

Ministry of Foreign Affairs – Royal Danish Embassy in Nairobi

Meeting in the Council for Development Policy on 20 February 2025

Agenda Item No. 4

- 1. Overall purpose:** *For discussion and recommendation to the Minister*
- 2. Title:** Ewaso Ng'iro Basin Water, Forest, and Climate Resilience Project (EWFCP), Kenya
- 3. Amount:** DKK 100 million (July 2025 – June 2030)
- 4. Presentation for Programme Committee:** 11 June 2024
- 5. Previous Danish support presented to UPR:** Yes, under the Kenya Bilateral Programme 2021-2025 – WSTF

Ewaso Ng'iro Basin Water, Forest, and Climate Resilience Project

Key results for the Integrated Water Resources Management (IWRM):

- Improved livelihoods and resilience to climate change
- Improved availability of water resources throughout the year
- Improved status of forest and other ecosystems
- Improved water governance and water resource management
- Strengthened engagement and coordination of government actors in integrated water resource management
- Co-benefits: Improved biodiversity status and reduced carbon emissions from forest/ecosystem protection and rehabilitation

Justification for support:

- Aligned with several objectives of the Danish Strategy for Development Cooperation
- Contributes to achieving the objectives of Denmark's new Tropical Forest Initiative, while being a separate engagement
- Specifically, EWFCP addresses the following issues:
 - Communities are severely affected by droughts and water scarcity during the dry season, and by floods during the wet season
 - high pressure on water resources, which is exacerbated by climate change
 - frequent local conflicts between communities and upstream and downstream water users over scarce water resources
 - widespread ecosystem degradation, including forest degradation and deforestation, which disrupts hydrological flows, access to water, and water quality
 - 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	Royal Danish Embassy, Nairobi					
Sector	Environment and climate change					
Partner	Water Sector Trust Fund (WSTF)					
	<i>DKK million</i>					
	2025	2026	2027	2028	2029	Total
Commitment	100					100
Projected disbursement	18.3	24.8	28.9	19.8	8.3	100
Duration	5 years (July 2025-June 2030)					
Previous grants	2010-2022: 122m, 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:

Development objective: Enhanced socio-economic well-being and climate resilience of local communities in the Ewaso Ng'iro Basin.

Immediate objective: Improved availability of water resources, forest and catchment ecosystem health, and productivity of natural resources.

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 stakeholder coordination)	DKK 85m
Engagement 2 – international technical advisers + technical inputs	DKK 9m
Engagement 3 – review, evaluation, audit	DKK 1m
Engagement 4 – unallocated funds	DKK 5m
Total	DKK 100m

Ministry of Foreign Affairs of Denmark

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

Project Document

February 2025

Version for Council for Development Policy

Ref: 24-07687

List of contents

1	Introduction	6
2	Context, strategic considerations, rationale, and justification.....	6
2.1	Context.....	6
2.2	Political economy in the Ewaso Ng'iro Basin.....	10
2.3	Rationale and justification.....	10
2.4	Strategic considerations	12
2.5	Links to other Danish engagements	13
2.6	Lessons learned from previous support.....	14
2.7	Project identification and formulation process.....	15
2.8	Choice of executing partner and aid modalities.....	15
2.9	Key stakeholders and beneficiaries	16
2.10	Inclusion	16
2.11	Conflict resolution.....	17
3	Project objective	18
4	Theory of change and key assumptions	18
5	Summary of the results framework.....	19
6	Inputs/budget.....	21
7	Institutional and management arrangements	22
7.1	Project management.....	22
7.2	Project implementation strategy.....	23
7.3	Monitoring, review, and evaluation.....	24
8	Financial management, planning, and reporting.....	25
8.1	Financial management	25
8.2	Disbursements	26
8.3	Allowances.....	27
8.4	Reporting.....	27
8.5	Accounting.....	29
8.6	Sub-granting to implementing partners.....	29
8.7	Audit.....	30
8.8	Anti-corruption.....	31
9	Risk management	32
10	Closure	32
	Annex 1: Context Analysis	34
	Annex 2: Partner Assessment	42
	Annex 3: Theory of Change, Scenario, and Results Framework.....	54
	Annex 4: Risk Management	59

Annex 5: Budget Details	65
Annex 6: List of Supplementary Materials.....	66
Annex 7: Plan for Communication of Results	67
Annex 8: Process Action Plan	69
Annex 9: Financial Flow Diagram.....	71
Annex 10: EWFCP’s sub-grant project cycle	72
Annex 11: How-to notes – key elements covered	73
Annex 12: Overall features of the Ewaso Ng’iro Basin.....	74
Annex 13: Overview of main steps in the phased implementation approach.....	75
Annex 14: Draft inception phase workplan.....	76
Annex 15: Project justification by OECD DAC criteria	77
Annex 16: Project Implementation structure	78

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
LÆRING	Evaluation, Learning, and Quality Department
EU	European Union
EWFCP	Ewaso Ng'iro Basin Water, Forest, and Climate Resilience Project
FLLoCA	Financing Locally-Led Climate Action
GBV	Gender Based Violence
GDP	Gross Domestic Product
GESI	Gender and Social Inclusion
GGEP	Green Growth and Employment Programme
IFAD	International Fund for Agricultural Development
IOM	International Organization for Migration
IUCN	International Union for Conservation of Nature
IWRM	Integrated Water Resource Management
KES	Kenyan Shillings
KFS	Kenya Forest Service
KfW	Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)
LGBTQ+	Lesbian, Gay, Bisexual, and Transgender
LNOB	Leave No-One Behind
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
MKEWP	Mount Kenya Ewaso Water Partnership
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	Project 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
TA	Technical Adviser
TEI	Team Europe Initiative
TNC	The Nature Conservancy
ToC	Theory of Change
UNCCD	United Nations Convention to Combat Desertification
UNEP	United Nations Environment Programme
UNEP-DHI	United Nations Environment Programme – Danish Hydraulic Institute
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 Hygiene
WRA	Water Resources Authority
WRCC	Water Resources and Climate Change Division, WSTF
WRM	Water Resource Management
WRUA	Water Resource User Association
WSTF	Water Sector Trust Fund
WWF	World Wide Fund for Nature

1 Introduction

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

EWFCP aims to improve the availability of water resources, health of the forest ecosystems, and the productivity of natural resources. This will be achieved by addressing the critical challenges of uncoordinated water sector governance, ecosystem degradation, water scarcity and climate vulnerability. In the end, this will result in improved livelihoods and community resilience to climate change. Additionally, the project will produce co-benefits such as improving biodiversity and reducing carbon emissions through ecosystem protection and rehabilitation efforts.

The current and previous Danish support to WSTF has focused on the provision of water, sanitation and hygiene (WASH) services and sub-catchment water resources management for communities in the arid and semi-arid lands (ASALs) in Northern and Coastal Kenya. EWFCP will contribute to sustaining the results achieved by these interventions by contributing to ensuring that water supply for ASALs and conservancies is maintained through enhanced groundwater and surface water recharge.

The project will address ecosystems degradation and governance challenges by strengthening the legally recognised, local level community-based entities (Water Resource Users' Associations (WRUAs), Community Forest Associations (CFAs), community conservancies), and promoting Integrated Water Resource Management (IWRM). Investments will be done in water infrastructure and restoration of forests and other ecosystems, and strengthening the decision-making and coordination of key government institutions. Moreover, the ecosystem restoration activities of EWFCP will contribute to the Kenya Government's National Tree Planting Initiative launched by President Ruto, aiming to plant 15 billion trees to achieve a 30% forest cover in 2032.

The project contains three key outcomes: 1) improved sub-catchment governance and sustainable management of water resources; 2) improved governance and sustainable use of forests and ecosystems; and 3) strengthened coordination of multistakeholder actors in water and ecosystem management.

Considering the large size of the Ewaso Ng'iro Basin, the project will focus its engagement on selected sub-basins, especially on outcomes 1 and 2. A holistic approach will be applied, considering the entire hydrological system of the targeted sub-basins and sub-catchments, rather than focusing on fragmented, site-specific interventions. This will allow for a more comprehensive understanding of water flows, ecosystem interactions, and the cumulative effect of interventions across upstream, midstream, and downstream areas. The project is expected to generate lessons that will be upscaled across the Ewaso Ng'iro Basin and replicated in other basins.

The project will promote 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.

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% of livelihoods and employment, heightening the threat climate change and environmental degradation pose in terms of risks to jobs and livelihoods.

The main climate change risks for Kenya are extreme weather events, in particular droughts and floods. Droughts are estimated to cost 8% of GDP every five years, and floods 5.5% 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 hit 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. 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 outbreaks.

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% of 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 ASALs are highly affected by climate change and home to the population with the weakest 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, thereby endangering public health, increasing costs of treatment, and reducing service life of water supply infrastructure due to siltation.

From 1990 to 2020, Kenya's forest area was reduced from 3,858,540 ha (6.8% of total land area) to 3,611,090 km² (6.3%) in 2020, whereas other woodland 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%) in Kenya are at risk of land degradation and very high degradation affects 27.2% of the land². Severe catchment degradation is driven by especially: i) higher rainfall intensities due to climate change leading to flooding, erosion, and damage to infrastructure; ii) more frequent and intense (prolonged) droughts due to climate change with higher temperatures leading to vegetation and soil cover loss; iii) illegal logging and charcoal burning degrading forests; and iv) expansion of agriculture into the riparian areas resulting in river-bank erosion with degradation of water quality and rapid siltation of dams

Ewaso Ng'iro Basin: Kenya is divided into six hydrological basins. Ewaso Ng'iro Basin (see annex 12) is the largest and covers an area of about 210,000 km² in North-Eastern Kenya. The altitude ranges from 150m above sea level at the Lorian swamp to the peak of Mt. Kenya 5,199m above sea level. Most of the catchment lies below 1,000m above sea level. Average annual max. daily temperatures vary from 15°C to

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

37°C across the basin with a mean annual rainfall of 411mm, which ranges from over 800mm in the highlands to less than 400 mm in the ASALs. Rainfall is more erratic in the ASALs³.

This project will focus on selected sub-basins with a focus on the upper catchment and parts of the middle catchment of the Ewaso Ng'iro Basin. The middle and lower catchment of the Ewaso Ng'iro Basin covers the majority of Kenya's ASALs. The upper catchment has more water, but is densely settled, with high and growing pressure on water resources. 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, large areas of forest in the upper catchment have been lost or heavily degraded due to firewood collection and overgrazing. Many of the streams emerging from Mt. Kenya and Aberdare Range have been severely affected by abstraction for irrigation, resulting in many streams and the Ewaso Ng'iro and Ewaso Narok rivers having become ephemeral. Lake Ol Bolosat has also seen water levels decline severely. As a result, hydrological flows to the already water-scarce down-stream ASALs are declining, a trend further compounded by climate change.

The climate change analysis prediction⁴ of the ecosystem indicates an increase in mean annual precipitation across the Ewaso Ng'iro Basin from 377 mm to 418 mm by 2050, while day and night temperatures in the basin are expected to increase by up to 1.0°C and 1.2°C respectively by 2050. Natural runoff in the basin is expected to increase in most sub-basins by between 5% and 15%. Total surface water runoff from the Ewaso Ng'iro Basin is projected to increase by almost 9% by 2050. This will increase flooding, leading to destruction of houses, agricultural product and livestock loss, contamination of water sources, worsening sanitary conditions, and muddy road conditions, thus causing displacement of vulnerable households.

Droughts are another major challenge in the basin, as approx. 70% of the basin is categorized as ASALs. The negative effects are further exacerbated by lack of large surface runoff harvesting and storage infrastructure for flood mitigation and dry season water supply. Destruction of forests and riparian lands further increases the vulnerability of downstream communities through the loss of forest and riparian lands' sponge function, reducing groundwater recharge capabilities and increasing the occurrence of flash floods during seasons with intense rainfall. Several rivers and streams feeding the Ewaso Ng'iro River have become seasonal, leading to declining access to water and pasture, thereby forcing pastoralists to move livestock to upper catchments during the dry season, further exacerbating the pressure on the forests and leading to conflicts between pastoralists and farmers. This calls for intense efforts to mitigate further impacts of climate change in terms of increasing floods and droughts, while addressing other drivers of reduced ecological flows in the basin.

Increased abstraction of water upstream, due to increased demand for water for agriculture, domestic uses and livestock production during the dry seasons is worsening water scarcity in the basin, further threatens the long-term viability and sustainability of investments made by the Government of Kenya, development partners (incl. Denmark), and other actors in water supply systems and agriculture and livestock production in the ASALs. The upper catchment of Ewaso Ng'iro Basin currently does not have any significant basin-wide water resource management or catchment restoration programmes. While several development partners and programmes engage in catchment restoration and water resource management initiatives in Kenya, only a small proportion invest in the Ewaso Ng'iro Basin, and those that are engaged in the basin primarily cover downstream ASALs.

Legal framework: The 2010 Constitution establishes access to reasonable standards of sanitation and safe water in adequate quantities as an economic and social right of every person, alongside the right to a clean, healthy, and sustainable environment. The Constitution recognises national and county governments' shared responsibility with respect to water, establishing that the national Government oversees water resources, while counties are responsible for water service provision. All water catchment

³ Ewaso Ng'iro North Catchment Area – Catchment Management Strategy (2015-2022)

⁴ Catchment Action Plan Protection and Restoration of the Ewaso Ng'iro North River Catchment, April 2022

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 that exploitation, utilisation, management, and conservation of the environment and natural resources are sustainable, and benefits are shared equitably.

The Water Act 2016 establishes that water resources are regulated by the Water Resources Authority (WRA), whereas soil and water conservation is mandated to counties. Basin Water Resource Committees shall be established to ensure stakeholder representation and provide advice – 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 collaborative water and conflict management at the sub-catchment level. They are responsible for managing water resources and ensuring that water is available and shared in an equitable manner and a minimum ecological flow to downstream areas is maintained. However, most WRUAs in the basin face major capacity and financial constraints and are unable to ensure sufficient cost recovery to establish and maintain the necessary water infrastructure and govern the use of water. As a result, water is over-abstracted and ecological flows released to downstream areas fall below minimum requirements. Nonetheless, some WRUAs, such as Ngusishi and Ngare Nything, have managed to establish effective water allocation systems to keep rivers flowing even during drought.

The Water Act also established the Water Sector Trust Fund (WSTF) to finance development and management of water services in underserved areas, including: a) community-level initiatives for sustainable water resource management (WRM); b) water services in rural areas considered not commercially viable by licensees; c) water services in under-served poor urban areas; and d) research on WRM 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 continue 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 resources in Kenya. However, following calls by youths to rationalise government spending and operate a lean and efficient government, the President in July 2024 committed to merging 47 government agencies, including those involved in implementing the Water Resources Strategy. When implemented, duplication of roles may be reduced, allowing for more effective WRM.

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 forests through the development of participatory forest management plans. The 2013 Wildlife Management and Conservation Act allows for the establishment of community conservancies with jurisdiction over areas specified as conservancies. The 2016 Community Land Act specifies that unregistered land used by communities is held in trust by counties. The 2016 Climate Change Act obligates county governments to mainstream the implementation of the National Climate Change Action Plan across 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, while maintaining functioning ecosystems.

This project will align with the legal framework, 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 strategy's implementation 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 Political economy in the Ewaso Ng'iro Basin

The multiple and often competitive or conflicting interests of diverse stakeholders, and their interests and influence have far-reaching impacts on WRM in the Ewaso Ng'iro Basin. This is further complicated by the various responsibilities of different institutions regarding WRM established under the Constitution of Kenya, supporting legislative frameworks and governance systems. The basin's governance system (national and county) is well-established and the WRM responsibilities for various levels of government is clearly articulated. Yet, disparities in implementation and understanding exist, leading to weak cross-governmental collaboration, poor coordination, communication, suspicion between national and county government institutions, and a lack of accountability. These fundamental governance issues are compounded by poor policy implementation, legislation, ownership, and capacity at local levels. As a result of inadequate human capacity in WRM, even existing facilities, capabilities and resources are not optimally utilised. This hampers the implementation of inclusive, equitable, sustainable and transparent approaches to WRM. WRA and County Government Water Departments face funding constraints with high dependency on exchequer appropriations. This is a major financing challenge for WRM investments, further limiting government WRM capacity.

Land tenure systems and ownership structures significantly affect WRM in Kenya and the Ewaso Ng'iro Basin. The upper basin predominantly comprises privately owned lands, whereas the lower basin is characterised by community owned and managed rangelands. Customary leadership has a significant influence on management practices, especially in the rangelands. Consequently, sustainable and equitable WRM requires close collaboration with community leaders at all levels. Conflict over water resources and grazing within communities, between communities, and between upstream farmers and downstream pastoralist, is a significant challenge for economic development, rule of law and security, and a major impediment for sustainable management of water and forest resources. Cattle rustling, a violent practice, is driven by seasonal competition to restock animals after losses incurred during the dry season and to support cultural rites such as dowry payments. This tends to increase after droughts as a coping strategy to restock herds depleted by lack of pasture and water. While cattle rustling is practiced mostly by men from rival communities, women and children from all groups are affected.

The challenges of water insecurity, climate change and natural disasters, and environmental degradation can only be addressed through enhanced regional coordination and within national and county government policy frameworks. To realise the objective of sustainable WRM in the basin, collaboration at all levels of governance need to be strengthened, including the development of collaborative frameworks, efficient decision-making and communication systems, and joint implementation of common interest projects, applying an integrated water resource management (IWRM) approach. Sustainable IWRM is part of a broader need for joint national and county action planning and opportunities exist to formally align IWRM in these processes. Counties have established County Integrated Development Plans (CIDPs), which establish each county's development priorities based on intensive public participation procedures. Alignment to these objectives thus serves to earn political and public support and mobilise financing to ensure successful promotion of IWRM and implementation of WRM interventions.

2.3 Rationale and justification

Since the enactment of Kenya's Water Act 2002, 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. 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 water supply for 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.

EWFCP will address governance challenges by strengthening the legally recognised, local level community-based entities (WRUAs, CFAs, community conservancies), promoting IWRM, investing in WRM infrastructure and restoration of forests and other ecosystems, and strengthening the decision-making and coordination of key government institutions, especially at basin level. 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% forest cover in 2032.

Alignment to Danish priorities:

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 project 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 access to water for household and productive uses, restoring ecosystem productivity, promoting sustainable livelihood options, and addressing root causes of local conflict over water and ecosystem resources. Moreover, conflict management (e.g. capacity development for water and grazing conflict mediation at the local level as well as support for upstream-downstream conflict mediation) is mainstreamed into each of the three components of EWFCP.

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*”.

While being a separate engagement, EWFCP will also contribute to achieving the forest conservation and reforestation objectives of the new Danish ***Forest Initiative***, through reforestation of degraded forest areas in upper catchment and riparian lands, and further protection of existing forests in the upper catchment of the basin. The project is included in ***Danida's key strategic development priorities for 2024***.

Rio Markers:

- Climate change adaptation is the *principal objective* of EWFCP. The project will specifically enhance the climate resilience of communities in the Ewaso Ng'iro Basin by improving access to water throughout the year as well as by reducing the risk of floods, through improved basin management, IWRM/WRM, catchment rehabilitation, and sustainable livelihoods as per the criteria for eligibility of the Rio Markers. Climate vulnerability is a major contextual concern and the specific project activities directly address vulnerabilities in the Ewaso Ng'iro Basin.
- Climate change mitigation as a *significant objective* as the investments in ecosystem (including forest) conservation and rehabilitation will enhance carbon sequestration and, together with the provisions of fuel-efficient cookstoves, reduce emissions from deforestation and ecosystem degradation.
- Biodiversity conservation is another *significant objective*, as water resource protection and rehabilitation and river basin protection through the conservation and rehabilitation of ecosystems will also protect and improve habitats for animals and plants. A specific focus will be on promoting nature-based solutions (NbS) to water resource and ecosystem management, thereby also achieving direct biodiversity benefits.

OECD/DAC's six quality criteria for evaluating international development cooperation are also a useful framework for the justification of the project, see Annex 15.

2.4 Strategic considerations

Strong potential for synergy with other initiatives supported by Denmark: Denmark is investing in a number of initiatives related to IWRM, 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 NbS, 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 NbS, and environmental and social safeguards. Stakeholder coordination mechanisms will be put in place to ensure that stakeholders coordinate their engagements, share experiences and information, and potentially engage in joint implementation of activities. Moreover, the ecosystem conservation and restoration outcome and outputs will contribute to achieving the objectives of Denmark's new Tropical Forest Initiative, 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 Royal Danish Embassy, the Government of Kenya, and other development partners. Being the sole donor to EWFCP, the visibility of the Danish contribution will be high, as will the attribution of results to the Danish support. Several entry points will be available for dialogue, including the Water Sector Development Partners' 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. The support for basin

coordination and laying the foundation for a functional Basin Water Resource Committee is envisaged to lead to new approaches and generation of lessons that can be replicated in other Kenyan basins; providing possible directions for implementing national policy aspirations and legal provisions that have not yet been put into action.

Participation, accountability, non-discrimination, and transparency: The project will support community-based WRUAs, CFAs, and community conservancies, both through capacity development and sub-grants for investments in WRM and ecosystem conservation and rehabilitation. The support will include support for strengthening their governance, 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 a social Quality Assurance Monitor based at the county level. See Section 2.10 for more information on the project's approach to inclusion, GESI, Human Rights Based Approach (HRBA), and Leave No One Behind (LNOB). Danish principles for local leadership are applied in EWFCP's engagement:

- *Equal partnerships:* WSTF was closely engaged in the project development process, including in the elaboration of the ToC and results framework, the project management structure (which is fully integrated in WSTF's existing setup), and budget. As executing agency and grant recipient, WSTF will manage and oversee the implementation of EWFCP, mainly relying on in-house staff. WRUAs, CFAs, and community conservancies will identify and lead the implementation of all on-the-ground interventions, and manage sub-grants received from WSTF. They will receive technical support from key Kenyan institutions: WRA, KFS, NRT. Capacity development will be implemented by agencies with appropriate technical expertise, e.g. government training and technical institutions, academia, NGOs, and technical experts/consultants.
- *Representation:* EWFCP will support multi-stakeholder basin-level coordination and facilitate creation of a foundation for the establishment of a Basin Water Resource Committee. At local level, EWFCP will support governance capacity development for WRUAs, CFAs, and community conservancies, e.g. on conflict mediation, awareness raising, planning, and bylaws (see Annex 3).
- *Quality funding:* 85% of the total project budget will be a direct grant to WSTF (see Annex 5). 71% of the budget will be invested in project outcomes, outputs and activities, of which 80% will be sub-granted to WRUAs, CFAs, and community conservancies. WRA and KFS will receive 15% of sub-grants provided to WRUAs and CFAs to support supervision and provide technical and policy guidance on sectoral issues.

Investing in water resource management and ecosystem restoration in an underserved area: The only other initiative that is significantly engaged in the upper catchment of the Ewaso Ng'iro Basin is the Mount Kenya Ewaso Water Partnership (MKWEP), led by Flora & Fauna International. EWFCP thus covers an underserved geographic area in terms of WRM and catchment restoration support. At the same time, EWFCP's investments in improved upstream WRM and ecosystem rehabilitation in the upper catchment will contribute to improving water availability in downstream ASALs, thereby reinforcing downstream WRM, ecosystem restoration, water supply, and climate change adaptation initiatives.

Application of Danida's how-to notes: EWFCP responds to numerous priorities and approaches outlined in the how-to notes (see Annex 11).

2.5 Links to other Danish engagements

The Strategic Sector Cooperation (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 NbS for pollution prevention and groundwater recharge; and d) improved financing of groundwater management

through earmarked fees on water bills and private sector engagement. The geographic focus of the SSC is a) the upper catchment of the Ewaso Ng'iro Basin, b) the Lake Turkana catchment, and c) Nairobi. There is considerable scope for synergy, as the SSC will contribute with knowledge and information on groundwater resources, as well as capacity development on 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. To facilitate coordination and synergy between EWFCP and the SSC, the Danish Water Sector Adviser will participate in the EWFCP Project Steering Committee.

CREATES (2025-2029) 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 NbS 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, and not directly engage in basin-level activities in the Ewaso Ng'iro Basin. Hence, there is scope for synergy on decision support tools, and benefit from the technical expertise of UNEP-DHI and IUCN. At the same time, CREATES would benefit from with lessons from on-the-ground engagement and investments at the local level in the Ewaso Ng'iro Basin (outcomes 1 and 2) as well the facilitation of improved multi-stakeholder coordination at the basin level (outcome 3) under EWFCP.

2.6 Lessons learned from previous support

As mentioned, Danish support to WSTF has until now focused on water supply infrastructure and water resource management investment at site level. As such, there are limited lessons from Danish support to draw upon vis-à-vis basin management and water resource management at larger scale in Kenya. 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 long-term viability of the water supply systems installed by WSTF in the ASALs with Danish support is at risk. It is thus imperative to improve WRM, 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, increased ecological flow from upstream areas to ASALs can help reduce the concentration of people and livestock in a few locations and thus decrease risks of overgrazing and land degradation. Moreover, increased flow of water will reduce the need for pastoralists to move upstream in the dry season, thus reducing ecosystem degradation and conflict over grazing in the upper catchment. These realisations, informed by the identification note, have led the Royal Danish 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 are often low, thus increasing the risk of inefficient use or misappropriation of sub-grant funds and implementation delays, 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 a Quality Assurance Monitor with expertise in WRM, natural resource management and social issues, to ensure that sub-grants for WRM, ecosystem conservation/restoration and NbS are

well managed and used in a cost-effective manner. An important lesson from the International Fund for Agricultural Development (IFAD)-funded Upper Tana Natural Resource Management Programme implemented by WSTF is that pre-implementation training on financial management and procurement, not only for WRUAs and CFAs but also for WRA and KFS, was essential for ensuring successful sub-grant implementation, as it “*unlocked procurement challenges, ensuring compliance, minimizing risks, and fostering a unified approach to project implementation*”. It was also found that involving engineers from the counties in the review of designs and supervision was a cost-effective way to ensure sustainable results.

WSTF is a proven effective institution (as confirmed by the identification assessment, and the 2023 mid-term review of the Danish country programme in Kenya), not only for the delivery of water supply infrastructure sub-grants, but also for natural resource management and livelihood sub-grants (e.g. with experience from the IFAD-funded Upper Tana Natural Resource Management Programme). WSTF is also experienced in providing institutional capacity development for both government entities at national and county levels and WRUAs, CFAs, and community conservancies. EWFCP will benefit from WSTF’s well-established structures and systems. While WSTF has made substantial progress on financial oversight, monitoring, and reporting, these areas as well as delayed implementation of sub-grants have been areas of weakness in the implementation of previous Danish support to WSTF; therefore, the project will provide international financial management, monitoring, evaluation, and learning expertise to further enhance WSTF’s capacity in these areas.

In 2021, the Danish MFA conducted a review of Danish support to improved water access in Africa, but this study focused on water supply with less focus on IWRM, although it found that IWRM plays an important role in ensuring longer-term viability and sustainability of water supply investments (i.e. in ensuring sufficient quantities and quality of water), not least in the context of climate change. The review found that Danish engagements in water support tended to apply “*a dogmatic and somewhat reductionistic approach*” with a focus on procurement and installation of water supply infrastructure, while integrated approaches to ensuring long-term sustainability and considering the water resources was rarer. The MFA also commissioned an evaluative study of support for biodiversity and NbS in 2021, which found there is a need to increasingly integrate NbS in poverty alleviation, climate action, and biodiversity conservation. However, the study also pointed out that there is a lack of systematic and cross-cutting evaluation and capturing of lessons learned from nature-oriented Danish development cooperation. EWFCP’s focus on IWRM and NbS is a departure from this approach as it specifically addresses water resources in an integrated and holistic manner, applying a basin perspective, covering ecosystem, climate, governance, and institutional bottlenecks.

2.7 Project identification and formulation process

For the development of EWFCP, the Royal Danish Embassy commissioned an identification study in early 2024, during which an expansive stakeholder consultation process was carried out. The identification note includes an analysis of the basin restoration and WRM context at a basin level, assesses the status of the six main basin in Kenya, and maps stakeholders. It identifies the upper catchments of the Ewaso Ng’iro Basin as a priority geographic area, and found that WSTF was an appropriate and capable lead partner for the project. Based on these findings and recommendations, the Royal Danish Embassy and WSTF agreed on the main components and geographical focus of EWFCP. In the second quarter of 2024, a consultant was engaged to assist in the detailed formulation of EWFCP, which included follow-up consultations with key stakeholders including a field visit to Laikipia County, meetings in Nairobi, and remote consultations. The Royal Danish Embassy and WSTF were closely involved in all steps, including the design of results framework, project management arrangements, and budget allocations.

2.8 Choice of executing partner and aid modalities

WSTF is a well-known partner to the Royal Danish Embassy 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 project and deliver the intended results. The identification note identified WSTF as the most suitable lead partner for EWFCP on the basis of its capacity to work with different IWRM sector institutions (KFS, WRA, County Governments, and relevant CSOs). 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). It is within the mandate of WSTF to finance both WRM and WASH. In its capacity as a financing institution without a governance or regulation mandate, WSTF 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 WRM. EWFCP will thus help fill 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, NbS, water finance, and monitoring, evaluation, accountability, and learning (MEAL).

2.9 Key stakeholders and beneficiaries

The key stakeholders and beneficiaries of EWFCP are presented in Annex 2. Given the multiple uses of water and multiple dimensions of WRM, numerous stakeholders are engaged in some form – in essence, every citizen and institution in the Ewaso Ng'iro Basin use water and thereby influence water resources, and is thus an end beneficiary of EWFCP and to some extent a stakeholder, underscoring the need for applying an IWRM approach. However, the local communities who are the users of water resources, forest resources, and rangelands will be the main project beneficiaries. These are organised in WRUAs, CFAs, and community conservancies, which are the grassroots implementers of the project. In particular: a) farmers and pastoralists will enjoy improved and more climate-resilient crop and livestock productivity as a result of better and more reliable access to water throughout the year; b) forest and natural resource users and pastoralists will benefit from improved ecosystem productivity due to restoration and better conservation; and c) households will enjoy more reliable access to water throughout the year.

Key government stakeholders include: the State Department for Water and Sanitation Services of the Ministry of Water, Sanitation and Irrigation, Ministry of Environment, Climate Change and Forestry, Water Sector Trust Fund, Water Resources Authority, Kenya Forest Service, County Governments, Northern Rangelands Trust, Water Resource User Associations, Community Forest Associations, and Community Conservancies (for more detail, see Annex 2).

2.10 Inclusion

Gender and Social Inclusion (GESI): WSTF has a GESI strategy, which it will apply in the implementation of EWFCP. Moreover, Kenyan law is conducive to GESI, e.g. with legal minimum requirements vis-à-vis representation of women in the leadership of community-based institutions such as WRUAs, CFAs, and community conservancies. Specific actions to address GESI in EWFCP include: a) awareness raising and capacity development for community-based institutions and communities on GESI, e.g. in the context of water access, natural resource management, and climate vulnerability; b) promotion of meaningful participation/representation of women, youth and vulnerable groups in governance and planning of WRUAs, CFAs and community conservancies as well as in basin coordination; c) alternative livelihoods activities specifically targeted at women, youth and marginalised groups; d) minimum participation requirements vis-à-vis sub-grant project activities; e) GESI assessment and scoring of sub-grant proposals; f) disaggregating baseline and monitoring data where relevant (e.g. project indicators related to livelihoods and incomes); and g) aiming at a gender balance in the

appointment and recruitment of WSTF staff for the project (women are well-represented in the WSTF management team).

Human Rights Based Approach (HRBA): EWFCP will promote active participation and democratic involvement of people in natural and water resource decision-making. By supporting improved coordination of various government entities and enhancing their capacities vis-à-vis IWRM to improve the governance and management of water and other natural resources, EWFCP contributes to enabling duty-bearers to better fulfil communities' rights to water and natural resources. This will in turn contribute to improved agricultural and livestock production as well as alternative livelihoods and thereby also to fulfilling their right to food. Support to strengthening WRUAs, CFAs and community conservancies' implementation of their mandates as duty bearers vis-à-vis sustainable and equitable governance of water and natural resources will also enhance their voice as right holder/community representatives towards government authorities. In the support for the duty bearers, focus will be on improving transparency and inclusion of rights holders (community members) in water governance, vis-à-vis participation and representation, equitable distribution of water, equitable access to natural resources, and fair and peaceful resolution of conflicts over water and natural resources.

Leaving No One Behind (LNOB): In the Ewaso Ng'iro Basin, there are sections of the population that are at risk of being left behind, such as sub-categories of women (teenage mothers, infertile or childless women, unmarried mothers, widows), indigenous peoples and ethnic minorities (incl. Yiaku, Borana, Sakuye, Somali), the LGBTQIA community, people with albinism, persons living with HIV/AIDS, and people living with disabilities face everyday exclusion, violence, and stigmatisation. The largest group at risk is pastoralists in the ASALs in the lower catchment of the Ewaso Ng'iro Basin, who are particularly vulnerable to climatic shocks, including drought and floods. While EWFCP mainly focuses on the upper catchment, it addresses a major root cause of the downstream vulnerability, namely over-abstraction of water in the upper catchment. Moreover, improved management and governance of water resources will contribute to a more equitable access to water, including for the most marginalised groups. This, combined with EWFCP's ecosystem restoration efforts, will in turn contribute to creating opportunities for improving agricultural and livestock production, the primary livelihood strategies of most vulnerable groups in the basin. Moreover, alternative livelihoods and income-generating activities (IGAs) will benefit vulnerable and marginalised groups. WSTF will in the selection and approval of grant proposals prioritise projects that demonstrate inclusion of, and benefits for, marginalised and vulnerable groups. The institutional capacity development support for WRUAs, CFAs, and community conservancies will also cover the integration of LNOB in local governance and decision-making.

2.11 Conflict resolution

The Ewaso Ng'iro Basin is characterized by a mix of under-development, resource scarcity, conflicts and violence, economic shocks, food insecurity and adverse climate change impacts. Conflicts over water and natural resources (incl. grazing) are frequent and further exacerbate the situation in areas, where water and natural resources are already scarce. To tackle the possible conflict issues in the EWFCP it will be vital to:

- Ensure that water points (e.g. water pans, sand dams) are installed away from boundaries where conflicts are rife, and support WRUAs and community conservancies in establishing community management committees for water points
- Support the development and implementation of grazing plans in rangelands
- Support WRUAs in developing and implementing equitable inclusive water sharing/allocation plans
- Train WRUAs, CFAs and community conservancies on conflict resolution
- Support CFAs and WRUAs in promoting dialogue on natural (grazing) resource sharing and sustainable use/management between sedentary communities and migrating pastoralists

- Support WRUAs, CFAs and community conservancies in establishing conflict resolution committees, which include both community representatives and large-scale farmers and ranches
- Facilitate alternative dispute resolution mechanisms such as early warning systems for droughts and floods
- Provide capacity development support for key government entities (WRA, KFS, counties) in the basin vis-à-vis upstream-downstream conflict resolution and resource sharing

3 Project objective

The development objective of EWFCP is to contribute to *enhanced socio-economic well-being and climate resilience of local communities in the Ewaso Ng'iro Basin*. The immediate objective is to *improve the availability of water resources, forest and catchment ecosystem health, and productivity of natural resources*. This is pursued by promoting an integrated water resource management (IWRM) approach and nature-based solutions (NbS) to water resource and ecosystem (incl. forest) management, strengthening local community-based structures, and supporting government institutions in policy, planning, and coordination.

4 Theory of change and key assumptions

Through improving the management of water resources and ecosystems, EWFCP will contribute to improved availability of water (incl. during periods of scarcity), more equitable access to water, reduced risk of and vulnerability to floods and droughts, and reduced degradation of ecosystems. The improved access to water will provide the foundation for more productive agriculture and livestock production, and thereby for increased food security as well as incomes from agriculture and livestock. Moreover, reduced exposure to floods and drought (through surface runoff harvesting, check dams, establishment and management of common abstraction intakes) will contribute to increased climate resilience.

Annex 3 provides a detailed diagram of the Theory of Change (ToC) of EWFCP, which is summarised in table 2. EWFCP is intended to directly deliver the outputs and outcomes, and thereby contribute towards the intermediate states and impact. EWFCP comprises three mutually reinforcing outcomes. The first outcome is focused on improving the governance of sub-catchments, and the management of water resources, promoting more sustainable and equitable use. The second outcome concerns improving the status of forests and other natural landscapes in upper catchments in order to maintain hydrological functions and ensure the availability of water during dry periods and reduce the risk of floods. The third outcome focuses on strengthening the engagement and coordination of various government institutions in water resource management and conservation of forests, upper catchments, riparian zones, and rangelands, thereby creating enabling conditions for upscaling the first two outcomes across the entire Ewaso Ng'iro Basin beyond the direct on-the-ground investments made by the project.

Table 2: Theory of Change narrative

Water resource management	Ecosystem protection and rehabilitation	Institutional capacity and coordination
<i>If</i> WRUAs are able to recover operational costs from water users and effectively regulate and oversee water resource use (output 1.1)	<i>If</i> the co-management of forests, upper catchments, groundwater recharge areas, riparian zones, wetlands, and rangelands is improved (output 2.1)	<i>If</i> policy, planning and decision-making frameworks and processes for integrated water resource management and catchment conservation are improved (output 3.1)
<i>and if</i> surface water and groundwater resources are co-managed effectively by WRUAs and communities (output 1.2)	<i>and if</i> degraded forests, upper catchments, riparian zones, wetlands, and rangelands are restored (output 2.2)	<i>and if</i> coordination and collaboration at sub-basin and basin level is facilitated (output 3.2)
	<i>and if</i> sustainable livelihood options are introduced for vulnerable and marginalised groups	

<i>then</i> water resource governance is improved – with conservation and more sustainable and equitable sharing, management and use of water resources (outcome 1)	<i>then</i> the governance of ecosystems is improved – with conservation and more sustainable and equitable use of forests, upper catchments, wetlands, riparian zones, and rangelands (outcome 2)	<i>then</i> the engagement of government actors in integrated water resource management and basin and sub-basin conservation is strengthened and more effective (outcome 3)
<i>and then</i> water availability and health of water ecosystems will be improved (intermediate state)	<i>and then</i> the ecosystem health in forests, upper catchments, wetlands, riparian zones, and rangelands will be improved (intermediate state) <i>and</i> community members will engage in nature-based alternative livelihoods (intermediate state)	
<i>and then</i> the access to water for domestic and economic use will increase (intermediate state)	<i>and then</i> agricultural and livestock productivity will improve (intermediate state) <i>and</i> community members will have access to new sources of income (intermediate state)	
<i>and then</i> the socio-economic well-being and resilience of local communities to climate change will be enhanced (impact)		
<i>and moreover</i> (while not a primary objective of EWFCP) the biodiversity status will be improved and carbon emissions from vegetation loss and soil degradation will be reduced (co-benefits)		

EWFCP will utilise five **delivery mechanisms** to trigger the theory of change:

- **IWRM capacity development** for key actors in the basin, in particular community-based institutions (WRUAs, CFAs, community conservancies) and government institutions and others with IWRM-related mandates (WRA, KFS, NRT, County Governments, WSTF)
- **IWRM investment grants** for infrastructure, equipment, nature-based solutions (NbS), ecosystem rehabilitation, and alternative livelihoods
- Ensuring **inclusion** (HRBA, gender, LNOB) through awareness raising, targeting of support and ensuring representation and participation of women, youths and differently abled persons.
- Ensuring **multi-stakeholder engagement** by promoting collaboration and dialogue
- Using **partnerships** to enhance effectiveness such as engaging WRA, KFS and NRT in field oversight and support, and coordinating and cooperating with other initiatives, including the SSC and CREATES

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 activities are presented in Annex 3.

Outcome 1 “*improved sub-catchment governance, and more sustainable management 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 and evidence-based management of water resources at the sub-catchment level. This will be achieved through a combination of institutional capacity development and improvement of the hydrological knowledge base for the WRUAs and investments in surface water and groundwater resource management infrastructure, including NbS (e.g., water harvesting and storage, spring protection, common intakes, and groundwater recharge). WSTF will provide sub-grants to WRUAs, and capacity development will be provided by WSTF, WRA, and counties, and WRUAs may, if need be, also partner with NGOs for additional capacity development.

Outcome 2 “*improved governance and more sustainable use of forests, upper catchments, wetlands, riparian zones, and rangelands*” will focus on promoting NbS 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, groundwater recharge areas, 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 and inputs to the improvement of the hydrological knowledge base will be provided by WSTF, WRA, KFS, NRT, and counties, and sub-grant recipients may also partner with NGOs, if necessary, for additional capacity development.

Outcome 3 “*strengthened engagement and coordination of government actors in water resource management and conservation*” will be delivered through a) improved and evidence-based (incl. hydrological knowledge base) 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 (e.g. for hydrological monitoring and mapping) 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. On need basis, support review of relevant national and county level policies, regulations, strategies and plans that are due for review incorporating emerging issues and lessons learned from EWFCP.

For results-based management, learning and reporting purposes, Denmark will base the actual support on progress attained in the implementation of the project 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 Project (EWFCP)	
Development Objective		Enhanced socio-economic well-being and climate resilience of local communities in the Ewaso Ng’iro Basin	
Immediate Objective		Improved availability of water resources, forest and catchment ecosystem health, and productivity of natural resources	
Impact indicator a		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	
Impact indicator b		Increase in area with healthy forests and/or forests showing recovery in the upper catchment of the Ewaso Ng’iro basin	
Impact indicator c		Increased incomes of beneficiaries in targeted sub-catchments (disaggregated by gender, youth, and vulnerable groups) (<i>linked to SDG indicators 1.1.1, 2.3.2</i>)	
Outcome 1		Improved water resource governance: conservation and more sustainable and equitable sharing, management 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 ecosystem governance: conservation and more sustainable and equitable use of forests, upper catchments, wetlands, 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	26,000 ha
Outcome 3		Strengthened and more effective engagement of government actors in integrated water resource management and sub-basin and basin 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 DKK 100 million. The Government of Kenya will contribute with counterpart funding in cash, equivalent to 25% of the Danish funding from Denmark which will be used to co-finance project activities within the three outcomes. WSTF will provide an in-kind contribution in the form of staff time, office space, access to office equipment, and access to vehicles adding into the availed budget for these items. Furthermore, in-kind contributions will be provided by sub-grantee WRUAs, CFAs, and community conservancies as per WSTF standard procedures.

The National Treasury will sign a bilateral agreement for EWFCP with the Government of Denmark, and Danish funds will flow via the National Treasury to MoWSI into WSTF's project account. 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 project, 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 project. In addition, the annual budgets will be accompanied by narrative workplan and budget.

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 project, subject to prior approval by the Royal Danish Embassy. 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 Royal Danish Embassy. 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 Royal Danish Embassy

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 Royal Danish Embassy. WSTF is responsible for ensuring that 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: Water resource governance	4,569,825	7,616,375	10,414,950	6,093,100	1,771,250	30,465,500
Outcome 2: ecosystems/forest governance	3,932,175	7,864,350	7,864,350	5,242,900	1,310,725	26,214,500
Outcome 3: IWRM engagement + coordination of gov. actors	1,594,125	2,656,875	3,188,250	2,125,500	1,062,750	10,627,500

Baseline survey and monitoring	1,062,750	708,500	708,500	708,500	354,250	3,542,500
Project staff	585,000	922,500	1,035,000	810,000	697,500	4,050,000
ICT equipment for prog. staff	50,000	0	0	0	0	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%)	737,046.05	1,089,663	1,270,845	837,631.58	314,814.47	4,250,000
Total grant disbursed to WSTF	14,740,921	21,793,263	25,416,895	16,752,632	6,296,289	85,000,000
Int. Technical Adviser	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Initial studies and tech. inputs	1,500,000	0	0	0	0	1,500,000
Review, evaluation	0	0	500,000	0	500,000	1,000,000
Unallocated adaptive reserve	500,000	1,500,000	1,500,000	1,500,000	0	5,000,000
Total managed by Embassy	3,500,000	3,000,000	3,500,000	3,000,000	2,000,000	15,000,000
Total	18,240,921	24,793,263	28,916,895	19,752,632	8,296,289	100,000,000

Table 5: Engagement budget with Danish and the Government of Kenya's cash contributions (DKK)

Item	2025	2026	2027	2028	2029	Total
Government of Denmark	18,240,921	24,793,263	28,916,895	19,752,632	8,296,289	100,000,000
Government of Kenya	4,560,230	6,198,316	7,229,224	4,938,158	2,074,072	25,000,000

7 Institutional and management arrangements

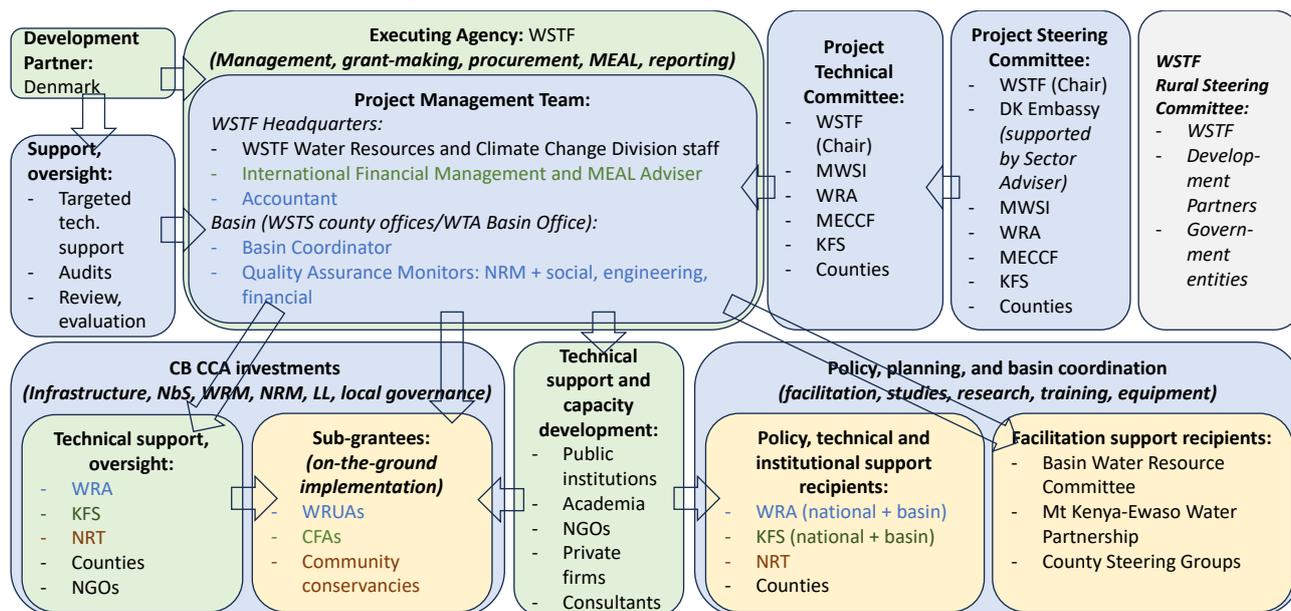
7.1 Project management

WSTF will act as the executing agency managing and coordinating EWFCP and managing the Danish grant. WSTF will on-grant funds to the implementing partners/sub-grantees (WRUAs, CFAs, community conservancies) and the government organisations (WRA, KFS) offering technical support to the sub-grantees. Moreover, WSTF will procure targeted short-term technical assistance and capacity development services from qualified Kenyan and/or international entities during the implementation phase, mainly under output 3.1, subject to approval by the Program Steering Committee (PSC) and Embassy. The Royal Danish Embassy will procure a long-term International Technical Advisor for finance and MEAL, and targeted short-term technical assistances for various assignments, mainly during the inception phase.

WSTF and the Royal Danish Embassy in Nairobi have agreed to the following management arrangements with the aim to ensure adequate dialogue and timely decisions with regard to this project. This will be reviewed further during the inception phase.

The project will be embedded in WSTF's structures. The management structure is depicted in figure 1.

Figure 1: EWFCP management structure



7.2 Project implementation strategy

Basin approach: Given the large size of the Ewaso Ng’iro Basin, the project will focus its engagement on selected sub-basins, especially vis-à-vis outcomes 1 and 2. A holistic approach will be applied, considering the entire hydrological system of the targeted sub-basins and sub-catchments, rather than focusing on fragmented, site-specific interventions. This will allow for a more comprehensive understanding of water flows, ecosystem interactions, and the cumulative effect of interventions across upstream, midstream, and downstream areas. Nonetheless, EWFCP is envisaged to generate approaches and lessons that can later be upscaled across the Ewaso Ng’iro Basin and replicated in other basins. Under outcome 3, the engagement will be broadened to a) provide targeted capacity development at the basin level and to a lesser extent national level for key IWRM actors, albeit still with a primary focus on the targeted sub-basins, and b) support basin-level multi-stakeholder coordination. EWFCP will facilitate collaboration among project partners, thereby contributing to more efficient allocation of resources, better data sharing, and joint decision-making.

Capacity development approach: All capacity development under EWFCP will take departure in holistic capacity needs assessments. The project will leverage the technical capacities of the technical partners (WRA, KFS, NRT) to provide support for the sub-grantees vis-à-vis the design and implementation of sub-grant projects. WSTF will train sub-grantees on financial management, project implementation, procurement, contract management, risk management, among others, in line with its standard operational processes. Moreover, implementing partners/sub-grantees may partner in their sub-grant applications with NGOs or other partners for additional technical support and capacity development. Additional technical expertise and capacity development support will be leveraged as required through recruitment of consultants or procurement/mobilisation of institutions with relevant expertise within Kenya or internationally. Capacity development procured from such external parties will be provided to the technical partners and other key institutions with IWRM-related mandates as well as WSTF and may also be required for sub-grantees.

Phased implementation: A phased approach will be applied. The inception phase will commence at project 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: selection of the sub-basin based on available hydrological data, finalisation of the communication plan, recruitment of project staff and the International Technical Adviser, procurement of short term technical assistance consultancies – hydrological mapping, capacity needs assessment, baseline survey, vehicles and

equipment, and launch of the first call for proposals. Annex 14 provides a preliminary detailed plan for the inception phase.

The project will first focus on one sub-basin and later replicate the best practices and lessons in one or more other sub-basins. The first sub-basin will be selected during the inception phase. The selection of each basin will be based on careful baseline analysis of hydrological, bio-physical, socio-economic, policy/planning, and institutional factors, and related selection criteria. Following the sub-basin selection, the plans, capacities and needs of the WRUAs, CFAs, community conservancies in the sub-basin will be analysed further, and the results will guide the selection of sub-grantees.

Initial capacity development will be provided for the sub-grantees to build their readiness for the identification, planning, and implementation of relevant and impactful sub-grant projects. Following this, the sub-grantees will prepare proposals for funding with support from the technical partners and submit for consideration by WSTF, the PTC, and PSC. The calls for proposals and sub-grant selection will be guided by agreed upon selection criteria that will be approved by the Embassy.

Once the sub-grant project has been selected, the implementation will be led by the sub-grantees with support and oversight from the technical partners and WSTF, as per standard WSTF practice and the MoUs with the technical partners. Further capacity development support will be provided based on the needs. The lessons from the first sub-basin and the first round of sub-grants will inform the selection of further basins and the process for subsequent rounds of sub-granting. For outcome 3, work will commence with an in-depth assessment of the existing management provisions including policy/planning, data and knowledge, institutional capacity, and coordination gaps. Based on the analysis, a capacity development plan will be developed, capacity services procured and rolled out. Moreover, the appropriate modalities for supporting basin coordination will be identified, building as much as possible on already-existing mechanisms (formal and informal). Annex 13 provides an overview of the steps in the phased approach for the project outcomes.

The targets will be reviewed annually and may be adjusted during the course of the project (subject to approval by the PSC), 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 developments, e.g., vis-à-vis the functionality of the Basin Water Resource Committees.

7.3 Monitoring, review, and evaluation

WSTF will be responsible for preparing annual monitoring plan for approval by PSC/Embassy and reporting on the progress of the project, using its existing monitoring and evaluation system and procedures. There is funding allocated to the six project outputs to be spent on monitoring activities, as per standard WSTF procedures. The utilization of the monitoring funds will be reviewed and approved alongside the monitoring plan by the International TA. 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 finalizing a Project Management Information System for the delivery of real-time monitoring information.

Within WSTF, the Strategy, Planning and M&E Division will be overall responsible for monitoring and reporting together with the WSTF's Water Resources and Climate Change Division (WRCC). 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 one additional Quality Assurance Monitors with natural resource management and social expertise to complement WSTF's current team of Quality Assurance Monitors. The continuous hydrological monitoring by WRUAs and WRA will serve to inform progress towards outcome indicators and improve the knowledge base for decision-making and investments. 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 Royal Danish Embassy 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 Royal Danish Embassy will organise an annual process in order to strengthen coordination, learning, and synergies across its engagements.

After the termination of the project support, the Royal Danish Embassy 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 Royal Danish Embassy for review and evaluation.

Learning and adaptive management: The 2022 final evaluation of the Green Growth and Employment Programme (GGE) 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 capture and disseminate lessons learned in the progress reports, as well as through the knowledge generation and capacity development under output 3.1 and advocacy and coordination support under output 3.2. 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 by WSTF. The communication plan will be further refined during the inception phase. Emerging opportunities for communication and visibility will be utilised. 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 project 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. These

guidelines, and procedures will be reviewed from time to time to ensure they accommodate lessons learnt during the project implementation and/or from other best practices. A review of these will be done during the project inception period.

Procurement will follow WSTF's procurement procedures as guided by the Kenya Public Procurement and Disposal Act, 2015.

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 copies of supporting documentation for all expenditure under the project, including expenditure incurred at sub-grantee level. Records must be systematic, easily traceable, identifiable and verifiable. WSTF must ensure safe and up-to-date centralized 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 project.

8.2 Disbursements

As an established State Corporation, funds will be on-budget and are to be channelled to WSTF through arrangements agreed upon with National Treasury. WSTF will have a Kenya Shilling designated bank account for the engagement. The first disbursement from the Embassy to WSTF will cover foreseen expenditures for up to six months in accordance with year one approved work plan and budget once the agreement has been signed. Subsequent disbursements will be released against accompanying evidence including financial statements and audit reports as applicable.

For any interest accrued from the EWFCP funds held in the designated bank account, WSTF should ensure it is registered as income in the Finance Accountability Statement and audited accounts. Upon the closure of the project, the interest accumulated during the project period shall be refunded to the Embassy.

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. Disbursements from the Royal Danish Embassy will be based on a transfer request from the WSTF through The National Treasury, 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 acknowledgement letters 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 an acknowledgement letter 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. Annex 9 depicts the financial flow of EWFCP

8.3 Allowances

Any allowances shall be paid out from Government counterpart funding.

Moreover, the following provisions apply to the use of the Danish grant for allowances:

- 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, projects 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 6 provides a summary of the key reporting outputs for EWFCP.

Table 6: Overview of reporting procedures

Month	WSTF	Rural Steering Committee (RSC)	Project Steering Committee (PSC)	Royal Danish Embassy (RDE)
Dec 2025	WSTF/Consultants submits Inception phase and baseline reports and revised indicators and targets.		Submitted and discussed at second PSC meeting in December 2025.	RDE and PSC receives, reviews, and approves the reports.
Jan	WSTF submits quarterly rural harmonized narrative and financial progress report. WSTF submits external audit report. WSTF prepares action plan on audit issues.	Submitted and discussed at RSC meeting.		RDE receives, reviews, and approves quarterly report at the RSC. RDE receives, discusses, and approves audit report.
Apr	WSTF submits quarterly rural harmonized narrative and financial progress report.	Submitted and discussed at RSC meeting.		RDE is part of RSC and receives, reviews, and approves quarterly report.
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.	RDE 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.		RDE is part of RSC and receives, reviews, and approves quarterly report.

Sep 2027	WSTF receives MTR report			RDE commissions mid-term review. Final draft mid-term review report is submitted to PSC.
June 2030				RDE commissions end of project evaluation.
Sep 2030	WSTF prepares Project completion report		Submitted and discussed at last PSC meeting in September 2030.	RDE is part of PSC and receives completion report.
Dec 2030	WSTF submits final closeout audit report.	Submitted and discussed at RSC meeting.		RDE is part of RSC and PSC and receives, reviews, and approves audit report.

WSTF will prepare and submit detailed annual work plan and budgets both in excel and narrative to the Royal Danish Embassy in June. These will detail the activities under each output and provide updated annual targets and indicators for the outputs.

WSTF compiles monthly field monitoring reports based on reports submitted by the Quality Assurance Monitors. Quarterly and annual harmonised rural (progress) reports (narrative and financial) covering all of WSTF's rural operations are submitted to the WSTF Rural Steering Committee including the Embassy. The annual harmonised rural reports contain specific sections and annexes on the progress and challenges for each project implemented by WSTF, including EWFCP.

The quarterly harmonised rural reports are submitted no later than 30 days after the end of the quarter, and the annual rural progress reports are submitted no later than 60 days after the end of the financial year in June. A completion report for the project will be prepared at project completion (see Section 10 for further details).

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. 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 project 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).

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 as stipulated in WSTF's Finance Policy and Procedures Manual 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
- Travel advances are clearly registered and aligned to the approved monitoring plan. No advances should be made to staff before they have accounted fully for previous advances.
- 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 project 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 The International Technical Adviser 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 monitoring of 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 includes but is not limited to 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 and to determine reasonable capacity development needs
- 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-grantee in such a way that adequate management information is reliably available
- Maintain and share clear manuals for Implementing 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-grantee 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 seek technical support from WRA, KFS and NRT on financial management, contract management, procurement, monitoring, reporting, transparency, and any other area, where they may have inadequate capacity. They may also partner with NGOs for additional technical and capacity development support.

8.7 Audit

WaterFund has through its various financing Investments Steering Committees agreed to general terms of reference with the Office of the Auditor General (OAG), the Board of Trustees of the WaterFund and development partners, allowing for auditors appointed by OAG to undertake one harmonized audit of the operations of the WaterFund. The Embassy shall, however, give a letter of no objection to the audit TORs before commencement of the external and or statutory audit. The Embassy shall participate in entry and exit meetings with Auditors. Should audits be delayed or reveal irregularities, the Embassy of Denmark may at its own behest conduct independent audits. Failure to submit audits six months after the close of the financial year may result in the Embassy not disbursing any funds until WaterFund takes necessary corrective measures to the satisfaction of the Embassy.

The audits will be conducted in accordance with International Standards of Auditing (ISA) and should include elements of financial, 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 all sub-partners are included in the audit. Any advance payments and outstanding advances to implementing partners/sub-grantees 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 unrepresented 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 Royal Danish Embassy), 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. The Royal Danish Embassy 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 Royal Danish Embassy 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. Currently, WSTF has an open corruption case regarding misappropriation of funds by one WRUA in Turkana County. The case is currently in court and the concerned parties have attended court summons. WSTF is following the case and regularly updates the Royal Danish Embassy on the same.

Since the project has closed, the Royal Danish Embassy has written to WSTF to refund all the unspent funds including the questioned costs. Once this is received, the corruption case will be closed. WSTF will then follow the case through to completion to recover any funds lost. The refunds are expected before the start of the new grant.

Denmark has 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 Royal Danish Embassy.

The following types of irregularities shall be reported: Fraud, corruption, theft, highly irresponsible management of funds, non-compliance to this agreement or serious non-compliance to agreements with implementing partners/sub-grantees and technical partners, any issues that interfere or threaten to interfere with the obtainment of the objectives of this agreement or any agreement with implementing partners/sub-grantees (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, and 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 Kenya Bilateral Programme 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 Royal Danish Embassy 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 project delivery and achieving the expected results will be highlighted in the annual progress reports. WSTF will also directly inform the Royal Danish Embassy if/when any major risks to the project materialise. A detailed risk matrix is provided in Annex 4.

10 Closure

EWFCP will close financially on 30 June 2030, but the implementation of activities will end no later than 31 December 2029. The Royal Danish Embassy in close collaboration with WSTF 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 Royal Danish Embassy 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 the Royal Danish Embassy by 31st December 2030.

The Royal Danish Embassy in Nairobi will prepare a final results report (FRR) within three months after receipt of the completion report. The last Project Steering Committee meeting will be held in October 2030, where the project 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 project budget (see Annex 5), the level of activity and spending will peak in project year 2 and year 3 (July 2026 – June 2028), after which, it will gradually decrease, thereby allowing for the gradual implementation of an exit and sustainability strategy. A comprehensive exit plan will be developed and implemented gradually.

The main challenges vis-à-vis achieving post-project sustainability are: a) ensuring post-project maintenance of infrastructure by WRUAs, and b) ensuring post-project continuation of the practices promoted by the project. Certain features in the implementation approach and activities are specifically aiming at ensuring sustainability, such as: a) the support for WRUAs to achieve financial self-reliance (e.g. through volume-based tariff structures established on the basis of operation and maintenance costs, metered water intakes, and the exploration of the scope for introducing performance-based water credits for cost recovery); b) capacity development for WRUAs, CFAs and conservancies; c) climate-proofing the investments in infrastructure, natural resource management, and livelihoods and; d) close cooperation with and institutional capacity development for basin-level government entities (incl. WRA, KFS, and counties); and e) support for facilitating the establishment of a basin coordination mechanism.

WSTF is a long-term water financing institution 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.

However, despite these features of the project, full achievement of sustainability may be difficult to achieve within the project timeline, considering the institutional and economic constraints and the scale of the challenges faced vis-à-vis water resources, pressure on forests and ecosystems, and the future impacts of climate change in the Ewaso Ng'iro Basin. WSTF will proactively engage in resource mobilisation from various sources for further consolidation of the results achieved as well as for upscaling and replication. The Royal Danish Embassy will also in its dialogue with other development partners encourage engagement in EWFCP as well as in post-project support, upscaling, and replication. Depending on the performance and results of EWFCP, a second phase of the project may be considered by Denmark vis-à-vis consolidation and upscaling within the Ewaso Ng'iro Basin.

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.
- 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 is 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.
- **Ewaso Ng’iro Basin:**
 - Only few development partners and programmes engage in catchment restoration and water resource management in the Ewaso Ng’iro Basin, and those that are engaged in the basin primarily cover the ASALs in downstream counties.
 - The upper catchment areas of Ewaso Ng’iro Basin do currently not have any significant water resource

management or catchment restoration programmes.

- The increasing abstraction of water upstream, impacts of climate change, worsening water scarcity is threatening the long-term viability and sustainability of investments made by the Government of Kenya, development partners (incl. Danida), and other actors in water supply systems and agriculture and livestock production in the ASALs, but the upper catchment areas of Ewaso Ng'iro Basin do currently not have any significant water resource management or catchment restoration programmes.

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.
- **Ewaso Ng'iro Basin:** The basin suffers from numerous water-related conflicts as well as conflict over grazing. 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, thereby further exacerbating the pressure on the forests and leading to further conflict. This calls for an intense effort to address the drivers of reduced ecological flows and enhance catchment conservation.

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.

- **Ewaso Ng'iro Basin:**

- The Ewaso Ng'iro Basin, 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 has more water, but is densely settled, with high and growing pressure on the water resources.
- 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, forest fires during dry seasons, 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 having become ephemeral. Lake Ol Bolosat has also seen water levels decline severely. As a result, hydrological flows to the already water-scarce down-stream ASALs is declining, a trend further compounded by climate change.

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.
- WRA has several local offices across Kenya (3-5 per basin), but not in every county. WRA oversees and provides technical support to WRUAs, but are faced with financial and staff constraints. WRA is responsible for supporting and facilitation the Basin Water Resources Committees enshrined in the Water Act and National Water Resources Strategy, but has so far not been able to facilitate their establishment.
- 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 and Water Act have not yet been established.
- There are some grey areas and mandate overlaps. WRA is responsible for water resource management and regulating their use, and KFS for the management of forest areas but at the same time, counties are responsible for soil and water conservation. These issues contribute to competition and insufficient coordination.
- 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.
- **Ewaso Ng'iro Basin:** WRUAs are responsible for managing water resources at the sub-catchment level and ensuring that water is available and shared in an equitable manner, and that a minimum ecological flow to downstream areas is maintained. However, most WRUAs in the basin face major capacity and financial constraints, and are thus unable to ensure sufficient cost recovery to establish and maintain the necessary water infrastructure and govern the use of water, and as a result, water is over-abstracted and the ecological flows released to downstream areas is below minimum requirements. Similarly, WRUAs and CFAs are for the larger part unable to effectively protect springs riparian vegetation, wetlands, and forests from illegal and unsustainable practices. Nonetheless, there are success stories, such as the Ngusishi and Ngare Nything WRUAs, who have been able to establish effective water rationing systems to keep the rivers flowing even during drought.
- 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 project 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 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 Royal Danish Embassy 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 project 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 Royal Danish Embassy 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 project and lessons learned.

Annex 2: Partner Assessment

WSTF – executing agency

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 Royal Danish Embassy 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. 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. There have been some challenges in the past related to financial management and procurement. The implementation delays as well as issues related to financial management and procurement have to a large extent been due to low management and implementation capacities of the sub-grants recipients (WRUAs, CFAs, community conservancies). WSTF has made considerable progress vis-à-vis addressing the gaps, including a) developing financial and archiving systems that track fund flows from WSTF to sub-grantees and the accountability of the same, and b) recruitment of Quality Assurance Monitors with engineering, financial management, and social expertise at the county-level, who monitor progress, provide technical advice to sub-grant recipients, and report issues to WSTF. WSTF's institutional setup and processes have proven conducive for implementation.

The identification assessment and the appraisal mission found that WSTF's experience and track-record demonstrates its relevance as implementing partner for EWFCP and ability to implement the project and deliver the intended results. WSTF has a dedicated division for water resource management and climate change with experienced staff, but currently no staff at the county level with natural resource management expertise. There is also scope for further staff skill development vis-à-vis NbS, climate change, cost recovery, and water, and conflict management vis-à-vis conflicts over water and natural resources. Under GGEP as well as interventions supported by other donors (e.g. IFAD), WSTF has experience with implementing water resource management, climate change adaptation, and livelihoods activities, providing grants for infrastructure and capacity development support for WRUAs, CFAs, and community conservancies. The 2023 mid-term review of the Danish country programme in Kenya found that green/environmental and climate change were adequately addressed in the Danida-funded and WSTF-implemented "Sustainable Management and Access to water and sanitation in the ASALs" project.

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 resource planning.

The 2023 mid-term review of the Danish country programme in Kenya 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 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.

To enhance the likelihood of longer-term sustainability of its investments, WSTF provides institutional 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.

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.

WSTF is funded by a number of other donors who equally contribute to its capacity strengthening through technical assistance including:

1. KfW provides TA specifically for their urban programmes, including project reviews, system reviews, and TA support to the implementing partners/sub-grantees.
2. The World Bank provides TA in the form of specific consultancies in the form of specialised needs-based support, e.g. ICT consultant support to implementing partners/sub-grantees, organisational development, environmental and social impact assessments as part of project preparatory actions, project design, operation and maintenance support, output verification, gender-based violence consultancy, financial management. This support is specific to the implementing partners/sub-grantees and focuses on specific programme deliverables.

This technical assistance by KfW and the World Bank is time-bound and tied to the specific deliverables, e.g. ICT support to the development of ERP systems for the implementing partners/sub-grantees, and organisational development tied to WSP institutional reviews.

Additionally, WSTF receives institutional technical assistance from various partners in strategic areas of the organisation.

Ongoing institutional TA to WSTF

#	Partner	Area of support
	Water and Sanitation for the Urban Poor (WSUP)	Corporate Strategy development and review

		Investment Policy and Resource Mobilization Strategy review and development
	Water Integrity Network (WIN)	TA support to risk management and governance
	Gatsby	Technical support and funding assistance to WSTF on areas of strategy development and review, communication, innovation, climate change, service delivery models among others. change, service delivery models, programme studies among others.
	USAID WASH FIN II	Loan facility development – TA support
	Strathmore	Research and innovation
	Water.ORG	TA support in the Commercial Financing Programme

The above outlook of the ongoing TA to WSTF informs opportunities where EWFCP can contribute to strengthening WSTF's, technical partners' and implementing partners'/sub-grantees' capacities to deliver the project.

Technical partners

The **Water Resources Authority (WRA)** is established under section 11 of the Water Act 2016 with functions that include the formulation and enforcement of standards, procedures and regulations for the management and use of water resources and flood mitigation; and regulating the management and use of water resources. WRA is thus the key regulating body for WRM activities and promoting IWRM in Kenya. WRA is responsible for the establishment of Basin Water Resource Committees. Moreover, WRA is also responsible for regulating, overseeing and providing support to WRUAs Provide technical guidance and support to WRUAs e.g., vis-à-vis the development and updating of sub-catchment management plans and analysing the water resource problems. WSTF and WRA have a memorandum of understanding regarding the role of WRA in supporting WRUAs in the planning and implementation of WSTF-funded grant projects. WRA has offices in the Ewaso Ng'iro Basin and technically qualified staff. However, the ability of WRA to effectively regulate the use of water resources, ensure they are managed sustainably, and ensure that WRUAs are able to implement their mandate is constrained by insufficient financial and staff resources. WRA has a history of cooperation with WSTF vis-à-vis providing technical support and monitoring of grant projects implemented by WRUAs. The cooperation is formalised through a memorandum of understanding (MoU) which was recently renewed. The MoU ensures that 15 pct. of each grant for WRUAs is provide to WRA to ensure it can provide technical support to WRUAs and monitor grant project implementation.

The **Kenya Forest Service (KFS)**, is a state corporation under the Ministry of Environment, Climate Change and Forestry, established under Section 7 of the Forest Act 2005, with the mandate to conserve, develop and sustainably manage forest resources for Kenya's social-economic development and provision of environmental services. Hence, KFS plays a key role in ensuring that upper catchments are managed sustainably, and their hydrological functions and integrity are conserved. KFS works in collaboration with CFAs to sustainably manage forest resources. KFS has offices in the Ewaso Ng'iro Basin and technically qualified staff. However, the ability of KFS to effectively manage and protect forest resources and ensure that CFAs are able to implement their mandate is constrained by insufficient financial and staff resources. KFS has a history of cooperation with WSTF vis-à-vis providing technical support and monitoring of grant projects implemented by CFAs. The cooperation is formalised through a memorandum of understanding (MoU) which was recently renewed. The MoU ensures that 15 pct. of each grant for CFAs is provided to KFS to ensure it can provide technical support to WRUAs and monitor grant project implementation.

The **Northern Rangeland Trust (NRT)** is a community conservancy membership organisation, whose mission is to develop resilient community conservancies, which transform people's lives, secure peace and conserve natural resources. NRT has offices in the Ewaso Ng'iro Basin and technically qualified staff. They receive Denmark funding in support of their strategic plan moreso on water, nature-based solutions and energy. However, the ability of NRT to fully cover community conservancy support needs

is limited by insufficient financial resources. To address this, NRT will be facilitated under EWFCP to support conservancies in delivery of the project. Moreover, NRT has been vulnerable to criticism; NRT has been accused of human rights violations, but an independent investigation co-funded by the Royal Danish Embassy and other development partners found no evidence of any violations. NRT has a history of cooperation with WSTF vis-à-vis providing technical support and monitoring of grant projects implemented by community conservancies. The cooperation is formalised through a memorandum of understanding (MoU) which was recently renewed.

Other partners

The **State Department for Water and Sanitation Services** of the **Ministry of Water, Sanitation and Irrigation** (MWSI) is responsible for policy and strategy development related to WRM/IWRM. MWSI is the parent ministry of WRA and WSTF.

The **Ministry of Environment, Climate Change and Forestry** (MECCF) is responsible for policy and strategy development related to forests, natural resources, and climate and is the parent ministry of KFS, and the Kenya Wildlife Service (KWS).

County Governments are responsible for soil and water conservation, environmental conservation, and climate change adaptation. The Water Act stipulates that County Governments are to be represented in the Basin Water Resource Committees and the basin WRM strategies shall be developed in consultation with the counties.

Water Resource User Associations (WRUAs) are community-based organisations that are legally mandated to co-manage water resources at the sub-catchment level in collaboration with WRA, including resolution of conflicts concerning the use of water resources.

Community Forest Associations (CFAs) are community-based organisations that are legally mandated to participate in the co-management of forest resources in collaboration with KFS.

Community conservancies are community-based organisations that are legally mandated to sustainably manage grazing and natural resources, balancing the needs of communities and wildlife.

Summary of executing agency and technical 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 project of WSTF.	<i>Medium-high</i> <ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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 	<p>Strengths:</p> <ul style="list-style-type: none"> - Well-established structures, processes in place for, and experience, with delivering and supervising investments on the ground and engagement with CFAs, WRUAs, and conservancies - Qualified staff - Presence at the county level and outreach to all counties - A government institution – can implement government policies - 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 	<ul style="list-style-type: none"> - 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 - Mobilisation of funding for post-project support to WRUAs, CFAs, and community conservancies

					<ul style="list-style-type: none"> - Mandated to address WRM in an integrated manner and work across sectors - A corporate culture with flexibility and efficiency - Established and tested systems to provide accountability to development partners - Well-known and tested partner, which is familiar with Danida requirements - A dedicated and experienced division dealing with water resource and climate change - Staff with experience in WRM and NRM, incl. some with climate change adaptation expertise <p>Weaknesses:</p> <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 	
--	--	--	--	--	--	--

					<ul style="list-style-type: none"> - No mandate vis-à-vis basin governance, regulation, and coordination - Vulnerable to political pressure on site selection - Insufficient staff skills vis-à-vis Nbs and local cost recovery mechanisms - No county-level staff with WRM/NRM profiles - Scope for further staff skill development vis-à-vis climate change, water credits, and water, natural and rangeland resource conflict management 	
WRA	Regulates the management and use of water resources. Responsible for Basin Water Resource Committees. Regulates, oversees, and supports WRUAs.	<i>High</i> <ul style="list-style-type: none"> - Key agency for IWRM governance and regulation - Key agency vis-à-vis basin coordination - Oversees and supports WRUAs 	<i>High</i> <ul style="list-style-type: none"> - Key partner vis-à-vis engagement in basin coordination and IWRM policy and planning support. - Technical support, capacity development, oversight to WRUAs vis-à-vis grant project implementation. Monitors grant 	<ul style="list-style-type: none"> - Has a long-standing role vis-à-vis ensuring WRUA capacity and operation - MoU and history of cooperation with WSTF on grant projects 	<p>Strengths:</p> <ul style="list-style-type: none"> - Clear and strong mandate vis-à-vis IWRM - Technically qualified staff - Presence in the Ewaso Ng'iro Basin - Strong link to WRUAs - Experience with working with WSTF <p>Weaknesses:</p> <ul style="list-style-type: none"> - Limited financial and staff resources 	<ul style="list-style-type: none"> - Has a permanent mandate vis-à-vis supporting WRUAs - Targeted capacity development support for WRA

			project implementation.		<p>constraints</p> <p>regulation of use of water resources</p> <ul style="list-style-type: none"> - Insufficient resources to ensure WRUAs are able to implement their mandates - Insufficient resources to establish functional basin water resource committees - Vulnerable to political pressure - Competition with County Governments 	
KFS	Manages forest resources. Regulates, oversees, and supports CFAs.	<p><i>Medium-high</i></p> <ul style="list-style-type: none"> - Key agency for forest governance and management - Oversees and supports CFAs 	<p><i>Medium-high</i></p> <ul style="list-style-type: none"> - Key partner vis-à-vis NRM policy and planning support. - Technical support, capacity development, oversight to CFAs vis-à-vis grant project implementation. - Monitors grant project implementation. 	<ul style="list-style-type: none"> - Has a long-standing role vis-à-vis ensuring CFA capacity and operation - MoU and history of cooperation with WSTF on grant projects 	<p>Strengths:</p> <ul style="list-style-type: none"> - Clear and strong mandate vis-à-vis IWRM - Technically qualified staff - Presence in the Ewaso Ng'iro Basin - Strong link to CFAs - Experience with working with WSTF <p>Weaknesses:</p> <ul style="list-style-type: none"> - Limited financial and staff resources - Insufficient resources to ensure CFAs are able to implement their mandates 	<ul style="list-style-type: none"> - Has a permanent mandate vis-à-vis supporting CFAs - Targeted capacity development support for KFS

					- Vulnerable to political pressure	
NRT	Develops and supports community conservancies.	<i>Medium</i> - Oversees and supports community conservancies	<i>Medium</i> - Technical support, capacity development, oversight to community conservancies vis-à-vis grant project implementation. - Monitors grant project implementation.	- Has a long-standing role vis-à-vis ensuring community conservancy capacity and operation - MoU and history of cooperation with WSTF on grant projects	Strengths: - Owned by community conservancies - Technically qualified staff - Presence in the Ewaso Ng'iro Basin - Experience with working with WSTF Weaknesses: - Insufficient resources to fully cover community conservancy support needs - No government mandate - Vulnerable to criticism	- Has a permanent mandate vis-à-vis supporting community conservancies - Danish funding directly for NRT through other projects

Main basin 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 Wildlife Service (KWS)	Conservation and management of wildlife and their habitats/protected areas.
	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

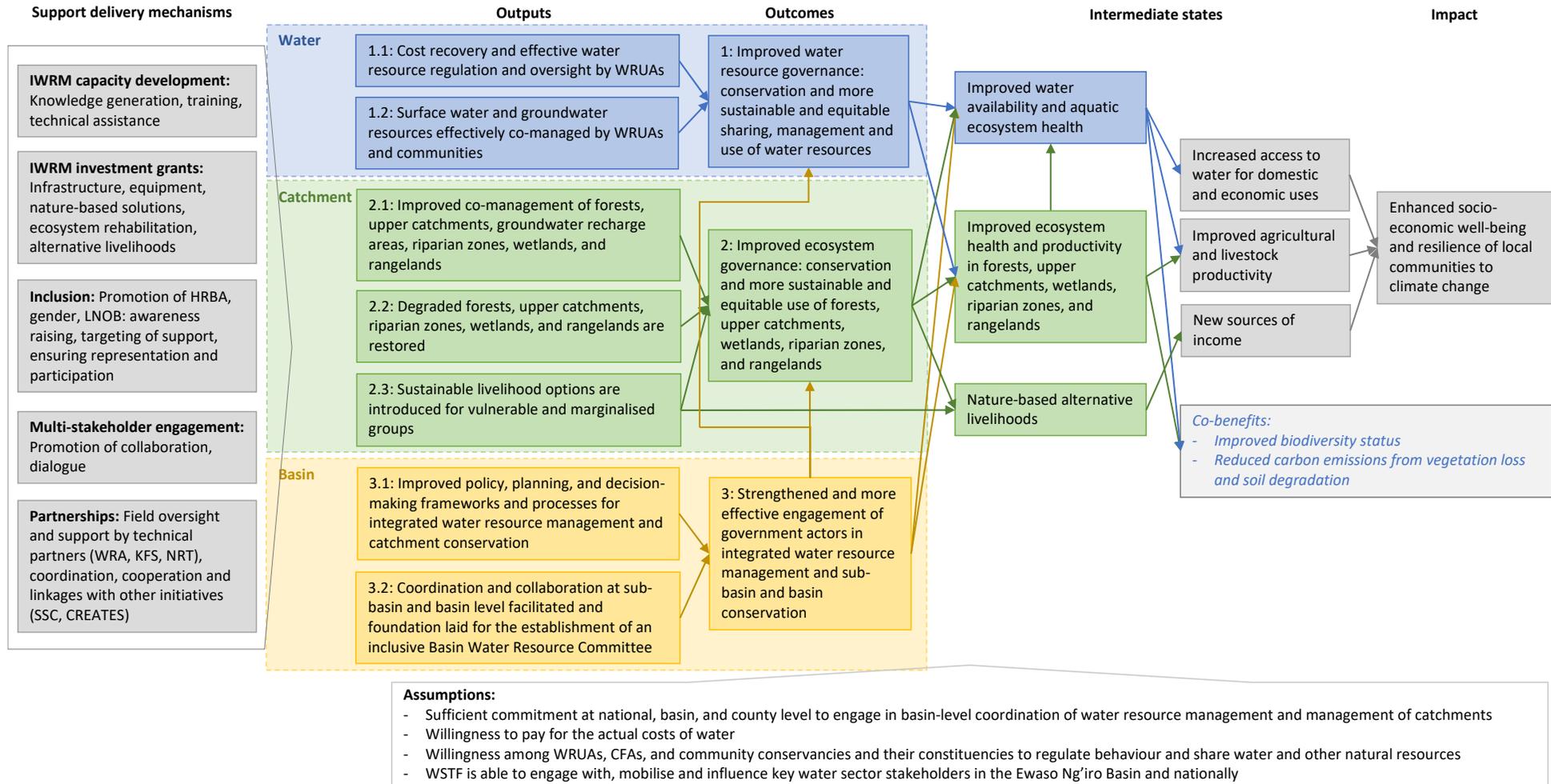
Key EWFCP stakeholders and beneficiaries

Stakeholder	Role in WRM	Key challenges faced vis-à-vis WRM	Role in project	Expected benefits from EWFCP
WSTF	Provision of grants to local actors for investments in WRM.	Insufficient funding for WRM, most support received is for water supply. Lack of WRM/NRM field staff.	Implementing partner and grant recipient.	Enhanced engagement in WRM. Increased staff capacities vis-à-vis WRM/NRM, NbS, climate change

WRUAs	Plan and regulate the management, use and conservation of water resources at sub-catchment level. Manage water infrastructure.	Insufficient technical, governance, enforcement, and managerial capacities. Financial constraints and insufficient cost recovery. Often unable to ensure inclusive, sustainable, and effective use of water.	Sub-grant recipients, implement on-the-ground investments in WRM (outcome 1) and protection and rehabilitation of springs, riparian zones, and wetlands (outcome 2). Receive capacity development support.	Enhanced ability to fulfil mandate and govern sub-catchment water resources and ensure equitable water availability for water users. Improved cost recovery and maintenance of water infrastructure.
CFAs	Manage forest resources jointly with KFS. Plan and regulate the use of forest resources in forest areas designated for participatory forest management.	Insufficient technical, governance, enforcement, and managerial capacities. Often unable to prevent overgrazing and forest degradation.	Sub-grant recipients, implement on-the-ground investments in forest conservation and rehabilitation (outcome 2). Receive capacity development support.	Enhanced ability to fulfil mandate and govern and protect forest resources.
Community conservancies	Manage and regulate the use of rangelands, to ensure the needs of wildlife and people and their livestock are met.	Insufficient technical, governance, enforcement, and managerial capacities. Often unable to prevent overgrazing and land degradation.	Sub-grant recipients, implement on-the-ground investments in rangeland conservation and rehabilitation (outcome 2). Receive capacity development support.	Enhanced ability to fulfil mandate and govern and protect rangelands.
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. Oversees and supports WRUAs.	Capacity constraints vis-à-vis regulating use of water resources. Insufficient resources to establish functional basin water resource committees for better coordination. Insufficient resources to ensure WRUAs are able to implement their mandates and ensure sustainable WRM.	Provides technical and managerial support to WRUAs (outcomes 1 and 2). Receive capacity development support (outcome 3).	Enhanced institutional capacity to regulate water use. Enhanced engagement with WRUAs. Enhanced basin coordination.

KFS	Manages forest resources. Oversees and supports CFAs.	Insufficient resources to ensure CFAs are able to implement their mandates and ensure sustainable WRM.	Provides technical and managerial support to CFAs (outcome 2). Receive capacity development support (outcome 3).	Enhanced engagement with CFAs.
NRT	Supports community conservancies.	Insufficient resources to fully cover community conservancy support needs.	Provides technical and managerial support to community conservancies (outcome 2).	Enhanced engagement with community conservancies.
Counties	Agricultural, livestock, and soil and water extension services. Obligated to mainstream climate change into county development and sector plans.	Have not been significantly involved in WRM or forest management.	Provide technical support to WRUAs, CFAs, and community conservancies (outcome 2). Receive capacity development support (outcome 3).	Enhanced engagement in WRM, basin management, and climate change adaptation.
Water users, including farmers and pastoralists	Use water for domestic and productive purposes.	Insufficient and declining availability of water especially in dry season. Vulnerable to floods during wet season. Conflicts over water during periods of scarcity.	Direct beneficiaries: water users in the sub-catchments served by WRUAs/CFAs/conservancies receiving sub-grants (outcomes 1 and 2). Indirect beneficiaries: downstream water users (e.g. in ASALs) (outcomes 1 and 2), all water users in basin (outcome 3)	Improved availability and more equitable access to water – increased resilience to climate change.
Forest users	Use forest resources for domestic and productive purposes.	Reduced and declining availability of forest resources. Conflict over forest resources and grazing.	Direct beneficiaries: users of the community forests managed by CFA receiving sub-grants (outcome 2).	Improved availability of forest resources and grazing and livelihoods improvements
Rangeland users	Use rangelands for grazing.	Reduced and declining productivity of rangelands. Conflict over grazing.	Direct beneficiaries: users of the rangelands in community conservancies receiving sub-grants (outcome 2).	Improved availability and quality of pastures, improved grazing plans for livelihoods improvement.

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



Project		Ewaso Ng'iro Basin Water, Forest, and Climate Resilience Project (EWFCP)	
Development Objective		Enhanced socio-economic well-being and climate resilience of local communities in the Ewaso Ng'iro Basin	
Immediate Objective		Improved availability of water resources, forest and catchment ecosystem health, and productivity of natural resources	
Impact indicator a		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 (<i>linked to SDG indicator 6.5.1</i>)	
Impact indicator b		Increase in area with healthy forests and/or forests showing recovery in the upper catchment of the Ewaso Ng'iro basin (<i>linked to SDG indicators 6.6.1, 15.1.1, 15.2.1</i>)	
Impact indicator c		Increased incomes of beneficiaries in targeted sub-catchments (disaggregated by gender, youth, and vulnerable groups) (<i>linked to SDG indicators 1.1.1, 2.3.2</i>)	
Outcome 1		Improved water resource governance: conservation and more sustainable and equitable sharing, management 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) (<i>linked to SDG indicator 6.5.1</i>)	
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 water resource 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) (<i>linked to SDG indicators 6.5.1, 6.b.1</i>)	
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>		<ul style="list-style-type: none"> • <i>Introduction of volume-based water tariffs</i> • <i>Pollution control</i> • <i>Water allocation plan development/ review</i> • <i>Patrolling</i> • <i>Facilitation, capacity development and awareness raising for WRUAs and communities, e.g. on: conflict mediation, scout training, good governance, transparency, gender inclusion, LNOB</i> • <i>Improving planning (incl. allocation plans) and operational frameworks, incl. review of sub-catchment management plans (SCMPs)</i> 	

Output 1.2		Surface water and groundwater resources effectively co-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>		<ul style="list-style-type: none"> • <i>Water harvesting and enhanced water storage, e.g.: sand dams, ponds, water pans</i> • <i>Spring protection</i> • <i>Establishment of common intakes with meters</i> • <i>Groundwater and surface water recharge</i> 	
Outcome 2		Improved ecosystem governance: conservation and more sustainable and equitable use of forests, upper catchments, wetlands, riparian zones, and rangelands	
Outcome indicator 2a		Area with increased perennial vegetation cover of indigenous species (incl. trees) (<i>linked to SDG indicators 6.6.1, 15.1.1, 15.4.2</i>)	
Baseline	Year	2024	0 ha
Target	Year	2029	26,000 ha
Output 2.1		Improved co-management of forests, upper catchments, groundwater recharge areas, riparian zones, wetlands, and rangelands	
Output indicator 2.1a		Area (ha) effectively protected and sustainably managed in upper catchment and riparian zone (incl. forests, wetlands, and groundwater conservation areas) (<i>linked to WSTF KRA 3 indicator</i>) (<i>linked to SDG indicators 6.6.1, 15.1.1, 15.1.2, 15.2.1</i>)	
Baseline	Year	2024	0 ha
Target	Year 1	2025	6,000 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	13,000 ha
<i>Examples of activities</i>		<ul style="list-style-type: none"> • <i>Management plans, incl.: PFM plans, grazing plans</i> • <i>Bylaws</i> • <i>Patrolling (incl. joint patrolling)</i> • <i>Fencing</i> • <i>Water points for wildlife</i> • <i>HWC awareness raising and management</i> • <i>Sustainable agriculture and livestock management</i> • <i>Energy-efficient stoves</i> • <i>Institutional biogas plants</i> • <i>Facilitation, capacity development, and awareness raising for CFAs, community conservancies, and communities, e.g. on: conflict mediation, scout training, good governance, transparency, gender inclusion, LNOB</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>) (<i>linked to SDG indicators 6.6.1, 15.1.1, 15.3.1</i>)	

Baseline	Year	2024	0 ha
Target	Year 1	2025	6,000 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	13,000 ha
<i>Examples of activities</i>		<ul style="list-style-type: none"> • <i>Planting of indigenous trees, incl. fruit trees for wildlife</i> • <i>Erosion control and soil conservation</i> • <i>Flood control</i> • <i>Wetland restoration</i> • <i>Fencing</i> 	
Output 2.3		Sustainable livelihood options are introduced for vulnerable and marginalised groups	
Output indicator 2.3a		Number of persons benefitting from new livelihoods (disaggregated by gender, youth, and vulnerable groups)	
Baseline	Year	2024	0 persons
Target	Year 1	2025	2,000 persons (≥50% women)
Target	Year 2	2026	4,000 persons (≥50% women)
Target	Year 3	2027	8,000 persons (≥50% women)
Target	Year 4	2028	12,000 persons (≥50% women)
Target	Year 5	2029	16,000 persons (≥50% women)
<i>Examples of activities</i>		<ul style="list-style-type: none"> • <i>Ecotourism</i> • <i>Beekeeping</i> • <i>Fish farming</i> • <i>Nurseries and on-farm planting of productive trees (fruits and materials)</i> • <i>Gums and resins</i> • <i>Handicrafts, e.g. beadworks</i> • <i>Market linkages</i> 	
Outcome 3		Strengthened and more effective engagement of government actors in integrated water resource management and sub-basin and basin conservation	
Outcome indicator 3a		Number of evidence-based basin-level multi-stakeholder decisions/agreements for Ewaso Ng'iro Basin (<i>linked to SDG indicator 6.5.1</i>)	
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 integrated water resource management and catchment conservation	
Output indicator 3.1a		Number of national and sub-national IWRM-related policies and plans passed, revised, operationalised and/or implemented (<i>linked to SDG indicator 6.5.1</i>)	
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 (<i>linked to SDG indicator 6.5.1</i>)	
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>		<ul style="list-style-type: none"> • <i>Research and studies, incl.: mapping and studies on groundwater and surface water recharge, water abstraction surveys, water pollution</i> • <i>Documentation and sharing of best practices, results and lessons from EWFCP</i> • <i>Support for revision/formulation of policies and plans, e.g. revision of the WRUA Development Cycle (WDC) framework</i> • <i>Technical capacity development (training, technical advisory) for key institutions and technical partners: WRA, KFS, NRT, County Governments</i> • <i>Policy support</i> • <i>Decision-making support tools</i> • <i>Equipment for basin management and monitoring: GIS, remote sensing, groundwater monitoring stations</i> • <i>Preliminary work on performance-based water credit (KPIs)</i> • <i>Technical capacity development for WTSP staff, e.g. on: NbS, water credits/ cost recovery, conflict management</i> 	
Output 3.2		Coordination in at sub-basin and basin level facilitated and foundation laid for the establishment of an inclusive Basin Water Resource Committee	
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>		<ul style="list-style-type: none"> • <i>Support for basin and sub-basin meetings</i> • <i>Awareness raising and dialogue with stakeholders</i> • <i>Support for upstream-downstream conflict mediation</i> • <i>Facilitation of participation of women, youth and people living with disabilities</i> • <i>Coordination and joint planning/ implementation with other initiatives, incl.: SSC, CREATES, Mt. Kenya-Ewaso Partnership</i> • <i>Dissemination of lessons learned from EWFCP</i> 	

Annex 4: Risk Management

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 project will add one Quality Assurance Monitor with a natural resource management and social profile. 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 for WRUAs, CFAs, conservancies on governance and conflict mediation (under outputs 1.1 and 2.1); b) support for mediation of upstream-downstream conflict mediation (under output 3.2); c) joint supervision (WRA/KFS/NRT, counties (for outputs 1.1, 1.2, 2.1, 2.2), WSTF); d) oversight by Quality Assurance Monitors (for outputs 1.1, 1.2, 2.1, 2.2); e) encourage WRUAs, CFAs, conservancies to team up with NGOs (for outputs 1.1, 1.2, 2.1, 2.2); f) climate-smart solutions, water harvesting, soil-water conservation (under outputs 1.2 and 2.2); g) dialogue and awareness raising by Basin Coordinator (under output 3.2); and h) facilitation and support for basin coordination platforms (under output 3.2).

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) - Project 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 (under outputs 1.1 and 2.1) - Maintaining a position of neutrality - Mediation, incl. support for upstream-downstream conflict mediation (under output 3.2) - 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, political pressure, and elite capture of water resources	Almost certain	Major	<ul style="list-style-type: none"> - Awareness raising for communities and key project/sector stakeholders in the basin and at national level - 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) - Guaranteeing whistle-blower anonymity - WSTF implements a Fraud Prevention Policy that emphasises responsibilities of all staff in relation to identification and reporting of fraud, bribery, and corruption - A link to a whistle blower hotline is provided on WSTF's website 	Major	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 - Promote climate-resilient livelihoods and NRM practices - Facilitate climate proofing of project activities to mitigate climate change 	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 	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.

			<ul style="list-style-type: none"> - Implementation of the Integrity Management Toolbox developed by WSTF to enhance capacity and governance 		
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 NbS - Develop and implement environmental and social safeguards instruments - Environmental and social screening of proposals - Adherence to NEMA regulations re. ESIA's - Community-based and gender sensitive approaches - Oversight by Quality Assurance Monitors - External and internal audits 	Minor	The environmental and social risks associated with NbS is generally low. Infrastructure investments will be small-medium -scale. Regulation and restriction of access to upper catchments and riparian zones may affect some 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.

Poor community ownership, buy-in, and participation	Unlikely	Major	<ul style="list-style-type: none"> - WSTF to enhance public participation in all project interventions - Grants are provided to community-based institutions (WRUAs, CFAs, community conservancies) - Ensure community contributions (monetary or in-kind) 	Major	WSTF to capitalise existing community relationship in creating community buy-in
Inability of community to effectively operate and maintain infrastructure and facilities	Likely	Major	<ul style="list-style-type: none"> - Involvement of County Government throughout project implementation process to ensure ownership and operation and maintenance budgetary allocation - Assess the best fit sustainability model for infrastructure projects, incl. engagement of operation and maintenance model with contracted suppliers supporting communities for a period of time 	Major	County Government has a water supply mandate. Engaging them will enhance their ownership of the projects and they will ensure budgetary allocation to support major operation and maintenance of infrastructure projects, including providing technical expertise.
Political interference in identification, selection, and distribution of grant projects	Likely	Major	<ul style="list-style-type: none"> - Proposal development sensitisation to ensure compliance to project implementation guidelines - Dialogue with decision-makers and people trying unduly to influence the process 	Major	Targeted interventions in the basin through selection of sub-basins and upscaling based on lessons learned. Involvement of County Governments, and relevant national government agencies in the selection process and sensitizing them on the objective of the project.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Misappropriation of funds by implementing partners/sub-grantees and fraud	Likely	Major	<ul style="list-style-type: none"> - Support by International Financial Adviser - Oversight by Quality Assurance Monitors (QAMs) - Guaranteeing whistle-blower anonymity - Project 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 	Minor	WSTF model for fund disbursement minimise the risks, WSTF audit reports have generally been unqualified. The financial management and governance capacities of WRUAs, CFAs and community conservancies are often low.

			<ul style="list-style-type: none"> - Financial capacity assessments of sub-grantees before investments - Link disbursements to achievement of milestones - Stop disbursements and/or cancel grants - Demand reimbursement - Legal action 		
Delayed transfer of funds from National Treasury, through MWSI to WSTF	Unlikely	Major	<ul style="list-style-type: none"> - Dialogue and follow-up with National Treasury and MWSI - Fast processing of financial reporting and payment requests 	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 project accountant - Technical advisory to grant applicants, WRA, KFS, NRT - Encourage grant applicants to team up with NGOs - Provide skills development on procurement 	Major	The experience from earlier support to WSTF has shown that the grant-making process is often slower than expected.
Non-compliance with IPSAS (International Public Sector Accounting Standards) by implementing partners/sub-grantees	Almost certain	Major	<ul style="list-style-type: none"> - Training on IPSAS and Financial Accountability Statements (FAS) - Stop disbursements in cases of non-compliance - Demand reimbursal of non-compliant spending 	Major	FAS ensures accountability of funds in real time to avoid mismanagement.
Flouting of procurement rules and regulations (PPDA) by implementing partners/sub-grantees	Almost certain	Major	<ul style="list-style-type: none"> - Adhere to Public Procurement Asset Disposal Act, 2015 and Regulation 2020 to ensure compliance - Train sub-grantees on procurement compliance requirements - Cancel procurement and contracts - Stop disbursements in cases of non-compliance - Demand reimbursal of non-compliant spending - Legal action 	Major	Non-compliance delays project implementation.

<p>Inadequate and poor understanding of WSTF investment programme requirements by sub-grantees</p>	<p>Likely</p>	<p>Major</p>	<ul style="list-style-type: none"> - Capacity building/training of implementing partners/sub-grantees on WSTF requirements - Monitoring and guidance 	<p>Major</p>	
--	---------------	--------------	--	--------------	--

Annex 5: Budget Details

Item	Year 1 (2025) DKK	Year 2 (2026) DKK	Year 3 (2027) DKK	Year 4 (2028) DKK	Year 5 (2029) DKK	Total DKK	Share
Outcome 1: Water resource governance	4,569,825.00	7,616,375.00	10,414,950.00	6,093,100.00	1,771,250.00	30,465,500.00	30.5%
- Output 1.1: water resource regulation/oversight by WRUAs*	743,925.00	1,239,875.00	1,487,850.00	991,900.00	495,950.00	4,959,500.00	5.0%
- Output 1.2: WRM investments by WRUAs and communities*	3,825,900.00	6,376,500.00	8,927,100.00	5,101,200.00	1,275,300.00	25,506,000.00	25.5%
Outcome 2: Ecosystem/forest governance	3,932,175.00	7,864,350.00	7,864,350.00	5,242,900.00	1,310,725.00	26,214,500.00	26.2%
- Output 2.1: Ecosystem co-management*	1,275,300.00	2,550,600.00	2,550,600.00	1,700,400.00	425,100.00	8,502,000.00	8.5%
- Output 2.2: Ecosystem restoration*	1,594,125.00	3,188,250.00	3,188,250.00	2,125,500.00	531,375.00	10,627,500.00	10.6%
- Output 2.3: Sustainable livelihoods*	1,062,750.00	2,125,500.00	2,125,500.00	1,417,000.00	354,250.00	7,085,000.00	7.1%
Outcome 3: IWRM engagement + coordination of gov. actors	1,594,125.00	2,656,875.00	3,188,250.00	2,125,500.00	1,062,750.00	10,627,500.00	10.6%
- Output 3.1: Policy and planning frameworks	1,062,750.00	1,771,250.00	2,125,500.00	1,417,000.00	708,500.00	7,085,000.00	7.1%
- Output 3.2: Sub-basin and basin coordination	531,375.00	885,625.00	1,062,750.00	708,500.00	354,250.00	3,542,500.00	3.5%
Baseline survey and monitoring	1,062,750.00	708,500.00	708,500.00	708,500.00	354,250.00	3,542,500.00	3.5%
Outcome/output total	11,158,875.00	18,846,100.00	22,176,050.00	14,170,000.00	4,498,975.00	70,850,000.00	70.9%
Project staff total	585,000.00	922,500.00	1,035,000.00	810,000.00	697,500.00	4,050,000.00	4.1%
- Staff: Basin Coordinator	180,000.00	180,000.00	180,000.00	180,000.00	180,000.00	900,000.00	0.9%
- Staff: 3 QA monitors (1 NRM+social, 1 engineer, 1 finance)	225,000.00	562,500.00	675,000.00	450,000.00	337,500.00	2,250,000.00	2.3%
- Staff: accountant	180,000.00	180,000.00	180,000.00	180,000.00	180,000.00	900,000.00	0.9%
ICT equipment for programme staff (incl. computers)	50,000.00	0.00	0.00	0.00	0.00	50,000.00	0.1%
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	2.8%
Communication and visibility	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	1,500,000.00	1.5%
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	1.5%
WSTF management fee (5%)	737,046.05	1,089,663.16	1,270,844.74	837,631.58	314,814.47	4,250,000.00	4.3%
Total grant disbursed to WSTF	14,740,921.05	21,793,263.16	25,416,894.74	16,752,631.58	6,296,289.47	85,000,000.00	85.0%
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	7.5%
Initial studies and technical inputs	1,500,000.00	0.00	0.00	0.00	0.00	1,500,000.00	1.5%
Review, evaluation	0.00	0.00	500,000.00	0.00	500,000.00	1,000,000.00	1.0%
Unallocated adaptive reserve (e.g. targeted short-term TA)	500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00	5,000,000.00	5.0%
Total managed by Royal Danish Embassy	3,500,000.00	3,000,000.00	3,500,000.00	3,000,000.00	2,000,000.00	15,000,000.00	15.0%
TOTAL	18,240,921.05	24,793,263.16	28,916,894.74	19,752,631.58	8,296,289.47	100,000,000.00	100.0%
<i>*15% to WRA of subgrants to WRUAs and 15% to KFS of sub-grants to CFAs as per Kenyan law and MoUs with WSTF</i>							

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	Royal Danish Embassy in Nairobi
4	Draft Terms of References for: - Basin Coordinator - NRM and Social Quality Assurance Monitors - Project Accountant	WSTF
5	Ewaso-Ng'iro Basin Water, Forest, and Climate Resilience Project, 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	Royal Danish Embassy in Nairobi
15	Development Engagement Document: Sustainable Management and Access to Water and Sanitation in the ASALs, July 2021 – June 2026	Royal Danish Embassy 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 project 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 NbS for climate change adaptation, water resource management, forest and ecosystem conservation and restoration, poverty reduction	Throughout project implementation	Highlight in project 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 Royal Danish Embassy
Importance of climate financing for water resource management	At key project 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 project 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
Approach, results, and lessons vis-à-vis strengthening basin coordination and laying the foundation for a functional Basin	Throughout implementation and at project closure. Also at strategic advocacy opportunities.	Share through case studies, reports, knowledge-sharing and networking events	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, Development Partners, County Governments	Planning, Monitoring and Evaluation Department and Corporate Communication Unit

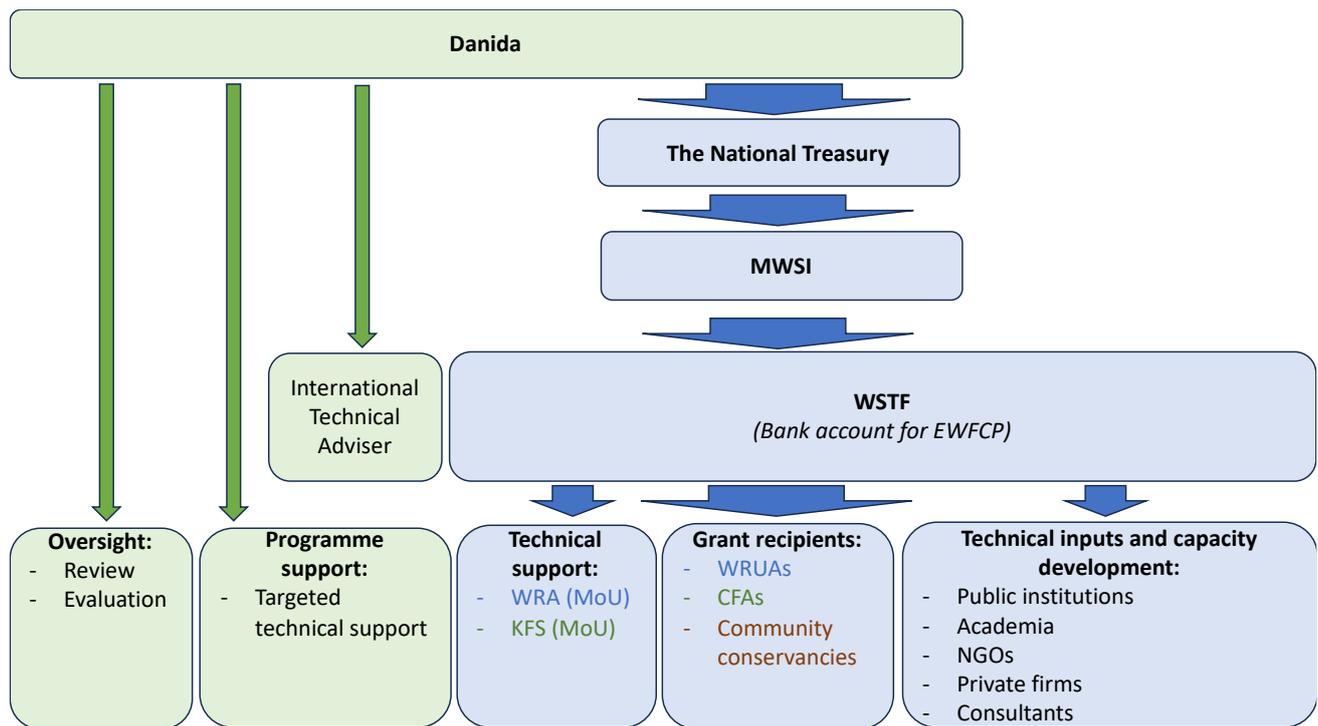
Water Resource Committee			Secondary: Civil society, Media, Academia	Royal Danish Embassy
Collaboration opportunities for stakeholders in climate resilience	Throughout project implementation	Facilitate through workshops, forums, meetings, and networking events	Primary: Ministries, State Departments, State Agencies, Regulatory Authorities, County Governments, Development Partners Secondary: Private sector, Civil society, Academia	Planning, Monitoring and Evaluation Department and Corporate Communication Unit Royal Danish Embassy
Impact of climate change on water resources and communities	At project 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 Nbs for climate resilience, sustainable water resource management, and equitable water sharing	Throughout project 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 project 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

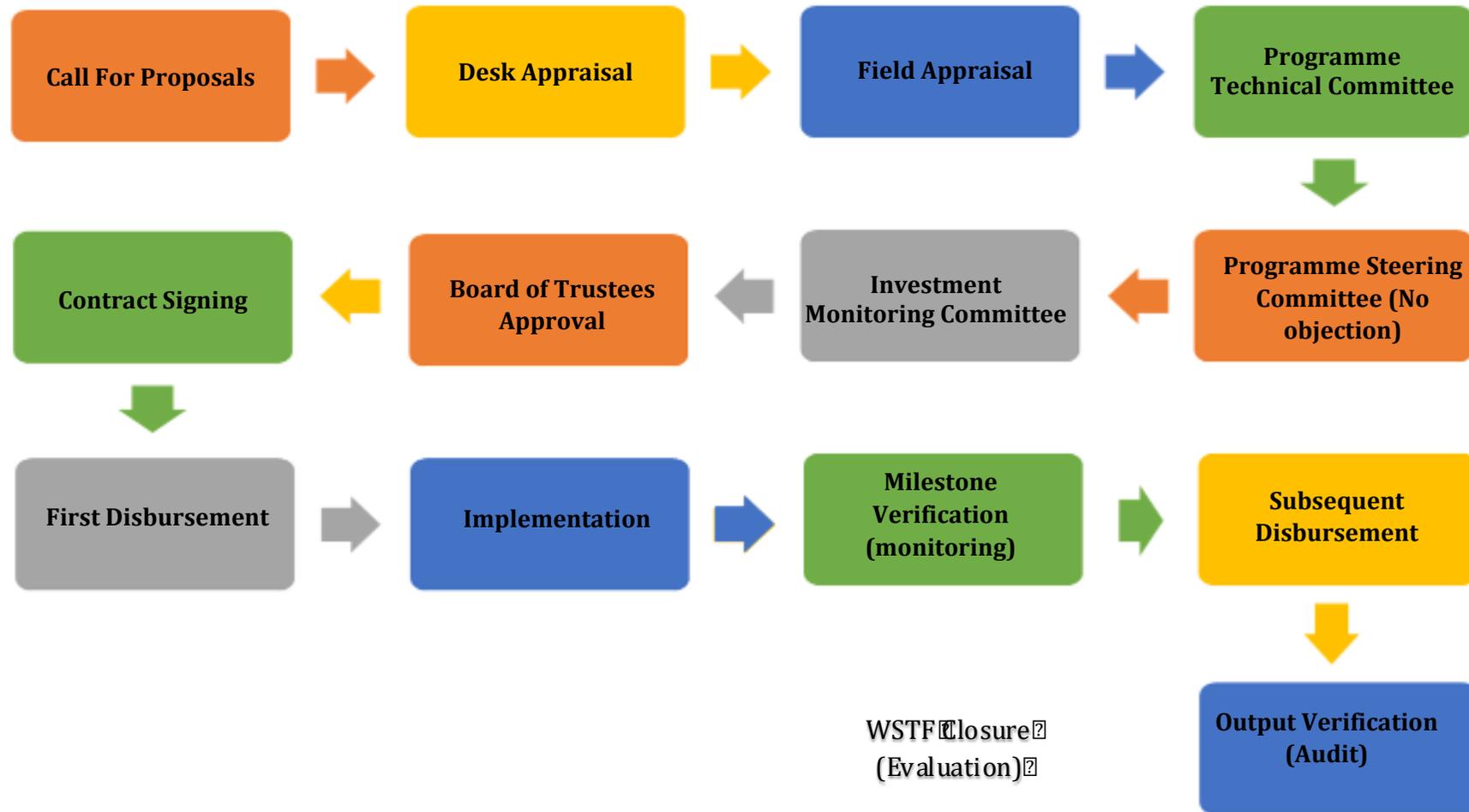
Action/product	Deadlines	Responsible/involved Person and unit	Comment/status
Deadline for confirming agenda for Programme Committee meeting of 4 Jun	16 Apr	RDE – Nancy/Mette/Tobias	Agenda for presentation of project to Programme Committee
Submission of 1 st draft project document to RDE	22 Apr	PEM	1 st draft project document
Tendering for and contracting of appraisal consultants, including mobilisation	22 Apr – 25 May	LEARING	Recruitment of appraisal consultant
Request for appraisal sent to LEARING	23 Apr	RDE – Mette/Nancy	Draft TOR for appraisal, revised draft PAP, 1 st draft project document
Review of 1 st draft project document	23-6 May	RDE – Nancy	Comments on 1 st draft project document shared with PEM
PEM and WSTF incorporate comments in 2 nd draft project document	7-9 May	PEM/WSTF	2 nd draft project document
Submission of 2 nd draft project document	9 May	PEM	2 nd draft project document for RDE comments
Review of 2 nd draft project document	10-15 May	RDE & LEARING	Comments on project document to PEM
Deadline for submission of 2 nd draft project document to LEARING – 17 working days before Programme Committee for public consultation and comments	29 May	RDE – Nancy/Tobias/Mette/Trine	Draft project document submitted for public hearing
Receipt of comments from LEARING and MFA relevant Departments	4 June	LEARING	Written comments on draft project document from LEARING/MFA Depts
Presentation of project at DANIDA Programme Committee (min. 6 months prior to Minister's approval)	11 Jun	RDE – Stephan/Trine/Tobias/Mette/Nancy	
Revise project document with comments from Programme Committee and public consultation	8 Jul – 4 Aug	PEM & RDE – Nancy/Tobias/Mette	Recommendations from Programme Committee incorporated in project document
Field appraisal	19-23 Aug	Mette/LEARING	Draft appraisal recommendations
Draft appraisal report	31 Aug		
Final integrating comments from RDE	6 Sep	Mette/LEARING	Final appraisal report
Incorporate recommendations in final draft project document	6 Sep – 9 Oct	RDE – Nancy/Tobias/Mette/Ho C	Final draft project document and annexes
Deadline for confirming agenda items for Council for Development Policy meeting for 20th Feb 2025 (6 weeks before meeting)	9 th January 2025	RDE – Tobias/Nancy/Mette	Agenda for UPR
Submit final project document + annexes and appropriation cover note to LEARING (min. 13	3 rd February 2025	Nancy/Tobias/Henrik	Final draft project document and annexes

working days before meeting in Council for Development Policy)			
RDE Presentation of project to Council for Development Policy (min. 1 month prior to Minister's approval of project)	20 th February 2025	RDE – Stephan/DHoM/Tobias/Nancy	
Minister approves project	27 th February – 14 th March 2025	LEARING submits proposed project together with minutes of UPR meeting	After Council for Development Policy meeting
Document for Finance Committee (Aktstykke) and presentation to Parliamentary Committee on Finance	17 th March – 30 th April 2025	LEARING/Minister's office	
Actions following Minister's approval			
Grant proposal published on Danida Transparency after Minister's approval	May 2025	LEARING	
Signing of Bilateral Agreement with National Treasury and Project Partner	June 2025	RDE – Nancy/Tobias/Stephan	Signed project document
Register commitment(s) in PMI/FMI systems within planned quarter	June 2025	RDE – Nancy/Charlotte	
Project start (start of inception phase) based on Government of Kenya fiscal year	July 2025	WSTF	Aligned with Government of Kenyas'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, development of implementation action plan with targets and milestones	July-Dec 2025	WSTF, RDE	
WSTF submits inception report, baseline survey, communication plan	Dec 2025	WSTF, RDE	
Launch of first call for proposals	January 2026	WSTF	
WSTF submission of annual reports to RDE	Sept 2026, 2027, 2028, 2029, 3030	WSTF	
Mid-term review	Mid-2027	RDE	
WSTF submission of completion report to RDE	September 2030	WSTF	

Annex 9: Financial Flow Diagram



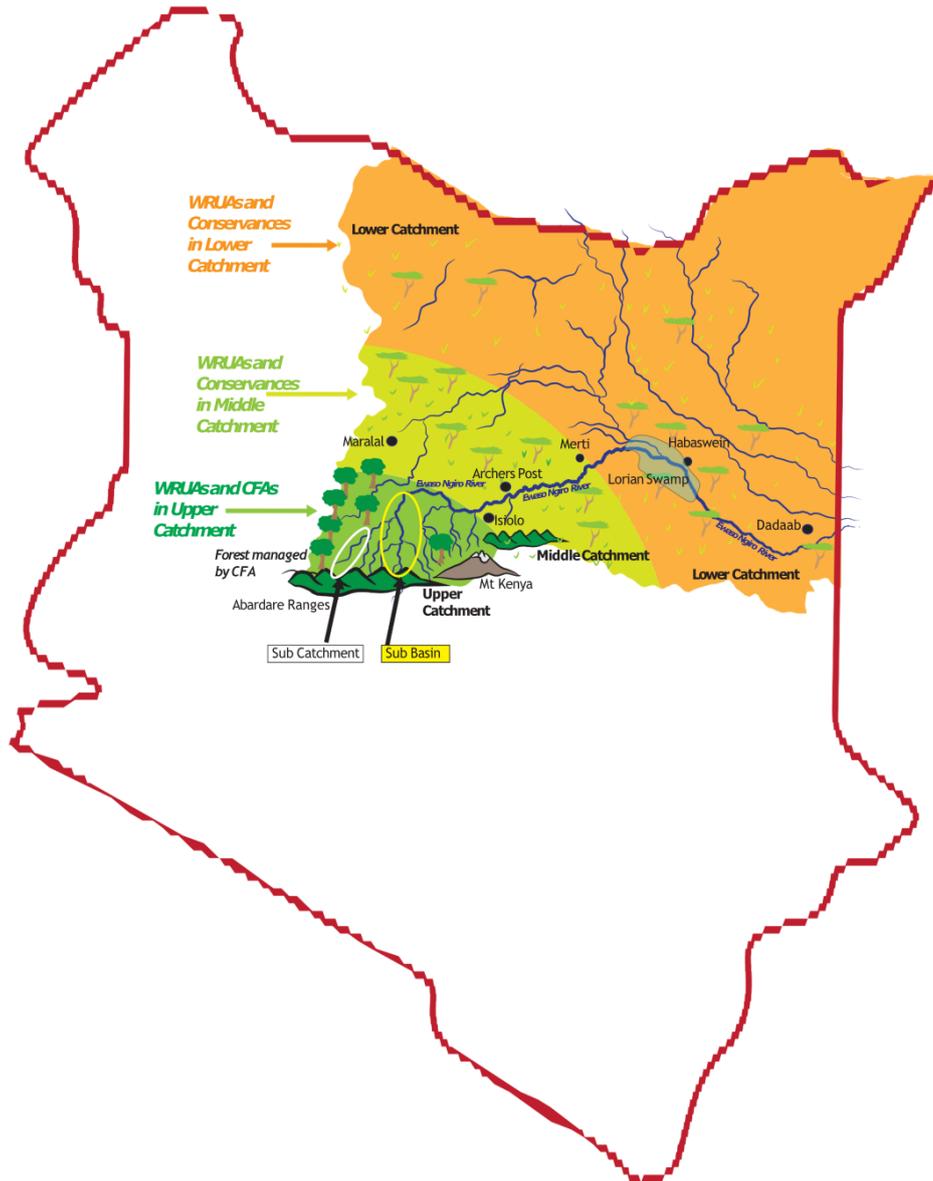
Annex 10: EWFCP's sub-grant project cycle



Annex 11: How-to notes – key elements covered

How-to notes		EWFCP
1: Fighting poverty and inequality	Multi-dimensional poverty concept – access to resources in a wider sense	- Contributes to improved access to water and improved use of ecosystems and natural resources
	Opportunities and choices LNOB Reducing inequality	- Contributes to more equitable access to water within sub-catchments and between upstream and downstream users - Promotes inclusion of women, youth, marginal groups
	Voice and influence HRBA	- Empowers community-based institutions (WRUAs, CFAs, conservancies) vis-à-vis governing water and ecosystem resources - Promotes enhanced stakeholder participation in basin management
	Personal security	- Improves local institutional capacity to handle conflicts over use of water, rangelands, and forests
	Short-term and long-term perspective	- Improved and more equitable availability of water and more sustainable use of forests/ecosystems contributes towards opportunities to increase incomes from nature-based activities (forestry, agriculture, livestock) and enhanced climate resilience
	Structural causes of poverty and inequality	- Contributes to building institutional capacities at local, basin and national levels to address water and ecosystem governance issues
3: Climate adaptation, nature and environment	Strategic focus	- Climate change adaptation as a primary objective - Improved management of nature: water resources, forests, ecosystems
	Water management and access to water	- Water resource management – ensuring water accessibility for multiple purposes, conserving water resources
	NbS and biodiversity	- NbS for protecting upper catchment and maintaining hydrological systems - Forest/ecosystem restoration and conservation - Co-benefits: conservation of habitats and biodiversity
	Food systems and climate-smart agriculture	- Improves water availability for productive use (incl. agriculture, livestock production), contributing to reduced exposure to droughts and floods
5: Peace-building and stabilisation	Fight fundamental causes of fragility, instability, crises and conflict	- Conflict mediation mainstreamed across outputs – enhancing the conflict mediation capacities of local institutions - Contributes to reducing conflict over water by improving the governance and availability of water – thereby enhancing resilience and reducing climate-induced conflict - Contribute to reducing conflict over grazing and ecosystem resources by improving the regulation of their use
6: Job creation and sustainable growth	Food systems, climate-smart agriculture and NbS	- Supports sustainable/alternative natural-resource based alternative livelihoods options - Contributes to improved water availability for economic activities (e.g. forestry, agriculture, livestock)
7: Human rights and democracy	Rights and dignity of marginalised groups Gender equality, girls' and women's rights	- Contributes to more equitable access to water within sub-catchments and between upstream and downstream users - Promotes inclusion of women, youth, marginal groups - Improves the capacity of duty bearers at local (WRUAs, CFAs, conservancies), basin (counties, WRA, KFS), and national levels (e.g. WRA) to uphold and serve the water rights of rights holders (communities)

Annex 12: Overall features of the Ewaso Ng'iro Basin



Source: WSTF

Annex 13: Overview of main steps in the phased implementation approach

Inception phase:

The inception phase will comprise (and not be limited to) the following components

1. Selection of sub basin(s)
 - a. Work plan development
 - b. Development of criteria for sub-basin and sub-grantee selection
 - c. Detailed planning of the phased implementation approach
 - d. Close coordination with SSC (strategic sector cooperation) – Water Kenya and CREATES (Climate Resilient Eastern African Transboundary water management for Environmental Sustainability)
2. Recruitment of programme staff and TA
 - a. WSTF QA Monitors, Accountant, and Basin Coordinator
 - b. Financial management and MAEL (Royal Danish Embassy)
3. Procurement of TA packages
 - a. IWRM, NBS package (Royal Danish Embassy)
 - b. Hydrological package (defined based on knowledge gap analysis) (Royal Danish Embassy)
 - i. Baseline
 - ii. Modelling
 - iii. DSS
 - iv. Monitoring programme

Outcomes 1 and 2:

The implementation of outcomes 1 and 2 will be phased with a sequence of

4. WSTF, WRA, KFS, NRT, County Governments and service providers provide capacity development and support to the community organisations to improve the quality and the evidence base of their management and investment plans.
5. Investments projects from the investment plans are selected via in-depth feasibility and economic, environmental, hydrological, impact assessments. The process could be run as a targeted call for proposals
6. Support to detailed development of selected projects, e.g. technical specification and design
7. WSTF will finance the selected and refined intervention and investment projects
8. WSTF, WRA, KFS, County Governments and service providers provide support and capacity development on project procurement and implementation processes
9. All processes are monitored, documented and continuously improved via in-depth and systematic MEL activities

Outcome 3:

The implementation approach for outcome 3 will be coordinated by the Basin Coordinator and primary anchored in the appropriate authorities, e.g. WRA and the County Governments. The implementation can entail the following steps:

1. Establish in-depth baseline of existing basin management (updated and more detailed than the existing in the current Ewaso Ng'iro Basin Management Plan
 - a. legislation, institutions, past and present advances and challenges
2. Develop a roadmap for the establishment of the Ewaso Ng'iro Basin Water Resource Committee:
 - a. Possible legislative adjustments
 - b. Funding
 - c. Mandate
 - d. Participation and governance
 - e. The process could be led under the auspices of the Mt Kenya Ewaso Water Partnership or by establishment of a preliminary/interim committee hosted at the WRA Subregional office in Nanyuki
3. Implement the steps in the roadmap
4. All processes are monitored, documented, and continuously improved

Annex 15: Project justification by OECD DAC criteria

Criterion	Justification
Relevance	The project in particular addresses SDG 13 (climate action) and SDG 6 (clean water, sanitation) by improving WRM, so that there is better and more equitable access, including during periods of scarcity in the dry season, thereby increasing climate change resilience. 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 project 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 upper catchment management, water efficiency, and release of water for downstream uses, the project contributes to securing the water source for water supply systems in the ASALs funded through earlier Danish support 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 project also contributes to achieving the objectives of the new Danish Tropical Forest Initiative, even though being a separate engagement funded through a different budget. While several development partners and initiatives engage in catchment restoration and water resource management (WRM), most do not engage in the Ewaso Ng'iro Basin and those who are present in the basin mainly focus on ASALs in downstream counties and there is only limited engagement in the upper catchment. EWFCP thus complement those efforts by covering an underserved geographic area in terms of WRM. Moreover, EWFCP's investments in upper catchment rehabilitation and improved upstream WRM will contribute to improving the water availability in the downstream ASALs, thereby reinforcing initiatives in these areas.
Effectiveness	As evidenced by the identification note, 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 WSTF's existing structures, mechanisms, and partnerships. 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 finances interventions, which are implemented by key stakeholders in the basin, i.e. WRUAs, CFAs, community conservancies, counties, and CSOs – drawing on the supervision mandates and capacities of WRA, KFS, and NRT.
Impact	The combination of investments in NbS, water management infrastructure, restoration of forests and other ecosystems, 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, improved water access and livelihoods will enhance climate change resilience.
Sustainability	The project 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.

Annex 16: Project Implementation structure

The **Project Steering Committee (PSC)** will be in charge of **policy-setting and overall strategic guidance on the implementation** of EWFCP. The PSC deliberates, confirms and assures the annual performance assessment of EWFCP. The PSC will provide no objection to the grant proposals selected for funding by WSTF, annual technical and financial reports, Annual work plans and budgets for final approval by the Royal Danish Embassy. It will meet at least annually to monitor implementation progress and challenges and risks to the project, 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 Royal Danish Embassy in Nairobi, MWSI, WRA, MECCF, KFS and the participating counties in the selected sub-basins. The Water Resources and Climate Change Division (WRCC) of WSTF will act as secretary for the Steering Committee.

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

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

The **Project Technical Committee (PTC)** is a technical forum for oversight and guidance for EWFCP and coordination of government/technical partners. The PTC will meet on a monthly basis. It will report to the PSC. Membership of PTC will be as follows:

- WSTF – General Manager, Programmes – Chairperson
- WRA – Regional Managers
- KFS – Regional Managers
- Each of the counties covering the selected sub-basins
- NRT – Regional Coordinators
- WSTF – Division Manager, WRCC – secretary for the PTC

In addition, the PTC may, by majority decision, co-opt membership and/or invite resource persons in furtherance of agenda under consideration and in strict compliance with its specific tasks.

The specific tasks of the PTC include:

- Providing guidance/support for appraisals and guidance for activity implementation of WRUAs, CFAs, and community conservancies
- Considering recommendations of the Project Management Team (PMT) and submit to the PSC
- Reviewing project progress reports, financial statements, workplans, and budgets, and submit to the PSC
- Providing recommendations to the PSC
- Deliberating and proposing measures to address implementation bottlenecks on a need basis

The **Project Management Team (PMT)** will be responsible for day-to-day project management, coordination, and implementation of EWFCP. It will be domiciled in WRCC, which will coordinate the project on a day-to-day basis. The PMT will spearhead calls for grant proposals, the appraisal of grant proposals, the approval of the appraisal report, the preparation and signing of grant project contracts, disbursement of funds to projects, monitoring and evaluation of grant projects during implementation, audit, and project closure.

The PMT will comprise staff at WSTF headquarters in Nairobi and in the Ewaso Ng'iro Basin, as follows:

- WSTF Headquarters:
 - The staff of WSTF's WRCC. The Division Manager will have the overall project management responsibility. The Manager will be supported by six officers for water

resources and climate change (Principal Programme Officers, Senior Programme Officers, and Programme Officers).

- One International Adviser (recruited by the Royal Danish Embassy) will support WSTF with technical advisory and capacity building on a) financial management and b) monitoring, evaluation, accountability, and learning (MEAL).
- An accountant for the project (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 Royal Danish Embassy in cooperation with WSTF, and employed by WSTF on a renewable contract, who will be based in the Ewaso Ng'iro Basin and facilitate stakeholder engagement and coordination as well as participate in oversight and facilitation of the implementation of project activities in the basin. The Basin Coordinator is envisaged to be housed at a County water office or at WRA's Catchment Office in Nanyuki.
 - Three Quality Assurance Monitors, one natural resource management and social issues expert, one engineer, and financial expert (financed by the Danish grant, selected/recruited by the Royal Danish Embassy in cooperation with WSTF, and employed by WSTF on a contract/delivery basis), will be based in WSTF county offices in the basin. They will provide technical support to the sub-grantees (WRUAs, CFAs, community conservancies) and oversee and report on the implementation progress of the sub-grant projects.

The PMT 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.

Implementing partners/sub-grantees (WRUAs, CFAs, community conservancies) are community-based organisations, which will be responsible for the implementation of field activities will receive sub-grants, technical assistance and capacity development support for the planning and implementation of on-the-ground IWRM-related interventions and ensuring community engagement. The WRUAs will implement projects for overall strengthening of the governance and sustainable management of water resources in the sub-catchment level. CFAs will implement projects for sustainable projects for forest management and rehabilitation and overall strengthening of community governance and sustainable co-management of forest resources. Community conservancies will implement projects for sustainable rangeland management and rehabilitation with a focus on conserving and managing water resources, and for overall strengthening of the governance and sustainable management of rangeland and water resources. Moreover, these community-based organisations will incorporate and implement sustainable livelihoods interventions within their interventions.

Technical partners (WRA, KFS, NRT) will provide oversight, quality assurance, technical advice and capacity development support for the WRUAs (WRA), CFAs (KFS), and community conservancies (NRT) vis-à-vis the planning and implementation of EWFCP-supported sub-grant projects. County Governments will be encouraged to participate in joint oversight and support for the WRUAs, CFAs, and community conservancies.

WSTF has signed MoUs with WRA, KFS and NRT for these functions. WRA will under tripartite WSTF-WRA-WRUA financing contracts provide technical support to WRUAs, and monitor the implementation of grant project activities. WRA will also provide technical support to WRUAs in the preparation and submission of detailed project proposals to WSTF. Moreover, WRA will provide support to WRUAs in relation to procurement, financial management, reporting, and contract supervision. KFS will serve a similar role as WRA in EWFCP, albeit vis-à-vis supporting the CFAs. NRT will serve a similar role as vis-à-vis supporting the community conservancies. Based on mutual agreement in the MoUs, WRA and KFS receive 15 pct. of the sub-grants provided to WRUAs and CFAs, respectively, to provide technical

assistance and oversight. Similarly, NRT will be facilitated to offer technical and financial support to participating conservancies.

Service and support providers will be procured by WSTF to provide technical services, such as technical advisory, capacity development, studies, and provision of equipment and decision-support tools. Qualified entities will be selected through competitive tendering (and for small inputs, direct award), such as Kenyan public capacity development institutions, academia, NGOs (Kenyan and international), and private companies and consultants (Kenyan and international).

WRUAs, CFAs, and community conservancies applying for grants will also be encouraged to partner with NGOs and other support organisations where relevant, e.g. to provide capacity development, technical advisory, and fiduciary support.