



# **Pro-poor Rewards for Environmental Services in Africa (PRESA)**

**IFAD Grant No. 953**

**Third Semi-annual Project Progress Report  
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**World Agroforestry Centre**  
TRANSFORMING LIVES AND LANDSCAPES



**IFAD**  
Enabling poor rural people  
to overcome poverty

## 1. Introduction and grant background

PRESA or *Pro-poor Rewards for Environmental Services in Africa (PRESA)* advances novel approaches for integrating natural resource management with human use of the environment. PRESA is about institutional mechanisms and negotiation support systems for linking environmental service stewards to beneficiaries. This is premised upon the critical role of upstream stewards whose acceptance to voluntary or obligatory restrictions on their land use, have resulted in positive modification of environmental services. In East and West African highlands, enforcement of some skewed policies has disempowered and disenfranchised rural communities despite their role in maintaining critical ecosystem services. PRESA adopts novel approaches in developing mechanisms for recognizing and rewarding stewards of ecosystem services while pursuing their livelihood goals through application of sustainable land management strategies that render positive externalities to society as a whole.

The project's goal is to facilitate *'hundreds of thousands of smallholder farmers and residents living in the highlands of East and West Africa benefit from fair and effective agreements between stewards and beneficiaries of ecosystem services'*. The three specific project objectives and expected outputs are:

**Objective 1:** Foster the development, implementation and assessment of workable environmental service agreements in three core landscapes and four associate landscapes in the highlands of East and West Africa.

**Expected outcome 1:** A set of landscapes in the highlands of East and West Africa has workable environmental service agreements providing fair rewards to ecosystem stewards.

**Objective 2:** Catalyze policy support and private-sector participation in environmental service agreements in Kenya, Tanzania, Uganda and Guinea.

**Expected outcome 2:** Private companies become increasingly involved in a range of initiatives for ecosystem management in the highlands of Kenya, Tanzania, Uganda and Guinea, including policy dialog with public agencies and fair contracts for ecosystem management.

**Objective 3:** Provide proactive and responsive support to the dissemination and application of assessment tools, negotiation methodologies, prototype mechanisms and monitoring tools among a PRESA community of practice, including other IFAD projects, regional and national Katoomba networks, NGOs and national organizations active in the innovation of new approaches to pro-poor rewards for environmental services in the highlands of East and West Africa.

**Expected outcome 3:** Improved quality and increased number of environmental service reward mechanisms in place and operational in the highlands of East and West Africa.

PRESA project components are linked to the 3 objectives and include: **i) landscape-level engagement (L), ii) private sector and policy engagement (P), and iii) community of practice (C)**. Project activities undertaken during the year under review are linked to these 3 components as reported in the next section.

PRESA project is being implemented in associate and core sites. PRESA core landscapes include:

C1: Mount Kenya East/upper Tana River catchment in central Kenya;

C2: Ulugurus Mountains in the Eastern Arc of Tanzania

C3: Fouta Djallon upper catchment area in Guinea

The associate landscapes include:

A1: Usambaras Mountains (East and Western Usambaras in Tanzania);

A2: Upper Aberdares catchments in Central Kenya that provide water to Nairobi City;

A3: Nyando and Yala basins in Western Kenya; and

A4: Western highlands (Bushenyi District) of Uganda.

## 2. Progress and Performance

During the period under review, PRESA core team and site-level partners worked together in the implementation of project activities. PRESA continued to build the foundational knowledge of the broad PES concept through action research, and the capacity of project partners through learning-by-doing.

### 2.1 Brief overview of progress and performance

#### A. Strengthening the PRESA core team

Beginning January 2010, Thomas Yatich, PRESA Research Coordinator has stepped up, to take overall coordination of PRESA. Fergus Sinclair and Meine van-Noordwijk, ICRAF's principal scientists and Global Programme Leaders continue to provide scientific advice to PRESA, while Delia Catacutan, provided partial supervisory support. Dr. John Gathenya from JKUAT also joined the PRESA team on a sabbatical contract with ICRAF, to take leadership in hydrological assessments in PRESA sites, whereas Heini Vehimäki, Miika Makela, Godfrey Mwaloma, Jaffer Wakhayanga, Catherine Kimengu and Joyce Kasyoki completed the PRESA core team.

#### B. Summary of key accomplishments achieved during the period under review

During the period under review, the accomplishments included inter alia:

- (1) Completed and on-going baseline and characterization of PRESA sites;
  - 1.1. Socio-economic surveys within the sampled communities of Sasumua-Aberdares, Mt. Kenya East, and Uluguru (linked to conservation auctions and WTA studies).
  - 1.2. Land cover change analysis x soil erosion assessments in Sasumua-Aberdares and Mt. Kenya East.
  - 1.3. Carbon stock assessment in Albertine Rift
  - 1.4. ES value chain analysis in Albertine Rift
  - 1.5. Biodiversity assessment in Fouta Djallon highlands
  - 1.6. Cost benefit analysis of SLM practices in Sasumua Aberdares

**\*Means of verification:** Study reports are either in draft or in final form, and are accessible through the PRESA website.
- (2) Conservation auctions, conjoint analysis and contingent valuation (WTA) as tools to determine farmer/seller behaviour towards PES contracts, willingness to participate in PES contracts to wit;
  - 2.1. Completed for Mt. Kenya East
  - 2.2. Completed for Uluguru (Kinole village)
  - 2.3. On-going for Sasumua-Aberdares
  - 2.4. On-going for Nyando-western Kenya

**\*Means of verification:** Technical report and journal article for the Mt. Kenya East study has been submitted, and accessible at the PRESA website; draft PhD thesis submitted for the Uluguru study, but is not ready for circulation
- (3) Prototype development and farmer level capacity building
  - 3.1. 100 farmers have participated in tree farming contracts in the Uluguru mountain
  - 3.2. Farmers in Albertine Rift have been trained on carbon trading and mobilized to participate in carbon trading schemes
  - 3.3. Process is underway for eco-labelling of sustainable honey production in Albertine Rift

**\*Means of verification:** Farmers MOU with PRESA and farmers logbook in Swahili; Eco-Trust and NAHI training report and site-activity reports
- (4) Public-private engagement
  - 4.1. Buyer dialogue with a water company in Guinea
  - 4.2. Buyer dialogue and negotiation for carbon credit in Albertine Rift, Uganda
  - 4.3. Buyer dialogue with Nairobi Water and Sewerage Company in Kenya
  - 4.4. Buyer dialogue and negotiation with Bunyaruguru Beekeepers' Association in Albertine Rift, Uganda

**\*Means of verification:** Report/minutes of meeting submitted by PRESA site leader in Fouta Djallon; site reports from Eco-Trust
- (5) Community of Practice

- 5.1. Populating the PRESA website and using social media for knowledge sharing
  - 5.2. PRESA brochure in Swahili. See [http://presa.worldagroforestry.org//WP/CONTENT/UPLOADS//2008/09/presa\\_brochure\\_swahili.pdf](http://presa.worldagroforestry.org//WP/CONTENT/UPLOADS//2008/09/presa_brochure_swahili.pdf)
  - 5.3. Site briefs-2<sup>nd</sup> edition available at PRESA website
  - 5.4. A brochure that highlights key activities undertaken by NAHI with support from ICRAF-PRESA project and major achievements made is being compiled and will be shared.
  - 5.5. PES posters and pictorial PVC printouts produced for Albertine Rift
  - 5.6. Video clips collected by NAHI for Albertine Rift for video production
- (6) Research partners and capacity building
- 6.1. 3 research students were recruited as follows:
    - Lucie Andeltova, Bonn University, Germany
    - David Kaczan, University of Alberta, Canada
    - Clementine Remy, Montpellier Supagro, France
  - 6.2. Sabbatical research of Dr. John Gathanya from JKUAT, Nairobi, Kenya
  - 6.3. Memorandum of Understanding with Conakry University to take part in PRESA research in Fouta Djallon
- (7) Publications
- 7.1. Farmers' logbook in Swahili language. The logbook was developed by the PRESA team in Tanzania where Swahili is widely spoken.
  - 7.2. Balana B., et al. 2010. 'Assessing landholder preferences for alternative land management schemes and willingness to accept rewards for watershed services provision: the case of Kapingazi River basin, Mt. Kenya East'.
- (8) PRESA Management
- The core team has successfully organized the PRESA International Advisory Committee (IAC) meeting in Nairobi, Kenya on March 4, 2010. Outcome mapping workshop among PRESA staff and partners was also held in March 2010 to develop a shared vision and commitment of what needs to be done and to self monitor progress.

### **C: Building Links and Partnerships:**

North-south collaboration continued through the BESSA project with Macauley Institute, Aberdeen University and many other universities abroad. In response to the 2010 NERC-DFID ESPA call, the PRESA-BESSA team developed a research proposal to deepen the scientific inquiry of PRESA. Partnerships are operationalised in three ways: i) through knowledge sharing typically with partners that have similar initiatives such as WWF, CARE, MKEPP, GWC, Katoomba Group and others; ii) co-investments in PRESA site research, facilitating stakeholder dialogues and farmer trainings, with ECOTRUST, NAHI, SARI, JKUAT, Maseno University, Macauley Institute, and Conakry University, etc ; and iii) co-investments in graduate research with Bonn University, Alberta University, Supa-Agro Montpellier, and JKUAT etc.

Excerpts from NAHI report: There are a number of synergies between PRESA and other on-going projects NAHI is implementing especially in Wambabya riverine forests system. Work on forest-based enterprises is equally supported under a partnership project where we are working with the private sector to support forest restoration in Hoima district, Wambabya riverine forests system inclusive.

NAHI is also benefiting from the information earlier generated with support from PRESA, to implement a project on *"Developing an experimental methodology for testing the effectiveness of payments for ecosystem services to enhance conservation in productive landscapes in Uganda"* The GEF/UNEP supported project is being implemented in partnership with National and international organizations that include National Environmental Management Authority(NEMA), Chimpanzee Sanctuary and Wildlife Conservation Trust(CSWCT), Innovations for Poverty Action (IPA), Nature Harness Initiatives(NAHI) among others.

The project will institute a payment scheme for the selected forest owners and other projects like PRESA operating in the landscape will greatly benefit from the experiences shared.

We also continued with our partnerships with IFAD loan Portfolio Projects like the Mt. Kenya East Pilot Project. In Kenya we have worked closely with IFAD regional office to ensure that the PRESA grant links adequately with loan portfolio projects. Some of the partnerships that PRESA continue to benefit from are as summarized in table 1.

**Table 1: Outstanding linkages with Universities, government departments and international organizations from 2009**

Universities and research institutions	Government Departments	Non-governmental organizations	Donors	International Organizations and Initiatives
<p><u>International:</u> Harvard University, Sustainability Science (USA); Michigan State University (USA); York University (UK); Aberdeen University (UK); Macaulay Institute (UK); ISRIC, the Netherlands</p> <p><u>Tanzania:</u> Sokoine University, Morogoro, Tz;</p> <p><u>Uganda:</u> Makerere University, Kampala, Uganda;</p> <p><u>Kenya:</u> Jomo Kenyatta University of Agric and Technology, Nairobi, Kenya; Maseno University, Maseno, Kenya; Kenyatta University, Nairobi, Kenya</p> <p><u>Guinea</u> Conakry University</p> <p><u>Other Africa:</u> University of Pretoria, Pretoria, South Africa; African Highlands Initiative; COMESA</p>	<p><u>Kenya:</u> National Environmental Management Authority; Water Resource Management Authority; Ministry of Water; Ministry of Agriculture</p> <p><u>Uganda:</u> National Environment Management Authority</p> <p><u>Tanzania:</u> Department of Forestry and Bee Keeping, Ministry of Natural Resources</p> <p><u>Guinea:</u> Forestry Department</p>	<p>Nature Harness Initiatives (Uganda), Ecotrust (Uganda), Care (Kenya, Tanzania, International), WWF (Tanzania), Katoomba Group,</p>	<p><u>Established financial support for PRESA:</u> DFID – Support for ecosystem services capacity building and formation of a collaborative arrangement with UK and African institutions through the BESSA project EU – Research on international policy; Finland - Associate expert in spatial analysis World Bank - Sasumua project UNEP -- Lake Victoria project USAID- linkage funds used to support graduate students from US universities; supported Katoomba training of benefit to PRESA partners <u>Interest expressed:</u> Lake Victoria Basin Commission of the East Africa Community FAO IDRC</p>	<p>Katoomba Group / Forest Trends Eco-agriculture Partners UNEP World Bank FAO RUPES-TULSEA ISRIC and the Greenwater Credits project International Association of Ecological Economics FLEG process in Kenya</p>

Linkages with universities and national-level partners has led to capacity building and research opportunities for graduate students whose research activities have been matched with those of the PRESA project. To ensure that the right research questions are being answered and that important missing gaps are being filled, the PRESA core team has formulated 5 clusters of hypotheses (dubbed the pentagon of hypotheses) on effectiveness, efficiency, acceptability, sustainability and poverty. The pentagon of hypotheses guides the project's research and is linked to the project's objectives.

Graduate students who have either finalized or joined the PRESA project in 2010 as well as continuing students include the following:

### 1. Finalized/almost completed graduate research

- i) Clementine Remy, Montpellier Supagro, France

MSc Thesis: "Possibility of integration of additional water buyers in the actual Payment for environmental services (PES) scheme, taking into account their interests and the benefits they could bring to the scheme."

## 2. New Graduate students (2010)

- i) Lucie Andeltova, Bonn University Germany  
PhD Thesis: *The Role of Risk and Trust in Conservation Auctions for Performance Based Payments for Environmental Services and the Cost Effectiveness Implications: Experiments in Rural Kenya*
- ii) David Kaczan, University of Alberta Canada  
MSc Thesis: *'Designing an incentive scheme to promote biodiversity conservation' in Usambaras*

## 3. Continuing Graduate students (from 2009)

- i) John Kimani Mwangi, JKUAT, Kenya  
PhD Thesis: *Trade-off analysis among ecosystem services using the Soil and Water Assessment Tool (SWAT) model in Upper Aberdares*
- ii) Rohit Jindal, Indian national, Michigan State University, USA  
PhD, Agric. Economics: *Design of conservation contracts at the Ulugurus site in Tanzania* and currently writing up his thesis
- iii) Mamta Vardhan, Indian national, Michigan State University, USA  
PhD, Rural Sociology: *Alternative institutions for land and forest management at the Ulugurus site in Tanzania* and currently writing up her thesis
- iv) Hosea Mwangi, JKUAT, Kenya  
MSc thesis: *Evaluation of the Impact of Conservation Practices On Ecosystem Services In Sasumua Watershed, Kenya*, using SWAT model
- v) Isabel van de Sand, University of Oldenburg  
PhD thesis: *Integrating natural resource management and adaptation to climate change: The case of payments for ecosystem services"*

**D. Capacity Building Activities:** ICRAF has contributed to or led/organized capacity building initiatives on several topics related to rewards for environmental services. These are summarized as:

- i) 2 trainings on market-based incentives to promote conservation of natural resources in Albertine Rift held on August 2-3, 2010 for the Ruboni Community and Mobuku Integrated Farmers Association in Kasese District.
- ii) Stakeholder workshop conducted in Albertine Rift to feedback the value chain analysis for ES with 45 participants from government agencies, NGOs, private sector and community groups on 10 September.
- iii) Training-workshop on outcome mapping for 27 PRESA staff and partners in March 2010. The participants identified landscape boundary partner Progress Markers (PMs) to be used as indicators to monitoring progress. Support activities (Strategy Maps/Matrices) were also identified.

**F. Joint PRESA-GWC MTR** held in July-August 2010 highlighted both the success and weaknesses of PRESA. The critical observations of the reviewer prompted the team to seek new ways of working and revitalized the energy of the PRESA team. Joint activities with GWC were identified, and the PRESA workplan for the remaining year was immediately adjusted to address the issues and recommendations of the MTR.

**G. PRESA IAC meeting:** PRESA IAC meeting was held on March 4, 2010.. The meeting was conducted in conjunction with the PRESA outcome mapping. The following action points were agreed.

AP 1: Serge and the PRESA coordination team be responsible for implementing the interim strategy for Guinea.

AP 2: Communications team to get user feedback on whether PRESA site partners are benefiting from having activity plans posted on the website.

AP 3: Sara Namirembe be added onto the mailing list for PRESA so that she can receive the minutes.

AP 4: ICRAF to write to UNEP and the Finland Embassy in Kenya requesting them to each nominate a person to sit in the PRESA IAC.

AP 5: ICRAF to write to Coca-Cola Tanzania seeking a representative for the private sector in the IAC. Care Tanzania to facilitate this contact.

AP 6: IAC writes to ICRAF suggesting that leadership of PRESA be formalized. The Chair will circulate a draft to IAC members and get an endorsement before sending to ICRAF.

AP 7: PRESA core team to identify individuals/institutions to provide scientific review then propose the names to IAC members through email.

AP 8: PRESA core team to identify a roster of scientific persons and make the information available to partners.

AP 9: PRESA Core team to finalize advisory tool

AP 10: Develop a matrix of tools and methodologies to be used as a road map by site partners.

AP 11: Thomas to talk to Uganda IFAD country portfolio manager in order to inform the Uganda site partners (ECOTRUST and NAHI). Also request Ilaria for information on IFAD linkages in other countries.

AP 12: There should be a memorandum of understanding between students and site partners so as to delineate roles and responsibilities.

AP 13: The use of email groups, such as Google, to enhance communication between site partners.

AP 14: PRESA and ICRAF be an integral part of the mid-term review team that will look at PES contracts and land use interventions. There are at least two different types of contracts and the team will look at whether they are appropriate in terms of policy environment and payment mechanisms. The midterm review team therefore will look at both the template contracts and the contracts as a whole. Mid-term review should be in April 2010 though the exact dates have not been set.

AP 15: ICRAF should write to the EU requesting a representative to sit in PRESA – IAC.

AP 16: Mid-term review (MTR) successfully carried out with GWC by IFAD-commissioned reviewer.

**G. Contracts:** Contracts were given to the following partners:

1. Nature Harness Initiatives and Ecotrust (Uganda) to implement activities in Albertine Rift
2. Selian Agricultural Research Institute (Arusha, Tanzania) to implement activities in Usambaras
3. ICRAF-Tanzania to implement PRESA project activities in Uluguru
4. ICRAF-Cameroon to implement PRESA project activities in Fouta Djallon Highlands
5. Bedru Balana (Macauley Institute) for WTP studies in Kenya

### **8.1 Component-by-component summary of performance**

This section provides detailed overview of any data, relevant information and consideration regarding progress towards component objectives as per the 2010 annual work plan. Table 2 provides detailed site-by-site and component-by-component information on the actual activities implemented in 2010 with site-level partners. It is however worth noting that most of the activities are ongoing and it is envisaged that these will be completed towards the end of this year.

Table 2: 2010 actual achievements against specific activities in 2010 for landscape-level engagement by site

Outputs	Activities	Specific activities in 2010	Site-by-site and component-by-component Actual achievements implemented in 2010 as well as Remarks on courses of action						
			Ulugurus Tanzania	Mt Kenya East, Kenya	Fouta Djallon, Guinea	Usambaras, Tanzania	Upper Aberdare, Kenya	Nyando / Yala basins, Kenya	Albertine Rift, Uganda
Core or associate site			Core	Core	Core	Associate	Associate	Associate	Associate
Level of priority in 2009-2010			High	High	Moderate	Moderate	Moderate	High	Moderate
Site-by-site Comments on the 2010 work plan			Compliance of tree planting contracts are monitored; Expansion of 'input-based' contracts will be explored to better attract ES buyers	Building on existing partnerships with MKEPP and GWC, joint activities were identified to achieve synergy amongst these projects.	Building on the ICRAF-LAMIL project, we continued assessing the potential of bundled water and biodiversity services in Fouta Djallon highlands.	Building on the ICRAF-CIFOR Landscape Mosaic Project and ASB, we continued analyzing biodiversity and carbon as key ES, and the corresponding PES prototype that can be applicable in the site	Based on scoping studies, detailed WTA and WTP studies are being implemented to determine the transactional relations between ES sellers and buyers	Building on pre-existing partnerships in Nyando, a PES consortium have been organized and will be mobilized to take leadership in building a PES case in the Nyando basin.	Building on pre-existing efforts of partners, support is provided to better understand carbon trading schemes, train and mobilize farmer to participate in these schemes.

<p>L1. Baseline reports for all of the core and associate landscapes.</p>	<p>L11. Compile an inventory of baseline information, design and monitoring methods, and institutional innovation in all landscapes. Identify gaps in the information base and priorities.</p>	<p>Synthesis of baseline studies is under-way to build the business case of PES and or any type of ES investment.</p>	<p>On-going documentation and monitoring tree farming contracts, and assessing the potential for increasing the number of farmers involved.</p>	<p>On-going water balance study and community validation of hotspots  Compilation of existing materials on soil and water conservation that might be relevant in the site.</p>	<p>On-going Synthesis of ES characterization, particularly biodiversity</p>	<p>On-going ES scoping in west Usambaras  On-going study on PES scheme for biodiversity with reference to the Landscape Mosaic project</p>	<p>On-going WTA study to understand farmer behaviours towards PES</p>	<p>On-going conservation auction experiments in upper Nyando basin to determine risk attitudes and level of trust towards PES intervention</p>	<p>Completed baseline study;  Value chain study on-going for selected ecosystem services along River Wambabya, Wambabya riverine forest system, Hoima district.</p>
<p>L2. Project teams in all landscapes are introduced to and supported in the application of a toolkit of methods for scoping, negotiation support and assessment.</p>	<p>L21. Compile a set of scoping, negotiation support and prototype payment tools from RUPES, other PES projects, land degradation and poverty assessment methods from ICRAF in Kenya, and other tools used in PRESA landscapes.</p>	<p>RUPES and TULSEA tools are made available at the PRESA website.</p>	<p>The RUPES appraisal and negotiation tools from RUPES-TULSEA website are linked to the PRESA website. The plan however is to consolidate these tools into a compendium of appraisal and negotiation tools including those championed by other PRESA partners in early 2011.</p>						

	L22. Conduct training in the PRESA assessment, negotiation support, and prototype payment tools for project teams in all PRESA landscapes	Need-based training on RUPES tools carried out.	Dr. John Gathenya from JKUAT University, currently on sabbatical at ICRAF has received further training on GenRiver modeling from RUPES-TULSEA projects in Indonesia, for application in the PRESA sites—the application of GenRiver is presently carried out in Sasumua and Mt. Kenya East, and potentially in Uluguru and Fouta Djallon.						
	L23. Support partners to use PRESA assessment and negotiation tools to fill in key knowledge gaps and frame dialog among stakeholders.	Same as above.	Ongoing support to spatial analysis in the Uluguru site and capacity building for partners	Ongoing validation of environmental hotspots viz a viz social hotspots	Ongoing support on spatial/land cover change analysis in Fouta Djallon	Support provided to SARI to carry out scoping study in west Usambaras	PhD student support is provided to undertake soil erosion risk assessments and CBA of water treatment costs versus investments in good land use that reduce sedimentation.	PhD student support to undertake conservation experiments in upper Nyando to ascertain behavioural response towards PES interventions.	A brochure that highlights key activities undertaken by NAHI with support from ICRAF-PRESA project and major achievements made is being compiled and will be shared.

L3. Technology targeting tool developed	L31. Review literature and interview experts to establish a portfolio of candidate land use options for the highlands of East and West Africa.	These activities were continued in 2010. <b>1.</b> A landscape-by-landscape description of existing technologies and land uses and identification of candidate land use options to be considered for greater promotion. <b>2.</b> Analyze the economic and ecological implications of some candidate land use options, particularly agroforestry options. <b>3.</b> Compilation of GIS and land cover data for the landscapes.	Technology tool/farming guides developed for Kenya will be shared to Tanzania sites.	The Aide Memoir signed by PRESA, GWC, IFAD set forth the joint activities that need to be carried during this period. As a result, GWC and PRESA agreed to jointly develop a set of "Farming Guides" on SLM that provide green water yield.	Technology tool/farming guides developed for Kenya will be shared to Fouta Djallon highlands.	Technology tool/farming guides developed for Kenya will be shared to Tanzania sites.	On-going agroforestry and other land use inventory and CBA of potential soil and water conservation technologies (through a PhD study)	The same set of farming guides developed for Mt. Kenya East will be shared to Nyando.	Technology tool/farming guides developed for Kenya will be shared to Uganda sites
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L4. Prototype reward mechanisms developed and tested with at least 100 farmers in every core landscape.	L41. Conjoint analysis and experimental economics studies of farmers' preferences for the various elements of environmental service contracts.	Auctions experiment and WTA-WTP studies are either on-going or almost completed. These economic approaches are useful in determining farmer behaviours towards PES interventions.	Tree planting contract as variant of PES scheme is currently being monitored in Uluguru mountains with 100 farmers involved.	Conjoint analysis and WTA studies have been completed and technical report has been accepted for journal publication.	Ongoing scoping study to build the case for a biodiversity prototype mechanism in 2010.	In conjunction with the LM project, REDD feasibility study is initiated to determine th—REDD being a candidate PES scheme for institutionall y well defined forests.	On-going WTA study to determine farmer willingness to participate in PES intervention  HH and industry WTP study is deferred to last quarter of 2010.	Auctions experiment is implemented in the upper Nyando basin to establish baseline behaviour of farmers towards PES contracts.	88 HH members of Ruboni Community Development Association in Bugoye, 69 from Mobuku Integrated Farmers' Association in 19 in Maliba have been trained the process of carbon trading
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<p>L5. Workable reward mechanisms operational in at least 4 of the project landscapes, with at least one ES demander, one intermediary and 300 households involved in each landscape.</p>	<p>L51. Engage with public agencies concerned with environmental services in the project landscapes.</p>	<p>Identify and engage with public agencies regarding interests and policy opportunities for environmental reward mechanisms.</p>	<p>Engagement is ongoing with DAWASCO and is led by Care.</p>	<p>Initial discussion with KenGen and WRMA has taken place, but will be pursued vigorously as soon as synthesis of WTA-WTP land cover, hydrology and land use studies have been completed and a business case is developed for negotiation.</p>	<p>Buyer's meeting has been conducted with a private water company in the capital of Guinea. A proposal for a PES scheme has been submitted to the company</p>	<p>The REDD feasibility study is extended by the Landscape Mosaic project</p>	<p>Initial discussion with Nairobi Water Company and WRMA has taken place, but will be pursued vigorously as soon as synthesis of WTA-WTP land cover, hydrology and land use studies have been completed and a business case is developed for negotiation.</p>	<p>Not applicable yet.</p>	<p>Engagement with private sector buyer for carbon and eco-labeled honey is on-going.</p>
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	L52. Engage with utilities, private firms and industry groups with interests in ecosystem services in the target landscapes	Understanding the buyers' side and ongoing discussions with potential ES buyers	Engagement with water users is ongoing and is led by Care with PRESA's support.	Same process as in Sasumua is applied to Mt. Kenya East.	Same as above process	Engagement in this area is more inclined towards REDD.	Expanded WTP study design developed to capture consumer and industry behaviour and preferences towards PES contracts.  On-going engagement with the Nairobi City Water and Sewerage Company, and Water Resource Management Authority (WARMA).	Not applicable yet	Supported and worked with Ecotrust and Nature Harness Initiatives to build relations with private sector groups interested in the Albertine Rift and the trees for global benefits project.
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	L53. Support collective action and awareness raising among community groups	Support and facilitate awareness raising to promote collective learning and action among community groups	ICRAF-PRESA staff is facilitating and monitoring performance of farmers who are currently holding tree planting contracts.	Initial interaction with WRUAs has taken place; we will examine how PRESA can contribute to the draft WRUA plans	Deferred to 2011	Deferred to 2011	Initial interaction with WRUA has taken place and will be vigorously pursued in 2011.	Deferred to 2011	On-going discussions with honey marketing schemes such as Bunyaruguru Beekeepers' Association regarding the possibility of these farmers accessing their markets. The project is also considering establishing a shop at the Rwenzori Visitor Information Center targeting the tourist market
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	L54. Identify and mobilize changes in institutions or regulations (statutory or by-laws) necessary to support the establishment of mechanisms.	In some sites, work will begin to identify specific regulations or bylaws that affect the establishment and operations of specific reward mechanisms. This will include, for example, an analysis of how property rights to land, trees, forests and carbon affect the potential for voluntary carbon contracts.	Deferred to 2010.	For Kenya, a national policy analysis on PES with links to local sites is currently developed	Deferred to last quarter of 2010	On-going study in west Usambaras will inform the type of institutions and regulations such as local by-laws that might be relevant for PES	For Kenya, a national policy analysis on PES with links to local sites is currently developed	PhD student thesis from the Univ. of East Anglia is finalized.  NAHI facilitated development of landscape management plans for improvement of quality ecosystem services.
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	L55. Support consultations, negotiations and agreements among stakeholders and the establishment of workable mechanisms	The type of negotiation, and the involvement of PRESA in the negotiations, will vary from landscape to landscape depending on the state of reward schemes for environmental services.	Consultations and negotiations are ongoing and are being led by Care.	At very initial stage.	Conducted the 2 <sup>nd</sup> multi-stakeholders Policy workshop in Conakry, Guinea	At very initial stage.	Consultation and informal interaction with WRMA has taken place.	At very initial stage.	<p>Ecotrust has been training farmers on carbon schemes and negotiating with private buyer of ecolabeled honey.</p> <p>NAHI facilitated workshop in Rushebeya-Kanyabaha wetlands on 23<sup>rd</sup> Sept with Kabale district local government ,sub county leaders, NEMA, NGOs, Kisiizi Power Ltd, central wetland management committee, community leaders based enterprises like bee keeping , crafts making, fish farming, and mud fishing. A total of 45 participants attended the workshop.</p>
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**Table 3: 2010 actual achievements against specific activities in 2010 for P (private and public sector engagement) and C (community of practice)**

Expected Outcome	Outputs	Activities	Actual achievements in 2010	Specific outputs achieved in 2010
Expected outcome P: Private companies become increasingly involved in a range of initiatives for ecosystem management, including policy dialog with public agencies and fair contracts for ecosystem management.	P1. Technical reports and synthesis documents that clarify the business case for ecosystem management in the highlands of East and West Africa.	P11. Conduct a study of private and parastatal firms to determine factors motivating and constraining participation in contracts for ecosystem services through a PhD student.	HH/consumers and industry WTP study have been designed and will be implemented on the last quarter of 2010	WTP analysis for Kenya
		P12. Work with selected private sector groups to evaluate the business case for rewards for environmental services.	Continued to share information amongst a network of private sector groups interested in environmental service mechanisms across PRESA sites and the PRESA website.	Contacts list, reports.
	P2. Technical reports and synthesis documents identify policy and institutional options for enhancing environmental service reward mechanisms	P21. Identify policy and institutional factors constraining the business case for RES	This is still on-going. We are currently re-designing the policy study on PES for Kenya. This will be carried out with Maseno University.	Revisited study design
		P22 Facilitate consultative and planning meetings for exchange of good business practice and policy reform.	Conducted the 2 <sup>nd</sup> multi-stakeholders Policy workshop in Conakry, Guinea	Workshop report.
		P23. Make presentations and convene side events in at least 3 international/regional fora that are considering how to embrace pro-poor RES including REDD.		
Expected Outcome C: Improved quality and increased number of	C1. Technical advisory notes	C11. Adapt and disseminate selected RUPES Technical Advisory Notes (TANs)	TAN revisited, and will be produced by students who have undergone research in PRESA sites.	Distribution lists

environmental service reward mechanisms in place and operational in the highlands of East and West Africa.	C2. Field and Training manuals	C21. Identify best practices for transfer of experiences from existing and relatively successful RES schemes.		
		C22. Develop field and training manuals on key topics		
	C3. PRESA website	C31 Establish and periodically update a PRESA web site building upon RUPES and CRES websites and actively promote it with other web sites and e-networks	Improved, more interactive PRESA website	
	C4. Workshop summaries	C4.	IAC meeting held in March 2010	IAC meeting report

## 1. Progress towards Grant's Purpose and Goal

The PRESA goal is: *hundreds of thousands of smallholder farmers and residents living in the highlands of East and West Africa benefit from fair and effective agreements between stewards and beneficiaries of ecosystem services.* Movement towards this goal will generally be more determined by things beyond the direct control of the PRESA project and collaborators.

Some of the positive developments in the external environment that can be said to be influencing realization of the project's goal include the following:

- PES is gaining momentum and governments in the countries PRESA is being implemented are appreciating its potential contributions;
- Continued implementation and advising of national governments on Reduced Emissions from Deforestation and forest Degradation under the Africa BioCarbon Initiative has provided the political will and leadership by COMESA;
- Expansion in the number, reach and participation in eco-labelling and fair trading schemes for sustainably produced coffee and tea in East Africa
- Expansion in the number and participation in community-based ecotourism projects in East Africa
- Continued operationalization of decentralized governance of natural resources and devolved authority for utilities such as water and electricity

Negative developments in the external environment included:

- the sharp spike in food, fiber and fuel prices that prompted a new scramble for Africa's tree and land resources; and
- Food and financial crises with implications on willingness to pay for eco-labelled commodities and eco-tourism;

The following is objective-by-objective summary of progress made towards realizing the project goal.

**Objective 1:** Foster the development, implementation and assessment of workable environmental service agreements in three core landscapes and four associate landscapes in the highlands of East and West Africa.

**Expected outcome 1:** A set of landscapes in the highlands of East and West Africa have workable environmental service agreements providing fair rewards to ecosystem stewards.

Given variations across the different sites (e.g. whether core or associate, partnerships built, existence of previous or ongoing PES work by other PES innovators, policy and institutional terrain etc) the degree of achievement of the project's purpose and goal varies as well. In some sites the development of PES initiatives is more advanced and incipient in others. Despite these challenges the PRESA team made progress towards the projects purpose and goal. So far, the mechanisms in place are the tree planting contracts in Uluguru Mountain and through CARE's EPWS project, water buyers in Dar es Salam are likely to invest in PES in Uluguru. Another potential scheme is the carbon trading scheme and ecolabeling in Abertine Rift. However, the development of these mechanisms is still in its incipient stage.

**Objective 2:** Catalyze policy support and private-sector participation in environmental service agreements in Kenya, Tanzania, Uganda and Guinea.

**Expected outcome 2:** Private companies become increasingly involved in a range of initiatives for ecosystem management in the highlands of Kenya, Tanzania, Uganda and Guinea, including policy dialog with public agencies and fair contracts for ecosystem management.

Since the last reporting period, advancement in this area has been quite limited in Tanzania, Guinea and Uganda due to some uncontrolled events limiting the pursuit of this objective, especially in Kenya.

**Objective 3:** Provide proactive and responsive support to the dissemination and application of assessment tools, negotiation methodologies, prototype mechanisms and monitoring tools among a PRESA community of practice, including other IFAD projects, regional and national Katoomba networks, NGOs and national organizations active in the innovation of new approaches to pro-poor rewards for environmental services in the highlands of East and West Africa.

**Expected outcome 3:** Improved quality and increased number of environmental service reward mechanisms in place and operational in the highlands of East and West Africa.

Progress towards this end continued up to the reporting period. PRESA continued attracting graduate student researchers and lecturers. We have also continued our engagement with IFAD partners and the wider donor community to ensure that knowledge on PES is widely shared, and to obtain buy-in from other partners. Building on the momentum gained since 2008, the PRESA team has strengthened its communications with site-level partners and other PES innovators through a web site (<http://presa/worldagroforestry.org>). The quarterly e-news continues to inform our stakeholders on ongoing project activities.

#### **4. Shortcomings and problems encountered in grant implementation and actions taken**

PRESA have both internal and external challenges. Externally, partners encountered challenges in terms of delivering activities on schedule, due to circumstances beyond their control. Internally, PRESA management was also challenged with movements of personnel.

#### **5. Other events and relevant issues in the reporting period**

The joint PRESA-GWC MTR highlighted critical points for convergent efforts to emerge between PRESA and GWC. Recommendations from the MTR were well received, necessitating re-planning of activities for the remaining period of 2010 and onwards to 2011.

The IFAD-ENRM workshop held in Nairobi on 13-14 September has also strengthened the position of PRESA and or PES-like initiatives in the region.

PRESA will soon see a new Coordinator in the person of Dr. Sara Namirembe; Sara has vast experience in PES gained through her experience as Coordinator of the Katoomba group. A revitalized team is highly expected under the leadership of Sara.

#### **6. Summary and recommendations for follow up**

For the remainder of the year, the PRESA team will pay attention to focused activities such as the following:

1. Synthesis and publication of baseline studies
2. Developing TANS, policy briefs, and farming guides with GWC
3. Developing the PRESA research and site characterization matrix
4. Re-aligning site work plans, focusing on a coherent set of activities
5. Continuation of land cover- change and water balance analysis to build land use scenarios for PES.
6. Continuation of stakeholder engagement and negotiation