

CEPF FINAL PROJECT COMPLETION REPORT

I. BASIC DATA

Organization Legal Name: *Nature Kenya*

Project Title (as stated in the grant agreement): *Promoting Conservation Through Trees for Carbon Sequestration and Livelihoods Improvement in Madunguni Forest Reserve, Malindi District, Kenya*

Implementation Partners for this Project: *Kenya Forestry Research Institute, National Environmental Management Authority, Forest Adjacent Communities and Kenya Forest Service*

Project Dates (as stated in the grant agreement): *July 1, 2008 - December 31, 2009*

Date of Report (month/year): *March 8, 2010*

II. OPENING REMARKS

Provide any opening remarks that may assist in the review of this report.

Madunguni Forest, the focus of this project, has lost roughly 86% of its tree cover from clearing and settlement by squatters, making it one of the fastest disappearing forests in Kenya. One of the key challenges facing this forest has been lack of resources to be able to initiate reforestation and rehabilitation of the degraded forest. As a means to overcome this hurdle, a number of options have been explored including the establishment of a Carbon Financing Scheme which would help to bring in the much needed resources for forest conservation. This project had therefore two principal targets: (1) Development of a Carbon Financing Scheme; (2) Development of a management plan for the forest

III. ACHIEVEMENT OF PROJECT PURPOSE

Project Purpose: *The project purpose is to develop a model for local communities in Madunguni to tap climate change resources to enhance their livelihoods as they promote sustainable conservation financing for the Madunguni forest. The short term impact is the enhancement of sustainable financing for the conservation of Madunguni Forest achieved through the development of a pilot voluntary carbon trading system for Kenya based on Madunguni forest.*

Planned vs. Actual Performance

Indicator	Actual at Completion
Purpose-level:	

<p>1. Pilot voluntary carbon trading system developed and experiences and lessons shared within the Eastern Arc Mountains and Coastal Forests of Kenya and Tanzania and beyond by end of December 2008</p>	<p>A draft Carbon Financing Scheme exists. It however, needs to be agreed upon between various stakeholders namely the Kenya Forest Service and the communities living within and around the Madunguni Forest. These agreements are key to making the scheme operational.</p>
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Describe the success of the project in terms of achieving its intended impact objective and performance indicators.

Objective 1: Local community awareness on the economic importance of planting trees for carbon trading created

Awareness on carbon trading was created through a series of meetings with local communities throughout Madunguni. At least six of meetings between the communities living in the forest, Kenya Forest Service, Kenya Forestry Research Institute and Nature Kenya were held. Through the meetings the communities and participating institutions were sensitized about this fairly new opportunity to access resources that would enhance rehabilitation of the degraded forest benefitting the locals to improve their household incomes. There are estimated 160 households in Madunguni and out of these 40 (25%) households were reached during the awareness campaign. The target for the project was 10%.

A key result of the sensitization meetings was the support of the project in this site and all the involved agreed to planting recommended trees in especially areas that were thought to be very degraded.

Objective 2: A strategic site management plan with a simple business and marketing plan for voluntary carbon trading and benefits sharing for Madunguni forest developed

A team comprising of Kenya Forest Service, Kenya Forestry Institute, Kenya Wildlife Service, National Environment and Management Authority and Nature Kenya was set up to lead the development of a management plan. This team has developed a management for Madunguni Forest which is now in draft form.

Objective 3: Faster growing indigenous and commercial exotic species such as *Cassuarina* spp inter cropped for quicker carbon money and conservation gains

A total of 10, 000 tree seedlings comprising of *Gmelina aborea*, *Eucalyptus sp.*, *Brachyleana huilensis* and *Afzelia sp.* were planted in Madunguni. The capacity of Kenya Forest Service to be able to produce more seedlings to target the degraded areas of Madunguni was built and the institution will continue to raise seedlings for forest rehabilitation.

Objective 4: Nature Kenya’s capacity to engage in carbon trading, marketing, mobilizing partners and to document and disseminate lessons and experiences enhanced

Nature Kenya’s capacity to engage in carbon related issues was increased through this project. Through this capacity Nature Kenya has been able to actively participate and

contribute to national processes linked to carbon trading, national REDD processes, and National Climate Change and Response Strategy formulation. Nature Kenya and KFS Staff were also trained in measuring carbon stock. One staff who participated in a carbon financing capacity building seminar has been able to develop a concept on carbon credits.

Were there any unexpected impacts (positive or negative)?
No.

IV. PROJECT OUTPUTS

Project Outputs:

Planned vs. Actual Performance

Indicator	Actual at Completion
Output 1: Local community awareness on the economic importance of planting trees for carbon trading created	
<i>1.1. At least 4 consultative and community awareness meetings held by 31st Dec. 2008.</i>	At least six of meetings between the communities living in Madunguni forest, Kenya Forest Service, Kenya Forestry Research Institute and Nature Kenya were held. The local opinion leaders were also involved with the main aim of sensitizing the community about the project and how they stood to gain from the carbon business.
<i>1.2. A working/project implementation structure established by 31st of August 2008.</i>	A working project implementation structure was established and involved a conservation officer based at the project site to oversee the day to day the ground who oversees the day to day implementation of activities reporting to the Conservation Programme Manager. The Programme Manager worked to integrate the project activities with other Nature Kenya projects. The Executive director role was to mainly offer strategic guidance to the project.
<i>1.3. 10% of households agree to engage in Carbon trading by 31st Dec 08.</i>	There are estimated 160 households in Mandunguni. At least 40 households were reached during the awareness campaigns and agreed to a carbon credit scheme.
Output 2: Strategic site management plan with a simple business and marketing plan for voluntary carbon trading and benefits sharing for Madunguni forest developed	
<i>2.1. One strategic site management plan developed and distributed to key environmental agencies within and outside the government by 31 Decemebr 2008</i>	An improved draft management plan for Madunguni exists. It is draft that will then be discussed and agreed once the Madunguni Forest Adjacent communities contribute and agree on a final draft. The management plan will be finalized once the

	stakeholders involved agree to the plan after which it will be approved by Kenya Forest Service.
2.2. One marketing brochure developed and disseminated to target private sector	A marketing brochure was not done pending an agreed Carbon Financing Scheme by all the involved stakeholders.
Output 3: Faster-growing indigenous and commercial exotic species such as Casuarina spp inter-cropped for quicker carbon money and conservation gains	
3.1. 10 household/community tree nurseries established by Nov 08	<p>With the help of KFS, the target indigenous and exotic trees were identified as follows: <i>Gmelina aborea</i>, <i>Eucalyptus sp.</i>, <i>Brachyleana huilensis</i> and <i>Azalia sp.</i> and these were earmarked for raising through nursery establishment. Two tree nurseries were identified for revival to support forest rehabilitation.</p> <p>It however became a huge challenge to sustain the community-ran nurseries due to prolonged dry spell in the area which would mean incurring huge losses if this approach was pursued. Kenya Forest Services with water available at its premises was supported to raise seedlings which were then planted in Madunguni.</p>
3.2. 30,000 (21 ha) trees planted by Dec 08	A number of tree planting exercises were postponed due to poor rains. However, the project was able to support planting of 10, 000 seedlings amid challenges of poor rains. However, KFS agreed to continue raising trees for rehabilitation work in Madunguni.
Output 4: Nature Kenya's capacity to engage in carbon-trading, marketing, mobilising partners and to document and disseminate lessons and experiences enhanced	
4.1. One lessons and experiences manual and guidelines developed, printed and distributed by 15th December 2008	A lesson learning manual on carbon trading manual remains to be developed. This was mainly due to the impediments met in efforts to operationalize a Carbon Financing Scheme for Madunguni. Both KFS and the local communities could not agree to such a scheme before resolving the question of illegally occupied land in Madunguni forest. The KFS insisted on the local communities relocating from forest land before any useful negotiations could be furthered. However, both parties saw the potential the carbon trading had, with regard to establishing a sustainable financing scheme for forest rehabilitation. A draft operational model is in place.
4.2. Experiences on development of a carbon trading scheme/model shared in at least one climate change or related forum by 31 December 2008	See 4.1 above
4.3. One marketing brochure produced and disseminated to private sector targets by Dec 08	See 4.1 above
4.4. Nature Kenya inhouse publications supported to disseminate carbon trading lessons and experiences by Dec 08	One biofuel policy pamphlet aimed at influencing policy makers to develop a National Policy on Biofuels was produced and is currently being circulated. The Nature Net, a Nature Kenya publication, also carried an article on Climate Change, de-forestation and its linkages to Carbon dioxide emissions.

<p>4.5. Nature Kenya staff trained to engage in carbon trading by Dec 08</p>	<p>4 Nature Kenya staff and 1 Kenya Forest Staff were among those trained on measuring carbon stocks in forested systems. It is envisaged that the baselines set will be used for monitoring work and developing carbon initiatives related to climate change. Through the project, one additional Nature Kenya staff secured a place to train on carbon financing schemes as a means for accessing additional resources to biodiversity conservation leading to improved understanding on Carbon Credit Schemes within Nature Kenya. The staff has since embarked on drafting a concept on carbon financing.</p>
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Describe the success of the project in terms of delivering the intended outputs.

The project was overall a success as most of the objectives were realized. The awareness creation on the existing opportunities to forest rehabilitation as provided for by the carbon credit schemes was an important eye opener to both the communities and staff at KFS. Whereas working carbon financing scheme remains to be established, a model has been done and hence the foundation set. The Kenya Forest Act requires that all gazetted forest be managed through agreed management plans. This project managed beside capacity issues at the station and region level, managed a draft plan for the site. The draft plan now acts as the guide prescribing the spirit within which Madunguni should be managed. Tree planting and Madunguni rehabilitation has been initiated through this project. KFS capacity to raise seedlings was increased by way of provision of key nursery management implements and now takes Madunguni as key priority action site.

Were any outputs unrealized? If so, how has this affected the overall impact of the project?

An operational Carbon financing scheme for Madunguni was not achieved through this project. However, a foundation for a future working carbon credit scheme has been laid and potential barriers identified. The experiences learnt so far will be used to further develop a working financing scheme once the barriers are addressed.

V. SAFEGUARD POLICY ASSESSMENTS

Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.

None.

VI. LESSONS LEARNED FROM THE PROJECT

Describe any lessons learned during the various phases of the project. Consider lessons both for future projects, as well as for CEPF's future performance.

Some of the lessons that can be drawn from this project are:

- 1) Carbon Financing has the potential to generate motivation for people to conserve biodiversity;
- 2) Government agencies also stand to gain through Carbon Financing Schemes;
- 3) Before a carbon financing scheme can operate issues of benefit sharing have to be dealt with;
- 4) Issues to do with land ownership needs to be cleared for carbon financing schemes to operate;
- 5) Government and communities can agree on a benefit sharing mechanism on proceeds from carbon credits

Project Design Process: (aspects of the project design that contributed to its success/failure)

One of important aspects leading to the project success was the involvement of the stakeholders.

Project Execution: (aspects of the project execution that contributed to its success/failure)

The local level engagement of various lead organizations and direct linkages of the project management with the communities, immensely contributed to the project success.

VII. ADDITIONAL FUNDING

Provide details of any additional donors who supported this project and any funding secured for the project as a result of the CEPF grant or success of the project.

No additional funds were secured through this project.

Donor	Type of Funding*	Amount	Date Received	Notes
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		

***Additional funding should be reported using the following categories:**

- A** Project co-financing (Other donors contribute to the direct costs of this CEPF project)
- B** Complementary funding (Other donors contribute to partner organizations that are working on a project linked with this CEPF project)
- C** Grantee and Partner leveraging (Other donors contribute to your organization or a partner organization as a direct result of successes with this CEPF project.)
- D** Regional/Portfolio leveraging (Other donors make large investments in a region because of CEPF investment or successes related to this project.)

Provide details of whether this project will continue in the future and if so, how any additional funding already secured or fundraising plans will help ensure its sustainability.

Some activities proposed in this project were not finalized but remain important if conservation of Madunguni forest will be achieved. No additional funding has been secured so far for the site but Nature Kenya will continue to mobilize resources to further its conservation work at Madunguni.

VIII. ADDITIONAL COMMENTS AND RECOMMENDATIONS

None

VIII. INFORMATION SHARING

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned and results. One way we do this is by making programmatic project documents available on our Web site, www.cepf.net, and by marketing these in our newsletter and other communications.

These documents are accessed frequently by other CEPF grantees, potential partners, and the wider conservation community.

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