

Natural Resource Management Programme (2010 – 2014)

Sub-Component 3.1: Community-Based Environment and NRM

Kenya

Final

Cover Page

Country: Kenya
Programme: Natural Resource Management Programme
Component: Civil Society and Private Sector Management of Natural Resources
Sub-Component: Community-Based Environment and Natural Resource Management
Implementing Agency: Community Development Trust Fund (CDTF)
Starting date: 01 January 2010
Budget: DKK 85 million (K.Sh 1,213 million)

Budget	DKK millions	K.Sh millions	%	Objectives
Output 3.1	4.4	62.9	5	Local capacity strengthened towards improved governance, environmental conservation initiatives, sustainable management of natural resources, and enhanced adaptation and mitigation of climate change impacts on vulnerable groups
Output 3.2	68.3	975.7	80	Community-driven initiatives supported that reduce threats and conflicts related to use of natural resources and contribute to poverty reduction while promoting sustainable environmental management
CDTF Management	7.27	103.9	9	
Contingency	5.0	71.4	6	
Total	85	1213.8	100	

The objective of the Civil Society and Private Sector Management of Natural Resources Component is that civil society organisations – including local communities – and private sector service providers are capacitated to support and influence natural resource management, as a contribution towards poverty alleviation.

The strategic intervention for sub-component 3.1 is to provide support to the Community Development Trust Fund (CDTF) for the further development and expansion of the Community Environmental Facility (CEF). The intervention will be undertaken jointly with the EC under its Community Development Programme (CDP) Phase IV. The support is a continuation of the Environmental Programme Support to CDTF/CEF, which was also undertaken jointly with the EC. The emphasis will be on support to community-based organisations and NGOs for local-level development activities within environment and natural resources. Support will be provided for CDTF/CEF to develop thematic topics for support on climate adaptation, renewable energy and gender.

Date Ministry of Planning, National Development, and Vision 2030, Kenya

Date Ministry of Foreign Affairs of Denmark

Executive Summary

Background for the support

The aim of the Civil Society and Private Sector Management of Natural Resources Component is:

- Empowering civil society and communities to become involved in, and benefit from, environmental management and sustainable natural resource use through direct project implementation addressing local environmental problems;
- Encouraging partnerships between communities, the public sector and private stakeholders;
- Documenting and replicating best practices;
- Ensuring efficient delivery of capacity and funds to communities, using demand-driven approaches and existing delivery mechanisms; and
- Adapting an ecosystem approach to project design to ensure that environmental problems and solutions are seen in a broader perspective and that the suggested activities address all segments of the community.

Sub-component objective

The objective of Component 3 is that ‘Civil society organisations – including local communities – and private sector service providers are capacitated to support and influence natural resource management, as a contribution towards poverty alleviation.’

Component 3 supports community-based environment and natural resource management initiatives as well as private sector participation in providing investment services in, especially, ASAL areas related to renewable energy, water and natural resource management and market chain development. It will be implemented through the Community Development Trust Fund and the Agriculture Business Development component of the Agriculture Sector Programme Support via the Micro-Enterprises Support Programme Trust.

The two sub-components are:

Sub-component 3.1: Community-based environment and natural resource management (CDTF);

Sub-component 3.2: Private sector participation in natural resource management (MESPT-ABD).

This is sub-component 3.1. Activities supported under this sub-component will build on and advance the experience obtained from the Environmental Programme Support (EPS), which provided support for similar activities through the Community Development Trust Fund (CDTF). Sub-Component 3.1 will ‘support pro-poor development by capacitating local communities to take charge of their own development through sustainable management of natural resources.’

Sub-component strategy

This strategic intervention is to support NGOs and CBOs in implementing sustainable NRM initiatives and to enhance their capacity and outreach as relevant development partners for local communities, government at local and central levels, and external funding agencies. The sub-component includes support to the CDTF for the further development and expansion of the

CEF, which will be undertaken jointly with the EC under its Community Development Programme Phase IV.

The support is a continuation of the Environmental Programme Support to CDTF/CEF, which was also undertaken jointly with the EC. The emphasis will be on support to community-based organisations and NGOs for local level development activities within environment and pro-poor natural resources management. Assistance will be provided for CDTF/CEF to develop thematic topics for support, such as climate adaptation, renewable energy and gender.

The sub-component has two outputs:

Output 3.1.1: Local capacity strengthened towards improved governance, environmental conservation initiatives, sustainable management of natural resources, and enhanced adaptation and mitigation of climate change impacts on vulnerable groups; and

Output 3.1.2: Community-driven initiatives supported that reduce threats and conflicts related to the use of natural resources and contribute to poverty reduction while promoting sustainable environmental management.

The sub-component will be implemented with the Ministry of Planning, National Development, Vision 2030 and CDTF.

Budget

Sub-Component elements	DKK (million)	K.Sh (million)	%
Output 3.1.1	4.4	62.9	5
Output 3.1.2	68.3	975.7	80
CDTF Management	7.27	103.9	9
Contingency	5.0	71.4	6
Total	85.0	1213.8	100

Governance and management

The support will be governed by a Memorandum of Understandings (MoU) in the form of signing this Sub-Component Document. The guiding principles for the management are that it should adhere to the requirements for programme management as stipulated in the Danish Aid Management Guidelines and be demand-driven, flexible, simple, and decentralised, with the aim of being efficient, effective and with low transaction costs. Annual work plans and budgets supported by the NRM Programme will be decided upon by the head of the participating institution – CDTF – and the Danish Embassy.

The sub-component will be implemented through the CEF of the CDTF. Overall management will be done by the CDTF Board of Trustees, with the CEF Manager being responsible for day-to-day management.

Monitoring and reviews

The aim of the sub-component monitoring system is to document sub-component achievements to allow sub-component and programme management to take remedial action if needed. The CDTF will develop a common monitoring framework for the Danish and EC support in order to enable a more comprehensive monitoring and assessment of

outcomes/impacts of the projects at an overall scale, as well as reduce overhead costs of CDTF. The sub-component monitoring system will encompass:

- Monitoring of activity implementation according to plans and budgets and achievement of outputs;
- Monitoring of the sub-component outcomes and impact with regard to environment and poverty reduction;
- Monitoring of key assumptions and assessed risks for successful implementation.

Annual reviews will be undertaken jointly by the Government of Kenya, the EC Delegation, and the Danish Embassy. Should other development partners channel funds through CDTF for similar purposes, they will also be invited to join the annual reviews.

Assumptions and risks

It is assumed that peace and stability will prevail in the country at all times and that communities, civil society and non-governmental organisations will uphold project management principles. Inappropriate political interference in the management of sub-component implementation affairs may affect the objectivity in project selection and implementation.

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Abbreviations

ABD	Agriculture Business Development
AIE	Authority to Incur Expenditure
ALRMP	Arid Lands Resource Management Project
ASAL	Arid and Semi-Arid Lands
ASPS	Agricultural Sector Programme Support
BCP	Biodiversity Conservation Programme
CBO	Community-Based Organisation
CDI	Community-based Development Initiative
CDP	Community Development Programme
CDTF	Community Development Trust Fund
CEF	Community Environment Facility
CSO	Civil Society Organisation
DDO	District Development Officer
DEC	District Environmental Committee
DEO	District Environment Officer
DKK	Danish Kroner
DVD	Digital Video Disc
EC	European Commission
EMCA	Environmental Management Coordination Act
EPS	Environmental Programme Support
GDP	Gross Domestic Product
GoK	Government of Kenya
IFMIS	Integrated Financial Management System
K.Sh	Kenya Shilling
KJAS	Kenya Joint Assistance Strategy
MDG	Millennium Development Goal
MEMR	Ministry of Environment and Mineral Resources
MESPT	Micro-Enterprise Support Programme Trust
MoU	Memorandum of Understanding
NEMA	National Environment Management Authority
NGO	Non-Governmental Organisation
NRM	Natural Resource Management
OPM	Office of the Prime Minister
PAD	Project Appraisal Document
PIC	Project Implementation Committee
PS	Permanent Secretary
RDE	Royal Danish Embassy
SWAP	Sector Wide Approach
USD	United States Dollars
VCD	Video Compact Disc
WB	World Bank

Exchange Rates: DKK 1 = K.Sh 14.285

1. Introduction

The governments of Kenya and Denmark have agreed to jointly formulate and implement the Natural Resource Management (NRM) Programme. Elements to be supported under the programme were identified in September 2008. A Concept Note was presented to, and approved by, the Danish Programme Committee in January 2009. The detailed formulation of the programme and its components took place during the period March to May 2009 and involved the active engagement of the participating institutions. The programme was appraised in May 2009 and will be presented to the Danida Board in December 2009. Following the approval of the Danida Board, it is expected that the governments of Kenya and Denmark will sign the government-to-government agreement for the programme in December 2009. The programme will then be able to start operations in January 2010. The programme will be implemented over the period 2010 – 2014 and will have a Danish grant of DKK 375 million corresponding to approximately K.Sh 5 billion. The Community-Based Environment and Natural Resource Management sub-component is part of the Civil Society and Private Sector Management of Natural Resources Component of the NRM Programme, and it covers the same period.

The NRM Programme has been designed in line with Denmark's commitment to the Kenya Joint Assistance Strategy (KJAS), involving alignment with Government of Kenya (GoK) systems and harmonisation with activities of other development partners. This sub-component description presents the overall framework for the support to be provided through the Community Environment Facility (CEF) under the Community Development Trust Fund (CDTF). Support to the development and expansion of CEF is already part of the Environmental Programme Support (EPS) jointly with the EC support to CDTF/CEF. The joint collaboration with EC will be under the third component of the NRM programme. Emphasis will be on support to community-based organisations and NGOs for local level development activities within environment and natural resources. Provision will be made for CDTF/CEF to develop thematic topics for support, e.g. on gender, climate adaptation and renewable energy. The support will be designed as a joint financing arrangement with the EC as part of the forthcoming formulation of the EC support to CDTF from 2010. To complement this component, support will be provided to private sector organisations to address demands in ASAL areas for NRM investments and services such as reduction of post-harvest losses, installation of solar panels in households, wind mills for pumping water for drip irrigation, sand dam water harvesting, tree planting, vegetation and pest management. The support to private sector participation will be through sub-component 3.2. This will be implemented by the Agriculture Business Development (ABD) component via the Micro-Enterprise Support Programme Trust (MESPT) under the NRM Programme – for details please refer to the main NRM Programme Document and sub-component 3.2 description.

The total budget for the sub-component Community-Based Environment and Natural Resource Management is DKK 85 million, corresponding to approximately K.Sh 1,213 million. DKK 80 million (K.Sh 1,142 million) is earmarked for the two sub-component outputs and DKK 5 million (K.Sh 71 million) as contingency. The duration of the support is five years starting January 2010.

2. Context

Policy Framework and Challenges¹

The Government has presented its long-term strategy in the Vision 2030 – A Globally Competitive and Prosperous Kenya, which follows-on the Economic Recovery Strategy for Wealth and Employment Creation (2003-2008). The Vision will be implemented through five-year rolling plans, starting with the First Medium-Term Plan (2008-2012). The Vision aims at creating a cohesive, equitable and just society based on democratic principles and issue-based politics grounded in Kenya's rich and diverse cultures and traditions. In respect of environmental management, the Vision takes recognition of the fact that economic growth and urbanisation, combined with climate changes, are likely to impact negatively on the environment, which will require effective management to ensure sustainability. These economic, social and global changes will exert immense pressure on the already declining natural resource base and on the country's fragile environment. It is stated that this necessitates a strong policy on the environment in order to sustain economic growth while mitigating the impact of rapid industrialisation.

The Vision 2030 and the first Medium-Term Plan underscore the need to conserve strategic natural resources in a sustainable manner without compromising economic growth. Specifically, the Medium-Term Plan targets the rehabilitation of indigenous forests in order to increase forest cover, promote environmental education awareness, mainstreaming the same in the school curricula, and management of Kenya's five water tower catchment areas. This would be essential towards increasing the volumes of water flow, promoting forest plantations and tree out-growers schemes to provide alternative wood for industrial use, promote commercialisation of the non-wood forest products as a poverty reduction and environmental conservation strategy. The Vision 2030 recognises a diverse set of environmentally focused reforms – including the National Environmental Action Plan, the National Biodiversity Strategy, the Environmental Management and Coordination Act, the Forest Act and the Water Act. All of these policies emphasise the need for participatory management of environmental resources, fair and equitable sharing of benefits of natural resources for improved livelihoods. In particular, the Forest Act acknowledges and supports the involvement of forest-adjacent communities in conservation and management of forests, and the protection of the environment and water resources. The National Climate Change Response Strategy is presently being developed by MEMR, which will provide further guidance for CDTF/CEF in setting project selection criteria. A number of these reforms and strategies promote environmental conservation to attain the Millennium Development Goals, including managing pollution.

Kenya's population is currently estimated at 32 million, with an average national growth rate of 2.8% (2007 estimates). This growth has put tremendous pressure on the country's social and economic infrastructure. Services related to water, education, health, sanitation, and road networks are grossly inadequate and in a poor state, especially in arid and semi-arid areas. Provision of social amenities requires huge financial resources, which are rarely available. Population growth has exerted enormous pressure on natural resources, particularly land, water and forests. Land use practices have disregarded land potential and capacity carrying. Marginal

¹ This section *inter alia* draws on information provided in the EC Community Development Programme – Phase IV – Identification Fiche, August 2008

areas have been encroached upon, accelerating loss of productivity. The search for productive land has further threatened environmental sustainability, as indigenous and commercial forests are cleared. Forest resources support approximately 3.5 million forest adjacent dwellers where 75 percent of the poor live and 70 percent are directly depending on the environment. This has degraded catchment areas, polluted water sources, caused a country-wide water shortage, affected the supply of hydro-electric power and heightened poverty. Environmental degradation has undermined livelihoods and stunted future opportunities in Kenya.

Between the 1980s and the 1990s, Kenya's GDP growth averaged 2.2% and GDP per capita declined by 0.5% per annum, while population growth averaged 2.7% per annum over the same period. In addition to declining per capita incomes, Kenya suffered, and continues to suffer, from high social inequalities, with the proportion of the population living in poverty estimated to have increased from 48% in 1990 to over 70% in 2003 in some areas². The Vision 2030 recognises the need to protect the environment to achieve economic growth, and it outlines the relevant steps needed.

In spite of the favourable legislative and policy framework, poverty and environment degradation remain major challenges. Areas with poor roads, limited access to education and health services, limited access to potable water and modern sources of energy have, in most cases, a high poverty prevalence. This is also true where there are low investments in public provided utilities such as health and education services and access to water. In arid and semi-arid areas, where access to key resources such as water and pasture is limited, competition over resources has been associated with conflicts, resulting in loss of assets, human life and consequent environmental degradation.

The Government is committed to addressing poverty and environmental degradation. It has recognised the role of local communities in addressing the twin problems of poverty and environmental degradation, based on the realisation that 70% of the local people depend on the environment for livelihoods, while they have the potential to contribute to rural development. Further, the Government recognises the role that the environment plays in the national development – economic growth – process, and its importance in reducing widespread poverty in the country. The establishment of the MDGs and Kenya's poverty reduction strategies provide great opportunities for national and development organisations to systematically address poverty.

Other Initiatives Supported by Development Partners

The EC launched the Community Development Programme (CDP) Phase I in 1997 under CDTF. Based on its success in responding to grass-roots needs (and its possibilities for replicability), the programme was succeeded by CDP II and later by CDP III, the Biodiversity Conservation Programme (BCP) and the Community Environment Facility (CEF). The EC is currently formulating CDP IV with two components: 1) Community-based Development Initiatives (CDI); and 2) Community Environment Facility II (CEF II). The programme will contribute to the devolution of poverty reduction activities to the local communities and beneficiaries by strengthening the governance systems and beneficiaries' project delivery and management abilities, and it will also enhance the integration of environmental dimensions of

² The Economic Recovery Strategy for Wealth and Employment Creation 2003 – 2007 (June 2003)

poverty reduction into local development planning, implementation and resource governance. The total indicative budget is EUR 32.4 million for a four-year period starting July 2010. The CDP IV and the NRM Programme have been formulated in parallel and in close consultations between the EC Delegation and the Danish Embassy in order to enhance synergy and harmonisation.

Danish Current Support to the Environmental Sector

Denmark and Sweden are currently providing grant support to the Environmental Programme Support (EPS). The programme is providing institutional and capacity building support to MEMR and NEMA and is supporting community-based environmental management projects as well as advocacy projects through the Community Development Trust Fund. The EPS was launched in 2007 for a five-year period; however, with the new NRM Programme coming on stream, the EPS will end late 2010 and have an overlap period of one year with the new NRM Programme. The NRM Programme will build on and advance the activities supported by EPS in relation to CDTF, as projects through CDTF will be continued under the Civil Society and Private Sector Management of Natural Resources Component of the Programme.

The NRM Programme through the second component, Support to Arid Lands Resource Management, will also provide funding for local-level implementation of NRM and capacity development similar to the projects funded through CEF, however, with a clear strategic focus on interventions in the arid and semi-arid lands (ASAL) of Kenya. The second component will be implemented in partnership with the World Bank-supported Arid Lands Resource Management Project-3 (ALRMP-3) implemented by the Ministry for Northern Kenya. The NRM Programme will take advantage of an existing and proven delivery mechanism of ALRMP and add value by supplementing the World Bank's credit system with a grant contribution to aspects such as gender, local employment and renewable energy, which will enhance the development outcomes.

It will also be possible to address continued activities in the semi-arid districts and private sector involvement where the Decentralised Agriculture Sector Services (DASS) component of the Danish Agricultural Sector Programme Support (ASPS) currently provides assistance to local farmers' communities, e.g. in water resource management and soil conservation. Through the Agricultural Business Development (ABD) component of ASPS private sector participation in the sub-component activities will be supported. As the CEF/CDTF projects and the ALRMP target the same type of interventions, it is necessary that the criteria and selection of projects to be supported are carefully coordinated in order to achieve synergies, reduce transaction costs and avoid duplications.

3. Description of the Sub-Component

3.1. Summary Statement

The aim of the Civil Society and Private Sector Management of Natural Resources Component is to support the Government of Kenya in the implementation of Vision 2030 and the First Medium-Term Plan (2008-2012) in general and, specifically, in relation to the strategies and goals for environmental protection and natural resource management at the community level as outlined above.

The scope of this sub-component is to support key interventions at the community level – building local competences for environmental and pro-poor natural resource management project planning and implementation. In the context of this sub-component, the definition used for civil society organisations (CSOs) is: “a wide array of organizations: community groups, non-governmental organizations (NGOs), labour unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations”. Hence, it is understood in this context that civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organisations such as registered charities, development non-governmental organisations, community groups, women's organisations, faith-based organisations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.

The collaboration with the CDTF will be demand-driven and performance-based, and it is envisaged to be for the full duration of the programme. The indicative budget allocation for this sub-component is DKK 85 million, corresponding to K.Sh 1,207 million for the five-year period – 2010 to 2014.

3.2. Sub-Component Objective

The development objective of the NRM Programme is: “Contribute to reduced poverty in the context of Kenya’s Vision 2030 in safeguarding the state of the environment and promoting sustainable management of natural resources”.

In order to support the realisation of the development objective, the immediate objective of the Civil Society and Private Sector Management of Natural Resources Component is: “Civil society organisations – including local communities – and private sector service providers are capacitated to support and influence natural resource management, as a contribution towards poverty alleviation”.

The sub-component objective “supports pro-poor development by capacitating local communities to take charge of their own development through sustainable management of natural resources”. It supports the development objective of the NRM by establishing broader knowledge and participation in sustainable natural resource management, thus increasing the focus on natural resource management and poverty linkages and improving dialogue between

local communities, beneficiaries and policy makers at local and national levels in addressing natural resource management issues.

The sub-component will also follow the poverty reduction strategies of the Government as well as contribute to achieving the MDGs. The sub-component is expected to have a direct positive impact on Kenya achieving a number of MDGs; especially MDG 1 (Eradicate Extreme Poverty and Hunger) by contributing to economic growth and creation of wealth and protection of the environment. It will also have a positive impact on cross-cutting issues such as MDG no 3 (Promote Gender Equality and Empower Women) through the targeted implementation strategies and in capacitating civil society organisations. MDG 6 (Combat HIV/AIDS, Malaria and Other Diseases) will be addressed in training programmes and awareness raising activities. MDG 7 (Ensure Environmental Sustainability) will be supported through the promotion of sound natural resource management and raising awareness of effective environmental management and advocacy.

3.3. Overall Implementation Strategy

The overall strategy for the sub-component is to have a national focus and to adopt a demand-driven approach that would base local implementation on the needs and commitment of community groups, facilitated by NGOs and government agencies. In implementing the NRM sub-component, CEF will focus on critical ecosystems and habitats that are of high biological diversity and are degraded; address vulnerability of local communities to climate change; promote renewable rural energy saving technologies and support livelihood improvement initiatives that benefit the larger community. The sub-component will actively seek to engage the private sector in community-based environmental issues and pro-poor management of natural resources, e.g. within renewable energy, where seed funding could be provided for feasibility studies and pilot interventions.

In addition to the overall strategic considerations for NRM, the Community-Based Environment and Natural Resources Management will be guided by the following considerations:

- Experience of implementing the Danida-funded Community and Civil Society Component of the Environmental Programme Support (EPS) and Community Environment Facility (CEF) under the Community Development Environmental Programme (CDEMP) funded by the European Commission (EC).
- Joint implementation of the NRM sub-component and the second phase of CEF under CDP IV to be funded by EC, since their broad objectives are closely related. Though funds will come from two different sources, the joint implementation modalities will include, among others, co-funding of projects and use of common financing and accounting procedures, joint reviews and audits.
- A joint call for proposals leading to appraisal and selection of community projects that will be jointly funded.
- During the implementation phase, the projects will have a common monitoring, evaluation, and reporting procedures to avoid parallel reporting.

- Experience sharing modalities will be developed to enhance communities learning from each other and having reporting procedures harmonized.
- Lessons learnt from the implementation of the EPS and CEF 1 programmes, as documented in regional workshops proceedings and evaluation reports, will be used in improving service delivery for the new NRM Programme.

Some of the broad strategies that will be applied in relation to the cross-cutting issues are as described below:

Documentation of best practices, networking and sharing experiences among communities and other stakeholders

For the sub-component to have a lasting impact, it is essential that lessons learnt and best practices are documented and disseminated to all stakeholders. This will be through regional and national workshops and the production of best practice reports in the form of case studies, VCDs, DVDs and bulletins, among other materials by consultants and beneficiaries. CDTF will develop a communication strategy and media guidelines in support of outreach and awareness raising of its programmes.

Interaction with provincial and district authorities and institutions

CDTF is coordinating all project activities at community level with relevant provincial and district authorities. A close working relationship is established with the provincial and district environmental committees, and projects are designed and implemented in support of the provincial and district environmental plans and local development plans. Furthermore, the relevant district authorities and institutions, technical members from line ministries, representatives of civil society organisations and representatives from the participating communities are included as members of the Project Implementation Committees.

Harmonisation of NRM and EC-funded CEF II under the CDP IV

In addition to the above, continuous consultations will be held between the EC Delegation, the Danish Embassy and the CDTF to harmonise operational and administrative differences with the aim of enhancing joint service delivery. The focus will be towards strengthening CDTF as a suitable delivery mechanism for the joint implementation of the sub-component. In this regard, a functional analysis has been conducted for CDTF. The functional analysis has recommended that CDTF transcends from a “project-based” organisation to a “service delivery-based” organisation. The proposal is that the new CDTF is built on three pillars: the Community Programmes, Technical Support Services, and Finance and Administration. The centre pillar, Community Programmes, is responsible for the implementation of community programmes, which is considered the central function of CDTF. Initially, this pillar will contain the Community Development Programme (CDP) and the Community Environment Facility (CEF) programme, as well as the four CDTF regional offices – the outreach structure, which will serve all projects and programmes under CDTF. CDTF will actively seek to attract more projects and programmes to be implemented through its delivery mechanism, thus taking advantage of the delivery mechanisms already established, and building a more robust and sustainable organisation. The centre pillar – the Community Programmes – will be complemented by the two support pillars, one for Finance and Administrative Services and one for cross-cutting Technical Services such as engineering, gender, governance and income generating activities. The proposed structure will be more efficient and effective, as it will have

a clear strategic focus on providing services to the communities and benefiting from economies of scale of delivery mechanisms and support services such as finance, administrative and technical services. This change will further enhance the harmonisation of programmes and projects being channelled through CDTF – and not just the NRM programme and the CDP IV programme, but also any new future programmes that may be included into the CDTF programme portfolio. The New CDTF is planned to become effective from July 2010, and the NRM programme may provide support to the transformation and change management process.

3.4. Cross-Cutting Issues

The criteria for selection of projects will include cross-cutting issues in line with the project document. The sub-component will assist CDTF staff in promoting good governance and transparent finance systems in community-based environmental management and natural resource use projects. The support to specific awareness and advocacy campaigns, in addition to promoting open and transparent planning and policy processes, is directly linked to a human rights approach to good governance.

Further, the sub-component will ensure that CDTF integrates HIV/AIDS information into the approach for environmental management. CDTF will endeavour to provide information on how HIV/AIDS affects the management of natural resources by the affected communities. The sustainable use of natural resources to support livelihoods is directly affected by the HIV/AIDS pandemic. These linkages will be made clear by practical and easily understood information to families and organisations participating in CDTF-funded projects.

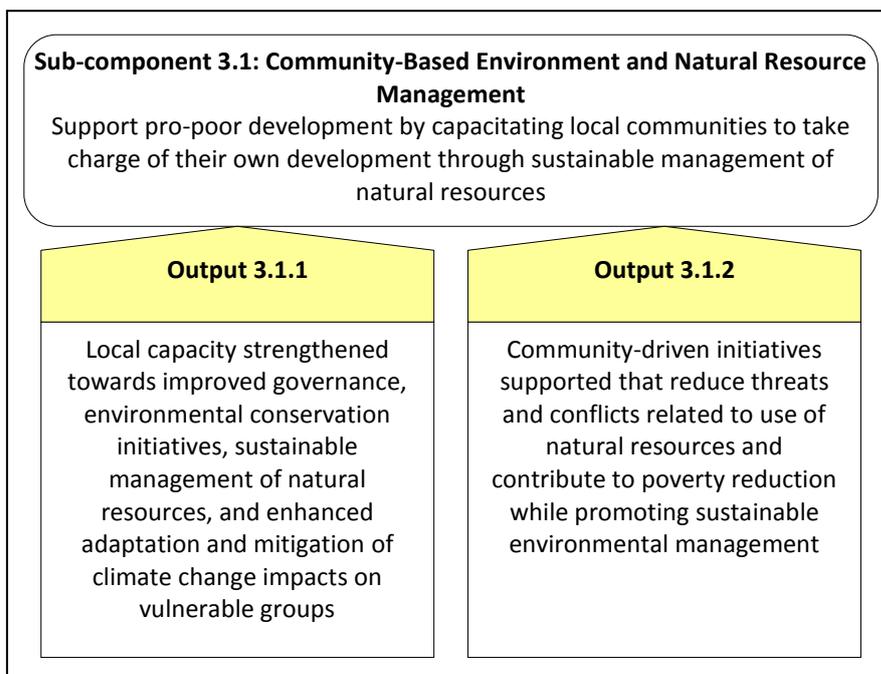
In recognition of the different but equally important roles of youth, women and men in natural resource use, priority will be given to projects that clearly define, document and address gender inequality issues. To enhance women's rights and empowerment the sub-component will promote specific interventions regarding women's access to resources and participation in decision making regarding environmental management – an action plan matrix for gender mainstreaming is included in Annex 2. Specific interventions may include:

- Special calls for proposals addressing women and specific thematic priorities on climate change/renewable energy;
- Inclusion of women and youth in stakeholder groups and other decision-making bodies;
- Women-only consultations or training activities;
- Support of gender analyses of proposed projects and/or policies;
- Inclusion of female entrepreneurs in programme-supported activities;
- Support to Government extension staff and private service providers in addressing the needs of men, women and youths; and
- Inclusion of sex-disaggregated data collection and analysis in programme monitoring.

3.5. Outputs and Activities

The sub-component will support two outputs:

- Output 3.1.1: Local capacity strengthened towards improved governance, environmental conservation initiatives, sustainable management of natural resources, and enhanced adaptation and mitigation of climate change impacts on vulnerable groups; and
- Output 3.1.2: Community-driven initiatives supported that reduce threats and conflicts related to the use of natural resources and contribute to poverty reduction while promoting sustainable environmental management.



Output 3.1.1: Local capacity strengthened towards improved governance, environmental conservation initiatives, sustainable management of natural resources, and enhanced adaptation and mitigation of climate change impacts on vulnerable groups.

A proportion of the grant is earmarked for output 3.1.1 to build the capacity of the local communities and relevant stakeholders to effectively engage in implementing NRM projects. The sub-component will carry out a rapid assessment to determine effects of climate change on local livelihoods and natural resources, in order to identify initiatives that will enhance adaptation and mitigation of the climate change impacts at the local level. Capacity will also be built in areas of identified rural renewable energy options.

This output will contribute to, and be harmonised with, the EC CDP IV result no 1: “Community institutions in environmentally important areas and relevant Government institutions are managed in a transparent and community-dialogue-driven way the natural resources in a sustainable manner and enhancing the livelihood asset base for the poorest in some 45 selected project areas”.

Activities

Build capacity of communities in NRM

CEF, with support from external consultants, will identify training needs and undertake training for project beneficiaries to ensure that they understand the linkages between NRM and poverty. For effective management of community-based NRM projects, capacity building will mainly, but not exclusively, target Project Implementation Committees (PICs), CBOs, collaborating NGOs, government agencies and the larger community. Different approaches will be employed and, by the end of the implementation phase, at least 30 community projects will have benefited.

Establish and strengthen existing local governance structures

The existing governance structures will be assessed to determine how they will impel or impede implementation. Existing structures will be strengthened through training and by linking them to the respective line ministries and, where such do not exist, communities will be facilitated to establish and run them. Such structures will include: associations, forums, networks, partnerships, consortiums and cooperatives. CEF will offer legal and administrative support towards the establishment of structures that will enhance future sustainability.

Build local capacity in strengthening adaptation and mitigation of climate change impacts on local livelihoods and natural resources

The sub-component will sensitize and build local capacity in strengthening adaptation and mitigation of climate change effects on local livelihoods and natural resources. In particular, the mitigation measures to be undertaken under this output will include the identification of human activities that contribute to climate change impacts such as land use change, inappropriate agricultural practices and deforestation. Occurrences and impacts attributed to climate change disasters, such as floods and droughts, will be identified and appropriate mitigation measures promoted as part of community-based disaster risk reduction.

Undertake monitoring and evaluation

During implementation, CEF technical and financial staff and consultants will regularly visit approved projects to build the capacity of the beneficiaries to effectively manage their projects. External consultants will be engaged to build the capacity of the communities in specialized areas. The PIC, including relevant GoK officers, will also undertake periodical monitoring of project activities and offer technical support to the communities. Periodical audits and evaluations, either by CEF or external consultants, will inform project beneficiaries about areas that need improvement.

Support education, awareness and advocacy activities

As part of capacity building in relation to NRM, project beneficiaries will be exposed to other projects supported by CEF to learn lessons and share experiences. Similarly, project beneficiaries will be inducted in advocacy and awareness raising approaches to enable them lobby on policies that support sustainable NRM.

Support coordination and collaboration among stakeholders at local and national levels in project development and implementation

To ensure synergy among the various partners implementing CEF-operated NRM projects, there is need to enhance collaboration, coordination and networking among the teams. As part

of an exit strategy (post CEF support), the project beneficiaries operating within a given ecological region will form regional networks, which will coalesce to a national network. The regional networks will periodically monitor project activities and undertake joint exchange tours.

Implementation Strategy

The sub-component will aim at building the capacity of the local communities and beneficiaries to effectively engage in conservation and management of natural resources in collaboration with local NGOs and government agencies. Experience from EPS is that, while local communities understand local dynamics in natural resources, they lack relevant knowledge related to balancing natural resource management and livelihood improvement for sustainability. Hence, capacity building will focus on awareness-raising about the value of conserving and managing natural resources, while ensuring sustainable utilization of the resources. Other aspects that will be covered include: leadership, financial and project cycle management, monitoring and evaluation, networking, collaboration, and reporting. With regard to experience sharing, educational tours will be conducted with a view to exposing local communities to successful initiatives for further learning. Different approaches will be employed, as appropriate, through technical staff within government line ministries, CDTF technical staff and external consultants. As part of enhancing good governance in natural resource management, communities and beneficiaries will be inducted in advocacy with the aim of influencing policies on NRM at the local level.

Output 3.1.2: Community-driven initiatives supported that reduce threats and conflicts related to use of natural resources and contribute to poverty reduction while promoting sustainable environmental management.

It is expected that at least 30 community-integrated projects will be implemented under output 3.1.2. Under this output, community initiatives that aim at addressing sustainable pro-poor management of natural resources and climate change will be identified for support. Through a call for proposals and subsequent appraisals, innovative community projects will be identified for funding. Emphasis will be on projects that have an integrated approach, that target the wider community, and also have a focus on ecosystem management. Deliberate efforts will be made to select projects that address climate change issues and promote alternative renewable rural energy saving technologies. Apart from supporting new projects, financial resources may be directed towards a second phase of some of the ongoing initiatives and a scaling up of others.

This output will contribute to, and be harmonised with, the EC CDP IV result no 3: “Community institutions are promoting/managing interventions for improved livelihoods and well-being in an equitable and transparent manner” and to result no 4: “Innovative and replicable solutions to emerging challenges for sustainable and improving rural livelihoods, especially for non-seasonal income generation, are strongly developed and actively promoted”.

Activities

Identify and support NRM initiatives that contribute to livelihood improvement

CEF will develop requisite materials that will facilitate local communities and beneficiaries, along with their collaborators, to apply for funds in support of initiatives that link NRM and poverty reduction. The documents to be prepared include application forms, project guidelines, a project development format, project operational manual, desk and field appraisal checklists. CEF will launch the fund through a national stakeholders' workshop, regional-based workshops, and through print and electronic media.

Identify and support initiatives that reduce threats and conflicts over use of natural resources

CEF will support community-driven initiatives that reduce threats and conflicts that arise from unsustainable use of natural resources. These will include wildlife barriers, rehabilitation of degraded ecosystems, waste management and peace-building initiatives. The focus will be on promoting sustainable and innovative initiatives that reduce threats and conflict over natural resources.

Support community initiatives that will enhance adaptation and mitigation of the climate change impacts

CEF will identify initiatives that will enhance adaptation and mitigation of the climate change impacts at the local level. These include measures to enhance the disaster risk reduction capacity for local communities. Community initiatives will be supported that promote climate change management such as afforestation, forest conservation, appropriate land use practices, integrated water resource management and rehabilitation of degraded areas.

Implementation Strategy

Establish criteria for community projects

CEF will establish the criteria for the community projects to be financed with support from the NRM Programme. The criteria will be harmonised with the criteria established for the EC supported CDP IV. CEF will ensure that all NRM supported projects address generally pro-poor natural resource management and, specifically, issues of youth, gender, HIV/AIDS and good governance. Special emphasis will also be put on ensuring gender issues are being addressed in relation to the other themes of the programme. At least one third of the NRM supported community projects under output 3.1.2 will include renewable energy elements at community level. Climate change adaptation and mitigation initiatives will be supported in response to the needs of the communities to address local prevailing issues and respond to the National Climate Change Response Strategy.

Launch call for proposals

CEF will launch a call for proposals through the print and electronic media and visits to regions. A "window" covering not more than three months will be allowed during which beneficiaries will submit their proposals. The CEF office in Nairobi, CDTF website, CDTF regional offices, DDOs, DEOs and relevant lead agencies, will act as information points through which application documents can be accessed by communities.

Carry out desk and field appraisals based on a project proposal format

Received proposals will be serialized and keyed in a computer-based project manager. The received proposals will be desk appraised by consultants using preset criteria. The desk

appraised projects will be verified by CEF staff, and those which meet second level criteria will be field appraised. Consultants will, if needed, be engaged to help adjust the proposals³ to meet the field appraisal recommendations. Finally, the proposals still eligible for support will be submitted to the Technical Committee to assess technical compliance before recommending them to the Board of Trustees for approval.

Sign contracts for project implementation and transfer of funds to selected communities

CDTF will prepare financing agreements for approved projects that will define the obligations of both the beneficiaries and CDTF and to facilitate transfer of funds to communities for project implementation. Memoranda of Understanding will be signed between CDTF and strategic partners to enable the latter offer technical support to communities.

Monitor and support project implementation

Monitoring and supporting project implementation will include the provision of capacity building in project management, financial control and monitoring of all selected community projects under the programme. CEF will monitor project implementation throughout the duration of the project, based on already established CDTF monitoring procedures (including field visits by CEF staff). The support to project implementation will include capacity building in project management, financial control monitoring, and procurement of goods and services.

³ Consultants who refocus the proposals will also assist the communities to develop a monitoring framework with which participatory community monitoring will be based. Such consultants will visit projects every 3-6 months to undertake external monitoring.

4. Input and Budget

The total budget for the Community-Based Environment and Natural Resource Management sub-component is DKK 85 million, corresponding to K.Sh 1,207 million⁴. The sub-component will provide the following inputs:

- Grants for community implementation of projects addressing natural resource management initiatives, including initiatives to reduce threats and conflicts related to the use of natural resource management;
- Support to CDTF capacity building efforts and grant administration (including the payment of approximately 50% of CEF Officers' personnel costs and 50% of CDTF Programme Coordinator costs, as part of the cost-sharing deal with the EC);
- Funding for development of a "best practices package";
- Funding for initiatives to improve adaptation to, and mitigation of, effects of climate change for vulnerable groups supported;
- Budget provision for increased support to the CEF facility; and
- External audits and reviews.

The indicative allocation of the budget between outputs is shown in the table below. It should be noted that the budget allocation is only indicative and subject to performance and demand. Annual work plans and budgets will be agreed upon during the annual consultations between the head of the participating institution and the Danish Embassy.

Sub- Component 3. 1. CDTF/CEF

Indicative Budget

Item	Year	1	2	3	4	5	DKK		%
							million	K.Sh	
Output 3.1.1 Local Capacity Strengthening		1.0	1.0	0.8	0.8	0.8	4.4	62.9	5%
Output 3.1.2 Community Driven Initiatives		6.0	15.5	15.5	18.2	13.1	68.3	975.7	80%
CDTF Management		0.7	1.7	1.6	1.9	1.4	7.27	103.9	9%
Subtotal		7.7	18.2	17.9	20.9	15.3	80.0	1142.4	94%
Contingency		0.0	1.3	1.3	1.3	1.3	5.0	71.4	6%
Total		7.7	19.4	19.2	22.2	16.5	85.0	1213.8	100%

Funding to CDTF for community-based environment and NRM activities will continue under the current EPS Programme, according to the detailed financial proposals and activity schedules submitted during the preparation of the NRM Programme and as agreed with the Danish Embassy during the Inception Phase or before.

⁴ Exchange Rates: DKK 100 = K.Sh 1,420.00; EUR 100 = DKK 744.82 and USD 100 = 559.68
Danmarks Nationalbank (the Danish Central Bank) and the Danish Embassy June 2009

5. Governance and Management

NRM Programme Steering Committee

There will be a NRM Programme Steering Committee (PSC) that will be composed of the Permanent Secretary of the Ministry of Finance and the Danish Ambassador, as the two signatories to the NRM Government Agreement. It will meet at least once a year in March.

The PSC will guide the overall implementation of the programme, review overall progress and may decide upon adjustments to intermediate objectives and outputs. The PSC may also reallocate funds between components based on performance and requirements, and decide on the use of the Unallocated Funds. The PSC will also initiate a thematic Annual NRM Forum. If considered necessary, the Embassy and sub-component management will hold half-yearly progress reporting meetings⁵. If the programme requires a re-design during the implementation period due to Kenya Government policy and institutional changes, the PSC will direct the re-design and approve the final documents.

Annual NRM Forum

The PSC will facilitate a national Annual NRM Forum with the participation of all key stakeholders including programme partners, Government institutions, institutions of higher learning, research institutions, the civil society, non-governmental organisations, the private sector and the media.

The PSC will select a special theme for the Forum that is relevant to the development agenda in Kenya and will discuss it from the perspective of the NRM Programme. Lessons learned from programme implementation that are of relevance to policy formulation and for replication can be regular features of the Forum. The Forum will be organised by MEMR with the assistance of the National Environmental Council. Funding will be provided through the programme management budget line administered by the Danish Embassy. MEMR will contract, or partner with, a qualified institution (university, civil society or consultancy organisation) to organise the Forum. MENR, under Component 1, will be responsible for follow-up actions that may be required by the Annual NRM Forum.

The Terms of Reference for the Programme Steering Committee are attached to the main NRM Programme Document.

CDTF Management and Organisation

The sub-component will be implemented through the Community Environmental Facility (CEF) of the Community Development Trust Fund (CDTF), in accordance with a Memorandum of Understanding in the form of the signing of this sub-component description between the Danish Embassy and the Ministry of Planning, National Development and Vision 2030/CDTF. To the extent possible, the implementation of the sub-component will follow CEF implementation strategies and mechanisms based on existing CDTF procedures.

The Danish support will, as already outlined, be closely harmonized with the EC CDP IV support for CDTF/CEF.

⁵ Half-yearly progress reports will be submitted to the Embassy after every six months

Overall management of the sub-component will be done by the CDTF Board of Trustees, with the CEF Manager being responsible for day-to-day management. The CEF Manager will inform the Board on the implementation of the sub-component through quarterly and annual progress reports and will prepare programme estimates as defined in the government-to-government agreement. The EC Delegation and the Danish Embassy will, in the future, not be members of the Board, but will be invited as observers. This implies that there will be two vacancies on the Board, and it is understood that CDTF will explore the opportunity for attracting new members with relevant backgrounds and profiles from civil society and the private sector, through advertisements, to fill the vacancies.

The responsibilities of the Board in this connection include, *inter alia*:

- Ensure that the Community-Based Environment and Natural Resource Management sub-component remains aligned to and supportive of Government policies, strategies and plans for the development of the environmental sector;
- Decide on the overall priorities of the sub-component in accordance with the sub-component description, the government agreement, and other legal documents.
- Makes the decisions in situations, where deviations from the sub-component description are considered necessary, as mandated by the Danish Embassy and without altering the objective of the sub-component.
- Approve major planning documents, progress reports, work plans, budgets and audit reports;
- Decide on major implementation issues, such as procurement, technical advisers, short-term consultants, studies, etc; and
- Recommend on issues to be addressed by the Joint Annual Reviews and follow up on their recommendations.

The CEF Manager will be responsible for the day-to-day management of the CEF under the Community-Based Environment and Natural Resource Management sub-component with the following responsibilities:

- Guide and oversee the technical aspects of implementation;
- Review and comment on financial reports and plans;
- Monitor the outputs and the effects, as well as the risks and assumptions and, in case of deviations, recommend remedial actions to be taken by the management of CDTF;
- Consolidate annual work plans and half yearly progress reports and submit them to the CDTF Board and the Danish Embassy;
- Upon completion, submit a sub-component completion report to the CDTF Board and the Danish Embassy, in accordance with the Danida Guidelines for Programme Completion Reports – the completion report will be initiated six months prior to completion of the sub-component.
- Facilitate cooperation with other components of the NRM Programme and exchange the lessons learnt and best practices internally as well as externally; and
- Coordinate and harmonize the community support with other development initiatives.

A Functional Analysis has been conducted for CDTF. This analysis has recommended that CDTF should transcend from a “project-based” organisation to a “service delivery-based”

organisation. The proposed structure will be more efficient and effective, as it will have a clear strategic focus on providing services to the communities and will benefit from economies of scale of delivery mechanisms and support services such as finance, administrative and technical services. CDTF management will be streamlined as the new proposed organisation will only have three departments: Community Programmes, Finance and Administration and Technical Support Services. Furthermore, the internal controls will be strengthened with the establishment of independent internal audit and M&E units reporting directly to Chief Executive Officer. The recommendations arising out of the functional analysis are being positively considered by the CDTF Board, and it is expected that a reorganised and re-engineered CDTF – the “New CDTF” – will be in place by the beginning of the fiscal year 2010. The NRM Programme will be able to further support the implementation of the approved recommendations of the functional analysis and assist in the transformation of CDTF.

6. Financial Management

Community-based NRM

The financial management and reporting of the NRM Programme, including the procurement for goods and services, will be done in compliance with the Joint Collaboration Agreement between the EC and the Danish Embassy, including guidelines for financial management and auditing of the funds. No double or overlapping systems and procedures are envisaged, and procurement will be based on the flexibility of either of the collaborating institutions. In case a joint collaboration agreement between the EC and the Danish Embassy is not reached, then the default would be to comply with Danida Aid Management Guidelines.

The CEF Management will have the necessary financial information to ensure efficient management of the programme, and will ensure that the funds are administered properly and that the funds are used in accordance with the objectives set out in the grant document.

All expenditures will be documented by vouchers, original invoices and original signed receipts, and filed for five years. The CEF Manager will be responsible for consolidating the annual work plans and half-yearly reports of the sub-component and submitting them to the CDTF Board of Trustees and the Danish Embassy. CDTF will make a written request to the Danish Embassy through the Ministry of Planning and National Development and Vision 2030 for the replenishment of funds. The CDTF will write a letter to the Danish Embassy requesting their confirmation of the NRM funds to CDTF and their inclusion in the GoK budget estimates within the Ministry of Planning, National Development, and Vision 2030.

In case of a lack of accountability, action in accordance with GoK procedures and Danida's guidelines will be taken and further Danish Funding to the involved institution may be put on hold until the issue is solved.

Funds will be transferred to CDTF on a quarterly basis based on annual budgets, a satisfactory three-month cumulative (quarterly) financial report, and a cash flow projection for the coming quarter including information about the actual bank balance. The NRM Programme's financial contribution to CDTF will be reflected in the GoK budgets and will be channelled to CDTF as Appropriation-in-Aid⁶. The CDTF will request the Danish Embassy, through the Ministry of Planning, National Development, and Vision 2030, for the replenishment of funds. The Danish Embassy will transfer funds directly to the NRM Programme's dedicated bank accounts with CDTF and inform the Ministry of Finance about the transfer.

NRM Bank Accounts

CDTF will open two dedicated bank accounts in Kenyan Shillings for the NRM Programme funds in a commercial bank acceptable to RDE. One bank account will be used only for funding projects and project-related activities through the CEF. The other bank account will be used for the management, administrative and technical assistance provided to the operations of CDTF. CDTF hereby undertakes to provide reconciled banks statements and cash flow projections with the financial reports to the Danish Embassy and to insure and indemnify the

⁶ The future legal status of CDTF is yet to be established. If CDTF is established as a trust deed, then funds will continue to be channelled as Appropriation- in-Aid.

Danish Embassy in respect of any funds for management, administration and technical assistance not accounted for, or loss of such funds. The Danish Embassy will be promptly informed about cases where funds provided under the sub-component 3.1 are lost or mismanaged at community level – and about what actions has or will be taken by CDTF to recover the funds.

Authorised signatories to the NRM bank accounts will be:

- CEF Manager;
- The Finance and Administration Officer;
- Programme Officers/Technical Officers;
- Projects Accountant.

The signatures of the CEF Manager and any one signature of the other above officers will be required for any transaction.

The funds provided under the NRM may be pooled together with funds from the European Commission, if the EC agrees to the pooling. If there is no pooling, the NRM Programme funds will be managed separately, however, to the extent possible using established accounting and auditing systems. The grant contribution to CDTF is to be audited at least on a yearly basis by an internationally reputed and registered audit firm. There should be an effort made not to use the same audit firm for more than two successive years. Detailed financial management, reporting and procurement systems and procedures, will be developed during the NRM Programme Inception Phase, with the support of technical assistance from the Danish Embassy.

Interest Accrued

Similar procedures of the EC on bank interest accrued will be adhered to and will comply with the joint collaboration agreement between the EC and the Danish Embassy. In the event that the NRM funds are not pooled with those of the EC, then any accrued interest on the bank accounts will be transferred back to RDE at the end of each financial year.

Sub-component equipment

The procurement of sub-component equipment will be carried out in joint coordination with EC. Resources from both EC and Danida will be pooled and used for the benefit of the projects. The CDTF will maintain updated inventories of all equipment provided to the sub-component by the Danish Embassy, e.g. vehicles, computers, furniture and tools. Vehicles, equipment, material, supplies and facilities financed by the Danish Embassy, which are used during the implementation of the sub-component, remain the property of Denmark, until such time as the Danish Embassy and CDTF may otherwise agree⁷. Transfer of ownership of the aforementioned assets may take place during the NRM Programme period. Before programme termination, the parties will assess and agree on the final transfer of such assets, which can be justified on the basis of a final request from CDTF. Any remaining property will be disposed of by the Danish Embassy.

⁷ Equipment financed under the EPS Programme will continue to be used under the NRM Programme until the completion of that programme and will remain the property of Denmark as stipulated in the Government Agreement.

Auditing

CDTF has well-established procedures for auditing of its accounts, for preparing management reports and financial statements using an international firm of auditors. CDTF's internal auditing procedures will also apply to the funds provided for the sub-component. The Danish Embassy will receive copies of the internal audit reports relating to the sub-component funds. The Danish Embassy will strive to have joint external audits with the EC for funds provided for the sub-component 3.1 and will pay for the auditing of the sub-component accounts in accordance to the Joint Collaboration Agreement.

7. Monitoring, Reporting and Reviews

Sub-component monitoring and reporting

The aim of the sub-component monitoring system is to document sub-component achievements to allow sub-component and programme management to take remedial action if needed. The CDTF will develop a common monitoring framework for the Danish and EC support in order to enable a more comprehensive monitoring and assessment of outcomes/impacts of the projects on an overall scale as well as to reduce overhead costs of CDTF. It is anticipated that the CDTF will establish a Monitoring and Evaluation Unit to support these activities, in general, for CDTF as recommended by the Functional Analysis. The aim should be to have an independent, lean and effective unit, which is facilitated to outsource the majority of its work. The sub-component monitoring system will encompass:

- Monitoring of activity implementation according to plans and budgets and achievement of outputs;
- Monitoring of the sub-component outcomes and impact with regard to environment and poverty reduction;
- Monitoring of key assumptions and assessed risks for successful implementation.

The logical framework for the sub-component is presented in Annex 1.

Monitoring of implementation and impact

CEF will be responsible for monitoring implementation and progress, and for reporting achievements to the Board and to the Danish Embassy following the indicators and means of verification shown in the logical framework matrix, Annex 1, including a participatory impact survey and KAP survey (Knowledge, Attitudes and Practices.) The management of CDTF will be responsible for taking remedial action if plans are not adhered to and if funding is not used according to plans.

The CDTF Management will prepare and provide the CDTF Board of Trustees and the Danish Embassy with timely, reliable, and relevant financial reports in order to enable efficient monitoring of the use of funds and programme implementation. Furthermore, the NRM Programme Steering Committee will have the necessary financial information to monitor the use of funds.

The **key outcome indicators** for the sub-component are:

- i) Direct improvement of living conditions for 180,000 people through 30 poverty oriented and locally-based environment projects;
- ii) Indirect improvement of living conditions for 540,000 people through 30 poverty oriented and locally-based environment projects;
- iii) Minimum 25,000 families (150,000 people) have started activities in environmentally improving agricultural production and alternative sources of energy before the end of 2014;

The means of verification for the outcome indicators are: the “Kenya Integrated Household Budget Survey”, annual budgets and progress reports, and conclusions/recommendations from annual programme consultations.

The outcome indicators are based on results achieved through the former support to CEF/CDTF and are therefore believed to be realistic on the basis of the financial, administrative and managerial procedures that have been developed and tested in practice. As for other indicator results, it is evident that the political and socio-economic context can affect the results in a negative direction – especially with regard to the parliamentary election in 2012.

Monitoring of key assumptions and risks

Programme management and sub-component management must include an assessment of the assumptions and risks in progress reports and, where deviations are detected, a thorough assessment should form part of the Joint Annual Reviews of the programme.

Reviews

The Danish Embassy will strive to have joint reviews with the EC on CEF activities. Joint Annual Reviews of the NRM Programme and its components will be carried by the governments of Kenya, the EC and Denmark and with the participation of relevant partners. Should other development partners channel funds through CDTF for similar purposes, they will also be invited to join the annual reviews. The aim of the joint reviews is for the governments to assess progress and adjust the support in the light of changes in programme context, sector developments and effectiveness. The aim of having joint reviews is to enhance coordination and harmonization of the development assistance and ease the management burden and transaction costs on the CDTF. This approach is fully in line with the general principles of SWAp, the Paris Declaration on Donor Harmonisation, and with the thrust of the Government's policy. The output of the joint review will be a Review Aide Memoire, which will include recommendations concerning programme adjustments, work plans, and budgets for the coming year.

The first review will be an inception review, which is scheduled to take place in September 2010. Technical reviews may be undertaken to address specific implementation issues and to assess efficiency and effectiveness of the CEF and the support provided under the sub-component. The reports will be reviewed and commented upon by the Board, the Joint Annual Review and the Danish Embassy.

8. Key Assumptions and Risks

Assumptions

The following assumptions have been identified:

- Continued Government support to Vision 2030, to the decentralisation agenda and to enhancing sustainable, pro-poor natural resource management;
- CDTF to continue maintaining its semi-autonomous status so as to continue to maintain its strategic focus in community projects as at the present;
- It is assumed that the CEF structure will be revised to enhance staff numbers so that the staff are able to accommodate the additional funds while maintaining the present standard of field involvement, community capacity building and monitoring;
- It is assumed that peace and stability will prevail in the country at all times;
- Communities' and Government's interest in promoting good governance is sustained;
- Effective participation by communities in project implementation is maintained;
- It is assumed that bureaucratic procedures do not hinder the allocation of funds to CDTF and, further on, to communities;
- It is assumed that communities will uphold project management principles;
- It is assumed that the staff implementing EPS will be retained to ensure continuity during the transition phase between EPS and NRM.

Risks

- The main risk of the sub-component is that the capacity building and monitoring by CEF staff may prove insufficient to manage the additional funding;
- Change of CDTF institutional structure may politicize the management of CDTF affairs and lose objectivity in project selection and implementation.

Mitigating measures to address the risks include:

- The employment of additional CEF staff as part of the support to CEF staff;
- Letting the use of additional funding depend on positive reviews;
- Keeping management of CDTF affairs from political manipulation.

Inception and Pre-Implementation Phase

The main inception and pre-implementation phase activities of the sub-component can be summarized as follows:

- Agreement on the CDTF/CEF work plan 2010/2011 to be supported by the NRM Programme;
- Support to the implementation of approved recommendations from the functional analysis, which was finalised in September 2009;
- Establishing the agreed management and administrative capacity at CDTF for the CEF in line with the approved organogram and staffing level for CDTF as a result of the recommendations of the functional analysis and the transformation of CDTF;
- Establishing financial management, procurement and accounting system;
- Establishing a Joint Collaboration Agreement between the EC Delegation and the Danish Embassy;
- Identifying/developing indicators for relevant cross-cutting issues – e.g. gender, human rights, democracy, HIV/AIDS and indigenous people – to the extent possible building on established Government monitoring indicators;
- Reviewing, and as necessary adjusting, project selection criteria in line with this sub-component description; and
- Implementing a call for proposals.

The implementing institution – CDTF – will prepare an inception report by 1 August 2010. An inception review will be fielded in September 2010. The inception report will be the basis for a joint inception review that will assess work plans and budgets and provide recommendations for their implementation. The result of the joint inception review will be a Review Aide Memoire. This will be presented to the NRM Programme Steering Committee for comments.

Annex 1: Logical Framework

Logical Framework: Support to Community-Based Environment Natural Resource Management

Intervention Logic	Activities	Indicators	Means of verification	Risks and Assumptions
<p>Objective: Civil society organisations - including local communities - and private sector service providers are capacitated to support natural resource management</p>		<ul style="list-style-type: none"> Improved livelihoods through enhanced community based pro-poor management of natural resources in 27,000 households representing 162,000 beneficiaries based on project completion success of a minimum of 90% of the 30 supported projects 	<p>Measured by the Kenya Integrated Household Budget Survey (KIHBS), which was last conducted in 2005/06 and will be continued at regular intervals, and by component monitoring surveys</p>	<p>Continued Government support to Vision 2030, to the decentralisation agenda and to enhancing sustainable pro-poor natural resource management</p>
<p>(Programme Purpose) To integrate environmental conservation and poverty reduction initiatives among the local communities and beneficiaries in rural and urban areas by strengthening good governance and sustainable management of natural resources</p>		<ul style="list-style-type: none"> A minimum of 30 environmental management projects focusing on poverty reduction and improved governance implemented, targeting a total of 180,000 direct beneficiaries (1000 households per project with an average of 6 people per household for the 30 supported projects) Another 540,000 people indirectly benefit from the successful implementation of the 30 supported community projects A minimum of 90% of the 30 supported projects 	<ul style="list-style-type: none"> Mid term review Final evaluation Component reports 	<ul style="list-style-type: none"> Project funds will be available from the donors in a timely manner Communities will uphold transparent and accountable project management principles

Intervention Logic	Activities	Indicators	Means of verification	Risks and Assumptions
		successfully completed and operational <ul style="list-style-type: none"> • A minimum of 10% of the projects supported rehabilitate and restore at least 1000 hectares of major ecosystems (forests, dry lands and wetlands) 		
<p>OUTPUTS Output 3.1.1 Local capacity strengthened towards improved governance, environmental conservation, sustainable management of natural resources and enhanced adaptation and mitigation to effects of climate change on vulnerable groups</p> <p><i>Output 3.1.1 will be contribute to, and be harmonised with, CDP IV result no. 1</i></p>	3.1.1.1 Build capacity of community in NRM 3.1.1.2 Support coordination and collaboration among stakeholders 3.1.1.3 Provide technical support to community initiatives through monitoring, evaluation and reporting 3.1.1.4 Establish and strengthen existing governance structures 3.1.1.5 Support communities in addressing gender issues within their project interventions 3.1.1.6 Support education, awareness and advocacy activities 3.1.1.7 Build local capacity on	<ul style="list-style-type: none"> • 300 community groups representing about 9,000 beneficiaries (10 groups per project each with an average of 30 members for the 30 supported projects) capacity built in management of NRM projects in all stages of projects cycle • 14 regional and one national network established and supported • At least 30 community projects offered technical support during monitoring missions • 300 community groups supported on environmental education and awareness raising and trained on Natural Resources Management advocacy • Monthly monitoring reports and periodic evaluation 	<ul style="list-style-type: none"> • Monitoring and evaluation reports • Monthly and quarterly and annual reports • Workshop proceedings • Consultancy reports • Campaign and awareness creation materials • Training manuals and modules • Socio-economic baseline data and survey reports 	<ul style="list-style-type: none"> • Capacity build during EPS will be relevant towards implementation of the NRM component • Effective participation by communities in project implementation is maintained

Intervention Logic	Activities	Indicators	Means of verification	Risks and Assumptions
	<p>strengthening adaptation and mitigation to climate change effects on local livelihoods and natural resources</p> <p>3. 1.1.8 Support documentation dissemination of best practices</p>	<p>reports produced and recommendations implemented</p> <ul style="list-style-type: none"> • Gender mainstreaming guidelines, project reports and surveys • Best practices reports and publications produced and shared • 14 best practices sharing forums supported • At least 300 groups, including women and youth, trained on the effects of climate change on natural resources and local livelihoods, on the appropriate adaptation and mitigation measures • One report detailing the effects of climate change on local livelihoods in the project area produced, disseminated and its recommendations on the appropriate adaptation and mitigation measures implemented 		

Intervention Logic	Activities	Indicators	Means of verification	Risks and Assumptions
<p>Output 3.1.2: Community-driven initiatives that reduce threats and conflicts related to natural resource use and contribute to poverty reduction while promoting sustainable environmental management supported</p> <p><i>Output 3.1.2 will contribute to and be harmonised with CDP IV results no. 3 and 4</i></p>	<p>3.1.2.1. Support livelihood improvement initiatives that contribute to sustainable pro-poor NRM</p> <p>3.1.2.2. Support community driven initiatives that reduce threats and conflicts in NRM</p> <p>3.1.2.3. Promote energy saving technologies that enhance sustainable utilization of natural resources</p> <p>3.1.2.4. Support community initiatives that will enhance adaptation and mitigation of the climate change effects on local livelihoods</p>	<ul style="list-style-type: none"> At least 30 integrated community projects that support sustainable pro-poor NRM – e.g. appropriate land use, watershed management, biodiversity conservation and management etc – and livelihood improvement of the local community successfully implemented At least 30 community projects that address threats and conflicts in important conservation areas successfully implemented At least 10 projects of the 30 have rural renewable energy component supported Climate change adaptation and mitigation initiatives incorporated within community projects 	<ul style="list-style-type: none"> Monitoring and evaluation reports Monthly and quarterly and annual reports Campaign and awareness creation materials Periodical IGAs progress reports Assessment report Monitoring and evaluation reports Socio-economic baseline data and survey reports 	<ul style="list-style-type: none"> Communities' and Government's interest in promoting good governance is sustained Effective participation by communities in project implementation is maintained

Annex 2: Gender Mainstreaming

Entry Points for Gender Mainstreaming in Key Environment and Resource Management Institutions in Kenya⁸

Institution	Unit	Gaps	Level of intervention	How
<p>The Community Development Trust Fund (CDTF) Contributes to poverty alleviation efforts in the country by offering support, in form of grants, to community-based projects which address social, economic and environment priorities. The programme areas it covers are: Community Development Programme; Community Environment Facility Programme (CEF); and Emergency Drought Programme.</p>	<p>The CDTF has got a policy on project implementation where they ensure that women, youth and men and included</p> <p>In project management, they ensure that at least 30 percent are women</p> <p>There is no gender strategy at the institution level, even though there is a technical officer dealing with social and gender issues</p> <p>At the programme levels, the PIC have a checklist only</p>	<p>1. Lack of capacity to effectively manage gender related issues (only have one technical officer)</p> <p>2. Lack of a strategic approach at programme levels on gender mainstreaming</p>	<p>1 (i). Engage different organs of CDTF - need for an overall gender strategy</p> <p>(ii). Generate gender disaggregated data</p> <p>(iii) Develop suitable gender sensitive indicators for CDTF at M&E levels</p> <p>iv) Promote an annual lessons learnt document- with a section addressing gender</p> <p>(v) Promote development of gender related communication materials</p> <p>(vi) Support thematic calls on Gender and specific NRM thematic priorities e.g. renewable energy, climate change</p> <p>2 (i) Develop gender mainstreaming guidelines & a toolkit- for programme level interventions.</p> <p>(ii) Train field officers on gender mainstreaming</p>	<p>(i). Earmark funds for this activity - if mentioned in the functional analysis</p> <p>(ii). Enhance the M&E Department and develop a gender monitoring tool to look into the impact of funding within the communities in terms of gender</p> <p>(vi) Earmark specific funds for such calls</p> <p>2 (i) Technical assistance</p> <p>(ii) Capacity building of field officers and CDTF and PIC members on gender mainstreaming</p>

Gender interventions matrix developed specifically for the NRM Programme