

Ministry of Foreign Affairs – (Embassy Nairobi)

Meeting in the Council for Development Policy 31 October 2017

Agenda item 2.a.

Overall purpose

For discussion and recommendation to the Minister

Title:

Water and Livelihoods Programme in Refugee, Host and Other Vulnerable Communities of Kenya

3. Presentation for Programme Committee:

14 September 2017

Water and Livelihoods Programme in Refugee, Host and Other Vulnerable Communities of Kenya

Key results:

- Enhanced water resources management and investments in refugee and host communities in Turkana West and in selected Arid and Semi-Arid Lands (ASAL) counties for improved and sustained access by communities and households to water and sanitation for their domestic and productive needs
- To improve access to basic social services, expand economic opportunities, and enhance environmental management in refugee hosting areas in Garissa, Wajir, and Turkana counties.

Justification for support.

- The refugee and host community situation in Kenya provides an opportunity for effectively integrating long-term development interventions and humanitarian support. Access to and management of water resources in the Refugee and Hosting Areas and the Arid and Semi-Arid Lands regions of Kenya is vital for maintaining peace and improve livelihoods.
- The programme will support pro-poor investments in refugee camps and host communities in Turkana and Garissa Counties as well as in counties severely affected by drought. Whilst increasing access to water by local communities, the aim of the support is to build the resilience of the communities and mitigate against resource conflicts.
- To alleviate poverty in the target counties, growth must take place in sectors, which the majority of the poor depend on for their livelihoods. Support to livelihood interventions that generate economic opportunities will improve self-reliance amongst refugee and hosting communities.

How will we ensure results and monitor progress

- The assessment of results and monitoring progress will be part of i) the implementation arrangements with the Water Sector Trust Fund in continuation of ongoing DED under the GGEP; and ii) the monitoring of the achievements of the 'Development Response to Displacement Impacts Project (DRDIP)', that will receive co-funding from Danida, will be through participation in the National Project Steering Committee.

Risk and challenges

- Ongoing WSTF implementation of water, sanitation and water resources management projects has been delayed by capacity constraints. The new funding will bring additional focus and support for WSTF to develop implementation strategies that focus on larger interventions with well-capacitated partners.
- DRDIP includes comprehensive capacity building activities of communities, county and national level staff, and implementation of a participatory planning process for prioritising investments in improved services. This process might take time while the Danish co-funding works with a relative short time-horizon as part of the Kenya Country Programme ending in 2020.

Strat. objective(s)

Aligned to Kenyas vision 2030, contributing to a globally competitive and prosperous Kenya with a high quality of life

Thematic Objectives

Inclusive greener growth with higher employment

List of Engagement/Partners

- Pro-poor Access to and Management of Water Services in the ASAL Areas of Kenya – Water Sector Trust Fund
- Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa

File No.	2017-28097					
Country	Kenya					
Responsible Unit	Nairobi					
Sector	Water/Livelihood					
	Mill.	2017	2018	2019	2020	Tot.
Commitment		100				100
Projected ann. Disb.		10	40	30	20	100
Duration	3 years					
Finance Act code.	§ 06.32.01.11 Kenya					
Desk officer	Anne Angwenyi/Henrik Larsen					
Financial officer	Tine Lunn					

SDGs relevant for Programme



Budget

Thematic Programme 1	Mill
Engagement 1: Pro-poor Access to and Management of Water Services in the ASAL Areas of Kenya:	40
Engagement 2: Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa	60
Total:	100

Ministry of Foreign Affairs of Denmark

Danida

Programme Document

**Water and Livelihoods Programme in Refugee, Host and Other Vulnerable
Communities of Kenya**

October 2017

Ref. No.: 2017-28097

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2 Introduction

2.1 Context

The recent refugee and migration crisis, the protracted nature of many conflicts and increasing climate risks and natural disasters, have led to a new push internationally, for the discourse on linking humanitarian and development interventions. Particularly, a multiplicity of complex political, social, and environmental hazards facing vulnerable people calls for re-organisation, and enhanced coherence in humanitarian and development programmes. Kenya has hosted refugees since 1991 so the refugee situation is long-term, and there is a need to transcend the short term nature of humanitarian aid and the longer-term perspective of development cooperation. This is important in areas characterized by various forms of fragility, in order to contribute to the resilience of affected populations.

Linking humanitarian relief and development cooperation, if implemented as part of a rights-based approach, acts as a way of enhancing and protecting the rights of affected people, be it refugees or host communities. It increases access to better, quality and more integrated services, and livelihoods for self-reliance, thus reducing the need for emergency aid in the longer term. The nexus by providing or investing in the right conditions necessary for economic and social development does achieve broader objectives of sustainable and durable solutions in a variety of contexts.

With basis in Denmark's Strategy for Development Cooperation and Humanitarian Action, the World 2030 it is recognised that in poor yet stable countries such as Kenya (also transitioning to a growth economy), challenges such as hosting huge refugee flows and associated conflicts requires a convergence and stimulation of synergies between humanitarian and development cooperation to ensure sustainable development. This is crucial if meaningful results are to be achieved, and participation of refugees in building the economy is to be realised.

2.2 The refugee situation in Kenya

Occupying a central position in a conflict-prone area, Kenya has since 1991 received a significant number of refugees, the majority as a result of politically instigated turmoil and displacement. As of August 2017, statistics by UNHCR show that the country hosts approximately 488,000 refugees and asylum seekers – the second highest in Africa. The majority are South Sudanese and Somalis, with smaller numbers from at least 13 other countries i.e. Congo, Burundi, Eritrea, Ethiopia etc. While most of the refugees in Kenya are Somalis (app. 60%), South Sudan is responsible for most new arrivals and registrations.

The country's Refugees Act of 2006 promotes the right to living and work but also restricts movement of refugees. Basically, it does not allow local integration of refugees. Therefore, encampment of refugees is the de facto policy. This largely means that the majority of refugees (87%) is found in two camps, with a smaller number of urban refugees residing in Nairobi, Mombasa, Eldoret and other smaller towns. Dadaab is the largest and oldest camp in Kenya, but also the world's largest refugee camp. Located in Garissa County and originally consisting of five camps, it was established between 1991 and 2011. Dadaab hosts over half of Kenya's refugees (approximately 240,000), which largely consist of Somali refugees.

Due to perceived insecurity linked to Al-Shabaab, where Dadaab is seen as a breeding ground for extremists, there was an attempt to close the camp in 2016 – drawing public outcry among the international and humanitarian community. A court order has at least delayed a possible closure of the camp. Refugee numbers in Dadaab have also declined over the years, as voluntary repatriation efforts under the UNHCR, Government of Kenya and Somali tripartite agreement for voluntary repatriation

bear substantial progress. Approximately 72,000 Somalis have so far returned, 31,000 having returned in 2017 alone.¹ There are also plans to relocate at least 12,000 refugees to Kakuma.

Kakuma is located in the North Western part of the country, in Turkana County. The camp was established in 1991 to accommodate South Sudanese refugees fleeing conflict and violence. It consists of four settlement clusters: Kakuma Refugee Camps I, II, III, and IV, adjacent to Kakuma Town. Kakuma camp hosts a population of approximately 146,000 registered refugees and asylum-seekers, the majority being South Sudanese. Having faced a decline after the South Sudan peace process, the December 2013 President Kiir-Riek Machar fallout saw a resurgence of South Sudanese refugees' influx into Kakuma – overstressing the camp and associated services such as sanitation. Kalobeyei Settlement was therefore established in 2015 to decongest Kakuma. Located about 40 km from Kakuma, on about 1,500 hectares of land, it has a population of approximately 38,000 refugees, and the number is expected to rise in light of the volatile situation in South Sudan.

Socio-economic analysis reveals that there is a mixed perception of the relationship between refugees and the host communities in the areas where refugees are settled. Refugees are framed as a 'problem', related to concerns over significant pressure on the environment and already scarce natural resources such as water and firewood. Environmental degradation and competition for resources has in the past triggered conflicts between refugees and host communities. Recently, the refugee situation has acquired additional complexity due to security concerns related to the Al-Shabaab attacks in Kenya, implying links between the refugees and illegal activities.

Part of this problem emanates from the fact that refugees are placed in arid counties, where the environment is fragile, suffering from years of state neglect and marginalisation, as well as recurrent and persistent climate risks. For example, Turkana County was the centre of the 2008-2011 and the 2016/2017 droughts. The long rains assessment carried out in July 2017 by government, UN agencies and NGOs, found a deteriorating food, pasture, water and nutrition situation that threatens the largely pastoral and/or agro-pastoral livelihoods. The counties are prone to flash floods, high evaporation rates and poorly performing boreholes. Additional environmental and natural resource pressure from hosting large refugee numbers in a small geographical space therefore exacerbates an existing problem, given the central position that water and forage occupies in pastoral livelihoods.

In addition, refugee hosting counties suffer from years of structural state neglect. Host communities are in many cases more impoverished and marginalized than the refugees themselves. Poverty levels are extremely high and basic infrastructure such as roads, health centres and education facilities is missing in these areas.

Skewed funding for refugee camps, with neglect or minimal investment in host communities by aid agencies has fuelled the mixed reactions, more so the conflicts. For the past 20 years, the current refugee assistance architecture has been based on the assumption that the refugee situation is temporary, and that the resumption of normality in the home countries would promote return. Therefore, little investment in durable solutions among the refugees and their hosts is a common feature of aid programmes. Refugees in Kenya have been receiving full assistance for their basic needs e.g. free distribution of food and non-food items. On the other hand, host communities receive less than 10% of funds in comparison to the camps. Discordant aid modalities such as those that require host communities in the same area to pay

¹ UNHCR Kenya 01 – 31 August 2017 Fact Sheet

for services such as water only fuel these disparities. Host communities therefore feel that they have not benefited much from the presence of refugees.

On the other hand, it is argued that humanitarian aid and remittances enhances social and economic interactions. Refugee presence introduces an economic stimulus. The 2016 World Bank Group and UNHCR 'In my backyard' study finds that refugees have a positive macroeconomic effect on their host populations/areas. They increase consumption, employment or wage opportunities, and fuel local markets. A good example is the sale of firewood and animal products by locals to the refugees.

It is recognised that the actualisation of devolution as a result of the 2010 Constitution – the objects of the Constitution being equity and bringing services closer to the people - will play a key role in reshaping the refugee vs host narrative. In addition, and in line with the devolution agenda, it is crucial to enhance the linkage between humanitarian aid and development through promotion of long-term solutions that addresses both refugee and host communities concerns for water, environment and sustainable livelihoods in a seamless and integrated manner, shifting the paradigm from delivering aid to reducing humanitarian need itself.

At a November 2014 Turkana Roundtable on the Integration of Refugees and Host Community Economies, participants noted that the protracted humanitarian aid delivery model implemented in Kakuma was not suited to the strong socio-economic interaction between the refugee and host communities. A different and innovative approach to the nexus of refugees-host communities was developed. Durable solutions that mitigate the tensions between refugees and hosts are not possible in the absence of comprehensive planning and implementation of developmental approaches. The Kalobeyi Integrated Social and Economic Development Programme (KISED) 14 year plan was thus developed as a means to integrate short term humanitarian needs of the incoming refugees but with a long term development perspective towards improving the local economy and sustainable service delivery for water, health education, among others, at Kalobeyi. The overall objective of KISED is to catalyse sustainable development and enhance protection for refugees and host communities in Kalobeyi through the establishment of an integrated settlement area, in which refugees and host community live peacefully together, have access to social services and develop economic ties to build sustainable livelihoods. In order to sustain the long-term development plan, enhancing access to water and developing its availability will catalyse the achievement of KISED.

3 Strategic considerations and justification

Based on the refugee and host community situation as described above, that provides an opportunity for effectively integrating long-term development interventions and humanitarian support, it is proposed that 100 mio. DKK should be allocated and incorporated within the frame of the Kenya Country Programme for a Water and Livelihoods Programme in Refugee, Host and Other Vulnerable Communities of Kenya.

This will specifically support pro-poor investments in refugee camps and host communities in Turkana and Garissa Counties as well as in counties severely affected by drought. Whilst increasing access to water by local communities, the aim of the support is to build the resilience of the communities affected by climate vagaries such as drought and to improve livelihoods based on access to water.

Livelihood in the ASALs depend heavily on access to water due to the arid nature of the region and dependence on livestock and rain-fed agriculture. Improved access to water will also contribute to mitigating conflicts that often arise over access to limited water and other natural resources.

The statistics on access to water indicate that less than half of the rural population in Kenya has access to improved water services and that the rural coverage in the ASALs is much lower and in the range of 10–30%. The land use and the economy in the ASALs are dominated by pastoralism and limited rain fed and irrigated agriculture. Access to water is crucial and is often the limiting factor for productive activities in the ASALs. Environmental degradation and poverty is aggravated by socio-economic marginalization in areas such as political marginalization; increasing inequality; land fragmentation and loss of access; insecurity and resource conflicts; and a lack of human and institutional capacities, basic education, communications and investments.

Access to water and management of water resources is among the main drivers of change in the ASALs. A strong justification therefore lies in the fact that providing support towards improving water access and resources management opens new areas for drylands production and can increase carrying capacity of the rangelands, if strategically placed and managed. Improved water access and better, and more strategic management of water resources can be an effective contribution to positive drivers of change with positive impact on poverty reduction and increased productivity in drylands production systems. Increased access to water reduces conflicts over the resource and also promotes businesses linked to ASAL production and linked to services for the ASAL populations. Drylands economic potentials can be unlocked with positive impact on green growth.

Water supply and livestock production in the ASALs provide a livelihood to large sections of the population. The economic activities in the pastoral livestock sector and other sectors take place informally, without recognition or regulation by the local authorities. The provision of services in the ASALs requires service providers to cover large geographical areas, reaching populations that are frequently mobile, and operating under conditions of insecurity since insecurity and conflicts are more severe in areas where resource competition is high.

The population concentration in the refugee camps and nearby host communities also necessitates an integrated water, sanitation and hygiene education approach with a focus on sustainable sanitation solutions to alleviate the present serious hygiene situation with frequent outbreaks of Cholera in the refugee camps. For instance, the hygiene situation in the Kakuma camp is aggravated by the use of simple pit latrines, open defecation and the regular occurrence of floods in the low-lying areas. To alleviate the hygiene problems, a combined focus is needed that includes interventions on water resources management to reduce the risk and severity of flooding, interventions in reliable water services to improve the availability of potable water; with sanitation interventions that will provide low-cost and effective sanitation solutions. This could include ‘Waste to Value’ approaches that offer possibilities for private sector involvement and employment generation – in line with the overall theme of the Green Growth and Employment Programme.

Refugee and hosting communities around the Dadaab and Kakuma refugee camps and Kalobeyei settlement camp derive their incomes either from traditional livelihoods, including pastoralism, agro-pastoralism, and small-scale agriculture; and/or non-traditional livelihoods including small businesses, unskilled labor, skills-based jobs, and service enterprises. Both forms of livelihoods are characterized by limited access to capital, inputs, capacity building, and technical support to increase productivity; low-level technologies and skills with low productivity; and poor access to markets and other infrastructure. The result of this is inherent low productivity and incomes. To curb poverty, growth must take place in sectors which the majority of the poor depend on for their livelihoods. Support to livelihood

interventions that improve self-reliance amongst refugee and hosting communities through e.g. skills development, support to activities that increase production and productivity of livestock, agro-pastoralism (where possible dryland farming), fisheries and non-traditional livelihoods such as improving small businesses and low-level service enterprises etc is equally important.

Leveraging opportunities provided by refugee-hosts settlements and coordinated implementation can stimulate sustainable growth, and will also provide opportunities to increase and safeguard livelihood options, as well as addressing the tensions between the hosts and the refugees.

4 Programme Summary

4.1 Focus of the Proposed Programme

The proposed programme will focus on interventions that will improve livelihoods in refugee camps and host communities through improved access to water and other services. The intervention logic of this action is that by integrating service delivery and enhancing self-reliance opportunities, and building the capacity of local authorities to deliver such services, refugees and their host communities will benefit from a more favourable environment, increasing their livelihoods opportunities sustainably, and decreasing the incentives for irregular secondary movements. The support will be implemented through two development engagements that will address the constraints to livelihood in the areas that are impacted by displaced people. The development engagements will be incorporated into the Kenya Country Programme under the Green Growth and Employment Thematic Programme (GGEP). The engagements will support the objective and the theory of change of the thematic programme which is *'Inclusive greener growth with higher employment'*. Within the GGEP's second intervention area (sustainable use of natural resources and community resilience), the focus is towards supporting sectors that are most vulnerable to climate change. To address the daunting challenge of inequality, poverty and climate vulnerability, through this new funding, Denmark will support interventions that will contribute to enhancing access to water and sanitation services; improved water resource management; and expanding economic opportunities for both refugees, host communities and other local communities in ASAL areas of Kenya.

The proposed development engagements are:

1. Support for Access to and Management of Water Resources in 8 Counties in ASAL areas of northern Kenya. The geographical focus will be on Turkana West Sub-county that has a concentration of refugees and host communities, as well as other counties impacted by drought. The support will be implemented by enhancing an already existing partnership under the Kenya country programme with a Kenyan institution, the Water Sector Trust Fund.
2. Support to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees around the Dadaab and Kakuma refugee camps in Garissa, Wajir, and Turkana Counties of Kenya. The support will be through co-funding to the Development Response to Displacement Impacts Project (DRDIP) implemented by the Government of Kenya and the World Bank.

The two engagements will build upon the experiences of both institutions in supporting water investments in ASAL counties while at the same time ensuring close collaboration with other ongoing and pipeline operations in the counties of operation to prevent duplication. As the support to the World Bank programme will provide added capacities to county and national governments in local planning and

decentralised service delivery, as well as mitigate the impact of refugees on host communities, this will complement WSTF's role in providing water investments (addressing availability and access to water) at local level. Further complementarity is emphasised through Danida's prioritization of water investments, which lays a good foundation for the World Bank's component on livelihoods. Through increased access to water, communities will be able to increase the production and productivity of pastoralism (livestock), agro-pastoralism (crop and livestock), agriculture (crops and livestock) and fisheries; and commercialize their livelihood activities for improved incomes, employment, and self-reliance. The engagements therefore offer a particularly good opportunity to forge strong collaboration with county and national governments, the private sector, Community-based Organizations (CBO), and development partners who are working within the new humanitarian-development approach.

5 The Development Engagements

5.1 Pro-poor Access to and Management of Water Services

The Water Services Trust Fund (WSTF) was established under the 2002 Water Act to finance water and sanitation services for the poor and underserved communities in rural and urban areas. The 2016 Water Act has since renamed the Water Sector Trust Fund. Its mandate as stipulated in the new Water Act is to provide conditional and unconditional grants to counties, and assist in financing the development and management of water services in marginalized or underserved areas, including:

- a. Community level initiatives for the sustainable management of water resources;
- b. Development of water services in rural areas considered not to be commercially viable for provision of water services by licensees;
- c. Development of water services in the under-served poor urban areas; and
- d. Research activities in the area of water resources management and water services, sewerage and sanitation.

Between 2011- 2016, WSTF has been implementing a Danida funded programmes in six (6) ASAL counties on Water and sanitation services and water resources investments through the Natural Resources Management Programme. In 2016, WSTF entered into a new engagement under the Kenya Country Programme – Green Growth and Employment Programme (GGEP). Under this grant, WSTF received a four (4) year funding commitment from Denmark of the amount of 65 MDKK to further the water services and sanitation provision and water resources management in eight (8) ASAL counties (Existing 6 counties and 2 new additional counties). The investments under the running engagement has a focus on small and medium sized investments in water and sanitation in the 8 ASAL counties.

Based on lessons learnt from the previous and current engagement, this new funding of 40MDKK comes in to facilitate and expand WSTF operations to cover refugees and host communities' water and sanitation needs while addressing the water resources management within the catchment areas. In particular, the support may be used for water and sanitation related investments, for instance, solar powered boreholes, expansion of water supply distribution networks, improved sanitation facilities to reduce open defecation, construction of medium sized water pans for flood control, development of catchment management plans among others. This humanitarian-development nexus will be a new approach to WSTF who have previously worked in non-refugee areas focussing on long-term development needs of ASALs communities. To achieve higher impact, the new support will focus more on medium sized investments that can serve both the refugees and host communities. The new support

will use existing modalities to capacitate National and County Government institutions and channel the support through the National Government systems.

The support will focus on the refugee camps and host communities in Turkana West since: i) the refugee population in Dadaab is not increasing; and ii) there is substantial funding available for Garissa and Wajir counties through a World Bank funded water and sanitation project.

The implementation of the support will benefit from the ongoing capacity building by WSTF in the 8 target ASAL County Governments. The established procedures for identification and approval of projects within the WSTF will allow for flexibility in the final allocation to viable projects in Turkana West and/ or projects in the 8 Counties that are currently supported through the GGEP.

The support will be implemented according to the established administrative procedures for the existing Danida support programme to WSTF. The key features of the management set-up are:

- Denmark will contribute support to a strategic area of intervention within WSTF Strategic Plan (2014-2019).
- Funds will be managed in accordance with established WSTF procedures common for all partner support.
- As a State Corporation legally mandated to provide financing for access to water, a Board of Trustees has been appointed to provide oversight in both financial management and implementation.
- WSTF Management develops annual work plans and budgets which are approved by the Board.
- Denmark participates in a dedicated steering committee encompassing all water sector development partners.

The main outcome of the Danida support is as expressed in WSTF's Strategic Plan '*enhanced water resources management and investments in selected ASAL counties for improved and sustained access by communities and households to water and sanitation for their domestic and productive needs*'.

One of the main risks identified for this engagement is the challenge in the implementation capacity of WSTF. The WSTF implementation of water and sanitation as well as water resources management projects has been delayed due to capacity constraints. However, WSTF management has recently undertaken an institutional re-organisation to address the capacity gaps and are planning to find effective implementation modalities such as working through private sector and strong NGOs in the counties as well as improvements to monitoring and reporting of results. To further mitigate against this risk, the new support will initially focus on Turkana West and due to i) the remote location; ii) the existence of considerable implementation capacity in the many UNHCR implementing and operating partners in Kakuma and Kalobeyei; and iii) generally the need for WSTF to modify/ further develop its implementation strategies to utilise existing implementation capacity in NGOs and private sector, the new funding will be an opportunity for WSTF to develop implementation modalities that focus on larger interventions implemented through well capacitated partners.

The support is expected to be available from the 1st of January 2018. WSTF is planning and budgeting within the Government of Kenya fiscal framework and comprehensive implementation of the support can only be included in the 2018/19 financial year starting in July 2018. As an integrated part of the Kenya Country programme WSTF will for the first six months use part of the funding for the ongoing Danida support for the planning of the new support. A Technical Assistance/ Consultancy input for the planned inception period is also needed to ensure the effective implementation of the new support.

5.2 Development Response to Displacement Impacts Project

The World Bank's Development Response to Displacement Impacts Project (DRDIP) seeks to address the unmet social, economic, and environmental needs in the Kenyan communities that have hosted refugees over extended periods of time, thereby bearing most of the impact of forced displacement. The development objective of the programme is to *'improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in refugee hosting areas in Garissa, Wajir, and Turkana counties'*. Project preparation involved close collaboration with UNHCR alongside the Government of Kenya to design the appropriate responses to the social, economic, and environmental situation and impacts in the refugee hosting and receiving areas and to design a project appropriate to address these impacts. Importantly, sustaining the close collaboration and coordination between UNHCR and the World Bank teams is critical during the project implementation as UNHCR will continue to support refugees in Kakuma, and Dadaab refugee camps, including the development of Kalobeyi, as a new integrated settlement in Kakuma.

Using an area-based and progressive-solutions approach to address the impacts of protracted presence of the refugees on the host communities around the Dadaab and Kakuma refugee camps, the programme has 4 components which will be supported under this engagement:

- Component 1: Social and Economic Infrastructure & Services: Within a community investment fund communities will select, prioritise, implement and monitor investments in basic public services. Will furthermore support capacity building of the county and national government authorities and local implementing institutions in the areas of community-driven planning process, budgeting, service delivery etc. The Danida support may be utilized in supporting water and sanitation investments including boreholes, water treatment/desalinization plants, water supply distribution networks, solarizing diesel water pumps among others. This will be done in collaboration with WSTF to avoid duplication and maximize on resource use efficiency.
- Component 2: Environment and Natural Resource Management: This component entails an integrated natural resource management part. It targets at-scale community-based environmental and natural resource restorative measures that will be beneficial for local communities, environment, livestock, and wildlife resources in host areas. Will furthermore promote better use of energy resources and increased access to alternative sources of energy such as solar. The Danida support may be utilized to develop rangeland management plan, alternative energy initiatives such as charcoal bricks, biogas, solar and energy saving cook stoves among others.
- Component 3: Livelihoods: The objective of this component is to increase the production and productivity of pastoralism (livestock), agro-pastoralism (crop and livestock), and fisheries – and to commercialise their livelihood activities for improved incomes, employment, and self-reliance. This will be achieved through direct support for livelihoods as well as capacity building of Community-Based Organizations for Livelihoods. The Danida support may be used for water harvesting and storage pans for livestock and small-scale irrigation projects among others. This may benefit from constructed water storage and harvesting facilities under the WSTF component.
- In addition to these components, the project contains Management and M&E support and support to IGAD.

In total the programme budget is 100mio USD to which Denmark will add support of approximately 10mio USD.

The collaboration with the World Bank offers Danida interaction and experience building on new regional/ international approaches on addressing forced displacement, and the refugee-host nexus. Although focus on an area-based and progressive-solutions approach to address the impacts of protracted presence of the refugees on the host communities is novel in itself, especially if one relates with the history of short term and piecemeal interventions that have heavily focused either on refugees or host communities, the Programme's flexibility, and more so its focus on a learning by doing models provides opportunities to pilot interventions, learn from experience and scale up interventions. This and its linkages to experiences emanating from the implementation of DRDIP in other countries—Ethiopia, Uganda, and Djibouti, provides an opportunity to produce regional and international evidence on successful and innovative interventions in complex environments suffering from a myriad of challenges.

In addition, the programme with its focus on target communities in refugee-hosting areas in Turkana West sub county (Turkana County), Wajir South sub county (Wajir County), Dadaab, Fafi and Lagdera Sub counties (Dadaab) employs a refugee-host community hotspot focus that is much in line with intention for the utilisation of the new funding, as outlined in the project concept note.

The Danish contribution of DKK 60 million will co-finance of the entire World Bank programme, except for the support to the IGAD Secretariat. Part of the programme funds are allocated for capacity building activities of communities and technical county and national level staff, it is expected that the largest share of Danish co-funding will support larger investments in: (a) the community investment fund for basic services; (b) concrete investments environmental restoration; and (c) livelihood/income generating activities. The World Bank has clearly indicated that while capacities in especially communities need to be built, it is critical to ensure actual investments in the communities early on to ensure community buy-in. The additional funds available from Denmark's co-financing strengthens this approach.

Denmark will be part of the M&E of activities in the following way:

- (a) The Danish Embassy receives annual progress financial and technical reports, and updating results matrices (including baselines, annual targets, and end-of-project targets revised to reflect any additional funding received; and
- (b) The Danish Embassy participates in the bi-annual supervision missions undertaken by the World Bank.
- (c) Participate in the National Steering Committee

The allocation to the DRDIP will be utilising substantial implementation capacity with minimal additional administrative burden for the Embassy. Since the project will address refugee and host communities in Turkana, Wajir and Garissa Counties there will be synergies with the implementation of the engagement with WSTF, including i) the capacity building in participatory planning from community level through the National government structures to the County Governments; as well as ii) identification of community projects in water sanitation and water resources through the participatory planning process that can be funded through the WSTF.

Providing approx. 10% of the overall budget may mean that it will be difficult to achieve accelerated impact on investments as the WB programme in the initial phase plans to build up government and county institutional capacities. This implies a risk that investments will only be implemented at a later stage. However, to mitigate against this, as a first-mover donor in the Trust Fund, Denmark has the opportunity to participate in the decision making of the Steering Committee where it will be possible to influence prioritization of investments to communities as the institutional capacity building progresses.

This has been discussed with World Bank and will be considered in the financing and administrative agreements.

6 Results Framework

The proposed two development engagements will address socio-economic development in the areas in Northern Kenya impacted by displaced people and will implement interventions that improve access to water and sanitation services, catchment management and livelihoods.

The geographical scope of the investments will be to under-resourced marginal counties of Kenya within refugee and host areas as well other selected ASAL counties thereby mitigating the development deficits, and reduce vulnerability to climate change. The Programme will support community involvement in prioritizing water, sanitation and livelihoods investments and the capacity of public sector and civil society organisation in comprehensive planning and implementation; thus ensuring investments that are responsive to community needs with greater potential for ownership and sustainability.

The results framework to be further developed for the support to WSTF and the DRDIP within the Green Growth and Employment Thematic Programme is presented in Annex 2. The detailed formulation of indicators and targets for the support to WSTF is to be done during the planned inception period whilst modification to the World Bank Results Matrix will be done upon approval of Danida's new programme. The monitoring of progress on the development engagement with the DRDIP will use the result framework for the DRDIP to monitor progress towards targets.

7 Programme Inputs

7.1 Budgets

The budget for the two development engagements, including for Technical Assistance in the inception phase, during implementation and for an inception review is indicated in Table 1. The new funding in relation to the total WSTF funding is shown in Table 2, and that allocated to the DRDIP in relation to the total budget for the DRDIP is shown in Table 3.

Table 1: Allocation of New Funding

Budget for New Support	2018	2019	2020	Total	%
WSTF	6,0	15,0	14,0	35,0	35,0
DRDIP	20,0	20,0	20,0	60,0	60,0
TA (WSTF)	2,5	1,5	1,0	5,0	5,0
Total	28,5	36,5	35,0	100,0	100,0

Figures in mn DKK

Table 2: Additional funding in relation to total GGEP funding

Budget for Add Support	2018	2019	2020	Total	%
Add. Support to WSTF	6,0	15,0	14,0	35,0	13,1
Existing GGEP/WSTF (indicative)	17,3	24,6	10	51,9	19,5

Existing funding WSTF Rural	31,2	29,6	26,4	87,2	32,7
Total WSTF (incl. Add)	83,3	89,6	93,9	266,8	100,0

Figures in mn DKK

Table 3: Additional DRDIP funding in relation to total DRDIP funding

Budget for DRDIP	2018	2019	2020	Total	%
WB*	65,0	126,1	150,3	341,4	85,1
DK co-financing	20,0	20,0	20,0	60,0	14,9
Total DRDIP (incl. Add)	85,0	146,1	170,3	401,4	100,0

* Assume exchange rate

DKK/USD = 6.00

Figures in mn DKK

The budgets for the two development engagements will be fully integrated into the budget of the thematic programme on Green Growth and Employment in the Kenya Country Programme.

7.2 Inception Phase

The successful implementation of the support to WSTF will benefit from a comprehensive inception process where the WSTF is assisted in i) developing effective approaches and modalities with better capacitated partners; ii) supporting a first round of proposal to set the scene for implementation in the 2018/19 financial year; iii) operationalising monitoring and reporting tools; as well as iv) developing a common Development Engagement Document for the existing GGEP support and the proposed new funding.

The implementation of the co-funding to the DRDIP is based on an exchange of letter/email confirming the Bank's interest in moving forward and clarifying the process. The documentation for the Danida funding is based on the existing Project Appraisal Document without any major changes since DANIDA will be supporting the whole program. The Administration Agreement (to be developed) will clarify the following: (a) using part of the Grant as a Bank Executed Trust Fund for providing Technical Assistance and the remaining would be a Recipient Executed Trust Fund for investments; (b) the Disbursement arrangements (lumpsum or in instalments). The Project Restructuring will involve revision of the disbursement schedule and results framework. The WB will reflect Denmark's co-funding in the Aide Memoire of the ongoing Implementation Support Mission.

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Annex 1 - Analysis of Programme Context; Opportunities, Challenges and Risks (APC)

Much of the analysis herein is built upon the assessments made in 2014-2015 during the formulation of the Denmark-Kenya Country Programme. The opportunities, risks, challenges and mitigating factors still remain relevant for this new funding. As the new support will be incorporated into the Green Growth and Employment Programme, the mitigation measures used to address the challenges still apply.

1. Overall development challenges, opportunities and risks

Key conclusions from the analyses consulted and their implications for the programme:

General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment.

- Kenya holds great potential, including from its growing youthful population; dynamic private sector; a platform for change laid down by the new 2010 Constitution; and its pivotal role within East Africa as well as the region.
- Yet poverty and inequality remains high with 4 out of 10 Kenyans living in poverty and the richest 10 percent of the population receiving 40 percent of the nation's income.
- Governance concerns persist; and growth, while solid, has been constrained by low investment and low firm-level productivity and has yet to take off at the rapid and sustained rates needed to transform the lives of ordinary citizens.
- Despite impressive growth and a reported fall in poverty rate, Kenya faces significant developmental challenges. Inequality is high with significant differences in opportunities and outcomes between women and men and, for those living in the remote and most underdeveloped regions in the north and northeast. Ethnicity remains an important factor in societal development. There is a clear recognition that growth must be inclusive and that prosperity should be shared by all as postulated in Kenya's long term development plan – Vision 2030.

Humanitarian Assessment: As of December 2016, Kenya hosted the third largest number of refugees in Africa, after Ethiopia and Uganda. Some 494,863 refugees and asylum seekers from Somalia, South Sudan, Ethiopia, and other countries in the region are hosted in Kenya with 272,764 in the Dadaab refugee camps, 154,947 in Kakuma, and 69,261 in Nairobi. These figures include 326,562 Somali refugees in protracted displacement, 27,237 Ethiopians, 29,317 Congolese, and 88,391 South Sudanese refugees. Somali refugees are mainly located in the Dadaab camp while South Sudanese are largely in Kakuma. The Dadaab refugee complex hosts refugees in five camps—Dagahaley, Ifo, Ifo 2, Hagadera, and Kambioos; the first three located in Lagdera (Dadaab) subcounty and the latter two are in Fafi subcounty. It is estimated that about 45,000 are double registrations which includes 15,000 Kenyans who enrolled as refugees to access food benefits and basic services, 20,000 Somali refugees with Kenyan identity cards, and nearly 10,000 belonging to families of refugee-Kenyan marriages (UNHCR 2016). The Kakuma refugees are in four camps, Kakuma I– IV, and the Kalobeyei integrated settlement—all in Turkana West sub-county of Turkana County. Hosting of refugees for over two decades has led to attendant and exacerbated impacts on the environment, natural resources, infrastructure, economy, and service delivery for the hosting communities.

Development within Host Populations: With regard to the host population, the county governments are now responsible for delivering most basic services including early childhood development, health, agriculture extension, water and sanitation, and environmental services. The respective line ministries in the national-level government continue to be responsible for the education and social protection services.

Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.

- Kenya is the fifth largest economy in Sub-Saharan Africa, a regional hub for investments and innovation and plays an important role in regional stability and development. Kenya aspires to transform from a lower middle income country to an upper middle income country by the year 2030. The country's economy has remained resilient over time, with economic growth rate increasing from 5.7 per cent in 2015 to 5.8 per cent in 2016 largely due to a stable macroeconomic environment. The major sources of Gross Domestic Product (GDP) growth in 2016 were agriculture, forestry and fishing (15.2%), manufacturing (6.3%), transport and storage (9.7%), information and communication (6.1%), construction (8.2%), real estate (12.3%) and financial services (7.3%).
- Resource Mobilization: - Due to the recent increase in government investments in infrastructure, Kenya's public debt has increased to 52 percent of GDP, surpassing the East African Community (EAC) convergence criteria of 50 per cent of GDP. However, government borrowing plans remain anchored in the medium term debt management strategy which aims to ensure public debt sustainability. Interest rates in Kenya are stabilizing following the capping of interest rates in 2016 and continued tight monetary policy stance adopted to maintain stability. However, the capping of interest rate has partly resulted into decline in credit to the private sector as banks tighten lending requirements.
- To attain the upper middle-income category and sustain growth that creates employment opportunities, reduces poverty, and provides access to essential services by the poor, the economy needs to grow at an annual rate of 10 per cent. This requires accelerated growth in private investments to reach investment/GDP ratio of 30 per cent and over 9.0 per cent growth in exports. Allowing for exogenous shocks, including persistent drought, the prolonged uncertainty created by the General Elections held in August 2017 but has since been challenged, and volatility of global commodity prices, a more conservative economic growth of 6.1 per cent is projected for 2017.
- There is also need to remain vigilant on the possible loss of duty-free EU market; reduced trade with Britain following *Brexit*; and isolation from global markets with the emerging mega-regional trade agreements. Should these risks materialize, growth will stagnate and Vision 2030 targets will not be met.

Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)

- Kenyan Constitution of 2010 establishes the framework for a strong democratic society promising inclusion, transparency and accountability, equality and basic human rights for all. While many changes are needed to ensure a successful democratic process, three are enshrined in the Constitution and provide particular opportunities for effective intervention within the framework of this programme: improving access to justice, ensuring the credibility of the electoral process — and the integrity of the elected leaders — and reducing the many forms of discrimination against women that characterises Kenyan society today. The opportunity and capacity of citizens to participate and hold the elected and appointed leaders to account is also important.
- An *effective public sector* enabling improved life quality for all Kenyans is an important element of an effective democracy. The devolution of public sector service provision has the potential to rectify longstanding, unequal access to quality public services. Devolution of decision-making authority, complemented by financial resource allocation to elected county governments, can lead to greater transparency and accountability in the use of public funds and more effective service provision, at the same time contributing to more inclusive and participatory processes.

Public sector effectiveness at the local level, however, will be dependent on the county level capacity to deliver on expectations. This will necessitate having access to and effectively implementing suitable management tools and instruments. An engaged and active civil society able to hold the government to account is also fundamental to improved public sector effectiveness.

- *Peace, security and stability* concerns are reflected in the newly devolved mandate to the 47 counties. Counties have the responsibility to act and react locally on security matters through newly established organs such as the county policing authority and county security committees. New provisions have also been established for increased citizen engagements in security matters. Effectively implementing the new security mandates will require a clear understanding of the nature and cause of conflict and radicalisation and how best to address it, and strong coordination between the various levels of government involved in ensuring security and resolving conflict. Nurturing and supporting those who can best promote and disseminate the message of peace and stability will also be important.
- The combined effects of climate change, unsustainable exploitation of natural resources, and the brown production model, have already resulted in unprecedented changes to Kenya's ecosystem. Extreme weather conditions, such as droughts and floods, are increasingly affecting agricultural production and food security, and contribute to land degradation, desertification, and increased vulnerability. This is particularly evident in ASALs. These impacts are further exacerbated by human influence — unsustainable grazing patterns, over-extraction of water resources, and, in urban areas, water and air pollution and generation of solid waste.

Key documentation and sources used for the analysis:

1. Kenya – Vision 2030
2. The World Bank (April 5, 2017). International Development Association Project Appraisal Document for a Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa – Intergovernmental Authority: Social, Urban, Rural and Resilience Global Practice Africa Region. Report No. PAD 2163
3. Kenya Economic Report 2017- Sustaining Kenya's Economic Development by Deepening and Expanding Economic Integration in the Region
4. Pro-poor access to and Management of Water and Sanitation Services in Arid and Semi-Arid Counties of Kenya – Rapid Assessment Report developed for the Danish Embassy Nairobi, Prof. Edward Kairu, ETC Consulting, 2017

2. Inclusive sustainable growth, climate change and environment

Key conclusions and implications for the programme of the analysis of the below points:

Overall risks and challenges to inclusive sustainable growth and development from the impact of climate change and environmental degradation

Growth has been steadily increasing over the last decade, and Kenya has the potential to achieve even higher growth rates, needed to advance on job creation and poverty reduction; eradicating poverty by 2030 will require a doubling of current economic growth rates and reducing by half the inequality. Increased growth carries great risks since the current growth is highly natural resources dependent. Sustainability of high growth rates depends to a large extent on a rational, efficient use of natural resources and effective control of negative externalities such as water and air pollution, land degradation, and waste production. Continued unsustainable agricultural practices, over-exploitation of water resources and other natural resources, and climate change impacts means that Kenya runs a serious risk of undermining the longer-term prospects for

growth, employment, social development and the constitutional right for all Kenyan citizens to enjoy a clean and healthy environment, if this pattern is not reversed.

While Kenya has the required normative framework to ensure more sustainable growth, effective implementation of existing laws and regulations is difficult. Challenges are further exacerbated by the fact that a large part of the environmental management mandate has also been devolved to the counties where the capacity to effectively implement the framework is almost non-existent.

Opportunities for mainstreaming support to inclusive green growth and transformation to a low-carbon and climate resilient economies in the programme thematic areas and DEDs.

- To unlock the political economy of poverty and inequality in the ASALs, building the capacities of devolved public institutions to take decisions and actions is critical. It is therefore important to ensure that donor support to communities through the water, rangeland and livestock enterprise sectors informs and strengthens these institutions' capacities to envision, plan, enable and achieve inclusive green growth. It is therefore important to continue strengthening these essential institutions.
- At present, water supply and livestock production in the ASALs provide livelihoods and services to large sections of the population. In order not to jeopardize this livelihood and local economy, it is imperative to develop strategies that will enhance the resilience of the livestock production sector in the selected ASAL regions. This could be achieved by for example rangeland ecology management including enhanced pasture production, fodder preservation, water harvesting, storage and efficient use among others.
- Due to the low level of water service provision in Kenya, the poor often have to pay for water services that are inadequate, unsafe and unsustainable. Providing and managing cheaper and/or better water services creates jobs and local business opportunities for water resource engineers, plumbers, hardware providers, transporters, energy providers and others. Some of these opportunities are accessible to the poor, while practical training and trade associations could make others more accessible.
- Use of a range of technological solutions that could be further adapted to contribute to green growth objectives in the context of the ASALs. For example, using mobile technologies could enable communities, including those in remote areas, to take on a greater role in the oversight and quality control of water service provision and resource monitoring. Other examples include solar powered pumping technologies as an innovative green technology that can make water management less costly and more reliable for poor communities in remote arid areas, where access to diesel for water pumps is difficult.
- The existing Danish support provided to the Green Growth and Employment Programme addresses in a holistic manner mainstreaming of inclusive green growth by providing support to both public sector institutions, civil society and the private sector. The new Programme therefore will benefit from complimentary in the already on going support.

Key documentation and sources used for the analysis:

1. Inclusive green growth in Kenya Opportunities in the dryland water and rangeland sectors Study in support of the Danish Green Growth and Employment Programme in Kenya 2015–2020 by caroline King-Okumu, IIED, 2015
2. Pro-poor access to and Management of Water and Sanitation Services in Arid and Semi-Arid Counties of Kenya – Rapid Assessment Report developed for the Danish Embassy Nairobi, Prof. Edward Kairu, ETC Consulting, 2017

Annex 2 - Results Framework

The detailed results framework for support to the development engagement of the Water Services Trust Fund is to be elaborated further during the inception phase. The Results Matrix for support to the World Bank DRDIP will be updated upon confirmation of the additional support to Danida and prior to signing of the Bank's Financing Initiating Note and Administrative Agreement.

Thematic Programme		Water and Livelihoods in Refugee-Host and Other Vulnerable Communities of Kenya to be included in the Thematic Programme on Green Growth and Employment of the Kenya Country Programme.	
Thematic Programme Objective		Increasing access to water and livelihood opportunities in refugee-host and other vulnerable communities within the existing thematic programme objective of inclusive greener growth with higher employment.	
Impact Indicator (Indicator 4)		State of key environmental assets as highlighted in National State of Environment Impact (SoE) report and disaggregated by forestry and accessibility to water sources	
Baseline	Year	2010	Access to improved water source: 59 %
Target	Year	2020	Access to improved water source: 72 %
Engagement Title		Pro-poor Access to and Management of Water Services in the ASAL Areas of Kenya	
Outcome		Enhanced water resources management and investments in Turkana West and selected ASAL counties for improved and sustained access by communities and households to water and sanitation for their domestic and productive needs	
Outcome indicator		i) Number of people with sustained coverage for improved water and sanitation services in Turkana West Sub-county and target ASAL counties ii) Areas under improved water resources management in Turkana West Sub-county and target ASAL counties	
Baseline	Year	2017 ²	12% access to water (Turkana County) 15% access to sanitation (Turkana County) to be confirmed No catchment management plan for Tarach river
Target	Year	2020	To be defined in inception phase
Engagement Title		Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa	
Outcome		To improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas in the Recipient's territory.	
Outcome indicator		(a) beneficiaries with access to social and economic services and infrastructure (disaggregated by type of service and target group) (number) (b) Direct project beneficiaries (number), of which percent of females (percent) (c) Beneficiaries of economic development activities that report an increase in income (disaggregated by type of service, gender, and target group) (number) (d) Land area where sustainable environmental management practices have been adopted as a result of the project (hectare)	
Baseline	Year	2017	(a) 0 (b) 0 (c) 0 (d) 0

² WSTF Water Profiling Study August 2017

Target	Year	2022	<p>(a) 1,500,000 people</p> <p>(b) 1,041,436 people 50% females</p> <p>(c) 48,000 people</p> <p>(d) 11,190 Ha</p> <p>** Note- Targets based on World Bank funding only and will be revised by the Bank upon confirmation by Danida of its support.</p>

Annex 3 - Risk Management Matrix

Water and Livelihoods Programme in Refugee, Host and Other Vulnerable Communities of Kenya

CONTEXTUAL RISKS

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Political/Governance:				
Risk that regional conflicts continue, leading to continued increase in refugees from South Sudan, Democratic Republic of Congo, Burundi (notably to Kakuma).	High	High	Preparation for continued pressure on basic services in existing refugee camps (notably, Kalobeyei)	Peace negotiations in South Sudan are on and off. Combined with the recent drought in East Africa, there is substantial risk that the number of refugees from conflicts in neighbouring states will continue, leading to increased pressure on scarce resources in and around the existing refugee camps in Dadaab, Kakuma, and Kalobeyei.
Increase in Internally Displaced People in Somalia (and pressure on services there), leading to movement of refugees inside Kenya (larger cities).	High	Low		Continued instability and drought in Somalia may lead to continued presence of refugees in Kenya.

PROGRAMMATIC RISKS

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Counties do not prioritise water supply, sanitation and livelihoods support	Low	Medium	Counties in ASALs (e.g. Turkana) have clearly identified water and livelihoods development activities as a priority in annual budgets and County Integrated Development Plans. (CIDPs).	From the information available, Turkana County provides considerable priority to water, with about KES 10,810.4 million (or 9% of total) budgeted for water and irrigation services in 2017/18. Of this amount, more than 90% is allocated for Operation & Management and Development Expenditures. It is not clear, however, whether current policies and practices (such as the county government drilling boreholes itself, rather than tendering out to private sector operators) are having the required traction

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Delayed release of funds from the National Treasury, causing substantial delays in implementation which may be further exacerbated by the prolonged election process	Medium	High	Concerted efforts by all Development Partners (DPs) to unblock funds for investments/ development projects from Treasury (ongoing efforts). If this issue has not been solved fully in the coming months, alternative funding modalities must be developed. This could take the form of project funding directly to recipient institutions, such as WSTF.	Throughout the past year, funds for investments/ development projects have been substantially delayed, including DP funds channelled through Treasury (including World Bank funds). This applies to all development funds for all sectors – and thus, is not specific to WSTF. This has caused severe delays in implementation, also for projects implemented by WSTF. The root cause of this needs to be verified e.g. an administrative barrier introduced through IFMIS and action taken to rectify as soon as possible. If not corrected, it is highly unlikely that projects will be implemented on/close to plans.

INSTITUTIONAL RISKS RELATED TO WATER SERVICES TRUST FUND (WSTF) PROGRAMME ON PRO-POOR ACCESS AND MANAGMENT OF WATER SERVICIS IN ASAL AREAS OF KENYA

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
'New' business model for WSTF means larger investments and may be more prone to corruption	Low	Medium	WSTF has a strong institutional set-up/ risk management system	WSTF has a thorough process of screening and eventually approving project proposals (institution and Board). In addition, WSTF has separate functions of Integrity, Audit, and Risk Management
Inadequate staffing levels within WSTF to implement its programmes due to public service hiring freeze	Medium	Major	WSTF has proven extremely inventive in accessing the required skills from other institutions, e.g. as secondment or on consultant contracts	The Government of Kenya has a policy of a complete hiring freeze in the public sector due to high public wage bills in the wake of devolution. The freeze is not likely to be lifted in the foreseeable future
Funds Absorption Capacity - Low capacity of WSTF to utilize funds in a timely, efficient and effective manner	High	Major	New "business model" in WSTF, working with implementing partners that have an established track-record. WSTF is very supportive and the 'new' model would be supported in inception phase	In the rural and water resources programme, WSTF works with Community Based Organisations (CBOs), Water Resource User Associations (WRUAs) or water utilities as implementing partners. The capacity to generate substantially more and/ or larger projects, especially in ASALs, for WSTF to finance is very limited. The 'uptake' of Danish funds under Medium Term ASAL Programme (MTAP) II

				and Green Growth Programmes has been lower than expected. WSTF is keenly aware of the issue – and is seeking new ways that are within their legal mandate.
Limited capacity of County Resident Monitors (CRMs) to provide guidance on and oversight of WSTF rural investments, and liaisons with county governments.	Medium	Medium	CRMs need to be equipped with e.g. transport. Also, while the personnel policy appears sound, there is a need to review functions, as more/larger investments are planned.	Based on very limited evidence, it was noted that CRMs did not always have a close liaison with relevant county staff. Also, issues of limited transport were noted.

INSTITUTIONAL RISKS RELATED TO WORLD BANK'S DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT (DRDIP) IN KENYA

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Denmark's reputation could be harmed through grave mismanagement and/ or mis-procurement	Low	High	All larger procurements will be managed through WB PIUs, with staff hired specifically for these purposes. Also, quarterly financial reports and semi-annual supervision missions by the WB (with DK participation) will monitor financial management and procurement under the project	Given the level of corruption in Kenya, financial management and procurement risks are considered high – also by the WB in the DRDIP.
Multitude of agencies involved in the World Bank DRDIP complicates coordination	High	Medium	Close monitoring of implementation by local institutions (using existing village, ward, and county structures), supplemented by World Bank Technical Assistance.	Given the many agencies involved in/around the existing refugee camps, notably agencies specialised in humanitarian assistance, could pose a risk for thorough coordination with activities provided to mainly host communities through development assistance. The elaborate implementation structure from the World Bank and participation of UNHCR in the National PIU will serve to minimise this risk, by reducing inefficiencies and overlaps.
Slow start and longer than anticipated implementation period for the World Bank DRDIP	High	Medium	Allowing WB to set up basic project structures in advance of first Danish disbursement (expected in July/August 2018).	Given the need to establish county-level PIUs and to 'activate' existing structures (by allowing these structures to have decision over priorities), there is a substantial risk that implementation will be delayed.
Danish co-financing with a World Bank project could lead to slow implementation and even more pro-longed use of Danish funds	Medium	High	Efforts will be made to ensure that grants (Danish funds) are used before loans (World Bank funds). The World Bank has in principle agreed to this.	There have been several cases of (i) prioritisation of WB funds over those of co-financiers; and (ii) limited information on project progress by WB to co-financiers.

Annex 4: Partners Brief Description

Water Sector Trust Fund (WSTF)

Water Services Trust Fund (WSTF) is a Kenyan State Corporation established under the former Water Act 2002 with a mandate to assist in financing the provision of water services to areas of Kenya which are without adequate services. WSTF operates under the Ministry of Water and Irrigation Services. The key goal of the organization, according to the WSTF Strategic Plan is ‘assured water resources availability and accessibility of water and sanitation by all’.

A new Water Act 2016 is in place that has changed Water Services Trust Fund to Water Sector Trust Fund (WSTF) with an expanded mandate to include:

- ✓ To source funds from national budget, county government, equalisation fund, donation and grants;
- ✓ To provide conditional and unconditional grants to counties, in addition to the equalisation fund and to assist in financing the development and management of water services in marginalized areas or any area which is considered by the Board of Trustees to be underserved including:
 - Community level initiatives for sustainable management of water resources;
 - Development of water services in rural areas considered not to be commercially viable for provision of water services by licensees;
 - Development of water services in the underserved poor urban areas; and
 - Research activities in the area of water resource management and water services, sewerage and sanitation

WSTF is currently operating through four main financial and operational mechanisms supported by resources from the Government and other donors:

- a) Rural Investment (Rural Water Supply and Sanitation): This mechanism develops rural communities’ capacities to access funding, implement, and maintain water and sanitation facilities.
- b) Urban Investment (Urban Water Supply and Sanitation): The mechanism was developed to support improved access to water and sanitation in low-income urban areas. It is implemented through Water Services Providers.
- c) Water Resources Investment (Sub-Catchment Protection): This mechanism was developed to support communities to manage their water resources within their sub-catchments.
- d) Result Based Aid: This is a mechanism where Water Services Providers and Community Based Organizations obtain project loans from commercial banks for project activities. Once the project is successfully completed, WSTF then gives a percentage of the loan amount back to the implementer as a subsidy.

WSTF collaborates with sector institutions and the County Governments in projects identification, implementation, monitoring and evaluation, and sustainability aspects of the projects.

The World Bank

The World Bank Group is a unique global partnership with 189 member countries and with 130 offices around the world. It comprises five institutions (The International Bank for Reconstruction and Development (IBRD), The International Development Association (IDA), The International Finance Corporation (IFC), The Multilateral Investment Guarantee Agency (MIGA), and The International Centre for Settlement of Investment Disputes (ICSID)) working for sustainable solutions that reduce

poverty and build shared prosperity in developing countries. It is one of the world's largest sources of funding and knowledge for developing countries.

The Bank works through Governments and Private sector

Partnering with Governments

The International Bank for Reconstruction and Development (IBRD) and The International Development Association (IDA) part of the World Bank Group provides financing, policy advice, and technical assistance to governments of developing countries. IDA focuses on the world's poorest countries, while IBRD assists middle-income and creditworthy poorer countries.

Partnering with the Private Sector

The International Finance Corporation (IFC), The Multilateral Investment Guarantee Agency (MIGA), and The International Centre for Settlement of Investment Disputes (ICSID) focus on strengthening the private sector in developing countries. Through these institutions, the World Bank Group provides financing, technical assistance, political risk assurance and settlement of disputes to private enterprises, including financial institutions.

Three priorities guide the World Bank work with countries to end poverty and boost prosperity for the poorest people:

1. Helping create sustainable economic growth to alleviate poverty,
2. Investing in people, through access to health care, education, water and sanitation, and energy,
3. Building resilience to shocks and threats that can counter decades of progress.

Development Projects

Since 1947, the Bank has funded over 12,000 development projects, through traditional loans, interest-free credits, and grants.

- ✓ IBRD provides financial development and policy financing
- ✓ IDA provides aid via trust funds and grants
- ✓ IFC mobilizes private sector investment and provides advice
- ✓ MIGA provides political risk insurance (guarantees)
- ✓ ICSID settles investment disputes

Knowledge & Innovation

The Bank's access to Information policy, which catalyzed initiatives such as Open Data and the Open Knowledge Repository. As a result, the Bank has published over 200,000 documents to increase understanding of development policies and programs. These reports, working papers, and documents, along with the primary data on which they are based, are available online at no cost.

Products & Services

The Bank offers support to developing countries through policy advice, research and analysis, and technical assistance. The analytical work often underpins the Bank's financing and helps inform developing countries' own investments.

Annex 5 – Communication Plan

Communication Plan for the Green Growth and Employment Programme in Kenya Concept outline (*to be further developed*)

Background

Denmark and Kenya have a development cooperation agreement, the Kenya Country Programme (KCP), which covers the period 2016-2020. At present, the Monitoring and Evaluation aspect of the Programme is underway, as a part of this, the Danish Embassy has taken the initiative to strengthen outreach communications by enhancing the visibility of the KCP activities and results.

The quality of Danish development aid is among the best in the world. In September 2017, the US-based Center for Global Development ranked Denmark number one on its Commitment to Development Index. Denmark gets its high ranking primarily for the quality of its development aid and for its efficiency. Behind this headline lies numerous stories to be told and data to be unpacked to greater audiences.

In Kenya, the lengthy Danish engagement is known in several circles for its long-term involvement and high quality of the development aid. By planning for a strategic approach to enhance the visibility of activities and results during the initial stages of the KCP, the Embassy has the opportunity to build up a strong, well-known name in Kenya within the timeframe of the KCP.

Introduction

“The Strategy for Communication on Denmark’s Development Cooperation” stresses the importance of enhancing awareness and understanding of Denmark’s involvement in development aid for maintaining or increasing the understanding and support to development aid among the Danish public. As in Denmark, increasing knowledge and awareness among audiences in the recipient countries will in turn increase the recognition and support in these countries.

Through enhanced visibility activities, audiences in Kenya can gain more knowledge and increase awareness and understanding about Danish support in general and the Kenya Vision 2030.

A concept for one visibility activity will be formulated and implemented during the first quarter of 2018. Based on this experience, the activities will be scaled up and broadened and the communication strategy will be developed. The strategy will include audiences in Denmark.

The main purpose of this paper is to outline a visibility concept for a specific activity within the Green Growth and Employment Programme (GGEP) that will take place during the first quarter of 2018. In addition, the paper will outline a template for developing case stories, which can be used by the Ministry of Foreign Affairs (MFA) and will also serve to enhance visibility in Kenya. Finally, the paper provides recommendations for the steps ahead and issues to include in strategy.

- *First phase:* Communication strategy (1st Quarter 2018)
- *Second phase:* GGEP and case stories (2nd Quarter 2018)

Target groups

To enhance visibility of the GGEP, three target groups have been identified; journalists in Kenya, “professionals” in the field, and finally, MFA in Copenhagen for broader communication to actors in Denmark, including the Danish public.

a. Journalists

To strategically enhance local visibility as well within the Danish audience, it is imperative to reach journalists. They are influencers and opinion makers, and importantly, channels for reaching other

groups. This concept is built on a two-step flow approach by reaching out to journalists to reach other target groups.

The three main print newspapers in Kenya are read by the opinion makers, experts and people involved in government institutions in the field of Green Growth and Employment, including new engagements on improving livelihoods in refugee camps and host communities in ASAL areas of northern Kenya. Some of the national television channels also have high and relevant reach.

GGEP stories have been able to reach the media, but also reveal that journalists' knowledge and understanding of the topics could be strengthened considerably. To get better coverage, the journalists should be involved more and earlier in the process of major events, e.g. invited to meetings, called and sent background information in addition to the press releases and the invitations for events. Putting resources into regular contact and nurturing a small group of journalists will help establishing a network and benefit the overall coverage.

The Embassy will develop a network with journalists through the following steps:

- Identify a number of journalists based on proven interest and capacity to get coverage.
- Build up relationship by sharing information through workshops, field visits and breakfast meetings at the Embassy.
- Establish linkages between the anchor persons of each development engagement at the Embassy and in the communication sections of implementing partners.
- Tag main media on Facebook posts.
- Workshop include the following themes: Developing narratives for the Green Growth and Employment (and Health Governance) thematic Programmes, journalism on breaking down data to stories, presentations on two to three implementing partners, focusing on activities and results, facts, data journalism.

b. “Professionals”

“Professionals” refer to people working or who have a professional interest in development aid and business sectors, like renewable energy, agriculture, water, climate change and media. This is a broadly defined group of high importance, among whom it is imperative to create knowledge on the activities in the GGEP.

Hence, this target group includes:

- Opinion makers, media people (e.g., bloggers, editors) are also included in this group
- Experts within the above-mentioned fields
- Decision-makers in both the public and the private sectors related to Green Growth and Employment
- Employees and CEOs in the business sector and its organizations
- Employees and managers in development aid

This group is highly diverse, but at the same time it is assumed that the individuals share a professional interest to keep themselves up to date in their fields, and hence, are interested in news and seek information in the media. This group also has a high rate of social media use. The group is exposed to a lot of information and the competition for their attention is high. The journalists can act as a channel to reach this group by synthesizing information and ensuring it is communicated in a mode that can be easily appreciated and understood.

To reach them through Social Media, the Embassy will tag them and/or their organizations when posting relevant posts. This will also help to organically expand the group of followers on, for example, Facebook.

c. Ministry of Foreign Affairs for broader communication in Denmark

Both proactively and upon request from MFA, provide information that is suitable for journalistic purposes and ready for dissemination to a broader audience within a short time frame. For this purpose, the Embassy will establish a culture where the M&E framework of programmes produces data that can be both compiled into thematic overviews and translated into results stories. This will be combined with the preparation of case stories, including the establishment of a template for creating case stories based on the latest M&E reporting.

In addition, the Embassy will produce stories for MFAs information channels, e.g. websites, Facebook and Twitter accounts.

Approach and main activities

The objective: Increased visibility in Kenya and in Denmark of selected activities and results in the Thematic Programme Green Growth and Employment in Kenya Country Programme.

Approach:

- **Step-by-step.** The process of enhancing visibility is incremental and will start off with one activity to obtain an initial experience, and subsequently, adjust and broaden to other thematic programmes.
- Establish **format for linking** M&E reporting to results stories and case stories.
- **Establish network with media and capacity build journalists.**
- **Develop narrative** and messages that is unpacking the main concepts of the GGEP programme and move from the more abstract and academic language.
- **Interlinkage between the implementing partners and the Embassy** on communication e.g. hashtagging and disseminating press releases, information events, sharing information on network to media.
- Encourage implementing partners to involve **the CEOs in the preparation of communication strategies** and participation in media and public events.
- Produce **results stories in print and/or electronic media (5 min video clips)** which can be used pro-actively or based on request from MFA.

Annex 6 – List of Supplementary Documents

Development Engagement Documents

- WSTF Development Engagement Document (DED) – Water and Livelihoods Programme in Refugees, Host, and Other Vulnerable Communities of Kenya
- Cover Note for Danish Support to World Bank Project : Development Response to Displacement Impacts Projects (DRDIP)
- World Bank Project Appraisal Document : Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa (Report No. PAD2163) – April 5, 2017

Kenya Government Documents

- Vision 2030
- Medium Term Plan II
- Water Act 2016
- Kenya Economic Report, 2017 by KIPPRA

Danida Documents

- Kenya Country Policy Paper 2014 – 2018 <http://kenya.um.dk/en/danida-en/denmark-kenya-partnership-policy/>

Kenya Green Growth and Employment Programme

- Kenya Country Programme (including Thematic Programme on Green Growth & Employment Programme 2015-2020) <http://kenya.um.dk/en/danida-en/>
- Water Services Trust Fund Development Engagement Document (2016-2020)

External Documentation relevant for context data and analysis

- Report from Rapid Fact Finding Assessment to assist in the preparation of Danida programme “Pro-Poor Access to and Management of Water and Sanitation Services.
- World Bank Social Impact of Refugees on host Analysis Report for Kakuma, Turkana County, December 2016
- Socio-economic and Environmental Impacts of Dadaab Refugees Camps on Host Communities, 2010 by Danish Embassy, Norwegian Embassy and Government of Kenya
- Programme Formulation Team (PEMConsult) Report, 2017
- WSTF Strategic Plan 2014-2019
- WSTF Institutional Assessment Report, 2014
- WSTF Sustainable financing framework report, 2016
- WSTF Garissa and Wajir Water Resources Profiling report, 2017 by AHADI
- Kalobeyei Integrated Social and Economic Development Programme Plan

Quality Assurance note¹

File number/F2 reference: 2017-28097

Programme name: Water and Livelihoods Programme in Refugee, Host and Other Vulnerable Communities of Kenya

Programme/Project period: January 2018 to June 2021

Budget: DKK 100 Million

□ **The quality assurance process:**

This Quality Assurance note focus on assessing the Programme Document: Water and Livelihoods Programme in Refugee, Host and other Vulnerable Communities in Kenya. The assessment draws on 1. Participation in the formulation mission to Kenya during September 2017 and interviews with relevant stakeholders, 2. Experience from the on-going cooperation with WSTF, 3. The Project Appraisal Documents for the World Bank DRDIP programme and 4. The appraisal of the original Kenya Country Programme and the existing WSTF Development Engagement. The very tight time schedule for the formulation process has mainly allowed for assessment of relevance and viability of the proposed programme with focus on overall framework, design and partner choice; and on the activities to take place during the inception phase. More detailed design and in depths consultation with partners are expected to take place during the Inception Phase and a final QA will be undertaken during a planned Inception Review.

□ **The design of the programme has been assessed by someone independent.**

KFU staff undertook the appraisal of the original Country Programme including the contribution to the WSTF. During the present formulation, the KFU staff has performed the dual role of sparring with the Embassy on design of the new programme and at the same time provided an “external” view on the draft programme document. An external consultant to the Embassy supported the formulation. KFU staff has thus commented on, but not been involved in the drafting of the Programme. An independent appraisal has not be carried out, instead an in depth inception review will be performed.

□ **The programme complies with Danida policies and Aid Management Guidelines.**

The programme is in full accordance with Denmark’s strategy for Development Cooperation and Humanitarian Action, the World 2030. It addresses refugee’s flows and the integration of development interventions and humanitarian support. The integration of support to hosting communities and refugee’s camps is expected to support sustainable development in the longer term and to mitigate tension between host communities and refugees. The engagements offers the Danish Embassy the opportunity to interact with and

¹ This format may be used to document the quality assurance process of appropriations above DKK 10 million, where a full appraisal is not undertaken as endorsed by TQS (appropriation from DKK 10 up to 37 million), or the Programme Committee (appropriations above DKK 37).

benefits from experiences from the broader cooperation between UNHCR and the World Bank on integration of humanitarian and development approaches.

Due to the time constraints, it has not been possible to follow a normal project cycle in the preparation of the Programme and its Development Engagements. However, formats outlined in Aid Management Guidelines for multi- bilateral programmes are followed, and by the end of the inception phase, the new engagements will be fully integrated in the Kenya Country Programme.

□ **The programme addresses relevant challenges and provides adequate response.**

The Programme focus on the refugee's situation in Turkana and Garissa Counties with an option to extend to the eight other ASAL counties, which are part of the support to WSTF in the existing Kenya Country Programme. The support for WSTF is primarily focus on refugee and host community around the Kakuma and Kalobeyi refugee camps in Turkana West. This focus is highly relevant and justified, as the influx of refugees to the Turkana areas creates an urgent need for services and resources management. At the same time, the number of refugees in Dadaab is going down. The availability of water and degradation of natural resources are a major hindrance for realizing the new integrated approach intended for the Kalobeyi refugee camp. Further, the combination of droughts and human pressure on the water and natural resources, and a lower service level in host communities compared to the refugee's camps, contribute to tension between host communities and refugees. Finally, Turkana has been marginalized and suffering from neglect from the State in terms of investments resulting in little access to water (and other services) and high poverty rates. The relevance and justification of the engagements are well elaborated in the Programme Document. The two proposed development engagements provides in combination a sound integration of interventions for service delivery, water and natural resource management, livelihood issues in response to the challenges mentioned above. National institutions implement the Programme and the DRDIP is a cooperation between GOK, UNHCR and the WB and as such supporting sustainability and national ownership of efforts.

□ **Comments from the Danida Programme Committee have been addressed**

The Programme Committee, at its meeting September 14 2017 had the following comments to the concept note: 1. The proposed activities are in line with the Danish political priorities and the two proposed activities are relevant in addressing the nexus between humanitarian and development assistance, 2. Difficult to channel all 100 million DKK through WSTF due to limited capacity – consider allocating part of the funds for the World Banks “Development Response to Displacement Impacts project (DRDIP) in the Horn of Africa”, 3. Integrate the new engagements in the Country Programme, 4. Timeline appear optimistic given the complexity of activities. Consider as needed extension during implementation, 4. Due to time limitation for preparation, it is acceptable to present a draft or framework DED to the UPR. The combination of TQS involvement in formulation and the proposed six months inception phase followed by an inception review mid-2018 were considered acceptable QA.

The Programme Document is in accordance with the comments made by the PK. However, an Inception Review is not included in the documentation.

□ **The programme outcome is found to be sustainable and is in line with the national development policies and/or in line with relevant thematic strategies.**

The implementation of the Programme through national institutions and with systematic involvement of communities is an important step towards sustainability. The interventions, supporting improved water and natural resources management and livelihood, contributes in themselves towards sustainability. Still the institutional sustainability of the interventions should be analysed during the inception as e.g. Government contribution for staffing and operational cost appear to be an issue for longer term institutional sustainability. Institutional sustainability is in general a challenge with no easy solutions in ASAL areas like Turkana.

The Programme is based on the national Water Act and the agreement made under the November 2014 Turkana Round Table for the Kalobeyei camp.

□ **The results framework, indicators and monitoring framework of the programme provide an adequate basis for monitoring results and outcome.**

The support to WSTF will be fully developed during the inception phase. Concurrently a fully fledged results framework and improved monitoring system will be designed. The results framework and monitoring system will be developed within objectives and outcomes of the existing DED. The World Bank DRDIP has a fully developed results matrix, which will be updated as the Danish contribution is confirmed by UPR, but prior to signing of the Bank's Financing Initiation Note and Administrative Agreement.

□ **The programme is found sound budget-wise.**

Based on the rapid formulation process the overall budget appear appropriate and do meet relevant needs.

The support for the World Bank DRDIP constitute 10 % of the total projects cost and would as such easily be absorbed in this programme. The implementation set-up for the programme has the capacity to implement even further funding. The additional funding provided by Denmark (and others) can thus be allocated for concrete activities.

The support to WSTF is relevant as it provides a focussed support for water issues, which is the basis for any livelihood activity in the ASAL areas, and as such complement the DRDIP programme very well. However, capacity constraints has been a major issues for WSTF or more so for its implementing partners (CBO's). WSTF's record of accomplishment for implementation of on-going support is not impressive. However, some new initiatives are taken in cooperation with SIDA and FINNIDA and the current support will further support these efforts. It is expected that these new initiatives will increase the delivery capacity of WSTF and its partners to meet the obvious demands. It is however premature to assess the effect of these initiatives.

□ **The programme is found realistic in its time-schedule.**

A three-year programme framework is reasonable time for implementation of the two engagements if assessed in relation to needs. However, as noted by the Programme Committee, it could be too short in light of the complexity of the interventions and challenges in working in ASAL areas with dispersed population, major logistic issues and limited capacity in implementing institutions. It could be relevant as proposed by the Programme Committee to extent the implementation period and/or to reallocate funds between engagements within the GGEK programme. This can though only be assessed during implementation.

❑ **Other donors involved in the same programme have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.**

Brief consultations were held with SIDA and FINNIDA, who are the other main donors providing funding for Rural water resources management and WASH through the WSTF. They have recently tested a new delivery modality and are planning for some further capacity development of WSTF related to their programme. It was the intent that the on-going Danish support should adopt a hybrid of the new SIDA/FINNIDA implementation model. However, further dialogue would be required on the feasibility of a model with larger investments and new capable partner institutions during the Inception Phase to further increase effectiveness.

❑ **The Danida guidelines on contracts and tender procedures have been followed.**

The support for the WB project will be a co-financing arrangement still to be defined in details. The support for WSTF will be included in the current government-to-government agreement as an addendum to the current DED for WSTF. The TA for the inception and part of the implementation phase will be tendered out as one contract following EU tendering procedures for contract above 1 million DKK.

❑ **The executing partner(s) are found to have the capacity to properly manage and report on the funds for the programme and lines of management responsibility are clear.**

The World Bank has tested reporting structures and the Danish Embassy will receive annual progress, financial and technical report. Further, the Embassy will participate in bi-annual supervision mission and be member of the National Steering Committee. WSTF is in a process of improving its reporting system and it is part of the project to build capacity in WSTF in this regard. However, reporting and monitoring should be further discussed during the Inception Review. The World Bank and the WSTF are assessed to have trustworthy financial management systems.

❑ **Risks involved have been considered and risk management integrated in the programme document.**

The project documentation includes a risk assessment, which with few exemptions covers the most important risks.

The risks related to WSTF's absorption capacity is assessed as high with major impact. In order to mitigate the risk, it is planned to introduce new implementation modalities. By working with larger projects through NGO's and private sector, it is expected that execution

will be more effective. This appears to be a sound approach, but capacity of the implementing partner institutions is not yet fully analysed; and the new approach not yet fully agreed with WSTF and relevant Development Partners. Furthermore, WSTF, as other public institutions, face freeze on hiring new staff. Partly to compensate development partners are funding consultancies and county monitoring staff. This poses a risk with regard to institutional sustainability. It could be relevant to include these issues in the risk assessment.

To mitigate the risk a thorough and joint assessment of feasibility of new modalities and the needed development of capacity and functionalities for their implementation should be done as part of the inception phase.

Issues related to HRBA/Gender, Green Growth and Environment has not yet been assessed. This should be done as part of the revision/update of the WSTF DED.

Recommendations for inception phase.

In the further preparation and inception process, it is recommended to consider the following:

- To seek an agreement with the World Bank, which confirm that grant funds will be spent in advance of loans, and priority is given to investment in service delivery, livelihood and natural resources management.
- In addition to formulate an integrated Development Engagement for all support to WSTF including a revised result framework, the activities to be undertaken during the inception phase for WSTF is further detailed considering the following:
 1. That the inception phase focus on further analysis, design of modalities and agreement on a Plan of Implementation. A particular effort is needed to prepare a full results framework and reporting system for WSTF.
 2. To support WSTF in development of the new modalities for project implementation in dialogue with other relevant development partners and to be approved by relevant management level in WSTF
 3. To assess the required capacity and functionalities of WSTF and new partners for implementation of the new modalities. Propose the needed interventions to overcome capacity and functionality constraints. To the extent possible, this should be jointly with other development partners in particular SIDA and Finnida.
 4. That interaction between external consultants and WSTF staff is well described and inputs from WSTF is secured. Given the identified capacity constraint, the consultancy should include expertise on capacity and institutional issues.
 5. A KFU-led inception review should be include by the end of the inception phase.

October 17th 2017

Hans Hessel-Andersen, Chief consultant, KFU.