

Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience Programme (EWFCP)

Key results:

- Equitable access to water resources throughout the year and healthy ecosystems (including forest, rangelands, marine ecosystems) improve livelihoods and enhance the resilience to climate change
- Improved status of forest and other ecosystems through nature-based solutions
- Improved water governance and use of water resources
- Strengthened engagement and coordination of government actors in water resource management and conservation.
- Improved biodiversity status and reduced carbon emissions from forest protection

Justification for support:

- Aligned with several objectives of the Danish Strategy for Development Cooperation
- Contributes to achieving the objectives of Denmark's new global forest initiative
- Specifically, EWFCP addresses the following issues:
 - a) Communities are severely affected by droughts and water scarcity during the dry season, and by floods during the wet season
 - b) high pressure on water resources, which is exacerbated by climate change
 - c) frequent local conflicts between communities and upstream and downstream water users over scarce water resources
 - d) widespread ecosystem degradation, including forest degradation and deforestation, which disrupts hydrological flows, access to water, and water quality
 - e) insufficient governance, regulation, and protection of water resources and ecosystems

Major risks and challenges:

- Conflict between and within communities over water, forest resources, and grazing
- Severe drought and floods
- Weak implementation capacities of various water agencies
- Inter-agency competition: stakeholder unwillingness to engage in basin coordination, uncoordinated development of water resources

File No.	24-07687						
Country	Kenya						
Responsible Unit	Danish Embassy, Nairobi						
Sector	Environment and climate change						
Partner	Water Sector Trust Fund (WSTF)						
	<i>DKK million</i>						
	2024	2025	2026	2027	2028	2029	Total
Commitment	100						100
Projected disbursement		16.9	28.4	23.8	20.1	10.8	100
Duration	5 years (July 2025-June 2030)						
Previous grants	2010-2022 – 122mio, 2021-2026 - 70m						
Finance Act code	06.32.01.11						
Head of unit	Stephan Schönemann						
Desk officer	Nancy Njenga						
Reviewed by CFO	YES: Charlotte Rosen						

Relevant SDGs

 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals	

Objectives:

Equitable access to water resources throughout the year and healthy forest ecosystem improve livelihoods and enhance the resilience to climate change

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%	100%	50%	50%	100%
Total green budget (DKK)	100m	50m	50m	100m

Justification for choice of partner:

The Water Sector Trust Fund (WSTF) is a well-known and existing partner to Denmark, which has proven its ability to support local community-based institutions with water-related governance mandates and cooperate with government agencies and civil society through grant-making and technical assistance. WSTF has experience with supporting water resource management and climate change adaptation interventions in the Ewaso Ng'iro basin. WSTF has a leaner structure and a faster reaction time than other public water institutions in Kenya.

Summary:

EWFCP embraces a basin approach to pursue effective, efficient, equitable, and sustainable water resource management to enhance climate resilience in the Ewaso Ng'iro Basin, through a combination of nature-based solutions and institutional strengthening of local water governance actors. EWFCP will provide institutional support for community-based water governance institutions, infrastructure for water resource management, institutional support for management of ecosystems (incl. forest ecosystems), rehabilitation of degraded ecosystems (incl. forest ecosystems), livelihood support, technical inputs for policy and planning, and awareness raising and facilitation support for stakeholders coordination and basin management.

Budget (engagement as defined in FMI):

Engagement 1 – the development project (water, forest and basin stakeholders coordination)	DKK 79m
Engagement 2 – international technical advisers	DKK 15m
Engagement 3 – review, evaluation, audit	DKK 1m
Engagement 4 – un-allocated funds (for targeted technical assistance in particular on NbS)	DKK 5m
Total	DKK 100m

Ministry of Foreign Affairs of Denmark

**Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience
Programme (EWFCP), Kenya
July 2025 – June 2030**

Project Document

Version for the Programme Committee

29 May 2024

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List of acronyms

AfDB	African Development Bank
ASAL	Arid and Semi-Arid Land
CBD	United Nations Convention on Biological Diversity
CFA	Community Forest Association
COVID	Corona Virus Disease
CREATES	Climate Resilient Eastern African Transboundary Water Management
CSO	Civil Society Organisation
DAC	Development Assistance Committee
Danida	Danish International Development Cooperation Agency
DHI	Danish Hydraulic Institute
DK	Denmark
DKK	Danish Kroner
DTM	Displacement Tracking Matrix
ELQ	Evaluation, Learning, and Quality Department
EU	European Union
EWFCP	Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience Programme
FLLoCA	Financing Locally-Led Climate Action
GBV	Gender Based Violence
GDP	Gross Domestic Product
GGEP	Green Growth and Employment Programme
IFAD	International Fund for Agricultural Development
IOM	International Organization for Migration
IUCN	International Union for Conservation of Nature
KES	Kenyan Shillings
KFS	Kenya Forest Service
KfW	Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)
KWTA	Kenya Water Towers Agency
LGBTQ+	Lesbian, Gay, Bisexual, and Transgender
M&E	Monitoring and Evaluation
MECCF	Ministry of Environment, Climate Change and Forestry
MEAL	Monitoring, Evaluation, Accountability, and Learning
MFA	Ministry of Foreign Affairs of Denmark
MKEPP	Mount Kenya East Pilot Project
MoU	Memorandum of Understanding

MWSI	Ministry of Water, Sanitation and Irrigation
NbS	Nature-based Solutions
NDC	Nationally Determined Contribution
NDMA	National Drought Management Authority
NGO	Non-governmental Organisation
NRT	Northern Rangelands Trust
NRW	Non-revenue Water
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Co-operation and Development
PAP	Process Action Plan
PEM	People, Environment, Management
PSC	Programme Steering Committee
RDE	Royal Danish Embassy
RSC	Rural Steering Committee
SDG	Sustainable Development Goal
Sida	Swedish International Development Cooperation Agency
SME	Small- and Medium-sized Enterprise
SSC	Strategic Sector Cooperation
TEI	Team Europe Initiative
TNC	The Nature Conservancy
ToC	Theory of Change
UNCCD	United Nations Convention to Combat Desertification
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UPR	Council for Development Policy
USAID	United States Agency for International Development
UTNWF	Upper Tana Nairobi Water Fund
WASH	Water, Sanitation, and Health
WRA	Water Resources Authority
WRUA	Water Resource User Association
WSTF	Water Sector Trust Fund
WWF	World Wide Fund for Nature

1 Introduction

The present project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning the Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience Programme (EWFCP), as agreed between the parties: the Water Sector Trust Fund (WSTF) and the Embassy of Denmark in Nairobi. The project document is an annex to the legal bilateral agreement with the implementing partner and constitutes an integral part hereof. The project design described in the project document has been developed in close cooperation with WSTF.

2 Context, strategic considerations, rationale, and justification

2.1 Context

Environmental degradation and climate change impose major costs to Kenya's economy and society, with climate change threatening the livelihoods of millions of Kenyans and putting the country's development trajectory at risk. The Centre for Global Development ranks Kenya 13th out of 233 countries for "direct risks" arising from "extreme weather" and 71st for "overall vulnerability" to climate change. Kenya's adaptation efforts have led to improvement over recent years in Kenya's climate vulnerability index, although it remains quite low due to pre-existing social and economic vulnerabilities. Kenya's economy is predominantly based on natural resources, with agriculture, tourism, fishing, mining, forests, and water accounting for most of the gross domestic product (GDP) and over 70 percent of livelihoods and employment, heightening the threat that climate change and environmental degradation pose to the country in terms of risks to jobs and livelihoods. Climate change is further increasing the vulnerability – especially to natural resource sectors, arising from droughts, floods, sea-level rise, greater rainfall variability, higher temperature, and decreased freshwater availability.

The main climate change risk for Kenya are extreme events, in particular droughts and floods. Droughts are estimated to cost 8 pct. of GDP every five years, and floods 5.5 pct. of GDP every seven years. Over the past years, Kenya has experienced the worst drought in 40 years, with five consecutive failed rainy seasons. This drought struck 6.4 million people (OCHA 2023) with 4.5 million needing humanitarian food assistance and resulted in the death of 2.4 million livestock. According to IOM's Displacement Tracking Matrix (DTM), nearly 465,700 people have been internally displaced in five of the most affected counties of Kenya. In Kenya between 1 March and 16 May 2024, 291 people have been killed, 188 injured, and 75 missing, while an estimated 278,380 people (55,676 families) have been displaced and more than 412,760 (82,552 families) have been affected by heavy rains and floods, according to the National Disaster Operations Centre (NDOC). The frequency and intensity of droughts and floods are very likely to increase due to climate change. They also often lead to adverse knock-on effects, such as soil erosion, land degradation, and pest breakouts.

Overall, Kenya's updated Nationally Determined Contribution (NDC) (2020) estimates that in 2010-2020, adverse climate change-related events led to annual socio-economic losses of 3–5 percent of the total GDP. Climate change is in particular likely to impact the agriculture and water sectors, albeit with significant regional differences. Water scarcity, including increased glacial loss and reduced river flows from Mount Kenya, is likely to have a broad socio-economic effect, with adverse consequences for irrigation, hydropower, water supply, and sanitation. The counties in Kenya's arid and semi-arid lands (ASALs) are highly affected by climate change and home to the population that have the weakest resources and resilience to cope, as poverty rates in the ASALs are high compared to the rest of the country. The ASALs are strongly affected by desertification, much of which is attributed to climate change, contributing further to land degradation and reduction in land productivity, with major effects on communities.

Kenya's water resources are unevenly distributed and as the population increases, these resources are expected to come under increasing pressure. Increased pollution endangers water resources and climate change is expected to shift water availability patterns, altering water supplies, and intensifying floods and

droughts. The strained ecosystems yield lower quality water resources endangering public health, the cost of treatment increases, and siltation implies reduced service life of water supply infrastructures.

From 1990 to 2020, the forest area in Kenya was reduced from covering 3,858,540 ha (6.8% of the total land area) to 3,611,090 km² (6.3%) in 2020, whereas other wooded land declined from 34,850,250 ha (61.2%) to 32,271,450 ha (56.7%), losing 247,450 ha of forest and 2,578,800 ha of woodlands¹. Furthermore, large areas of forest and woodland are degraded. The main drivers of deforestation and forest degradation are clearing of land for agriculture, overgrazing, firewood collection, and charcoal production.

Most counties (61.4 percent) in Kenya are at risk from one form of land degradation or other, and very high degradation affects 27.2 percent of the land². There are numerous drivers that are leading to severe catchment degradation in Kenya, such as:

- Higher rainfall intensities due to climate change leading to flooding, erosion, and damage to infrastructure
- More frequent and intense (prolonged) droughts due to climate change with higher temperatures which has led to loss of vegetation and soil cover
- Worsening conditions in the rangelands push pastoralists to graze livestock in forests, thereby, degrading forests in upper catchments, resulting in less infiltration and higher runoff, and increasing conflicts between farmers and pastoralists over available resources
- Illegal logging and charcoal burning degrading forests
- Increasing population with higher demands for social and economic development
- Expansion of the population into ASALs has increased demand for irrigation water and led to depletion of rivers, and some perennial rivers have become ephemeral
- Expansion of farming into the ASALs and land fragmentation has restricted the movement of pastoralists and their livestock resulting in some areas being overgrazed and severely degraded
- Expansion of agriculture into wetlands destroying their natural ecosystem and hydrological functions
- Expansion of agricultural activities into the riparian areas resulting in river-bank erosion with degradation of downstream water quality and rapid siltation of dams downstream
- Invasive species reducing area available for grazing, increasing pressure on the remaining grazing areas

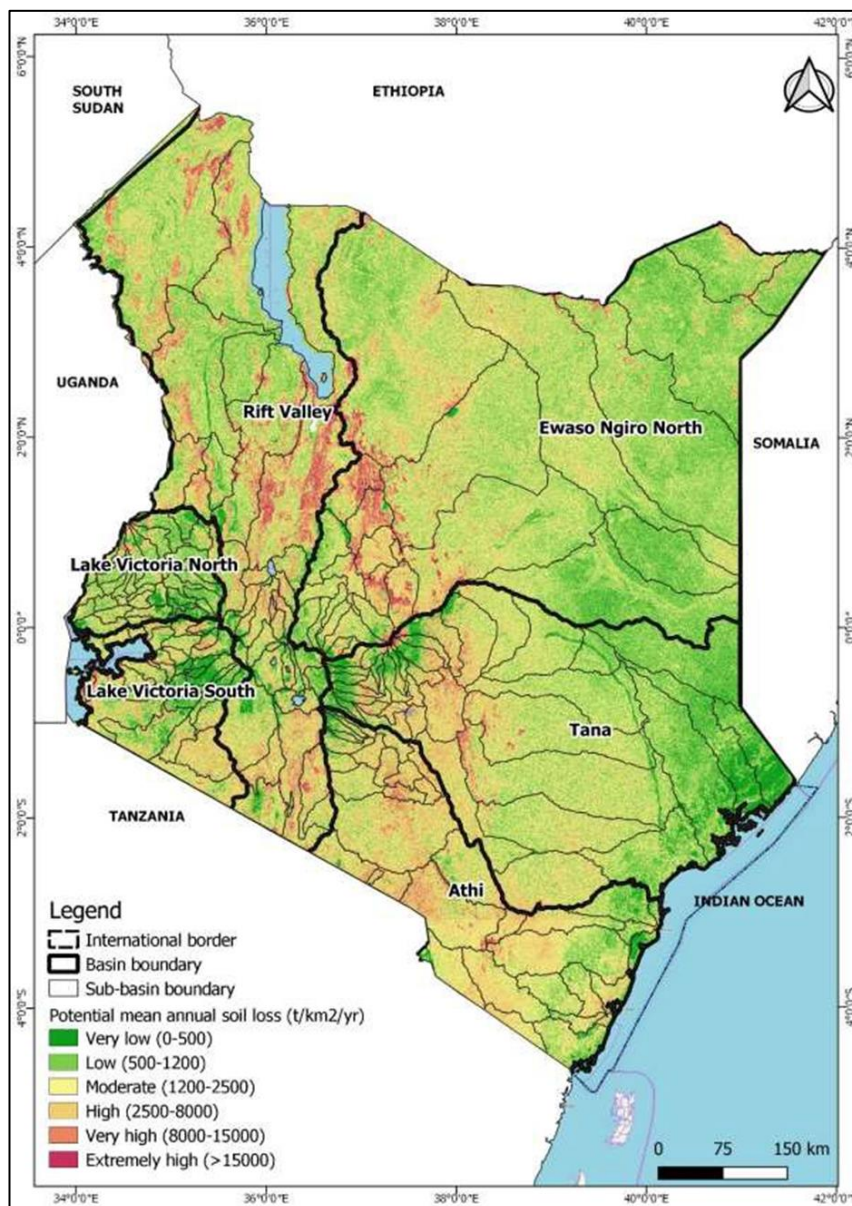
Kenya is divided into six hydrological basins (see figure 1). This programme will focus on the upper catchment and parts of the middle catchment (Isiolo, Laikipia, Meru, Nyandarua, Nyeri counties) of the Ewaso Ng'iro Basin, which covers the North-Eastern part of Kenya. The middle and lower catchment of the Ewaso Ng'iro Basin covers the majority of Kenya's ASALs. The upper catchment areas of Ewaso Ng'iro Basin do not have any significant water resource management or catchment restoration programmes. The basin also suffers from numerous water-use conflicts as well as conflict over grazing. The main water sources of the Ewaso Ng'iro Basin are Mt. Kenya and Aberdare Range, with additional water coming from smaller mountain ranges in the Basin. However, the large areas of forest in these upper catchment areas have been lost or are heavily degraded, with firewood collection and overgrazing being major causes. Many of the streams emerging from Mount Kenya and the Aberdare Range have been severely affected by abstraction for irrigation with the result that many of these streams and the Ewaso Ng'iro and Ewaso Narok rivers have become ephemeral. Lake Ol Bolosat has also seen water levels decline severely. Declining access to water and land degradation in the ASALs of the Ewaso Ng'iro Basin is forcing pastoralists to move their livestock to the upper catchments during the dry season,

¹ FAO: G Global Forest Resource Assessment, 2020

² Rural Focus Ltd: Identification of new Danish engagement regarding water resources management, reforestation and climate adaptation in Kenya. 14 March 2014

thereby further exacerbating the pressure on the forests. This calls for an intense effort to address the drivers of reduced ecological flows and enhance catchment conservation. Nonetheless, there are success stories, such as the Ngusishi and Ngare Nything water resource user associations (WRUAs), who have been able to establish effective water rationing systems to keep the rivers flowing even during drought.

Figure 1: River basins and soil erosion in Kenya



Source: Aurecon et al, 2020. Sectoral Integration Plan for Forestry, Landuse and Catchment Management

Legal framework: The 2010 Constitution establishes that access to reasonable standards of sanitation and safe water in adequate quantities is an economic and social right of every person, as is the right to a clean, healthy, and sustainable environment. The Constitution recognises the shared responsibility of the national and county governments with respect to water, and establishes that the national Government oversees water resources, while counties have the responsibility for water services provision. All water catchment areas, rivers, lakes, and other water bodies are held by the national Government in trust for the people of Kenya. The Government is obliged to ensure the exploitation, utilization, management,

and conservation of the environment and natural resources is sustainable, and sharing of the accruing benefits is equitable.

The Water Act 2016 establishes that water resources are regulated by the Water Resources Authority (WRA), whereas soil and water conservation is mandated to the counties. Basin Water Resource Committees shall be established to ensure stakeholder representation and provide advice to WRA and counties – however, these committees have not yet been established. Water resource user associations (WRUAs) are legally established community-level institutions for local water and catchment users to engage in the collaborative water and conflict management at the sub-catchment level. WSTF is established under the Water Act to finance the development and management of water services in marginalised and 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 resource management and water services, sewerage, and sanitation.

The National Water Resources Strategy (2020-2025) aims at addressing critical challenges including catchment degradation, unregulated use of water resources, water scarcity, and access to safe water, which have continued to affect the water sector. It also seeks to provide effective strategies for the management of transboundary resources, climate change, increasing demand, and inadequate technical capacity. Collaboration among various sectors and stakeholders including relevant national government ministries, water agencies, county governments, donors, non-state actors and the private sector is recognised as the key to successful implementation of strategy. An Intergovernmental Forum for Water, Environment, and Natural Resources is expected to drive the joint efforts. Implementation of the strategy is constrained by issues related to overlapping institutional mandates and lack of proper synergies negatively affecting the management of water and natural resource in Kenya.

The Forest Management and Coordination Act 2016 establishes the Kenya Forest Service (KFS) and provides for the establishment of community forest associations (CFAs) to participate in the management and conservation of the forests through the development of the participatory forest management plans. The Wildlife Management and Conservation Act, 2013 allows for the establishment of community conservancies with jurisdiction over areas specified as conservancies. The Community Land Act, 2016 specifies that unregistered land used by communities is held in trust by the counties. The Climate Change Act, 2016 specifies that county governments are obligated to mainstream the implementation of the National Climate Change Action Plan within the respective county-level integrated development plans and sectoral plans. The County Governments Act 2012 states that the objectives of county planning include ensuring productive use of scarce land, water and other resources for economic, social, ecological and other functions, and maintaining viable system of green spaces for functioning ecosystems.

This programme will align to these legal frameworks, with close cooperation with WRA in relation to water resources and catchments and KFS in relation to forest resources. In particular, EWFCP will be guided by the National Water Resources Strategy. It will contribute to the implementation of the strategy by facilitating enhanced coordination and cooperation among stakeholders, addressing institutional capacity bottlenecks, as well as through tangible investments in improved management of water resources and hydrologically important ecosystems.

2.2 Rationale and justification

The main focus of previous and ongoing Danish support to WSTF has been on the provision of WASH services and sub-catchment water resources management for communities in the ASALs in Northern and Coastal Kenya. Moreover, Denmark supports the Northern Rangelands Trust (NRT) vis-à-vis climate change adaptation, sustainable management of rangelands, and improved livelihoods for pastoral communities in community conservancies. EWFCP will contribute to sustaining the results achieved by these interventions, by contributing to ensuring that the water supply for the ASALs and conservancies

is maintained, despite the impacts of climate change as well as increased competition for water driven by economic development and population growth.

The Ewaso Ng'iro Basin covers the North-eastern part of Kenya. The Ewaso Ng'iro river starts upstream in two of Kenya's major water towers, Mt. Kenya and the Aberdare Range and flows North and East, being the main river flowing through the ASALs of Kenya. The ASALs are prone to severe drought and the communities are generally the poorest and most vulnerable to climate change in the country, and due to water scarcity, local conflicts over water and grazing are frequent. At the same time, floods are also a challenge in the basin, causing erosion and destruction of infrastructure and crops. Human pressure and activities are the main drivers, abstraction of water upstream (uncoordinated and often uncontrolled) reduces the water flow downstream, and in turn, pastoralists move their livestock upstream for grazing during the dry season. Due to the combined pressure of upstream communities and pastoralists, overgrazing and conflicts are major concerns, as is the collection of firewood and charcoal burning. Several forest areas in the upper catchment are severely degraded, which in turn disrupts the hydrological flows, increasing the risk of floods in the wet seasons as well as water scarcity during the dry season. Climate change is exacerbating the challenge, as the rains have become more erratic and the rainy seasons more unpredictable.

The Government of Kenya has put in place the legal provisions for the establishment of Basin Water Resource Committees to provide advice to WRA and counties, and as forums for stakeholder coordination at the basin level, however, these committees have not yet been established. Moreover, knowledge gaps and capacity constraints limit the ability of authorities and community-based entities to effectively engage in basin management and govern and protect water resources and ecosystems and regulate their use.

EWFCP will address these challenges by strengthening the legally recognised, local level community-based entities (WRUAs, CFAs, community conservancies), investing in water resource management infrastructure and restoration of forest and other ecosystems, and strengthening the decision-making and coordination of key government institutions at the national especially basin levels. Moreover, the ecosystem restoration activities of EWFCP will contribute to the Government's National Tree Planting Initiative launched by President Ruto, aiming to plant 15 billion trees to achieve a 30 percent forest cover in 2032.

Alignment to Danish priorities: Since the enactment of Kenya's Water Act 2002, the Embassy of Denmark has supported the water sector through cooperation with the Government of Kenya. The support has primarily been provided through WSTF, working closely with WRA and other partners.

EWFCP will contribute to two of the three strategic objectives of the "***Strategic Framework Denmark-Kenya Partnership***", namely:

- *Promote green, sustainable and inclusive economic growth and decent jobs with an emphasis on youth, as well as market opportunities for Danish companies and investors with relevant solutions.* Specifically, EWFCP will contribute towards the following indicators: "*productivity and growth inclusiveness*" by providing livelihood support and providing more equitable access to water for productive uses; and "*adaptation and resilience to climate change*" by improving the access to water in the dry season.
- *Promote resilience, peace and stability in Kenya by curbing violent extremism, preventing man-made and natural crises, and strengthening Kenya's pro-active role in regional peace and security and as a host-community for refugees.* Specifically, EWFCP will contribute towards the following indicators: "*environmental fragility*" by strengthening ecosystem conservation and restoring degraded ecosystems; and "*Access to basic water and sanitation services*" by improving water access during the dry season.

EWFCP will contribute towards the two main priorities in “*the World We Share – Denmark’s Strategy for Development Cooperation*”. In particular, the programme contributes to “*lead the fight to stop climate change and restore balance to the planet*”, “*invest heavily in climate change adaptation and strive to improve nature, the environment, and biodiversity*”, and “*strengthen resilience to climate change, with focus on poor and vulnerable countries and people*”. Furthermore, it also contributes to “*preventing and fighting poverty and inequality, conflict and displacement, irregular migration and fragility*”, by improving the access to water for household and productive uses, restoring the productivity of ecosystems, promoting sustainable livelihood options, and addressing the root causes of local conflict over water and ecosystem resources.

Poverty alleviation, leave no-one behind, gender, and human rights: Given that the poor, including the poorest of the poor and *women*, are disproportionately vulnerable to climate change, a contribution will be made to *poverty reduction, inclusive development, and leaving no-one behind*. Enhanced resilience may also reduce the pressure on vulnerable people to migrate.

Moreover, a contribution will be made to Denmark’s aspirations to “*raise the global climate ambitions*”, as expressed in “*A Green and Sustainable World – The Danish Government’s long-term strategy for global climate action*”. In particular, EWFCP will contribute to “*driving adaptation and resilience initiatives in the fight against climate change*” and “*increasing the ability to adapt to the adverse impacts of climate change affecting the poorest most severely and foster climate resilience*”.

EWFCP will also contribute to achieving the forest conservation and reforestation objectives of the new Danish *Global Forest Strategy*. The programme is included in *Danida’s key strategic development priorities for 2024*.

Rio Markers:

- Climate change adaptation is the *principal objective* of EWFCP. The programme will specifically enhance the climate resilience of communities in the Ewaso Ng’iro Basin by improving access to water throughout the year, including in the dry season as well as by reducing the risk of floods, through improved basin management, water resource management, catchment rehabilitation, and sustainable livelihoods as per the criteria for eligibility of the Rio Markers. Climate vulnerability is clearly included in the context and there is a direct link between the vulnerabilities of the project area and the specific project activities.
- Climate change mitigation as a *significant objective*, as the investments in ecosystem (including forest) conservation and rehabilitation will enhance the sequestration of carbon in the vegetation and, together with the provisions of fuel-efficient cookstoves reduce emissions from deforestation and ecosystem degradation.
- Biodiversity conservation is another *significant objective*, as water resources protection and rehabilitation; river basin protection through the conservation and rehabilitation of ecosystems will protect and improve habitats for animals and plants. A specific focus will be to promote nature-based solutions (NBS) to water resource and ecosystem management thereby seeking to archive direct biodiversity benefits. OECD/DAC has defined six quality criteria, which serve as the reference framework for evaluating international cooperation interventions. They are also a useful framework for the justification of the project, as reflected in table 2.

Table 2: Project justification by OECD DAC criteria

Criterion	Justification
Relevance	The programme in particular addresses SDG 13 (climate action) and SDG 6 (clean water, sanitation) by improving the management of water resources, so that there is better and more equitable access, including during periods of scarcity in the dry season, thereby increasing the

	resilience to climate change. Furthermore, a significant contribution is made to SDG 15 (Life on Land) by conserving and restoring catchment ecosystems, including upland forests. Hence, the project also contributes to climate change mitigation by reducing deforestation and increasing the tree cover. Thereby it also contributes to the delivery of the commitments under the three Rio Conventions (UNFCCC, CBD, and UNCCD), to which Denmark is a signatory. Furthermore, the programme also contributes to SDG 1 (no poverty) and SDG 2 (zero hunger) by improving water and ecosystem productivity and providing alternative livelihoods.
Internal and external coherence	By improving water governance, incl. improving the upper catchment, water efficiency, and the release of water for downstream uses, the programme contributes to securing the water source for water supply systems in the ASALs funded through earlier Danish funding to WSTF. Mechanisms will be put in place for ensuring synergy, coordination, and cooperation with the Danish-Kenyan strategic sector cooperation (SSC) in the water sector and the Climate Resilient Eastern African Transboundary Water Management (CREATES) Team Europe Initiative. The programme also contributes to achieving the objectives of the new Danish global forest strategy, even though being funded through a different budget.
Effectiveness	As evidenced by the identification study, as well as independent reviews and evaluations, WSTF has a good track record of delivering the intended results. EWFCP draw on this experience and applies a combination of capacity development and grants for local community-based water and natural resource governance institutions (WRUAs, CFAs, community conservancies) to enhance their ability to effectively govern water resources and ecosystems and regulate their use. Moreover, EWFCP will invest in assisting government entities and national, basin, and county level filling knowledge, capacity, and coordination gaps in their decision-making processes to enhance the effectiveness of water and basin governance and regulation.
Efficiency	EWFCP utilises the existing structures, mechanisms, and partnerships of WSTF. WSTF is a well-tested and proven grant-making institution, which has proven its ability to deliver support on the ground in a cost-effective and generally timely manner. Moreover, WSTF implements its interventions in close partnership with key stakeholders in the basin, i.e. WRUAs, CFAs, community conservancies, WRA, KFS, NRT, counties, and CSOs – including drawing on the supervision mandates and capacities of WRA, KFS, and NRT.
Impact	The combination of Nature based Solutions (NbS) investments in tangible water management infrastructure, forest ecosystem restoration, and livelihood options and support for improved governance and regulation will directly and indirectly lead to more efficient and equitable use of water and better dry season access, improved protection and status of ecosystems, improved livelihoods, and reduced conflict over water and ecosystem resources. Ultimately, the improved water access and livelihoods will enhance the resilience to the impacts of climate change.
Sustainability	The programme will be implemented through existing structures at the national, basin, and sub-catchment levels, and by strengthening these structures, the scope for long-term sustainability of the various results will be enhanced. Specific effort will be made to promote cost recovery of the WRUAs to make them financially self-reliant.

2.3 Strategic considerations

Strong potential for synergy with other initiatives supported by Denmark: Denmark is investing in number of initiatives related to water resource management, such as the Danish-Kenyan strategic sector cooperation (SSC) in the water sector, the Climate Resilient Eastern African Transboundary Water Management (CREATES) Team Europe Initiative implemented by IUCN and UNEP-DHI Centre on Water and Environment, and the development and piloting in Isiolo and Turkana counties of a decision-support system for water resource management and information sharing by UNEP-DHI Centre on Water and Environment. Moreover, Denmark co-finances the Government of Kenya-World Bank Financing Locally-Led Climate Action (FLLoCA) programme, which supports climate resilience actions and strengthening of county and national government capacities to manage climate risks. There is a

geographic overlap between EWFCP, SSC, and CREATES and therefore scope for coordinated efforts and for implementing joint activities. WWF, which is receiving support from Denmark to promote climate resilience in coastal Kenya through nature-based solutions, is also engaged in the Ewaso Ng'iro Basin with funding from other sources and may be mobilised to provide capacity development for WSTF and basin stakeholders, e.g. vis-à-vis nature-based solutions, and environmental and social safeguards. Stakeholders coordination mechanisms will be put in place to ensure that the various stakeholders coordinate their engagements, share experiences and information, and potentially also engage in joint implementation of specific activities. Possible synergies and coordination mechanisms between EWFCP, SSC, and CREATES are described in section 2.4. Moreover, the ecosystem conservation and restoration outcome and outputs will contribute to achieving the objectives of Denmark's new global forest strategy, although being funded through a different budget.

Scope for Danish influence: With EWFCP and the above-mentioned initiatives, Denmark is making a considerable investment in climate resilience, sustainable water resource management, and forest ecosystem restoration, which will be a significant lever for bringing in Danish perspectives in the dialogue between the Embassy of Denmark, the Government of Kenya, and other development partners. Several entry points will be available for such dialogue, including the water sector development partners' coordination group, WSTF's Rural Steering Committee (RSC), the SSC, and Team Europe coordination efforts led by the European Delegation. Moreover, there is potential for enhancing coordination of Danish and Kenyan positions and messages vis-à-vis climate negotiations in the UNFCCC context, drawing on the experience from EWFCP and other initiatives.

Participation, accountability, non-discrimination, and transparency: The programme will support community-based WRUAs, CFAs, and community conservancies, both through capacity development and sub-grants for investments in water resource management and ecosystem conservation and rehabilitation. The support will include support for strengthening the governance of these, thereby enhancing their accountability and transparency, and ensuring the inclusion of women and marginalised groups. By law, women and youth representation is ensured in these community-based institutions. Moreover, WSTF has procedures and mechanisms in place for ensuring inclusion and transparency, including social Quality Assurance Monitors based at the county level.

2.4 Links to other Danish engagements

The SSC in the water sector (2024-2035) will focus on groundwater mapping, assessment, and management. As such, it will focus on: a) regulation, mapping and monitoring of groundwater resources; b) assessment and mapping of groundwater pollution risks; c) use of nature-based solutions for pollution prevention and groundwater recharge; and d) improved financing of groundwater management through earmarked fees on water bills and private sector engagement. The tentative geographic focus of the SSC is a) the upper catchment of the Ewaso Ng'iro Basin, the Lake Turkana catchment in the Rift Valley, and an urban area (potentially Nairobi). As such, there is considerable scope for synergy, as the SSC will contribute with knowledge and information on groundwater resources, as well as capacity development the management of groundwater resources, in the upper catchment of the Ewaso Ng'iro Basin, which in particular could enhance the delivery of outcome 3 of EWFCP (strengthened engagement and coordination of government actors, see table 3), for example through joint implementation of specific activities and/or division of labour. The synergies could potentially be further enhanced, if SSC's ASAL component focuses on Laikipia or Isiolo county as an alternative to Lake Turkana; the Embassy of Denmark will discuss this possibility with the Danish Environmental Protection Agency. To facilitate coordination and synergy between EWFCP and the SSC, the Danish Water Sector Adviser will participate as a non-voting advisory member of the EWFCP Programme Steering Committee.

CREATES (2024-2028) will focus on strengthening the transboundary management of water resources to improve environmental sustainability and enhance climate resilience, covering four transboundary basins in East Africa (Kenya, Ethiopia, Somalia, Uganda). It will have four components: a) the creation of an enabling environment for transboundary water resource management, including governance and cooperation arrangements; b) sustainable and climate resilient infrastructure and nature-based solutions for water resource management; c) water resource management decision support tools; and d) collaboration and institutional capacity development for transboundary water resource management. CREATES will cover the larger transboundary Jubba-Shebelle Basin, of which the Ewaso Ng'iro Basin forms the Kenyan part, however, CREATES will mainly engage in the Somali part of the basin. Hence, there is in particular scope for synergy between EWFCP and CREATES vis-à-vis decisions support tools, where EWFCP could promote of the tools developed under CREATES in the Ewaso Ng'iro Basin, thereby EWFCP would benefit from the technical expertise of UNEP-DHI and IUCN and the investment in tools development by CREATES. At the same time, CREATES would benefit from a wider roll-out in the Jubba-Shebelle Basin, and EWFCP can contribute with lessons on-the-ground investments at the local level, as well the facilitation of improved multi-stakeholder coordination at the basin level. Moreover, EWFCP could complement and enrich CREATES with evidence and lessons from the Kenyan part of the Jubba-Shebelle Basin. Under CREATES, a coordination office will be established in Nairobi; this could potentially serve as a platform for sharing, coordination, and pursuing joint activities, in particular vis-à-vis outcome 3.

The Embassy of Denmark brings together recipients of Danish grants and key implementing partners within the water sector 1-2 times annually for experience sharing, coordination, and to explore potential synergies. Moreover, the Embassy is an active member of the water sector development partners' coordination group, which provides a forum for experience-sharing and broader coordination with the engagements of other development partners in the water sector in general, as well as in the Ewaso Ng'iro Basin.

2.5 Lessons learned from previous support

As mentioned, Danish support to WSTF has primarily focused on water supply infrastructure with less focus on water resources management at the sub-catchment level. However, with scarcity of water during the dry season, insufficient control of upstream water abstraction, increasing demands from a growing population and expanding economy, and increased occurrence of droughts and floods caused by climate change, the future viability of the water supply systems installed by WSTF in the ASALs is at risk. Hence, it is imperative to improve water resource management, so that the ecological flows are ensured, and access to water is provided in an equitable manner, serving the needs of both upstream and downstream users. Moreover, improved water supply in the ASALs can lead to negative impacts such as land degradation and conflict, as people and livestock concentrate in the vicinity of water access points, causing overgrazing. Hence, an increased ecological flow of water from upstream areas to the ASALs can help reducing the concentration of people and livestock in a few locations. Moreover, increased flow of water will reduce the need for pastoralists to move upstream during the dry season, hence reducing ecosystem degradation and conflict over grazing in the upper catchment. These realisations, informed by the identification study, have led the Embassy and WSTF to develop EWFCP.

At the operational level, experience has shown that the governance, project implementation, and financial management capacities of WRUAs, CFAs, and community conservancies is often low, thus increasing the risk of inefficient use or misappropriation of sub-grant funds, despite the oversight and support provided by WSTF, WRA, KFS, and NRT. WSTF has in response established a system of Quality Assurance Monitors based at county level, a system that has proven to function well. Currently, the

Quality Assurance Monitors include engineers, social experts, and financial experts, employed on a contractual basis (remunerated on the basis of time spent). Building on this experience, EWFCP will fund two additional Quality Assurance Monitors with expertise in water resource management, natural resource management as well as social issues, to ensure that sub-grants for water resource management, ecosystem conservation and restoration, and nature-based solutions are well-managed and used in a cost-effective manner.

WSTF is a proven effective institution, not only for the delivery of water supply infrastructure sub-grants, but also for natural resources management and livelihoods sub-grants, as well as for providing institutional capacity development for both government entities at the national and county level and WRUAs, CFAs, and community conservancies. EWFCP will benefit from WSTF's well-established structures and systems. Moreover, while WSTF has made substantial progress on financial oversight, monitoring, and reporting, the programme will provide international financial management, monitoring, evaluation, and learning expertise to further enhance WSTF's capacity in these areas.

2.6 Project identification and formulation process

For the development of EWFCP, the Embassy of Denmark in Nairobi commissioned an identification study in early 2024, during which an expansive stakeholder consultation process was carried out. Based on the findings and recommendations of the identification study, which found that WSTF was an appropriate and capable lead partner for the programme, the Embassy of Denmark and WSTF agreed on the main components and geographical focus of EWFCP. In the second quarter of 2024, a consultant was engaged to assist the Embassy of Denmark and WSTF in the detailed formulation of the programme, which included follow-up consultations with key stakeholders including a field visit to Laikipia County, meetings in Nairobi, and remote consultations.

2.7 Choice of implementing partner and aid modalities

WSTF is a well-known partner to the Embassy of Denmark in Nairobi from other engagements, most recently the Green Growth and Employment Programme (GGEP, July 2016 – December 2022) and the ongoing Sustainable Management and Access to water and Sanitation in the ASALs (July 2021 – June 2026). The experience from these engagements is that WSTF is able to implement interventions in rural Kenya and achieve the intended results (see Annex 2).

WSTF's experience and track-record demonstrates its relevance as implementing partner for EWFCP and ability to implement the programme and deliver the intended results. WSTF is a key actor in Kenya vis-à-vis investment in the water sector. It has considerable experience and a well-established and tested structure for providing grants and technical support to a range of local actors, including WRUAs, CFAs, community conservancies, counties, and civil society organisations (CSOs). WSTF is a proven institution for effective delivery of water sector investments on the ground. It is within the mandate of WSTF to finance both water resource management and WASH. WSTF in its capacity as a financing institution without a governance or regulation mandate, it is a neutral entity with established well-functioning partnerships with a range of key actors, including WRA, KFS, NRT, and counties, with cooperation formalised through memoranda of understanding (MoUs). However, WSTF is mainly depending on funding from international donors and its current portfolio is dominated by funding for water supply systems with far less resources secured for investment in water resource management. EWFCP will thus help filling a critical financial gap for WSTF vis-à-vis delivering its mandate. Moreover, EWFCP will provide targeted technical assistance to WSTF in areas, where there is a need for further institutional strengthening, i.e.: basin management, nature-based solutions, climate change adaptation, water finance,

water and natural resource conflict management, and monitoring, evaluation, accountability, and learning (MEAL).

The Danish grant will be provided as on-budget support earmarked for WSTF specifically for the implementation of EWFCP. WSTF will provide sub-grants to WRUAs, CFAs, and community conservancies. Moreover, WSTF will directly procure capacity development support, targeted technical advisory services, targeted policy inputs, research and studies, equipment for basin management and decisions-making support, and support for basin coordination meetings for the benefit of WRA, KFS, and counties. The flow of funds is described in section 8.1.

3 Project objective

The development objective of EWFCP is to ensure that *equitable access to water resources throughout the year and healthy forest ecosystems improve livelihoods and enhance the resilience to climate change* in the Ewaso Ng'iro Basin. This is pursued by promoting a basin approach and nature-based solutions (NbS) to water resource and ecosystem management, strengthening local community-based structures, and supporting government institutions in policy, planning, and coordination.

4 Theory of change and key assumptions

The diagram in annex 3 depicts the Theory of Change (ToC) for EWFCP, which can be summarised as follows:

- *If* WRUAs are able to recover operational costs from water users and effectively regulate and oversee activities in the sub-catchments (output 1.1)
- *and if* water resources are managed effectively by WRUAs and community members (output 1.2)
- *then* sub-catchment governance and use of water resources is improved (outcome 1)
- *and if* the pressure on forests, upper catchments, riparian zones, wetlands, and rangelands is reduced (output 2.1)
- *and if* degraded forests, upper catchments, riparian zones, wetlands, and rangelands are restored (output 2.2)
- *then* the status of ecosystems in forests, upper catchments, riparian zones, and rangelands is improved (outcome 2)
- *and if* policy, planning and decision-making frameworks and processes for water resource management and catchment conservation are improved (output 3.1)
- *and if* coordination in Ewaso Ng'iro North Basin is facilitated (output 3.2)
- *then* the engagement and coordination of government actors in water resource management and conservation is strengthened (outcome 3)
- *and then* equitable access to water resources throughout the year and healthy ecosystems will improve livelihoods and enhance the resilience to climate change (impact)
- *and moreover*, the biodiversity status will be improved and carbon emissions from vegetation loss and soil degradation will be reduced (co-benefits)

Assumptions: Three key assumptions that need to hold true for the intended change to happen are:

- Sufficient commitment at national, basin, and county level to engage in basin-level coordination of water resource management and management of catchments
- Communities' and water users' willingness to pay for the actual costs of water
- Willingness among WRUAs, CFAs, and community conservancies and their constituencies to regulate behaviour and share water and other natural resources

Risks: The main risks are presented in Section 9. Annex 7 provides a detailed risk matrix.

5 Summary of the results framework

Overall, EWFCP is expected to deliver three outcomes. The objective, outcomes and related indicators are presented in table 3 below. A detailed results framework with outputs, draft indicators, and examples of possible activities are presented in Annex 3.

Outcome 1 *“improved sub-catchment governance and use of water resources”* will be delivered through a) strengthening the oversight and regulatory functions performed by WRUAs, incl. ensuring they are able to recover the costs of performing these functions; and b) ensuring effective management of water resources at the sub-catchment level. This will be achieved through a combination of institutional capacity development for the WRUAs and investments in water resource management infrastructure including nature-based solutions (e.g. water harvesting and storage, spring protection, common intakes, and water recharge). WSTF will provide sub-grants to WRUAs, and capacity development will be provided by WSTF, WRA, and counties, and WRUAs may also partner with NGOs for capacity development.

Outcome 2 *“improved status of ecosystems in forests, upper catchments, riparian zones, and rangelands”* will focus on promoting nature-based solutions and be achieved through a) reducing the pressure on ecosystems; and b) rehabilitation of degraded ecosystems (e.g. improved grazing management, planting of indigenous species) – with a focus on forests, upper catchments, riparian zones, wetlands, and rangelands. This will be achieved through support for WRUAs, CFAs, and community conservancies for improving the management of ecosystems (e.g. management plans, fencing, addressing human-wildlife conflict, sustainable livelihoods) and through e.g. tree planting, erosion and flood control. WSTF will provide sub-grants to WRUAs, CFAs, and community conservancies, and capacity development will be provided by WSTF, WRA, KFS, NRT, and counties, and sub-grant recipients may also partner with NGOs for capacity development.

Outcome 3 *“strengthened engagement and coordination of government actors in water resource management and conservation”* will be delivered through a) improved government decision-making frameworks and processes at national, basin, and county levels; and b) facilitation of inter-agency and multi-stakeholder coordination at the basin level. This will be achieved through a combination of institutional capacity development, research and studies, and decision-making support tools/equipment targeting WRA, KFS, and counties at national and basin level. Additionally, awareness raising and stakeholder dialogue, and facilitation support for existing and new mechanisms for basin coordination, with a particular emphasis on creating the foundation for establishing a functional Basin Water Resource Committee for Ewaso Ng’iro.

A baseline study will be carried out, and the indicators and targets will be updated and adjusted as necessary during the inception phase. The targets will be reviewed annually and may be adjusted during the course of the project (subject to approval by the Programme Steering Committee), to reflect the contents of the sub-grants provided by the project to WRUAs, CFAs and community conservancies under outcomes 1 and 2 as well as policy and institutional development, e.g. vis-à-vis the functionality of the Basin Water Resource Committees. The inception phase will commence at programme start in July 2025 and end in November 2025. In addition to the baseline survey and the review of indicators and targets, the following will take place during the inception phase: finalisation of the communication plan, recruitment of programme staff and international technical advisers, procurement of vehicles and equipment, and launch of the first call for proposals.

For results-based management, learning and reporting purposes Denmark will base the actual support on progress attained in the implementation of the programme as described in this project document. Progress will be measured through WSTF’s monitoring framework.

Table 3: Results framework for EWFCP

Project		Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience Programme (EWFCP)	
Project Objective		Equitable access to water resources throughout the year and healthy forest ecosystems improve livelihoods and enhance the resilience to climate change	
Impact Indicator		Proportion of the population in the Ewaso Ng'iro basin with adequate access to water to cover domestic, livestock, agricultural, and ecological needs throughout the year	
Outcome 1		Improved sub-catchment governance and use of water resources	
Outcome indicator 1a		Proportion of sub-catchments with at least 30% of the water from surface water resources being reserved for maintaining environmental integrity (ecological flow)	
Baseline	Year	2024	To be established during inception phase
Target	Year	2029	30%
Outcome indicator 1b		Increase in compliance with sub-catchment regulations and legal provisions	
Baseline	Year	2024	To be established during inception phase
Target	Year	2029	70%
Outcome 2		Improved status of ecosystems in forests, upper catchments, riparian zones, and rangelands	
Outcome indicator 2a		Area with increased perennial vegetation cover of indigenous species (incl. trees)	
Baseline	Year	2024	0 ha
Target	Year	2029	27,000 ha
Outcome 3		Strengthened engagement and coordination of government actors in water resource management and conservation	
Outcome indicator 3a		Number of evidence-based basin-level multi-stakeholder decisions/agreements for Ewaso Ng'iro Basin	
Baseline	Year	2024	To be established during inception phase
Target	Year	2029	To be established during inception phase

6 Inputs/budget

Denmark is the sole donor to EWFCP, providing a cash contribution of Danish Kroner (DKK) 100 million. WSTF will provide an in-kind contribution in the form of staff time, office space, access to office equipment, and access to vehicles. Furthermore, in-kind contributions will be provided by sub-grantee WRUAs, CFAs, and community conservancies as per WSTF standard procedures. A budget overview is provided in Table 4, and a detailed budget is provided in Annex 5. The budget follows the Government of Kenya's financial year (July-June).

WSTF will keep a multi-year budget for the period of the programme, in accordance with Danida's General Guidelines for Financial management, annex 2.B. Annual output-based budgets will link up to the multi-year budget to ensure oversight of planned spending on the priorities of the overall objective of the programme.

The budget will be kept in Kenyan Shillings (KES). The Danish grant is in DKK and disbursements cannot be made in excess of the grant in DKK. Exchange rate gains can be used for additional activities within the scope of the agreed outputs of the programme, subject to prior approval by the Embassy of Denmark.

The Danish grant must be spent solely on activities leading to the expected outputs and outcomes as agreed between the parties.

Reallocations between output budget lines exceeding ten percent are subject to prior approval by the Embassy of Denmark. Requests for budget reallocations must be supported by a revised work plan and budget, the latest Fund Accountability Statement, and a written justification for the reallocations. No

reallocations can be made from the output budget lines to other types of budget lines without prior approval from the Embassy of Denmark.

Spending in excess of the allocated budget cannot be covered by the Danish grant – even if such excess spending is caused by an increase in costs – unless provisions for this have been agreed upon in advance with the Embassy of Denmark.

WSTF is responsible for ensuring that the funds are spent in compliance with the agreement and with due consideration to economy, efficiency, and effectiveness in achieving the results intended.

Table 4: Danish contribution budget (DKK)

Item	2025	2026	2027	2028	2029	Total
Outcome 1: Sub-catchment governance, water resource use	4,024,800	9,110,400	6,708,000	5,366,400	1,622,400	26,832,000
Outcome 2: Improved status of forest ecosystems	3,556,800	7,706,400	5,928,000	4,742,400	1,778,400	23,712,000
Outcome 3: Engagement + coordination of gov. actors	1,310,400	2,620,800	2,184,000	1,747,200	873,600	8,736,000
Baseline survey and monitoring	936,000	624,000	624,000	624,000	312,000	3,120,000
Programme staff	660,000	1,260,000	1,110,000	960,000	810,000	4,800,000
WSTF staff capacity dev.	500,000	500,000	500,000	500,000	-	2,000,000
ICT equipment for prog. staff	50,000	-	-	-	-	50,000
2 vehicles incl. operational costs	1,760,000	260,000	260,000	260,000	260,000	2,800,000
Communication, visibility	300,000	300,000	300,000	300,000	300,000	1,500,000
Audits	150,000	375,000	375,000	375,000	225,000	1,500,000
WSTF management fee (5%)	697,263	1,197,716	946,789	782,895	325,337	3,950,000
Total grant disbursed to WSTF	13,945,263	23,954,316	18,935,789	15,657,895	6,506,737	79,000,000
Int. Technical Advisers	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
Review, evaluation	-	-	500,000	-	500,000	1,000,000
Unallocated adaptive reserve	500,000	1,250,000	1,250,000	1,250,000	750,000	5,000,000
Total managed by Embassy	3,500,000	4,250,000	4,750,000	4,250,000	4,250,000	21,000,000
Total	17,445,263	28,204,316	23,685,789	19,907,895	10,756,737	100,000,000

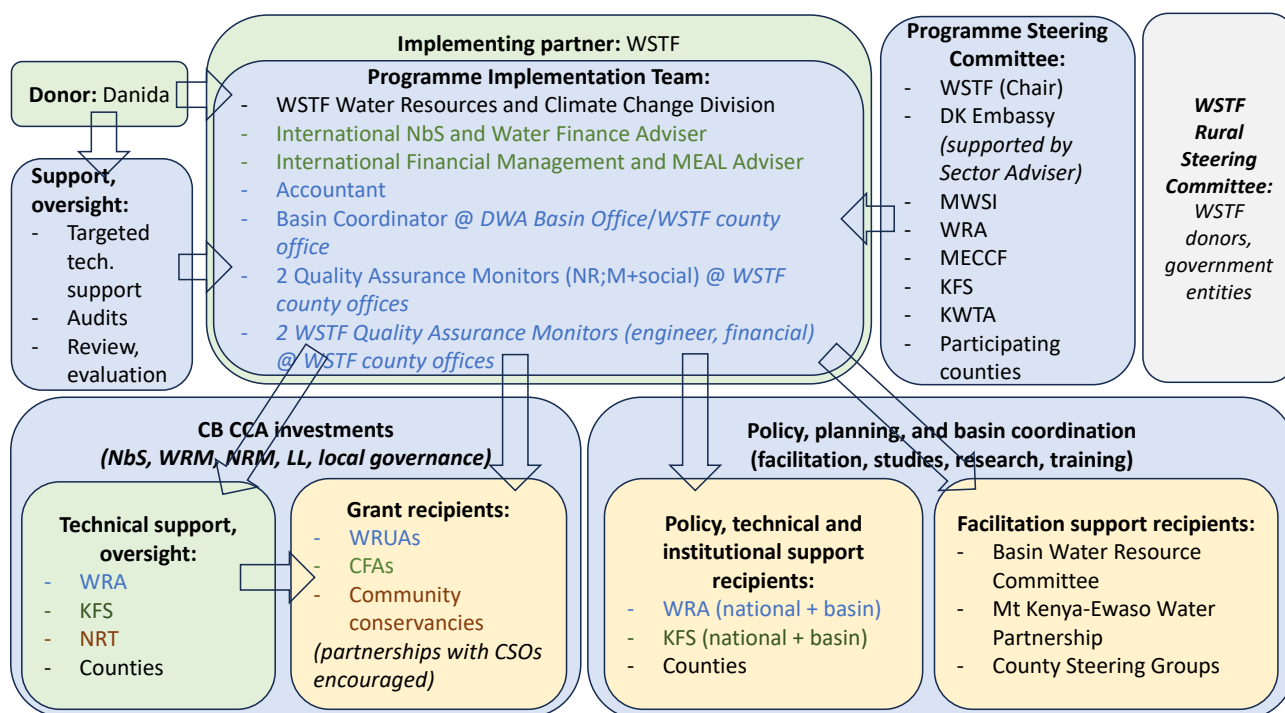
7 Institutional and management arrangements

7.1 Programme management

WSTF and the Embassy of Denmark in Nairobi have agreed to the following management arrangements with the aim to ensure adequate dialogue and timely decisions with regard to this programme.

The programme will be embedded in WSTF's structures. The management structure is depicted in figure 2.

Figure 2: EWFCP management structure



The **Programme Steering Committee (PSC)** will be responsible for providing strategic guidance, including providing no objection to the grant proposals selected for funding by WSTF, and for reviewing progress reports, financial statements, workplans, and budgets for approval by the Embassy. It will meet at least annually to monitor implementation progress and challenges and risks to the programme, address major implementation issues, and provide strategic direction. The steering Committee will be chaired by the Chief Executive Officer of WSTF, and comprise representatives from the following: the Embassy of Denmark in Nairobi, Ministry of Water, Sanitation and Irrigation (MWSI), Water Resources Authority (WRA), the Ministry of Environment, Climate Change and Forestry (MECCF), Kenya Forest Services (KFS), Kenya Water Towers Agency (KWTA), and each of the five participating counties (Isiolo, Laikipia, Meru, Nyandarua, Nyeri). Moreover, the Danish Water Sector Adviser will participate as a non-voting advisory member. The Water Resources and Climate Change Division of WSTF will act as secretary for the Steering Committee.

The Embassy of Denmark and WSTF will also hold bilateral meetings at least every six months to follow-up on EWFCP progress and issues encountered.

Moreover, the Embassy of Denmark will be a member of **WSTF's Rural Steering Committee**, which meets on a quarterly basis. The Rural Steering Committee is a forum for oversight and strategic guidance for WSTF's overall rural portfolio and coordination of the development partners.

The **Programme Implementation Team** will be responsible for programme management, coordination, and implementation. It will comprise staff at WSTF headquarters in Nairobi and in the Ewaso Ng'iro Basin, as follows:

- WSTF Headquarters:
 - The staff of WSTF's Water Resources and Climate Change Division. The Division Manager will have the overall programme management responsibility. She will be supported by six officers for water resources and climate change (Principal Programme Officers, Senior Programme Officers, and Programme Officers).

- Two International Advisers (recruited by the Danish Embassy) will support WSTF with technical advisory and capacity building, covering: a) nature-based solutions and water finance; and b) financial management and monitoring, evaluation, accountability, and learning (MEAL).
- An accountant for the programme (financed by the Danish grant, selected/recruited by the Embassy of Denmark in cooperation with WSTF, and employed by WSTF in accordance with the Government of Kenya's/WSTF's salary scale).
- Ewaso Ng'iro Basin:
 - Basin Coordinator (financed by the Danish grant, selected/recruited by the Embassy of Denmark, and employed by WSTF on a contract/delivery basis), who will be based in the Ewaso Ng'iro Basin and facilitate stakeholder engagement and coordination as well as participate in oversight of the implementation of programme activities in the basin. The Basin Coordinator is envisaged to be housed at WRA's Catchment Office in Nanyuki or at one of the participating counties.
 - Two Natural Resource Management and Social Quality Assurance Monitors (financed by the Danish grant, selected/recruited by the Embassy of Denmark, and employed by WSTF on a contract/delivery basis), who will be based in WSTF county offices in the basin and oversee and report on the implementation progress of the sub-grants provided to WRUAs, CFAs, and community conservancies.
 - Two of WSTF's current engineering and financial Quality Assurance Monitors in WSTF county offices in the Ewaso Ng'iro Basin (co-financed by the Danish grant on a contract/delivery basis).

Moreover, the Programme Implementation Team will be supported by WSTF's in-house divisions for procurement, financing and accounting, monitoring and evaluation, quality assurance and risk management, internal audit and research and knowledge management.

Oversight and technical advice for the WRUAs, CFAs, and community conservancies will be provided by WRA (for WRUAs), KFS (for CFAs), NRT (for community conservancies), and the participating county governments. WSTF has MoUs with these actors for these functions, although some of MoUs have expired and are in the process of being renewed. As per legal provisions, WRA and KFS receive 15 percent of the sub-grants provided to WRUAs and CFAs, respectively, to provide technical assistance and oversight. This is not the case for NRT, which is not a government entity.

Moreover, WRUAs, CFAs, and community conservancies applying for grants will be encouraged to partner with NGOs, e.g. to provide capacity development and fiduciary support for the WRUAs, CFAs, and community conservancies.

7.2 Monitoring, review, and evaluation

WSTF will be responsible for reporting on the progress and achievement of the programme, using its existing monitoring and evaluation system and procedures. Approximately five percent of the funding allocated to the six project outputs will be spent on monitoring (travel and per diems for WSTF staff), as per standard WSTF procedures. A mid-term review of the Danish country programme in November 2023 found that WSTF's monitoring, evaluation, and reporting system works well. Field level supervision is carried out by the Quality Assurance Monitors. WSTF Headquarter conducts joint supervision missions with WRA, KFS, NRT, and relevant county departments. WSTF is in the process of establishing a Project Management Information System for the delivery of real-time monitoring information.

The Strategy, Planning and M&E Division of WSTF is overall responsible for monitoring and reporting together with the WSTF's Water Resources and Climate Change Division. Field level monitoring will be conducted by WSTF's Quality Assurance Monitors who submits field reports to M&E Division for

follow up and verification. The project will engage on a contract-basis two additional Quality Assurance Monitors with natural resource management and social expertise to complement WSTF's current team of Quality Assurance Monitors. Joint supervision will be carried out with WRA, KFS, NRT, and relevant county departments. Any observations from the joint field missions will be used to inform the consequent stages of project implementation. The international Financial Management and MEAL Advisor will provide strategic advice and capacity development on monitoring, evaluation, learning, and reporting.

The implemented activities and the outcomes, outputs, indicators, and targets in the EWFCP results framework and the assumptions in the ToC will be monitored and reported upon in WSTF's quarterly and annual progress reports (see section 8). During the inception phase, a baseline survey will be conducted, and the indicators and targets will be assessed and adjusted if necessary. The status of the risks in EWFCP risk matrix (see Annex 4) will also be monitored and reported on (see section 9).

The Embassy of Denmark in Nairobi shall have the right to carry out technical and/or financial missions, reviews, evaluations, and audits that is considered necessary to monitor the implementation of the project during the grant period. This includes a planned mid-term review, which is scheduled to take place in mid-2027. The annual progress reporting and documentation on monitoring and evaluation will be the basis for continued support and development of new work plans, as well as for continuous assessment of, and adjustments to, risks.

The Embassy of Denmark will organise an annual process in order to strengthen coordination, learning, and synergies across its engagements.

After the termination of the project/programme support, the Embassy of Denmark in Nairobi reserves the right to carry out an evaluation in accordance with this article. A final evaluation is scheduled to take place in early-mid 2030. DKK 1,000,000 are retained by the Embassy of Denmark for review and evaluation.

Learning and adaptive management: The 2022 final evaluation of the Green Growth and Employment Programme (GGEP) confirmed that WSTF has a proven record of designing its programmes based on lessons learnt from previous interventions; and example of this is the recruitment of Quality Assurance Monitors. WSTF will and disseminate lessons learned in the progress reports, as well as through the advocacy and coordination support engagement under output 3.2. The Programme Steering Committee and Programme Implementation Team will take lessons into consideration in the oversight, management and implementation of decisions, incl. findings and recommendations emanating from the mid-term review. The International Financial Management and MEAL Adviser will support WSTF in the development and implementation of means to capture and communicate learning.

Communication of results: Annex 7 contains a brief draft plan for communicating results. A detailed draft communication plan has been elaborated for EWFCP. The communication plan will be further refined during the inception phase. The draft communication plan will be presented for approval at the second Steering Committee meeting at the end of the inception phase. Emerging opportunities for communication and visibility will be utilised. For example, the engagement in basin level advocacy and coordination under output 3.2 will provide important opportunities for conveying information to stakeholders about the programme, the approach taken, the results achieved, and lessons learned, for example vis-à-vis climate change adaptation, water resource management, water governance and equitable sharing of water resources, water conservation and rehabilitation of ecosystems. Moreover, the WSTF Rural Steering Committee meetings and the water sector coordination group will provide regular opportunities for informing government entities and development partners about the programme and lessons learned.

8 Financial management, planning, and reporting

8.1 Financial management

Both parties will strive for full alignment of the Danish support to WSTF rules and procedures, while respecting sound international principles for financial management and reporting.

WSTF's financial management rules and procedures are performed by the WSTF Headquarters, which has dedicated Department and Divisions responsible for a) financial management and accounting, b) procurement and disposal, c) human resources and administration, and d) internal audit. SAP is installed and fully functional. The management of the support pertaining to EWFCP will be aligned to WSTF's existing framework and guidelines for oversight and financial management, including WSTF's own guidelines for procurement, contracting, ICT and HR, as it is assessed to be adequate and sufficient to ensure sound financial management, as per audit reports submitted for previous Danish support to WSTF. Rules, regulations and guidelines pertaining to financial management by WSTF sub-grant recipients are specified in WSTF's guidelines, procedures, and standard grant agreements.

Procurement will follow WSTF's procurement procedures as well as the rules and regulations specified in Danida's Financial Management Guidelines.

WSTF and sub-grantees are required to establish and maintain accounting records and documents on all activities funded by Denmark. WSTF is responsible for keeping detailed transaction listing and supporting documentation for all expenditure under the programme including for expenditure incurred at sub-grantee level. Records must be systematic, easily traceable, identifiable and verifiable. WSTF must ensure safe and up-to-date back-up systems to eliminate the risk of losing accounting data. Accounting records should be kept for a period of ten years after completion of the programme.

Funds will be disbursed from Danida to the Treasury of the Government of Kenya, which will pass the funds on to the Ministry of Water, Sanitation and Irrigation (MWSI). MWSI will disburse the funds to a separate bank account opened by WSTF specifically for EWFCP. No charges or fees will be deducted by the Treasury or MWSI. Annex 9 depicts the financial flow of EWFCP.

8.2 Disbursements

The Danish support will be disbursed biannually to WSTF. Disbursements to WSTF should cover foreseen expenditures for up to six months in accordance with the annual approved work plan and budget. WSTF is to produce an indicative disbursement schedule that covers the duration of the engagement.

Disbursements are made in KES into a project-designated bank account for the Danida grant.

Interest accrued from the bank account pertaining to the grant should be returned to the Embassy of Denmark on an annual basis and based on audited accounts.

Semi-annual disbursements will be triggered by approval of the annual work plan and budget in the beginning of the Government of Kenya's fiscal year (July) and six months later upon receiving the annual audits (December). Disbursements from the Embassy of Denmark will be based on a transfer request from the WSTF, which should include:

- Detailed bank account information
- Approved output-based budget and work plan for the period to be financed
- Clearly state the cash flow need, e.g. by presenting the current liquidity, copy of bank and cash statements, commitments made, income (realised and planned) from other sources and cash flow

need for the coming period – using the standard disbursement form from the Danish Aid Management Guidelines

- Requests must be signed by two authorised persons
- Before the first disbursement upon signature of this Project, there must be proof of proper utilisation of funds under previous engagements
- For Projects with a separate bank account for the Danish grant the disbursement request should be accompanied by a bank statement and reconciliation.

The overall conditions for disbursement of funds from RDE include:

- Satisfactory use of prior transfers (including any funds carried forward from previous engagements)
- Satisfactory programmatic and financial reporting has been submitted on previous periods
- Submitted receipts of all prior transfers
- Submitted satisfactory audited accounts
- Availability of approved work plan and budget for the period to be financed
- No accumulation of Danish grant funds on EWFCP accounts

WSTF must submit a receipt no later than 14 days after receipt of the funds indicating the amount received in currency of the request and the currency in which the disbursement was received.

8.3 Allowances

WSTF staff and non-WSTF staff, including Government of Kenya officials, participating in WSTF activities will receive allowances (per diems, transport etc.) in accordance with WSTF’s policies, rules, and rates for per diem and travel costs and as governed by the Salaries and Remuneration Commission (SRC) of Kenya.

Moreover, the following provisions apply to the use of the Danish grant for allowances to non-WSTF staff:

- Allowances should be paid only when it is absolutely unavoidable.
- Sitting, participation, and facilitation allowances will not be paid under any circumstances.
- In general, when representatives from the Government of Kenya or other organisations participate in activities, programmes and events, it should be assumed that the sending organisation has an interest in being represented. Therefore, as a rule of thumb, the sending organisation should be expected to cover all costs related to participation, including per diems and travel reimbursements.

8.4 Reporting

Table 5 provides a summary of the key reporting outputs for EWFCP.

Table 5: Overview of reporting procedures

Month	WSTF	WSTF Rural Steering Committee	EWFCP Programme Steering Committee	Embassy of Denmark
Jan 2025	WSTF submits initial work plan and budget and disbursement plan.		Submitted and discussed at first PSC meeting in March 2025	Embassy is part of RSC and PSC. The Embassy receives, reviews, and approves workplans and budget prior to submission to the PSC.

Nov 2025	WSTF submits baseline survey and revised indicators and targets.		Submitted and discussed at second PSC meeting in December 2025.	Embassy is part of RSC and PSC and receives, reviews, and approves baseline survey.
Nov 2025	WSTF submits inception report and updated communication plan.		Submitted and discussed at second PSC meeting in December 2025.	Embassy is part of RSC and PSC and receives, reviews, and approves inception report and communication plan.
Monthly	WSTF compiles internal monthly field monitoring report.			
Jan	WSTF submits quarterly rural narrative and financial progress report.	Submitted and discussed at RSC meeting.		Embassy is part of RSC and receives, reviews, and approves quarterly report.
Apr	WSTF submits quarterly rural narrative and financial progress report.	Submitted and discussed at RSC meeting.		Embassy is part of RSC and receives, reviews, and approves quarterly report.
Jun	WSTF submits annual work plan and budget.		Submitted and discussed at PSC meeting in September.	Embassy is part of PSC and receives, reviews, and approves AWPB. AWPB is a precondition for semi-annual disbursement. Discussed at WSTF-Embassy meeting in June.
Jul	WSTF submits six-month disbursement request (July-December) to Embassy with relevant support documents.			Embassy disburses funds (July-December) to WSTF based on approved workplan and budget.
Sep	WSTF submits annual rural narrative and financial progress report and sustainability index.	Submitted and discussed at RSC meeting.	Submitted and discussed at PSC meeting in September.	Embassy is part of RSC and PSC and receives, reviews, and approves annual report. Annual report is a precondition for semi-annual disbursement. Embassy reports on results to feed into the Results Framework and OpenAid.
Oct	WSTF submits quarterly rural narrative and financial progress report.	Submitted and discussed at RSC meeting.		Embassy is part of RSC and receives, reviews, and approves quarterly report.
Dec	WSTF submits external audit report.	Submitted and discussed at RSC meeting.		Embassy receives, discusses, and approves audit report.

	WSTF prepares action plan on audit issues.			
Dec	WSTF submits six-month disbursement request (January-June) to Embassy.			Embassy disburses funds (January-June) to WSTF- Discussed at WSTF-Embassy meeting in December.
Sep 2027	WSTF drafts management response to the mid-term review report.		Submitted and discussed at PSC meeting in September 2027.	Embassy commissions mid-term review. Final draft mid-term review report is submitted to PSC.
June 2030	WSTF drafts management response to the final evaluation report.		Submitted and discussed at last PSC meeting in September 2030.	Embassy commissions final evaluation. Final draft evaluation report is submitted to PSC.
Sep 2030		Project completion report	Submitted and discussed at last PSC meeting in September 2030.	Embassy is part of PSC and receives completion report.
Dec 2030	WSTF submits final closeout audit report.	Submitted and discussed at RSC meeting.		Embassy is part of RSC and PSC and receives, reviews, and approves audit report.

WSTF will prepare and submit annual work plan and budgets for the programme to the Embassy of Denmark in June. These will detail the expected main activities under each output and provide updated annual targets for the outputs.

WSTF compiles monthly field monitoring reports based on reports submitted by the Quality Assurance Monitors, as well as quarterly and annual rural progress reports (narrative and financial) for its rural operations. The annual rural progress reports to the WSTF Rural Steering Committee contain specific sections and annexes on the progress and challenges for each programme/project implemented by WSTF, including EWFCP. The quarterly rural progress reports are submitted no later than a month after the end of the quarter, and the annual rural progress reports are submitted no later than three months after the end of the financial year in June. The Quality Assurance Monitors assess sub-grants from a technical quality, financial management, and social perspective; hence compiling information on the value for money. WSTF also conducts annual stock-taking assessments of field projects (Joint Annual Operations Monitoring Exercise – JAOME) that have been completed within the preceding five years. Based on these, WSTF compiles annual sustainability indexes.

The progress reports shall capture the value for money principles, synergies, outputs, and outcome. They will clearly reflect progress made towards implementation of EWFCP and relevant supporting documentation such as approved work plans and budgets, relevant management decisions (Programme Steering Committee, Rural Steering Committee, WSTF Senior Management, and Board of Trustees), and recommendations from reviews. The following shall be addressed in the narrative reporting:

- An assessment of developments in the contextual framework during the past year (annual report)

- Implementation of the work plan and budget based on output targets for the reporting period, including brief explanations of challenges encountered and deviations from targets/milestones and how these have been assessed and handled
- Progress to date compared to output and outcome targets for the entire programme period as stipulated in the results framework (annual report)
- An analysis of risks, including both reflection on the reporting period and the upcoming reporting period
- An analysis of the linkage between activities carried out and the expenditures incurred in a value for money perspective
- Challenges encountered and specification of recommended changes and adjustments (including budget re-allocations) for approval by the relevant authorities
- Update on implementation of decisions, follow up on recommendations from reviews, audits, monitoring visits etc.

Financial reporting shall as a minimum include:

- The financial reporting shall be drawn up to the same level of detail as the approved detailed and output-based budget
- Include budget figures, actual spending and variance for the period under reporting and for the entire engagement period
- Funds received during the period and accumulated
- Deviations should be explained and any budget reallocations within the period should be noted and include details on the written approval of the reallocation/adjustment (as described under the section Budget).

Should the rural progress reports not fully and clearly provide the above information specifically for EWFCP, additional EWFCP-specific quarterly and annual narrative and financial reporting will be prepared by WSTF and submitted to the Programme Steering Committee.

8.5 Accounting

Procedures regarding cash handling, approval of expenditures, reporting, budget control and other internal control, including control of assets (fixed assets, stores, debtors and cash) shall be based on sound financial management procedures and International Accepted Accounting Standards ensuring that:

- WSTF maintains an appropriate accounting and double-entry-bookkeeping system
- The Danish grant is entered into the accounts as income when received (cash basis), to be separated between funds received and funds committed
- Expenditures is entered into the accounts in alignment with the annual output-based approved budget including expenditure at sub-grantee level
- All expenditures are documented by original vouchers, original invoices and original, signed receipts (copies kept at WSTF)
- Receivables (including any unaccounted for advances) and payables are registered in the accounting system
- Advances made to sub-grantees are registered as receivables until they have been accounted for, at which point the expenditure will be registered on the relevant output based budget lines in the accounting system
- An adequate register of equipment and other assets funded by the programme is maintained and is updated on an ongoing basis
- Adequate control procedures are put in place and accounts are signed by the responsible institution's management

- An accounting manual is maintained including policy for clear segregation of duties
- Administration adheres to established written procedures

WSTF will comply with the *Danida Financial Management Guidelines* except when deviations are explicitly stated in this project document.

8.6 Sub-granting to implementing partners

WSTF will ensure sound management of the sub-grants provided to WRUAs, CFAs, and community conservancies. The financial management TA will have a key role to play in developing / fine tuning pre-grant assessment tools, individual agreements with sub-grantees on financial management arrangements and financial monitoring of sub-grantees including on value for money. The financial management will include, but not be limited to:

- For each sub-grantee consider the best modality for the sub-grant. This include the possibility of WSTF doing procurement and payment of suppliers directly and other ways of reducing the fiduciary risk
- Thorough pre-grant assessments, including an assessment of the entity' financial and administrative procedures to ensure acceptable fiduciary standards
- Ensure adequate anti-corruption measures (such as adequate anti-corruption clauses in all contracts), procedures for whistleblowing, induction and continuous follow up on anti-corruption measures etc.
- Maintain clear manuals for grants management within WSTF, including for financial management of grants
- Maintain accurate information embedded in the accounts system on commitments, disbursements and remaining provision for each sub-partner in such a way that adequate management information is reliably available
- Maintain and share clear manuals for partners on requirements for implementation and management of WSTF/Danish funds
- Ensure adequate monitoring set up including both programmatic and financial monitoring of all grants and partnerships, including but not limited to monitoring guidelines, monitoring plans and systems for follow up on monitoring findings and recommendations
- Maintain adequate M&E framework to enable focus on results and on how results at sub-partner level link up to the results at output and outcome level and ultimately to the objectives of this engagement.
- Review and describe how the individual sub-grantees will be supported when it comes to financial management capacity.

The below standard corruption clause applies between the parties of EWFCP and should furthermore be inserted in agreements WSTF signs with sub-grant recipients:

Corruption Clause: *No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practise, shall be made, promised, sought or accepted – neither directly nor indirectly – as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award or execution of contracts. Any such practise will be grounds for the immediate cancellation of this agreement and for such additional action, civil and/ or criminal, as may be appropriate. At the discretion of the Danish Ministry of Foreign Affairs, a further consequence of any such practise can be the definite exclusion from any tendering for projects or other funding from the Danish Ministry of Foreign Affairs.*

WRUAs, CFAs, and community conservancies applying for grants will be encouraged to partner with NGOs for fiduciary support to the WRUAs, CFAs, and community conservancies, e.g. vis-à-vis financial management, procurement, monitoring, reporting, and transparency.

8.7 Audit

EWFCP is audited on an annual basis. The audit period follows the Government of Kenya's financial year (July-June).

The Terms of Reference for the audit as well as the appointment of the auditors are approved by the Embassy of Denmark in Nairobi. Potential auditors are identified and shortlisted following WSTF procurement rules and approved by the Programme Steering Committee and the final selection is done by the Office of the Auditor General in Kenya upon submission of the top three firms.

The audits will be carried out as agreed between WSTF and the Embassy of Denmark in Kenya.

The audits will be conducted in accordance with International Standards of Auditing (ISA) and should include elements of compliance and performance audit. The audit report shall include a management letter/report.

It is the responsibility of WSTF to ensure that expenditure at the level of sub-partners are included in the audit. Any advance payments and outstanding advances to implementing partners and sub-grant recipients (e.g. WRUAs, CFAs, community conservancies) and/or WSTF staff must be specified in the consolidated audit report.

The audited financial statements and the management reports should as a minimum include:

- Expenditure statement in accordance with the approved budget
- Show the budget figures in a separate column to ease "actual vs budget" analysis
- Report on opening and closing balances (itemized into cash and bank) for funds carried forward ensuring that all funds available for activities are included in the income statement
- Report on unpresented cheques, unaccounted for advances, receivables and payables
- Report on exchange rate gains and losses and the method for calculating these
- A verified (by the auditors) asset register with details on location, date of purchase, ownership (WSTF, beneficiary, or Embassy of Denmark), identification number (if applicable), condition, and when relevant date of disposal. Any disposals should be included in the register
- Physical inspection of a sample of selected works/activities and sub-grants (e.g. for WRUAs, CFAs, community conservancies), selected on the basis of an initial risk assessment by the auditors, to provide the auditors view on, in a cost effectiveness perspective, quality, and quantity of activities carried out by WSTF and the sub-grant recipient as well as compliance to Kenyan law, and WSTF and Danida rules and regulations (i.e. focus on compliance and performance)
- Each year, the accounts for 75 percent of the sub-grants for WRUAs, CFAs, and community conservancies shall be examined by the auditors, selected by the auditors on the basis of an initial risk assessment

WSTF shall ensure that any material issues raised in the auditor's report is appropriately and timely followed up and appropriate actions taken. Embassy of Denmark reserves the right to claim full reimbursement of expenditure regarded ineligible according to the agreement between the parties.

The accounting documentation shall at any time be available for scrutiny by the Embassy of Denmark and the Danish Auditor General.

8.8 Anti-corruption

WSTF will strive to prevent corruption, including by actively working with risk management, sound financial management, transparency, and value for money while spending and procuring.

WSTF is committed to the highest standards of transparency, probity and accountability, and will not tolerate fraud, bribery or corruption.

WSTF implements a Fraud Prevention Policy that aims to emphasise the responsibilities of all staff in relation to identification and reporting of fraud, bribery, and corruption. Moreover, a link to a whistle blower hotline is provided on WSTF's website

According to the Danish Auditor General's Act, The National Audit Office of Denmark must be notified on cases of irregularities or other misuse of Danish development assistance causing reasonable suspicion of highly irresponsible management, corruption or fraud.

Any substantiated suspicion of irregularities, fraud or corruption must be reported to RDE immediately and in all cases before an external investigation is initiated, including any extended audit, special audit, forensic audit or other investigation or review. It is the responsibility of the RDE to forward cases, which the RDE assesses should be reported to the Danida and further to the National Audit Office of Denmark. Cases reported to the National Audit Office of Denmark are with few exemptions published on Danida's website.

Danida has a zero tolerance towards corruption and the RDE expects that WSTF will continuously work to prevent, detect and follow up on corruption. Transparency and openness on issues of suspicions of irregularities, fraud or corruption is key in the partnership between WSTF and the Embassy of Denmark. As such, it is a requirement that WSTF shares and reports on all substantiated suspicions.

The following types of irregularities should be reported:

- Fraud, corruption, theft, highly irresponsible management of funds, non-compliance to this agreement or serious non-compliance to agreements with implementing partners, any issues that interfere or threaten to interfere with the obtainment of the objectives of this agreement or any agreement with implementing partners (e.g. funds spent in accordance with budget, but results significantly below target resulting in clear lack of value for money), any issues that might result in a financial loss, partnerships ending with unaccounted for funds, qualified implementing partner audits, serious internal audit findings and any other issues deemed relevant.

Substantiated suspicion is when:

- There is sufficient suspicion to initiate an investigation (including investigation by Internal Audit (excluding desk reviews), excluding Finance Department desk and field reviews), internal or external review or audits have confirmed irregularities, materialised risks with a financial implication, cases of irregularities reported to the WSTF Board of Trustees.

9 Risk management

WSTF has a Risk Management Policy and Framework (revised in September 2022), which outlines the overall risk management process, as well as an overall risk management framework, specifying response and mitigation measures and responsible party. Overall, WSTF's Risk Management Committee comprises WSTF senior management and any other staff members appointed. The Committee reports to the Board of Trustees. Moreover, WSTF has a dedicated division for quality assurance and risk management. Overall, the 2023 mid-term review of the Danish country programme in Kenya found that WSTF's safeguards and policies respond adequately to Danish requirements. The status of risks and mitigation measures are reported on in the annual report from a programmatic perspective as well as from a financial management and audit perspective.

Specifically for EWFCP, a risk matrix with contextual, programmatic, and institutional risk factors risk levels and intensity, and response measures is presented in Annex 4. The risk matrix will be reviewed and updated on a continuous basis. Risk monitoring for EWFCP will be done by WSTF as part of their

regular monitoring and reporting. The Embassy of Denmark will also monitor the risks in dialogue with WSTF. Key mitigation or adaptation measures taken in accordance with the risk management strategy and their direct influence on programme delivery and achieving the expected results will be highlighted in the annual progress reports. WSTF will also directly inform the Embassy of Denmark if/when any major risks to the programme materialise. Through regular communication with the Quality Assurance Monitors as well as WRA, KFS, NRT, and councils, WSTF will monitor contextual risks on a continuous basis. WSTF already has financial and engineering Quality Assurance Monitors on contract, and the programme will add two Monitors with natural resource management and social profiles. The status of the risks in EWFCP risk matrix will be covered in the quarterly and annual progress reports, and the risk matrix will be updated/revised regularly to ensure that the actual risks encountered are fully covered.

The main risks identified are: a) Conflict between and within communities over water, forest resources, and grazing; b) severe drought, dry spells, or floods; c) weak implementation capacities of WRUAs, CFAs, community conservancies; d) inter-agency competition: stakeholder unwillingness to engage in basin coordination, uncoordinated development of water resources. The primary risk mitigation measures are: a) capacity development to WRUAs, CFAs, conservancies on governance and mediation; b) joint supervision (WRA/KFS/NRT, counties, WSTF); c) oversight by Quality Assurance Monitors; d) encourage WRUAs, CFAs, conservancies to team up with NGOs; e) climate-smart solutions, water harvesting, soil-water conservation; f) dialogue and awareness raising by Basin Coordinator; g) facilitation and support for basin coordination platforms. A detailed risk matrix is provided in Annex 4.

10 Closure

EWFCP will close financially on 30 June 2030, but activities will end no later than 31 December 2029. The Embassy of Denmark will commission a final evaluation of EWFCP, which will take place in the first half of 2030. A narrative and financial completion report will be submitted by WSTF to the Embassy of Denmark no later than 30 September 2030. Final closeout audit report will be submitted no later than 31 October 2030. Any unspent funds with interest will be returned to Danida.

The Embassy of Denmark in Nairobi will prepare a final results report (FRR) within three months after receipt of the completion report. The last Programme Steering Committee meeting will be held in October 2030, where the programme results and lessons, including evaluation and audit findings and recommendations, will be discussed, and any potential needs for follow-up action will be agreed upon.

As outlined in the programme budget (see Annex 5), the level of activity and spending will peak in programme year 2 (July 2026 – June 2027), after which, it will gradually decrease, thereby allowing for the gradual implementation of an exit and sustainability strategy. Moreover, certain features in the implementation approach and activities are specifically aiming at ensuring sustainability, such as the support for WRUAs to achieve financial self-reliance (e.g. through volume-based tariff structures), institutional capacity development for basin-level government entities, and the support facilitating the establishment of a basin coordination mechanism.

WSTF is a long-term facility established by law; hence, there is scope for continuity and continued support to WRUAs, CFAs, community conservancies, as well as to institutional development and basin coordination, insofar WSTF remains able to mobilise funding. Through its Quality Assurance Monitors, WSTF maintains a presence at the county-level. The mandates and core obligations of WRA, KFS, and NRT also means that there are structures in place for post-EWFCP follow-up, support, and continuity. WSTF conducts annual stock-taking assessments of field projects that have been completed within the preceding five years. Based on these, WSTF compiles an annual sustainability index. This provides a

unique opportunity to monitor post-intervention continuity and identify and address issues, that may hamper sustainability.

Annex 1: Context Analysis

1. Poverty and inequality analysis

- With average real GDP growth at 5.5% during most of the past decade, Kenya reached lower middle-income status in 2014, and is now on the way to middle middle-income status by 2030. Economic growth was 5.4% in 2023, up from 4.8% in 2022.
- Human development has improved substantially from 2002 to 2018 but has remained stagnant since. In 2019, almost one-third of Kenyans (33.6%) were living below the national poverty line, a 13.1-percentage-point decline from 46.7% in 2005/06. In rural areas, poverty declined from 49.7 to 37.0%. However, during the COVID-19 pandemic poverty increased, and although there was some recovery in 2021, the poverty rate remained above pre-pandemic levels, at 37.3%.
- Kenya is confronted by some deep-seated development problems that if not properly addressed may threaten its future stability and growth:
 - Kenya's poor are concentrated particularly in the arid and semi-arid lands (ASALs) of northern Kenya, in counties severely affected by water scarcity and recurrent drought and largely underserved in terms of social services, with few economic opportunities, and high-risk of climate effects and natural resource degradation.
 - Kenya confronts persistent severe gaps in its social development and highly unequal distribution. Despite progress, critical social development challenges remain, including access to clean water basic water. The social improvements seen have bypassed large populations in marginalised parts of the country.
 - Too many Kenyans remain without jobs or possibilities to generate a sufficient income, particularly the growing population of young people. Despite good levels of overall private sector growth, small and medium enterprises (SME) in the manufacturing and agriculture sectors with highest potential for job and income creation have seen growth and productivity stagnate.
 - Kenya's natural environment is deteriorating with further risks arising from climate change, while Kenya's continued high-growth path implies an increasing need for a sustainable and green transformation. The loss of intrinsic ecological and cultural values is critical and with Kenya's natural-resource based economy, livelihoods of millions of poor and vulnerable Kenyans are at risk from climate change effects and extreme weather conditions, seriously jeopardizing the country's development trajectory.
 - Kenya faces major challenge related to the supply of freshwater. Continuing with the business-as-usual approach, the gap between available freshwater supply and demand will be 30% by 2030. Widespread eco-system degradation in upper catchments, riparian zones, and wetlands, including deforestation and forest degradation disrupt hydrological flows, exacerbating the occurrence of droughts and floods. Part of the problem is the high and sustained level of the water consumption not paid for (non-revenue water (NRW), between 41% and 47% in the past ten years). If this level is sustained, water production must increase 2.5 times to meet demands, hence any investment in water production and infrastructure without addressing that problem will likely jeopardize water access for future generations and threaten the sector's financial sustainability and Kenya's water security.
- Two factors affect every one of Kenya's development challenges mentioned above, namely high levels of population growth and extreme levels of inequality and marginalisation. Population growth remains at 2.5% p.a., the income gap between rich and poor is one of the largest in Africa, and strong inequality exists in form of exclusion from public services, access to justice, human rights, security, and democratic participation typically by age, gender, ethnicity, or location. Elite capture, patronage, corruption, and a history of marginalising ethnic groups and regions drive the inequality in all its dimensions. Any effort directed at poverty reduction, human development, job creation, stability, and sustainable natural resource management will have to target inequality and marginalisation.
- According to the 2022 Kenya Demographic and Health Survey, 68% of the population has access to at least basic drinking water service; 91% of the population has access in urban areas and 56% in rural areas. Over half (54%) do not have drinking water on the premises and must travel to collect it. Forty-one% of the population has at least basic sanitation service. This number is slightly higher in urban areas (47%) than

in rural areas (38%). This is well below the goals in Government of Kenya's strategic plan 2018-2022, which planned to increase the percentage of the population with access to safe water from 60% in 2017 to 80% by 2022, and to increase the percentage of the population with access to improved sanitation from 68% in 2017 to 80% by 2022.

2. Political Economy and Stakeholder Analysis

- The 2010 Constitution sets out the framework of mandates for the water sector between the national and county levels and a Bill of Rights:
 - Part 2: Rights and Fundamental freedoms, Article 43(1) (b) & (d) provide that access to reasonable standards of sanitation and safe water in adequate quantities is an economic and social right of every person (Constitution of Kenya, 2010). Further Article 42 (a) provides for the right to have a clean, healthy and sustainable environment.
 - The fourth schedule of the constitution recognizes the shared responsibility of the national and 47 county governments with respect to water. It distributes functions whereby the national government oversees water resources, including transboundary waters, while the responsibility for water services provision is devolved to county governments.
 - Article 62 provides that all water catchment areas, rivers, lakes, and other water bodies as defined by an Act of parliament shall be held by national government in trust for the people of Kenya.
 - Article 69 of the constitution requires the government to ensure sustainable exploitation, utilization, management, and conservation of the environment and natural resources, and ensure the equitable sharing of the accruing benefits.
 - The Constitution essentially provides that the guiding policies and legislation are established by the national government and the counties domesticate the policies and legislation at the county level. This implies that policy and legislation may differ at the county level.
- The National Water Resources Strategy (2020-2025) aims at addressing critical challenges including catchment degradation, unregulated use of water resources, water scarcity, and access to safe water, which have continued to affect the water sector. It also seeks to provide effective strategies for the management of transboundary resources, climate change, increasing demand, and inadequate technical capacity.
- The Forest Management and Coordination Act 2016 establishes the Kenya Forest Service (KFS) and provides for the establishment of community forest associations (CFAs) to participate in the management and conservation of the forests through the development of the participatory forest management plans. The Wildlife Management and Conservation Act, 2013 allows for the establishment of community conservancies with jurisdiction over areas specified as conservancies. The Community Land Act, 2016 specifies that unregistered land used by communities is held in trust by the counties. The Climate Change Act, 2016 specifies that county governments are obligated to mainstream the implementation of the National Climate Change Action Plan within the respective county-level integrated development plans and sectoral plans. The County Governments Act 2012 states that the objectives of county planning include ensuring productive use of scarce land, water and other resources for economic, social, ecological and other functions, and maintaining viable system of green spaces for functioning ecosystems.
- The **main stakeholders** in relation to water resources are:
 - Government institutions:
 - Ministry of Water, Sanitation and Irrigation (MWSI) – MWSI's is responsible for the formulation and implementation of policies, regulations, and programmes for integrated water resource management.
 - Water Resources Authority (WRA) – WRA regulates the use of water resources, with the objective to increase water resource availability for multi-purpose and improve the quality and sustainability of water resources.
 - Water Sector Trust Fund (WSTF) – WSTF provides grants to WRUAs, CFAs, community conservancies, CSOs, and counties for the development and management of water resources and water and sanitation services in marginalised and underserved areas.
 - Ministry of Environment, Climate Change and Forestry (MECCF) – MECCF is responsible for the formulation and implementation of policies, regulations, and programmes related to the environment, climate change, and forestry.
 - Kenya Forest Service (KFS) – KFS is mandated to conserve, develop, and sustainably manage

- forest resources for environmental stability and the social-economic development.
- Kenya Water Towers Agency (KWTA) – KWTA is mandated to coordinate and oversee the protection, rehabilitation, conservation, and sustainable management of water towers.
- National Drought Management Authority (NDMA) – NDMA is mandated to exercise overall coordination of drought risk management and to establish mechanisms to address drought emergencies.
- County governments – county governments’ mandate covers water and sanitation services. They are also responsible for soil and water conservation and mandated to provide agricultural, livestock, and soil and water extension services. Furthermore, they are obligated to mainstream climate change into county development and sector plans. However, they have not been significantly involved in the development of participatory forest management plans and the sub-catchment management plans.
- Community-based local governance bodies:
 - Water resource user associations (WRUAs) – WRUAs are mandated to plan and regulate the management and use of water resources at the sub-catchment level, to ensure their sustainable use and adherence to legal provisions.
 - Community forestry associations (CFAs) – CFAs are mandated to manage forest resources jointly with KFS and are tasked to plan and regulate the use of forest resources in forest areas designated for participatory forest management.
 - Community conservancies – community conservancies are responsible for managing and regulation the use of rangelands sustainably, to ensure the needs of wildlife and people and their livestock are met.
- Development partners: EU, Sida, Finnish Embassy, Dutch Embassy, USAID, World Bank, AfDB, French Development Agency, KfW, UNESCO
- National and international NGOs: Northern Rangelands Trust (NRT), WWF, IUCN, Kenya Wildlife Conservancies Association (KWCA), Mount Kenya Ewaso Water Partnership (MKWEP), Imarisha Naivasha, The Nature Conservancy (TNC)
- There were two **catchment conservation programmes** that provided different implementation models:
 - Mount Kenya East Pilot Project (MKEPP). MKEPP was an IFAD funded programme based in Embu, that covered a number of counties in upper Tana catchment and the eastern side of Mount Kenya. The project had a Project Steering Committee (PSC) composed of various government agencies, a Project Management Unit (PMU) that undertook project and county level coordination committees. MKEPP engaged with different groups on livelihood and catchment improvement activities including youth groups, schools, farmer field schools, CFAs, WRUAs etc. The project was notable in that it engaged deeply with the county governments.
 - Upper Tana Nairobi Water Fund (UTNWF). UTNWF was initiated by TNC on the premise that water users within Nairobi would invest in an organisation that was delivering catchment restoration and livelihood improvement impacts. The notion was that an endowment fund could be developed, which would provide sustainable financing for catchment-based activities. The UTNWF has now transitioned to a charitable trust. UTNWF partners with local NGOs (CARITAS, SACDEP) to work with farmers, schools, etc. on the ground, technical extension services provided by seconded county government staff, and various monitoring partners (Museums, ICRAF, Jomo Kenyatta University, WRA). UTNWF is ongoing.
- There are a series of existing **Catchment Restoration Programmes** supported by different international partners (among these USAID, TNC, IUCN, WWF, Sida, SNV, AfDB, World Bank), and **Water Resource Management** (World Bank, UNESCO, MKEWPP). In particular, **Denmark supports two new initiatives** (under development):
 - Danish-Kenyan strategic sector cooperation (SSC) in the water sector
 - Climate Resilient Eastern African Transboundary Water Management (CREATES) Team Europe Initiative implemented by IUCN and UNEP-DHI Centre on Water and Environment.

3. Fragility, Conflict and Resilience

- Kenya ranked 35th in the Fragile States Index (FSI) in 2022 (at 87.8), at the same level as Palestine and Cote d'Ivoire.

- There are often **conflicts** within and between communities in Northern Kenya over **water, land, and grazing**.
- The key **climate change risk** for Kenya is from extreme events, in particular droughts and floods. The frequency and intensity of such events is likely to increase due to climate change. They also often lead to adverse knock-on effects, such as soil erosion, land degradation, and pest breakouts. Overall, Kenya's updated Nationally Determined Contribution (NDC) (2020) estimates that between 2010 and 2020, adverse climate change-related events led to annual socio-economic losses of 3–5% of the total gross domestic product (GDP).
- The main channels through which climate change is likely to impact the Kenyan economy are the agriculture and water sectors, again with significant regional differences. The livestock subsector is expected to suffer significant losses due to heat stress from the projected increase in temperatures. This is likely to disproportionately affect pastoral communities in the ASALs, as poverty rates in these regions are already high compared to the rest of the country. Water scarcity – including increased glacial loss and reduced river flows from Mount Kenya because of climate change – is likely to have a broad socio-economic effect, with adverse consequences for agricultural irrigation, hydropower, and sanitation.
- Despite the challenges, Kenya's adaptation efforts have led to improvement over recent years in Kenya's climate vulnerability index, although it remains quite low due to pre-existing social and economic vulnerabilities.

4. Human Rights, Gender, Youth and applying a Human Rights Based Approach

- Kenya has made several important advances to improve its human rights situation. The 2010 Constitution, establishment of the Kenya National Human Rights Commission, legislation like Access to Information Act and Prevention of Torture Act are important achievements. The Government also shows commitment to inclusivity in protection and promotion of human rights, and there is dialogue between the Government and CSO on human rights.
- The Water Act (2016) recognizes access to water as a Human Right, and states that “*Nothing in this Act shall deprive any person or community of water services on the grounds only that provision of such services is not commercially viable*”. It specifically highlights rural areas, which have been historically disadvantaged on the provision of water services and requires that county governments put in place measures to provide water services in rural areas not considered to be commercially viable. The Water Act goes further and establishes the Water Services Sector Trust Fund (WSTF), which has a number of objectives including the provision of conditional and unconditional grants to assist in the financing of the development and management of water services in marginalised areas.
- Kenyan law also recognises the role of community-based local governance bodies in the management of water resources and water catchments: WRUAs, CFAs, and community conservancies (see section 2).
- The scarcity of water in Kenya leads inevitably to conflicts over the use of water, between communities and between different uses, as e.g. between irrigation e.g. for the flower industry and human consumption.

5. Migration

- Over the past years, Kenya has experienced the worst drought in 40 years, with five consecutive failed rainy seasons. This drought struck 6.4 million people (OCHA 2023), 4.5 million of whom needing humanitarian food assistance, and resulted in the death of 2.4 million livestock, which increased the vulnerability of the pastoralist communities in Kenya's arid and semi-arid lands (ASALs) in particular. According to IOM's Displacement Tracking Matrix (DTM), nearly 465,700 people have been identified as internally displaced in five of the most affected counties of Kenya alone (IOM DTM Kenya Report, October 2022 to February 2023).
- The ongoing trends associated with natural hazards (i.e. drought) in Kenya and the wider region are expected to continue driving displacement and humanitarian needs, thus exerting additional strain on already vulnerable communities, particularly in disaster-prone locations including ASAL communities.

6. Inclusive sustainable growth, climate change and environment

- Agriculture remains a major driver of growth (and is responsible for most exports), but its share in growth is declining and growth-levels been highly volatile. This reflects long-term falling and erratic agriculture

productivity, with Kenya's agricultural productivity now lower than in the neighbouring countries, largely due to less use of yield-enhancing inputs and limited knowledge (extension). Water scarcity, recurring droughts, and floods also affect agricultural productivity negatively. Climate change is a major threat to agriculture and food security, with droughts and volatile rains

- Agriculture remains the most important income source, both for poor and non-poor households, whether selling to the market or as subsistence farmers. However, the decline in agricultural productivity and economic output means the income opportunities created are too limited and largely bypass the youth, who tend not to own land and lack the skills to raise productivity.
- In 1990, Kenya had a forest cover of 3,859 km² (6.8% of the total land area), as well as 34,850 km² of other wooded land (61.2%). In 2020 had a forest cover of 3,611 km² (6.3%) and 32,271 km² of other wooded land (56.7%) (FAO, Global Forest Resource Assessment 2020). Furthermore, large areas of forest and woodland are degraded.
- Kenya's degrading environment and climate change impose major costs to the economy and society – climate change threatens the livelihoods of millions of Kenyans and puts the country's development trajectory at risk. The Centre for Global Development ranks Kenya 13th out of 233 countries for “direct risks” arising from “extreme weather” and 71st of 233 for “overall vulnerability” to climate change. Kenya's economy is predominantly (42%) based on natural resources, with agriculture, tourism, fishing, mining, forests, water, accounting for most of the GDP and over 70% of livelihoods and employment, heightening the threat that climate change and environmental degradation pose to the country both in terms of risks to jobs and livelihoods. Current economic cost of floods and droughts are estimated to result in fiscal liabilities of 2-2.8% of GDP each year, as the Government incurs in spending on combatting floods and repairing roads and other infrastructure. Floods are estimated to cost 5.5% of GDP every seven years and droughts an estimated 8% of GDP every five years. Droughts have the greatest economic impact, e.g. with agriculture growth reduced to from 4.7% to 1.6% in 2016-17 due to drought reducing crop and livestock production.
- The counties in Kenya's ASALs are highly affected by climate change and home to the population that have the weakest resources and resilience to cope. The ASALs are strongly affected by desertification, much of which is attributed to climate change. Desertification has been intensifying and spreading, hence contributing further to land degradation and reduction in land productivity, with major effects on communities. Climate change is expected to bring about increased vulnerability – especially to natural resource sectors, arising from sea-level rise, greater rainfall variability, higher temperature, and decreased freshwater availability. Human activities pose the greatest threat, however, through unsustainable land management practices, destruction of natural vegetation, over-cultivation, overgrazing, and deforestation.
- The vast majority of Kenyans rely on biomass for their cooking needs, and firewood collection and charcoal burning are major causes of deforestation and forest degradation in Kenya.
- Kenya's water resources are unevenly distributed and as the population increases these resources are expected to come under increasing pressure. Increased pollution endangers water resources and climate change is expected to shift water availability patterns, altering water supplies, and intensifying floods and droughts. The strained ecosystems yield lower quality water resources endangering public health, the cost of treatment increases, and siltation implies reduced service life of water supply infrastructures.

7. Capacity of public sector, public financial management, and corruption

- Even though Kenya is blessed with a broader cadre of skilled central level civil servants than some other governments in the region, the capacity of the ministries, departments, and agencies to implement and coordinate the operationalization of policies is weak, as reflected in the limited or delayed implementation of several important policies, including effective implementation of devolution according to the 2010 Constitution. Currently, the main reform, the Public Service Transformation Programme, works to enhance service and transparency, cooperation and coordination across Government, and internal effectiveness and accountability. The challenge facing these reforms, both at national and county levels, are the nature of the civil service, uncoordinated structure, large size, old culture that is not responsive to modern demands, skewed composition that favours certain ethnicities, political interference, and poor leadership to steer the reforms. The public service also suffers fundamentally from state capture, which works to shift its priorities and incentives away from the needs of citizens and delivering value for society at large.

- With devolution, county capacities have become a key concern to improve service delivery, accountability, and democratic governance. Unsurprisingly, the counties appear to vary greatly in their capacity to implement the devolved functions. Devolution requires adequate capacities of the counties to plan and manage infrastructure development, service delivery, local development planning, and conduct their business in an accountable and transparent manner – and to engage democratically with citizens. The hopes are that devolution will lead to development of marginalized counties, including rural areas that are severely underdeveloped. It is broadly recognised that many counties are extremely weak – particularly in ASALs. Public participation remains limited in most counties.
- Collaboration among various sectors and stakeholders including relevant national government ministries, water agencies, county governments, donors, non-state actors and the private sector is recognised as the key to successful implementation of the National Water Resources Strategy (2020-2025). An Intergovernmental Forum for Water, Environment, and Natural Resources is expected to drive the joint efforts. However, implementation of the strategy is constrained by issues related to overlapping institutional mandates and lack of proper synergies negatively affecting the management of water and natural resource in Kenya. The Basin Water Resource Committees envisaged under the strategy have not yet been established.
- The community-based institutions with responsibilities vis-à-vis water resource management face major constraints. Some of the challenges documented by stakeholders include:
 - WRUA governance and membership. Some of the WRUAs were considered to be dominated by retired men and did not provide an inclusive membership. Many WRUAs are not compliant with statutory requirements to submit returns to the Registrar of Societies, hold regular AGMs, and maintain audited accounts.
 - There is an over-dependence on livelihood aspects with little evidence of actual catchment restoration measures.
 - WRUAs and CFAs struggle financially to create a budget sufficient to cover all the costs of offices, meetings, activities, logistics (transport) and preferably staff (manager, scouts, etc). The common approach to address the financial stress within the WRUAs and CFAs is to provide them with income generating activities (e.g. apiary, tree nurseries, etc). While these activities can provide income to the groups it detracts from the principal function of the groups which is to coordinate membership participation in the natural resource management aspects.
- Widespread corruption is a threat to Kenya's development and cohesion. In Transparency International's Corruption Perception Index 2023, Kenya ranked 126 (down from 123 in 2022, but up from 144 in 2016) (Uganda ranked 141, Ethiopia 98, Tanzania 87, and Somalia 180 in 2023). The drop in Kenya's ranking was attributed to a small number of graft cases that have been successfully prosecuted in the recent past and attempts to water down some of the anti-corruption laws, proposals fronted last year by some legislators to repeal certain provisions of the anti-corruption legislation, including the Anti-Corruption and Economic Crimes Act (ACECA), 2003. *“Besides, the continued appointment of individuals with tainted integrity and persons accused of corruption to the helm of public service administration at both national and county levels continue to undermine the fight against corruption”*, the report says.

8. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

- Denmark has a long history of development cooperation with Kenya. Danida has invested heavily in water sector reforms and has supported multiple projects, that have focused on institutional development and water and sanitation infrastructure projects, in particular in the ASALs. Furthermore, Danida has invested in rangeland management and livelihoods in the ASALs. In the light of changing climate, the extent of degradation of the catchments in Kenya, and widespread competition for water resources and grazing, support to enhance water resource availability, reliability and quality through adoption of nature-based solutions (NBS), including a) conservation and rehabilitation of upper water catchment (e.g. forests), riparian lands, wetlands, and rangelands, b) soil-water conservation, flood management techniques, and erosion control, and c) improving water use regulation and efficiency, will contribute to ensuring the long-term viability of Danish investments made in water supply and sanitation, livelihoods, and rangeland management in the ASALs.

- Denmark has strong competencies vis-à-vis water resource management, including decisions-making support tools for basin management and monitoring of water resources. Danish competencies and solutions can come into play through the coordination and seeking synergy with the Danish-Kenyan strategic sector cooperation (SSC) in the water sector and the Climate Resilient Eastern African Transboundary Water Management (CREATES) Team Europe Initiative. The two initiatives mobilise Danish competencies vis-à-vis rolling out support tools for informed decision-making in basin management, which EWFCP can tap into.
- WSTF is a well-known partner to Danida and the Embassy of Denmark in Nairobi from other engagements, most recently the Green Growth and Employment Programme (GGEP, July 2017 – December 2022) and the ongoing Sustainable Management and Access to water and Sanitation in the ASALs (July 2021 – June 2026). WSTF's experience and track-record demonstrates its relevance as implementing partner for EWFCP and ability to implement the programme and deliver the intended results. WSTF is a key actor in Kenya vis-à-vis investment in the water sector. It has considerable experience and a well-established and tested structure for providing grants and technical support to a range of local actors, including WRUAs, CFAs, community conservancies, counties, and CSOs. WSTF is a proven institution for effective delivery of water sector investments on the ground. WSTF in its capacity as a financing institution without a governance or regulation mandate, it is a neutral entity with established well-functioning partnerships with a range of key actors, including WRA, KFS, NRT, and counties, with cooperation formalised through memoranda of understanding (MoUs). However, WSTF is mainly depending on funding from international donors and its current portfolio is dominated by funding for water supply systems with far less resources secured for investment in water resource management. EWFCP will thus help filling a critical financial gap for WSTF vis-à-vis delivering its mandate.
- As an EU member state, Denmark participates in the Team Europe Initiative. The EU and other member states are also engaged in the water sector, and there is thus potential scope for synergies and coordination, e.g. vis-à-vis the dialogue with the Government of Kenya.
- The water sector coordination group, in which the Embassy of Denmark in Nairobi is an active member, provides an entry for donor coordination and dialogue with the Government of Kenya. Moreover, the WSTF Rural Steering Committee provides regular opportunities for dialogue, coordination, and informing government entities and development partners about the programme and lessons learned.

Annex 2: Partner Assessment

WSTF is a Kenyan State Corporation mandated under the Water Act 2016 to mobilise financial resources for water resource management, water supply, and sanitation projects in unserved and underserved rural and urban areas of Kenya. The objective of WSTF is to provide conditional and unconditional grants for the development and management of water services, including community-level activities for sustainable management of water resources and development of water services in rural areas, where private sector service delivery is not commercially viable.

WSTF is a well-known partner to Danida and the Embassy of Denmark in Nairobi from other engagements, most recently the Green Growth and Employment Programme (GGEP, July 2017 – December 2022) and the ongoing Sustainable Management and Access to water and Sanitation in the ASALs (July 2021 – June 2026). The experience from these engagements is that WSTF is able to implement interventions in rural Kenya and achieve the intended results.

WSTF's experience and track-record demonstrates its relevance as implementing partner for EWFCP and ability to implement the programme and deliver the intended results. Under GGEP as well as interventions supported by other donors (e.g. IFAD), WSTF has experience with implementing water resources management, climate change adaptation, and livelihoods activities, providing grants for infrastructure and capacity development support for WRUAs, CFAs, and community conservancies. Furthermore, WSTF has experience with funding institutional capacity development and policy development support for government entities. Lessons from GGEP include that relying on existing community management structures (WRUAs, CFAs, community conservancies) is an effective means to ensure meaningful community participation, and the investing in capacity development of these can contribute significantly to efficient implementation and local ownership. WSTF has proven well capable of mobilising local expertise, and WSTF's partnerships and cooperation with WRA, KFS, NRT, and counties have proven well-functioning and conducive for the effective implementation and achieving the intended results. Moreover, WSTF has contributed to increased county and WRUA capacities vis-à-vis engaging in integrated water resources planning.

While WSTF has experienced delays in the implementation of Danida-funded projects, the results delivery has overall been satisfactory and most sub-grant projects have been completed on time. WSTF's institutional setup and processes have proven conducive for implementation.

EWFCP will address two key recommendations from the final evaluation (2022) of GGEP, namely, a) investing in multi-dimensional capacity development for WRUAs, CFAs, and community conservancies; and b) strengthening counties' capacities vis-à-vis using data and information management in decision-making.

To enhance the likelihood of longer-term sustainability of its investments, WSTF provides intuitional capacity development to the WRUAs, CFAs, and community conservancies that receive grants from WSTF. WSTF also conducts annual stock-taking assessments of field projects that have been completed within the preceding five years. Based on these, WSTF compiles annual sustainability indexes. Moreover, WRA, KFS, and NRT provide support and oversight as a part of their core mandate. WSTF has over the years funded policy and institutional capacity development for these WRA, KFS, and counties, as a contribution to creating an enabling environment for the continued functionality of the investments made.

A mid-term review of the Danish country programme in Kenya in November 2023 found that WSTF's monitoring, evaluation and reporting system works well. A key component of this system is Quality Assurance Monitors, who are based in the counties and each cover a small cluster of counties. WSTF conducts joint supervision missions with WRA, KFS, NRT, and relevant county departments. Moreover, WSTF is in the process of establishing a Project Management Information System for the delivery of real-time monitoring information. The 2023 mid-term review confirmed that WSTF has a proven track-record of designing its interventions based on lessons learned from previous engagements.

WSTF applies a gender sensitive approach in its implementation. The GGEP final evaluation found that gender, equality, and social inclusion was mainstreamed throughout the design and implementation of GGEP, e.g. with a) priority given to grant applications with benefits to, and participation of, women, youth, and people with disability; b) ensuring representation across, age, ethnicity and class in initial community meetings; and c) ensuring water facilities were accessible for person with physical disabilities. WSTF's has a Gender Mainstreaming Policy and a Sexual and Gender-Based Violence Policy, which were approved by the Board of Trustees in mid-2023. Overall, the 2023 mid-term review of the Danish country programme in Kenya found that WSTF's safeguards and policies respond adequately to Danish requirements. Women are represented in senior and mid-level management positions of WSTF.

Summary of key partner features

Name of Partner	Core business	Importance	Influence	Contribution	Capacity	Exit strategy
Water Sector Trust Fund (WSTF, WaterFund)	Provides conditional and unconditional grants to WRUAs, CFAs, community conservancies, CSOs, and counties – to assist in financing the development and management of water resources and water and sanitation services in marginalised and underserved areas.	<i>High</i> EWFCP will be the primary water resource management programme of WSTF.	<i>Medium-high</i> - A financier WSTF helps key actors closing financial gaps in the water sector - WSTF enjoys high recognition among various government and non-governmental actors and is a neutral partner that is not involved in inter-agency competition over mandate and roles - WSTF does not have a water governance mandate	- Has well-tested and proven structures and processes in place for delivery of investments in water resource management on the ground, engaging key stakeholders. - Has access to key government stakeholders	Strengths: - Well-established structures and processes in place for delivering and supervising investments on the ground - Qualified staff - Presence at the county level - Good relationships and history of collaboration with key stakeholders in the water sector at national, basin, and local level - A neutral partner, which is not competing with other actors in the sector - Well-known and tested partner, which is familiar with Danida requirements - Staff with experience in WRM and NRM, incl. some with climate change adaptation expertise. Weaknesses:	- Institutional and governance capacity development for WRUAs, CFAs, and community conservancies. - Promotion of cost recovery through volume-based water tariffs. - Targeted policy, planning and capacity development support for national and sub-national government actors - Targeted capacity development support for WSTF

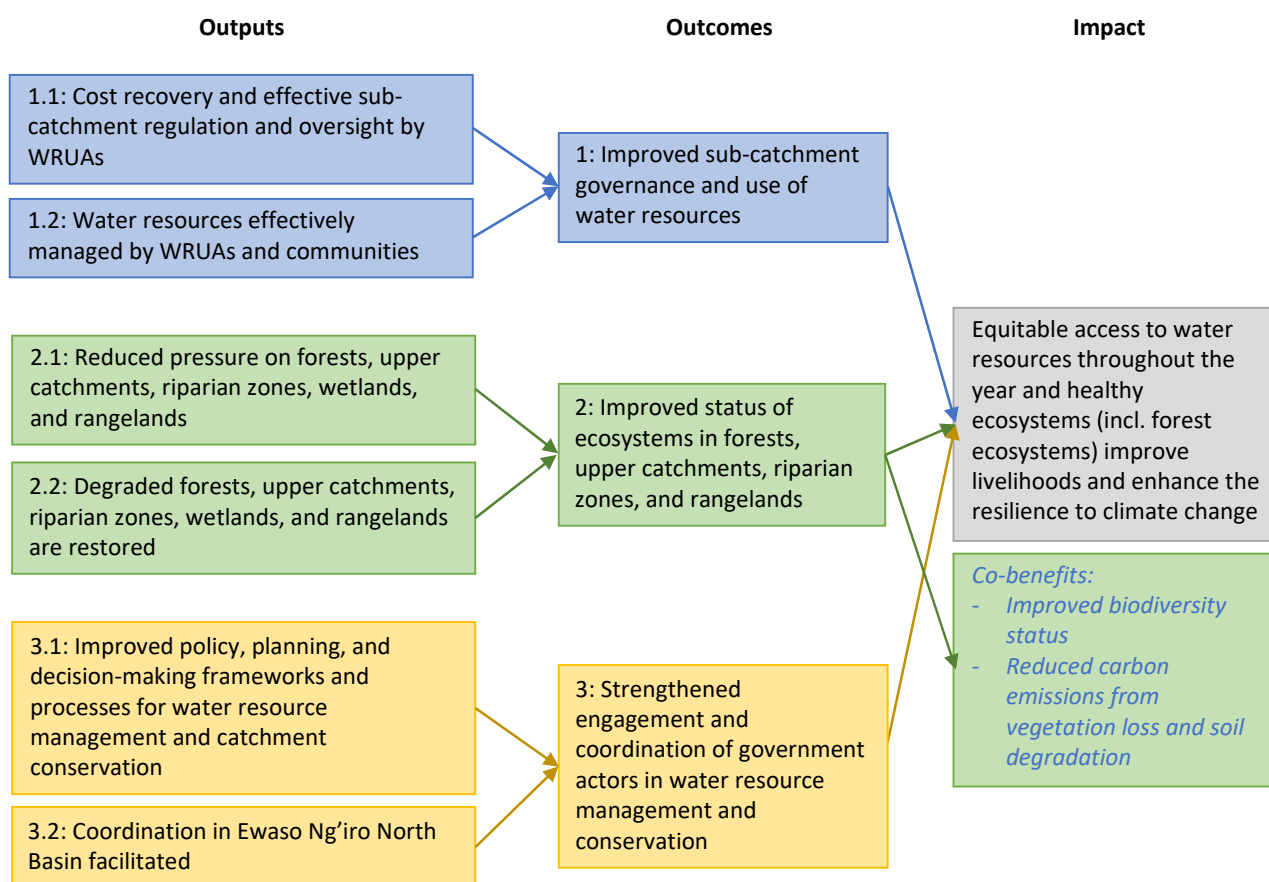
					<ul style="list-style-type: none"> - Delivery of sub-grants has been slow due to lengthy process, capacity constraints among grant recipients, and difficulties in finding qualified contractors - Insufficient staff skills vis-à-vis nature-based solutions and local cost recovery mechanisms - No mandate vis-à-vis water and basin governance, regulation, and coordination - No county-level staff with WRM/NRN profiles - Limited staff skills vis-à-vis climate change, water credits, and water, natural and rangeland resource conflict management 	
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Main stakeholders: An overview of the main institutional stakeholders vis-à-vis basin and water resource management in Kenya are presented in the table below.

Category	Stakeholder	Mandate/role
Government	Ministry of Water, Sanitation and Irrigation (MWSI)	Formulation and implementation of policies, regulations, and programmes for integrated water resource management.
	Water Resources Authority (WRA)	Regulates the use of water resources, with the objective to increase water resource availability for multi-purpose and improve the quality and sustainability of water resources.
	Water Sector Trust Fund (WSTF)	Provides grants to WRUAs, CFAs, community conservancies, CSOs, and counties for the development and management of water resources and water and sanitation services in marginalised and underserved areas.
	Ministry of Environment, Climate Change and Forestry (MECCF)	Formulation and implementation of policies, regulations, and programmes related to the environment, climate change, and forestry.
	Kenya Forest Service (KFS)	Conservation, development, and sustainable management of forest resources for environmental stability and the social-economic development.
	Kenya Water Towers Agency (KWTA)	Coordination and oversight of the protection, rehabilitation, conservation, and sustainable management of water towers.
	National Drought Management Authority (NDMA)	Overall coordination of drought risk management and establishment of mechanisms to address drought emergencies.
	County governments	Oversight and regulation of water and sanitation services. Responsible for soil and water conservation and agricultural, livestock, and soil and water extension services. Obligated to mainstream climate change into county development and sector plans.
Community-based institutions	Water resource user associations (WRUAs)	Plan and regulate the management and use of water resources at the sub-catchment level, to ensure their sustainable use and adherence to legal provisions.
	Community forestry associations (CFAs)	Manage forest resources jointly with KFS. Tasked to plan and regulate the use of forest resources in forest areas designated for participatory forest management jointly with KFS.
	Community conservancies	Managing and regulating the use of rangelands sustainably, to ensure the needs of wildlife and people and their livestock are met.
	Northern Rangelands Trust (NRT)	Umbrella organisation for community conservancies

Annex 3: Theory of Change, Scenario, and Results Framework

Theory of Change for EWFCP



Assumptions:

- Sufficient commitment at national, basin, and county level to engage in basin-level coordination of water resource management and management of catchments
- Willingness to pay for the actual costs of water
- Willingness among WRUAs, CFAs, and community conservancies and their constituencies to regulate behaviour and share water and other natural resources

Results Framework for EWFCP

Project		Ewaso Ng'iro Basin Water, Forest, and Climate Resilience Programme (EWFCP)	
Project Objective		Equitable access to water resources throughout the year and healthy ecosystems (incl. forest ecosystems) improve livelihoods and enhance the resilience to climate change	
Impact Indicator		Proportion of the population in the Ewaso Ng'iro basin with adequate access to water to cover domestic, livestock, agricultural, and ecological needs throughout the year	
Outcome 1		Improved sub-catchment governance and use of water resources	
Outcome indicator 1a		Proportion of sub-catchments with at least 30% of the water from surface water resources being reserved for maintaining environmental integrity (ecological flow)	
Baseline	Year	2024	To be established during inception phase
Target	Year	2029	30%
Outcome indicator 1b		Increase in compliance with sub-catchment regulations and legal provisions	
Baseline	Year	2024	To be established during inception phase
Target	Year	2029	70%
Output 1.1		Cost recovery and effective sub-catchment regulation and oversight by WRUAs	
Output indicator 1.1a		Number of WRUAs applying volume-based water tariffs	
Baseline	Year	2024	2 (Ngusishi and Ngare Nything WRUAs)
Target	Year 1	2025	3
Target	Year 2	2026	5
Target	Year 3	2027	8
Target	Year 4	2028	10
Target	Year 5	2029	12
Output indicator 1.1b		Number of plans and operational frameworks established or improved (e.g. sub-catchment management plans, water allocation plans)	
Baseline	Year	2024	0
Target	Year 1	2025	6
Target	Year 2	2026	7
Target	Year 3	2027	8
Target	Year 4	2028	9
Target	Year 5	2029	10
Output indicator 1.1c		Number of WRUAs conducting regular patrols	
Baseline	Year	2024	2
Target	Year 1	2025	5
Target	Year 2	2026	8
Target	Year 3	2027	11
Target	Year 4	2028	14
Target	Year 5	2029	19
<i>Examples of activities</i>		<i>Introduction of volume-based water tariffs, pollution control, patrolling, capacity development (e.g. on conflict mediation, scout training), awareness raising, improving planning (incl. allocation plans) and operational frameworks.</i>	
Output 1.2		Water resources effectively managed by WRUAs and communities	
Output indicator 1.2a		Water harvesting and storage infrastructure capacity installed (m ³) (<i>linked to WSTF KRA 3 indicator</i>)	
Baseline	Year	2024	0 m ³
Target	Year 1	2025	100,000 m ³
Target	Year 2	2026	180,000 m ³
Target	Year 3	2027	360,000 m ³
Target	Year 4	2028	500,000 m ³
Target	Year 5	2029	500,000 m ³
Output indicator 1.2b		Number of common intakes with meters established	
Baseline	Year	2024	0
Target	Year 1	2025	7
Target	Year 2	2026	9
Target	Year 3	2027	11

Target	Year 4	2028	14
Target	Year 5	2029	18
<i>Examples of activities</i>		<i>Water harvesting and enhanced water storage (e.g. sand dams, ponds, water pans), spring protection, establishment of common intakes with meters, groundwater and surface water recharge.</i>	
Outcome 2		Improved status of ecosystems in forests, upper catchments, riparian zones, and rangelands	
Outcome indicator 2a		Area with increased perennial vegetation cover of indigenous species (incl. trees)	
Baseline	Year	2024	0 ha
Target	Year	2029	27,000 ha
Output 2.1		Reduced pressure on forests, upper catchments, riparian zones, wetlands, and rangelands	
Output indicator 2.1a		Area (ha) effectively protected and sustainably managed in upper catchment and riparian zone (incl. wetlands) (<i>linked to WSTF KRA 3 indicator</i>)	
Baseline	Year	2024	0 ha
Target	Year 1	2025	7,000 ha
Target	Year 2	2026	8,000 ha
Target	Year 3	2027	10,000 ha
Target	Year 4	2028	11,000 ha
Target	Year 5	2029	14,000 ha
<i>Examples of activities</i>		<i>Management plans (incl. PFM plans, grazing plans, review of sub-catchment management plans), bylaws, fencing, water points for wildlife, HWC awareness raising and management, energy-efficient stoves, institutional biogas plants, patrolling (incl. joint patrolling), sustainable agriculture and livestock management, on-farm tree planting, alternative livelihoods (e.g. bee keeping, fish farming, eco-tourism), capacity development (e.g. on conflict mediation).</i>	
Output 2.2		Degraded forests, upper catchments, riparian zones, wetlands, and rangelands are restored	
Output indicator 2.2a		Area restored (ha) (<i>linked to WSTF KRA 3 indicator</i>)	
Baseline	Year	2024	0 ha
Target	Year 1	2025	6,000 ha
Target	Year 2	2026	9,000 ha
Target	Year 3	2027	10,000 ha
Target	Year 4	2028	11,000 ha
Target	Year 5	2029	13,000 ha
<i>Examples of activities</i>		<i>Planting of indigenous trees (incl. fruit trees for wildlife), erosion control and soil conservation, flood control, wetland restoration.</i>	
Outcome 3		Strengthened engagement and coordination of government actors in water resource management and conservation	
Outcome indicator 3a		Number of evidence-based basin-level multi-stakeholder decisions/agreements for Ewaso Ng'iro Basin	
Baseline	Year	2024	To be established during inception phase
Target	Year	2029	To be established during inception phase
Output 3.1		Improved policy, planning, and decision-making frameworks and processes for water resource management and catchment conservation	
Output indicator 3.1a		Number of national and sub-national policies and plans passed, revised, operationalised and/or implemented	
Baseline	Year	2024	0
Target	Year 1	2025	0
Target	Year 2	2026	1
Target	Year 3	2027	2
Target	Year 4	2028	2
Target	Year 5	2029	2
Output indicator 3.1b		Number of lessons learnt documented and applied in approaches to address climate change adaptation, WRM, NRM, and/or basin management	
Baseline	Year	2024	0
Target	Year 1	2025	1

Target	Year 2	2026	2
Target	Year 3	2027	2
Target	Year 4	2028	2
Target	Year 5	2029	3
<i>Examples of activities</i>		<i>Research and studies (incl. mapping and studies on groundwater and surface water recharge, water pollution), support for revision/formulation of policies and plans (e.g. revision of the WRUA Development Cycle (WDC) framework), technical advisory, training, decision-making support tools,) equipment for basin management and monitoring (GIS, remote sensing, groundwater monitoring stations), preliminary work on performance-based water credit (KPIs).</i>	
Output 3.2		Coordination in Ewaso Ng'iro North Basin facilitated	
Output indicator 3.2a		No. and type of basin coordination activities annually (e.g. meetings, joint monitoring, joint planning) done	
Baseline	Year	2024	2
Target	Year 1	2025	6
Target	Year 2	2026	6
Target	Year 3	2027	6
Target	Year 4	2028	6
Target	Year 5	2029	6
Output indicator 3.2b		Reduction in number of water-related conflicts in the Ewaso-Ng'iro basin	
Baseline	Year	2024	To be established during inception phase
Target	Year 1	2025	5%
Target	Year 2	2026	10%
Target	Year 3	2027	20%
Target	Year 4	2028	25%
Target	Year 5	2029	30%
<i>Examples of activities</i>		<i>Support for basin meetings, awareness raising and dialogue with stakeholders, coordination and joint planning/implementation with SSC, TEI, and other initiatives, support for upstream-downstream conflict mediation.</i>	

Annex 4: Risk Management

Contextual Risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Political instability and violence	Unlikely	Major	<ul style="list-style-type: none"> - Put implementation temporarily on hold if staff is at risk - Formulate county-specific security management plans (SMPs) - Programme works in the safest part of the Ewaso Ng'iro Basin (Southwest) 	Major	Parts of the Ewaso Ng'iro Basin is affected by armed conflict between communities and/or by insurgents/terror organisations.
Conflict between and within communities over water, forest resources, and grazing	Almost certain	Major	<ul style="list-style-type: none"> - Implementation by local partners with understanding of context - Capacity development to WRUAs, CFAs, community conservancies on governance and mediation - Maintaining a position of neutrality - Mediation - Put implementation temporarily on hold if staff is at risk - Formulate county-specific security management plans (SMPs) 	Minor	Local conflict over natural resources, e.g. between farmers and pastoralists, upstream and downstream communities are frequent in the Ewaso Ng'iro Basin, especially during the dry season.
Corruption and elite capture of water resources	Unlikely	Major	<ul style="list-style-type: none"> - Awareness raising for communities and key programme stakeholders - Capacity development to WRUAs, CFAs, community conservancies on governance and transparency - Joint supervision (WRA/KFS/NRT, counties, WSTF) - Encourage grant applicants to team up with NGOs - Develop and implement stakeholder engagement plans (environmental and social safeguards instruments) 	Minor	The governance capacities of several WRUAs, CFAs and community conservancies are low, which increases the risk of corruption and elite capture.

Severe drought, dry spells, or floods	Likely	Major	<ul style="list-style-type: none"> - Promotion of climate-smart solutions. e.g. water harvesting and soil-water conservation measures - Guaranteeing whistle-blower anonymity 	Major	Droughts are frequent, particularly in the ASAL part of the Ewaso Ng'iro Basin, as are floods across the basin. Drought affected WRUA projects under GGEP.
Weak implementation capacities of WRUAs, CFAs, and community conservancies	Likely	Major	<ul style="list-style-type: none"> - Capacity development for WRUAs, CFAs, and community conservancies - MoUs with WRA, KFS, NRT for support and oversight - Joint supervision (WRA/KFS/NRT, counties, WSTF) - Engagement of counties in oversight - Oversight by Quality Assurance Monitors - Encourage grant applicants to team up with NGOs - Implementation of the Integrity Management Toolbox developed by WSTF to enhance capacity and governance 	Minor	The experience of WSTF as well as other stakeholders is that the capacities of WRUAs, CFAs, and community conservancies vary considerably, with many having low capacity.
Inter-agency competition: stakeholder unwillingness to engage in basin coordination + uncoordinated development of water resources	Unlikely	Major	<ul style="list-style-type: none"> - Dialogue and awareness raising by Basin Coordinator - Facilitation and support for basin coordination platforms - Joint supervision (WRA/KFS/NRT, counties, WSTF) - Dialogue with WRA, KFS, NRT, counties 	Major	There is some ambiguity in WRA and county mandates and competition vis-à-vis water regulation. Currently, there is little coordination of water abstraction with multiple abstractors incl. illegal abstraction.

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Unintended negative environmental or social impacts of community-level activities	Unlikely	Major	<ul style="list-style-type: none"> - Focus on nature-based solutions - Develop and implement environmental and social safeguards instruments - Environmental and social screening of proposals - Adherence to NEMA regulations re. ESIA's 	Minor	The environmental and social risks associated with nature-based solutions is generally low. Infrastructure investments will be small-scale. Regulation and restriction of access to upper catchments and riparian zones may affect some

			<ul style="list-style-type: none"> - Community-based and gender sensitive approaches - Oversight by Quality Assurance Monitors - External and internal audits 		households and could contribute to local conflicts over resources.
Insufficient oversight and support for grant recipients by WRA, KFS, and NRT	Unlikely	Minor	<ul style="list-style-type: none"> - Institutional development support for WRA, KFS, and counties - Joint supervision (WRA/KFS/NRT, counties, WSTF) - Oversight by Quality Assurance Monitors - Internal monitoring by WSTF - Encourage grant applicants to team up with NGOs - Develop sustainability framework - External and internal audits 	Minor	The operations of WRA and KFS are affected by financial and staff constraints, e.g. vis-à-vis the ability to carry out visits to communities.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Misappropriation of funds and fraud	Unlikely	Major	<ul style="list-style-type: none"> - Support by International Financial Adviser - Oversight by Quality Assurance Monitors (QAMs) - Guaranteeing whistle-blower anonymity - Programme accountant - External and internal audits, incl. of a large proportion of sub-grants - Encourage grant applicants to team up with NGOs for fiduciary capacity development and support - Guaranteeing whistle-blower anonymity 	Minor	WSTF audit reports have generally been unqualified. The financial management and governance capacities of WRUAs, CFAs and community conservancies are often low.
Delayed transfer of funds from Treasury, through MoW to WSTF	Unlikely	Major	<ul style="list-style-type: none"> - Dialogue with Treasury - Fast processing of financial reporting and payment requests - Follow-up with National Treasury and Parent Ministry 	Major	Government processes for financial management and transfer can be slow in Kenya.
Delays in grant-making or procurement	Likely	Major	<ul style="list-style-type: none"> - Support by International Financial Adviser - Provision of programme accountant 	Major	The experience from earlier support to WSTF has shown that the grant-making process is often slower than expected.

			<ul style="list-style-type: none">- Technical advisory to grant applicants, WRA, KFS, NRT- Encourage grant applicants to team up with NGOs- Provide skills development on procurement		
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Annex 5: Budget Details

Item	Year 1 (2025-26) DKK	Year 2 (2026-27) DKK	Year 3 (2027-28) DKK	Year 4 (2028-29) DKK	Year 5 (2029-30) DKK	Total DKK	Share
Outcome 1: Sub-catchment governance + use of water resources	4,024,800.00	9,110,400.00	6,708,000.00	5,366,400.00	1,622,400.00	26,832,000.00	43%
- Output 1.1: Sub-catchment regulation/oversight by WRUAs*	842,400.00	1,684,800.00	1,404,000.00	1,123,200.00	561,600.00	5,616,000.00	9%
- Output 1.2: WRM by WRUAs and communities*	3,182,400.00	7,425,600.00	5,304,000.00	4,243,200.00	1,060,800.00	21,216,000.00	34%
Outcome 2: Improved status of ecosystems	3,556,800.00	7,706,400.00	5,928,000.00	4,742,400.00	1,778,400.00	23,712,000.00	38%
- Output 2.1: Reduced pressure on ecosystems*	1,778,400.00	3,556,800.00	2,964,000.00	2,371,200.00	1,185,600.00	11,856,000.00	19%
- Output 2.2: Degraded ecosystem restoration*	1,778,400.00	4,149,600.00	2,964,000.00	2,371,200.00	592,800.00	11,856,000.00	19%
Outcome 3: Engagement + coordination of government actors	1,310,400.00	2,620,800.00	2,184,000.00	1,747,200.00	873,600.00	8,736,000.00	14%
- Output 3.1: Improved policy and planning frameworks	842,400.00	1,684,800.00	1,404,000.00	1,123,200.00	561,600.00	5,616,000.00	9%
- Output 3.2: Basin coordination facilitated	468,000.00	936,000.00	780,000.00	624,000.00	312,000.00	3,120,000.00	5%
Baseline survey and monitoring	936,000.00	624,000.00	624,000.00	624,000.00	312,000.00	3,120,000.00	5%
Outcome/output total	9,828,000.00	20,061,600.00	15,444,000.00	12,480,000.00	4,586,400.00	62,400,000.00	100%
Programme staff total	660,000.00	1,260,000.00	1,110,000.00	960,000.00	810,000.00	4,800,000.00	
- Staff: Basin Coordinator	180,000.00	180,000.00	180,000.00	180,000.00	180,000.00	900,000.00	
- Staff: 4 QA monitors (2 NRM+social, 1 engineer, 1 finance)	300,000.00	900,000.00	750,000.00	600,000.00	450,000.00	3,000,000.00	
- Staff: accountant	180,000.00	180,000.00	180,000.00	180,000.00	180,000.00	900,000.00	
Targeted capacity development for WSTF staff	500,000.00	500,000.00	500,000.00	500,000.00	-	2,000,000.00	
ICT equipment for programme staff (incl. computers)	50,000.00	-	-	-	-	50,000.00	
2 vehicles incl. operational costs	1,760,000.00	260,000.00	260,000.00	260,000.00	260,000.00	2,800,000.00	
Communication and visibility	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	1,500,000.00	
Audits (incl. audit of 75% of sub-grants)	150,000.00	375,000.00	375,000.00	375,000.00	225,000.00	1,500,000.00	
WSTF management fee (5%)	697,263.16	1,197,715.79	946,789.47	782,894.74	325,336.84	3,950,000.00	
Total grant disbursed to WSTF	13,945,263.16	23,954,315.79	18,935,789.47	15,657,894.74	6,506,736.84	79,000,000.00	
International Technical Advisers total	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	15,000,000.00	
- International Financial Management and MEL Adviser	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	7,500,000.00	
- International NbS and Water Finance Adviser	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	7,500,000.00	
Review, evaluation	-	-	500,000.00	-	500,000.00	1,000,000.00	
Unallocated adaptive reserve (e.g. targeted short-term TA)	500,000.00	1,250,000.00	1,250,000.00	1,250,000.00	750,000.00	5,000,000.00	
Total managed by Embassy	3,500,000.00	4,250,000.00	4,750,000.00	4,250,000.00	4,250,000.00	21,000,000.00	
TOTAL	17,445,263.16	28,204,315.79	23,685,789.47	19,907,894.74	10,756,736.84	100,000,000.00	

*15% to WRA of subgrants to WRUAs and 15% to KFS of sub-grants to CFAs as per Kenyan law and MoUs with WSTF

Annex 6: List of Supplementary Materials

#	Document / Material	Source
1	Identification of new Danish engagement regarding water resources management, reforestation and climate adaptation in Kenya. Identification Note. 14 March 2024	Rural Focus Ltd
3	Draft Terms of References for: - International Financial Management and MEL Adviser - International NbS and Water Finance Adviser	Embassy of Denmark in Nairobi
4	Draft Terms of References for: - Basin Coordinator - NRM and Social Quality Assurance Monitors - Programme Accountant	WSTF
5	Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience Programme, WaterFund Communication Strategy and Plan. April 2024	WSTF
6	Strategic Framework Denmark-Kenya Partnership 2021-2025	Ministry of Foreign Affairs of Denmark
7	WaterFund Strategic Plan 2023-2027	WSTF
8	Water Sector Trust Fund Institutional & Departmental Organization Structures. May 2022	WSTF
9	Annual Rural Harmonized Report. FY 2022/2023. July 2023	WSTF
10	Water Resource Users Association (WRUA) Procurement Manual. November 2023	WSTF, WRA, MWSI
11	Water Sector Trust Fund (WaterFund) Risk Management Policy and Framework. Rev. September 2022	Ernest & Martin
12	WaterFund Executive Brief. 2 April 2024	WSTF
13	Green Growth and Employment Programme. End of Programme Evaluation. December 2022	Advance Development Initiative
14	Brief: Mid-Term Review (MTR) Report – Water Sector Trust Fund Component, November 2023	Embassy of Denmark in Nairobi
15	Development Engagement Document: Sustainable Management and Access to Water and Sanitation in the ASALs, July 2021 – June 2026	Embassy of Denmark in Nairobi
16	Framework Agreement between Water Sector Trust Fund and Water Resources Authority. April 2024	WSTF, WRA
17	Framework for Collaboration between Water Sector Trust Fund (WSTF) and Kenya Forest Service (KFS). October 2021	WSTF, KFS
18	Memorandum of Understanding between Water Sector Trust Fund (WaterFund) and Northern Rangelands Trust (NRT) on Collaboration and Cooperation in Water Resources Management. 22 December 2023	WSTF, NRT

Annex 7: Plan for Communication of Results

What? (the message)	When? (the timing)	How? (the mechanism)	Audience(s)	Responsible
WSTF's unique role in climate resilience and water resource management	Throughout programme implementation	Emphasize through targeted outreach, branding, and success stories	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Civil society, Media, Academia	WSTF Corporate Communication Unit
Danida's/Denmark's commitment to innovative and nature-based solutions for climate change adaptation, water resource management, forest and ecosystem conservation and restoration, poverty reduction	Throughout programme implementation	Highlight in programme updates, meetings, and collaboration activities	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Private sector, Civil society, Academia	WSTF Programme Department and Corporate Communication Unit Embassy of Denmark
Importance of climate financing for water resource management	At key programme milestones	Incorporate into policy briefs, reports, and stakeholder engagement events	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners, WRUAs, CFAs, community conservancies Secondary: Regional Water Works Development Authority	Planning, Monitoring and Evaluation Department and Corporate Communication Unit
Advocacy for increased resource allocation for climate change adaptation initiatives	At strategic advocacy opportunities	Utilize media, workshops, and lobbying efforts to raise awareness and garner support	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Civil society, Media	WSTF Corporate Communication Unit
Successful outcomes and impacts of EWFCP sub-grants to WRUAs, CFAs, community conservancies	Annually and at programme closure	Share through case studies, reports, and knowledge-sharing events	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, Development Partners, County Governments, WRUAs, CFAs, community conservancies Secondary: Civil society, Media, Academia	Planning, Monitoring and Evaluation Department and Corporate Communication Unit

Collaboration opportunities for stakeholders in climate resilience	Throughout programme implementation	Facilitate through workshops, forums, meetings, and networking events	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Private sector, Civil society, Academia	Planning, Monitoring and Evaluation Department and Corporate Communication Unit Embassy of Denmark
Impact of climate change on water resources and communities	At programme initiation and throughout	Include in awareness campaigns, educational materials, and community engagement efforts	Primary: WRUA's Danida, Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments Secondary: County Governments, Regional Water Works Development Authority	WSTF Corporate Communication Unit
Benefits of nature-based solutions for climate resilience, sustainable water resource management, and equitable water sharing	Throughout programme implementation	Communicate through workshops, field visits, and educational materials	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, WRUAs, CFAs, community conservancies Secondary: Civil society, Media	WSTF Corporate Communication Unit
Strategic partnership between WSTF and Danida	At programme initiation and throughout	Highlight in press releases, project launches (sub-grants), and partnership agreements	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Civil society, Media, Academia	Fund Development Department and WSTF Corporate Communication Unit
WSTF's advocacy for policy alignment with national priorities	At strategic policy events	Engage through policy briefs, consultations, and high-level meetings	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Private sector, Civil society, Academia	Communication Officer

Annex 8: Process Action Plan

Action/product	Deadlines	Responsible/involved Person and unit	Comment/status
Deadline for confirming agenda for Programme Committee meeting of 4 Jun	16 Apr	RDE – Nancy/Mette/Tobias	Agenda for presentation of programme to Programme Committee
Submission of 1 st draft programme document to RDE	22 Apr	PEM	1 st draft programme document
Tendering for and contracting of appraisal consultants, including mobilisation	22 Apr – 25 May	ELQ	Recruitment of appraisal consultant
Request for appraisal sent to ELQ	23 Apr	RDE – Mette/Nancy	Draft TOR for appraisal, revised draft PAP, 1 st draft programme document
Review of 1 st draft programme document	23-6 May	RDE – Nancy	Comments on 1 st draft programme document shared with PEM
PEM and WSTF incorporate comments in 2 nd draft programme document	7-9 May	PEM/WSTF	2 nd draft programme document
Submission of 2 nd draft programme document	9 May	PEM	2 nd draft programme document for RDE comments
Review of 2 nd draft programme document	10-15 May	RDE & ELQ	Comments on programme document to PEM
Deadline for submission of 2 nd draft programme document to ELQ – 17 working days before Programme Committee for public consultation and comments	29 May	RDE – Nancy/Tobias/Mette/Trine	Draft programme document submitted for public hearing
Receipt of comments from ELQ and MFA relevant Departments	4 June	ELQ	Written comments on draft programme document from ELQ/MFA Depts
Presentation of programme at DANIDA Programme Committee (min. 6 months prior to Minister's approval)	11 Jun	RDE – Stephan/Trine/Tobias/Mette/Nancy	
Revise programme document with comments from Programme Committee and public consultation	12-28 Jun	PEM & RDE – Nancy/Tobias/Mette	Recommendations from Programme Committee incorporated in programme document
Desk/field appraisal	1 st – 31 st Aug	Mette/ELQ	Draft appraisal recommendations
Deadline for confirming agenda items for Council for Development Policy meeting for 3 Oct 2024 (6 weeks before meeting)	22 Aug	RDE – Nancy/Mette	Agenda for UPR
Final appraisal report integrating comments from RDE	31 st Aug	Mette/ELQ	Final appraisal report
Incorporate recommendations in final draft programme document	2-6 Sep	RDE – Nancy/Tobias/Mette/HoC	Final draft programme document and annexes
Submit final programme document + annexes and appropriation cover note to ELQ (min. 13 working	16 Sep	Nancy/Tobias/Mette	Final draft programme document and annexes

days before meeting in Council for Development Policy)			
RDE Presentation of programme to Council for Development Policy (min. 1 month prior to Minister's approval of programme)	3 Oct	RDE – Stephan/DHoM/Tobias /Mette/Nancy	
Minister approves Programme	15-31 Oct	ELQ submits proposed programme together with minutes of meeting	After Council for Development Policy meeting
Document for Finance Committee (Aktstykke) and presentation to Parliamentary Committee on Finance	1-15 Nov	ELQ/Minister's office	
Actions following Minister's approval			
Grant proposal published on Danida Transparency after Minister's approval	Nov	ELQ	
Signing of Bilateral Agreement with National Treasury and Programme Partner	Dec	RDE – Nancy/Stephan	Signed programme document
Register commitment(s) in PMI/FMI systems within planned quarter	Dec	RDE – Nancy/Charlotte	
Programme start (start of inception phase) based on Government of Kenya fiscal year	July 2025	WSTF	Aligned with Government of Kenya's fiscal year (July-June)
Inception phase: baseline survey, review of indicators and targets, finalisation of communication plan, staff recruitment, procurement of vehicles and equipment,	July-Nov 2025	WSTF, RDE	
WSTF submits inception report, baseline survey, communication plan	Nov 2025	WSTF, RDE	
Launch of first call for proposals	Nov 2025	WSTF	
WSTF submission of annual reports to RDE	Early 2026, 2027, 2028, 2029, 3030	WSTF	
Mid-term review	Mid-2027	RDE	
WSTF submission of completion report to RDE	End 2029/early 2030	WSTF	

Annex 9: Financial Flow Diagram

