer of responsibilities from the project to the new Water Fund itself can be achieved within the final year of the project, i.e. in the quarters 10-12 of the project life. It is for these reasons that the initially planned for 5 year project is now reduced to a 3 year project, also allowing for a stronger focus on incentivizing conservation work in the catchments.

Outcome 1.2: Policy development and enhanced institutional collaboration create an enabling environment for upscaling of INRM in the water towers

The following outputs will contribute to achieving this outcome:

1. Enabling by-laws/regulations enacted in the two target counties (Uasin Gishu and Elgeyo-Marakwet);
2. Guidelines for linking and harmonizing WE management with climate-smart agricultural production and gazetted forest reserves and PA management are drafted and adopted.

The following deliverables will realize the outputs:

- Survey on current CSA, agroforestry and conservation practices; to
  - Integrate biodiversity conservation and mainstreaming into county integrated development plans (CIDPs), reducing occurrence of degrading practices, protecting endemic species and enhancing land restoration at the landscape level;
- Draft and adopt county-level guidelines for linking and harmonizing WF management with climate-smart agricultural production and gazetted forest reserves and PA management

Component 2: Restoration of degraded catchment and wetland ecosystems and improved production practices and food value chains

Following up on approaches established through component 1, component 2 targets the barriers of land use planning and fragmentation, by supporting local resource users and the relevant county organizations to establish sustainable agricultural practices that target improved livelihoods, ecosystem resilience as well as related land use planning approaches. Involving local stakeholders and decision makers in catchment restoration and land use planning increases their appreciation of the direct interactions between water management, agricultural production and ecosystem services and supporting its healthy supplies for the benefit of both the users and the catchment as such. Even simple measures, such as refraining from agricultural practices next to a current increases riparian solidity and thus e.g. erosion stability and water quality, hence reduces conflicting land uses. Engaging private companies in upstream catchment management aims at improved food value chains, e.g. through longer-term horticulture contracts for export markets such as green beans and other vegetables, leading to improved livelihoods and foreign exchange earnings. These in turn provide further incentives for locally engaging in sustainable catchment management.



The combination of biophysical and agricultural techniques and support for water management is expected to lead to diversified production and increased yields through improved soil retention; broadened adaptation potential and resilience through reduced erosion upstream, as well as at least stabilised catchment ecosystem services. Downstream economic benefits will include reduced water treatment costs through reduced sediment concentration and increased hydropower generation through higher water yield and reduced sedimentation.

This component will be realized via two outcomes:

**Outcome 2.1:** Community-based land use planning and implementation results in healthier and more resilient ecosystems that support improved food production and downstream water flows

Under this outcome, there are two underlying outputs:

1. A participatory catchment management plan for the EIWF is established and adopted for implementation, in line with existing management plans at catchment and sub-catchment levels;
2. Enhanced awareness and skills of local communities to engage in participatory land-use planning.

For both outputs, the project will support the nine community-based Water Resource Users Associations (WRUAs) in the project area to update or develop their sub-catchment management plans (SCMP) in collaboration with the Water Resource Authority (WRA), to have a commonly agreed upon plan of activities to address the water resource management problems faced in the particular sub-catchment. Similarly, there are community-based forest associations (CFAs), organized around the KFS Forest Stations, 10 within the targeted catchments. For these, the project will collaborate with KFS to improve on the CFAs Participatory Forest Management Plans (PFMPs). These provide a comprehensive road map towards sustainable management and conservation of forest resources both within the forest ecosystem and adjoining intervention areas.

Through the updating of the SCMPs and PFMPs, local communities receive capacity development for participatory land-use planning, while the sub-catchment management tools will be brought up-to-date, providing the backdrop on which to form and establish the EIWF catchment management plan.

Outcome 2.2: Improved smallholder agricultural and forestry management practices, and food value chains, that incentivize sustainable management principles, improve food security, prevent degradation of natural systems and conserve biodiversity and ecosystem health

In line with the outcome aims, the underlying outputs are

1. Agroforestry and soil and water conservation measures (SWC) are implemented on 3,500 ha of degraded land;
2. Sustainable forest management measures are implemented on 500 ha of degraded forest land, protecting endemic species;
3. Wetlands are restored through the implementation of green infrastructure on 500 ha; and
4. Pro-poor and climate-smart food value-chains benefit 5,000 households (11,250 men and 11,250 women) with a rise of 20% in farm production.

**Support for Agroforestry and soil and water conservation measures (SWC):** The project shall make investments in a wide range of interventions aimed at promoting diversified and climate resilient agricultural production systems that increase food security and incomes at household levels. These will be provided as direct incentives (tree seedlings or support for village nurseries), financial subsidies (e.g. materials and support for terracing), non-financial incentives (e.g. capacity development, or support to village institutions) or payments for ecosystem services (e.g. subsidised improved stoves for good riparian management). The project will pay attention to ensuring that these incentives and services particularly reach women, youth and the most vulnerable groups within the catchment.

**Support for Wetlands restoration:** Wetlands provide important regulatory and recharge ecosystem services, resulting in enhanced water quality and quantity. They trap sediments in river flows and reduce turbidity in water abstractions for domestic and commercial use, or facilitate ground water recharge, resulting in sustained flows during dry season. Healthy wetlands maintain a broad diversity of aquatic plants that contribute to the oxygenation of the water resources which can support greater abundance of fish stocks. Improved health and restoration of wetlands is thus essential to integrated water resource and catchment management. Support will be provided for the protection of wetlands through implementation of green infrastructure such as indigenous trees and suitable grasses over an area of 500 ha. Support will also be extended to the protection of springs through fencing and providing alternative watering points for human and domestic animals. On-farm water storage should be promoted to reduce the need to abstract and water livestock in the rivers.

Restoration of riparian lands has also been identified as a priority intervention. Land users are not currently complying with the law and increasingly encroach into waterways, thereby increasing siltation and river pollution. The project will support activities of WRUAs in the demarcation of riparian areas and reforestation with indigenous trees, fruit trees, bamboo, etc.

**Support for Sustainable forest management measures:** The management of the forests falls under the jurisdiction of the Kenya Forest Service, although the County Governments, Kenya Wildlife Service and the Kenya Water Towers Agency and Community Forest Associations (CFAs) have significant roles. Community access to plantation forests falls under the Plantation Establishment Livelihood Improvement Scheme (PELIS). This system allocates small parcels of land in the forests for farmers to cultivate. In exchange, they plant trees within their plots and care for them until the canopy begins to close. The ultimate goal is to plant a range of native trees on the land and close the gap in the forest, restoring ecosystems and providing habitats for wildlife. A new parcel of land is then allocated, gradually reforesting large areas of land. When well managed, PELIS can create wealth and restore forests with very high success rates. The PELIS approach is of great importance to the forest plantation establishment particularly in poverty reduction, employment creation, reducing government expenditure by reducing its staff and its contribution to environmental conservation. CFAs contribute greatly to the success of this approach, through the development of PFMPs and ensuring their execution. It is estimated that as much as 50% of the gazetted forest area within the target catchments is currently under PELIS. The project will support measures to restore degraded forests on 15,000 ha (500ha of replantation in severely degraded areas, the other 14,500 ha with improved management, rehabilitation and natural regrowth after destructive farming or grazing activities are stopped within these gazetted areas). This will include reforestation with indigenous trees and bamboo and SLM technologies where PELIS is practiced (e.g. terraces, vegetated plot boundaries, runoff control on pathways).

**Support for pro-poor and climate-smart food value-chains:** Currently, a number of households within the catchments are engaged in extensive livestock grazing within the forested areas as well as collection of firewood from the forests. In some sections of the Kaptagat forest, the shamba system is practised but is not well controlled<sup>[2]</sup>. In some instances, farmers are involved in irrigated agriculture along the river banks. All these activities put pressure on the forestry, land and water resources causing increased erosion, sedimentation and general degradation of the catchment. To lower the reliance of such livelihood activities on the forest and water resources, the following alternative livelihood improvement activities will be supported i) improved irrigation technologies and high value crop production; ii) improved livestock enterprises with low pressure on land resources including bee keeping, poultry keeping and dairy goats rearing etc; iii) support value chain development for forest and non-forest products (bamboo, potatoes, mushrooms, aquaculture, maize, gums, resins, aloe, medicinal products etc.; iv) planting of fodder fields and promote zero-grazing approaches for high value dairy production; and iv) promotion of alternative energy sources, including energy saving stoves (jikos).

**Support for biodiversity benefits, locally and globally:** Through the adoption of a landscape approach to conservation, the project will reduce pressure on the PAs and their biodiversity and promote sustainable use in the forest areas as well as agricultural land use areas in the buffer zone and the broader catchment. The project will promote forest and catchment landscape restoration and increase biodiversity in agricultural production systems in a multi-layered approach in collaboration with national agencies such as Kenya Forest Services (KFS) and Kenya Water Towers Agency (KWTA):

1. Community level:

- a. Collaborate with and capacitate the existing 11 Community Forestry Associations (CFAs) in the project area to develop/review and implement biodiversity sensitive Participatory Forest Management Plans (under output 2.1.1);
- b. Support, upgrade and/or establish community- or group-based nurseries with a commercial orientation to upscale ongoing forest restoration efforts and to provide seedlings for on-farm agroforestry and land rehabilitation (under output 2.2.1) to enhance floral and faunal biodiversity;
- c. Piloting of renewable energy technologies at household level, such as energy-efficient stoves, biogas or solar solutions, e.g. water pumps (under output 2.2.1). These measures, combined with capacity development activities, will also contribute to reducing forest product exploitation and the incidence of forest fires, e.g. caused by charcoal production that adds further stress on the PA biodiversity.

2. County and national agencies:

- a. Complement reforestation and PA management approaches of KFS and KWTA through partnership in the promotion of sustainable forest management practices and reforestation in PAs (under output 2.2.2)
- b. A participatory catchment management plan, combining biodiversity conservation and land rehabilitation measures, for the EIWF is established and adopted for implementation, in line with existing management plans at catchment and sub-catchment levels.

3. Buffer zone management: To reduce pressures on forest areas, PAs, catchment ecosystem services and biodiversity, the project will particularly intervene in the PA buffer zones, set at 5 km, and therefore will:

- a. Closely partner with the Water Resources Authority (WRA) and Water Resource User Associations (WRUAs) to develop, review and support implementation of their sub-catchment management plans, including wetland and riparian protection (under output 2.1.1);
- b. Develop farm plans and integrate agroforestry, CSA, conservation agriculture, and other measures such as terracing, grass strip planting, agro-biodiversity, crop diversification, etc. (outputs 2.2.1 and 2.2.4);
- c. Support restoration of ecosystem services and biodiversity at landscape level and particularly in the wetlands (output 2.2.3);
- d. Restore degraded agricultural lands and enhance integration of biodiversity in agricultural production systems;
- e. Support livelihood diversification

County Governments have committed significant co-financing for various elements of this component. Areas that will receive Government support include agro-forestry, reforestation, forest conservation, ward level water development projects and wetland protection and rehabilitation.

Component 3: Capacity development and knowledge management support a paradigm shift toward INRM in important water towers

In order to sustain the project efforts toward integrated natural resource management beyond its own lifetime and to broaden its impact beyond its geographic target area, INRM approaches need to be anchored within county implementation strategies as well as county and federal policy making processes. Therefore, component 3 will invest in aligning project and county M&E approaches to provide data and information for influencing policy making, as well as to compile this data into tools for furthering the knowledge on the lessons to be learned from their application elsewhere.

Outcome 3.1: M&E tools and approaches enable tracking of local and global environmental benefits and support adaptive management and scaling up of the WF model. The relating outputs for outcome 3.1 are:

1. M&E systems for and with local stakeholders and county decision makers developed and adopted in two counties;
2. Assessment tools developed and adopted to facilitate the incorporation of INRM approaches into policy making to enable scaling beyond the targeted water tower.

The M&E system will be deployed both at project level and for county implementation and support teams, including relevant partner organisations. It will be linked to and inform both the Government's National Integrated Monitoring and Evaluation System (NIMES) and the County's Integrated Monitoring and Evaluation System (CIMES), be aligned with the IFAD baseline projects (UTNWF, KELCoP) and will be designed on the basis of the indicators and means of verification specified in the results framework. It will also build on the experiences gained by previous IFAD-financed projects, and be consistent with the GEF and IFAD procedures and guidelines.

The project will work closely with GIS and remote sensing experts and use tools developed under the Upper Tana Nairobi Water Fund to leverage on the application of GIS in mapping farms, develop farm plans and to monitor integrated natural resource management interventions so as to mainstream biodiversity aspects. The project will also leverage on the IFAD grant to World Agroforestry (ICRAF) to generate satellite imagery for Elgeyo-Marakwet and Uasin Gishu counties to assess the project's vegetation, soil and land health status against the baseline situation through the development of county land degradation surveillance dashboards, or monitoring land use and vegetation cover changes. Several activities are specifically targeting biodiversity mainstreaming, e.g.:

Activity 3.1.1.9 Conduct wetland and biodiversity survey

Activity 3.1.1.11 Develop M&E framework and standard monitoring templates for partners

Activity 3.1.2.1 Support stakeholder direct and digital platforms for coordination and knowledge sharing

Activity 3.1.2.3 Empower partner agencies (e.g. KFS, KWTA, WRA) to apply project assessment, implementation and monitoring tools

It is planned to support KFS, KWTA and county agencies through capacity development for the use of the METT toolbox for PA management effectiveness, to also harmonize with global best practice (output 3.1.1). Details still need to be firmed up with the agencies and will be available for the full proposal. Although wildlife parks do not feature in the project area, Kenya Wildlife Services (KWS) will be invited to participate in these trainings as well. Core implementing partners of EIWF are using different M&E frameworks, and therefore the PMU will work to ensure that the reporting indicators and formats are harmonised through the deployment of standardised templates. The implementing partners will be trained in the use of these templates for easy reporting. For instance, KWTA has developed an Integrated Water Tower Monitoring System which is still to be tried. However, some of the indicators in this report could be adopted in the reporting system of implementing partners.

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- The project's M&E strategy will contribute to substantially improve monitoring capacities of KFS and county-level implementation agencies for PA management; reducing pressures on the buffer zones of the Cherangani Hills and Mau Forest Complex, thus also facilitating PA management and biodiversity conservation beyond the project's intervention area.

Outcome 3.2: Networking opportunities and web-based tools inform and strengthen project proponents and catchment management bodies within Kenya and beyond.

1. Decision makers from the WF exchange lessons learned with African leaders through a regional WF network.

The EIWF project will also leverage on its broad partnerships for knowledge sharing through dissemination of knowledge management products, organizing workshops, seminars and on-line discussions to influence policy, for instance on the allocation of tariffs for the sustainable management of water funds.

The proposed KM activities include: (i) support to stakeholders through direct and digital platforms, (ii) dissemination of results from baseline and evaluation reports, (iii) strengthening implementing agencies to utilize implementation and monitoring tools, (iv) develop policy relevant briefs, case studies and other relevant KM products.

The KM strategy will support the engagement with the African WF Network on an annual basis, dissemination of KM products through the WF Network, support learning and exchange between UTNWF and EIWF beneficiaries, disseminate information through media such as radio, television and press in order to raise increase the visibility of the EIWF project, as well as raise awareness about the importance of conserving the environment with local stakeholders, for example through engaging with athletes from the catchment areas and supporting e.g. ‘run for water’ marathon events or ‘adopt a sub-catchment’ schemes.

#### **4) Alignment with GEF focal areas**

Biodiversity - In line with GEF 7 biodiversity objective 1 (BD-1-1), the project will promote mainstreaming of biodiversity in production landscapes (including forest areas, critical water catchments, wetlands and riparian areas, and sustainably managed farmlands) and in the smallholder agricultural sector by supporting:

- Improved agricultural production practices that are more biodiversity-positive through technical capacity-development of smallholder farmers and county government officials and implementation of financial mechanisms that incentivize actors to change practices by establishing the WF;
- Spatial and land use planning in freshwater wetlands, including biodiversity mapping
- Development of policy and regulatory frameworks that provide incentives for biodiversity-positive land and resource use.

Land degradation - In supporting the GEF 7 objectives LD-1-1, LD-1-3, and LD-2-5, the project will promote reduction of land degradation in landscapes by supporting:

- Degraded agricultural land, forests and grasslands restored and under integrated management with rehabilitated or restored ecosystem services;
- On-the-ground implementation of sustainable land management, soil erosion control measures, diversification of crop and livestock systems across farm holdings, incl. the promotion of CSA and agroforestry approaches;
- Forest restoration in the catchments' forest reserves and thus high conservation value forest (HCVF) loss avoided
- An enabling environment for better land use management and practices, fostering inclusion of SLM and LDN into sectoral policies and scaling up of sustainable catchment management.

#### **5) Incremental cost reasoning and expected contributions from the baseline, the GEF TF, LDCF, SCCF, and co-financing:**

To scale up WFs and support a paradigm shift towards INRM in important water towers using sustainable financing mechanisms, develop capacity and knowledge management and effectively engaging with policy makers and the private sector, in Kenya and beyond, GEF support is needed. This funding will provide the incentive to take the WF approach to the next level, above and beyond the UTNWF, clearly demonstrating its scale-up potential.

There is strong public sector support and appetite to provide the tools necessary to scale up the WF model. The GEF Funds will a) establish additional public-private partnership platforms and enabling policies for sustainable water tower management, b) restore degraded catchments, forest and wetland ecosystems while improving production practices and food value chains, and c) build capacity and knowledge management around INRM.

Often, WFs require substantial investment in the earlier years to initiate watershed restoration through raising money from both public and private sectors. Once initiated, restoration under way and first returns on investment are coming in, the only continuous need may be operations and management (O&M) which in some cases requires very low investment costs (see above estimate in the description of component 1). This can successfully be covered by a local NGO, public utility or government agency.

Many water services providers or utilities are beginning to adopt a model of including a watershed protection item in their water tariffs. This was initially adopted in Lima, Peru and has now been integrated in Nairobi City through the NCWSC utility. This provides a perpetual sources of WF funding, ranging from 1-5% of the consumer water bill. For Nairobi for example, the annual collection is about \$160,000, of which \$100,000 annually are allocated to UTNWF. The NCWSC has already committed their ten year allocation amounting to USD 1million. Similar collaboration measures will be sought with the Eldoret Water and Sanitation Company (ELDOWAS), already involved in upstream catchment management to protect the downstream water resources.

The proposed project will contribute to and benefit from another IFAD-led project that is currently under development, the Kenya Livestock Commercialization Project (KELCoP). KELCoP will cover 10 counties in the Northern, Western and Rift Valley regions, including Elgeyo-Marakwet, aiming at three livestock value chains - small ruminants, poultry and honey - predominantly carried out by women and the relatively poor among small-scale farmers. Concurrent aims at natural resource management and climate resilience approaches in both projects include tree and shrub planting, agroforestry and rehabilitation of degraded rangelands, water harvesting and and water conservation measures to reduce pressures on land and soil. The estimated IFAD investment in KELCoP is about USD 55 million - hence a conservative calculation arrives at 1,6 million that can be counted as co-financing for the proposed project.



## **6) Innovation, sustainability and potential for scaling up**

Ability to catalyse innovations generated in technology, policy and governance, financing and business models:

Although the Upper Tana Nairobi Water Fund (UTNWF) certainly serves as a guiding example and provides a good background for learning and borrowing from experiences already made, the proposed Eldoret-Iten Water Fund (EIWF) is much more than a mere repetition of the former:

- UTNWF and nearly all other WFs established in Latin America or Africa are set in a strong city context, where a big city with its vast urban population as well as urban industries heavily draw on the water resources, reducing its availability in the surrounding catchments. EIWF in contrast will be established in a rural context, where the main root causes and barriers for water availability are to be found in unsustainable agricultural practices and the water users largely tend to be members of the small-scale farming communities. Therefore, the water fund concept needs to be applied with a much stronger focus on competing land uses, sustainable production practices and forest conservation to convince upstream smallholders of the immediate benefits of a water fund for their food security and livelihoods. In a city-context the link between urban overuse of water resources and the draw this causes in the adjacent catchments is fairly obvious and eases the establishment of a relationship between downstream and upstream stakeholders through a water fund. This needs to be proven for the rural context where the upstream/downstream divide is much stronger and each group is primarily focusing on its own concerns. Proving that a water fund can work in a rural and fully devolved context will be key to government taking over the replication of the same across other counties in Kenya, nearly all of which equally have a rural setting.
- The rural environment also has a strong effect on the stakeholder pool on which the EIWF can build. In comparison with e.g. the UTNWF, many more EIWF stakeholder groups are upstream smallholders, organized in resource user groups at community level (e.g. WRUAs for water resources, or CFAs for forestry). Naturally, this needs to be considered in the project strategy, having a strong focus on ‘classic’ catchment restoration - concentrating about 75% of project resources in component 2 - which is embedded in an additional water fund approach to provide for sustainability, particularly in financial terms. Moreover, a good number of the private sector players downstream will be agriculture-based and with a keen interest on water use in an agricultural context – these include e.g. associations of commercial landowners or the internationally renowned sports fraternity, the majority of whom are community members with a direct linkage to upstream interventions and water quality and quantity downstream.
- Therefore, the EIWF project goes beyond mere replication, but is a scale up to a different contextual setting that needs to be proved first of all, before stakeholders and decision makers can broaden and extend the WF concept convincingly to other catchments in Kenya or across Africa.
- Another innovative element to the proposed project is the integration of indigenous peoples living in some of the forests of the project area through FPIC and the participatory development of an Indigenous Peoples Action Plan. While the Sengwer and Ogiek peoples can play a vital role in forest conservation, as also outlined in the PIF, they are often regarded as being detrimental to it. In fact, the KFS and security agencies have several times attempted to forcibly evict the indigenous peoples from their areas and could only be

stopped through a court decision. Therefore, the KFS' and security agencies' approach to community engagement is rather enforcement driven; however, KFS officials voiced their strong interest in the project's integrative and community-driven approach to improve forest conservation. There is good opportunity for the EIWF to demonstrate that government agencies and communities can collaborate and work in a participatory and community-driven effort to conserve biodiversity and restore landscapes. Safeguarding habitats and tenure for indigenous peoples through joint conservation investments would be a best practice once achieved. This can be replicated by other communities and governments across Africa.

Furthermore, initial investments in a new water fund are usually quite substantial, particularly in remote locations. They are a steep investment for governments in developing countries, driven to budget their scarce resources for more development-aimed investments rather than into environmental areas. Once a water fund is established, operations and maintenance are considerably less expensive and can even be run by local governments. Aware of this initial impediment, TNC is in the process of establishing an African WF Facility to support the first steps when governments are interested in the water fund concept. But this will take a few years still to become operational. Hence, GEF investment is still needed to deliver global environmental benefits.

#### Sustainability and public sector support:

The proposal has received strong public sector patronage and buy-in, particularly by the Ministry of Environment & Forestry, Ministry of Water & Sanitation and the Ministry of Agriculture, as shown in the support letters received. Further substantive support is extended by the two county governments of the proposed project area (Uasin Gishu and Elgeyo-Marakwet), as well as the Kenya Water Towers Agency, all providing substantive co-financing. The proposed project through Component 1 will establish a public-private partnership platform, contributing to policy development and institutional reforms that include incentives for climate-smart smallholder agriculture, land use management and food value chains.

During its three years of existence, UTNWF has already produced impressive results, incl. an additional annual provision of water to Nairobi city to the amount of over 20 million litres and over 800,000 people experiencing more reliable water supplied due to improvements in the upper Tana catchment. These results led to more partners joining the WF partnership, including private sector and Laikipia County, contributing to the WFs funding baseline and its reach with regard to local stakeholders and decision makers. The ongoing UTNWF investments being made by the Government of Kenya (GoK), the GEF and IFAD in earth observation and monitoring systems are enhancing the country's ability to monitor ecosystem health, identify priority areas for conservation within the existing network of protected areas, and inform the priority intervention areas to be implemented under the County Integrated Development Plans (CIDPs) hence enhancing UTNWF's aim to influence policy toward mainstreaming and sustaining integrated

resource management approaches. With the earth observation and land health status monitoring systems and the multidimensional poverty assessment tool, the project was able to successfully link biophysical and socio-economic indicators for enhancing the resilience of local communities. These capacities contribute to the successful implementation and sustainability of UTNWF and already improved the baseline situation of the proposed project.

Potential for achieving large-scale change:

The proposed project will work with public and private sector partners to establish a WF for the Eldoret and Iten municipalities to expand the geographic scale and scope of Africa's first WF in the upper Tana. Through lessons learned from previous innovation, successes, and challenges, this project aims to support a paradigm shift towards INRM in important water towers using sustainable financing mechanisms, developing capacity and knowledge management and effectively engaging with policy makers and the private sector, in Kenya and beyond.

The project will also benefit from and contribute to the Water Funds Network for Africa, already having enlisted water utility leaders, private sector leaders drawn from major corporations on the continent and partners from government and academia. The network is led by TNC and MoEF in Kenya, promoting knowledge management and learning. Part of the network's responsibility is to organise periodic training on public-private partnership establishment, WF feasibility and design processes. Lessons learned from GEF IAP and IP projects in Africa will contribute to the network's wealth of knowledge.

Interventions by this project could be scaled up nationally to expand the targeted water towers from two to 18 and ensure they are all accorded national protection and investment to improve their soil and forest cover conditions in line with INRM principles. More broadly, the GEF 6 investment in the establishment of the UTNWF is now serving as a learning platform for many other cities and watersheds across Africa and has received strong public and private sector support, even outside of Kenya. These include, for example, Cape Town in South Africa, Sebou in Morocco, and Freetown in Sierra Leone.

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[1] As referred to in the explanations to the Core Indicator table above, the overall hectares of the gazetted forest reserves are currently under review by the KFS, and new data is expected to be available for the full project proposal, slightly reducing the overall area of targeted forest reserves to about 120,000 ha, the aimed for size of the EIWF catchment management plan, and in line with the overall area covered by the 5 catchments targeted.

[2] A traditional system where agricultural crops are grown together with indigenous tree species, see e.g. <https://link.springer.com/article/10.1007%2FBF00048108>.

## 1b. Project Map and Coordinates

**Please provide geo-referenced information and map where the project interventions will take place.**

Please refer to Annex for the map

## 2. Stakeholders

**Select the stakeholders that have participated in consultations during the project identification phase:**

**Indigenous Peoples and Local Communities** Yes

**Civil Society Organizations** Yes

**Private Sector Entities** Yes

**If none of the above, please explain why:**

**In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.**

All stakeholders listed below have been consulted with regard to their willingness to join in the establishment of the Water Funds and have consented. Samples of the commitment letters for the main partners have been submitted with the PIF. The engagement process will be continued, intensified and recorded during the project preparation phase, leading to a more specific list of fully engaged partners in contributing to the proposed project.

· Local Communities and CSOs were engaged in discussions what a potential WF would entail for them. Some communities and CSOs actively participated in pilot activities (see the baseline description above) or were part of the scoping and feasibility studies.

The indigenous Sengwer people living in scattered pockets of the Embobut Forest Reserve will actively participate and benefit from project activities. As forest-dependent people, they have a keen interest in preserving the natural resource they depend upon and the project will protect important water sources, restore and replant trees of relevance for Sengwer traditional herbal medicine and expand on beekeeping in the catchments – honey being a significant part of Sengwer life and diet. Thus, the project will improve the foundations of Sengwer living as well as offering broadened livelihood opportunities through e.g. seedling, honey or traditional medicinal production. As agreed upon with Sengwer representatives, the project will establish a free, prior informed consent (FPIC) FPIC and action plan for their engagement in project activities.

Sengwer representatives are already actively engaged in Elgeyo-Marakwet county catchment restoration activities, such as riparian restoration and tree planting, and they will be equally invited to become active members of the project steering committee, to also use the opportunity to build trust and collaborative partnerships with the KFS, which deteriorated in the past years due to claims the Sengwer were over-exploiting the forest and calls for their eviction, which were finally not pursued.

Both TNC and IFAD have policies for engagement with indigenous peoples, emphasizing their ownership, access to and rights on natural resources and FPIC for any project activities. They are thus complementary and in line with the GEF principles and guidelines for engagement with indigenous peoples and will be upheld by all project partners. For the engagement with smallholders and particularly indigenous peoples, the project will collaborate with the PELUM NGO network, a member of the GEF NGO partnership and actively engaged in training local communities in land use planning and land use management approaches.

- The project will engage with and support smallholder farmers in the targeted catchments to adopt climate-smart sustainable land management practices, increasing food security and climate adaptation potential at the household level and restoring and conserving ecosystem services of the targeted areas. This includes collaboration with community-based associations, such as Water Resource User Associations or Community Forestry Associations. Through its broad-based partnership network the project will provide opportunity for multi-stakeholder and multi-scale collaboration in the targeted watersheds. Its good practices will serve as guidance for upscaling in other watersheds and for policy development in the ongoing devolution process of Kenya.

- Private-Sector Entities, selected and approached according to their respective roles in water utilization, the impact of their activities in the watersheds and/or their potential role in improving the current situation toward sustainable use. While some of their activities might currently be also detrimental to the watershed's integrity, the aim of engaging them in the WF is to sensitize these stakeholders for the important contribution they can make to sustaining their own resource needs of clean and clear water.

- o Coca-Cola, transporters, timber processors, dairy producers, the Kenya Association of Manufacturers and the Chamber of Commerce;

- Public Sector Entities were selected and approached according to their roles in regulating and policing water or its provisioning, purification, distribution or related research activities.

- o Kenya Water Towers Agency, Water Resource Authority, University of Eldoret, Kenya Airport Authority, Uasin Gishu and Elgeyo-Marakwet County Governments, Eldoret Water and Sanitation Company (ELDOWAS), Iten Tambach Water and Sanitation Company (ITEWASCO); Kenya Forest Service (KFS).

- Global, regional and national multi-stakeholder platforms relevant to the program in that they are policy enabling platforms to champion tariff based capitalization and its mainstreaming in investment decision making. They also have a role to play in scaling up work to a critical mass of adopters of Water fund methodologies.

- o East Africa Community

- o Common Market for East and Southern Africa

- o African Food Security Network in collaboration with the University of Kenya

- o Kenya is part of AFR 100, through the Land Degradation Neutrality target setting process

- o World Water Council; TNC and the Nairobi Water Company have been elected Governors. The platform will be used to broadly promote nature-based solutions for source water protection and promotion of a WF tool for watersheds globally.

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

In IFAD-funded programmes, gender and women's empowerment are pursued by specific inclusion of economic activities that benefit women and by providing women and men equitable opportunity to influence decision-making and reducing the workload for women. A pro-poor and women and youth focused strategy will be developed and adopted by all stakeholders.

Traditional norms, in the past and at present, disadvantage both women and youth in Kenya by limiting access to resources, education and decision making. For instance, only 29% of those earning a formal wage throughout the country are women, leaving a substantial percentage of women that work in the informal sector with few benefits. Furthermore, 54% of agricultural workers are women, providing the bulk of the labor force in agriculture. Yet few women own assets such as land. As a result, poverty in Kenya has a gender and age dimension, due to the disparities that exist in access, ownership, control of productive resources, and limited capabilities.

Youth comprise 36% of the national population but, alarmingly, 61% of them remain unemployed. About 92% of the unemployed youth lack vocational or professional skills demanded by the job market. Despite their numerical weight, youth are not well represented in national and local political and socio-economic development processes. Lack of access to land and dissatisfaction with agricultural production as a livelihood strategy especially among rural males limits livelihood options. Yet it is the youth who are most energetic, better educated and with higher technology skills. Thus, their exclusion represents untapped potential for increased adoption of productivity-enhancing farming technologies.

Closing gender gap on access to and control over natural resources: A Women Agricultural Economic Index (WEAI) will be undertaken in conjunction with the socio-economic baseline survey. WEAI is a gender analysis tool that measures the how men and women are differently empowered in five dimensions: decisions in agricultural production; decision making over resources; control over use of income; leadership in the community; and time use. The EAI survey will be administered to men and women, and women headed households. The results will show areas on inequality that the project will

focus on. A gender and targeting strategy will be developed to focus on the areas of inequality from the outcome of the survey. Demonstration sites and field days will be hosted at women owned farms. The project will seek to hire female extension staff to encourage the participation of women. Timing and venues of training will be will take into account the convenience for the participation of women. Women will constitute 50% of the people on an exchange visits to UTNWF and women will also share knowledge with communities.

Improving women's participation in decision making: A 50% quota representation of women in CFAs, RWUAs and other CBOs in decision making management committees will be a mandatory condition for support by the project. The project will support gender awareness raising at community level to involve both men and women on the importance of involving women in accessing development opportunities.

In the targeted watersheds, women constitute about 50% of the population and target group. As women and youth are more vulnerable in terms of poverty, access to land and water and/or food insecurity, particular attention will be given to reach these groups (e.g., through targeted incentives, such as improved stoves, employment and alternative livelihood opportunities) and to improve decision making opportunities in local institutional processes (e.g., in Water Resources User Associations or catchment committees), aimed at improving access to land and water and decision making about resource distribution.

The project will promote labor saving technologies for the activities performed by women for marketable commodities as well as for household tasks such as water supply, fuel supply and food preparation. The technologies include solar cookers, rainwater harvesting, woodlots, water spring protection, and energy efficient stoves, among others. The technologies will be made available on a matching grant basis. However, consideration will be made to vulnerable groups who cannot afford and in-kind contribution will be considered. 35% of all technologies will be allocated to women headed households and youth. The project will also promote backyard gardens for food and nutrition security as well as conduct nutrition messaging to accompany any training at community level. Women groups will be encouraged to participate in livelihood value chain activities to earn income e.g. on beekeeping, or fruit tree management, among others.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?** Yes

**closing gender gaps in access to and control over natural resources;** Yes

**improving women's participation and decision-making; and/or** Yes

**generating socio-economic benefits or services for women.** Yes

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

**4. Private sector engagement**

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

The EIWF is a Public Private Partnership, with its objective to have broad private sector involvement throughout the project, including in project design, resource mobilization, and project implementation. So far WFs have demonstrated unassailable ability in achieving strong private sector engagement and in committing the private sector to more environmentally sustainable practices.

A wide range of private sector operators are active and have expressed a keen interest to participate. These include Coca Cola, Kenya Chamber of Commerce and the Kenya Association of Manufacturers, members in water and food processing, hotels and tourism, transporters, and timber processors. The TNC has developed a private sector engagement plan for the Eldoret-Iten Water Fund aiming at attracting their participation in the Fund. Private-Sector Entities are selected and approached according to their respective roles in water utilization, the impact of their activities in the watersheds and/or their potential role in improving the current situation toward sustainable use.

Potential private sector actors are classified into various categories with the objective to build a business case for their participation in the Fund (Table 3). Priority will be given to downstream water user companies with a local presence, as it is considered feasible to build a strong business case for their involvement in the Fund. For such companies investments upstream will lead to stable future water supplies. Poor water supply poses not only a production risk but a profitability risk for businesses. Insufficient quantity and





<b>Catchment User (pollution)</b>			X	X	X	X	X	X	X	X	
<b>Local Presence (CSR)</b>	X	X	X			X	X	X	X	X	X
<b>Marketing Opportunity</b>	X	X									

## 5. Risks

Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)

<b>Risk</b>	<b>Risk Mitigation Measures</b>	<b>Rating</b>
Weak capacities of devolved structures to manage implementation of activities	The project is being implemented under a public private partnership, a concept that is new to most public and private sector players. Some partners, including counties, may have limited capacity in terms of staff numbers, skills, experience and resources. The project will link with local and national partner organisations with relevant implementation and technical experience. Where appropriate, the project will provide capacity development as demanded by the partners to strengthen their delivery in the project.	M
Ongoing devolution process	With the devolution process ongoing, the sharing of responsibilities between national and county governments is still to be fully determined, adding to capacity challenges in executing tasks at the catchment level. The project will engage both levels of Government - the national and county levels. This will include, but not be limited to KWS, KFS, National Environment Management Authority (NEMA), County Commissioners, and County Directors for Water, Environment, County Executive Committees (CECs) for Water, Environment and Agriculture. At the same time, the ongoing devolution process opens opportunities as well, as the planning for major sectoral and overall development policies and strategies at county level can be supported and strengthened,	M
Lacking coordination among partners leading to inconsistent approaches	Many partners at local, national and international scale invest in conservation and SLM practices in the catchment, often with duplicating or overlapping and even sometimes contradicting practices and approaches to SLM, INRM and M&E of their interventions. The project aims at providing a common platform for the promotion and M&E of SLM practices.	M
Climate related risks of droughts, floods and/or other weather incidents	The proposed project will integrate resilience and adaptation strategies into its monitoring framework and its intervention activities to provide for biophysical measures to improve soil stability, erosion mitigation and CSA practices, as well as socio-economic coping mechanisms, incl. empowerment of marginalised groups and broader livelihood options,	M

Insecurity about public private partnership modalities	Private sector partners have expressed concerns over the efficient use and the likely impacts of their resources and investment pledges. The project design team will likely suggest a Charitable Trust as the preferred legal status for the WF to provide equal representation in the management of the Fund and return on investment. This was strongly supported by the private sector partners and endorsed by GoK under the UTNWF. The project will continue to involve the PPP Unit of the in The National Treasury for synergies and sharing lessons.	L
Financial sustainability of the Water Funds	Broad stakeholder engagement is key to the endorsement and sustainability of a water fund and has been so in the case of the UTNWF. Here, financial contributions to the water fund have been more substantial than initially planned for, by both the private sector and public utilities and entities. Capitalization of the endowment fund is well on track, while partners invest in parallel in UTNWF's sinking fund for restoration work. Judging from the very positive feedback received in preparing this proposal, the risks for financial sustainability of the proposed WF are estimated as very low. However, other funding schemes proposed to Kenya, such as the Kenya Wildlife Conservation Fund, may become distractive during initial capitalization, if not fully focused on wildlife interest groups.	L

Further, in line with IFAD guidelines, a social, environmental and climate assessment review (SECAP) was undertaken with the following results:

The Eldoret Iten Water Fund project is a **category B** project. The potential and existing project related risks are moderate and can be reversed or mitigated through proposed mitigation actions and project interventions. The main environmental and social risks associated with the project are as summarized in the above risk table and detailed in Table 2 of the SECAP review note provided in Annex C. The EIWF project is an environmental sustainability and sustainable natural resource management focused project, whose proposed activities/interventions will enhance global environmental benefits. Furthermore, Kenya has a robust policy, legal and institutional framework that is supportive of environmental sustainability and social inclusion. The EIWF project is already collaborating with some of the key public and private sector partners working in the targeted catchments to ensure sustainable catchment management and better livelihoods for smallholders and communities around the catchment.

To ensure that potential and existing risks identified during the design period are addressed, the project should undertake an environmental impact assessment (EIA) and develop an environment and social management plan (ESMP) for each county. Moreover, given that the Ogiek and Sengwer indigenous peoples are found in the two catchments, the project should undertake a free, prior and informed consent (FPIC) exercise and develop an indigenous peoples action plan. Attention will be paid to ensuring that mainstreaming themes such as gender, women and youth empowerment, the poor, and vulnerable are well addressed through proposed activities. Attention will be paid to ensuring that best practices with regards to community health, working conditions and child labour are adhered to in the areas of project intervention and within budget.

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

Th

The Government of Kenya (GoK) as the recipient of GEF funding and represented by the Ministry of Environment and Forestry (MoEF), delegates project execution responsibility to The Nature Conservancy (TNC) as the lead project executing agency, with disclosure to the National Treasury.

EIWF will be executed by The Nature Conservancy (TNC) through a grant agreement with IFAD. TNC will be supported by a number of collaborating and implementing partners, notably, the Kenya Water Towers Agency, Kenya Forest Service, Water Resources Authority (WRA), Water Services Regulatory Board (WASREB) and the National Environment Management Authority (NEMA). Furthermore, TNC will contract service providers to offer requisite technical assistance. The public and private sector partners will constitute the Board of Trustees to oversee the operations of the WF.

In order to exercise its oversight, the Ministry of Environment and Forestry will chair the Project Steering Committee (PSC) with appropriate representation from both national and county levels to ensure alignment of the Project to ongoing programmes and activities of public and private sector partners of the EIWF. Day-to-day management and implementation of the Project will be delegated to The Nature Conservancy (TNC), setting up, coordinating and hosting a Project Management Unit on behalf of the EIWF.

It is expected that the structures and operational procedures for the EIWF will be institutionalised no later than the end of PY2. Once completed, activities under the project will be transferred to WF for the remaining period of the project under the overall oversight of TNC.

**The Project Management Unit (PMU)** responsible for the day-to-day management and implementation of the project will be set up and housed by TNC in a field office in Eldoret. The PMU shall comprise the Project Manager, M&E Officer, Operations Officer and Field Extension Officer. The PMU shall draw additional technical expertise such as the Programme Director, a Water Fund Director, Freshwater Director, External Affairs Director, Spatial Mapping Specialist, Programme Accountant, and a to-be-recruited Senior Procurement Officer from the larger TNC establishment, which shall form TNC's in-kind contribution to the project. Under the supervision of the Senior Procurement Officer, the Operations Officer will be in charge of the implementation of project procurement and financial activities at the PMU. Besides, partnership arrangements shall be established through MoUs and sub-contracts with service providers on a competitive or comparative advantage basis to support implementation of project activities. The county governments will provide seconded extension staff to work with the farmers, while the project will provide facilitation costs for the extension work.

**Stakeholder engagement and coordination.** Major stakeholder groups and implementation partners have already formed a stakeholder steering committee, comprising of ELDOWAS, ITEWASCO, Elgeyo-Marakwet and Uasin Gishu County Governments, KWTA, KFS, University of Eldoret, Moi University, KNCC, KAM, WRUA and CFA representatives and a representative of communities. It is envisaged to maintain this consortium of project partners in its current role as stakeholder coordinating body.

**Project monitoring.** Monitoring of the EIWF project will reflect the convention targets that are relevant to the global environmental benefits supported by GEF-funding, targets set by the Government of Kenya, as well as socio-economic and food security goals of both the stakeholders in the catchment and the private sector investors. The initial outline of the monitoring requirements is included in the project Logical Framework and will be elaborated upon in the Project Design Report.

**Project supervision and review.** IFAD is the fund manager and will also undertake supervision, mid-term review and final evaluation of the project. It will field missions that combine addressing IFAD, GoK and GEF concerns. As is IFAD's standard operation procedure, representation from government will be included in all supervision missions. Upon completion of each mission an Aide Memoire will be discussed and agreed with GoK and the executing agency; and for each mission a single report will be filed, which meets IFAD, GoK and GEF requirements. A key responsibility of the supervision is to review progress against the declared targets set in the Project's logical framework and the progress towards the seamless transition of the project into the EIWF Trust.

**Project start-up.** Steps need to be taken to initiate the implementation of the Project. Upon GEF Endorsement of the Project, a Grant Agreement will be drafted and shared; timely ratification of the grant agreements will ensure an early start of the EIWF Project.

**Financial management.** Financial management of the project will be a responsibility of the TNC to execute the project. In line with IFAD Grant Design Guidelines, a Financial Management and Procurement Risk Assessment along with the fiduciary review exercise has been undertaken as part of the project design. A Financial Management Handbook, Procurement Manual and Project Procurement Guidelines require a procurement assessment to be done as part of project design, in order to assess the extent to which national systems are consistent with IFAD's Project Procurement Guidelines. The assessment is required under a two-tiered approach: country-level assessment and project-specific assessment, including procurement capacity of the designated implementing agency/recipient. Given that this is not a conventional project where government systems may apply, an ad-hoc fiduciary review and procurement assessment of the implementing partner, the Nature Conservancy (TNC) has been undertaken, on the basis of IFAD's corporate standards. The objective of the assessment is to provide assurance that The Nature Conservancy (TNC) and participating institutions will have sufficiently strong financial management systems and project procurement implementation modalities and controls in place to properly manage, control and report on project finances to ensure that project funds are used effectively and efficiently for the purpose intended.

The results of the assessment and the definition of financial management and procurement aspects together with the funds flow arrangements shall be provided in annex 7 and annex 8 of the PDR. As a brief outcome of the procurement assessment, the project will be implemented following the TNC procurement regulations, complemented by the IFAD Project Procurement Guidelines and a Handbook, as detailed in the PIM and agreed by the grant agreement between IFAD and the TNC.

The

## **7. Consistency with National Priorities**

### **Is the Project consistent with the National Strategies and plans or reports and assesments under relevant conventions**

Yes

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

1 - National Action Plan for Adaptation (NAPA) under LDCF/UNFCCC

- 2 - National Action Program (NAP) under UNCCD
- 3 - National Land Degradation Neutrality Targets under UNCCD
- 4 - Nationally Determined Contributions under UNFCCC
- 5 - National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD
- 6 - National Communications (NC) under UNFCCC
- 7 - Technology Needs Assessment (TNA) under UNFCCC
- 8 - National Capacity Self-Assessment (NCSA) under UNCBD, UNFCCC, UNCCD
- 9 - Poverty Reduction Strategy Paper (PRSP)
- 10 - National Portfolio Formulation Exercise (NPFE) under GEFSEC
- 11 - Biennial Update Report (BUR) under UNFCCC

Kenyan natural resource policies increasingly refer to and build upon results of the convention reporting processes. By aligning the project strategy with national and decentralized policy aims, it is thus also consistent with the reporting and assessment processes listed above.

#### Contribution to a wider national/sub-national strategy

The Government development agenda is defined in the National Development Strategy (Vision 2030) originally based on the Millennium Development Goals but currently under review for a better alignment to the Sustainable Development Goals. The new strategy for the Jubilee government has anchored Kenya's development agenda on 4 main pillars: (a) food security; (b) affordable housing; (c) universal health care; and (d) and manufacturing driven by human capital development as well as entrepreneurship. Under this "Big Four Agenda", the main pillar is food security, which shall be improved through expanded and intensified production, including through irrigated agriculture, investments in value chains to reduce post-harvest losses, and improved distribution systems within the country. The agricultural sector is guided by the Kenya National Agricultural Policy with the overarching goal to increase the contribution of agriculture to economic development and reduce rural poverty and food insecurity, with emphasis on value chain development, market-driven smallholder agricultural development, equity and financial inclusion, and the evolving policy framework on climate adaptation. It defines the role of the national government in policy formulation and the execution of on-the-ground implementation and knowledge management under the county governments. Moreover, Kenya recently launched the Agriculture Sector Transformation and Growth Strategy (ASTGS) 2019-29. ASTGS aims at increasing the opportunities for small-scale farmers, pastoralists and fisherfolk by increasing agricultural output and boosting household food resilience.

This proposal, particularly through component 2, contributes to key components of Kenyan agricultural policy as well as ASTGS, i.e., increasing productivity and income growth, especially for smallholders; improved adoption of rainwater harvesting by smallholder rural farmers for dry season irrigation to enhance food security and reduce pressure on major rivers supplying water to cities, municipalities and hydropower generation plants; emphasis on irrigation to introduce stability in agricultural output; commercialisation and intensification of production especially among small scale farmers; appropriate and participatory policy formulation and environmental sustainability. Project interventions will also address various sectors of the Medium Term Plan (MTP) III, namely; Agriculture, Environment and Water, Financial Services, and Gender, Youth and Vulnerable Groups. Finally, Kenya has a Water Towers Conservation Act intended to coordinate the conservation of key water towers.

As the national LDN target setting process is still in a draft form only, it is difficult to map project contributions to specific national LDN targets. However, through its overall aim of integrated natural resource management in the targeted catchments, the project will contribute to the Kenyan target of achieving, at least, a position of no net loss of healthy and productive land by 2030. The draft LDN target setting report also highlights the integrative ambition of the LDN concept and refers to "*reforesting and rehabilitating the main water towers and water catchment areas as a priority for Kenya due to the livelihood and biodiversity improvements*", both within the LDN concept and the National Climate Change Action Plan. Coordination with the LDN focal point and the LDN lead consultant is ongoing and will continue throughout the PPG phase.

Furthermore, the project's approach of integrated catchment and natural resource management is very much in line with the core principles of the LDN approach, i.e.

- maintain or improve the sustainable delivery of ecosystem services;
- maintain or improve land and soil productivity, in order to enhance food security;
- increase resilience of the land and populations dependent on the land;
- seek synergies with other social, economic and environmental objectives; and
- reinforce responsible and inclusive governance of land.

The proposed project will contribute to above-mentioned national strategies and policies through policy and institutional development, building and further expanding on the collaborative achievements under the GEF-supported UTNWF project, which contributed to many policy improvements. These include, among others:

- The completion and enacting of the National Water Act for Kenya 2016. A rainwater harvesting authority has now been created under the new Water Act 2016 to promote more rainwater harvesting at all scales for improved food security and climate impact management. The UTNWF has demonstrated that rainwater harvesting can improve inclusion of women and youth in the agricultural production system as well as deliver tangible life-changing benefits.
- Riparian lands protection in Nyandarua County.
- Rural roads design for run-off management.
- National Environment Management Authority (NEMA) and Murang'a County – stone quarrying conservation strategy.
- Murang'a County government and government correctional prisons co-investing in an upscaled avocado seedlings project.
- Establishment and mainstreaming of County Advisory Committees for environmental conservation and livelihoods support.

The UTNWF has also registered its greenhouse gas (GHG) reduction schemes for certification under the Plan Vivo procedure. This will enable annual quantification of actual carbon benefits from the project. It will also offer a replicable procedure for other community conservation projects and initiatives. Although the proposed project does not directly target GHG emissions among its global environmental benefits, nor the use of funds from the GEF climate change focal area, the project's approach is well aligned with the respective sectoral aims of Kenya's NDC. Naturally, reforestation figures among the NDCs prominent mitigation priorities, taking into account that about 75% of its national GHG emissions stem from the LULUCF and agriculture sectors. Furthermore, catchment restoration and integrated resource management approaches will contribute to increasing the climate adaptability and resilience of both the relevant ecosystems and the smallholders using and benefiting from their services, particularly in sectors that are named among the NDCs priorities for climate change adaptation and respective priority adaptation actions, namely water and irrigation (mainstream climate change adaptation into the water sector), agriculture (enhance agriculture value chains by promoting climate-smart agriculture) and environment (enhance the resilience of ecosystems to climate variability and change).

By expanding the positive experiences of the UTNWF to other Kenyan WTs, the proposed project is not only aiming for a broader geographic reach, but also to increase its contribution to national policy formulation and amendment, as well as widening and intensifying its collaboration with agencies at County level, who increasingly gain importance through the ongoing devolutionary process.

The proposed project interventions are also aligned to the County Integrated Development Plans (CIDPs) for the two counties. Elgeyo County CIDP 2018-2022 clearly identifies the major degraded areas and environmental hotspots. The county recognizes that high population growth has exerted pressure on land and eventually led to encroachment into the



forest, riparian reserve and fragile ecosystem. Farmers, in search of fertile land, have encroached into wetlands and practise farming in riparian reserves. This has resulted in serious environmental degradation.

Similarly, Uasin Gishu county has identified riparian reserves as a fragile ecosystem for conservation. The county therefore has elaborate plans to protect the riparian for major rivers such as Sosiani river in collaboration with NEMA.

## **8. Knowledge Management**

**Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.**

With the aim of enhancing its impact beyond project lifetime and geographic target area, the proposed project has a component that is fully dedicated to capacity development, monitoring and evaluation as well as knowledge management. INRM approaches are fairly new to many of the stakeholders and national or devolved agencies involved in this project, and it is therefore particularly difficult for them to establish clear links between such integrated approaches and changes and successes in the field. Thus, emphasis will be on aligning M&E tools with county and national planning processes, so as to strengthen the enabling environment for INRM and to sustain these efforts. Further inherent to this approach is the notion that enhanced capacity and use of monitoring, assessment and evaluation will provide a good data baseline for informed policy and decision making that takes such lessons learned into account for amendments and reforms that will also set the stage for expanding on successful practices. The project's knowledge management strategy will therefore also support the development of best practices for discussions and networking to promote the water fund concept beyond the project's area.

The project builds upon approaches and lessons learned through the GEF 6 IFAD, TNC and GoK supported UTNWF. The concept, which is the first of its kind in Africa, is based on the principle that it is less expensive to protect water resources at the source than it is to address reduced flow and degraded water quality downstream. The overall goal of UTNWF as a Public-Private Partnership is to increase investment flows for sustainable land management and INRM in the Upper Tana catchment area. Since inception in 2016, the UTNWF implementation has progressed well with a number of positive results achieved, key amongst them being: (i) institutionalisation of the WF is advanced and on target, with the following results: registration of the Fund as a Charitable Trust; establishment of a functional board of trustees, a Board of Management, a Counties Advisory Committee, and a Project Steering Committee; establishment of an endowment fund, with USD 1.67 million already secured; (ii) 23,043 ha (or 154% of annual target) have been placed under climate resilient management and 10,071 individuals (or 320% of annual target) that have access to technologies/materials that reduce GHGs and sequester carbon; (iii) the project has installed 3,157 water pans, bringing the cumulative number of water pans in smallholder farms to 11,071; and (iv) various agroforestry seedlings (trees, bamboos and grasses)

planted, with over 80% survival rate, putting the total number of tree seedlings at 2,445,130 (691,734 seedlings procured and planted in the 2019 season). Additionally, the school greening program has reached 118 schools, with 32,970 trees already planted.

A core lesson from the UTNWF to be applied in the proposed project is to establish an M&E system for and with both local stakeholders and county decision makers. This proved to be a powerful tool to engage in sensitization and discussions on the perception of each others roles and responsibilities, and alignment of county policies and M&E procedures across sectors and with the needs and expectations of local smallholders. Equally important for the successful promotion of the WF approach among the private sector partners was the incorporation of indicators for tracking results on the ground and return on investment into the M&E system. KM tools will also include experiences from UTNWF, such as engaging with the Water Resource and Research Centre (WARREC) of Jomo Kenyatta University of Agriculture and Technology, leading in river flow monitoring in the upper Tana river basin so as to provide in-flow monitoring stations with equipment for real-time data recording, leading to timely and informed decision making on water availability and quality for Nairobi city and local communities.

Further lessons to be learned were compiled by mid-term review of the UTNWF in September 2019. These were scrutinized and incorporated into this proposal and further recommendations for stakeholder engagement, baseline compilation and monitoring for project sustainability will be applied during the projects' preparation phase.

This concept proposes to replicate and expand upon the successes of the UTNWF by extending conservation efforts and deploying the well-crafted WF tool to another water tower in the Cherangani Embobut Forest Ecosystem. As already experienced by the UTNWF, the high visibility of WFs beyond the project area itself is attracting further interest by both public and private sector partners, again adding to its visibility and broadening its scope.

### Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)

#### A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).

Name	Position	Ministry	Date
Dr Ibrahim M Mohamed	Principal Secretary	Ministry of Environment and Forestry	3/6/2019
Dr Chris Kiptoo, CBS	Principal Secretary, GEF OFP	Ministry of Environment and Forestry	3/2/2020
Response Sheet to GEF queries			3/13/2020
Guiding SECAP questions			3/13/2020
Annex C - Revised SECAP review			3/13/2020
Updated tracked PIF			3/13/2020
Updated clean PIF			3/13/2020
3rd resubmission	tracked PIF		4/15/2020
3rd resubmission	Updated review sheet		4/15/2020
3rd resubmission	Taxonomy		4/15/2020
3rd resubmission	SECAP Review note		4/15/2020
3rd resubmission	Global BD		4/15/2020

<b>Name</b>	<b>Position</b>	<b>Ministry</b>	<b>Date</b>
3rd resubmission	maps		4/15/2020
PIF 4th resubmission in track and yellow			4/21/2020
Review sheet 4th resubmission			4/21/2020
PIF 5th re submission in track and yellow			4/23/2020
Review sheet 5th re submission			4/23/2020

**ANNEX A: Project Map and Geographic Coordinates**

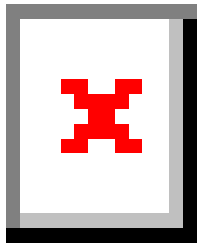
Please provide geo-referenced information and map where the project intervention takes place

Data availability across the different catchment areas is dissimilar; the project team is aware of some data gaps which will be addressed during project preparation phase.

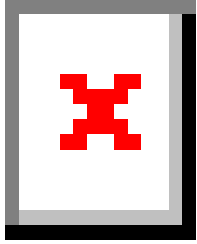
Map 1: Project Area – Location within Kenya

The project targets catchment areas within two counties in the Rift Valley region of Kenya's mid-west

Uasin Gishu County



Elgeyo Marakwet County



Map 2: Targeted catchments of the project



Map 3: The areas of gazetted forest reserves/protected forest areas within the source water catchment areas.



**The areas of gazetted forest reserves/protected forest areas within the source water catchment areas.**

# on map	Forest Reserve Name	Area in Hectares	WDPA ID
1	Cheboit	2,524	7546
2	Chemurokoi	3,974	7548
3	Kaisungor	1,087	7567

4	Kaptagat	12,931	7577
5	Kerrer	2,238	7587
6a	Kipkabus (Uasin Gishu)	6,929	7610
6b	Kipkabus (Elgeyo-Marakwet)	6,504	7611
7	Kipkunurr	15,869	7612
8	Northern Tinderet	29,413	7693
9	Sogotio	3,550	7713
10	Tropket	119	7729
	<i>Total</i>	<i>85,138</i>	