

Integrated Landscape Investment in Kenya

**The state of the policy environment
and financing innovations**



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Executive Summary

Policymakers and land managers are increasingly challenged by the inter-related impacts of ecosystem degradation, climate change, competition for scarce resources, poverty and food insecurity. In many cases, these risks cannot be mitigated solely through on-farm management or supply chain programs, the current focus of most efforts, and they must be dealt with at the landscape scale through partnerships in which all relevant stakeholders collaborate to achieve inter-related objectives. United Nations member states will be expected to use the SDGs to frame their policy agendas, and landscape approaches could be an effective means of implementing a majority of the SDGs.

This type of coordinated partnership at a landscape scale is referred to broadly as Integrated Landscape Management (ILM). Activities under these kinds of partnerships—called Integrated Landscape Initiatives (ILIs) within the Landscapes for People, Food and Nature Initiative (LPFN)—are on the rise globally. Kenya is a leader within Africa on ILM, with 15 ILIs identified in a continent-wide review. However, as the country's economy grows and resource conflicts increase, even more investments will need to be made within an integrated landscape context. Moreover, the adoption of Kenya's new Constitution in 2010 has resulted in many changes to the public institutional structure, which may enhance the coordination of investments for multiple landscape benefits.

In this paper we provide a snapshot of the successes, challenges, and innovations in investment in ILM in Kenya. Our assessment focuses on three key areas: 1) analyzing the enabling policy and legal context for ILM; 2) understanding investors in ILM and their roles; and 3) describing different modalities of investment in ILIs.

Policy and legal context

The policy and legal framework in Kenya provide a strong foundation for the development of ILM, and, therefore, integrated landscape investment by:

- Supporting stakeholder coordination and engagement through collaborative institutions at the national scale (e.g. Inter-ministerial Coordination Committee, Agricultural Sector Coordination Unit, and National Environment Management Authority), at the county scale (e.g. through County Integrated Development Plans), and at the landscape scale (e.g. around water catchments, community managed forests, wildlife corridors);
- Encouraging the revision and harmonization of laws, regula-

tions and roles across sectors and levels of government (e.g. outlined in Vision 2030 and the Constitution);

- Encouraging landscape-scale, participatory management of natural resources (e.g. through Water Resource Users' Associations, Community Forest Associations); and
- Providing incentives for the adoption of ILM-friendly practices (e.g. agroforestry, climate smart agriculture).

However, implementation challenges continue to limit the degree to which this support is applied in practice. The county governments are especially important in bringing consultation and collaborative planning closer to the ground, but capacity and resource constraints limit the degree to which they are performing these roles currently. Furthermore, while there is some public sector financing for ILM, especially to support the conservation of key "water towers," sectoral budgeting processes at all levels of government limit the amount of public funding available for integrated programs.

Integrated landscape investors

The government (both national and county levels), international donors, non-governmental organizations (NGOs), and the private sector are all currently investing in ILM in Kenya. Each type of investor has its own distinct motivations, and, as a result, makes certain types of investments. The national government, international donors, and NGOs typically make enabling investments that build institutional structures and capacities needed for an ILI to develop. These investments usually take place in the initial stages of an ILI and help to catalyze the involvement of other types of actors. The private sector is motivated to invest in ILIs for a wide variety of reasons. However, they typically make asset investments that create a tangible financial, social or environmental value, and these investments usually come later in the development of an initiative. Because different investors have different motivations and play different roles, the coordination of many different types of complementary investors with different sectoral objectives, time-horizons, and goals is often required in an ILI.

Additionally, many opportunities for integrated landscape investment are not being fully exploited. For example, many businesses are investing in ILM-friendly activities, like planting trees as part of commitments to corporate social responsibility. However, these are usually short-term investments that do not adequately consider the

broader landscape. They could be readily transitioned into integrated landscape investments if they were better aligned with an existing ILI, concentrated in a specific geographic location, and guided by spatial planning that coordinated stakeholders and land uses.

Examining the investment strategies of three ILIs

Because investments often come from disparate sources with diverse objectives, the process of aggregating and coordinating financing from several different sources is especially important for an ILI. To understand some of the strategies used, we looked at the cases of three ILIs: Lari Landscape, Lake Naivasha Basin, and Ol Pejeta Conservancy. Each of these ILIs relies on a wide variety of funding sources and employs a different strategy to coordinate, aggregate and manage investments to achieve integrated outcomes. For example, the stakeholders in Lari Landscape rely on the informal coordination of investments on the ground through a community-based organization, the Kijabe Environment Volunteers, while the stakeholders in the Lake Naivasha Basin rely on Imarisha Naivasha, a formal multi-stakeholder platform, to aggregate and coordinate finances through a trust fund. All of these examples demonstrate the importance of having an operational multi-stakeholder platform to coordinate activities on the ground, which also requires a consistent source of funding.

Recommendations

Increasing integrated landscape investment in Kenya will require action by many different parties at both the national and sub-national levels.

National Government

- Improve inter-ministerial and interagency cooperation: National government ministries across the environment, agriculture, water, and land sectors can enhance the enabling environment for ILM by improving their collaboration.
- Catalyze asset investment: The national government can play an important role in stimulating ‘triple bottom line’ asset investments as well as ensuring that the spatial placement and modality of these investments contributes to ILM.
- Clarify policy and law on relevant financial mechanisms: The national government can also improve the policy and legal clarity for developing financial mechanisms, like trust funds and public-private partnerships, which promote landscape investment.

County Government

- Build capacity for intergovernmental coordination at county level: Demonstrating the value of coordination and cooperation across sectors and building the capacities of county

government officials in collaborative planning is critical to increasing integrated landscape programming.

- Use integrated planning processes as a means of coordinating investments: Integrated development and spatial planning initiatives at the county level provide important opportunities for inter-sectoral and multi-stakeholder coordination and need to be further strengthened and supported.

Private sector

- Include landscape criteria when designing investments: Private sector investors could stimulate further integrated landscape investment by integrating ecological, social, economic and spatial criteria into their investment decision-making process.
- Engage with landscape stakeholders when investing: Private sector investors need to consult with other private sector, civil society and government partners within a landscape during the development of investment strategies. Engaging with other stakeholders can help to ensure returns in the long term by mitigating investment risks and opening up opportunities for further investment.

Landscape initiative leaders

- Clarify the business case for landscape investment: Developing and emphasizing the business case for investment is necessary to attract private sector investors.
- Seek sustainable financing for multi-stakeholder platform: Landscape initiatives require initial and on-going investments in scoping and coordinating stakeholders, general project management, and other activities which are usually performed by a multi-stakeholder platform.
- Develop a long-term financing strategy: Developing a financing strategy for the collaborative action plan can help to coordinate diverse financing sources over the long term.

Donors

- Improve donor coordination at landscape and county levels: Improving donor coordination at the county and landscape levels could help to harmonize programs in the same geographical area.
 - Provide catalytic financing to attract appropriate private sector investment: Donors could play a greater role in providing catalytic financing through start-up funds and risk guarantee funds, which would incentivize the participation of other investors consistent with landscape priorities and criteria.
 - Increase funding for integrated programs: While significant strides have been made in developing programs that cut across sectoral silos, donors can still do more to increase funding for integrated programs.
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Abbreviations

AKDN	Aga Khan Development Network
ASDSP	Agriculture Sector Development Support Program
CBO	Community Based Organization
CFA	Community Forest Association
CIAT	International Centre for Tropical Agriculture
CIDP	County Integrated Development Plan
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GoK	Government of Kenya
IDH	Dutch Sustainable Trade Initiative
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILI	Integrated Landscape Initiative
ILM	Integrated Landscape Management
KENVO	Kijabe Environment Volunteers
KAPSLM	Kenya Agriculture Production and Sustainable Land Management Program
KFS	Kenya Forest Service
KWS	Kenya Wildlife Service
KWTA	Kenya Water Towers Agency
LPFN	Landscapes for People, Food and Nature Initiative
LWF	Laikipia Wildlife Forum
MALF	Ministry of Agriculture, Livestock, and Fisheries
MENR	Ministry of Environment and Natural Resources
MRV	Monitoring, Reporting, and Verification
M&E	Monitoring and Evaluation
NEMA	National Environment Management Authority
NGO	Non- Governmental Organization
NLC	National Land Commission
NRT	Northern Rangelands Trust
PES	Payment for Ecosystem Services
PPP	Public-Private Partnership
REDD	Reducing Emissions from Deforestation and forest Degradation
SLM	Sustainable Land Management

USAID	United States Agency for International Development
TNC	The Nature Conservancy
VCS	Voluntary Carbon Standard
WRMA	Water Resources Management Authority
WRUA	Water Resources Users Association
WWF	World Wildlife Fund

Glossary

Integrated landscape investment

Investments designed to consider the environmental, economic and social context beyond a single land management unit, which are informed by, or coordinated with, other stakeholders operating with a landscape, usually through a multi-stakeholder planning and management process.

Integrated landscape initiative

Activities in a socially or geographically defined area that: 1) seek to improve food production, ecosystem services, and rural livelihoods; 2) include policy, planning, management or support activities at the landscape scale; 3) involve inter-sectoral and/or multi-stakeholder collaboration; 4) are participatory and support adaptive collaborative management.

Asset investment

Investment that creates tangible financial, social or environmental value that is returned back to the investor or community as a whole, ideally with a profit. These include investments in agricultural production practices that contribute to multiple landscape objectives, restoration or protection of natural assets, environmentally and socially responsible enterprises, and large-scale green infrastructure.

Enabling investment

Investment that lays the institutional and policy foundation for asset investments by generating incentives for asset investment and supporting landscape coordination. These include investments in facilitating stakeholder engagement and cooperation, developing an appropriate policy and regulatory framework, increasing the knowledge and capacity of stakeholders to plan and manage on a landscape scale, and providing appropriate incentive mechanisms.

Landscape investment facilitator

An entity taking responsibility for attracting asset and enabling investments that support implementation of agreed landscape plans; steering existing financing to activities aligned with the plan; and, aggregating investment opportunities.

Stand-alone sustainable land use investments

Investments in sustainable practices or natural or built assets that are designed and implemented in a specific land management unit, not aligned with multi-stakeholder planning and management processes, and usually designed to meet the objectives of a single land owner or manager.



A plant nursery in Laikipia, Kenya.

1 Introduction

Policymakers and land managers, from small-scale farmers to large agribusinesses, are increasingly challenged by the inter-related impacts of ecosystem degradation, climate change, competition for scarce resources, poverty and food insecurity. In many cases, these risks cannot be mitigated solely through on-farm management or supply chain programs—the current focus of most efforts—and they must be dealt with at the landscape scale. A single investor or business, in most cases, cannot achieve integrated, landscape-scale outcomes individually. Similarly public and civic actors who often operate in sectoral silos and who undertake different parallel, and sometimes conflicting, planning processes in the same places cannot realize landscape-scale outcomes. Landscape impacts require partnerships in which all relevant stakeholders collaborate to achieve inter-related objectives. United Nations member states will be expected to use the sustainable development goals (SDGs) to frame their policy agendas over the next 15 years, and landscape approaches could be an effective means of implementing a majority of the SDGs (Thaxton et al. 2015).

The implementation of this coordinated partnership at a landscape scale is referred to broadly as Integrated Landscape Management (ILM). ILM describes long-term collaboration among different groups of land managers and stakeholders to produce the multiple functions required from the landscape. Stakeholders seek to solve shared problems or capitalize on new opportunities that reduce trade-offs and strengthen synergies among objectives. There are many different approaches to ILM, with varied entry points, processes and institutional arrangements, but most share features of broad stakeholder participation, negotiation around objectives and strategies, and adaptive management based on shared learning (Box 1) (Scherr et al. 2013).

Activities under these kinds of partnerships, referred to as Integrated Landscape Initiatives (ILIs) within the Landscapes for People, Food and Nature Initiative (LPFN), are on the rise. A series of surveys to locate ILIs in Africa, Latin America and

Box 1. The five elements of integrated landscape management

1. Shared or agreed upon management objectives that encompass multiple benefits from the landscape
2. Field, farm and forest practices are designed to contribute to multiple objectives, including human well-being, food and fiber production, climate change mitigation, and conservation of biodiversity and ecosystem services
3. Ecological, social, and economic interactions among different parts of the landscape are managed to realize positive synergies among interests and actors or to mitigate negative trade-offs
4. Collaborative, community-engaged processes for dialogue, planning, negotiating and monitoring decisions are in place
5. Markets and public policies are shaped to achieve the diverse set of landscape objectives and institutional requirements

(Scherr et al., 2013)

Asia identified 365 such partnerships (Estrada-Carmona et al. 2014; Milder et al. 2014; Zanzanaini et al. 2015), and a similar review is underway in Europe.¹ In 2014, the LPFN published a global scoping study which took stock of the experiences of investors trying to work within integrated landscape contexts as well as those of landscape initiatives working to access the funds required to support their activities. The study identified over 250 financial mechanisms and institutions that support multi-objective investment within a landscape context (Hill Clarvis 2014) and 29 ILIs (Kissinger, 2014a) (including in-depth cases studies on eight financial mechanisms and three ILIs). The study described the financing needs of ILIs, reviewed the finance gaps and challenges specific to asset and enabling investment, and provided general recommendations on how financial institutions, policymakers and leaders of ILIs can benefit from integrated landscape investments and how to work together to overcome ILM finance gaps.

While the above work helped to identify innovative approaches globally, upon its completion, the finance working group of the LPFN recommended that the next step be an assessment of similar issues from the perspective of a single country. In particular, this analysis would be helpful in clarifying ways in which governments can invest in and support investments in integrated landscapes, as well as how private sector actors, donors and philanthropists can find appropriate roles in financing and investing in landscape initiatives within a specific country. Kenya was selected as the focus country in the global scoping study due to the country's large number of identified ILIs (Milder et al. 2014), its important role economically within East Africa generally (UNCTAD 2012) and within the impact investment community specifically (GIIN and OCA 2015), and its status as a focal country for the LPFN.

The objective of the study presented in this paper is to provide a snapshot of the successes, challenges, and innovations in integrated landscape investments in Kenya. Based on the analysis of our findings, the paper suggests actions that can be taken by a wide variety of stakeholder groups to scale up integrated landscape investments in Kenya.

1 The Landscapes for People, Food and Nature Initiative is an international collaborative initiative of knowledge sharing, dialogue and action to support integrated landscape management in order to achieve three simultaneous goals: improve food production, ecosystem conversation, and sustainable livelihoods. (see peoplefoodandnature.org)

1.1 The need for investment in integrated landscapes in Kenya

Kenya is a country endowed with iconic, diverse and valuable ecosystems. The country is also undergoing substantial economic growth in land use sectors which rely on these ecosystems. Kenya is the economic and financial capital in East Africa and is considered one of the most stable countries in the region with an average of 6 percent annual Gross Domestic Product (GDP) growth over the past decade (IMF 2014). Roughly 42 percent of the country's GDP is derived from natural resource sectors including agriculture, livestock, mining, forestry, fishing and tourism, and these sectors account for 70 percent of the country's employment (UNEP, 2014).

Along with strong GDP growth, Foreign Direct Investment (FDI) has also increased. In 2013, Kenya attracted more than USD 500 million in FDI (GIIN and OCA 2015). While external demand for Kenyan goods is increasing, growth has been driven largely by increases in domestic demand. Kenya is also the East African capital of impact investment; at least 136 impact investment vehicles are active in Kenya, with USD 240 million committed specifically for Kenya. There is an additional USD 2.5 billion committed regionally, much of which is likely to be committed to Kenya (GIIN and OCA 2015).

Economic growth and investment have also been associated with conflicts over natural resources in some parts of the country. While Kenya's ecological footprint per person is low by global standards, the country continues to move into a state of 'ecological overshoot' in which natural resources are depleted faster than they are regenerated (GFN 2015; Goldfinger et al. 2008). For example, in the Lake Naivasha Basin, problems with seasonal water scarcity have arisen due to the high-level of water abstraction by various users (especially with the increase in water use for industrial uses, floriculture, and horticulture), degradation of water catchments, reduced ground water recharge, and climate change (Imarisha Naivasha 2012).

In these situations where there are a variety of stakeholder interests, investments need to be coordinated at a landscape scale. While Kenya is a leader within Africa on ILM, with 15 ILMs identified in a continent-wide review in 2013 (Milder et al. 2014) (see Table 1), as the country's economy grows and resource conflicts increase, more investments will need to be deployed within an integrated landscape context. Under-

standing how to facilitate and coordinate these investments at a landscape scale will be important to ensure that growth occurs in a way that maintains ecosystem services and supports the lives and livelihoods of smallholder producers.

Furthermore, the adoption of Kenya's new Constitution in 2010 has resulted in many changes to the public institutional structure, including devolution of many functions of central government in multiple sectors to 47 county governments (Republic of Kenya 2010). This change presents new opportunities which may enhance the coordination of financing for multiple landscape benefits. However, these changes have also resulted in confusion about the roles of various public sector actors and the sources of funding for their activities. Because of this, it is especially important to understand the policy and legal context under which ILIs currently operate and through which stakeholders are making decisions about integrated landscape investments.

1.2 Analytical framework and methodology

In this study, we used the following framework to organize our analysis of integrated landscape investments and the enabling policy and legal context in Kenya. We define the term landscape initiative or integrated landscape initiative (ILI) as “activities in a socially or geographically defined area that: 1) seek to improve food production, ecosystem services, and rural livelihoods; 2) include policy, planning, management or support activities at the landscape scale; 3) involve inter-sectoral and/or multi-stakeholder collaboration; 4) are participatory and support adaptive collaborative management” (Kissinger 2014a: 1).

Accordingly, integrated landscape investments are investments in the social, economic and ecological goals of a landscape initiative, and, by definition, they are informed by, and in some way coordinated with, other stakeholders operating within that initiative, usually through a multi-stakeholder planning and management process. Integrated landscape investments differ from traditional investments in sustainable land use, which are usually designed to meet the objectives of a specific land owner or manager on a single land management unit, and are not aligned with a multi-stakeholder planning and management process (Shames and Scherr 2015). For the purposes of this paper, investments that are not aligned with a multi-stakeholder

Name of initiative	Organization(s) involved	Location
Upper Tana Catchment Natural Resources Management Program (UTaNRMP) and Upper Tana- Nairobi Water Fund	Beneficiary communities, community-based natural resource management organizations, local non-governmental organizations (NGOs), International Fund for Agricultural Development (IFAD), Government of Spain, Government of Kenya (GoK), The Nature Conservancy (TNC), International Centre for Tropical Agriculture (CIAT), water & power utilities, private sector companies, Global Environment Facility (GEF), Tana and Athi Rivers Development Authority	Upper Tana Catchment (Meru, Tharaka- Nithi, Embu Kirinyaga, Nyeri, Murang'a, Kinangop-Nyandarua)
Lake Naivasha Basin through Imarisha Naivasha Program	Imarisha Naivasha, international flower companies, GoK, World Wildlife Fund (WWF)-Kenya, community-based organizations, Embassy of the Netherlands in Nairobi, Lake Naivasha Growers' Group (LNGG)	Lake Naivasha Basin
Lari Landscape through coordination of Kijabe Environment Volunteers	Kijabe Environment Volunteers, Nature Kenya, BirdLife International, Kenya Forest Working Group, producers organizations, Community Forest Associations (CFAs), Water Resource Users Associations (WRUAs), GoK Ministry of Environment and Natural Resources (MENR) and Ministry of Agriculture, Livestock, and Fisheries (MALF), Government of Kiambu County	Lari sub-county (Kiambu County)
Kiboun and Tende Watersheds through the Integrated Land and Water Management in the Kiboun and Tende River Catchments Project	WRUAs, Kenya Ministry of Regional Development Authorities, Kenya Agricultural Research Institute, Water Resources Management Authority (WRMA), African Water Facility	Lake Victoria Basin (Kisii, Nyamira, Rachuonyo, and Homa Bay)
Cherengani Hills, Kikuyu-Kinale, Taita Hills Watersheds through Kenya Agricultural Productivity and Sustainable Land Management (KAPSLM) Program	Ministry of Agriculture, Ministry of Environment, local community, World Bank, GEF	Cherengani Hills, Kikuyu-Kinale, Taita Hills Watersheds
South West Mau Forest through Initiative for Sustainable Landscapes	Dutch Sustainable Trade Initiative (IDH), international tea companies, Kenya Tea Development Authority, community-based organizations	South West Mau Forest

**Table 1.
Indicative
list of
integrated
landscape
initiatives
in Kenya**

landscape planning and management process, but are still supportive of sustainable land use objectives, are called stand-alone sustainable land use investments. To reach their full potential they would need to consider the spatial context and engage at some level with relevant landscape stakeholders working at an appropriate scale for landscape impact.

Integrated landscapes require both asset and enabling investments (Table 2).² Asset investments create tangible value - financial, social or environmental - that is returned back to the investor or community as a whole. Categories of asset investment in landscapes include agricultural production practices that contribute to multiple landscape objectives, restoration or protection of natural assets on public or private lands, environmentally and socially responsible enterprises, and large-scale green infrastructure (Shames et al. 2014). Enabling investments generally lay the institutional framework for asset investments by generating incentives to invest in a particular activity, usually with no immediate expectation of financial rewards (Elson, 2012). Within the context of integrated landscapes, these are investments in facilitating stakeholder engagement and cooperation, developing an appropriate legal and regulatory framework, increasing the knowledge and capacity of stakeholders to plan and manage on a landscape scale, and providing incentives for investment (Shames et al. 2014).

Many actors work together to fund, design, implement and manage investments within landscapes. As illustrated in Figure 1, financiers provide funding for investments, which are often implemented by other actors in the landscape. In some cases, a financier can also be the implementer of an investment. For the purposes of this paper, we use the word investor broadly to refer to both financiers as well as those actors that are directly implementing and managing integrated landscape investments on the ground. Additionally, an entity, referred to in this paper as a landscape investment facilitator, can often play an important role in attracting asset and enabling investments that support the implementation of agreed landscape plans, steering existing financing to activities aligned with the plan, and aggregating investment opportunities (Shames and Scherr 2015).

² Investments are defined as the outlay of capital or labor which returns money or generates social or environmental services that flow back to the investor, and ideally the landscape as a whole.

Type of Investment	Description	Typical Investors	Examples
Asset Investment	Create tangible value that is returned back to the investor, ideally with a profit	Agricultural producers Companies Cooperatives Processors or traders of commodities produced in the landscape Public sector institutions interested in natural capital and green infrastructure Impact investors or environmental funds	Agricultural or forestry production practices Restoration or protection of natural assets Environmentally or socially responsible enterprises Large-scale green infrastructure
Enabling Investment	Lay the institutional and policy foundation for asset investments by generating incentives for asset investments and supporting landscape coordination	Public and civic actors, including national and local government Development finance institutions (DFIs) NGOs International development partners Stakeholders in the platform	Stakeholder engagement and cooperation Appropriate policy and regulatory framework Knowledge and capacity to plan and manage at a landscape scale Development of appropriate incentive mechanisms

Table 2.
Asset vs.
Enabling
Investments

(Shames and Scherr 2015)

Our assessment focuses on three key areas which we think, taken together, will help us to understand the current status of, challenges to, and opportunities for integrated landscape investment in Kenya: 1) the enabling policy and legal context for ILM; 2) current integrated landscape investors and their roles; and 3) different integrated landscape investment strategies in three ILIs.

First, to understand the enabling policy and legal context for ILM in Kenya, we conducted an analysis of how the current policy and legal framework³ supports four general enabling conditions for ILM: 1) multi-stakeholder cooperation and coordination; 2) an appropriate legal and regulatory framework; 3) knowledge and capacity to plan and manage at a landscape scale; and 4) coordinated finance and investment incentives.

³ In this analysis, we use the term “policy and legal framework” to refer to the current body of relevant written government documents.

(Table 3 describes specific indicators associated with each of these enabling conditions.) Through internet searches and interviews with key informants, we identified 15 laws, 12 policies and strategies, eight draft policies and eight bills which were relevant to review (see Appendix 2: Policies, laws and strategies considered on page 72).⁴ From this analysis, we identified the areas in which the policy and legal environment in Kenya is supportive of integrated landscape investment as well as potential actions that can be taken by a variety of actors to strengthen this framework.

Second, to understand current investors and their roles, we conducted a desktop review of public and private financial institutions and funding mechanisms located in Kenya that are related to ILM. To be considered for this review, the financial institution or funding mechanism needed to address the integration of landscape actors and institutions or multiple components of landscape management.

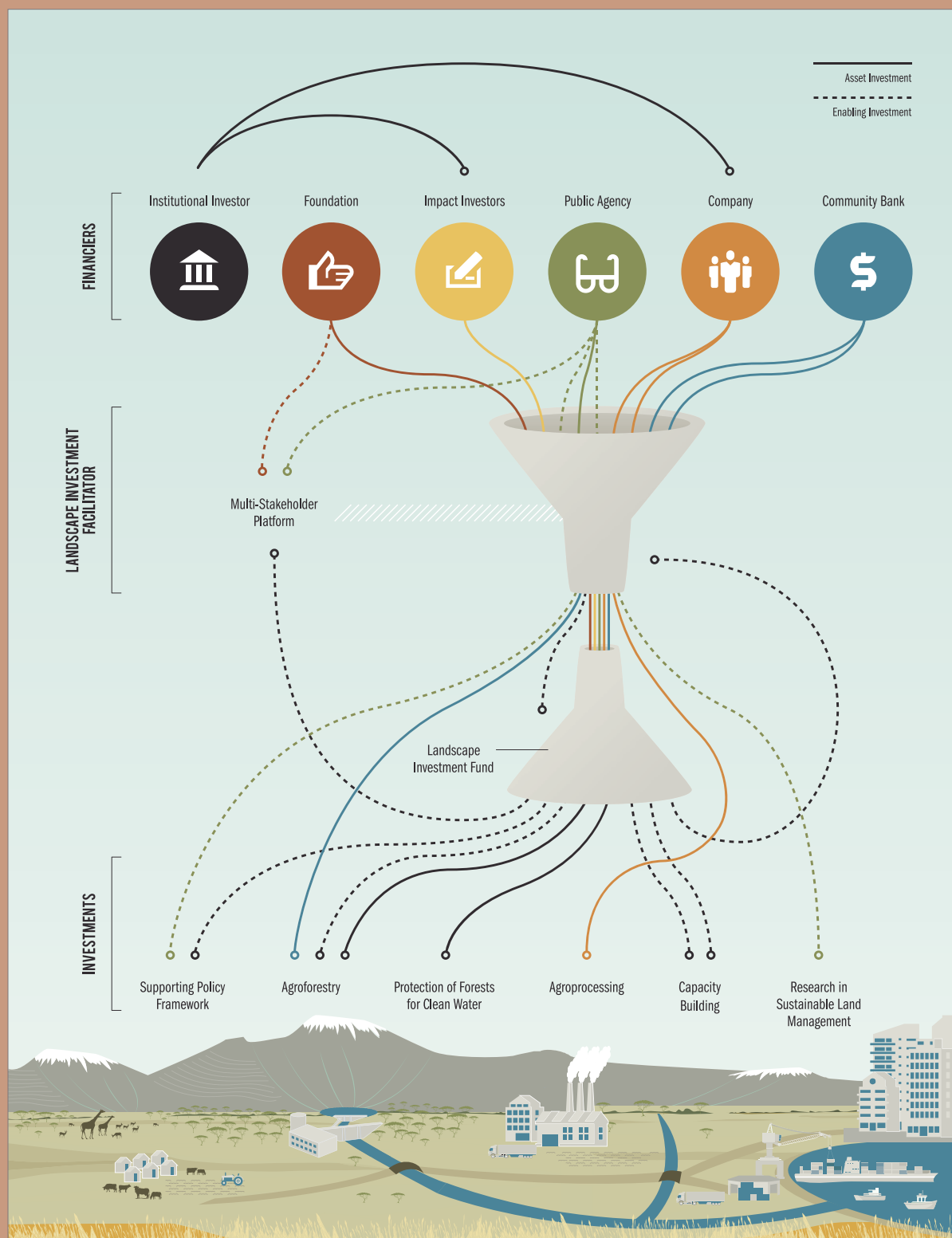
We then conducted semi-structured interviews with 40 key informants (see Appendix 1: Key informants on page 70) in Kenya from diverse public, private and civil society organizations to verify and expand on the findings of the desktop research. The key informants were selected through purposive and snowball sampling of several relevant categories of organizations, including the Kenyan national government, county government, foreign donor governments, private sector, Kenyan and international NGOs, and local and landscape-level participatory institutions.

Finally, to understand the various modalities of investment in ILIs, we looked at the cases of three ILIs: Lari Landscape, Lake Naivasha Basin, and Ol Pejeta Conservancy. We focused our analysis on how finance was flowing to the landscape level, as well as the challenges arising from the perspectives of the landscape initiatives. To do this, we supplemented the interviews with key informants at the national level with in-person interviews with key informants in each of the case sites.

4 Due to the current flux in legislation and policies in Kenya following adoption of the new Constitution, we considered several relevant draft policies and bills which have not yet been fully enacted. Also, while each county is also in the process of developing its own legislation and policies, due to time constraints we were unable to review the policy and legal framework in each county individually.

Figure 1.
Integrated
Landscape
Investments.

(Shames and
Scherr 2015)



2 Policy and legal context

While in some cases ILIs can develop in the absence of a supportive policy and legal environment, having a supportive policy and legal framework often provides the “fertile ground” on which integrated landscape approaches can more readily develop. Understanding the policy and legal framework under which ILIs currently operate is important because it helps to clarify the context in which investors are making decisions. In this section, we describe our assessment of the policy and legal context for ILM in Kenya, focusing on the four categories of enabling conditions for ILM: stakeholder cooperation and coordination, appropriate legal and regulatory framework, knowledge and capacity building, and investment and incentives. While there are roles for international public sector institutions (e.g. multilateral and bilateral agencies), private sector organizations and civil society groups in the promotion of ILM, this assessment focused primarily on the role of the national government in creating an enabling policy framework and supportive institutional environment for ILM. A summary of the assessment is presented in Table 3 on page 26.

2.1 Stakeholder cooperation and coordination

Stakeholder cooperation and coordination is essential to the development of ILM. For an ILI to develop there must be a critical mass of stakeholders who are interested in undertaking a collaborative process. Also, because landscapes are multi-functional, there needs to be dialogue and coordination between the agriculture, environment, and economic development sectors. Policies can support this by requiring and incentivizing collaboration among relevant government sectors and among the public, private, and civic sectors, at national, county, or landscape scales.

Currently in Kenya, several national-level institutions are charged with the coordination of sectors related to ILM. These include, among others, the National Environment

Table 3.
Summary of
assessment
of enabling
policy
environment
for ILM

Enabling conditions	Indicators	Assessment
Stakeholder engagement and coordination	Institutional structures support collaboration between relevant government sectors at national, county and landscape scale	Several national-level institutions charged with coordinating functions in sectors related to ILM, but agencies are still competitive over resources and leadership roles; at the county level, County Integrated Development Plans (CIDPs) provide frameworks for coordination; at the landscape level initiatives for water catchment management, wildlife corridors, integrated rangeland management facilitate collaboration
	Institutional structures support collaborative processes between public, private and civic sectors around integrated issues at a national, county and landscape scale	Public consultation receives high-level legal recognition; at the county level, it is a required component of integrated development planning; at the landscape scale, co-management institutions like Community Forest Associations (CFAs) and Water Resource Users' Associations (WRUAs) involve stakeholder participation, but some institutions may underrepresent affected groups, including women
Appropriate legal and regulatory frameworks	Laws and regulations are mutually supportive and non-contradictory across key sectors	Overlapping institutional mandates have prompted calls for review and harmonization of policies
	Laws and regulations are mutually supportive and non-contradictory across levels of government	The transition to the new Constitution and devolved government structure creates confusion; not all roles well defined yet
	Laws and regulations (national and county) encourage the management of agriculture and natural resources at a landscape scale	Environmental impact assessments incorporate landscape considerations; management scales in some legislation can be based on geographic features rather than political boundaries; "landscapes" not used in the legal framework, but similar designations mentioned
	Property and access rights to natural resources are clear and secure	Recognition of community land rights is promising; however, some areas of insecure land tenure and carbon rights not clearly defined
	Laws and regulations are supportive of participatory decision-making and planning	The Forest and Water Acts both allow for participatory management, through CFAs and WRUAs

Table 3
continued.

Enabling conditions	Indicators	Assessment
Knowledge and capacity	There is public support for the generation, integration and dissemination of spatial information on key sectors related to ILM	Several spatial information initiatives proposed or under development (i.e. Land Information Management System); at the county level, governments are encouraged to develop ten-year GIS-based spatial plans; most spatial planning is sector-specific, with little link among sectors or levels of government
	There is public support for research to develop sustainable farming systems and/or landscape management systems	Public research promotes innovative approaches and technologies, such as climate smart agriculture and integrated forest management, but no integrated agricultural research system coordinates these efforts
	There is public support for landscape manager capacity development	Governance, management and technical capacity needs; several types of sector-specific knowledge dissemination centers are established, but links between research and extension remain weak
	There is public support for development and use of landscape M&E frameworks	The current policy framework supports mainly sectoral M&E frameworks, but calls for development of integrated M&E
Finance and incentives	Public finance is available for enabling investments	Some public financing is available for enabling investments in capacity building and stakeholder coordination
	Policies or programs promote coordinated investment (between sectors and/or between institutions) at a national and county levels	Mixed support for coordinated investment across sectors and institutions: most public financing remains sectoral at both national and county levels; some opportunities for public-private sector coordination
	Policies or programs promote coordinated asset investment in landscapes (i.e. coordination in space and across sources)	KAPSLM is the most notable example of coordinated investment in catchments, but a handful of other policies and initiatives also support coordinated investments and/or integrated objectives
	Policies or programs support incentive mechanisms for individual land managers to adopt practices that promote ILM (i.e. PES, subsidies/taxes, eco-certification of products, etc.) on public, private or community land	Some incentives for particular ILM-friendly practices, such as agroforestry and climate smart agriculture; incentives under development include PES and certification schemes; however, explicit policies on PES, benefits sharing, and a strategy to achieve the 10% forest cover target lacking

Management Authority (NEMA), the Agricultural Sector Coordination Unit, the Inter-Ministerial Coordination Committee, and the National Land Commission (NLC). Kenya's policy framework also calls for new coordination bodies at the national level, primarily around climate change and nutrition and food security. However, despite the strong emphasis on coordination, implementation often falls short. Even inter-agency initiatives are usually spearheaded by one agency that sets the tone and makes the ultimate decisions, prompting competition among agencies. The NLC, in particular, has struggled to keep other agencies from acting without their knowledge on land-related matters, and cooperation between NEMA and lead agencies is often lacking.

At the sub-national level, County Integrated Development Plans (CIDPs) provide frameworks for coordination across sectors in the county government. Intergovernmental forums also help to coordinate government functions and harmonize services with representatives of relevant stakeholder groups. Several regional coordinating bodies overlie this structure, including six regional development authorities managing river basin-wide programs and the Kenya Forest Service's (KFS) ten forest conservancies. However, despite these structures, jurisdictions vary greatly in their capacity and interest in undertaking ILM. At the landscape level, Kenya's policy framework supports the development of collaborative institutions around water catchments, wildlife corridors, and within community managed forests.

Public participation and stakeholder consultation are recognized at a high level, including the Constitution's call for public participation in financial matters and in decision making, and in several sector-specific laws and policies. Public consultation is also a required component of integrated development planning at the county level. However, current policies lack measures to ensure that public consultation is inclusive, as well as accountability mechanisms to ensure that it is used in practice. At the landscape scale, co-management institutions, like Community Forest Associations (CFAs), producers groups and federations, and Water Resource Users' Associations (WRUAs) support civil society participation; although, some participatory institutions may underrepresent affected groups, especially women.

2.2 Appropriate legal framework

For ILM to develop, people need to have appropriate rights and control over resources and decision making. Additionally, while ILM can develop where there are inconsistent laws and regulations, it is helpful if the laws and regulations are consistent across sectors (e.g. agriculture, environment, rural livelihoods) and levels of government, and encourage landscape-scale management.

In Kenya, although the Constitution specifies that national and county governments must consult and cooperate, the transition to the new Constitution and devolved government structure has created confusion, and some roles are not well defined. County and national governments still run into areas of concurrent jurisdiction. For example, the designation of resource ownership between levels of government remains contested. Some confusion also arises from outdated legislation that remains in effect pending updates to align it with the new Constitution. Similarly, overlapping institutional mandates have prompted calls to review and harmonize policies. For example, NEMA and Water Resources Management Authority (WRMA) overlap in the water sector and at least six agencies (Ministry of Agriculture, WRMA, NEMA, KFS, Kenya Water Towers Agency (KWTa) and Kenya Wildlife Service (KWS) have overlapping programs in water towers (see section 3.1).¹

The right to own property, individually or collectively, is recognized in the Constitution, but some aspects of the resource rights regime remain weak. Kenya's recognition of community land rights is particularly promising for a landscape approach. Natural resources are owned by the people of Kenya but managed by the national government and required to be managed sustainably, with defined benefit sharing percentages for natural resource exploitation. Weaker areas of the rights regime include some areas of insecure land tenure (e.g., overlapping land claims), excessive bureaucracy around land regulations, and a lack of clearly defined carbon rights.

¹ The Government of Kenya (GoK) has been investing in critical water towers, which are important water catchment areas that are managed using an integrated landscape approach since July 2010 with the creation of the Water Towers Conservation Fund, and then through the establishment of the Kenya Water Towers Agency (KWTa) (Republic of Kenya, 2015).

Sectoral laws generally allow for participatory management. The County Governments Act and environmental impact assessment regulations require soliciting citizen participation, and the Forest and Water Acts both allow for participatory management through the establishment of local co-management institutions like WRUAs and CFAs. Finally, while the term “landscape” is not used explicitly in the legal framework, many laws and regulations do encourage landscape-scale management. For example, the Water Act (2002) promotes management based on geographic features, like water catchments, rather than political boundaries.

2.3 Knowledge and capacity building

Planning and managing a landscape requires specific knowledge and capacities, including spatial information, which is essential to plan strategically for a multi-functional landscape. Similarly, the adoption of ILM requires knowledge and capacity to implement appropriate practices. Finally, to monitor and evaluate the impacts of change at a landscape scale, metrics that measure multiple outcomes, including agricultural, environmental and livelihoods outcomes at a landscape scale are also needed.

In Kenya, several spatial information initiatives are proposed or under development, most notably the Land Information Management System, which is a nationally-comprehensive land registry, housed within the NLC and expected to be completed within ten years. Additionally, Vision 2030 calls for a Land Cover and Land Use Mapping Initiative, and at the county level, governments are encouraged to develop ten-year GIS-based spatial plans. However, most spatial planning is sector-specific, with seemingly little link among sectors or between levels of government. Furthermore, while citizens have rights of access to information held by the national and county governments, laws calling for particular spatial information systems do not specify means for public access. Finally, a lack of capacity in spatial planning and analysis may also impede implementation.

While public research promotes the development of innovative approaches and technologies, there is no integrated research system that coordinates these efforts, which are currently housed in several sector-specific institutions. Additionally, the links between these institutions and extension

services remain weak and public training institutions lack funding.

The current policy framework supports the development of many monitoring and evaluation (M&E) frameworks, including the National Forest Inventory, the Reducing Emissions from Deforestation and forest Degradation (REDD) Monitoring, Reporting and Verification (MRV) system, and the National Environmental Monitoring and Assessment Program.

However, most of these do not include landscape-scale metrics or integrated indicators, and the links between M&E systems and national and county planning processes remain unclear. The National Integrated Monitoring and Evaluation System in development may help harmonize and standardize some of the reporting.

2.4 Investment and incentives

Finally, even if the stakeholders are motivated, have the necessary capacities, and there is an appropriate legal and regulatory framework, the establishment of an ILI also requires a source of financing and incentives to attract investors. The policy framework can support ILM investment and incentives through pledges of direct public support (primarily for enabling investments), providing a framework for coordinating and screening investment in landscapes, and providing incentive mechanisms for adopting ILM-friendly practices.

In Kenya, some public financing is available for enabling investments as part of commitments to climate change or through specific government programs (discussed further below). However, most public financing remains separated by sectors at both national and county levels. Nationally, the treasury allocates most public funding for nine sectors of government based on high-level development strategies, and ministries lobby competitively within each sector for program funding. At the county level, funding is similarly doled out through sectoral dockets. For non-governmental actors, accessing public funding for landscape initiatives is challenging because the funds are managed by multiple institutions and involve long bureaucratic processes.

The policy framework provides mixed support for coordinating investments across sources, with many coordination opportunities at the national level through governmental programs and initiatives. At the county level, the CIDPs are the primary vehicle for coordinating investments, and some counties are

Box 2. Laikipia County Development Authority

While the establishment of county governments provides an important means of coordination closer to the ground, many donors and companies have been uncertain how to collaborate with the county government to fund projects within their administrative boundaries. Furthermore, it is difficult for donors or companies to invest directly in the county governments because of restrictions on the types of organizations they can fund and bureaucratic constraints caused by the county government budgeting process, which requires all money to pass through the National Treasury first before being spent by the county governments.

To overcome these challenges, Laikipia County Governor, Hon. Joshua Irungu, launched the Laikipia County Development Authority in 2015 to help development partners fund community-based organizations (CBOs) and NGOs in the county in alignment with the CIDP. The county government also plans to make contributions to the Development Authority through an official budget allocation. The Development Authority will be governed by a board of directors as well as a committee composed of civil society representatives (Nabaala 2015).

also experimenting with developing County Development Authorities to help align external investment with county priorities (Box 2). The coordination of asset investment in landscapes is, to some degree, supported through policies on water tower restoration and forest and river delta landscapes; however, these measures rely largely on public entities. While there is a law promoting the development public-private partnerships (PPP), to date these partnerships focus primarily on infrastructure development, and there remains confusion over the best ways to organize and register PPPs, trusts, coalitions or other entities to coordinate and aggregate financing for investments in a landscape.

The policy framework provides incentives for particular ILM-friendly practices, including agroforestry and climate smart agriculture, and private landowners may be able to access tax incentives for adopting climate resilient practices, as well as technical advice and loans for maintaining private forests. But the policy framework would be stronger with explicit policies and strategies that incentivize ILM. For example, access to smallholder credit, does not necessarily require or promote ILM-friendly practices. While market-based incentive mechanisms, including payment for ecosystem services (PES) schemes, REDD+ projects, and certification schemes for forest products are being piloted, scaling up these projects may face challenges, as there is no explicit policy promoting or incentivizing PES systems or defining equitable benefits sharing procedures.

The policy framework is also relatively incomplete regarding private sector investment in ILM. There are no explicit policies or incentives for private sector involvement in green investment currently; although a national green economy strategy and implementation plan is currently being developed (Scotney 2015). Furthermore, while all investors are required to comply with national environmental standards, monitored by the National Environment Management Authority (NEMA), there is relatively little upfront screening of foreign or domestic investment in Kenya and limited enforcement or encouragement of corporate social responsibility (US Department of State 2014).

2.5 Key lessons

In summary, the policy and legal framework provides a generally strong foundation for the development of ILM, and, therefore, integrated landscape investments in Kenya. It does

so by supporting stakeholder coordination and engagement through collaborative institutions at the national, county and landscape scales; encouraging the harmonization of laws, regulations and roles across sectors and levels of government; supporting landscape-scale, participatory management of natural resources; and, to some degree, providing public funding and incentives for the development of ILM.

However, implementation of current policies and laws continue to face challenges that limit their impact. The county governments are especially important in bringing consultation and collaborative planning closer to the ground, but because they are new institutions, capacity and resource constraints limit the degree to which they are currently performing these roles. Furthermore, while public finance for integrated landscape initiatives does exist, it often faces challenges due to sectoral budgeting processes at all levels of government. Considering this current policy and legal context, we will now further explore several of the major sources of financing for integrated landscape investment in Kenya.

3 Integrated landscape investors

Currently in Kenya, national and county governments, the private sector, international donors/development partners, and both national and international NGOs are serving as integrated landscape investors (Table 4). Each type of ILM investor has slightly different objectives and motivations for contributing resources to an ILI. In this section, we discuss the general characteristics, motivations and roles of these four main types of investors.

3.1 National and county government as investor

As discussed above, the national government, with the support of international donors, is relatively progressive on investing in ILM, both through broader enabling investments and direct asset investments in particular landscapes. For example, the Government of Kenya (GoK) has been investing in critical water towers, which are important water catchment areas that are managed using an integrated landscape approach, since July 2010 with the creation of the Water Towers Conservation Fund, and then through the establishment of the Kenya Water Towers Agency (KWTa) (Republic of Kenya 2015). KWTa is currently developing overarching strategic management plans for each water tower, conducting a valuation of the ecosystem services provided by the water towers that it hopes will guide private sector investment, and piloting innovations, such as PES systems.

These enabling investments are financed through an allocation of the national budget, as well as through bilateral donors and small amount of corporate contributions (Maina 2015). Similarly, the Water Services Trust Fund, which is a state corporation mandated to finance water and sanitation services, provides grants to communities to fund both asset

Table 4.
Indicative
list of
integrated
landscape
investments

Investor	Type	Location	Example of asset investments	Example of enabling investments
National government and donors through KAPSLM Program (via transfer from World Bank and through GEF grant)	Government (national) and donor	Cherengani Hills, Kikuyu-Kinale, Taita Hills Watersheds through KAPSLM Program	Grants to micro-catchment sustainable land management activities (i.e. tree planting, water conservation structures, etc.)	Establishment of catchment committees, building capacity for sustainable land management
Kenya Water Towers Agency (KwTA)	Government (national)	5 main water towers (Mount Kenya, the Aberdare Range, the Mau Forest Complex, Mount Elgon and the Cherangani Hills)		Development of catchment-wide strategic management plans for each water tower; conducting ecosystem valuation and studies on PES opportunities
Laikipia County Government	Government (county)	Laikipia County		Development of CIDP; spatial planning at county level
Equity Bank	Private sector	Mau Forest Complex	Funding for clean cook stoves	
Althelia Fund	Private sector	Taita Hills (adjacent to Kasigau Corridor)	Investment in commercialization of agricultural programs and sustainable charcoal programs	
Wildlife Works for Carbon	Private sector	Kasigau Corridor (through REDD+ Initiative)	Funding for eco-enterprises	Establishment of monitoring system for carbon credits
FrigoKen Ltd (horticulture company), a member of AKDN	Private sector	Upper Tana Catchment (through Upper Tana-Nairobi Water Fund)	Investment in soil and water conservation structures in 3 pilot counties	Promotion of rainwater harvesting for small holder farmers (implemented in partnership with TNC)
M-Pesa Foundation	Private sector	Kwale County (through Kwale Dam project)	Rehabilitation of dam, drip irrigation for farmers, health centers	

**Table 4
continued.**

Investor	Type	Location	Example of asset investments	Example of enabling investments
The Nature Conservancy (TNC)	NGO (international)	Upper Tana Catchment (through Upper Tana-Nairobi Water Fund)	Integrated watershed conservation in Upper Tana through sustainable land management	Establishment and coordination of public-private platform, scientific scoping, conservation and livelihoods support, Impacts monitoring
Northern Rangelands Trust (NRT)	NGO (domestic)	Conservancies in northern Kenya	Product marketing opportunities for pastoralists	Capacity building, monitoring, unrestricted funding for coordination
The Kingdom of the Netherlands Embassy in Nairobi	Donor	Lake Naivasha Basin (through Imarisha Naivasha program), Mara River Basin (through Mau Mara Serengeti Sustainable Water Initiative)		Landscape-scale planning; building institutional capacity
U.S. Agency for International Development (USAID)	Donor	Laikipia County (through Laikipia Wildlife Forum) and conservancies in northern Kenya (through NRT)		Landscape-scale planning; building institutional capacity

and enabling investments that support water catchment management and restoration more broadly (WSTF 2015).

Additionally, several national government programs (largely financed by donors) provide important vehicles for integrated landscape investments. The Kenya Agricultural Sustainable Land Management (KAPSLM) program (Box 3) supports sustainable land management (SLM) in three targeted water catchments, and the Upper Tana Natural Resource Management Program (UTaNRMP), which is financed by a soft loan from IFAD and the Government of Spain, currently works in 29 river basins in six counties, with the dual objectives of increasing sustainable food production and incomes, as well as enhancing the sustainable use and management of natural resources (Njuguna 2015). Finally, several sectorally-focused programs also provide financing for enabling investments. For example, the Agriculture Sector Development Support Program (ASDSP), which is funded by the GoK and the Swedish International Development Cooperation Agency, facilitates the development of sub-national stakeholder forums organized around priority value chains. These forums connect stakeholders from the public, civil society and private sectors to coordinate their activities and address related natural resource management issues, such as water shortage and charcoal production (Kariithi 2015).

Meanwhile, county governments, only established in 2013, are themselves becoming important landscape investors. County governments are required to develop and implement CIDPs and other coordination and planning structures as part of their regular operations. For example, in Laikipia County both the county-wide spatial planning initiative and the functioning of the County Executive Committee (made up of eight County Executive Committee members who each represent a specific sector) are funded in part through the 2015/16 county government budget allocation (Muraguri 2015). While most of the funding from county governments is currently directed at these types of enabling investments, as county governments become more well-established and make ILM a priority within their CIDPs, it is likely they will be an important source of asset investments as well.

Roles and challenges of government as investor

As previously discussed, the national and county governments often face challenges in developing and implementing programs that cut across sectors and seek

multiple land use objectives, due in large part to the sectoral approach to budgeting, inadequate capacities, and the politics between various government ministries and agencies. However, several innovative national-level programs and initiatives are supporting ILM through enabling investments that build the capacities of stakeholders on the ground, establish landscape-scale management plans, and develop institutional structures to facilitate coordination across sectors. The county governments are also beginning to make integrated landscape investments, especially enabling investments in integrated planning. Furthermore, the national and county governments are largely responsible for creating the broader enabling conditions for ILM at a national and sub-national level through the development of a supportive legal and policy framework (as discussed above).

Box 3. Kenya Agricultural Productivity and Sustainable Land Management (KAPSLM) Program

The KAPSLM program is a 5-year, USD 12.67 million government project supported by the World Bank through a grant from the GEF to facilitate agricultural producers in target water catchments to adopt sustainable land management (SLM) practices while improving their livelihoods. The program is jointly implemented by the Ministry of Agriculture and the Ministry of Environment and Natural Resources (MENR) and operates in three target water catchments as well as at the national level. At the national level, the MENR is improving the enabling environment for SLM by enhancing coordination between agencies through the establishment of an SLM Secretariat, developing the Kenya Sustainable Land Management Investment Framework, and conducting pilot studies on the development of PES schemes in the catchments.

At the level of the water catchment, the Ministry of Agriculture, Livestock and Fisheries (MALF) is building the capacities of producers and service providers in specific value chains to implement SLM practices, while increasing the farmers' productivity and incomes. Additionally, they are funding investments in community SLM micro-projects which have been identified in catchment management plans. KAPSLM has also helped to facilitate the development of catchment-wide committees that aggregate information and coordinate actors at the level of the catchment (World Bank 2015; Kibisu 2015; Aman 2015). KAPSLM is unique because it involves the coordination of government ministries in both the agriculture and environment sectors, funds both asset and enabling investments at both the national and catchment levels, and ensures that asset and enabling investments are well coordinated within the catchments through multi-stakeholder committees.

3.2 International donors/development partners as investors

International donors are also important landscape investors in Kenya and seem to play especially crucial roles in the initial stages of ILI development by catalyzing the involvement of other types of investors. For example, the Dutch Government, through various entities, including the Sustainable Trade Initiative (IDH) and the Embassy of the Kingdom of the Netherlands in Nairobi, has been a large supporter of integrated natural resource management in Kenya. Their strategy focuses on mobilizing and catalyzing private sector investment through the development of PPPs. This is exemplified with their involvement in the Lake Naivasha Basin and the South-West Mau Landscape, where they have helped to incentivize private sector involvement. They also support the Mau Mara Serengeti Sustainable Water Initiative, which seeks to develop a PPP to improve water safety and security in the Mara River Basin (Leenstra 2015; UNESCO-IHE 2015).

In contrast to the Dutch Government, most of USAID's investment in ILM goes through the national government or through civil society organizations and focuses on building the capacities of stakeholders and institutions. For example, USAID has supported the development of the Laikipia Wildlife Forum (LWF), which is a membership-based, multi-stakeholder platform in Laikipia County that seeks to conserve Laikipia's wildlife and ecosystem integrity. USAID is helping LWF to improve its institutional structures and build the capacities of resource users on the ground, among other enabling investments (USAID 2014). Similarly, USAID has provided support to the Northern Rangelands Trust (NRT) (Box 6) to help build the capacity of local institutions to work together, to establish integrated systems for monitoring wildlife and rangelands, and to market livestock and establish other income generating activities (Kanyanya 2015).

The GEF, through its implementing agencies, is an important source of catalytic financing for integrated landscape investments in Kenya, especially through its programs that encourage integrated approaches to the management of land, water, and biodiversity in production systems (i.e. Operational Programs on Integrated Ecosystem Management [OP12] and Sustainable Land Management [OP15]). Over the past 20 years, Kenya has received USD 20 million in

financing through these specific funding windows alone. Most of this financing has gone towards enabling investments in capacity building, policy reform and institutional strengthening at the local and national levels (GEF 2014). GEF financing is catalytic in that it requires and attracts a certain level of co-financing from partners. For example, the GEF provided a USD 10 million grant to the World Bank (complemented with USD 72 million in co-financing from other sources) for the KAPSLM program, which was implemented through the national government (GEF 2015) (see Box 3).

Role and challenges of international donors as investors

While international donors play an important role in supplying crucial start-up funds for ILIs and other types of hard-to-fund enabling investments, there are also several factors that make their role as an ILM investor challenging. Donor organizations can also have problems overcoming sectoral silos, reducing the amount of funding for integrated programs. For example, while USAID has an integrated County Development Strategy for its investments in Kenya, its programs are managed by offices with sectoral priorities (i.e. agriculture programs are separated from water programs and environmental programs), which often do not operate together in the same geographic space (Kanyanya 2015).

Additionally, it is often difficult for donor governments to invest directly in an ILI (especially if it is being managed by a small civil society organization or a government entity), because of requirements about which types of organizations can be funded directly. Therefore, financing often passes through national or international NGOs, which can help to aggregate and integrate funding from diverse sources into a more cohesive investment package, as in the case of NRT (see Box 4). A final challenge is that funds from donors are often time-limited and subject to strict requirements (often dictated by government or global themes). This limited flexibility coupled with quickly shifting priorities can cause significant problems for the development of ILM, which often requires long-term investment to achieve results and may require significant adaptation to changing conditions on the ground.

3.3 NGOs as investors

NGOs (both domestic and international) are also important actors, both as intermediaries that help to implement donor

funding, and as a source of financing for ILM investments themselves. Again, they seem to play a larger role in providing on-the-ground enabling investments in stakeholder coordination, capacity building, and developing integrated plans. For example, WWF-Kenya is currently supporting the Lake Naivasha Basin by building the capacities of key stakeholders through the Integrated Water Resources Action Plan program funded by the Ministry of the Kingdom of the Netherlands in Nairobi (WWF 2015).

Conversely, NRT is a good example of an NGO that functions both to channel donor funding and as an investor itself. It serves as an umbrella organization that supports 27 conservancies by raising funds, providing advice on how to manage their finances and institutional arrangements, helping to broker agreements between the conservancies and investors, and monitoring performance and quality assurance (Pye-Smith 2013) (Box 4). In this way, NRT provides crucial enabling investments for the conservancies. Finally, investments in research to develop new technologies and model and analyze changes to ecosystem services are another important form of enabling investment often contributed by NGOs. Wetlands International is currently providing research support for the initial stages of development of an ILI in the lower Tana River Basin (Mulonga 2015) and TNC teamed up with CIAT to provide this type of support during the development of the Upper Tana-Nairobi Water Fund (Box 4) (Kihara 2015).

3.4 Private sector as investor

The private sector is an important integrated landscape investor in Kenya. Private sector actors invest in ILM for a variety of reasons, which can broadly be classified by the return they are hoping to receive on their investment.

Companies needing sustainable sourcing areas

The first category of private sector investors includes those who are motivated to invest in ILIs in order to ensure the sustainability of the products they are producing. Companies like Nairobi City Water and Sewerage Company, Kenya Electricity Generating Company, Pentair, Coca Cola, East Africa Breweries Ltd., and Frigoken Ltd, which rely on access to an adequate quantity and quality of water from the Upper Tana Watershed resolved to pool resources to invest in water conservation and sustainable land management through the Nairobi Water Fund (Box 5) (TNC 2015). Financial returns are

in avoided costs and reputational benefits. Similarly, in the case of the South-West Mau Landscape, which was recently launched by the Initiative for Sustainable Landscapes in 2015 (ISLA 2015), tea plantations, including Unilever and Finlays, have come together with smallholder tea producers and the Kenya Tea Development Agency, among others, to develop a multi-stakeholder governance structure to better manage natural resources located in the Mau Forest, which supplies important ecosystem services, including a micro-climate that is favorable for tea production (Mwaniki 2015). Additionally, international flower companies like Tesco and Marks and Spencer that depend on water from Lake Naivasha have invested in the operations of Imarisha Naivasha, which is a PPP that coordinates the management of water resources in the Lake Naivasha Basin (see case study in section 4.2, page 54).

Additionally, ecotourism ventures, which require sustainable landscapes to attract tourists, are also investors in ILLs in Kenya. While most of the tourism ventures in Kenya do not support ILM, there are several examples of ecotourism ventures that occur at a sufficient scale and involve spatial

Box 4. Coordination between investors with Northern Rangeland Trust (NRT)

NRT embodies the wisdom of strength in numbers. Beginning in 2004, NRT has supported the development and management of community conservation organizations in Kenya, which have grown in number to include 27 communities managing over 31,000 square kilometers of land (Pye-Smith, 2013). Through the coordination of community-based conservancies, raising and pooling of finances from diverse sources, and providing advice and support, NRT supports community and economic development, peaceful conflict resolution, and environmental conservation. The results have been overwhelmingly positive, including drastic increases in wildlife activity, tourism, local economic sales, and reductions in tribal conflict (USAID Kenya, 2014).

The great strength of the NRT case lies in its pooled financing model. NRT functions as a regional coordinator and consultant, supporting peaceful collaboration between local communities, the conservation of wildlife that attracts tourism, the sale of local goods and products on the national and international market, and attracting donor funds for the operation of the conservancies. Currently, donations support the majority of conservancy operating costs. NRT aims to increase the share of operational funds derived from the sale of local goods and encourages donors to give to the general fund rather than individual conservancies so that fund support is more uniformly distributed among the conservancies. For donors, NRT functions as a quality assurance mechanism, ensuring that donations produce tangible results in local conservancies. NRT also operates as a local purchaser of goods – such as beadwork and cattle – selling those products and using the profit for continued support of the conservancies. This pooled resource method can be credited with the success of NRT, which has made the project a model for national and international conservation policy (Pye-Smith 2013).

planning for multiple land uses. For example, the Ol Pejeta (see case below) and Il Ngwesi conservancies in northern Kenya are managed holistically to promote wildlife conservation, livestock production and enhance community livelihoods. In both cases, a private sector entity manages tourism operations on the conservancy and revenue generated helps to support integrated management and fund community development activities (Karmushu 2015).

In all of these cases, private sector actors have realized that ensuring the sustainability of the commodities and services they produce relies on collaborating with multiple stakeholders across a larger landscape. These investments often occur through PPPs with national government entities, like in the case of the Nairobi Water Fund and Imarisha Naivasha, and through the initiation and coordination of international

Box 5. Private sector involvement in Upper Tana-Nairobi Water Fund

The Nairobi Water Fund, Africa's first such fund, was established in March of 2015 in an effort to conserve watershed services in the upper Tana River basin, a critical source for Nairobi's water supply. Forests and wetlands in the Upper Tana are crucial to maintaining water quality and quantity; however, since the 1970s they have been cleared and converted to agriculture causing sedimentation, water scarcity, and increasing the costs of water treatment. Towards that end, stakeholders including TNC, IFAD, Nairobi City Water and Sewerage Company, Kenya Electricity Generating Company, Tana and Athi Rivers Development Authority, CIAT, the water technology company Pentair, East Africa Breweries Ltd, Frigoken Ltd- Horticulture, and Coca-Cola have pooled their resources in the fund. Currently, USD 2 million has been raised, and stakeholders hope to capitalize a USD 15 million endowment to finance restoration projects in the basin over the long-term. The water fund, based on over 30 such funds established in Latin America, provides a natural solution to these pressures by funding water conservation through a partnership between public entities, private companies, and individual landowners in the watershed (TNC 2015; Hatcher 2015).

Analysis based on hydrologic and return on investment models found that a USD 10 million investment in watershed restoration and water efficient agriculture in the upper basin over ten years would produce USD 21.5 million in returns over 30 years. The models constructed during the scoping phase of the fund development identified key areas for conservation that are expected to reduce erosion and improve water retention, leading to cleaner and more consistent flows downstream. This business case for investing in watershed conservation creates the foundation for the innovative PPP. Under the fund model, large downstream users contribute to the fund, which is used to pay small landholder in the upper basin for water conservation efforts in lieu of investing in costly water filtration technology. In the long-term, these watershed investments are projected to save millions of dollars for large downstream consumers, support small farmers in the upper basin, while providing additional benefits such as carbon sequestration and biodiversity conservation (TNC 2015; Kihara 2015).

donors, like in the case of the South-West Mau Landscape, initiated by IDH.

Impact investors and social banks

A second type of private sector investor is motivated by seeking a direct financial return. The Althelia Ecosphere Climate Fund seeks financial returns, as well as environmental and social impacts, through investments designed to support sustainable landscapes through agroforestry together with forest protection and restoration. The investments return multiple revenue streams based on the value of long term purchase agreements, products such as certified commodities, equity in farmers cooperatives, or the creation of carbon credits through the mitigation of deforestation drivers. Althelia recognizes that its goals can only be reached with a spatial understanding of their activities and coordination with other stakeholders in the landscape. They are a major investor in the Taita Hills Conservation Project, which is managed by Wildlife Works for Carbon and an extension of their Kasigau REDD+ project (Box 6) (FCP 2015).

Kenya's Equity Bank also demonstrates how a private financial institution can invest in landscape approaches. Through its loans as well as its foundation, Equity Bank recognizes the links between ecosystems and major natural resource based industries in Kenya. For example, in the Mau Forest Complex, Equity has joined with other private and public partners to plant one million trees, establish 100 tree nurseries and mobilize 3000 community groups to engage in conservation action. Meanwhile, through its banking activities, Equity is providing financing packages to promote supportive technologies including clean cook stoves, solar lighting systems, biomass plants, water purifiers and other energy-saving systems that reduce reliance on fuel and charcoal, water harvesting structures, and sanitation systems (EGF 2015).

Investments in corporate social responsibility

A third type of private sector investor is motivated by corporate social responsibility (CSR) commitments. Despite the absence of laws directly incentivizing CSR, we found several examples of companies that were willing to make asset investments in landscapes in order to maintain their positive reputation in Kenya. These types of investments are normally made through foundations attached to the

companies, such as the Safaricom Foundation, the M-Pesa Foundation, Total EcoChallenge, and the KCB Foundation, among others. CSR investments are typically asset investments and can include things like tree planting, fence construction, and small infrastructure projects. While typically these are one-off investments with little follow up to ensure their sustainability, several foundations are now moving to a model in which they make larger and longer-term investments considering the spatial context of a particular place. For example, the M-Pesa Foundation is currently investing in Kwale County to rehabilitate a dam, restore surrounding degraded land, and provide drip-irrigation technology to local farmers (Baillie 2015).

Companies that produce certified products

Companies that produce certified products are also important sources of financing for integrated landscape investments. For example, Unilever Tea Kenya invested in minimizing the adverse effects of tea production by constructing micro-catchments and embankments to reduce soil erosion, planting trees to reduce deforestation, and building the capacities of smallholder farmers in partnership with Kenya Tea Development Agency in the Kericho tea landscape. They are planning to have Rainforest Alliance certification for all of their Lipton-brand tea farms by 2015, which they hope will give their brand a strategic edge in the long-term (Milder et al. 2015). Similarly, while the Forest Stewardship Council (FSC) has only recently begun its operations in Kenya, there is significant potential for developing certification standards for timber and non-timber forest products for smallholder producers. Wild Living Resources is financing a pilot program that helps to certify and sell sustainably managed hardwood produced by a group of FSC-certified smallholder farmers who are collectively managing a coastal forest in Malindi (Wild Living Resources 2015; Opanga 2015).

Roles and challenges of private sector as investor

Private sector investment predominately takes the form of tangible asset investments, including water conservation structures or tree planting, which can generate a financial return either in the short or long term. This is especially true with private sector actors who are motivated by CSR contributions, because they generally seek a tangible outcome. Furthermore, because it is often difficult for private sector investors to invest in less visible enabling investments, like

facilitating stakeholder coordination or building capacities of actors on the ground, it is rare to find ILIs funded entirely by private sector investors. Instead, the public and private sectors often work in tandem, with the public sector providing the enabling investments and the private sector providing the asset investments. However, there are several exceptions, especially when certification is involved, where the private sector also finances the development of stakeholder coordination structures and monitoring systems (e.g. Kasigau REDD+ initiative) that help to achieve long-term financial returns.

Similarly, the timing of private sector investment is also worth noting, as it becomes more significant later in the development of an ILI. This is often because attracting private sector investors requires forming a strong business case and developing an effective means of measuring the impact of investments, which itself requires significant investment. This type of initial, catalytic investment is generally financed by donors or NGOs. For example, TNC invested significantly in the initial stages of the development of the Upper Tana-Nairobi Water Fund to conduct the research required to incentivize the private sector to participate. Similarly, in the case of

Box 6. Kasigau Corridor REDD+ Project

Recognizing the impact of subsistence slash and burn agriculture on environmental degradation, Wildlife Works, Inc. supported the establishment of the Kasigau Corridor REDD+ Project in 2005 in the Taita Taveta District of southern Kenya. The Corridor connects Tsavo East and Tsavo West National Parks with 500,000 acres (200,000 hectares) of preserved dryland forest (FCP 2015). This conservation area provides a biological corridor between the parks, habitat for a wide array of native species, and carbon sequestration services. Since its establishment, the Corridor Project has aimed to assist in the development of a sustainable local economy and the preservation of habitat and biodiversity. Wildlife Works has worked in the area to establish schools, an eco-factory that produces organic cotton clothing, and greenhouses and nurseries to facilitate the shift away from subsistence agriculture (The Carbon Neutral Company 2015).

Most importantly, the preservation of the habitat corridor itself provides economic benefits to local communities thereby providing support for continued conservation. First, the project is validated to the Gold Level of the Climate, Community, and Biodiversity Standard, a label that provides beneficial eco labeling for products sold from the region. Furthermore, the Corridor Project is the first REDD project of any type to be certified by the Verified Carbon Standard (VCS), which allows carbon emission offsets to be sold on the voluntary carbon market based on calculations of carbon sequestered by the corridor preserve. Profits from carbon offset sales are used three ways: to pay landowners in the corridor for ecosystem services, to support Wildlife Works operations in the area, and to capitalize a community trust fund (Githiru 2015). These investments in the local economy and VCS certification ensure that the corridor project is a sustainable improvement for both the local environment and its people.

the South West Mau Landscape, IDH is providing a significant upfront investment (USD 2 million) to fund the development of the multi-stakeholder coordination platform, with the expectation that the tea companies will be slow to contribute in the beginning of the initiative when there are not as many tangible asset investments to make. However, the project plan calls for the private sector to make up the remaining USD 2 million in the project budget as the initiative develops over time (Mwaniki 2015).

3.5 Future opportunities for integrated landscape investment

In addition to the investors already discussed, we also found many investors and funding opportunities which could make integrated landscape investments in the future.

First, several investors are currently making stand-alone sustainable land use investments. These investments are supportive of ‘triple bottom-line’ objectives, but do not currently consider spatial context or engage with relevant stakeholders working to achieve a landscape-scale impact. These stand-alone investments could be readily transitioned into integrated landscape investments if they were better integrated into an existing ILI, were concentrated in specific locations, or were guided by spatial planning that coordinated stakeholders and land uses. For example, several national government-led funds, like the Constituency Development Fund and Njaa Marufuku Program, are important sources of financing for grassroots environmental and agriculture development projects in Kenya. However, the criteria for allocation of the funding does not specify that the projects be aligned with the CIDP or other relevant landscape-scale management plans (e.g. sub-catchment management plans or participatory forest management plans) (CDFA 2013). Closer alignment with these plans and with multi-stakeholder platforms already in existence would help to ensure that these investments contribute to multiple landscape-scale objectives.

Similarly, while many organizations are currently making investments that support ILM-friendly activities, like planting trees, as a part of CSR commitments, these are usually short-term, one-off investments that do not adequately consider the broader landscape (Baillie 2015). These types of investments could easily contribute to landscape-scale

impacts, if they were better aggregated and/or coordinated across the same geography, were made in agreement with a multi-stakeholder landscape platform, or were aligned with a landscape plan (e.g. sub-catchment management plan). A good example of where this type of investment is being coordinated within an ILI is the Lari Landscape, where KENVO helps to direct CSR investment to community-based institutions like WRUAs or CFAs to help integrate them with the broader objectives of the landscape (see case below).

Agriculture lending institutions, like the Agricultural Finance Corporation, as well as smaller banks and micro-finance institutions also provide a significant source of financing for smallholder producers in Kenya. Yet, the criteria for the disbursement of their loans usually do not include consideration of how the agricultural practices they support will impact the broader landscape. Placing conditions on lending that support the sustainability of the broader landscape would create significant incentives for the adoption of ILM-friendly practices as well as help to ensure the sustainability of agricultural production, which is necessary for farmers to be able to repay the loans in the long-term. A new component of the Finance Innovation for Climate Change Fund (part of the DFID-funded Kenya Strengthening Adaptation and Resilience to Climate Change program) could help to promote this type of transformation, as it provides grants to micro-finance institutions and agribusiness partners who lend to farmers engaged in climate smart agriculture (FICCF 2015).

Additionally, several promising sources of financing are currently being developed which may support integrated objectives at a landscape scale. The GEF, for example, is piloting several new multi-sectoral initiatives, including a USD 120 million initiative to foster long-term sustainability and resilience of food production systems in sub-Saharan Africa. The Integrated Approach Pilot (IAP), as it is called, will help to fund platforms where stakeholders can work together to advance food security with global environmental benefits (GEF 2014). Additionally, the international Green Climate Fund, which will likely be operational in December 2015 and has over USD 10 billion pledged in support, could be an important source of financing for government-led climate change programs that cut across the agriculture and environmental sectors (GCF 2015).

Finally, as Kenya continues to grow, private investment in

commodity agriculture could also become an important source of integrated landscape investments, especially as lending institutions like the International Finance Corporation (IFC) include landscape-scale environmental and social considerations in their performance standards. IFC's updated Sustainability Framework now takes into account supply chain risks beyond the scale of a single farm, among other social and environmental standards (IFC 2012), which could help to promote integrated landscape investment.

3.6 Key lessons

The government (at both national and county levels), international donors, NGOs and the private sector are all actively involved in making integrated landscape investments in Kenya. Each type of investor has its own distinct motivations, and, as a result, makes certain types of investments. The national government, international donors, and NGOs typically make enabling investments that build the institutional structures and capacities needed for an ILI to develop. These investments usually take place in the initial stages of an ILI and help to catalyze the involvement of other types of actors. The private sector is motivated to make integrated landscape investments for a wide variety of reasons; however, they typically make tangible asset investments, and these investments usually come later in the development of an initiative. Because different investors have different motivations and play different roles, the coordination of many different types of complementary investors with different sectoral objectives, time horizons, and goals is often required for an ILI to function effectively.

Additionally, there are many opportunities for integrated landscape investments that are not being fully exploited, including many sustainable land use investments that are not currently aligned with a landscape initiative. These could be readily transitioned into integrated landscape investments if they were better aligned to an existing ILI, concentrated in a specific geographic location, and guided by spatial planning that coordinated stakeholders and land uses.

4 Investment strategies of three initiatives

To be effective, ILM requires well-coordinated actions. However, integrated landscape investments often come from disparate sources with diverse objectives. Thus, the process by which resources from several different sources are aggregated and coordinated is especially important. In this section, we highlight the experiences of three ILIs in Kenya, with different strategies for attracting and coordinating investments from multiple sources to achieve integrated outcomes (Table 5).

4.1 Informal coordination of investments in the Lari Landscape

The Lari Landscape lies in the Kikuyu Escarpment on the eastern slopes of the Aberdares Mountains of central Kenya. The Landscape is composed predominantly of natural, indigenous forests with a small section of exotic tree plantations. The forest is an important asset for both local communities and the population of Nairobi, as it is a critical catchment for many rivers and springs and is a part of one of Kenya's five water towers. Approximately 124,000 people live within the landscape, and nearly 90 percent of the population is engaged in cultivation (Buck et al. 2012). However, due to increasing population pressure and poor farming methods, soil fertility is decreasing. Additionally, illegal and non-selective timber logging, charcoal burning, overharvesting of herbal products, and uncontrolled grazing threaten the sustainability of forest assets including the biodiversity therein.

Integrated landscape activities and actors

The Kijabe Environment Volunteers (KENVO) is a non-profit, community-based organization established in the mid-1990s by local residents to address local environmental degra-

dation. While KENVO initially focused its efforts on building awareness and mobilizing community engagement in forest protection and rehabilitation, they realized many of these threats needed to be addressed at a broader scale and with a more comprehensive strategy and began to work with additional stakeholders, including several government agencies at both the national and county levels, community-based natural resource management groups, and producers organizations, to address some of the economic concerns of local residents. KENVO is often invited to contribute information and guidance to programs in the Landscape, and has served as the chairman for a small multi-stakeholder steering committee that helps to prioritize activities and investments in the Landscape. Thus, in an informal way, KENVO plays a role as a convener and coordinator of stakeholders.

Financing sources and coordination strategies

Actors within the landscape finance their activities from a variety of sources. Most of the smallholder farmers receive money from selling products to both local and outside markets, and some are experimenting with selling their products through the “Lari Landscape” label, which highlights the sustainability of their agricultural practices and their participation in the multi-stakeholder platform. Several smaller CBOs and producers’ groups receive financing from members’ contributions and through small commercial activities, and some of the larger CBOs also receive support from donors, NGOs, and government initiatives, like WWF, the Water Services Trust Fund, KAPSLM, Njaa Marufuku, and the ASDSP (Kuria 2015).

KENVO also receives funding for its activities from a variety of sources. Historically, most of KENVO’s funding has come from donors or NGOs, although they also receive private contributions from CSR programs and conservation award programs. However, most of these sources fund short-term projects or provide one-off contributions. Because of these limitations, KENVO is trying to increase the amount of revenue it can generate through eco-enterprises, such as through commercial tree nurseries, an ecotourism campsite, and a recently-established water bottling facility. Unfortunately, these enterprises have not generated as much income as originally anticipated and they require a significant amount of time and experience to manage (Kuria 2015).

In the Lari Landscape, there is no formal mechanism for coordinating or aggregating financing from diverse sources.

Instead, KENVO plays a role in connecting investors to community-based institutions and helping to coordinate activities on the ground once they have been funded. Because not all of the financing flows through KENVO, it does not usually play the role in aggregating landscape investments.

Challenges with integrated landscape investments

Despite their evident successes, KENVO and the Lari Landscape stakeholders still face considerable challenges, including attracting adequate investments for integrated objectives and coordinating investments from disparate sources. First, despite the increase in integrated programming, most of the funding from donor organizations and government agencies still comes with sectoral objectives (e.g. forest conservation, agriculture development, etc.). Furthermore, much of this funding is for specific, short-term projects with pre-existing objectives and relatively strict conditions for use. Thus, finding a sustainable source of funding for programs with integrated objectives is difficult. Additionally, investments are largely made in a piecemeal fashion, with asset and enabling investments occurring at



A worker picks tea on a plantation in Lari landscape, Kenya.

different times and in different places. The coordination of piecemeal investments is also time-intensive, and it is difficult to find unrestricted funds to use for that purpose or investors to support activities that facilitate coordination between stakeholders. Finally, even internal sources of finance can be very time-consuming to manage and require significant up-front capital expenditures (e.g., KENVO's ecotourism or water bottling enterprises, which KENVO hopes will increase revenue generation that could be used to fund some of the hard-to-fund enabling investments and on-going administrative costs).

4.2 Formal coordination of financing sources in Lake Naivasha

The Lake Naivasha Basin, located in the eastern Rift Valley, encompasses about 3,400 square kilometers, including the upper water catchment area in the mountains, the middle water catchment area, and the lower catchment area surrounding the lake. It has been designated as a Ramsar Convention site and an Internationally Important Bird Area. The Lake Naivasha Basin covers area administered by three counties: Nakuru, Narok and Nyandarua.

The population of Lake Naivasha Basin has grown substantially over the past 30 years due to the increase in economic activities related to irrigated horticulture and floriculture and geothermal energy generation (Imarisha Naivasha, 2012). Accordingly, the Basin has experienced considerable problems with water scarcity due to the high-level of water abstraction by various users (especially from water use for commercial floriculture and horticulture), degradation of the middle and upper water catchments, reduced ground water recharge, and extended droughts related to climate change. Additionally, water pollution, especially from farmlands, settlements and industries within the catchment is causing significant damage to the health of Lake Naivasha and the livelihoods of people who depend on resources from the lake (e.g. fishers and tourism operators).

Integrated landscape actors and activities

The Imarisha Naivasha Management Board was officially created in May 2011 by the Government of Kenya to manage the coordination of the Lake Naivasha Catchment Restoration Programme. The Board is composed of representa-

tives from various stakeholder groups, including national and local government officials, community-based natural resource management institutions (i.e WRUAs, CFAs, Beach Management Units), pastoralists, Lake Naivasha Riparian Association, Lake Naivasha Growers' Group (LNGG); local businesses; the tourism industry; and civil society organizations. The objectives of the Imarisha Naivasha Management Board are, broadly, to coordinate the activities of the various stakeholders who are engaged in the conservation of the Basin; monitor compliance with laws and regulations; develop and enforce local codes of conduct; and develop and execute a trust to receive and manage financial resources for the conservation of the Basin (Imarisha Naivasha 2012). A Sustainable Development Action Plan (SDAP) for the Basin guides Imarisha Naivasha's activities.

Funding strategies for integrated outcomes

Imarisha Naivasha is mandated to play a formal role in facilitating and aggregating landscape investments. It has an annual operating budget of about USD 400,000, which is largely financed through PPPs with international floriculture and horticulture companies. Four UK floriculture and



Semi-formal settlements housing greenhouse workers lie on the shoreline of Lake Naivasha, Kenya.

horticulture retailers - ASDA, Tesco, Marks and Spencer, and Sainsbury's - provide about 65 percent of the funding (Kissinger 2014b), the GoK provides about 25 percent, and development partners provide the remaining 10 percent. Those funds are pooled together in Imarisha Navasha's trust fund, which is used to finance development projects (75 percent of the funds) that align with the SDAP and to cover recurrent operational expenses (25 percent of the funds) (Mbogo 2015).

In addition, a significant amount of funding for activities in the Basin does not flow directly through the Imarisha Naivasha trust fund, but the activities are coordinated by Imarisha Naivasha to ensure that they align with the goals of the SDAP. For example, the Kenyan Embassy of the Kingdom of the Netherlands committed about USD 4 million in 2012 for the Integrated Water Resources Action Plan (IWRAP) program, which is being implemented by WWF Kenya, Imarisha Naivasha, WRMA, community associations, and other technical assistance partners. All of the activities within IWRAP closely align with the SDAP. Similarly, many of the smaller CBOs fund their activities in the landscape through a combination of membership contributions, donor-funded projects, and small-scale grants from the government sources, like the Water Service Trust Fund. Additionally, the LNGG members also contribute financing for a PES program, which compensates smallholder farmers in the upper catchment to address issues with soil erosion (Kissinger 2014b).

Imarisha Naivasha also acts as a hub to coordinate and orchestrate financing by writing proposals for projects with integrated objectives, helping to align existing sectoral activities into the integrated plan, and engaging the government and development partners to seek additional financing. In this sense, Imarisha Naivasha functions as a landscape investment facilitator by attracting and aggregating funding from diverse sources, as well as an overseeing and coordinating of investments from outside investors.

Challenges with integrated landscape investments

While Imarisha Naivasha has been relatively successful in mobilizing resources from diverse sources, most of the financing it receives is specifically for interventions in the water sector. While these are important, the SDAP identifies a much broader agenda, and Imarisha Naivasha is working to diversify its funding sources to meet these needs (Kissinger,

2014b). Additionally, Imarisha Naivasha has had difficulty securing long-term, sustained funding for its activities, and is only able to maintain a small technical staff. It has recently embarked on a plan to develop a larger Sustainable Development Fund as a way of ensuring successful future operations in the Basin (Mbogo, 2015).

4.3 Self-financing within Ol Pejeta Conservancy

Ol Pejeta Conservancy is a 36,000-hectare cattle ranch and wildlife conservancy located in Laikipia County. Laikipia County is characterized by diverse land use practices, including crop farming, pastoralism, agro-pastoralism, large-scale wheat farming, and wildlife conservation, which have historically resulted in conflicts between land users. Additionally, illegal hunting and trading in wildlife as well as human-wildlife conflict are becoming increasingly problematic.

Ol Pejeta Ranch started in the early 1940s as a privately owned cattle ranch, and in 1988 part of the Ranch was



Cattle graze lush grass on the Ol Pejeta Conservancy in Kenya.

converted into a game reserve for wildlife. In 2003, OI Pejeta was purchased by Fauna and Flora International and converted into OI Pejeta Conservancy Ltd, which is a not-for-profit company that seeks to integrate wildlife conservation with cattle ranching while promoting community development at a broader landscape scale. It does this by reinvesting revenue generated through wildlife tourism and agriculture into conservation and community development (OPJ 2015).

Integrated landscape activities and actors

Wildlife conservation is OI Pejeta's most important activity, as it is the largest sanctuary for black rhinos in East Africa and has some of the highest densities of wildlife in Kenya. However, OI Pejeta prides itself on its effective integrated wildlife-livestock management techniques, where grazing cattle are rotated throughout the wildlife conservancy according to a well-established land use plan and monitoring system, which helps to maintain a productive heterogeneous landscape. Tourism is also an important activity at OI Pejeta; over 70,000 visitors come each year to see the wildlife and livestock and stay in a variety of tented camps and lodges within the Conservancy (OPJ 2015). Additionally, OI Pejeta works in partnership with the county and national government to support the communities living around its borders through infrastructure projects, the promotion of enterprises, and the alleviation of human-wildlife conflict (Wambugu 2015).

Funding strategies for integrated outcomes

OI Pejeta Conservancy Ltd finances its operations through revenues from tourism, including conservancy fees and occupancy taxes (80 percent) and from agriculture (20 percent), mostly through the sale of beef to high-end markets in Nairobi (Wambugu 2015). The beef enterprise alone generates annual revenues of USD 1 million, which plays a significant role in supporting OI Pejeta's operating costs (OPJ 2015).

The majority of the tourism activities in OI Pejeta Conservancy are financed by the private sector. Six tented camps and lodges have established tourism facilities within the Conservancy and offer various tourism services for clients. Investments in wildlife conservation, like fencing, monitoring and research are financed by OI Pejeta Conservancy Ltd, with some support from conservation and research organizations, like EarthWatch. Finally, private donations and grants help to finance the majority of the investments in the surrounding

communities. By the end of 2014, OI Pejeta Conservancy had raised and disbursed over USD 6.5 million for community development projects, including the construction of schools and healthcare programs (OPJ 2015).

OI Pejeta Conservancy Ltd plays a formal role in coordinating investments in the Conservancy, as it owns the land and has a well-established land use plan (Wambugu 2015). Additionally, it channels and directs financing for investments in the surrounding communities that align with its overall mission and objectives. In this way, OI Pejeta Conservancy Ltd functions as a landscape investment facilitator.

Challenges with integrated landscape investments

OI Pejeta's financing is relatively self-sustaining, so it does not face as many of the challenges as other donor-reliant ILIs with the sustainability of its funding. However, tourism is a relatively volatile sector and Kenya's tourism industry has faced considerable challenges in the past 5 years. OI Pejeta has felt the decline in its tourism income, but has been able to withstand it with the additional revenue it generates through the sale of beef and some donor contributions (Wambugu 2015).

4.4 Key Lessons

Understanding how the three ILIs presented above aggregate and coordinate financing for integrated landscape activities points to several lessons. First, each of these ILIs relies on a wide variety of financing sources, highlighting integrated landscape investments in Kenya are currently financed by a diverse array of domestic and international institutions. Second, there are many different strategies to coordinate, aggregate and manage investments in a landscape to achieve integrated outcomes; each of these ILIs employs a slightly different strategy and each multi-stakeholder coordination platform plays a slightly different role. Some landscape initiatives rely on informal coordination of investments on the ground, as in the case of the Lari Landscape, while others rely on more formal financial mechanisms, such as Imarisha Naivasha's trust fund (see Table 5).

However, all of these examples demonstrate the importance of having an operational multi-stakeholder platform to coordinate activities on the ground. While each of the platforms in these cases has different mandates and varying degrees of formality, they all require a consistent source of financing

Table 5.
Comparing
integrated
landscape
investment
strategies in
three ILIs

Landscape	Main investors in the landscape	Multi-stakeholder coordination platform and its main sources of financing	Integrated landscape investment strategy
Lari Landscape	Small commercial activities, members contributions, donors, NGOs, government agencies and programs, CSR contributions	KENVO: conservation award programs, eco-enterprises, donors, NGOs	Informal coordination of activities on the ground and linking investors to CBOs
Lake Naivasha Basin	Private sector (PES program), donors, floriculture and horticulture retailers, national government agencies	Imarisha Naivasha: national government, international floriculture and horticulture retailers, donors/partners	Formal coordination of investments to align with action plans and aggregation of financing through Imarisha Naivasha's trust fund
OI Pejeta Conservancy	Tourism ventures, donors, private contributions	OI Pejeta Conservancy Ltd: fees and taxes from tourism, beef sales	Formal coordination of investments inside conservancy through land use plan and directing investments in outside communities

for their operations, and this is generally difficult to obtain. Imarisha Naivasha, which has the most formal mandate as a coordination platform, receives funding for its operations from a budgetary allocation from the national government as well as private sector contributions. However, despite this degree of formality, Imarisha Naivasha still maintains a relatively small staff. KENVO, which plays a more informal role as a coordinator of activities within the Lari Landscape, relies on a wide diversity of financing sources to sustain its operations and has faced challenges with the short time horizon of donor-led projects and one-off private philanthropic investments. It has recently experimented with starting various eco-enterprises as a means of providing a more sustainable source of financing for its operations. On the other hand, the coordination of OI Pejeta Conservancy's activities (which is run through the private sector entity, OI Pejeta Conservancy Ltd) is largely financed through the combined revenues from tourism and livestock sales, a strategy that seems to mitigate the risks of relying on either the tourism or livestock sectors alone.

5 Conclusions & recommendations

In summary, the policy and legal framework provides a strong foundation for the development of ILM, and therefore integrated landscape investments in Kenya. However, implementation challenges continue to limit the degree to which this support is applied in practice. The government (both national and county levels), international donors, NGOs and the private sector are all actively involved in financing integrated landscape investments in Kenya. Additionally, there are many financing opportunities that are not being fully exploited, including many investors financing multi-functional investments that are not currently aligned with a landscape initiative.

Each type of investor has distinct motivations, and, as a result, finances certain types of investments. Because of this, funding for an ILI often requires the coordination of many different types of complementary finance with different sectoral objectives, time horizons, and expected returns. ILIs in Kenya utilize many different strategies to coordinate, aggregate and manage investments in a landscape to achieve integrated outcomes; some rely on informal coordination of investments on the ground, while others rely on more formal financial coordination mechanisms. However, despite these differences, all ILIs require a sustainable source of financing for the operations of their multi-stakeholder coordination platforms, and this is often difficult to obtain.

Increasing integrated landscape investments in Kenya will require action by many different parties at both the national and sub-national levels. Below we recommend several actions that the national government, county governments, private sector, landscape initiative leaders, and donors can undertake in the near term to improve the enabling environment and increase financing for, and coordination of, integrated landscape investments in Kenya.

5.1 National government

Improve inter-ministerial and interagency cooperation

National government ministries across the environment, agriculture, water, and land sectors can enhance the enabling environment for ILM by improving their collaboration. Integrated initiatives need to have the buy-in of high-level government officials in multiple sectors to be truly effective. Furthermore, improving communication, clarifying mandates of key agencies, and facilitating joint planning can help to minimize redundancy between institutions and reduce overlapping or conflicting mandates. This may require significant changes to the budgeting process and the culture of the national government so that ministries can think of each other as collaborators instead of competitors.

Catalyze asset investment

The national government can play an important role in stimulating ‘triple bottom line’ asset investments as well as ensuring that the spatial placement and modality of these investments contributes to integrated landscape management. Tax incentives, preferential financing, and updating government procurement policies are just some of the tools the national government can use to incentivize landscape investments. Guidance and regulations (i.e. sustainable investment plans for the water towers) can then help to guide private sector involvement and ensure that the placement and modality of investment are landscape-friendly. Updating investment screening mechanisms, like environmental impact assessments, so that they better align with locally-negotiated integrated landscape objectives could also help to stimulate integrated landscape investments. The national government can also increase funding for crucial enabling investments in capacity building and research that further support the development of ILM on the ground.

Clarify policy and law on relevant financial mechanisms

In addition to providing incentives, the national government can also improve the policy and legal clarity for developing financial mechanisms that promote landscape investments (both asset and enabling). These mechanisms can include the registration and formation of PPPs and trust funds. Further clarity would help provide landscape initiatives and investors mechanisms to coordinate and aggregate investments so that they can more easily achieve landscape-scale impacts.

5.2 County government

Build capacity for intergovernmental coordination at county level

For county governments to better support integrated landscape initiatives they need to understand the value of integrated programming in terms of simplicity and cost effectiveness. Demonstrating the value of coordination and cooperation across sectors and building the capacities of county government officials, especially the County Executive Committee members and the County Assembly members is critical to integrated landscape programming. Further, undertaking joint planning and resource allocation are likely to trigger important changes in the county budgeting processes. Programs like Suswatch Kenya, which have already invested in building the capacities of county government officials in sustainable land management, could help to guide future capacity building efforts (Msafiri 2015).

Use integrated planning processes as a means of coordinating investments

Integrated development and spatial planning initiatives at the county level provide important opportunities for inter-sectoral and multi-stakeholder coordination and need to be further strengthened and supported. Moreover, these processes could be better utilized to harmonize and coordinate actors operating within the county to improve the integration of activities and investments. Developing financial mechanisms at the county level, like the Laikipia County Development Authority, can help to coordinate financing from a variety of sources and help to align investments with the CIDP or other landscape-scale plans.

5.3 Private sector

Include landscape criteria when designing investments

Private sector investors could stimulate further integrated landscape investment by integrating ecological, social, economic and spatial criteria into their investment decision-making process. Additionally, ensuring new investments into existing integrated landscape initiatives would help to transform stand-alone investments into those that support impacts at a landscape scale.

Engage with landscape stakeholders when investing

Private sector investors need to consult with other private sector, civil society and government partners within a landscape during the development of investment strategies. Engaging with other stakeholders can help to ensure returns in the long term by mitigating investment risks and opening up opportunities for further investment.

5.4 Landscape initiative leaders

Clarify the business case for landscape investment

Developing and emphasizing the business case for investment is necessary to attract private sector investors. An important step in this process is developing rigorous methods for tracking and reporting on outcomes. Landscape leaders may need to seek outside expertise and support for professional, legal and financial advice.

Seek sustainable financing for multi-stakeholder platform

Landscape initiatives require initial and on-going investments in scoping and coordinating stakeholders, general project management, and other activities which are usually performed by a multi-stakeholder platform. These enabling investments can be costly and often hard to finance, but are essential to the development and day-to-day operations of an ILLI. Finding a sustainable source of financing for these operations may require using a mix of funding sources and focusing on sources that have longer time horizons. For example, instead of relying on short-term CSR commitments, it may be better to solicit more sustained financing from local businesses that have a long-term stake in the management of the landscape.

Develop a long-term financing strategy

Developing a financing strategy for the collaborative action plan can help to coordinate diverse financing sources over the long term. Because different investors have different priorities, risk-tolerance, and time horizons, it is important not to rely solely on one source or type. Furthermore, it is important to ensure the right mix of asset and enabling investments over the life of the initiative.

5.5 Donors

Improve donor coordination at landscape and county levels

While there is high-level coordination of donors at the national level in Kenya, there are fewer opportunities for donor coordination at the sub-national levels. Improving donor coordination at the county and landscape levels could help to harmonize programs in the same geographic area. Donor forums with county governments could help to improve the coordination of donors at the county level, while also improving ties between donors and county government officials.

Provide catalytic financing to attract appropriate private sector investment

Donors could play a greater role in providing catalytic financing through start-up funds and risk guarantee funds, which would incentivize the participation of other investors consistent with landscape priorities and criteria. Mitigating investment risk is crucial, as this will help to catalyze private sector involvement.

Increase funding for integrated programs

While significant strides have been made in developing programs that cut across sectoral silos, donors can still do more to increase funding for integrated programs. This may require improving coordination among departments within donor organizations. Additionally, donor organizations can help to develop new financial mechanisms that feature integrated frameworks and long-term return horizons. The new food security program currently being piloted by the GEF is a good example (GEF 2014b). Finally, donors could do more to support ILIs by pooling funding into a common pot, which can be used more readily by ILIs to finance integrated investments.

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Appendix 1: Key informants

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Appendix 2: Policies, laws and strategies considered

Law or regulation

Environmental Management and Coordination Act, 1999
Water Act, 2002
Environmental Impact Assessment and Audit Regulations, 2003
The Forests Act, 2005
Constitution of Kenya, 2010
County Governments Act, 2012
Intergovernmental Relations Act, 2012
Land Act, 2012
Physical Planning Act, 2012
Public Finance Management Act , 2012
The National Land Commission Act , 2012
The Land Registration Act, 2012
Transition to Devolved Government Act, 2012
Trust Land Act, 2012
Agriculture, Fisheries and Food Authority Act, 2013
Division of Revenue Act, 2013
National Government Coordination Act, 2013
Public Benefits Organization Act, 2013
The Wildlife Conservation and Management Act, 2013

Policy or strategy

Sessional Paper No. 1 of 2007 on Forest Policy, 2007
Sessional Paper No. 3 of 2009 on National Land Policy , 2009
Kenya Forest Service Strategic Plan, 2009/10-2013/14
National Climate Change Response Strategy, April 2010
Revised REDD Readiness Preparation Proposal Kenya, August 2010
Vision 2030, 2010
Agricultural Sector Development Strategy, 2010-2020
Integrated National Land Use Guidelines, 2011
National Food and Nutrition Security Policy, 2011

Programming Framework to End Drought Emergencies in the Horn of Africa: Kenya County Programme Paper, 2012

Sessional Paper No. 8 of 2012 on National Policy for the Sustainable Development of Northern Kenya and other Arid Lands , 2012

Vision 2030, Development Strategy for Northern Kenya and Other Arid Lands, 2012

Climate Change Action Plan, 2013-2017

Second Medium Term Plan, 2013-2017

Draft policy

Draft National Policy for Disaster Management, 2009

Draft Integrated Coastal Zone Management Policy, December 2013

Draft National Education for Sustainable Development Policy, November 2013

Draft National Environment Policy, 2013

Draft National Wetlands Conservation and Management Policy, 2013

Draft National Energy Policy, February 2014

Draft National Climate Change Framework Policy, September 2014

Appendix 3: Assessment framework

Enabling Conditions	Questions	Key indicators from written documents
Stakeholder engagement and cooperation	Does the policy and legal framework facilitate collaborative management at the national, county and landscape scales?	1. Institutional structures support collaboration between relevant government sectors (water, agriculture, ecosystems, livestock, forestry, wildlife, etc.) at national scale 2. Institutional structures support engaged, collaborative processes between public, private and civic sectors around integrated issues at a national scale 3. Institutional structures support collaboration between relevant government sectors at county scale 4. Institutional structures support engaged, collaborative processes between public, private and civic sectors around integrated issues at a county scale 5. Institutional structures support collaboration between relevant government sectors at a landscape scale 6. Institutional structures support engaged, collaborative processes between public, private and civic sectors around integrated issues at a landscape scale
Appropriate legal and regulatory framework	Does the legal and regulatory framework promote (and not inhibit) integrated management at a landscape scale?	1. Laws and regulations are mutually supportive and non-contradictory across key sectors (e.g. agriculture, environment, rural livelihoods, water, climate change, etc.) 2. Laws and regulations are mutually supportive and non-contradictory across levels of government 3. Laws and regulations (national and county) encourage the management of agriculture and natural resources at a landscape scale 4. Property and access rights to natural resources are clear and secure 5. Laws and regulations are supportive of participatory landscape stakeholder decision-making and planning processes

Enabling Conditions	Questions	Key indicators from written documents
Financing and/or incentives	Does the policy and legal framework promote financing or incentives to develop ILM?	1. Public finance is available for enabling investments (i.e. development of landscape platforms or capacity building for landscape actors) 2. Policies or programs promote coordinated investment (between sectors and/or between institutions) at a national level 3. Policies or programs promote coordinated investment (between sectors and/or between institutions) at a county level 4. Policies or programs promote coordinated asset investment in landscapes (i.e. coordination in space and across sources) 5. Policies or programs support incentive mechanisms for individual land managers to adopt practices that promote ILM (i.e. PES, subsidies/taxes, eco-certification of products, etc.) 6. Policies or programs support incentive mechanisms for adoption of sustainable land management practices on community or public land
Knowledge and capacity to plan and manage on a landscape scale	Does the policy and legal framework promote the adoption of specific knowledge and capacities needed for landscape-scale planning and management?	1. There is an agency(ies) responsible for generation, dissemination and integration of spatial information on key sectors related to ILM 2. There is public support research to develop innovative, sustainable farming systems and/or landscape management systems 3. There is public support for landscape manager capacity development (e.g. use of spatial information, facilitation of stakeholder processes, application of innovative techniques, landscape M&E, etc.) 4. There is public support for development and use of landscape M&E frameworks



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