



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

**IFAD Grant No. 953**

**First Project Progress Report  
January 1-December 31<sup>st</sup>, 2008**

**16 March 2009**



## 1. Introduction and grant background

The programme for *Pro-poor Rewards for Environmental Services in Africa (PRESA)* advances novel mechanisms for integrating environmental management with human use of the environment. East and West Africa highlands provide critical ecosystem services benefiting people living further afield. Smallholders living upstream continue to modify these ecosystem services and are rarely recognized for their role. Instead stringent application of the law has disempowered and disenfranchised rural communities despite their role in providing critical ecosystem services. PRESA adopts a multi-institutional approach aimed at recognizing and appropriately rewarding stewards of ecosystem services to pursue land uses that will have positive effects on ecosystem services available to the larger society.

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 have 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: Nguru and Uluguru Mountains in the Eastern Arc of Tanzania  
 C3: Fouta Djallon upper catchment area in Guinea

The associate landscapes include:

A1: Western Usambaras (Lushoto) 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 of Uganda.

PRESA provides benefits to environmental service providers and external beneficiaries, particularly farmers and indigenous forest dwellers in upper watersheds who eke out their living within margins of protected forested ecosystems who tend to be poor relative to downstream utility companies and their customers. The project will have most direct benefits to farmers living in the PRESA landscapes, and by shaping policy and programme design, on other rural communities in the East and West African highlands. Incentives will be provided to farmers who adopt and sustain less degrading land uses, resulting in increased amounts of clean water for users. This is expected to reduce the time spent by children and women to access and treat their domestic water, improve sanitation and public health. Electricity and water provision to communities adjacent to reservoirs can increase incomes for the poor and reduce deforestation. Organizations relying on protected ecosystems for their raw materials will benefit from improved and sustainable supplies, compliance with environmental regulations and their Corporate Social Responsibilities (CSR).

During the year under review, Ngurus site which was initially included with Ulugurus was excluded as a PRESA site during the year under review. Nguru was initially included in the grant design document but with discussions with site-level partners and as we firmed up the project geographical focus, we have excluded this site from the list of core and associate sites. In future during the scale out phase of PRESA activities we do not rule out the possibility of including Ngurus Mountains.

Political uncertainties in Kenya in early 2008 led to a shift in ICRAF PES / RES activities toward other countries in Africa. The country which benefitted the most from this shift was Malawi. A large set of related activities were undertaken in Malawi which are directly inspired by PRESA, including a prototype payment mechanism involving more than 200 farmers. A proposal for extending PRESA to include Malawi was prepared by the PRESA core team and endorsed by the IAC at the September meeting. IFAD turned down this request.

## 2. Progress and Performance

During the year under review, PRESA core team and its partners (both site-level and strategic) worked together to lay a sound foundation for the implementation of project activities in the future. These included building the right linkages and partnerships, undertaking capacity building at different levels, periodic dialogues with business leaders on linkages between ecosystem management and business as well as sharing information. On project coordination, communication and data management, we have built a core team at ICRAF Nairobi Headquarters to jointly run the project with direction from members of the International Advisory Group (IAC). The IAC will comprise IFAD, ICRAF, representatives of the landscape and national contact organizations, representatives of the private sector, and key donor agencies and international organizations involved in the project (e.g. the World Bank, UNEP, USAID, the Katoomba Group and ISRIC).

### 2.1 Brief overview of progress and performance

The project's main activities undertaken at the project's global coordination office included inter alia:

**A: Laying foundations for project start up activities:** These were threefold: building the project's core team, acquisition of requisite equipment and fund raising. The project's core team at the World Agroforestry Centre (ICRAF) was established and consists of the following:

- Brent Swallow, Project Leader
- Thomas Yatich, Research Coordinator
- Vanessa Meadu, Communications Officer
- Joyce Kasyoki, Administration Officer
- Catherine Kimengu, Administrative Assistant and Information management
- Miika Makela, Spatial Analyst

ICRAF staff with more specific roles in PRESA include:

- Keith Shepherd, Tor-Gunnar Vagen – land degradation assessment in Sasumua and Western Kenya sites

- Aichi Kitalyi, coordinator of PRESA activities in Tanzania
- Serge Ngendakumana., coordinator of PRESA activities in Guinea
- Peter Minang, liaison for Guinea and expert in REDD policy issues
- Jeremias Mowo, coordinator of activities with African Highlands Initiative
- Meine Van Noordwijk, Coordinator of RUPES and advisor to PRESA
- RUPES staff for training

In the beginning of the project, ICRAF used funds provided to ICRAF by the European Union for policy research to acquire two 4WD vehicles and a motorcycle for use in the Kenyan and Tanzanian sites. After branding, one vehicle and the motorcycle were delivered to ICRAF's Tanzanian country office for use in the Ulugurus and West Usambaras sites. Implementation of site-based activities has been made easier and cheaper with the use of these facilities. PRESA also received co-finance from the Government of Finland (financial support for an associate expert in spatial analysis based in Nairobi), the World Bank (financial support for project activities in the Sasumua catchment, Kenya), the United Nations Environment Programme (financial support towards initial project activities in the Nyando and Yala River basins in Western Kenya), and the United States Agency for International Development (USAID) whose linkage funds have been used to support the work of 4 graduate students from US universities. In 2008, a collaborative arrangement was formed between PRESA and three UK research institutes: the Macaulay Land Use Research Institute, Aberdeen University, and York University. Macaulay and ICRAF prepared a proposal for a project on "Building Ecosystem Services Research Capacity in Semi-Arid Africa (BESSA)", which garnered support from the Ecosystem Services and Poverty Alleviation programme of the Natural Environment Research Council. The BESSA project will: i) strengthen the capacity of the PRESA core team, its partners and members of the PRESA network; ii) develop the evidence base for the PRESA project, iii) enhance links between PRESA community and UK research institutions; and iv) identify future research needs and explore alternative funding for those needs. Funding is secured for the year 2009, with the possibility of longer-term and larger-scale funding.

**B: Building Links and Partnerships:** In the build up to project initiation, the PRESA core team visited all the sites to meet with site-level partners and jointly plan for implementation of project activities. During site visits, the PRESA core team made presentations on PRESA to site-level partners, strategic partners like universities, IFAD-funded development projects and to potential and existing PES innovators. During the year under review PRESA has also forged linkages with a number of partners at different levels as summarized in Tables 1.

**Table 1: Summary of linkages with Universities, government departments and international organizations**

Universities and research institutions	Government Departments	Non-governmental organizations	Donors	International Organizations and Initiatives
<u>International:</u> Harvard University, Sustainability Science (USA); Michigan State University (USA); York University (UK); Aberdeen University (UK); Macaulay Institute (UK); ISRIC, the Netherlands  <u>Tanzania:</u> Sokoine University, Morogoro, Tz;  <u>Uganda:</u> Makerere University, Kampala, Uganda; <u>Kenya:</u>	<u>Kenya:</u> National Environmental Management Authority; Water Resource Management Authority; Ministry of Water; Ministry of Agriculture  <u>Uganda:</u> National Environment Management Authority  <u>Tanzania:</u> Department of	Nature Harness Initiatives (Uganda), Ecotrust (Uganda), Care (Kenya, Tanzania, International), WWF (Tanzania), Katoomba Group,	<u>Established financial support for PRESA:</u> DFID – Support for ecosystem services capacity building 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	Katoomba Group / Forest Trends Ecoagriculture Partners UNEP World Bank FAO RUPES ISRIC and the Greenwater Credits project International Association of Ecological Economics FLEG process in Kenya

<p>Jomo Kenyatta University of Agric and Technology, Nairobi, Kenya; Maseno University, Maseno, Kenya; Kenyatta University, Nairobi, Kenya</p> <p><u>Other Africa:</u> University of Pretoria, Pretoria, South Africa; African Highlands Initiative; COMESA</p>	<p>Forestry and Bee Keeping, Ministry of Natural Resources</p> <p><u>Guinea:</u> Forestry Department</p>		<p>partners</p> <p><u>Interest expressed:</u> Lake Victoria Basin Commission of the East Africa Community FAO IDRC</p>	
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Linkages with universities site-and national-level partners has led to capacity building and research opportunities for graduate students whose research activities have been matched with PRESA project activities. 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 students who have started their research work in different sites and who are being facilitated by ICRAF, PRESA core team, site-and national-level partners include *inter alia*:

### 1. Post-doctoral Scientist:

Delia Catacutan, Philippine national, Postdoctoral Fellow in Sustainability Science at Harvard – will do comparative work on the role of boundary organizations at RUPES sites in Southeast Asia, and lessons for PRESA.

### 2. Graduate students:

- i) Rohit Jindal, Indian national, Michigan State University PhD, Agric. Economics – doing research on the design of conservation contracts at the Uluguru site in Tanzania;
- ii) Mamta Vardhan, Indian national, Michigan State University PhD, Rural Sociology – doing research on alternative institutions for land and forest management at the Uluguru site in Tanzania;
- iii) Alexandra Peralta, Columbian national, Michigan State University, Masters, Agric. Economics – studying the economics of timber production at the Western Kenya site;
- iv) Sheika Rakshi, Indian national, Syracuse University, Masters, Environmental Sciences – conducting a review of PES-like activities in the Mount Kenya site
- v) Sylvia Wachira, Kenya national, Masters, Nairobi University – studying the adoption of improved land management practices in the Ena catchment, Mount Kenya site
- vi) Wahida Shah, Kenyan National – formulating PhD project on catalyzing private sector perspectives and incentives in ecosystem service markets;
- vii) Graduate student in hydrologic modelling from JKUAT -- to be identified in 2009 through a competitive process (World Bank funding);
- viii) Graduate student in water quality from JKUAT-to be identified in 2009 through a competitive process (World Bank funding);
- ix) 1 staff member each from Kenya's WRMA and NEMA-WRMA and NEMA will be engaged in 2009 in the identification of the 2 individuals(World Bank funding);
- x) PRESA core team and partners will in 2009 and subsequent years identify students from relevant university departments in Kenya, Tanzania, Uganda, Guinea; and
- xi) Janet Fisher from the University of East Anglia (Human Geography) is currently undertaking her research in the Albertine Rift with support from Ecotrust, A Ugandan Conservation Trust.

### 3. Interns:

- i) Godfrey Mwaloma – undergraduate student intern in journalism, Kenya national – preparing public awareness materials for PRESA, particularly the PRESA brochure
- ii) Amna Silim – student attachment between undergraduate and masters degree, Uganda / Canada national – research assistance in economics

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

- PRESA team organized and facilitated a mini training course in the economics of agroforestry in the East African highlands on 23 -24 June 2008 at ICRAF Nairobi Kenya-ICRAF, Nairobi, Kenya. The specific objectives of the mini training were to: i) Review methods and objectives for economic studies of agroforestry in the East African highlands; ii) Review the standard method to be used, including the rationale; and iii) Review the methods to be used and how the methods will be adapted to specific problem contexts. Twenty four students and PES innovators attended this training.
- Contributed to the pre-conference training on PES during the East and Southern African Katoomba Group meeting held in September 2008. Several PRESA IAC members were able to attend.
- Invited to contribute to NEMA's effort on use of economic instruments-have twice made presentations to NEMA staff on market-based approaches for ecosystem management.
- PRESA is part of a KAPP-SLM capacity building initiative that is linked to outputs from the Sasumua PES scoping study involving NEMA, Ministry of Environment and Natural Resources and at least two universities.
- PRESA core team has identified training and capacity building needs for the PRESA project including training modules on rapid hydrologic and carbon assessment; behavioural economics as an input into the design of prototype mechanisms; economic valuation and trade-off studies.

**D: PRESA start up and IAC meeting:** PRESA IAC meeting and start up workshop was held on April 28 and 29, 2008. This included a two-day meeting of the International Advisory Committee (IAC), a half-day dialogue on business and ecosystem management, a half-day field trip for IAC members, and a 2-day field trip in the Albertine Rift landscape. A second ad hoc meeting of the IAC was held in conjunction with the meetings of the Katoomba Group Africa in September, 2008 at the White Sands Hotel, Dar es Salaam, Tanzania.

**E: PRESA outreach activities:** The PRESA project has been introduced as part of more general presentations made at Harvard University, Michigan State University, Makerere University, Sokoine University of Agriculture, and an IFAD / FAO side event at the UNFCCC meeting in Poznan, Poland, in December 2008.

**F. Contracts:** Contracts were given to Nature Harness Initiatives and Ecotrust to support the development of baseline information on markets / payments for ecosystem services in the Uganda sites.

## 2.2 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 2008 annual workplan. Table 2 provides detailed site-by-site and component-by-component information on the actual activities implemented in 2008 as per the 2008 annual workplan and budget.

**Table 2: Overview of site-level engagement in 2008**

	Ulugurus, Tanzania	Mt. Kenya East, Kenya	Fouta Djallon, Guinea	West Usambaras, Tanzania	Upper Aberdares, Kenya	Nyando/Yala River Basins, Kenya	Albertine Rift, Uganda
Core or associate site	Core	Core	Core	Associate	Associate	Associate	Associate
Level of priority in 2008	High	High	Moderate	Moderate	Moderate	Moderate	Moderate
General Comments on the different sites	PRESA and CARE worked closely in the Kibungo sub-catchment of the Uluguru site.	PRESA has kept in close communication with the IFAD-funded MKEPP and GreenWater Credits projects. Insecurity in early 2008 and delays in the GWC project slowed progress.	The project site had to shift from the Labe area to the border area with Sierra Leone due to a shift in the LAMIL project. Official launch for PRESA activities was done during the meeting of the Mano River stakeholders in Nov 2008.	Forged partnerships and identified different activities with different institutions including Pangani River Basin Authority.	With World Bank support, good progress was made in 2008.	Good progress in this site was made in 2007 and 2008 with UNEP and EC support.	PRESA with Ecotrust and Nature Harness Initiatives have worked closely to lay the foundation for synthesis of lessons and upscaling. PRESA also supporting work of Uganda Carbon Bureau in the Albertine Rift.

**Table 3: 2008 actual achievements against specific activities in 2008 for landscape-level engagement by site**

	Activities as per grant design document (GDD)	Specific activities in 2008	Site-by-site and component-by-component Actual achievements implemented in 2008 as well as Remarks on courses of action						
Site			Ulugurus, Tanzania	Mt. Kenya East, Kenya	Fouta Djallon, Guinea	West Usambaras, Tanzania	Upper Aberdares, Kenya	Nyando/Yala River Basins, Kenya	Albertine Rift, Uganda
L1. Baseline reports for all of the core and associate landscapes.	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.	Undertake baseline syntheses that will include documentation of pro-poor rewards and or incentives (existing & potential), mapping & analysing land use/land cover change, characterizing socio-economic-ecological situations/impact analysis, documenting experiences with carbon trading in the Ugandan site etc.	Most of this has been done by CARE and the synthesis will be finalized by April 2009. Maps for targeting watershed interventions produced and GPS training conducted.	A rapid appraisal of PES and PES-like initiatives as well as an inventory of existing technologies have been undertaken as part of MSc theses.	Initial work has been undertaken but follow-up is planned for 2009.	Preliminary scoping of PES and PES-like initiatives and the institutional landscape undertaken in the last quarter of 2008.	Excellent progress made including watershed delineated, land degradation analyses, water quality analyses, and environmental audits undertaken. Reports in preparation.	A rapid appraisal of PES and PES-like initiatives undertaken as well as the institutional landscape. Assessment of Ecosystem services and trade-offs undertaken.	Work is in progress by Ecotrust and NaHI and expected to be completed by April 2009. Considerable support provided to partners in GIS.
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.	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.	PRESA and RUPES II core teams in conjunction with site teams compile a set of scoping, negotiation support and prototype mechanism tools for scoping buyers and sellers' needs, identifying and characterizing environmental services etc.	Preliminary work has been undertaken on tools and best practices for scoping, negotiation support and prototype payment and presented for review during the private meeting of the Katoomba Group meeting held in Morogoro Hotel in Tanzania on September 20, 2008. These have been availed in the PRESA website and in 2009 these will re-packaged with site-level teams being facilitated so as to effectively use the toolkit.						

	L22. Conduct training in the PRESA assessment, negotiation support, and prototype payment tools for project teams in all PRESA landscapes	<p>Four types of capacity building activities are planned for 2008:</p> <ol style="list-style-type: none"> <li>1. Small group training in economic analysis of agroforestry systems – conducted with students and selected PRESA partners;</li> <li>2. Group training in rapid hydrologic assessment – likely conducted as a training of trainers with a select group of analysts and modelers;</li> <li>3. General knowledge training in PES in association with the Katoomba East and Southern Africa group; and</li> <li>4. Individual training of partners and students in specific types of analysis, likely including economic analysis and spatial analysis.</li> </ol>	<ol style="list-style-type: none"> <li>1. PRESA successfully organized a mini training course on economic analysis of agroforestry systems in East African Highlands on 23-24<sup>th</sup> June 2008-24 PRESA students and partners attended this training.</li> <li>2. A training manual in the use of GPS instruments was prepared. Several graduate students given hands on training in the use of GPS.</li> <li>3. PRESA played a critical role during the pre-conference training on PES that was co-sponsored with Katoomba Group East and Southern Africa, Forest Trends and USAID, Washington Office. PRESA facilitated two national partners each from Kenya, Uganda and Tanzania to attend the Katoomba Group pre-conference training and the Katoomba Group Public meeting on <i>“Taking stock and charting a way forward: Payments for Ecosystem Services in Africa”</i> held on 16-17 September 2008</li> </ol>						
	L23. Support partners to use PRESA assessment and negotiation tools to fill in key knowledge gaps and frame dialog among stakeholders.	Partners will be supported in the application of economic analysis, spatial analysis, and carbon accounting tools.	PRESA provided technical support to CARE Tanzania for mapping (land use land cover and spatial analysis of erosion risk in Kibungo catchment.	PRESA and MKEPP held discussions on technical support for spatial mapping in July 8, 2008- this will be enhanced in 2009.	Aster satellite imagery acquired for this site and technical spatial analysis will be undertaken in 2009.	Delayed until 2009-imagery has been acquired and discussions with site-level teams initiated.	ICRAF and partners are building a solid evidence base for this site with ongoing spatial analysis	Spatial analysis is already well advanced and economic analysis of agroforestry systems undertaken.	Technical support in spatial analysis was provided by PRESA to Ugandan Carbon Bureau and Ecotrust

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.	Three activities will be emphasized in 2008. <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.	1. Discussed with CARE and identified a consultant to undertake inventory and synthesis 2. Started in second half of 08 in conjunction with Care and yet to be completed. 3. Completed by Nov 08.	1. Undertook a rapid appraisal and inventory of adopted technologies in the Mt. Kenya East and this will be deepened in 2009. 2. Delayed until early 2009. 3. Discussions with MKEPP started on how to move forward with the spatial analysis with real work scheduled for 2009	3. Satellite imagery for this site acquired and official launch for PRESA activities was done during the meeting of the Manor River stakeholders in Nov 2008	1. Completed by Dec 08. 3. Completed by Dec 08.	1. Preliminary scoping work undertaken in Sept/Oct. 2008 and will be deepened in 2009. 2. Work on the ecological impacts of land use options started and a workshop is planned for 2009 to finalize the work. 3. Discussions started with African Highlands Initiatives (AHI).	1. Completed by Dec 08. 2. Analysis of the economic and water use implications of tree systems completed. 3. GIS and land cover analysis finalized and work on trade-off analysis published.	GIS and land cover data compiled with technical support offered to two partner institutions: Uganda Carbon Bureau and Ecotrust
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.	Preliminary work toward a reverse auction experiment conducted in one site, plus a related site in Malawi. Fund raising to finance additional prototypes.	Preliminary economic, technical and institutional studies conducted through a PhD student.					Preliminary work on experimental economics studies of farmers' preferences started and finalized	

<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>Care and WWF lead this activity through the EPWS project.</p> <p>Engagement with Coca-Cola and DAWASCO led to financial contributions from the two companies.</p>	<p>Engagement with public agencies did not take off as these were suppose to be led by ISRIC / GWC project which is expected to start in 2009.</p>	<p>Work did not start in 2008 but PRESA worked through partners to sensitize on environmental service mechanisms and will be deepened in 2009.</p>	<p>Public agencies were engaged during an initial scoping study undertaken in Sept/October 2009.</p>	<p>Public agencies in this landscape have continuously been engaged and in 2008 PRESA started to build the evidence phase to make the case for rewards for environmental services (RES).</p>	<p>Individual and group engagement undertaken including a dialogue with business held in the Kampala Hotel in conjunction with the PRESA IAC meeting and start up workshop held on April 30, 2008.</p>	<p>Engagement is ongoing, led by Ecotrust.</p>
	<p>L52. Engage with utilities, private firms and industry groups with interests in ecosystem services in the target landscapes</p>	<p>Initiate discussions with environmental service users who are yet to be involved in an environmental service transfer scheme.</p>	<p>CARE led engagement with water users providing useful lessons to influence engagements in other sites.</p>	<p>Engagement with private sector and utilities (e.g. Kengen) did not take place as these were to be led by ISRIC / GWC project scheduled to begin project activities in 2009.</p>	<p>Discussions on collaborative arrangements are yet to be firmed up and scoping will be undertaken in 2009.</p>	<p>Discussions were held in conjunction with preliminary scoping undertaken in Sept/Oct 2009.</p>	<p>Some engagement with the Nairobi City Water and Sewerage Company has begun. Started to build a solid evidence phase for the case of RES and plan to use research results to engage other stakeholders in 2009.</p>	<p>Engagement with quasi government parastatals and public utilities begun.</p>	<p>Brought together businesses during a dialogue organized in April 30,2008 and started to lay the evidence phase that will be used to make the case for RES</p>

	L53. Support collective action and awareness raising among community groups	Support and facilitate awareness raising to promote collective learning and action among community groups	Supported CARE to engage with communities through provision of GIS products. Some engagement with farmers' group on contract tree planting.	Started discussions with MKEPP on synergizing one another. With start of ISRIC's GWC project these will be deepened in 2009.	Delayed until 2009.	Discussions and awareness made through and during the preliminary scoping study.	Several meetings with communities, District technical teams and KAPP District service teams were held and focused on joint planning for pollution and sediment control.	This was delayed as we undertook a rapid appraisal of PES and PES-like mechanisms and analysis of the institutional landscape to identify opportunities for RES	PRESA interacted with communities through Ecotrust, Nature Harness Initiatives, and Uganda Carbon Bureau.
	L54. Identify and mobilize changes in institutions or regulations (statutory or bi-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.	A graduate student initiated a study of how forest and land management institutions affect potential for PES and another graduate student initiated a study of how PES might undermine customary institutions.	The institutional landscape was synthesized in conjunction with rapid appraisal of PES and PES-like mechanisms.	A study on the institutional potential for REDD was re-scheduled for 2009.	Considerable work on bylaws has previously been completed and a synthesis paper on bylaws and lessons for PES will be finalized in 2009.	Baseline syntheses began but more work on bylaws will be undertaken in 2009.	An analysis of the institutional and policy foundations of PES completed and paper currently under review.	A study of the impacts of tree carbon projects on local institutions initiated through a PhD student from the University of East Anglia.

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 in 2008. In some cases, the emphasis will be on the simple provision of information to relevant stakeholders. In other cases, the emphasis will be on the merits of specific types of payment arrangements.	Consultations and negotiations led by CARE has led to DAWASCO and Coca-cola contributing towards catchment management.	Was not started except for discussions with MKEPP as GWC project to be led by ISRIC did not begin. It is expected that more work will be done in 2009.	This was re-scheduled for 2009 and will be in conjunction with a scoping study.	Initial discussions with stakeholders on the potential and experience of ES rewards were initiated in conjunction with preliminary scoping study.	Baseline studies undertaken in 2008 are expected to inform main negotiations in 2009.	Information on the potential and experience of ES rewards was provided to stakeholders through workshop on sustaining the values for ES in Lake Victoria Basin.	PRESA got involved through its partners- Ecotrust, Nature Harness Initiatives and Uganda Carbon Bureau
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**Table 4: 2008 actual achievements against 2008 expected outputs for P (private and public sector engagement) and C (community of practice)**

Expected Outcome	Outputs	Activities	Actual achievements in 2008	Specific outputs achieved in 2008
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.	The study on the factors motivating and constraining private sector participation in the carbon market by a PhD student was initiated with finalization of proposal and registration in Jomo Kenyatta University of Agriculture and Technology.	Finalized proposal, detailed workplan and registration.
		P12. Work with selected private sector groups to evaluate the business case for rewards for environmental services.	PRESA has interacted with a number of private sector entities in Uganda, Kenya and (through EPWS), Tanzania. Provided periodic assistance to Uganda Carbon Bureau. Preliminary engagement with Safaricom.	Contacts list finalized and updated regularly

	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	<ol style="list-style-type: none"> <li>1. An inventory of PES and PES-like mechanisms and policies and programmes affecting those mechanisms conducted in Kenya and is ongoing in Uganda;</li> <li>2. Specific policies and institutions that potentially could affect the functioning of PES undertaken in Kenya and this will be used to inform a strategy for influencing positive changes in those policies in 2009.</li> </ol>	Draft paper(s) reporting inventory of PES and PES-like mechanisms and policies finalized and currently under review.
		P22 Facilitate consultative and planning meetings for exchange of good business practice and policy reform.	Periodic dialogs on business and ecosystem management were held in Uganda and Kenya.	Meeting reports have been drafted.
		P23. Make presentations and convene side events in at least 3 international fora that are considering how to embrace pro-poor RES.	<ol style="list-style-type: none"> <li>i) PRESA core team actively participated in regional meeting on PES convened in Tanzania by FAO in February 2008;</li> <li>ii) Presentations were made at Sokoine (Tanzania), Makerere (Uganda) and Moi Universities (Kenya)</li> <li>iii) Presentations on PRESA were made at Harvard and Conservation International</li> <li>iii) Actively participated in the pre-conference training and during both the public and private Katoomba Regional meeting in Dar es Salaam Tanzania in September 2008</li> </ol>	Presentation materials and trip reports are available.
Expected Outcome C: Improved quality and increased number of environmental service reward mechanisms in place and operational in the highlands of East and West Africa.	C1. Technical advisory notes	C11. Adapt and disseminate selected RUPES Technical Advisory Notes (TANs)	Disseminated selected RUPES materials in hard copy and through the PRESA web site	Distribution lists
	C2. Field and Training manuals	C21. Identify best practices for transfer of experiences from existing and relatively successful RES schemes.	Prepared, finalized, submitted, integrated reviewers comments and re-submitted papers to <i>Ecology and Society</i> and are in the process of being published.	Papers in press and online as ICRAF working papers.
		C22. Develop field and training manuals on key topics	Mini training course on economic analysis of agroforestry systems successfully organized and facilitated on 23-24 June, 2008.	Course report. Training materials Training manual.

	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	i) Established PRESA website which is periodically being updated ii) Designed and implemented different communication tools including a brochure and quarterly e-news	Functional and frequently updated project website  A package of different communication tools to realize different project objectives
	C4. Workshop summaries	C4. Organize at least one national and a final project workshop in conjunction with annual meetings of Katoomba Group Africa on key topics emerging from PRESA landscape-level and policy engagements	i) PRESA start-up workshop and IAC meeting held in 28-29 <sup>th</sup> April 2008 in Entebbe Uganda ii) Actively contributed to a pre-conference training organized by Katoomba Group, Forest Trends and USAID.	Workshop and meeting Reports  Presentation materials

Further to the 2008 actual achievements against the 2008 workplan as provided in tables 3 and 4, while table 5 presents additional and detailed summary of activities undertaken in each site during the year under review.

**Table 5: Detailed summary of site base activities**

Site (Core or Associate)	Partnerships and site-level activities so far
Sasumua, Kenya	<ul style="list-style-type: none"> <li>• ICRAF and partners built a solid evidence base through ongoing research activities. Different components are led by different partners as listed below:               <ol style="list-style-type: none"> <li>i) Watershed delineation, land use change analyses-led by ICRAF and provide input to the other different components;</li> <li>ii) Land degradation analyses-led by ICRAF and is aimed at identifying the hotspots of sediments and water contaminants that ultimately flow into Sasumua Reservoir which supplies 20% of Nairobi's water demand;</li> <li>iii) Hydrological modelling and water quality assessment-led by Jomo Kenyatta University of Agriculture and Technology (JKUAT);</li> <li>iv) Environmental Audit-led by ICRAF and Kenyatta University.</li> </ol> </li> <li>• ICRAF has also built partnerships with the KAPP (Kenya Agricultural Productivity Project) Secretariat, National Environment Management Authority (NEMA), indirectly with line Ministries of Environment and Natural Resources, Forestry and Wildlife, Water and quasi government bodies like Water Resources Management Authority (WRMA). Other institutions include Nairobi City Water and Sewerage Company.</li> </ul>
Nyando and Yala Basins in Western Kenya	<ul style="list-style-type: none"> <li>• UNEP supported initial ICRAF research on <i>'Sustaining the values of ecosystem services in lake Victoria Basin'</i> which mainly focused on:               <ol style="list-style-type: none"> <li>i) Quantification of tradeoffs in ecosystem services --a working paper and journal article have been published</li> <li>ii) Inventory of PES-like initiatives and synthesis of policies and legislations likely to affect the design and implementation of PES undertaken and paper currently under review;</li> <li>iii) An assessment of the production economics and water use of eucalyptus, crop agriculture vs. deciduous indigenous trees (<i>Melia, Cordia</i>).</li> </ol> </li> </ul>
Mt. Kenya East	<ul style="list-style-type: none"> <li>• ICRAF through a graduate student from Syracuse University undertook a rapid appraisal of PES and PES-like initiatives;</li> <li>• Preliminary work on the inventory of technologies adopted by smallholders undertaken by a graduate student from Kenyatta University</li> <li>• PRESA research work is linked to another ICRAF project on ecosystem services of coffee systems (CAFNET)</li> </ul>
Ulugurus Mountains	<ul style="list-style-type: none"> <li>• Undertook several sites visits</li> <li>• PRESA participated in the planning of the phase II of EPWS project activities;</li> <li>• Provided technical support to CARE on spatial mapping and production of the catchment's erosion risk map for targeting purposes;</li> <li>• Identified and supported two students from Michigan State University to be linked to Sokoine University and to start research on i) prototype conservation contracts ; and ii) study of the potential negative social consequences of PES;</li> <li>• Inventory and evaluation of sustainable farming practices in the Kibungo sub-catchment as a joint activity between CARE Tanzania and ICRAF country office.</li> </ul>
West Usambaras	<ul style="list-style-type: none"> <li>• Site visits with African Highlands Initiative (AHI) and Selian Agricultural Research during a preliminary scoping study on technologies adopted by smallholders, ecosystem services and the institutional terrain;</li> <li>• Inventory of sustainable farming practices in the area;</li> </ul>

	<ul style="list-style-type: none"> <li>• Menu of promising sustainable farming practices including economic and technical issues;</li> <li>• Two PhD students from MSU (Mamta Vardhan and Rohit Jindal) linked to the Faculty of Forestry, Sokoine University;</li> <li>• Prototype reverse auction for conservation contracts ;</li> <li>• Study of the potential negative social consequences of PES; and</li> <li>• Landscape mosaics project in East Usambara, with exploration of the possibilities for PES</li> </ul>
Albertine Rift	<ul style="list-style-type: none"> <li>• Land use / land use change analysis, focused on quantitative and qualitative assessment of wetlands and forest resources;</li> <li>• Assessment of the carbon profiles of additional tree farming options (e.g. fruit trees);</li> <li>• Analysis of the socio-economic impacts of smallholder carbon ;</li> <li>• Provide technical basis to NHI / Ecotrust project with community handicraft initiatives</li> </ul>

### 3. 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 toward this goal will generally be more determined by things beyond the direct control of the PRESA project and collaborators.

Positive developments in the external environment in 2008 included:

- Much greater interest at all levels in the possibilities of carbon finance for smallholder farmers through the dialog on Reduced Emissions from Deforestation and forest Degradation and the Africa BioCarbon Initiative (including important political support 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
- the global economic slowdown, which may reduce willingness to pay for eco-labelled commodities and eco-tourism
- political uncertainty in Kenya and Guinea

PRESA's main contributions to the project goal in 2008 were building up research and policy maker interest in ecosystem services, payments and markets.

**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 the achievement of the project's purpose and goal varies as well. In some sites the development of PES initiatives

is more advance and incipient in others. Despite these challenges the PRESA team made progress towards the projects purpose and goal.

In Sasumua, through funding support from the World Bank and in collaboration with communities, site-and national-level partners, PRESA is finalizing baseline studies that will inform the design of plans for sediment and water contamination reduction activities in 2009 and beyond. Sediment and water contamination interventions are expected to not only improve smallholders' agricultural production, but also provide a platform for alternative streams of support (financial or otherwise) from downstream service beneficiaries as well as market innovations for their produce. The bringing together of farmers' groups will also enhance collective action and learning as well as social capital that is required for implementation, self monitoring and evaluation. The scoping of PES initiatives in Sasumua catchment is part of a larger World Bank-Government of Kenya project on sustainable land management project which is implemented by the Kenya Agricultural Productivity Project Secretariat (KAPP Secretariat).

In the Nyando and Yala River Basins, ICRAF and partners have provided scientific evidence to support decision making at the local, national and regional levels. PES and PES-like initiatives and the opportunities these provide have been synthesized in order to support government agencies and communities to better target their activities to achieve socio-economic and ecological benefits. Publically-funded payments and markets for improved watershed management is emerging as a long-term solution in the context of Lake Victoria. In Mt. Kenya East, PRESA and the IFAD funded MKEPP project have forged closer working relationship so as to enhance livelihoods through use of research results to re-orient MKEPP support to community-level development activities. Some preliminary scoping activities have been undertaken, primarily through graduate students.

Progress toward a working mechanism of payment for watershed services is relatively far advanced in the Uluguru site in Tanzania where Care and WWF have been implementing the EPWS project for the last two years. Beneficiary interest is quite strong, with the Dar es Salaam Water and Sewerage Company and the Coca-Cola Company already committing funds towards conservation initiatives in the Kibungo sub-catchment. PRESA is providing technical support to some elements of this work, particularly regarding appropriate farming practices and geographic targeting. PRESA students are working along-side Care in the Ulugurus, with a more specific focus on conservation and carbon sequestration through tree planting and forest management.

In the Albertine Rift PRESA is supporting Nature Harness Initiatives and Ecotrust to facilitate and improve the level of benefits available to local communities through trees for carbon project, eco-tourism and compliance with legislative requirements. This has been through both financial and technical support for sustainable basketry activities and conservation of wetlands, facilitation of carbon sequestration initiatives (technical specifications) and eco-labelling initiatives.

In the Fouta Djallon Highlands official launch of PRESA activities has been undertaken and partnership arrangements are in the process of being firmed up for deepening the 2009 research activities. Synthesis of site-level initiatives by partners and how these link with PRESA activities was undertaken during the first PRESA start-up workshop and IAC meeting held in Uganda in April 2008. Requisite partnerships and periodic dialogues with businesses have provided a platform for beneficiaries of ecosystem services to contribute towards improved livelihoods of service modifiers in upstream areas. These have also provided opportunities for awareness raising and policy influence.

**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.

PRESA's main contribution to policy formulation has been through informing national and regional-level debates about Reduced Emissions from Deforestation and forest Degradation. We have been most

active in Tanzania. Private sector engagement has proceeded more slowly than expected, with greatest engagement with Uganda Carbon Bureau in Uganda, Safaricom in Kenya, and Dar es Salaam Water Company in Tanzania. A most interesting dialog on business and ecosystem management was held with private sector representatives in Kampala, perhaps with inadequate followup.

**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.

Very good progress was made toward this objective. There has been very good involvement of graduate students, interns and research collaborators in the region. Securing funds from DFID for the BESSA project will allow these activities and linkages to gain greater momentum in 2009.

The PRESA team has also moved with speed to strengthen its communications with partners by developing a website (<http://presa/worldagroforestry.org>), a balanced communications strategy and quarterly e-news for the project. Though the project's community of practice, we intend in 2009 to improve on project communications between the project's core team, IAC and partners at different levels.

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

Challenges encountered during the year under review are mainly due to external factors that have slowed implementation in Kenya and Guinea. Implementation in Kenya was delayed in all sites by the political violence that gripped the country in the first months of 2008. In the Mount Kenya East site, a long delay in the initiation of the GWC project has also delayed PRESA project activities. We partly remedied this by moving on with inventory and assessments of PES and PES-like initiatives and agricultural practices in Embu, Meru and Nyeri. The PRESA team worked closely with the MKEPP team to lay the foundation for mapping and to synergize each other in the implementation of project activities.

Slow implementation of project activities in the Fouta Djallon Highlands is mainly attributed to the fluid nature of partnerships and implementation arrangements in Guinea. Firming up collaborative arrangements for this site is crucial not only for project implementation but for leveraging funds. In Guinea, PRESA is closely linked to the LAMIL project of ICRAF, CIFOR and the Guinea Forest Department. Financial support is provided by USAID. During 2008, LAMIL closed down in its original project site around Labe and geared up operations in a transboundary area of Guinea and Sierra Leone. The future of that support remains very uncertain, especially with political uncertainties in Guinea. Nonetheless, there is strong interest in PRESA in USAID and among policy makers in the region.

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

Beginning in 2007, the Coordinator of the PRESA project has also served as Global Coordinator of the In Alternatives-to-Slash and Burn Partnership for Tropical Forest Margins (ASB). ASB has become very active in informing policy processes related to REDD and the Africa BioCarbon Initiative. This brings new partnership, policy and fund raising opportunities to PRESA. All of the PRESA countries in East Africa are also COMESA countries, hence direct collaboration with the Africa BioCarbon Initiative hold potential for significant policy impact at the regional and national levels.

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

Overall the establishment of the project's core team and building of partnerships and linkages underpinned the project's progress and performance during the year under review. The main project achievements for

2008 are as discussed under section 2.2 while two main shortcomings have been discussed in section 4. Project's main achievements include *inter alia* hosting of a successful start up workshop and IAC meeting, building vibrant partnerships at different levels, and officially launching project activities in the different sites. PRESA core team has either implemented project activities in different sites or financially and technically supported partners in project implementation. In 2009 we plan to deepen PRESA work in the Guinea Node with Peter Minang, Thomas Yatich and Harold Roy Macauley undertaking initial scoping study and firming up partnership arrangements in early February 2009. Partnerships arrangements with ISRIC led IFAD funded GWC project for Mt. Kenya East will be spearheaded by the Project's coordinator, Brent Swallow with support from Thomas Yatich. This follow up will be firmed up towards the end of January 2009.