

#	Issues raised by STAP	Response and incorporation into PDR
1	Use of the STAP RAPTA framework for project M&A and for issues relevant to sustainability and food security, notably resilience.	The RAPTA framework is well incorporated into UTNWF's M&A framework. Relevant tools and approaches will be taken into account and be integrated into the MPAT survey, as detailed in the Results Framework (Outcome 3.2), and the description of project component 3 (pp 21-22)
2	Consistent definitions for resilience and sustainability	Resilience and climate resilience are defined at the start of the project document (table on definitions of terms and key abbreviations), in accordance with STAP and followed throughout the project design. Sustainability (financial, environmental) is inherent to the overall approach of water funds applied to the UTNWF, with experiences and proof through lessons learned particularly from water funds in Latin America.
3	Conceptual model that characterizes the agro-ecosystem, based on a shared understanding between stakeholders	The design of the UTNWF project was preceded by a three year pilot during which local stakeholders, NGO and CBO, local and federal agencies and the private sector negotiated and tested various characteristics of the system the project intends to impact on. These include social and biophysical aspects, expectations and values attached to the system and the landscape, functions of and trade-offs within the system and the various levels of governance involved to sustainably manage the system. These are described in detail in the Sections I A-C (pp 2-12) and II A (pp 13-16) and fund entry into the financial and economic analysis (pp xviii – xx and Appendix 10). As expectation and values tend to be subject to changes over the time, the Water Fund is designed as a multi-stakeholder platform through which the various concepts and tools can be re-negotiated, tested and applied in the system according to stakeholder consensus.
4	Learning from previous experiences and systematisation across countries for good knowledge management	The UTNWF is founded on the solid experience TNC has built in initiating and guiding water funds in Latin America. It further is grounded in lessons from previous Kenyan experiences, e.g. the Green Water Credits project and other IFAD SLM projects. These lessons found entry into the project design and are summarised in Section II D (pp 22-24). A continuous exchange of information and lessons learned is programmed with relevant projects of the World Bank and German cooperation, particularly to facilitate scale up. An integrated part to the project's intervention strategy is the immediate scale-out of project experiences through feasibility studies in at least 2 other Kenyan catchment areas. The cross-cutting regional project to support capacity development and knowledge management across the 12 FSIAP countries will further support consistent approaches and mutually enforcing M&A systems.
5	Strengthened resilience assessments	As outlined in # 1, RAPTA concepts and tools will be integrated into the UTNWF M&A; updating existing baseline data with indicators and information on resilience is part of the project strategy, as well as to support the integration of resilience into county development plans.
6	Stakeholder analysis	The project proposal builds not only on a solid stakeholder analysis and foresees to continuously improve on existing data and information during project implementation, but it also builds on actual experience in already working with most of the stakeholders and partners during the preceding 3-year pilot.

7	Scale up across scales and different stakeholders	UTNWF has both a strategy for scale out and for scale up, i.e. working with the different stakeholders within the Upper Tana basin to achieve impact beyond the immediate geographical scope of the project e.g. through supporting county development plans and sectoral policies at county and federal scale, and in sustaining these efforts beyond the project's lifetime through the Water Fund. The scale up strategy builds on awareness raising for water resource management at federal level, further feasibility studies for other Kenyan catchment areas, and inputs into the FSIAP framework to stimulate replication. Already now, various African cities show strong interest in the UTNWF, the first implementation of a water fund in Africa.
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#	Issues raised by Germany	Response and incorporation into PDR
1	Land tenure issues to be taken into account, particularly through land reform processes, capacity development of local level institutions	Land tenure does not pose challenges in the Upper Tana basin, and land reform, incl. registration etc. is no longer necessary. However, one pervasive challenge is the small parcellation due to inheritance laws. Farmers' associations, CBO and local NOG as well as county agencies are all very important partners in the project planning and implementation to jointly develop sustainable management pathways for the basin.
2	Broad application and upscaling instead of piloting of particular technical issues	The establishment of the Water Fund is exactly targeting this: adoption of SLM practices throughout the whole upper water basin and provision of lessons learned and feasibility studies for other water basins nationally and across the continent.
3	Landscape approach	The UTNWF project and the Water Fund itself take a landscape approach with a particular focus on the upper landscape due to the broader impacts along the downstream landscape. To render the water fund approach sustainable, it is paramount to take into account both upstream farmers' livelihoods, incl. resilience and improved value chains, and downstream users' need for water quality and quantity,
4	Forests in agricultural landscapes, wood energy	Within its component 2, UTNWF will promote agroforestry and provide support for broad-based tree planting to increase the vegetation cover, improve soil quality and yields, and to allow for wood energy production. This will be paired with the promotion of household-level biogas plants to at the same time reduce the demand for fuelwood.
5	Collaboration with GIZ/BMZ programmes: - Soil protection and food security - Green innovation centres - Food security and resilience	During the design phase, input was sought from the GIZ water resources management advisor for Kenya. While the programmes share some technical issues, they operate in very different geographical settings (Lake Turkana/Northern Kenya and Western Kenya). Nevertheless, information exchange and sharing of lessons learned was agreed upon.
6	Alignment of project M&E with national systems	The UTNWF M&A framework is designed to provide inputs into the national NIMES and county agencies will be closely involved so as to take on board lessons and methodologies of the project M&A.
7	Partner selection for water resources management	The recent changes in natural resource management responsibilities and developments due to the ongoing devolvement process were taken into account in the project implementation and management arrangements. TNC as the executing agency will closely collaborate with relevant national ministries, MENR remaining in charge of the Steering Committee, as well as with relevant county governments.

#	Issues raised by the US	Response and incorporation into PDR
1	Intensified agriculture having potential negative impacts on forests and key biodiversity areas	The UTNWF's main thrust is not agricultural expansion and intensification, but livelihood improvement through SLM and water resource management. Eventual agricultural intensification through changing land management techniques will be

		compensated through agroforestry and improved riparian management.
2	Challenges in establishing multi-stakeholder frameworks	The design of the UTNWF was preceded by a 3-year pilot with a particular focus on determining form, function, responsibilities and partners within the Water Fund. The Water Fund will be constituted as a charitable trust under Kenyan law and comprise of private sector entities, parastatal utility companies, farmers' associations and NGOs, under the auspices of GoK agencies. The WF will be the central multi-stakeholder platform to negotiate and develop multi stakeholder tools and implementation processes for SLM in the Upper Tana basin. Close engagement with CSOs, NGOs, local governance structures, the private sector and national entities will ensure that these will be responsive to stakeholders' needs and their respective responsibilities and mandates and that they will be integrated into the still evolving Kenyan governance structure for (water) resource management. Challenges such as access to resources, training and extension services are taken into account through the water fund approach itself to deliver an inclusive model of services to all partners involved.
3	Collaboration with WB water activities in Africa	Collaboration with the World Bank's KAPSLMP (GEF ID # 2355), employing local SLM practices in different catchment areas, is programmed for information exchange and on lessons learned. This will be beneficial for fine-tuning the UTNWF's scale-out and scale-up strategies.

## Response sheet to CPMT queries for UTNFW PDR

#	Issues raised by CPMT	Response and incorporation into PDR
1	Strengthen the lessons learned section with examples from previous/ongoing projects (Green Water Credits, UTaNRMP, KCEP-CRAL) as well as from TNC water fund experiences in LAC	Major lessons learned from previous IFAD projects and TNC experiences with water funds are now retained in the respective section, clustered under the headings of water fund establishment and PES design
2	Strengthen links to IAP and its hub project as well as other projects and put that up-front in the PDR - see proposed text from Eric Patrick	The two proposed paragraphs were inserted into the executive summary under the “strategic context” header, as well as in the main PDR rationale
3	Improve mention and integration of youth issues as well as on gender mainstreaming	Reference to the need for targeting and integrating the particular requirements of vulnerable beneficiaries, women and youth is now integrated throughout the PDR
4	Bring App 4.1 to the PDR as well to highlight linkages among UTNWF, UTaNRMP and KCEP-CRAL; also good to demonstrate linkages between UTNWF and the SDGs in a similar table	References to the MEA strategic programmes as highlighted in Attachment 4.1 are now strengthened throughout the PDR main text. Linkages table between UTNWF, UTaNRMP and KCEP-KRAL now integrated into main PDR, component description. A table showing convergence of UTNWF and the SDGs was added as Attachment 4.3
5	IFAD’s Complaints Procedure: Text to be included in the PDR	Reference to IFAD’s complaints procedure is now made, as proposed in Section D “Adherence to IFAD Policies”
6	It would be good to highlight if TNC has an environmental management system in place and how that can support project and risk management.	The PDR now references to TNC’s Programme Evaluation and Monitoring System (PEMS) in Section D
7	Need clarify terminology re the baseline investments and co-financing	Now provided in the exec. sum. and the respective tables in the project cost and financing section and Appendix 9
8	Clarify/strengthen the interactions/role of the IFAD baseline projects in the UTNWF	Linkages between UTNWF and UTaNRMP and KCEP-CRAL outcomes are now provided in tabular form (table 2 of the PDR).
9	Indicator for outcome 1.2 (# 5) does not align well as it does not reflect the higher policy level that needs influencing	Outcomes and indicators are changed to address this – see also response to query # 16 below.
10	Endowment fund: More substance is needed on how the PES and other incentives foreseen as main component 2 outputs will work; they are not yet clearly defined, but should at least be better explained in the PDR	UTNWF is addressing two interlinked issues at the same time: Establishing a WF and bring it to work with solid outputs. It is certainly desirable to detail future PES and incentive schemes as clearly as possible, but that would also mean to forestall some of the work the WF is supposed to discuss and conclude. Further examples of potential incentives and PES schemes are now provided in the description of component 2, and lessons

		learned offer further insights into the design of PES
11	The revolving fund appears to be a recurring replenishment, but not a revolving fund per se	All references to a revolving fund are now replaced by “recurring replenishment”.
12	Criteria of the trust deed on trustees and partners should be included into the PDR so as to improve understanding of the foreseen structure and processes of the WF	The trust deed is, so far, only a draft that requires further consultation with other trustees and partners. It is therefore premature to include some of the proposed criteria into the PDR. However, as soon as the deed is approved, it will certainly become an integral part of the project documentation and processes.
13	<b>Targeting.</b> One of the key objectives of the GEF-IAP on food security is to target areas where food insecurity is linked to ecosystem services degradation. In paragraph 2 it is understood that the project is targeting high potential areas for Agriculture in Kenya where the percentage of poor people is 35.4%. This is better than the national average where 46% of the population is poor. To justify and assure that the project is targeting food insecure groups, it would be good to provide some data on food security levels in the target area (e.g. percentage of population experiencing food scarcity for how many month of the year or just an overall figure of percentage of the population being food insecure for part of the year) and then provide a strategy for how it will be assured that the food insecure population will be beneficiaries of the Water Fund.	Information on food security and malnutrition is now incorporated into the overall description of the project’s strategic context and rationale.
14	<b>Landscape approach.</b> The figure 2: Theory of Change for the UTNWF indicates that the enhanced ecosystem services and conservation of the upper Tana river basin will come from a landscape approach and integrated planning and monitoring (which is in line the IAP-GEF). However, it is not clear how the project will assure that the supported interventions under component 2 is following a landscape level planning and intervention approach. The documents is in para. 15 referring to the country’s framework on water resources which retain “the roles of WRUA and geographic mandates as per water catchment areas (rather than counties) as the basic planning unit”. At the same time the document refers in para. 7 to County Integrated Development Plans, that would include the management of natural resources (water being exempted). How will the project support the creation of clarity between these two instruments covering county and catchment areas boundaries respectively? Finally at the overall catchment level it is mentioned in para. 17 that a Water Resource Management Authority has developed and is in charge of implementing a Catchment Management Strategy 2014-2022 for the whole of the Tana catchment area. How will the project support a translation of this macro level strategy to (sub)catchment area planning and prioritizing of interventions? In other words how will the	<p>The need for a better coordinated water resources management at local, county and federal level is now captured in an indicator (#6), and referred to in the exec. sum. (Para 17) or the respective section (e.g. paras 40 or 50)</p> <p>As the devolution process is rather recent, there is good opportunity to shape the county development planning processes so as to ensure WRUA and (sub-) catchment management plans are properly incorporated into county/ies development plans.</p> <p>Re. para 40, WRUAs and local NGOs were closely involved in TNC’s sub-catchment modelling, as well as WRMA – making sure that these different strategy and management levels had and have their inputs.</p>



	<p>project in its component 2 assure the supported activities and interventions are in-line with some overall (sub)catchment area land-use planning promoting landscape level impacts? In the component 2 description (para 40) it is indicated that priority areas and practices has been identified based on a modelling approach that employs a set of core indicators. Does this approach take into account landscape level dynamics in (sub)catchments and how is it linked to the roles of WRUA's in land-use planning and resource management? I suggest to considered to include an activity in the first project year for strengthening or establishing (sub)catchment area management committees/WRUAs and developing (sub)catchment area management plans, which could guide the eligibility of intervention areas and activities to receive an incentive from the WF. Finally, it could be emphasized how component 3 M&amp;A will not only strengthen the monitoring supporting the WF and national level mainstreaming but also planning and NR management decisions of local level WRUAs or (sub)catchment area committees.</p>	
15	<p>Different aspects related to gender and youth are mentioned, but there is no clear project strategy on how the involvement and benefits to these two groups will be assured. One thing to look at is their involvement in decision making in land and water governing bodies (like WRUAs or catchment area committees). Another aspect is local solutions for more equity in land tenure and access to water. Which could be pushed as part of the policies of the WF. There could be specific incentives targeting women and others targeting youth.</p>	<p>More detail is given on the need to specifically target women and youth, and suggestions are provided how e.g. specific incentives could address their particular needs (paragraphs # 17, 19 of the exec. sum, or # 34, 42 in the main document)</p>
16	<p>Good to see such a well-developed logframe following the new IFAD guidelines. However, some of the outcomes are actually outputs and needs to be pushed a bit further up the value chain (or call them outputs instead of outcomes) in particular in the case of component 1 and 3. I would risk to say something on policies, to make sure the project will be working on that also if in the end achievements are not reached. This is an important area to start to risk something for IFAD and it has been part of GEF for decades. For example is there anything this project could contribute to in terms of the country's legal framework for PES schemes? Could the project contribute to more clarity in the country's framework for water resources and catchment area management as mentioned in the comment above? Regarding component 2, I would suggest instead of the usual ha covered by SLM you include some outcome indicators on water availability and quality, indicators on land and soil conditions from the LDFS, water and land productivity indicators, and BD indicators. In this sense the project could take advantage of the M&amp;A framework being built.</p>	<p>Outcomes 1.2 and 3.2 now capture the project's policy aims more prominently, also in a separate indicator (#6). PES schemes depend on a high degree of flexibility to adapt to local circumstances and buyer or seller needs/expectations. While a regulatory framework can be supportive, it is not a requirement for PES to function. PES policy aims are therefore not retained as an indicator in the logframe, but referred to as an activity the project should address (in the exec. sum para # 17 and in the description of component 1, para # 40) The suggested more detailed indicators are covered, and now further extended, in Attachment 6.1 (Summary of RIMS and GEB Assessment and Tracking Tools). Including them in the logframe would bear the risk of either loosing relevant RIMS indicators in the LF or to exceed the ceiling of 15 indicators. Reference to these indicators is therefore</p>

		strengthened throughout the PDR (description of component 2)
17	<b>CSA definition (page iv).</b> Would include practices and approaches for farming systems that increases CCA and resilience, <b>food security</b> and when possible CCM. See <a href="http://www.fao.org/climate-smart-agriculture/72611/en/">http://www.fao.org/climate-smart-agriculture/72611/en/</a>	CSA definition is now improved to also capture policy measures, practices and approaches.
18	<b>Component 2 activity clusters.</b> Maybe reducing GHG emissions should not be a stand-alone activity cluster. The emission reductions would be crosscutting and achieved as a co-benefit as part of SLM and riparian zone conservation and reforestation upstream	This good suggestion is now provided in the description of component 2 (para # 47)
19	COSTAB should pay good attention not to reach the recurring cost ceiling of 8% (IFAD), and the 5% GEF ceiling for project management cost.	Annex 8 and all relevant parts in the main PDR text were amended according to EFA related points raised during CPMT. These changes were discussed in detail and shared with Malek Sahli, Grants Officer, and Enrico Mazzoli, PTA.  In addition to the track changes in the text, the following tables underwent revision:  PDR main text (Volume I): Costing: table 4. EFA: table 5, 6, 7.  PDR Annexes (Volume II): Costing: table 4, 13, 14, 15, 16, 17 and all tables under attachment 9.2. EFA: table 23, 24, 26, 27.
20	It would be helpful if partner contributions (cash and in-kind) could be more detailed	
21	Need greater clarity on TNCs internal audit procedures	
22	The Economic and Financial analysis (EFA) of the Upper Tana Nairobi Water Fund project (UTNWF), to be implemented in Kenya, is very well presented in appendix 10 and in section D of the PDR. The EFA so as its approach is comprehensively described, clearly indicating main assumptions and project/activities results, so as risks. Despite the analysis is largely satisfactory, detailed comments, suggestions and an action plan are provided below, in order to refine the overall quality of the analysis. Action plan before QE:  (a) Revise the discount rate adopted in the financial analysis; (b) Update the return to family labour formula; (c) Use the SERF instead of the SCF in the conversion from financial to economic prices; (d) Assess the minimum number of households needed in order to obtain a positive NPV; (e) Please revise final results so as to reflect the changes above	
23	Discount rate: the analysis considers a 10 % discount rate in the financial analysis and 12% in the economic analysis. Considering that the opportunity cost of capital is expected to be higher to single beneficiaries than the government or the society as a whole, it is advised to align the two parameters and adopt a 12% rate. Please use an opportunity cost of capital of 12%.	
24	Family Labour: although the calculation of the return to family labour per day for each farm model is appreciated, it is advised to change the formula currently used and to calculate the family labour by dividing the income before labour by 365 days. Indeed, considering the set of farm activities included in the models, family members are expected to be fully employed in their farms throughout the year. Kindly, recalculate the return to family labour per day for each farm model, as indicated above.	



25	Economic parity prices: although the SCF is properly calculated dividing the Official Exchange rate (OER) by the Shadow Exchange Rate (SER), the total project costs should be converted by means of its reciprocal - the Shadow Exchange Rate Factor (SERF) – having the analysis adopted the domestic currency and national prices as numeraire. The use of SCF is appropriate exclusively when the adopted numeraire is the international prices. Kindly calculate the SERF and use it to convert total project costs in the economic analysis.	
26	Sensitivity Analysis: the sensitivity analysis is well presented and praiseworthy linked to the risk analysis, as per IFAD standard practice. A further improvement could be to stress, in the text, the minimum number of beneficiaries needed in order to obtain a positive NPV and therefore a profitable Project. This is a good practice that CPMs could use to assess the performance of the Project during its implementation and monitoring. Kindly assess the minimum number of households needed in order to obtain a positive NPV.	
27	The linkages table between UTNWF and UTaNRMP and KCEP-KRAL is good and could be placed more prominently in the PDR. However, it would be good to also see practical suggestions how to link the projects' management approaches, e.g. by having the two project coordinators as members in the UTNWF steering committee. Coordinating supervision missions is welcome in principle, but difficult in reality as these are already loaded	Linkages table is now also provided in the main PDR text, and the good suggestion for stronger practical linkages through involvement in the steering committee is also incorporated in both PDR, appendices and the organigramme
28	Deliverables under component 2 are difficult to grasp, also because there is no procurement plan attached to the PDR	Procurement plan is now part of the Appendices to the PDR (volume II)
29	In the logframe, attention should be given not to mix outcome and output level indicators.	Addressed in the logframe - see response above

**GEFSEC comments through informal upstream review**

30	<p><b>CONFORMITY WITH IAP OBJECTIVE AND PRINCIPLES:</b></p> <p>- The project seems well aligned with the overall objective and theory of change of the IAP. To further demonstrate this alignment, it would be helpful if the final PDR and Request for CEO Endorsement could provide further information regarding the baseline situation and baseline scenario as it relates to food insecurity in the targeted sub-catchments.</p>	Please refer to response # 13
31	<p><b>MULTI-STAKEHOLDER ENGAGEMENT:</b></p> <p>- The institutionalization of the Water Fund Platform is a compelling example of integration across scales, and across the public and the private</p>	The WF's aim to strengthen policy coordination is now further explained, e.g. through a new indicator on water resources and catchment management policies across scales

	<p>sectors. What is less clear, however, is to what extent the project would contribute towards a stronger coherence and coordination across the environment and agriculture sectors, at the national and county levels.</p> <p>- According to the risk matrix "the UTNWF aims at providing a common platform for the promotion and M&amp;E of SLM practices". Please elaborate how this "common platform" would operate and how it would be sustained.</p>	<p>The UTNWF (project) M&amp;A framework will provide the detailed baseline and monitoring tools for the WF, who will continue using the tools, incl. their incorporation into local and county sectoral and development planning.</p>
32	<p><b>PATHWAYS TO SCALING UP:</b></p> <p>- The Water Fund offers a clear pathway to scaling up sustainable management practices throughout the catchment, and the model may be replicable in other catchments across the country. It would nevertheless be useful to learn more about the extension networks in place at the sub-catchment level to disseminate SLM and associated approaches; and their ability to support a growing number of small farmers. In addition, the final PDR and Request for CEO Endorsement could provide more information about the farming systems targeted; how these are linked to broader value chains; and how these would be diversified.</p>	<p>Attachment 5.2 provides an overview of local NGO partners and their background. As the devolution process is rather recent and ongoing, county sectoral structures are not yet fully developed, which is also an opportunity for the project to influence coherent extension services and strategies. See also Section A on country and rural development context</p>
33	<p><b>MONITORING AND ASSESSMENT:</b></p> <p>- The PDR refers to UTNWF's M&amp;A framework, and notes that it will establish close ties to NIMES. It is not entirely clear, however, who will manage the M&amp;A framework, particularly beyond the life span of the proposed project, and whether the project would contribute towards the capabilities of national and county-level authorities more broadly to monitor and assess ecosystem services and resilience for evidence-based decision making relating to agriculture, food security, the environment and natural resources management.</p>	<p>Component 3 description now details that the WF will carry forward the M&amp;A framework and how the different tools will be integrated at various scales into national and county plans, e.g. through collaboration with Ministerial Monitoring and Evaluation Committees (MMECs), and the County Monitoring and Evaluation Committees (COMECS). Further, a water quality monitoring database will be established within WRMAs M&amp;E system and information centers at county and federal level will inform not only the public but also sectoral partners.</p>

## Response sheet to QE queries for UTNFW PDR

QUERIES during QE		RESPONSES and AMENDMENTS in PDR
PTA	Audrey	
	<p><b>Background</b></p> <p>The Upper Tana-Nairobi Water Fund (UTNWF) was launched in Kenya on 20 March 2015 (press release attached), based on the business case developed by Nature Conservancy (TNC) between 2013 and 2014. TNC has built on his experience in Latin America to develop this first water fund in Africa.</p> <p>UTNWF financial supporters have already funded a two-year pilot phase, which is enabling 5,000 farmers to adopt conservation measures.</p> <p>The Water Fund will initially focus on 3,329 square kilometres that is part of the wider Upper Tana watershed (17,000 square kilometres and home to 5.3 million people).</p> <p>The Upper-Tana Nairobi Water Fund: A Business Case</p> <ol style="list-style-type: none"> <li>1. <u>RIOS Technical Appendix</u> - Developing cost-effective investment portfolios for the Upper Tana-Nairobi Water Fund, Kenya</li> <li>2. <u>FutureWater Appendix</u> - Impact Assessment of Investment Portfolios for Business Case Development of the Nairobi Water Fund in the Upper Tana River, Kenya</li> <li>3. <u>Ecosystem Services Appendix</u> - Ecosystem Services Assessment and Valuation of Proposed Investments for the Upper Tana-Nairobi Water Fund. A <i>Technical Appendix to the Upper Tana-Nairobi Water Fund Business Case</i></li> </ol> <p>The second appendix in particular, developed by FutureWater, builds on the work done by ISRIC in partnership with FutureWater under IFAD grants on "Green Water Credits" (809 in 2006-2007, and 957 in 2007-2011) and detailed quantitative information generated by FutureWater on the technical and economic feasibility of the establishment of the Water Fund in three selected priority watersheds in the Upper Tana River basin.</p> <p><b>Comments</b></p> <ol style="list-style-type: none"> <li>1. The PDR remains very technical around the fund and the practices it will support, but there is very little mention of the acceptability of such practices for smallholder farmers. The completion</li> </ol>	<p>Re 1. These GWC lessons are already incorporated into the PDR, e.g. in the lessons learned section (p 21f).</p>

	<p>report of IFAD grant 957 on "Green Water Credits" has an interesting feature: it looked into what kind of support small holder farmers would welcome to take up conservation practices.</p> <p>Key diagnostics were that:</p> <ul style="list-style-type: none"> <li>• <i>"Despite the positive indicators of this cost-benefit study, the implementation of SWC practices is not automatically carried out by farmers, because of the time lag between investments and returns. Thus, there is a need to combine structural measures with those – agronomic and vegetative - that are profitable in the short-term. Closing this gap represents the core of the Green Water Credits funding facility."</i></li> <li>• <i>"... and the gains obtained need to be sustained over a long period of time so that the institutions that are in the business of making money can invest in the conservation activities and expect a return within a reasonable time."</i></li> <li>• <i>"The preferred financial arrangement is a mixture of grants and credit/loans: grants for capacity building, coordination, M&amp;E, contract management and inputs for SWC through (possibly) a voucher system; credit for income generating enterprises with a value-chain approach linked to conservation; a "Sustainable Commercial Investment Package". The form of investment support preferred by a majority of smallholders is a shared contribution in which farmers contribute partly in-kind, while being supported by grants."</i></li> </ul> <p>More detailed diagnostic is available in <u>GWC report 15 – Cost Benefit Analysis of Land Management Options in the Upper Tana, Kenya</u>.</p> <p>2. Along the same line, it would be good to read a clear aim for a higher representation of farmers in the Board of Trustees, in the Advisory Committee or in the Technical and Scientific Committee.</p>	<p>Component 2 description (page 17f) provides detail on the mix of cash and in-kind incentives, training and CD opportunities in various NRM fields. These were narrowed down in a 3-year pilot implemented together with local NGO and water user associations (WRUAs) to particularly link investment focus with local farmer acceptability, as now further detailed in these paras.</p> <p>GWC report # 15 now integrated and listed</p> <p>Re 2. Good point – this is now incorporated into Appendix 5 on implementation arrangements</p>
PTA	<p><b>Maria Elena – Scaling-up</b></p> <p>The UTNWF project is in itself part of a scaling up process that is bringing to bear the experiences of past grant activities (i.e. a small grant to ISCRIC in 2006 that led to the "Proof of Concept on Green Water Credits; a large grant ISCRIC 957 grant approved in 2007 that piloted the approach in Kenya and Morocco; a grant to ICRAF on Pro-Poor Rewards for Environmental Services in Africa (PRESA)) and related loan projects (Mount Kenya East Pilot Project that is now being brought to a larger scale by the Upper Tana Catchment Natural Resources Management Project (UTaNRMP)).</p>	

	<p>With its sound M&amp;E and KM plan, the current project has good potential to continue along this scaling up pathway.</p> <p>In fact the <b><i>scaling out of good practice and lessons learned to national water towers, regional and international sites</i></b> is at the heart of the project's theory of change.</p> <p>In contributing to the ToC, the project will reach out to at least 2 other catchment areas in Kenya. The expectation is that these two other water towers and relevant authorities become interested and engage in feasibility studies. This target is also included in the logical framework for which the team is to be commended. The target may seem modest but it is realistic given the 5-year time frame.</p> <p>In order to facilitate replication and adoption of the approach, it will be important to target knowledge and communication material appropriately to the authorities and communities from the other catchment areas. However, it is not clear if the other catchment areas that are willing to replicate the experience of the UTNWF would be able to contribute/benefit to/from the same Water Fund? If so, would it be necessary to increase PPP investments in the WF?</p> <p>Another scaling up objective that the PDR mentions is the “mainstreaming and scaling up of integrated catchment and landscape conservation approaches”. However it is not clear what this would take. Capacity building/knowledge transfer? Policy changes? [see Lauren’s comments] What are the main drivers to scaling these approaches? These could be further clarified and addressed in the PDR.</p> <p>Finally, another level of scaling up that the PDR mentions is in targeting paragraph: “Targeting will also consider the potential for scaling up”. This potential is not considered much further in the rest</p>	<p>There is a (negative) example of a non-functional national WF in Kenya – lacking resources and commitment by water users and private sector alike as it is too far removed from particularities in different catchments and it is not well governed either. Hence the goal of the UTNWF to strongly build on private sector involvement and non-govtl. execution. These lessons will have to be brought to other catchments and be adapted to local circumstances, incl. separate WFs per catchment. This is already incorporated in comp. 3’s feasibility studies for other Kenyan catchments.</p> <p>Close cooperation with and across county level government entities aims at establishing county-collaboration, similar governance structures across the catchment; involvement of county agencies in project implementation and training on M&amp;E will install tools and approaches that support INRM and landscape approaches. As the devolution process is recent and county structures are only shaping now, there is further opportunity to address water management issues across governance levels (also detailed in exec. sum paras 19 &amp; 20; components description, paras 40, 46, 53ff).</p> <p>UTNWF will stay realistic with regard to time and resources available and targets “only” 21,000 households. However, scaling up is already part</p>
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	of the document. Does this mean that the project could eventually target more than 21,000 smallholder households in the project area? If so, what would this take? And what strategy would be appropriate to reach a greater target?	of the overall project strategy as the UTNWF sets up the WF as a new entity that will continue similar activities after the project phases out and the WF will aim for broader targets within the Upper Tana Catchment, both in reaching out to more households and to a wider area.
<b>PTA</b>	<p><b>Lauren/Edward - Policy</b></p> <p>Please find below comments from Ed and me on the Upper Tana-Nairobi Water Fund project.</p> <p>Overall the project seemed very innovative and well-designed / well thought out, with a robust system of M&amp;E and knowledge management, and good plans for sustainability. The Water Fund concept seems to me to be very useful and lends itself towards having a good chance of being maintained post-project, and also a good model for replication and scaling up both within Kenya and elsewhere. The project includes good ideas about influencing and shaping the policy framework, though these could do with a bit more detail.</p> <p>In fact generally, the description of the components remains very short – even in Appendix 4, and does not provide much detail about how various aspects of the interventions will be achieved. While we realise that this will probably be expanded / strengthened during the next design mission, it leaves lots of questions about how the project components will work in practice.</p> <p>Along those lines, a particular concern was about the scarce information about how policy objectives will be met, and who will be in charge of ensuring that they are carried out. There are several related problems:</p> <p>1) The policy elements are dispersed a bit throughout the project components and activities. While this is not necessarily a problem if there is someone in charge of following up on all of these threads, the project management structure does not include a policy specialist. Is the intention that the M&amp;E specialist will also be in charge of policy elements of the project? This may be problematic as the project will be implemented by a third party (the TNC) which may not have a similar vision of policy engagement (but may instead be more interested in policy advocacy). The policy objectives could instead be met by consultants, but as is noted in point 3 below, there doesn't appear to be a budget for this at the</p>	<p>Re 1) The project can support improved/integrated policy development through lessons, good practice and related KM products targeting decision makers (county and federal). However, policy development itself remains the mandate of the GoK and is beyond the project's direct aims.</p> <p>Influencing decision makers is budgeted for through component 3, information centres (at</p>



	<p>moment. So it is important that the future design process is clear and explicit about who would be responsible for the policy elements, and that TOR specific to these tasks are developed. This would help ensure that various pieces of the policy objectives are not "lost" in the complexity of the project.</p> <p>2) Along those lines, it is also not clear whether the steering committee would have a policy role, and how policy dialogue will work among the members of the Board of Trustees (more below on their selection and membership).</p> <p>3) In the logframe, Outcome 1.1 mentions policy development, but there is no related indicator to see if policies are being developed / approved / applied. Instead the indicator focuses on policies referring to the WF as a model, which is somewhat different. The description in the PDR / Appendix 4 isn't of much help because it simply states that the "WF will find traction in national policies and strategies," though this is very vague language and does not explain <i>how</i> this general outcome will be achieved (i.e. through which forums, using which resources, in which specific policies, etc).</p> <p>4) In Outcome 3.2, including climate resilience in policy making is a broader objective that the indicator will capture (which is focused on county level development plans), and it might be worth expanding outwards, or at least explaining in the project description why we are focusing only on this as the output.</p> <p>5) Additionally, policy development would presumably require consultants and studies, and within the M&amp;E budget (Appendix 6) and the Component 1 budget, there does not appear to be money set aside for this.</p> <p>Another concern about the policy aspects of the project is the complex and still evolving distribution of responsibilities between the central and county level government. While this is mentioned in the risk matrix, it is not discussed at all in the context of the core PDR the</p>	<p>fed. and county levels), involvement of county government agencies in M&amp;E and capacity development etc. Vol II App 5 further details that MENR will be involved in ToR development for the PSC, to actually ensure its policy relevance</p> <p>Re 2) UTNWF SC has a clear link to policy as MENR is chairing and relevant line ministries have a seat. It therefore has a strong policy role and underscores the project's aim to influence policy development and implementation.</p> <p>Re 3) As explained under # 1), the UTNWF does not have a particular focus nor a mandate for developing policies. Instead, its aim is to influence and provide good lessons for amending policies, particularly on INRM and water resources management. Hence, outcome 1.1 is formulated ... <i>"supports policy development..."</i> and indicator # 4 is aligned to this. Further, under the recent devolution process, most natural resource policies are decentralised at county level, but water resource management remains a federal area. These issues have still to be sorted out and therefore the project has to tread carefully so as not to push away different partners in an integrated catchment management approach.</p> <p>Re 4) See also above # 3 – NRM is mandated to counties and the project will therefore address the integration of resilience at this level. As governance structures are only evolving, there</p>
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	<p>implications for the policy activities, and who the main interlocutors should be for our policy engagement (a differentiated approach for different policy outcomes is probably necessary). More detail on this in the next draft could be helpful.</p> <p>More generally, the QE memo asks for feedback on the complexity of the project, and on the Theory of Change. With regards to better explaining the complexity of the project, the project document describes relatively well how the project fits in the larger initiatives (IAP and FSIAP), but a simple diagram showing the relationship of the project to these initiatives / their governance would be useful, even early on (e.g. around page 10 where the figures with the Water Fund and ToC are currently placed). Here it should also be clear that the project will be directly implemented by The Nature Conservancy, because this comes out rather late in the document. Additionally, it would be useful to have more information about the proposed board of trustees for the Water Fund (as well as the criteria for their selection), to ensure that it is a representative multi-stakeholder initiative, as Outcome 1.1. suggests.</p> <p>With regards to the Theory of Change, it is a bit opaque to outside readers at the moment, and the two descriptive paragraphs which proceed it don't do much to help because some of the things mentioned are not specifically drawn on the diagram. It would be helpful to explain in much more</p>	<p>are good opportunities for policy influencing at county level for the project and within the coming 5 years. Aiming higher can then be instilled onto the WF's agenda. Hence the output focus on county development plans as a newly evolving and appropriate tool for INRM (vol I, country and rural development context, pp 2-8)</p> <p>Re 5) As above, policy development is GoK responsibility and does not need to be budgeted for by UTNWF. Tools and funds for shaping and influencing policy are set aside in the budget.</p> <p>The PDR, particularly apps. 5 and 6, refer to the main actors/partners for engaging in policy dialogues, i.e. MENR and other sectoral agencies at national level and evolving county government structures as well. Bringing them together in the project management and oversight structures to discuss INRM and catchment management is already part of the project strategy. Working across counties and linking county agencies in water resource management also aims at integrating/levelling their development plans.</p> <p>Overall FSIAP diagram is now included into the PDR (p 9).</p>
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	<p>detail the logic behind the ToC and how it is then linked to the project structure as well as simplifying the diagram (taking it from being a brainstorming tool to something that provides a relatively linear sense of how the project is expected to work).</p> <p>One final and general comment: the logframe at the moment does not have any income targets in component 2. We understood that the improvement of livelihoods should increase people's incomes, particularly because there is a mention of a value chain approach, and specific modelling around crop income in the EFA. Why does the log frame shy away from putting a specific indicator about this? Improved income would of course help convince people to participate and improve the sustainability of the project.</p>	<p>Re income targets: UTNWF is not a classic rural dev. project, but an environmental project with further aims in an integrated approach – improved livelihoods mostly refer to a broader base for livelihoods leading to reducing pressures on the ecosystem. Although improving incomes may be counted among the targets of the project, the attribution of improved incomes to project activities will be very challenging, also because there are many ongoing initiatives in the Tana basin. For these reasons, there are no direct income targets in the logframe.</p> <p>To monitor the policy aims of UTNWF and to strengthen its policy engagement, IFAD PTA policy experts will be invited to join project supervision missions (Vol I, p 27, and vol II, App 5).</p>
<b>PTA</b>	<b>Michael - Rural finance / water fund aspects</b>	
	<p>I would like to limit myself to very few and positive comments on the rural finance / water fund aspects of the project.</p> <p>In addition to my remarks at the 4 December CPMT meeting, this endowment fund, that will be replenished by public and private and international partners, including donors and water users (replenishment through fees), is innovative in the context of IFAD supported projects. It is laudable how this hybrid fund is designed as a sustainable financing mechanism to support sustainable land management and integrated natural resource management approaches in the Upper Tana catchment. The registration as a self-contained legal entity under Kenyan law and its governance structure, disbursement procedures, and economic monitoring of return on private sector</p>	<p>IFAD LEG reviewed the Charitable Trust Deed and had no major comments. As the current deed is only a nearly final version, it was not integrated or attached to the PDR, so as not to pre-empt eventual changes. The final Deed will be reviewed by both the WF board and IFAD.</p>

	<p>investments look sound to me. As far as I read and understand the legal language of the Charitable Trust Deed it seems all fine, but as I had already suggested LEG may review it and the review could be integrated into the PDR.</p> <p>Scaling-up: Maria Elena has provided pertinent comments regarding the replication and adoption of the water fund approach.</p> <p>Logframe: outcome 1.1 and 1.2 refer to policies and strategies but not to financial viability and overall sustainability of the water fund model. To measure financial viability and economic sustainability is pivotal for mobilizing private investments and replicability of the model. Additional pertinent comments on the logframe indicators are made by Lauren/Ed.</p>	<p>Outcome 1.2 now incorporates financial viability; sustainability was already referenced. The need to monitor the financial viability of private investments is now captured more strongly in comp 1 description (p 17), and in App 4.</p>
<b>ECD</b>	<p><b>Ilaria - M&amp;E and KM</b></p> <p>The main report and Appendix 6 outlines a good M&amp;E and KM plan, on which I have very little comments:</p> <ul style="list-style-type: none"> <li>- To disseminate and scale-up results and lessons, the project aims at establishing an information center at the National Museum of Kenya and one in Sangana catchment. In addition, a school awareness programme will be developed. These initiatives appear sound, however, they would need to be supported by some information on expected reach out of each initiative, target audience and associated scaling up objectives. These initiatives should be the pillar of the KM and communication plan (see Attachment 6.3 in Appendix 6) where at the moment they are not mentioned.</li> <li>- Considering that there is no budgetary provision for a KM/COM officer, it would be important to specify that KM and COM responsibilities will be included in the ToR of the M&amp;E officers (# 81), who will be also responsible for supervising consultants working on the communication strategy.</li> <li>- The project document mentions that MPAT tool kit will be expanded with the Women's Empowerment in Agriculture Index (WEAI), and tools and concepts from the STAP's RAPTA. While it is true that the MPAT tool offers possibilities for customisation, the length and costs of the customisation process (including the work to be done on the MPAT excel files) and the necessary testing should not be underestimated. The project budget includes provisions for a normal baseline MPAT survey. It is suggested to reconsider the</li> </ul>	<p>Now incorporated in Att. 6.3 – thank you for spotting this</p> <p>KM and communication responsibilities now linked to the M&amp;E officer (both para 81 and in App 6).</p> <p>Due to the good information availability in the Tana and a local NGO experienced in MPAT assessments, the usual cost for MPAT surveys will probably be lower for the UTNWF. Nevertheless,</p>

	formulation of this activity by keeping the MPAT survey and exploring the possibility for expanding it with additional indexes - alternatively they could be measured through separate surveys.	the budgetary provisions were augmented by 25K to allow for a solid MPAT with relevant extensions
<b>PTA</b>	<p><b>Juliane - Food security and nutrition aspects</b></p> <p>According to the response sheet “information on food security and malnutrition is now incorporated into the overall description of the project’s strategic context and rationale” which is correct but unfortunately, it is not translated fully into the overall project design. This might be due to the fact that food security is seen as leading more or less automatically to better nutrition (food security is seen as a proxy indicator for nutrition) which is not necessarily true. Nutritionally vulnerable people in particular women and children need a more comprehensive approach as stunting reflects an intergenerational cycle of undernutrition. The theory of change (here: from improved food production/increased income to better nutrition) might be a good way to explain the strategic context and rationale how the development objective “food security and improving human well-being” will be achieved. At this point of time I would like to add the information that around 18% of mothers or pregnant women are in the age group 15-19 years and therefore, clearly under-aged. Early pregnancies are posing a very high risk of undernutrition, in particular low birth weight.</p> <p>With a percentage of roughly 30% of children affected by stunting (which has serious consequences also on poverty reduction because of impaired cognitive development and increased morbidity), there is a strong justification to take nutrition aspects intentionally on board/into the project design.</p> <p>Right now, the logframe does not reflect nutrition at all and food security only very lightly. It would be good to have “nutrition” spelled out in the development objective, indicators and activities. Without turning the project into a nutrition project there are entry points for addressing stunting or other forms of malnutrition in the project. Direct activities with regard to nutrition knowledge and practices (Behaviour Change Communication or at least nutrition education incl. WASH promotion), and indirect activities like nutrition advocacy where possible and appropriate (e.g. in youth programmes) and last but not least considering nutrition-sensitive value chains would contribute to achieving the development objective.</p> <p>Hope this helpful. I am available for a more detailed discussion if desired.</p>	<p>Nutritional aspects are important developmental goals. However, focusing on measures for better nutrition and required behavioural changes would go beyond the scope of the GEF FSIAP, aiming at piloting an integrated approach to link opportunities for generating global environmental benefits with approaches to enhance food security in agro-ecological systems.</p> <p>Nevertheless, the close linkage between UTWNWF and KCEP-CRAL offers good opportunity to learn from experiences, particularly re. the nutritional aspects covered by the WFP-led components of KCEP-CRAL and to promote behavioural changes in UTNWF communication and training activities. These linkages are now better highlighted in the PDR (Vol I, country and rural development context, p 3).</p>



ECD	<p><b>Ms B. Neves – Env. and climate aspects</b></p> <p><b>B.1 Strongly positive (mature) aspects of design</b></p> <p>As part of the GEF IAP, this project has given great attention to its M&amp;A component and nicely integrated it into all components, aiming to build capacity build capacity of the national and local institutions (such as the NMECs and COMECs). Such investment in M&amp;A is very important to feed into the Umbrella programme of the IAP, and will be a very positive aspect of the project, from the point of view of the investors of the WF.</p> <p>As the project builds on past TNC work, it has devised an interesting plan to transition the institutional management structures of UTNWF into WF (Annex 5.1, vol II).</p> <p><b>B.2 Overall assessment</b></p> <p>The project has the potential to capitalize on previous work done on assessment of ecosystem services and engagement with their users. It can also offer a long-term financial platform to facilitate investment in improved management of land and water resources in this important watershed. Both goals are timely and liable to make great progress in little time, influencing other water towers and other similar initiatives in the region. However, the way in which it will do this is not yet very clear and further work would be needed to better show how it could fulfil this potential.</p> <p><b>B.2.1 Adequacy of the proposed environmental and social category of the project</b></p> <p>Category B seems to be adequate. However, this will depend on the extent of its interventions and the criteria used to select these areas. Significant social adverse impacts to local communities could come from the protection of the 200Km of riparian lands, if this is done without adequate compensation or the provision of alternatives to the displaced crop production. Road and Quarry management could also present social and environmental impacts, especially during the improvement works.</p> <p><b>B.2.2 Adequacy of the proposed environmental climate risk classification of the project</b></p> <p>Moderate exposure to climate risk seems appropriate, primarily thanks to the positive impacts of improved soil and water management supported by component 2, and tracked in component 3.</p> <p><b>B.3 Issues and suggestions</b></p>	<p>Current practise of agriculture alongside water courses is already against existing Kenyan laws, a return to lawful practise cannot be compensated, as this would invite unlawful behaviour. The project will however build on UTaNRMP practices and aims at incentivising good riparian management.</p> <p>Activities for road and quarry management aim at reducing negative environmental impacts and at improving management practice and regulations. Project description is improved to cover these points.</p>
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	<p>1. The project should establish more concrete linkages with similar programmes in the Tana Basin and be clearer about its own added-value: ie. Targeting investment in INRM specifically to hydrologic priority areas.</p> <p>In addition to table 2 (p. 18, vol I) and the representation in the UTNWF management bodies, there would be a need to:</p> <ul style="list-style-type: none"> <li>- further describe the most related investments ongoing in the common areas of operation in the basin including others such as World Bank's Kenya Agricultural Productivity and Sustainable Land management Project (KAPSLMP) and the GEF-TNC Landslides and Siltation Control and Reforestation (LaSCoR).</li> <li>- overlaying their areas of intervention within the UTNWF project area and compare eligibility criteria for the recipient farmers</li> <li>- describing the specific activities that could be complementary, possibly expanding attachment 5.2 (p. 45 Vol II)</li> </ul> <p>This will be especially important for the IFAD-financed UTaNRMP and KCEP-CRAL, with whom UTNWF should find it easier to go far beyond "exchange lessons learned and to jointly promote emerging best practices across the Upper Tana catchment area" and more into joint planning and investment, in areas of hydrologic importance.</p> <p>UTaNRMP is supporting the same INRM practices that UTNWF is promoting to protect and restore the hydrological function of the watershed. KCEP-CRAL is complementing this nicely with access to markets and rural finance, important incentives for farmers to adopt these improved practices. Instead of financing similar activities, UTNWF could assist its targeted farmers to access UTaNRMP and KCEP-CRAL and others to support for this, and complement this with other investments for which there is not finance available.</p> <p>A better linkage with these rural development projects is also crucial for another important reason: The WF goal is not poverty alleviation and it needs to have the freedom to invest in areas and practices of hydrological importance, if it wants to remain attractive to its investors.</p>	<p>GEF-TNC LaSCoR is a project implemented during the pilot phase together with one of the UTNWF partners, SACDEP; it is thus an integral part of the project design already.</p> <p>KAPSLMP's intervention areas do not overlay with UTNWF; however, information and experience exchange, particularly on scale-out and scale up to other watertowers, is now included in the description of comp. 3</p> <p>Both UTaNRMP and KCEP-CRAL project managers will be members of the UTNWF steering committee, hence be directly involved in joint planning and investment. They will further have the opportunity to take part in UTNWF supervision missions to actively shape its intervention strategy and to provide their practical experiences and expertise (see para 30 of the exec. sum).</p> <p>Very good point, this is what UTNWF is doing; however, each project has different targeting – and UTNWF is aiming for collaboration among counties to improve collaboration and management of the watershed/catchment as a whole.</p>
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	<p>2. Eligibility criteria are not clear: is the project targeting farmers in WF hydrological priority areas, or following UTNWF (and IFAD) poverty alleviation goals? Para. 17 (vol I) shows well this confusion that may pose a serious weakness in the goal of the UTNWF piloting what the WF will become. In the first part it stresses the importance of delivering economic returns to private sector investment, while in the second it is concerned with “good targeting, i.e. to what extent most vulnerable beneficiaries such as poor and food insecure women, youth and female-headed households benefit from WF incentives”. The UTNWF should build on the Green Water Credits and other TNC-CIAT work to target its investments primarily to delivering water benefits, as stated in para. 20 (page 23 Vol II). The practices supported will still have climate and food security benefits for the poor, even if not the poorest; but this is not its mandate and confusing the two goals may hamper the achievement of both.</p> <p>3. The activities to be carried out in component 2, and their budget, remain vague.</p> <ul style="list-style-type: none"> <li>• Budget allocated to land management practices is not mentioned in Project costs and financing. Table 19 only mentions investments related to water conserving and harvesting equipment and tree planting and does not include reference to funding for <i>terracing of hill slopes on steep and very steep farmland</i>, for example.</li> <li>• While we understand that the incentives to be provided will have to be selected later, according to the opportunity costs of the respective SLM treatments, a better sense of the type of incentives being considered, and their necessary links with SLM and water conservation<sup>1</sup>, should to be provided in the PDR.</li> <li>• Both a) and b) need to be made clear in the context of the expected use of the endowment fund to finance them.</li> <li>• Designing incentives with attention to the poverty level of the recipient is very important, and a way of compensating for this positive discrimination could be to more</li> </ul>	<p>UTNWF is built on GWC experiences and lessons learned (see the respective chapter in the PDR); CGIAR (both CIAT and ICRAF) are core project partners to expand on their Land Degradation Surveillance Frameworks in the Tana Basin.</p> <p>Specific SLM practices will be discussed and selected jointly with stakeholders, NGO/CBO and county agencies – therefore, the budget is not yet fully specified on the activities, so as not to preclude beneficiaries involvement and decisions.</p> <p>Respective phrase is strengthened accordingly</p> <p>UTNWF’s aims are to establish the WF as such, to pilot SLM/PES activities in the counties and to support integrated policy development for SLM and watershed management. While paving the way for future WF activities, the detailed use of the WF resources cannot be prescribed but will have to be decided by the WF Board of Trustees upon its establishment.</p>
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<sup>1</sup> In para. 8 (page 17, vol II), IGAs are only expected to have strong links with SLM or water conservation. While the IGA could be unrelated to the SLM adoption, it needs to be conditional on it; otherwise it does not serve the WF purpose.

	<p>closely partner with other development programmes active in the region, to cover any additional cost.</p> <ul style="list-style-type: none"> <li>• Support with inputs and training for SLM are already incentives, especially if combined with assistance with IGAs and access to market and credit (KCEP-CRAL). What is then the additional role of PES (or RES) in the project?</li> </ul> <p>4. Considering that the project is part of the GEF IAP and will also benefit from the M&amp;A investment done by the Umbrella Programme, we would welcome that this project is braver in its targets, and tries to come closer to reporting on Impact. For example, in table 1 (page 15, Vol I), instead of reporting on change in capabilities, levels of adoption and hectares, it could report on actual changes in food security, resilience (even if perceived) and water quality/quantity (even if measured close to the intervention areas). The latter, will be more effective with the WF investors than simply reporting on SLM expansion. The former will be more impressive to the entities working in the basin, and help to justify the need for the coordinated inter-sectoral approach that the WF is promoting.</p> <p>5. The activities described under component 1 (p. 40, Vol II) seem to be focused mostly on the creation of new bodies to facilitate institutional coordination. While this important, perhaps this component could invest also in assisting existing bodies in harmonizing investment and conservation plans in the basin, as per CMPT query #14, highlighting the concrete opportunities for collaboration.</p> <p>6. The chain of command in the project and WF management structures is not clear (attachment 5.1, p. 42-43 vol 2). How does the input to the UTNWF Implementing partners, received from PMU and WF, differ? Shouldn't they receive inputs only from PMU (while it remains independent from WF)? What are the roles of the National and County Advisory Committees? Could these build on other existing institutions instead? (e.g. at county level, committees are also to be set up by the Natural Resources Benefit Sharing Bill...).</p>	<p>The two IFAD projects do not yet cover all households, hence UTNWF will further contribute by targeting other beneficiaries and through its focus on catchment management and overall sustainability of these investments through the WF.</p> <p>UTNWF is merely starting the process, hence modest, but realistic targets were chosen, focusing on GEF's FSIAP indicators. The WF will continue on the set trajectory and broaden the impact. Indicators such as water quality will be retained by the WF as its main private investors are dependent on clean water</p> <p>The WF as such is a new body that needs to be established. Support and advice to the WF will come from existing entities to instil active collaboration at all levels of governance. Strengthened in both Vol I and II.</p> <p>As exemplified in att. 5.2, the WF is expected to gradually take over responsibilities and functions of the PMU until the UTNWF is fully merged into the WF.</p> <p>The Advisory Committees will allow for good collaboration between governmental and WF activities and the uptake of lessons and practices into policy and catchment management processes – now strengthened in the PDR.</p>
EFS	Mr M. Sahli – Financial management and disbursement	

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	<ul style="list-style-type: none"> <li>- Audit of the Endowment fund: How to ensure that money went to the right activities and beneficiaries? The scope of TNC external auditors will include audit of the endowment fund which will cover eligibility of expenditures incurred by the fund.</li> <li>- Why the supervision mission led by IFAD should report to GoK? This point should be better clarify with LEG in terms of responsibilities.</li> </ul>	<p>Added to App7 to specify the audit of the fund.</p> <p>GEF funds are designated for the recipient government. GoK maintains oversight and has delegated project execution to TNC.</p>
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