



Thursday, July 11, 2013

World Agroforestry Centre (ICRAF)

Sasumua stakeholders meeting notes

(Feedback in italics, reactions in normal font, action points highlighted)

Introduction

The meeting began with the introductory remarks as well as welcoming everyone to the meeting. Sara Namirembe outlined the importance of the meeting as sharing, learning and collaborating from each other in the implementation of PES. The meetings are usually held biannually.

Individual introductions were made by the various stakeholders from private sector (e.g. KenGen, NCSWC and others), government (KAPSLM project, Ministry of Environment, Water and Natural Resources, KFS), university (Jomo Kenyatta University) and NGOs (WWF, Famers Life East Africa)

A presentation by Sara Namirembe was made on the challenges of private sector engagement and financing of watershed PES in East Africa whose purpose is to find a way forward for PES in Sasumua.

Overview of relevant known cases

- *In Uluguru Mountains* site, challenges were faced in getting reliable buyers. There were slow discussions by potential buyers and high turnover within the organizations disrupted the discussions. A MOU was signed and only one set of payments was made to farmers by DAWASCO but not much follow through done.
- *In Lake Naivasha Catchment*: it was observed that it was hard to get committed beneficiaries, negotiations were done by WWF where the current buyers are LNGG and LNRA through LANAWRUA, and the possibility of KenGen and NARUWASCO as buyers can be explored
- *In Sasumua Catchment*: Still many barriers exist in obtaining the buyer and PES hasn't rolled out yet

It was observed that alternative approaches can be explored to achieve sustainable financing for watershed PES through:

- The setting up of public funds,
- private sector funds:
- water fund
- micro-finance,

- benefits beyond payments etc. – to identify avenues for future collaborative action points in the Kenya landscapes

New initiatives:

- KAPSLM’s plans for Sasumua and link with ongoing initiatives such as through by Nature Conservancy, UTANRMP.
- Potential for scaling up PES vertically and horizontally

Discussions

Several discussions arose during the meeting on achieving sustainable financing for watershed PES, stakeholder organizational updates and identifying avenues for future collaborative action points in the Kenya landscapes including:

KENGEN

- Identified one of their challenge as information sharing- they expected information and updates since last meeting for internal use because they are working internally to try and work on such schemes. Therefore it would be good to have continuous engagement with community in this
- KENGEN has a foundation was founded last year where they work on improving the livelihoods of people working in their area of operation. The Foundation which is involved in a number of different kinds of activities and has a budget to support various projects such as green development projects e.g. Wind Turbines in Ngong to get money for project support communities who contribute to these activities since community engagement is important.
- The organization has Eastern and Western Hydros which have different environmental offices to address environmental issues in the areas so engagement will involve linkages to the point persons and there are 2 approaches that can be used to develop these linkages with KENGEN: through the head office or the regional office.
- Despite the mandate being electricity generation but it obligated to do so in a way that supports the community and as such allowed to support activities that support/enhance watershed protection
- Currently PES is not a distinct activity within the organization but has CSR. PES could be a new initiative
- The organization produces yearly technical papers and PES could be a potential action considered to be addressed.

Questions and responses

Apologies were made for the lack of continuous communication and expression of interest with Private Sector engagement was made. Since PES proposes a conditional scheme based upon environmental performance of land management. Questions arose on how to get commitment from private sector over time? There needs to be a sustained relationship to go along with the willingness, needs to be included in the business model for sustained watershed conservation.

- *KenGen is committed to watershed conservation because it’s already giving 50000 KES to schools to implement a project of choice. By introducing conditions as suggested by PES it could go a long way in giving security of their investment. The stipulations, may lead to positive engagement/performance over past funding period and will enable payment be sustained and can it provide positive benefits for the community.*

Action points

- Keeping in constant communication and updates will be shared by PRESA
- KENGEN to link PRESA with the point persons in the regions to facilitate discussions on PES
- An appointment to be arranged for presentation to the contact persons in Gitaru for PES approach in conservation
- Willis Ochieng to link PRESA to an environmental officer for contributing to the technical paper.

POLICY

- KAPSLM project under the Ministry of Environment is working on harmonizing conflicting institutional mandates and identifying the policy gaps. There is need to motivate people to create positive environmental impact and for policies to support, which will require commitment to make actual impact on the ground. Currently, though policies are not limiting they can be addressed to frame it as an opportunity in order to implement PES.
- Policy implementation is difficult from experience with KENGEN; it requires commitment of taking it on the ground. Policies are currently not limiting in adopting.

Questions and responses

Do policies come with guidelines for the implementation, penalties, persons responsible, and timelines?

- *There are custodians of catchment protection, policies exist challenge is implementation*
- *Catchment conservation is an obligation according to water policy and water Act 2002 by all the users of water. But PES looks at communities and farmers upstream of resource- how to implement PES now that the policies are there.*

WRMA

- Is prioritizing the upper catchments in water towers to conserve water for downstream users. Under the pilot project MKEPP in Embu, the Upper Tana natural resource project identified that to have a functioning PES; it requires having element of livelihood in order to sustain it.
- The pilot livelihood project ended on 30th June 2013 and UTANRMP project was established for the next 8 years to build on the existing project. It uses a platform to engage communities on the ground and works through WRUAs which are voluntary associations. Although noncompliance is the biggest hindrance and some people may opt not engage in catchment conservation, the benefit of addressing both quantity and quality of water is general to all. WRMA supports PES approaches.

Questions and responses

Does institutional capacity exist to build on PES?

- *Although PES exists to some extent, but it is not packaged as PES. If PES can come on top of other project activities it will have to reduce transaction costs.*
- *UTANRM working on a manual for rolling out the livelihood project will be good to include PES; this will record the activities that will be implemented. It is working in the phases but there are challenges due to the different boundaries covering the watersheds.*

- A manual developed with UNEP and PRESA for implementation of PES in Upper Tana exists but PRESA doesn't have the authority to distribute. WRMA can approach Elizabeth Kaka and Thomas Chirambu to share with WRMA that could be used to fit into the livelihood manual.

Are there community consultations in addressing challenges in farming practices – areas of needs/concerns and environment state of farms?

- WRMA is in the process of revising the sub catchment plans, some of the activities can be anchored on that and will be shared for ICRAF/PRESA inputs
- Worse disease of PES is the transaction costs – if WRMA is doing this will be easier to roll out and adoption of PES.
- KAPSLM planning to work with the existing institutions in sustainable management plans and invest in community micro-sustainable projects – this will make it easier for PES to come in.

Action points

- WRMA to approach Elizabeth Kaka and Thomas Chirambu (UNEP) to share the manual developed by PRESA in collaboration with UNEP for implementation of PES in Upper Tana.
- WRMA is to share revised the sub catchment plans for ICRAF/PRESA inputs

NCWSC

- No organizational updates were given since the representative was new and there had been disconnect and discontinuity in PES discussions in Sasumua.

Questions and responses

- It was noted that PRESA has generated evidence for Sasumua that PES is a good opportunity for NCWSC. Thus there is need for conditional payments directly to the communities to see and hope that can be adopted as a business model
- NCWSC needs clarification on how the system works and stated there had been high turnover of people so there hasn't been any continuity in PES discussions. To promote this, PRESA to write to the MD and ask for an appointed person to communicate and work with regarding this project.

Is NWSC aware of PES in Sasumua?

- Globally PES is becoming an issue, so at some stage they are aware and there have been collaborations on a book chapter on PES in Sasumua.
- Concerns were raised by various stakeholders regarding the inaccessibility NCWSC's MD and suggestions were made to target the international water event for making a presentation on PES.

Is it possible to make a presentation to show case the business case? What is the best approach? Is the best option in house?

- An invitation to be send directly to the NCWSC's MD and Francis Mwaura follow up on the progress

KAPSLM

- Developed a roadmap and are organizing a breakfast meeting with the principle secretary and other governmental officers to adopt PES.

Action points

- To ensure continuity in PES discussions in Sasumua, PRESA is required to write an official letter to the MD to assign a contact persons from the organization
- PRESA to secure an appointment with MD for presenting the business model of PES: An invitation to be send out seeking to make a PES presentation to be send directly to the NCWSC's MD and Francis Mwaura follow up on the progress.
- KAPSLM to host a breakfast meeting with the principle secretary and other governmental officers and facilitate PES discussions.
- Water sector meeting to be steered by KAPSLM and PRESA to provide technical assistance to be held at Maji house with the water sector bodies first
- Broader sectoral meeting at a later stage

FARMER'S LIFE EAST AFRICA

- Providing micro finance to farmers through action research approach: involves visiting farmers and fill out an application form and creating agreements on the level of credit and ensuring farmers attend a conservation r training
- Offer unsecured agricultural credit with different levels of qualification
- Has the potential of being scalable and has started with 30 farmers toward stewarding ES

Questions and responses

Was consideration taken where in Sasumua land is variable in slopes?

- *Grass strips are used on the steeper slopes and raised beds on gentle slopes*
 - *The main challenge is limited availability of conservation materials, such as Napier grass which isn't freely available in the area and thus a need to find an alternative material for conservation*
- Uncertainty regarding the loan repayment for the unsecured credit is also a major concern.*

How competitive are the interest rates and how they compare to other micro-finance schemes?

- *Although the interest is a bit high, it is less than banking. It is more flexible and allows farmers to repay at comfortable pace if they are unable to repay the loans on time on reduced interest.*

How sustainable is it and how can the money to increase income generating activities?

- *The organization is anticipating the use of a weather index to cover the unpredictability of seasonal changes and crop failures such that farmers that default in payment due to extreme weather conditions can be extended for their payment period.*
- *This can be adopted as another model for conservation incentives although issues were raised regarding minimum amount to allow farmers to actually invest in activities, 2000 KES being too little.*

Action points

- PRESA to sign an MOU with Farmer's Life East Africa for collaboration on research of the microfinance model funding

WWF (Lake Naivasha)

- Provided a correction to the presentation made earlier in the meeting: that buyers are outside LNGG and LANAWRUA. LNGG is currently not contributing to payments in Naivasha though they have made a commitment. The scheme has specific landscape growers and businesses contributing to the payment scheme (e.g. flowers growers and a hotel)
- They are also looking into including market incentives by coming up with a study to include the market aspects. The study will contribute to understanding of incentives from the buyers to help make PES sustainable. This will also help in addressing whether benefits should continue be in the form of cash or other benefits as produce increases after 4 years of the scheme's operation.
- WWF is coming up with the strategies to enable the capacities for negotiating; currently LANAWRUA is negotiating with other WRUAs and after incorporating market aspect it will be better understood how to better sustain it.

Questions and responses

What is the future after the project and capacity building for the farmers?

- *WWF is trying to get LANAWRUA to take more responsibility and play more active role in negotiations in verifying the buyers.*
- *By conducting the feasibility study of market linkages, issues of meeting market demands will be determined and help in addressing the challenges and filling of gaps.*
- *Considering the revision of the Forest Act, PES and incentives is being mentioned and maybe useful in public financing.*
- *IMARISHA, a newly formed organization is working to coordinate the institutions and reduce conflicts and overlaps. Their capacity is yet to be build and has a local PES steering committee for resource mobilization.*

Conclusion

- There is a need to improve communication avenues with KenGen
- Securing an appointment with NCWSC's MD and the breakfast meeting with the principle secretary that is organized by KAPSLM will facilitate PES discussions.
- PRESA to develop a MOU with Farmer's Life East Africa to collaborate on research side of things for the micro-finance model funding.
- Lessons from WWF in Lake Naivasha are important on continuity of PES projects after NGOs leave
- Study on impact of livelihoods on Naivasha done by PRESA will be shared with WWF
- Follow on policy channels: water policy 2013 has included PES so obligates every water user to give incentives and forest bill is currently being revised.
- PES research can influence what private sector builds into their business models

Participants list

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