

OFFICE MEMORANDUM

DATE: May 5, 1999

TO: Ken King, Assistant Deputy CEO, GEFSEC
GEF PROGRAM COORDINATION

FROM: Lars Vidaeus, GEF Executive Coordinator 

EXTENSION: 34188

SUBJECT: **KENYA: Lewa Wildlife Conservancy
GEF Medium Size Project (MSP)**

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GEF SECRETARIAT

1. Please find attached the MSP Brief for the above-mentioned project. The project has been endorsed by the GEF national operational focal point (see letter also attached).

3. In accordance with operational guidance for approval of Medium-Sized Projects, we are submitting this project brief to the GEF Secretariat for action by the Chief Executive Officer (CEO). We are simultaneously circulating copies to UNDP/GEF, UNEP/GEF, STAP, and the CBD for comments within 15 working days, or by May 25, 1999.

3. We look forward to receiving the GEF Secretariat's guidance on the next processing steps for this Medium Size Project by June 8, 1999 (if not before). Thank you and best regards.

Copies:

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Ken King

May 5, 1999

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Medium-sized Project Brief — Lewa Wildlife Conservancy - Kenya

Project Summary

Project Identifiers	
1. Project name: Lewa Wildlife Conservancy – Kenya. (LWC)	2. GEF implementing Agency: The World Bank
3. Country or countries in which the project is being implemented: Kenya	4. Country Eligibility: Kenya ratified the convention of biodiversity on July 26th, 1994.
5. GEF focal area(s): Biodiversity	6. Operational program/short term measure: This proposal falls within two Operational Programs: Arid and semi-arid ecosystems/OP1, Forest ecosystems/OP3.
<p>7. Project linkage to national priorities, action plans, and programs:</p> <p>A. The proposed activities are fully consistent with Kenya’s NEAP, which emphasizes community based conservation of Kenya’s globally significant wildlife resources. The project also promotes government/private sector partnership in the management of natural resources, which is an explicit objective of Kenya’s NEAP and an emerging biodiversity Strategy.</p> <p>B. Link to Sustainable development Planning: The proposed project will support low impact community oriented tourism and sustainable utilization of wildlife resources, all of which will promote sustainable development of the target area.</p> <p>C. Other links: The project will strengthen the conservation of Black Rhinos and Grevy’s Zebras, which are both on the CITES list of endangered species; The conservation of biodiversity friendly habitats and the provision of biological corridors at both national and regional levels.</p>	
8. GEF national operation focal point and date of country endorsement: Mr. B. O. Komudho, GEF Operational focal Point, Ministry of Environment and Natural Resources endorsed the project in a letter dated 13 th October 1998	

Project Identifiers	
<p>9. Project rationale:</p> <ol style="list-style-type: none"> a. Two wildlife species in the area are threatened - Black Rhinos and Grevy's Zebra, and require protection to survive. b. Other wildlife species and habitats are under pressure. c. There is an ongoing loss of environmentally important habitats and vulnerable wildlife species on community owned land, due to changing land use patterns and a lack of incentive for communities to conserve these resources. <p>The project objectives are:</p> <ol style="list-style-type: none"> a. To strengthen the conservancies capacity to protect endangered Rhinos and Grevies Zebras and other vulnerable species, thus contributing to the survival of these species in the long term. b. To extend conservation benefits to biologically important community controlled land and slow down the environmentally negative ongoing land use patterns by increasing the capacity of Lewa Wildlife Conservancy to promote and support community based conservation enterprises. c. To ensure the long term continuation of these conservation benefits by enabling the Lewa Wildlife Conservancy to become more sustainable in the framework of its five Year Development Plan. d. To facilitate the development of other initiatives to support community based conservation in Kenya and elsewhere by creating a model for such support activities. 	<p>Indicators:</p> <ol style="list-style-type: none"> a. Both listed by CITES as endangered. b. Significantly reduced populations and area of distribution. c. Reduced areas of community land available for effective conservation - increased areas fenced and used for agriculture; increased livestock numbers; reduced wildlife populations and increased poaching of endangered species. <ol style="list-style-type: none"> a. Survival of endangered and vulnerable species in the area. b. Increased number of communities engaged in sustainable conservation based enterprises; <ul style="list-style-type: none"> • conservation benefits extended to environmentally important community controlled areas; • negative environmental trends halted. c. Improved operational and financial viability of the Lewa Wildlife Conservancy. d. The experience gained shared with other relevant organizations.

<p>10. Project outcomes: The expected project outcomes are:</p> <ul style="list-style-type: none"> a. The sponsors (LWC) core operations will be strengthened, allowing it to operate more effectively and efficiently and consequently to be more viable in the long term. b. Protection of endangered species will be made more effective and efficient enabling the conservancy to continue to provide protection to endangered species on a sustainable basis. c. LWC's capacity to support community based conservation initiatives will be increased significantly more rapidly than otherwise. d. LWC's technical capacity to support community based enterprises will be strengthened, particularly in the areas of business planning and financing. e. The financial viability of the Lewa Wildlife Conservancy will be improved, making it more sustainable in the long term and ensuring the long term continuation of the conservation benefits it provides. 	<p>Indicators:</p> <ul style="list-style-type: none"> a. Effective operation of core operations. b. Increase in populations of threatened species within the conservancy and increased availability for relocation. c. Increased number of community conservation initiatives being supported. Increased area of community land protected by conservation enterprises. d. More sustainable commercially viable community ventures developed. e. Improved financial structure of project sponsor. Expanded income generating activities.
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11. Project activities (including cost in US\$):	Indicators:
<p>Output #1: Core Conservation Activities (GEF: \$ 230,000 LWC: \$1,242,000)</p>	
<p>a. Infrastructure development. Incremental costs of \$68,000</p> <p>b. Vehicles and equipment. Incremental costs of \$140,000</p> <p>c. Upgrade administration and personnel training. Incremental cost of \$22,000</p>	<p>a. Completion of Civil Works schedule.</p> <p>b. Procurement of Specified Equipment.</p> <p>c. Hire business planner/administrator and complete training of staff.</p>
<p>Output #2: Protection of endangered species. (GEF: \$ 238,000 LWC: \$1,302,000)</p>	
<p>a. Security related infrastructure. Incremental costs of \$70,000</p> <p>b. Security related vehicles and equipment. Incremental costs of \$145,000</p> <p>c. Upgrade administration and management training. Incremental cost of \$23,000</p>	<p>a. Completion of Civil Works schedule.</p> <p>b. Procurement of Specified Equipment.</p> <p>c. Complete training of key staff.</p>
<p>Output #3: Support of Community Conservation Initiatives (GEF: \$257,000 LWC: \$ 414,000)</p>	
<p>a. Training and up-grade skills. Incremental costs of \$24,000</p> <p>b. Vehicles and equipment. Incremental costs of \$89,000</p> <p>c. Buildings and infrastructure. Incremental cost \$46,000.</p> <p>d. Increased Community Support Operations. Incremental cost \$98,000.</p>	<p>a. Completion of training inputs.</p> <p>b. Procurement of vehicles and equipment.</p> <p>c. Completion of infrastructure development.</p> <p>d. Increased number of community projects identified, initiated and supported with particular emphasis on improved business planning.</p>
<p>Output #4: Improve Long term Financial Viability of LWC. (GEF: \$0 LWC:\$235,000)</p>	
<p><i>(To be carried out in parallel with GEF activities but funded entirely by the sponsor).</i></p>	
<p>a. Adopt incremental cost accounting. Incremental cost \$0.</p> <p>b. Increase returns from tourism potential. Incremental cost \$0.</p> <p>c. Increase returns from other activities particularly non-tourism wildlife utilization. Incremental cost \$0.</p> <p>d. Expand Donor Base Incremental cost \$0.</p>	<p>a. All budgets and reports to incorporate incremental costs.</p> <p>b. Finalize plan to increase income from tourism and start implementing.</p> <p>c. Review options to increase income from Wildlife and start implementing.</p> <p>d. Support of fund-raising activities in U.K. and USA.</p>

12. Estimated budget (in US\$):	
GEF	750,000 (including a PDF A)
Other donors	1,432,000
<u>Lewa WildLife Conservancy</u>	<u>1,761,000</u>
Total	3,943,000
Information on Institution Submitting Project Brief	
13. Information on Project Proposer: The Lewa Wildlife Conservancy is the proposing agency. Information on LWC is attached. LWC operates with the authorization and cooperation of the Kenya Wildlife Service (KWS).	
14. Information on Executing Agency: Same as above.	
15. Date of initial submission of project concept: January 1998	
Information to be Completed by Implementing Agency	
16. Project identification number	
17. Implementing Agency contact person: : Christophe Crepin, Regional Coordinator – The World Bank – Tel :202 473 9727; Fax : 202 473 8185.	
18. Project Linkage to Implementing Agency: The project fits with the World Bank country assistance strategy, which places a high priority on both the conservation of threatened species and the development of community based commercial conservation activities, which channel some of the economic benefits to the communities thus giving them the incentive to conserve these resources.	

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CONSERVANCY AND ASSOCIATED COMMUNITY ACTIVITIES

ANNEX II: BIODIVERSITY BENEFITS OF THE LEWA WILDLIFE
CONSERVANCY

ANNEX III: RELATIONSHIPS BETWEEN THE LEWA WILDLIFE CONSERVANCY
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ANNEX IV: LWC STRATEGIC DEVELOPMENT AND FINANCING PLAN 1999 -
2004

ANNEX V: LETTER OF ENDORSEMENT FROM THE KENYA GEF FOCAL POINT

PROJECT DESCRIPTION

1. PROJECT RATIONALE AND OBJECTIVES

1.1 The Project Proposer

The Lewa Wildlife Conservancy (LWC) is a private Kenya wildlife conservation agency. It is located and operates on the Laikipia plains and Northern foothills of Mount Kenya. The initiative was started informally in the mid-1980s as a limited rhino protection program. It subsequently expanded into a formal organization, the Lewa Wildlife Conservancy in 1993 and was registered as a “Not for Profit Company” in May 1995.

LWC’s primary activities are:

- The protection of endangered species, particularly Rhinos and Grevies Zebra.
- The operation of a private wildlife conservancy.
- The support of community conservation activities in areas of environmental importance.

The cornerstone of LWC is a 16,000 ha private wildlife conservancy on the Laikipia plains and northern foothills of Mount Kenya (the core Lewa Conservancy). This land has been placed in trust for conservation purposes by its owners for the long term conservation of wildlife and natural habitats. It is managed and operated under the direction of the LWC Board with the guidance of a scientific board which includes leading ecologists from the region. LWC supports scientific research on the core conservancy both by its internal staff and by visiting external scientists. Management decisions relating to ecological issues such as carrying capacity, wildlife movement patterns, vegetation control etc, are made as much as possible on the basis of focused scientific research and established scientific practice. The Conservancy is heavily secured against poaching (including a perimeter fence) and provides a protected environment for the conservation of endangered rhinos and Grevies Zebra and other species under poaching pressure. The core Conservancy provides a base for LWC’s other conservation activities and a modest source of income from tourism, which is used to support LWC’s activities.

LWC also provides support to community based conservation initiatives in areas of environmental importance, particularly migration corridors and critical habitats near the Core Conservancy. The objective is to support the development of sustainable conservation enterprises which provide economic benefits to these communities, thus encouraging them to maintain these areas for conservation purposes. LWC supports communities by:

- Providing advice in planning and structuring these business initiatives.
- Providing assistance in securing funding for developing the projects.
- Providing logistical and management support to implement and run enterprises if they are requested - largely from its own infrastructure and management base. These services are charged at cost and provide a significant saving to the communities.

LWC is currently associated with and supporting two community-based projects benefiting approximately 1,100 community members, as well as one conservation activity outside the Conservancy in collaboration with the Government. These activities are helping to extend conservation benefits to an additional 40,000 ha.

LWC's current annual budget is approximately \$750,000. This is funded in roughly equal portions from donations and internally generated funds, all of which accrues directly to the central LWC budget. Expenditure breakdown between the three main LWC activities is approximately:

- Management and operation of LWC and the core Conservancy 42%
- Incremental security for endangered species (particularly rhinos) 44%
- Support of Community Conservation 14%

LWC has prepared, with professional assistance, a 5 year Strategic Development and Financing Plan aimed at strengthening its long-term viability and effectiveness. Annex IV.

Additional information on LWC is provided in Annexes I to IV.

1.2 Biodiversity Conservation Benefits Currently Being Achieved

LWC is achieving important conservation impacts by maintaining a large area of unbroken natural habitat in a high priority biodiversity area which is under significant development pressure, and by providing direct protection for species otherwise subject to strong poaching pressure:

- It has developed a viable and growing population of 51 rhinos on the core Conservancy (black 26; white 25). This herd represents one of the largest single populations of rhinos in East Africa. It is considered an important element in the survival of the species in the region and an important future source for restocking
- The conservancy has developed a population of approximately 650 Grevy's Zebra, which is the second largest population in Kenya and is estimated to make up 16% of the world population. It is one of very few well protected populations remaining in the wild and also represents an important source for restocking in the future.
- The conservancy is the most diverse conservation area for its size in Kenya. Several other wild life species are resident in increasing numbers. Whilst not being severely threatened, some of these species, in particular *Jackson's Hartebeest* and *Reticulated Giraffe*, have been under pressure in the region.
- Through its support of community conservation enterprises, LWC is extending conservation to an additional 40,000ha, which have been carefully selected for the conservation benefits these initiatives entail.

Further details of LWC's conservation results are provided in Annex II.

1.3 Project Rationale -The Threat

1.3.1 Maintaining Wildlife Habitat

The land comprising and surrounding the conservancy has a commercial value, particularly for livestock husbandry and small-holder settlement (large parcels of land have a minimum estimated sale value of \$300 per acre and a minimum annual lease value of \$7 to \$10 an acre – the values for smaller parcels is higher).

While the core Conservancy itself is secured through the legal Trust voluntarily entered into by its owners, the surrounding area is undergoing transformation, particularly sale and partitioning with fences. This threatens to cut off critical migration corridors and dispersal areas and is leading to permanent loss of important wildlife habitat.

1.3.2 Protection of Endangered Species.

Due to the high value placed on their horn, rhinos are severely threatened throughout their natural range and are included on the CITES list of endangered species. This threat seems likely to continue for the foreseeable future. Consequently these highly endangered species have to be kept under heavy protection, in secured areas. This is an expensive and complex intervention and there are few such initiatives that are able to support viable growing populations.

Grevies Zebra are also threatened and included on the Cites list of endangered species. The species is primarily found in the “Horn of Africa” countries and Northern/Eastern Kenya. Much of this area is or has recently undergone civil war, civil strife or at the very least some break-down of law and order. The result has been a loss of protection in formerly protected areas, and increased poaching due to the influx of firearms and changing social patterns. A major element contributing to survival of Grevies Zebra in the wild are the very limited areas still providing effective protection.

There are several other species in the area which although not formally listed as being endangered are never the less vulnerable, as a result of poaching and loss of habitat.

1.3.3 Need to Support Community and Private Conservation Initiatives.

A large proportion of the wildlife in Laikipia, as in much of Kenya is found outside of the National Parks and other protected areas, on privately held land. In Laikipia, much of this land is controlled by traditional communities which are not doing well economically.

These communities typically derive little if any income from wildlife resources and therefore have little incentive to conserve them. This is leading to environmentally negative trends:

- A break-down of large land units into small holdings, frequently fenced, and not conducive to conservation.
- The build-up of domestic stock in competition with wildlife.
- The poaching of high value species for monetary gain.
Casual poaching of other species for meat and hides.

Opportunities do exist for communities to derive a financial benefit from the resources and wildlife they control, whilst conserving them. The communities, however, are generally not able to structure and initiate viable income generating activities on their own. The Government (Kenya Wildlife Service) has a very limited capacity to assist them and is actively encouraging non-governmental partners to help meet this need. Several community leaders have approached LWC for such assistance, based on the success of the Ilngwesi community ecotourism project and other activities for which LWC is known in the area.

1.4 Project Objectives

The objectives of the project are:

- To enable LWC to continue and further strengthen its conservation of endangered species.
- To enable LWC to implement its Strategic and Financial Development Plan, making it more viable in the long term and increasing the sustainability of its conservation activities and benefits.
- To extend conservation benefits to biologically important community-controlled land and slow down the environmentally negative ongoing land use patterns by:
 - Increasing LWC's capacity to promote and support community-based conservation, and
 - Encouraging and assisting communities in high priority conservation areas to initiate sustainable conservation-oriented enterprises.
- To facilitate the development of other community based conservation initiatives and for private/NGO support of such initiatives in Kenya and elsewhere by serving as a model and by providing training opportunities on a modest scale.

1.5 Expected Benefits

Global:

The project is expected to:

- **Contribute to the continued survival** of endangered rhino and Grevies Zebra populations; the protection of other species under pressure and important habitats.
- Increase the protected area to a more ecologically sustainable size and to incorporate additional environmentally important areas.
- Engage resource owning communities in sustainable conservation related enterprises and to obtain concrete benefits from them.
- Create a replicable model for private sector and community based conservation.

National

The projects fits well with Government of Kenya policy and objectives:

- It is the policy of the Government to conserve threatened species and habitats.
- A large portion of the wildlife in Kenya is found outside of the National Parks and other protected areas.
- The Government has found it increasingly difficult to protect wildlife located on private and community controlled land and has developed a policy which relies on community and private landowners to conserve the wildlife and natural habitats.

- The Kenya Wildlife Services (KWS), the Government parastatal that deals with wildlife and conservation issues, is constrained by a lack of resources and is unable to satisfactorily support the development of such private and community based conservation-commerce. Its policy is to encourage NGOs and private entities to develop models and support initiatives for community based conservation. Although it needs strengthening, LWC is playing a pioneering role in this field and has considerable experience to offer.

2. THE CURRENT SITUATION

2.1 The Problem – The Costs of Providing Conservation Benefits

2.1.a Protection of Endangered Species

A primary goal of LWC is to protect endangered species, particularly black rhinos. LWC has managed to establish an effective security system and the poaching of rhinos and other wild life has been virtually eliminated on the core conservancy and to a great extent on the associated community conservation projects. This achievement, however, has required a significant level of input, over and above the cost of normal operations. Approximately 44% of LWC's total budget is spent on security for endangered species. This level of expenditure is expected to continue for the foreseeable future.

2.1.b Community Support Activities

The support of community based conservation activities provides significant leverage to LWC's core activities in terms of the area of habitat maintained and in terms of cooperation with wildlife protection activities. It is therefore critical to meeting LWC's, as well as national and global, conservation objectives. It is, however, very time consuming and currently consumes an estimated 14% of LWC's budget.

2.1.c Budget Constraints Resulting from "Additional" Conservation Costs

These two conservation related activities place a severe financial burden on LWC. Approximately 58% of the total funds available are spent on these activities, not associated with the basic operation of the core conservancy. Without these "additional" costs, it is likely that the core conservancy would by now be largely self-sustaining and financially stable.

Meeting the "additional" conservation costs on a continuing basis, however, has prevented LWC from building the budget reserves required for expanding its activities; for developing infrastructure; replacement of equipment; investment in income generating activities and clearing liabilities in a timely manner.

2.2 Constraints on Core Conservation Activities and Security of Endangered Species

LWC's core operations are the foundation of all the conservation benefits stemming from LWC. If these are not sustainable, the conservation benefits will gradually dissipate. The viability of the core operation is therefore critical to the entire initiative. Core conservation

operations are currently constrained by a need to upgrade key equipment and infrastructure. Security for endangered species would also be greatly improved by replacing key equipment; expanding the road network to be accessible throughout the year, upgrading other infrastructure, particularly employees housing, and initiating a regular equipment replacement schedule.

2.3 Constraints on Community Support Activities

There is considerable opportunity to expand the conservation benefits from strategically selected, community based conservation enterprises in the region. LWC has identified several potential community projects to the North of the core conservancy and on the western boundary of the Samburu Game Reserve. These are strategically important from a conservation perspective in that they protect migration corridors, extend important seasonal habitats and provide a buffer zone on the western periphery of the Samburu Reserve. They also represent a good potential for successful development of community based activities, as interest has already been expressed by some of the communities involved. These initiatives could extend conservation benefits to more than 100,000 additional hectares and several thousand community families.

Whilst LWC appreciates the conservation implications of these opportunities; recognizes the role it can play and is ready to provide such assistance, it is constrained by:

- Insufficient resources to provide support to all the environmentally significant community based opportunities that are seeking assistance or that should be encouraged.
- A lack of internal skills in certain key areas essential to the process of creating sustainable enterprises, particularly business planning and financing.

2.4 Need to Strengthen Funding Base

Although LWC has been relatively successful in developing a funding base, in order to achieve its long term conservation objectives and to become financially stable, it needs to improve its income generating capacity. There is considerable potential to increase income from its three current sources - donations, tourism on Lewa and non-tourism uses of wildlife.

2.5 LWC Five Year Strategic Development Plan

LWC management is aware of these issues and has developed a strategic development and financing plan designed to address these operating requirements and to become financially stable. The plan will be implemented over a five year period, from 1999. Full details of the plan are provided in annex IV.

2.6 Need for One Time Injection of Funds from GEF

The bulk of the costs of the five year plan will be met by LWC. A one time injection of funds from GEF will, however, accelerate the process of achieving the plan objectives and will significantly increase the possibility of LWC becoming sustainable in the long term.

3. THE PROJECT AND EXPECTED OUTCOMES

3.1 The Project

The project will support the following elements of LWC's five year development plan:

- Core conservation activities - strengthen management, equipment and infrastructure.
- Protection of endangered species - strengthen equipment and infrastructure requirements.
- Increase LWC's capacity to promote and assist the development of a larger number of community conservation projects, with particular emphasis on business planning and fund raising aspects in order to ensure their sustainability.

Project support will be limited to these strategic development objectives for a two year period. During this time, LWC will continue to meet the costs of its ongoing operations and other development costs.

3.2 Expected Outcomes of the Project

Successful implementation of the project is expected to result in:

- LWC's core conservation operations will be strengthened so that LWC will be able to operate effectively and efficiently. This will improve its long term sustainability.
- Anti-poaching security operations for endangered species will be made more effective and efficient, enabling LWC to continue providing effective protection for these endangered species on a sustainable basis.
- LWC's capacity to promote and support community conservation projects will be increased significantly more rapidly than it otherwise would be. This will enable LWC to work with more communities, spreading the conservation benefits to other environmentally important areas before these areas are degraded further.
- The viability of community enterprises will also be improved through increased attention to business and financial aspects. This will include strengthening LWC's capacity to provide direct support in this area, as well as organizing appropriate training for community enterprises. This will result in greater sustainability and long-term conservation impact of the community initiatives.
- The one-time injection of GEF funds to help meet urgent operational requirements will enable LWC to utilize some of its existing funds to improve its financial position, particularly by developing income generating activities. Based on its five year development projections, as the financial base strengthens, LWC expects to be able to meet the ongoing costs of all three of its main activities at the end of the period supported by GEF and thereafter. By the end of the plan period LWC's financial viability is expected to be significantly improved.

3.3 Likely Outcome Without Intervention

Without the GEF support LWC will continue the implementation of its five year plan, however, the rate of implementation will be much slower and the possibility of achieving financial stability and ongoing provision of current conservation benefits will be less sure. Under these circumstances it is possible that expenditure on security and core conservation activities will have to be reduced. Protection of endangered species will be increasingly difficult and inefficient due to a lack of reliable equipment and infrastructure. The build-up of threatened species populations will gradually be reversed and the current conservation benefits will eventually dissipate.

The community conservation initiatives are also likely to stall. Without strong support of an organization such as LWC, it is unlikely that communities occupying environmentally important areas will be able to develop and finance sustainable conservation based businesses. They will consequently lose the incentive to maintain these environments, making it difficult or impossible to achieve protection of a larger eco-system beyond the boundaries of the core conservancy. It is likely that the current trends of subdividing and fencing off these areas into smaller holdings will accelerate. The net result will be a loss of important habitats and loss of the conservation benefits ensuing from these habitats. Once this trend starts it is very difficult to reverse.

4. PROJECT ACTIVITIES AND FINANCIAL INPUTS

4.1 Proposed Activities

The project will fund a part of the costs of the following elements of LWC's five year development plan during the first two years of the plan.

4.1.a Output 1: Core Conservation Activities

- *Expand the road network and airfield* - in order to improve efficiency of operations (shared with Output 2).
- *Construction of additional buildings and up-grade water supply* - required, for staff housing and a small expansion of office space to better accommodate accounting and business administrative staff.
- *Upgrading key equipment and initiating a replacement schedule* - those items of equipment and vehicles associated with core operations and beyond their normal operating life, will be replaced in order to maintain efficiency. A regular replacement schedule will be initiated.
- *Upgrade administrative and financial management skills*
 - LWC will hire a commercially oriented business administrator for a two-year period to place the conservancy operations on a more business like footing.
 - Appropriate training will be provided for management staff.

4.1.b Output 2: Protection of Endangered Species

- *Expand the road network and airfield* - will facilitate access of security personnel.

- *Construction of additional buildings* required for security staff housing and a small expansion of office space to accommodate activities supporting security.
- *Upgrading key equipment and initiating a replacement schedule* – more than 50% of LWC's equipment and vehicles are engaged in security related activities. Some of the equipment and vehicles are beyond their normal operating life and will be replaced as soon as possible in order to maintain efficiency. Key equipment will also be moved onto a regular replacement schedule.

4.1.c Output 3: Support to Community Conservation Initiatives

LWC will:

- Take on a management level community support officer, to concentrate wholly on community activities (to be retained beyond the two year period supported by GEF).
- Allocate up to 50% of the new business planner's time to supporting the business and financing aspects of community projects, training long term staff and organizing training for community participants.
- Bring in external expertise on a short-term basis to build capacity in business development and fund-raising.
- Construct staff housing and a small expansion of office space to accommodate the additional community support staff.
- Support the development of an increased number of viable community initiatives, which will require purchasing some additional vehicles and equipment.
- Assist the start-up and initial operation of community enterprises by providing basic support services, including infrastructure development and maintenance, where these services can be provided most efficiently through LWC.

4.2 Strengthen Financial Base

A major element of LWC's five year development plan is to increase its income and improve the long-term financial sustainability of the conservancy. Although GEF funds will not support these activities directly, the objective will be pursued by LWC as a parallel activity. The one-time injection of GEF funds into other elements of LWC's operations will enable LWC to reallocate some of its existing funding for investment in income generating activities and consequently to accelerate the process of becoming financially self-sufficient.

In order to strengthen its income base, LWC will:

- *Broaden the Source of Donations* – For the foreseeable future, LWC will continue to rely on donations to some extent to meet the additional costs of rhino protection. To lessen the load on existing donors, and to create a more stable source of donations, LWC has initiated a program to broaden donor contributions by creating charities in the United Kingdom and the USA.
- *Adopt incremental cost accounting principles* – Introduce a new system of reporting, incorporating the principles of "incremental costs" associated with protection of endangered species and community support, over and above the costs of core conservation activities. The long term goal of LWC is to meet all core costs from

internally generated funds and to use donations to fund only incremental costs and eventually to gradually reduce even this reliance on donor funds.

Increased Returns from Tourism

- Gate fees and bed night rates will be gradually increased over the five-year period.
- As the existing lodge concessions on the core conservancy come due for renewal during the next two years, LWC will seek a greater return per visitor.
- An improved marketing strategy for the Conservancy will be developed in conjunction with lodge operators.

Increased Income from Wildlife Resources - LWC will aggressively seek opportunities to increase income from non-tourism based utilization of wildlife resources. Initially this will be from higher unit returns and higher throughput from cropping. This can be initiated without significant investment, however, if the results are good a small investment in processing facilities will further increase returns significantly. LWC will also aggressively seek income from the translocation of wildlife to other conservancies and zoos as a more sustainable long term source of income.

5. SUSTAINABILITY ANALYSIS AND RISK ASSESSMENT

5.1 Sustainability of Core Conservation Activities & Protection of Endangered Species

The risks associated with LWC as an ongoing operation are significantly reduced, as much of the uncertainty normally associated with start-up activities has passed.

The main risk to achieving sustainable core conservation activities and continuing protection of endangered species is the risk of not being able to achieve a viable long term financing plan. In this respect the potential risks are:

5.1.a. Existing donors Losing Interest in Funding Ongoing Activities.

This risk will be mitigated by:

- Reducing reliance on donor funds, by increasing internally generated funds.
- Adopting the principle of incremental costs in all financial reporting and fund-raising activities and eventually using donor funds only for the incremental costs associated with conservation of endangered species and community support activities.

5.1.b Lower Than Expected Returns From Tourism.

The most significant risk to increasing income from tourism is the country risk. With the exception of top-end specialized tourism, Kenya tourism in general has been on a downturn for some time, largely as a result of security problems. This trend could continue.

This risk can be mitigated by marketing the conservancy in a way that does not link it to the general Kenya tourism industry, i.e. positioning the conservancy as a top-end private property destination; minimizing public road travel; packaging with similar top-end operations that have not suffered from the down-turn, or as a stand-alone destination. In a perverse way, the perception of poor security in many Kenyan tourist destinations is

becoming an advantage to LWC, as Lewa offers excellent security. The tourism opportunities presented by Lewa and the community initiatives lend themselves well to the top-end market.

Despite this risk, there is clearly considerable potential to increase income from tourism, which should be readily achievable, even without major changes in the tourism program.

5.1.c Potential Risks to Income from Non-Tourism Uses of Wildlife

- Cropping is not a consistent activity and may possibly be temporarily halted from time to time by KWS.
- Other cropping operations may gain expertise comparable to LWC's and reduce margins through competition.

These risks are mitigated by the fact that non-tourism uses of wildlife are not a major source of income for LWC and culling income is expected to be substituted in the near future by the sale of live animals for translocation to other conservancies and zoos, which will yield a higher return to LWC.

5.1.d Likelihood of Achieving Financial Self-sufficiency

Analysis of the projected five year budgets and financing plans for LWC suggest that only modest increases in income from tourism and other uses of wildlife, combined with a lower donation base will enable LWC to achieve a stable financial base within the plan period (Annex IV Tables 8.1, and 8.3). Despite the potential risks, it seems highly likely that with the one time injection of GEF funds, the long term financing plan and financial stability will be achieved.

5.2 Sustainability of Community Conservation Support

The risks to the conservation benefits stemming from community conservation enterprises are:

- The community enterprises developed with the assistance of LWC may not be financially sustainable in the long term. This risk will be mitigated by strengthening LWC's ability to provide sound business development and financing advice to the communities and by LWC emphasizing the need for achieving commercial viability as opposed to depending on subsidies.
- The enterprises created may fail for internal structural reasons, or lack of commitment by the community. This risk will be mitigated by placing a strong emphasis on sound institutional structuring of the enterprises. LWC will also endeavor to increase the level of community contribution, in the form of labor, land and possibly limited amounts of capital, as a means of ensuring ongoing commitment to the initiative.

With the high level of trust that LWC has developed with the communities it is particularly well placed to achieve these objectives.

6. STAKEHOLDER INVOLVEMENT AND SOCIAL ASSESSMENT

6.1 Stakeholder Involvement

6.1.a. The Communities Receiving Assistance

There is a high level of ongoing dialog between LWC staff and the communities developing conservation initiatives:

- The development of specific community projects involves extensive dialogue between LWC and the members of the communities at all levels. During this process LWC endeavors to ensure that “ownership” of the project remains with the community . LWC seeks to facilitate the project rather than to become the driving force of the initiative. Project meetings are generally held on the project site and decision making remains with the communities. This approach ensures that communities control the process of developing the project, have responsibility for its outcome and contribute significantly.
- The communities have frequent opportunities to discuss issues of mutual concern with LWC. These may be at informal meetings; at community project meetings; or at a monthly LWC meeting which is attended by all parties associated in some way with LWC’s conservation activities. The latter is a particularly effective forum for discussion and resolution of issues of mutual importance amongst the communities and or with LWC.

In developing its five year strategic development plan, LWC consulted with communities regarding their interests and needs and the ways in which LWC’s support to them could be effectively improved. This process will continue through the involvement of advisory groups representing the communities to help ensure the relevance and effectiveness of LWC’s community support activities.

6.1.b The Country

The country as a whole will benefit from the tourism benefits of the project and from the pioneering role of LWC in developing models for private conservation and for supporting community conservation activities. In this respect LWC communicates frequently with KWS, the arm of Government dealing with these issues.

6.1.c Other NGOs and Conservation Agencies

NGOs who deal with environmental issues, particularly relating to communities will have an interest in the project. LWC management meets regularly with relevant NGOs to discuss its programs and the results achieved. As the project is implemented, particular effort will be made to increase the level of dissemination of the lessons learnt. This will be reinforced by LWC’s willingness to provide practical field training on a limited basis to interested parties.

6.2 Social Assessment

LWC provides direct employment for 190 people and approximately 80 more are employed by the income generating activities associated with it. LWC also supports schools and clinics through an outreach program to its immediate neighbors.

The community conservation initiatives currently being supported by LWC benefit at least 1,100 people (Annex 1). As LWC's capacity in this area is increased this number is expected to increase significantly.

Assistance to communities is expected to result in the following benefits:

- **Development of a sustainable source of income in an environment where it is relatively difficult to develop income generating activities.**
- **Creation of a limited number of jobs, also in an environment where jobs are scarce.**
- **A slowing down of negative ongoing social trends, involving the break-down of large land units into small holdings which are not viable for supporting the needs of a household; degradation of the environment and migration of young people to the cities in search of income.**

The cost of these initiatives to the communities is expected to be:

- **Commitment of resources such as land, labor and possibly limited amounts of capital.**
In certain case they may have to forgo prior income stemming from other uses of the resources.

6.3 Gender Analysis

There do not appear to be any negative gender developments associated with the project. Increased income generating activities on both the core conservancy and the community initiatives is expected to generate as many employment opportunities for women as for men.

7. FINANCING PLAN AND INCREMENTAL COST ASSESSMENT

7.1 Baseline Expenditure Without GEF Support

Baseline expenditure over the project period is expected to be:

	<u>US\$,000</u>
Core Conservation activities	1,242
Protection of Endangered Species	1,302
Support of Community Conservation Initiatives	414
Strengthening Financial Base	235
<u>TOTAL</u>	<u>3,193</u>

This will be funded by LWC from existing sources.

7.2 Incremental Cost Analysis (US \$,000)

PROJECT COMPONENTS	BASELINE SCENARIO	PROPOSED ALTERNATIVE	GEF INCREMENT
Output 1: Core Conservation Activities	1,242	1,472	230
▪ Upgrade road network and airfield. Additional buidings and water supply			68
▪ Vehicles and equipment			140
▪ Upgrade administration and training.			22
Output 2: Protection of Endangered Species	1,302	1,540	238
▪ Security related Infrastructure.			70
▪ Security related Equipment and vehicles			145
▪ Upgrade administration and training.			23
Output 3: Support of Community Conservation Initiatives	414	671	257
▪ Training and upgrade skills			24
▪ Vehicles and Equipment			89
▪ Buildings and Infrastructure			46
▪ Increased Community support operations			98
Parallel LWC Activity: Strengthen Viability	235	235	0
▪ Adopt Incremental cost accounting			0
▪ Expand Donor Base			0
▪ Increase internally generated funds			0
TOTAL	3,193	3,918	\$725

8. PROJECT IMPLEMENTATION PLAN

8.1 Executing Agency and Project Timeline

The LWC strategic development and financing plan extends over a five-year period starting in 1999 and will be implemented primarily by the management of LWC. It is expected to take the five years of the plan period to show full results.

In order to achieve the maximum benefit from the medium sized grant, GEF funds will be disbursed over a condensed period during the first two years of the plan period.

8.2 Implementation plan

An implementation schedule for the project is provided in figure 8.1

8.2.a Core Conservation Activities and Security of Endangered Species

- An administrator/business planner will be retained for a period of two years, to complement the management team already in place. Fifty percent of his time will be allocated to developing the business and financial skills of this team.
- Training of management staff will be provided during the first two years of the project.
- Procurement of essential equipment will be carried out locally, following GEF procurement guidelines.
- Civil works will be carried out by LWC staff, utilizing conservancy equipment. They are very experienced with this type of construction and are expected to be able to take on the additional work without difficulty.
- Increasing the financial focus and ability of key staff has already begun and will continue throughout the project period.

8.2.b Support of Community Conservation

- The Executive Director is the most experienced member of the LWC management team in this discipline. LWC will arrange to delegate some of his current responsibilities so that approximately 50% of his time can be committed to community support activities.
- A community affairs officer will be hired to supplement and strengthen the existing staff, working full time on these activities, and will be retained beyond the duration of GEF funding.
- The project-financed business planner will allocate approximately 50% of his time to community support initiatives; to strengthen the commercial viability of these enterprises and the communities' capacity to manage them; to provide training for staff members and to organize training for communities.

These activities will be initiated as soon as funding is available and are expected to be well advanced within twelve months. As soon as the increased capacity to support communities is in place, opportunities to support a larger number of community initiatives in strategically important conservation areas will be sought aggressively. Relationships with appropriate communities are already being established. Particular attention will be paid to strengthening the financial viability of these activities. This will entail sound business planning, assistance to raise funds and organizing training of community personnel where needed.

8.2.c Improved Financial Sustainability of the Conservancy

Detailed plans and assumptions for increasing income and the build-up of the necessary investment fund are included in the five year development plan outlined in Annex IV.

- *Broadening the Donor Base* – The process of broadening the donor base is under way and will be supported throughout the project period. This will be reinforced by adopting incremental cost accounting.

- *Increased Income from Tourism* - Plans have been developed to increase the income from existing tourism activities, based on gradually increasing gate fees and concession rates, linked with improved marketing (Appendix IV). These developments are being initiated and will be implemented by the LWC management over the next three years. In addition management is currently reviewing the potential additional benefit to be gained by the construction of a lodge partially owned by LWC. If the construction of such a lodge is found to provide a better return than the existing tourism operations, the lodge will be constructed. LWC management will seek external input on reviewing these options and to seek additional commercial funding, as may be required.
- *Increased Income from the Sale of Wildlife* - The possibility of increasing income from wildlife sales will be reviewed in depth during the first six months of the project. Implementation of these plans is expected to follow within a twelve-month period and to be carried out primarily by LWC management.

9. MONITORING AND EVALUATION

LWC Management, will be largely responsible for monitoring of project implementation and impacts. They will report directly on the quantitative aspects of the project. They will seek the assistance of appropriate independent consultants/reviewers to assess the overall impact of the project and the level of community support service achieved at the end of the five year period. The views and opinions of the community advisory groups on LWC's community support activities will be sought and reported on throughout the reporting process.

The Management will report to the LWC Board and to the World Bank as follows:

- During the disbursement period - every six months with a strong emphasis on issues relating to the use of GEF funds.
- On completion of disbursement of GEF funds - a report summarizing use and impacts of GEF input to the project.
- Thereafter on an annual basis.
- At the end of the five year plan a summary of the impacts of the project including the GEF intervention.

Ongoing monitoring of project activities and outputs will address:

- Implementation progress, such as procurement of goods and services, completion of civil works, implementation of training activities, etc.
- Introduction of improved financial and business planning practices for LWC and for community enterprises being supported.
- An increase in the number of community projects being supported, in strategically targeted areas. As time allows for the development of community enterprises, the number of well-planned community conservation-related enterprises, with strong community ownership,
- Satisfaction of communities with the support received, and evidence of increase in their active support for conservation objectives (e.g. cooperation with anti-poaching activities of LWC, KWS and other relevant bodies).

- Improved efficiency and effectiveness of security and core conservation activities.

Evaluation of the project's achievement of its objectives will include:

- Improvement of LWCs financial base, with reference to its 5-year Strategic Development and Financing Plan.
- Strengthened long term LWC management and technical capacity, particularly with respect to financial/business planning and community outreach and support.
- Increase of land area maintained as high quality wildlife habitat and maintenance of key wildlife migration corridors, particularly in identified strategic areas.
- Increase in populations of endangered species on the core conservancy to the point where translocation for restocking purposes is a viable option.
- Effective, sustainable wildlife protection and tourism activities on the core conservancy, based on improved infrastructure and equipment, which is on a sound maintenance/replacement schedule.

10. PROCUREMENT ARRANGEMENTS

Procurement of goods and equipment financed by the GEF grant will be conducted according to procedures specified in the World Bank's guidelines.

ANNEX I : ADDITIONAL INFORMATION ON THE MSP PROJECT PROPOSER

(1) Full legal name of Institution (please provide a commonly used English translation)

The Lewa Wildlife Conservancy

(2) Background (date legally established, purpose/mission)

The Lewa Wildlife Conservancy (LWC) is a private Kenya non-profit wildlife conservation agency, which manages and advises privately owned and community land for the benefit of endangered wildlife and habitats. It is located and operates primarily on the Laikipia plains and northern foothills of Mount Kenya, approximately 200 kms North of Nairobi.

The initiative was started informally in the mid 1980s as a limited rhino protection program on 2,000 has of private land. It has subsequently evolved to include other conservation activities and to support a significantly larger rhino population on a core conservancy of 16,000 has. A non-profit organization, known as the Lewa Wildlife Conservancy (LWC) was formed in 1993, to manage the core conservancy for the benefit of conservation, and to pursue other conservation related activities.

Lewa's Conservation Objectives and Strategy are:

- To manage the core conservancy in a sustainable manner for the benefit of wildlife and habitats.
- To protect threatened Species in it's area of operation (particularly Rhinos and Grevies Zebra).
- To conserve environmentally important habitats and expand areas under conservation to enhance ecological sustainability.
- To support the development of financially viable community based conservation enterprises, in environmentally important areas.
- To develop LWC into a financially viable and sustainable conservation entity.

Although LWC is still a relatively young organization, it is pioneering several new concepts in the environmental arena in East Africa. It undoubtedly has significant potential to serve as a model for other similar activities and to have a major demonstration effect.

(3) Type of organization

LWC is formally registered as a Kenyan "Not for Profit Company Limited by Guarantee" and enjoys the full support of the Kenya Government. It cooperates on a day to day basis with the Kenya Wildlife Service (KWS), the Government parastatal charged with managing wildlife on public land in Kenya.

(4) Names of Governing board members, officers and key personnel.

LWC's activities are overseen by a Board of Directors comprising:

Mr. Halvor Astrup	
Mr. Ian Craig	Executive Director
Mr. William Craig	
Mr. Francis Dyer	
Mr. Hugo Ferranti	
Mr. Pat Goss	
Ms. Anna Mertz	
Mr. Nigel Sandys-Lumsdaine	Chairman

Land controlled by LWC is managed on a scientific basis with the assistance of leading environmentalists in the region.

Day to day operations of LWC are overseen by a full time management team consisting of:

- | | |
|----------------------|--------------------|
| • Executive Director | Mr. Ian Craig |
| • Administrator | Mr. Simon Marriott |
| • Finance Manager | Mr. Patrick Nduati |
| • Ecologist | Mr. Shadrack Muya |

A work force of approximately 190 is employed directly by LWC. In addition approximately 80 people gain employment from the income generating activities associated with the conservancy.

(5) Membership (total number of members and key members), if applicable

NA

(6) Recent programs/projects/activities

6.1 Primary Activities

LWC's primary activities are:

- The protection of endangered species, particularly Rhinos and Greivies Zebra.
- The operation of a 16,000 ha private wildlife conservancy (the core conservancy).
- The support of community conservation activities in areas of environmental importance.

Expenditure breakdown between the three main activities is approximately:

- | | |
|--|-----|
| • Conservation of endangered species | 44% |
| • Support of Community Conservation | 14% |
| • Management and operation of LWC and the core conservancy | 42% |

6.2 Core Conservancy

The cornerstone of LWC is a 16,000 hectare private wildlife conservancy (Lewa – the Core Conservancy). The Lewa conservancy is based on privately owned land, operated as a trust within the broader framework of LWC. It is managed by LWC for the conservation of wildlife and habitats, under the guidance of a scientific board, which includes leading ecologists from the region.

It is heavily secured against poaching (including a perimeter fence) and provides a protected environment for the conservation of endangered rhinos and Greivies Zebra and other species under pressure. It provides a base for LWC's other conservation activities.

Lewa holds considerable potential for high value tourism which is being developed for the benefit of LWC. The conservancy is open to visitors and commercial operations involve the charging of gate fees and concessions for three lodge/tented camp operators. The resulting income accrues to LWC and constitutes a significant portion of LWC's funding.

The conservancy is run on a scientific basis A significant amount of scientific research is carried out on the conservancy with direct relevance to its operation and of general scientific value.

6.3 Anti-Poaching Security Operations

At the time that the rhino conservation project was first initiated, rhino poaching in East Africa was at its peak and the population was being reduced at an alarming rate.

LWC has managed to establish an effective security system on the core conservancy and also supports anti-poaching activities on the associated community conservation projects. The poaching of wild life, including rhinos, has been virtually eliminated on the core conservancy and to a large extent on the community initiatives supported by LWC.

6.4 Support of Community Conservation Activities

A fundamental policy of LWC is to extend conservation activities and benefits to environmentally important community controlled areas in the region. The goal of these activities is to ensure that conservation of the wildlife and habitats becomes socially and financially important to these communities, thus giving them the incentive to preserve them.

LWC targets community initiatives in areas of environmental importance, particularly migration corridors and critical habitats.

LWC is currently associated with and supporting three community based or Government conservation projects:

- *The Ngare Ndare Forest* -6,000 hectare; directly adjacent to the core conservancy on the southern boundary; owned by the Government. LWC participates in and supports the management of the forest.

- *The Ingwesi Conservancy* - 16,000 hectare group ranch; directly adjacent to the core conservancy on the northern boundary; owned by 300 members of the Ndorobo community; successfully operating an eight-bed lodge developed with the assistance of LWC.
- *The Namunyak Conservancy* - 24,000 hectare group ranch; situated approximately 80 kms North of the core conservancy and linked to it by a major wildlife migration route; owned by 600 members of the Samburu community; currently developing a tourism business with the assistance of LWC.

Method of Establishing Initial Contact with Communities:

- LWC's conservation and associated income generating activities; and its interest to support community initiatives are well known in the region.
- The key members of LWC management are well respected by, and generally have the trust of the local communities.
- Initial approaches to cooperate are made both by the communities and by LWC.

LWC works directly with the communities to provide the following assistance:

- Structuring and planning of community initiatives.
- Assistance in securing investment capital for initiating income generating activities.
- Logistical support to initiatives once they are running;
 - maintenance of equipment,
 - building and maintenance of roads,
 - accounting support,
 - security support.

In doing this LWC has demonstrated that it has the skills and experience to support community conservation activities. Most importantly the senior staff of LWC, particularly the Executive Director, have gained the trust of the local communities, which is hard to achieve and absolutely essential to working effectively with them.

There is considerable opportunity to expand community based conservation commerce in the area. From the example of LWC's environmentally based income generating activities and the success of the Ingwesi lodge, other local communities are beginning to appreciate the long term value of conserving the wildlife and natural habitat. They frequently approach LWC to assist them in developing such activities. There is a clear need for LWC's continued support of these initiatives and the significance of these community support activities within LWC's overall program is growing.

6.5 Infrastructure and Management Base

LWC is headquartered on the Lewa conservancy. A liaison office is maintained in Nairobi to facilitate communications and logistics.

LWC has developed a management, logistic, equipment and infrastructure base to support the protection of endangered species, support of community conservation activities and operation of the core conservancy. This includes:

- The necessary buildings, communications and other infrastructure to support operations. Vehicles, equipment and maintenance facilities.
- A network of roads to facilitate security and conservation activities on the core conservancy.

It also includes a fundraising capacity, entailing both donations and income generating activities. LWC employs a full time staff of 180 people.

6.6 Conservation Benefits

LWC is achieving substantial conservation benefits which are outlined in Annex II.

6.7 Social Development

LWC currently carries out the following outreach activities:

- sponsorship of four schools and one medical clinic;
- provision of 20 secondary school and higher education bursaries per year;
- support for educational visits to the conservancy.

(7) Publications (list)

LWC publishes a periodic newsletter covering its conservation activities.

(8) Annual Budget (last completed year, current year) and Sources of Revenue.

LWC's recurrent budget is approximately \$750,000 a year. Approximately 45% of the budget is funded by internally generated funds, with the balance coming from charitable donations. Reliance on charitable donations is gradually being reduced as the commercial income increases and it is the intention of LWC management to eventually phase out reliance on charitable donations.

LWC's revenue for the past five years and forecast for 1999 are:

US\$,000	1994	1995	1996	1997	1998	1999
Donations	235.0	233.0	355.0	357.0	375.0	413.0
Self generated income	11.5	10.2	205.0	345.0	382.0	337.0
TOTAL	336.5	243.2	540.0	702.0	757.0	750.0

Donations

LWC has recently initiated a program to expand the donor base and to achieve a more stable donor income by creating registered charities in the UK and the USA.

Internally Generated Funds

The primary source of internally generated funds are:

- Tourism, in the form of daily entrance fees to the Lewa conservancy and concession fees. Tourism currently generates approximately \$210,000 a year net to LWC's budget and is relatively reliable. It is considered that this could be increased significantly.
- Non-tourism uses of wildlife also provide an income to LWC, although this is a much smaller and less stable source than tourism. This is primarily through the culling of Burchells Zebra on nearby properties under KWS quotas (no culling is carried out on Lewa) and the sale of live animals to other conservancies and zoos. There is also potential to increase this income.

Expenditure Break-down

Expenditure breakdown between the three main LWC activities is approximately:

- Conservation of endangered species 44%
- Support of Community Conservation 14%
- Management and operation of LWC and the core conservancy 42%

(9) Experience with managing grant-financed projects (please provide a list of grant amounts, purposes, status of the project(s) and grantors for any grants received during the last 3 years)

LWC has administered grant funds in some form or other since its inception. Initially these came from a single donor, however, over the course of the past five years the total value of donations has grown significantly and the number of donors has increased to more than eleven.

LWC currently administers more than \$400,000 of donor funds per year without significant problems.

Details of grant funds received during the past three years are shown in Table IIA.

(10) Administration and accounting-control procedures; current auditing arrangements.

There are in place internal control measures which spell out precisely how all LWC's receipts and payments should be handled. This process functions well and there have not been difficulties with the level of donor funds being received. The annual accounts are audited by reputable external auditors.

(11) Description of how the institution procures and contracts for goods, services and works (including individuals responsible, governing rules/regulations and decision-making process)

LWC has established a procurement procedure for goods and services acceptable to its current donors. The system is designed to:

- Avoid duplication of items already in stock.
- Ensure that purchases are approved by the relevant line manager and for larger expenditures by the Executive Director and ultimately by the board.
- Ensure competitive bidding for larger expenditures.
- Ensure that all details of individual purchases are recorded.
- Ensure that allocated budget is available before purchases are made.

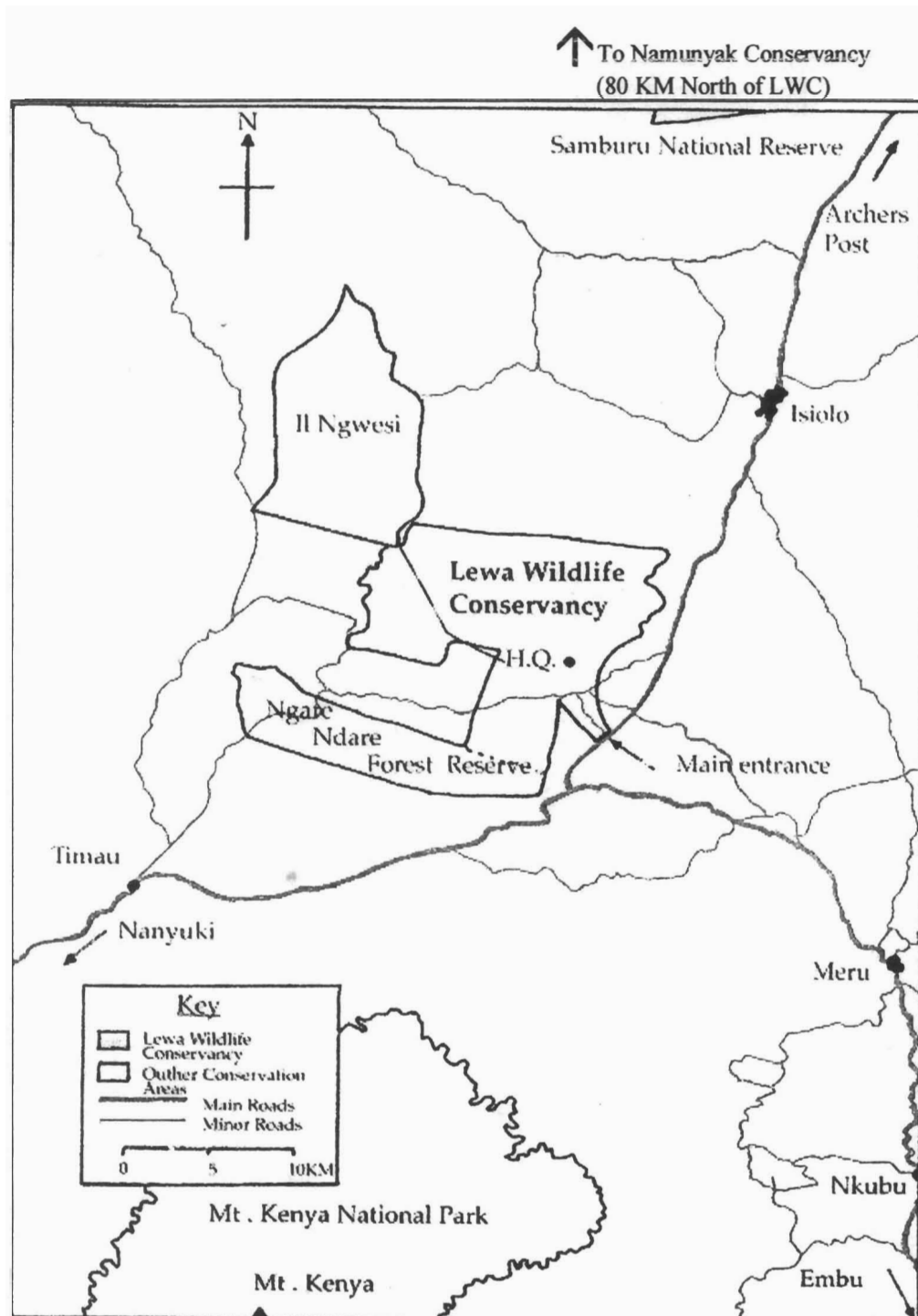
The system works well and meets the requirements of existing donors. It forms a sound foundation on which to base World Bank procurement standards.

(12) Contact Person:

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ANNEX 1B

MAP SHOWING SITUATION OF THE LEWA WILDLIFE CONSERVANCY AND ASSOCIATED COMMUNITY CONSERVATION ACTIVITIES



ANNEX II BIODIVERSITY BENEFITS

LWC is currently achieving significant conservation benefits.

1. The Core Conservancy Houses Important Populations of Threatened Species

- It has developed a population of 51 rhinos:
 - Black rhino *Diceros bicornis* (26),
 - White rhino *Ceratotherium simum* (25)
 - This herd represents one of the largest single populations of rhinos in East Africa and is considered an important element in the survival of the species in the region and an important future source for restocking.
- Grevy's Zebra *Equus grevyi*. The conservancy has developed a population of approximately 650 Grevy's Zebra. There are only two significant sanctuaries for Grevy's in Kenya: Lewa and Samburu/Bufalo Springs National Reserve. The Lewa population is believed to represent approximately 16% of the world's wild population. It also represents an important source for restocking in the future.

2. Other Species Under Pressure

Several other wild life species are resident on the conservancy and have increased their numbers significantly since the conservancy was started. Whilst not being severely threatened, some of these species, in particular *Jackson's Hartebeest* and the *Reticulated Giraffe*, have been under pressure in the region. Any increase in these populations, which can be sustained, is useful for long-term survival of the species. These populations also form a pool for restocking other conservancies in the future

3. The Core Conservancy Also Provides the Following Conservation Benefits:

- It is the most diverse conservation area for its size in Kenya. Its range of habitats include:
 - the dry cedar forest of Ngare Ndare (see more detailed description below)
 - wetland - similar wetlands exist in Kenya only at Saiwa, Rumuruti and Lake Victoria. Only the first is protected and is only 2 hectares with a hard edge boundary.
 - Savannah.
- It provides a dry season reserve for up to 330 elephant (*Loxodonta africana*) that migrate from the north.
- It houses a crested crane (*Balearica regulorum*) breeding site.
- It provides a base for and supports fundamental research in environmental/ecological issues, carried out both by it's internal staff and visiting external scientists.
- It provides protection for water sources flowing to land to the north.
- It houses two prehistoric Achilian stone tool-manufacturing sites which are being protected.

4. Conservation Benefits From Community Support Activities

LWC assists the following community conservation initiatives in structuring and planning of commercial initiatives, providing assistance in securing funding for income generating activities and logistical support once they are running.

- *The Ingwesi Conservancy* - 16,000 hectare group ranch; directly adjacent to the core conservancy on the northern boundary; owned by 300 members of the Ndorobo community; successfully operating an eight-bed lodge developed with the assistance of LWC. This initiative significantly expands the eco-system protected by the Lewa Conservancy increasing its ecological sustainability and forms part of an important migration route.
- *The Namunyak Conservancy* - 24,000 hectare group ranch; situated approximately 80 kms North of the core conservancy; a key dry weather elephant migration area and linked to the Lewa eco-system by a major wildlife migration route; owned by 600 members of the Samburu community; currently developing a tourism business with the assistance of LWC.
- *The Ngare Ndare Forest* - 6,000 hectare; directly adjacent to the core conservancy on the southern boundary; owned by the Government. LWC participates in and supports the management of the forest and the area is now incorporated into the core conservancy eco-system significantly expanding its dry weather habitats. It is a dry cedar forest, with the main species: African Pencil Cedar, Brown Olive, and East African Yellowwood. Numerous springs and streams bisect the forest and their attendant riverine vegetation includes acacia spp, ficus spp, Cape Chestnut, and Phoenix palms. It is an important habitat for large mammals and its incorporation in the conservancy significantly increases the ecological viability of the protected eco-system. The forest is an important watershed. It adjoins densely populated land on three sides and was under severe pressure leading to degradation prior to the involvement of LWC.

5. Other Species Protected on Lewa

A recent animal census recorded the following species resident and protected on Lewa:

Beisa Oryx	Buffalo
Bushbuck	Cheetah
Dikdik	Eland
Elephant	Gerenuk
Giraffe	Grants Gazelle
Greater Kudu	Hartebeest
Hyena	Klipspringer
Leopard	Lion
Ostrich	Sitatunga
Steinbok	Warthog
Waterbuck	Zebra, Burchell
Zebra, Grevy	

ANNEX III : RELATIONSHIPS WITH OTHER ORGANISATIONS

1. KENYA WILDLIFE SERVICE

LWC has a substantial relationship with the Kenya Wildlife Service:

<u>Department/Officer</u>	<u>Activities</u>
Regional Area Director (RAD)	<ul style="list-style-type: none">• LWC and KWS mount shared security initiatives.• RAD has appointed two members of LWC staff as honorary wardens.
Biodiversity	<ul style="list-style-type: none">• LWC participates in KWS's National Elephant Management Committee.• LWC participates in KWS's National Rhino Management Committee.
Area Wardens	<ul style="list-style-type: none">• The wardens set wildlife utilization quotas.• Collaborate on problem animal control.
Community Wildlife Service	<ul style="list-style-type: none">• Partnership programs.
Regional Biodiversity Coordinator	<ul style="list-style-type: none">• LWC co-operates with Forestry Department (FD) under KWS/FD MoU to manage Ngare Ndare.• LWC contributes to species management on adjacent community owned land.
Director	<ul style="list-style-type: none">• LWC and the KWS director conduct policy co-ordination dialogues.• International publicity.
Veterinary	LWC and the veterinary department assist each other in capture and translocation, sampling, and veterinary health care.
Air Wing	LWC and the KWS air wing provide mutual operational support.

LWC is currently working with KWS to develop a memorandum of understanding to formalize their relationship. This will include collaboration on cropping, problem animal control, animal translocation, rhino surveillance, monitoring of poaching, security activities beyond the core conservancy, and research.

2. OTHER LINKAGES

LWC also actively participates in the following conservation organizations/forums:

- IUCN/Species Survival Commission - Rhino Specialist Group.
- IUCN/Species Survival Commission - African Elephant Specialist Group.
- IUCN/Species Survival Commission - Equid Specialist Group.
- Association of Private Land Rhino Sanctuaries.

3. LINKAGES AT A LOCAL LEVEL

At a local level LWC interacts with:

a. The Laikipia Wildlife forum, where it is a very active participant in addressing important wildlife and environmental issues in the area.

b. Major landowners in the area in an effort to expand conservation activities to environmentally important areas. This includes both large ranches and community owned land. In this respect, LWC is currently supporting the following community organizations:

- Ilngwesi Group Ranch,
- Namunyak Group Ranch,

LWC is also in discussion with communities controlling environmentally important land of significant size, particularly the Girigiri Group ranch, and communities settled on land formerly controlled by the Kenya Government Livestock Marketing Department.

c. The community leaders of Isiolo who are influential in the affairs of the Samburu Reserve and the adjacent areas.

d. Regional Government officials particularly:

- The District Commissioner and officials dealing with regional development and security.
- The regional police on security issues,
- The Forest Department relating to the management of the Ngare Ndare Forest.

e. As part of its social outreach program, LWC also supports schools, bursaries and a women's development group within the surrounding communities.

8. LWC FIVE-YEAR FINANCING PLAN

8.1 Proposed Financing Plan: 1999 to 2004

A financing plan and financial projections for LWC for the years 1999 to 2004 are provided in Appendix 1 and summarized in Table 8.1.

These are based on:

- Historic levels of recurrent expenditure.
The addition of the critical investment and operating costs required to strengthen core operations.
- A revised assessment of potential donations based on indications from existing donors.
- Modest increases in income from tourism and CUW.
- A medium-term grant from the GEF for \$750,000 to be disbursed from 1999 and 2000.

This plan will be effective only if the GEF grant is approved which is expected in mid-1999.

8.2 Budget Shortfalls at Current Levels of Income

Even with the GEF grant funding, unless there is an increase in internally generated funds the Conservancy will not be able to meet all the expenditures considered necessary to meet the objectives of the five year period (Table 8.2).

In particular, it is not able to fund:

- The development of an investment fund.
- Certain items of capital investment required during the second half of the plan period.

8.3 The Need for Increased Income to Achieve Sustainability

It is clear from these projections that at current levels of income and expenditure the financial viability of the Conservancy will continue to be problematic. There is clearly a need to increase income as rapidly as possible.

Tables 8.1, 8.2, and 8.3 provide an analysis of increased income generation. It is clear that even a modest increase of income from tourism will provide a significant improvement in the Conservancy's funding situation.

A combined increase of income from both tourism and CUW should ensure the financial viability of the Conservancy in the long term (table 8.1). It is clear that if LWC is able to make significant steps in this area it can achieve a sound financial footing within a five-year period.

8.4 Probability of Achieving Increased Income

The proposed financing plan is based on a combination of modest increases in income from:

- Tourism – increased occupancy; increased gate fees and increased bed night rates.
- CUW – increased throughput and increased added value.

Donations – assumes that recently created charities in the UK and USA will generate a reasonable level of donations over the five year period.

The financing plan allows adequate time for the proposed increases to be brought about with no significant increases expected before the year 2,000. Rather modest increases in income over the five-year period will in fact provide a very comfortable financial position.

Provided that the correct action is taken promptly and the recommendations pursued effectively, an increased level of income should be quite achievable. A significantly higher level of income is in fact possible (Table 8.3) and should be set as the target.

The schedule of projected increases outlined in table 8.1 may be used to set timing and quantity targets for increasing income.

8.5 Operating Surplus

It is expected that as the five year plan is implemented, an operating surplus will develop. It is recommended that this be used to:

- Maintain a contingency reserve,
- Create an investment fund for developing income generating activities.
- Clear liabilities in a timely manner.

8.6 Notes to Projections

a. *Interpretation of Financial Projections*

Financial projections beyond one or two years are subject to a significant amount of change and cannot be expected to unfold exactly as planned.

They are useful in that they indicate possible trends and developments and form the basis of more informed decision-making and goal setting.

The projections in this document should be interpreted in such a way.

b. *Prioritization of Current Expenditures*

Not all capital investments expected during the plan period have been included in the initial budget. As financial reserves build-up during the five year plan period, additional, lower priority, capital investments are expected to be made.

c. *Potential Budget Surpluses*

As the level of internally generated funds increases, unallocated funds are expected to become available in the future. These surpluses can be used to meet the capital investment requirements not funded in the annual budgets and to create an investment fund.

LEWA WILDLIFE CONSERVANCY - Kenya
STRATEGIC FINANCING PLAN 1999 - 2004

TABLE 8.1							
SUMMARY OF PROPOSED FUNDING PROGRAM - BASE CASE - MODEST INCOME INCREASE							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	1999	2000	2001	2002	2003	2004	Project
SOURCES							
DONATIONS	369,000	297,000	272,000	247,000	247,000	247,000	1,924,497
NET INCOME FROM OPERATIONS							
Tourism (gate fees, bed nights & lodge)	223,150	271,737	334,693	359,476	359,476	391,916	2,148,139
Consumptive Use of Wildlife	33,667	82,133	117,133	117,133	117,133	117,133	608,987
Others	15,600	20,600	25,600	33,100	38,100	38,100	177,100
TOTAL INCOME FROM OPERATIONS	272,417	374,470	477,427	509,710	514,710	547,149	2,934,226
Grants - GEF	500,000	250,000					750,000
TOTAL SOURCES	1,141,417	921,470	749,427	756,710	761,710	794,149	5,608,723
USES							
Annual Operating Costs	591,668	610,493	613,728	618,128	623,128	626,128	3,683,273
Capital Costs	396,129	95,089	34,522	12,252	52,252	12,952	603,196
Replacements	18,800	37,500	18,900	33,300	22,600	57,900	189,000
Additional Community Support costs	46,500	29,500	29,500	29,500	29,500	29,500	194,000
Taxes							
TOTAL USES	1,053,097	772,582	696,650	693,180	727,480	726,480	5,298,939
OPERATING SURPLUS							
<i>(Available for contingency reserve, investment fund, clearing liabilities and additional activities.)</i>							
Annual	88,320	148,888	52,776	63,529	34,229	67,669	455,413
Cumulative	88,320	237,208	289,985	353,514	387,743	455,413	
NON CASH TRANSACTIONS							
Core Conservancy - land contribution	350,000	350,000	350,000	350,000	350,000	350,000	2,100,000
Variable Assumptions							
Tourism							
Occupancy Increase - Annual %	0%	7.5%	10.0%	0.0%	0.0%		
Gate Fees Annual Increase (per night)		5	0	5	0	5	
Bed Night Rates Annual Increase			50%	0%	0%	0%	
CUW							
Zebra/Year	500	700	700	700	700	700	
Added value/ha/yr	0	50	100	100	100	100	

LEWA WILDLIFE CONSERVANCY - Kenya
STRATEGIC FINANCING PLAN 1999 - 2004

TABLE 8.2							
SUMMARY OF PROPOSED FUNDING PROGRAM - NO INCOME INCREASE							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	1999	2000	2001	2002	2003	2004	Project
SOURCES							
DONATIONS	369,000	297,000	272,000	247,000	247,000	247,000	1,924,497
NET INCOME FROM OPERATIONS							
Tourism (gate fees, bed nights & lodge)	223,150	228,850	228,850	254,550	254,550	254,550	1,652,190
Consumptive Use of Wildlife	33,667	33,667	33,667	33,667	33,667	33,667	226,653
Others	15,600	20,600	25,600	33,100	38,100	38,100	177,100
TOTAL INCOME FROM OPERATIONS	272,417	283,117	288,117	321,317	326,317	326,317	2,055,943
Grants - GEF	500,000	250,000					750,000
TOTAL SOURCES	1,141,417	830,117	560,117	568,317	573,317	573,317	4,730,440
USES							
Annual Operating Costs	591,668	610,493	613,728	618,128	623,128	626,128	3,683,273
Capital Costs	396,129	95,089	34,522	12,252	52,252	12,952	603,196
Replacements	18,800	37,500	18,900	33,300	22,600	57,900	189,000
Additional Community Support costs	46,500	29,500	29,500	29,500	29,500	29,500	194,000
Taxes							
TOTAL USES	1,053,097	772,582	696,650	693,180	727,480	726,480	5,298,939
OPERATING SURPLUS							
(Available for contingency reserve, investment fund, clearing liabilities and additional activities.)							
Annual	88,320	57,535	(136,534)	(124,864)	(154,164)	(153,163)	(422,869)
Cumulative	88,320	145,855	9,321	(115,543)	(269,706)	(422,869)	
NON CASH TRANSACTIONS							
Core Conservancy - land contribution	350,000	350,000	350,000	350,000	350,000	350,000	2,100,000
Variable Assumptions							
Tourism							
Occupancy Increase - Annual %	0%	0.0%	0.0%	0.0%	0.0%		
Gate Fees Annual Increase (per night)		0	0	0	0	0	
Bed Night Rates Annual Increase			0%	0%	0%	0%	
CUW							
Zebra/Year	500	500	500	500	500	500	
Added value/hide	0	0	0	0	0	0	

LEWA WILDLIFE CONSERVANCY - Kenya
STRATEGIC FINANCING PLAN 1999 - 2004

TABLE 8.3							
SUMMARY OF PROPOSED FUNDING PROGRAM - HIGH INCOME INCREASE							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	1999	2000	2001	2002	2003	2004	Project
SOURCES							
DONATIONS	369,000	297,000	272,000	247,000	247,000	247,000	1,924,497
NET INCOME FROM OPERATIONS							
Tourism (gate fees, bed nights & lodge)	223,150	271,737	334,693	359,476	359,476	391,916	2,148,139
Consumptive Use of Wildlife	33,667	82,133	150,600	150,600	150,600	150,600	742,853
Others	15,600	20,600	25,600	33,100	38,100	38,100	177,100
TOTAL INCOME FROM OPERATIONS	272,417	374,470	510,893	543,176	548,176	580,616	3,068,092
Grants - GEF	500,000	250,000					750,000
TOTAL SOURCES	1,141,417	921,470	782,893	790,176	795,176	827,616	5,742,589
USES							
Annual Operating Costs	591,668	610,493	613,728	618,128	623,128	626,128	3,683,273
Capital Costs	396,129	95,089	34,522	12,252	52,252	12,952	603,196
Replacements	18,800	37,500	18,900	33,300	22,600	57,900	189,000
Additional Community Support costs	46,500	29,500	29,500	29,500	29,500	29,500	194,000
Taxes							
TOTAL USES	1,053,097	772,582	696,650	693,180	727,480	726,480	5,298,939
OPERATING SURPLUS							
<i>(Available for contingency reserve, investment fund, clearing liabilities and additional activities.)</i>							
Annual	88,320	148,888	86,243	96,996	67,696	101,136	589,280
Cumulative	88,320	237,208	323,451	420,447	488,143	589,280	
NON CASH TRANSACTIONS							
Core Conservancy - land contribution	350,000	350,000	350,000	350,000	350,000	350,000	2,100,000
Variable Assumptions							
Tourism							
Occupancy Increase - Annual %	0%	7.5%	10.0%	0.0%	0.0%		
Gate Fees Annual Increase (per night)		5	0	5	0	5	
Bed Night Rates Annual Increase			50%	0%	0%	0%	
CUW							
Zebra/Year	500	700	900	900	900	900	
Added value/hide	0	50	100	100	100	100	

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MINISTRY OF ENVIRONMENTAL CONSERVATION

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13th October 1998

Ian Craig
Executive Director
Lewa Wildlife Conservancy,
P.O. Box 411
NAIROBI

**RE: ENDORSEMENT LETTER FOR THE PROJECT ON
WILDLIFE CONSERVANCY AND COMMUNITY CONSERVATION**

The above mentioned project proposal was presented to both the National Review Panel and its small working group. The proposal was reviewed and the necessary consultations made. It was importantly noted that this proposal targets principally arid and semi-arid ecosystems in its efforts to Biodiversity conservation within the Laikipia plains and on the Northern forest hill of Mount Kenya. It is also noted with satisfaction that this endeavour will involve the communities around the conservancy as a way of strengthening its long term sustainability and expansion of its conservation activities.

It is therefore the Government's expectations that this project will enhance increased long term sustainability of the conservation activities in this region as a result of larger more biologically viable protected areas and the active participation of the local communities.

**B. O. OBIEN
DIRECTOR, NATIONAL ENVIRONMENT SECRETARIAT
FOR PERMANENT SECRETARY.**