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## **CAPITAL FOR INVESTING IN COMMUNITY BASED TOURISM (CBT) – GRANTS Vs LOANS**

By

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### **Abstract**

*Developing countries have limited financial resources to support tourism development and it is even more difficult for Community Based Tourism and even where finances are incorporated in government budgets, these are inadequate. Although tourism generates up to US\$ 27 million annually and is the third foreign exchange earner, contributing 10% to GDP, little of this fund is ploughed back either to support marketing or to benefit communities which support conservation. The failure to vote sufficient funds for marketing has resulted in the country being unable to effectively compete with other African states like Egypt and South Africa. The country's infrastructure is not fully developed due to inadequacy in availability of funds. Low financial allocation to tourism is attributed to; varied reasons –weak policy for tourism fund raising; failure to match up allocation to tourism with other sectors and low value attached to tourism sector as opposed to other sectors. This mismatch has often resulted in both the national tourism and Community Based Tourism seeking financial resources from other sources rather than the government.*

*This presentation will provide examples to demonstrate how donor funding offers the single most important source of funding to Community Based Tourism and how the funding has changed the lives of some local poor communities. The presentation will further assess failure and success factors and share experiences, will also provide innovative ideas of raising funds to support Community Based Tourism and explore how funding sources can be enhanced.*

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## **1.0 Introduction**

Community based Tourism (CBT) though facing many challenges has an enormous potential of bringing economic growth to the local people and make the tourism sector more sustainable courtesy the donor community that has continued to offer grants through the government and through local and international NGOs. Community Based Tourism has been promoted since the 1970s as a way of raising living standards for the rural poor. Environmentalists view it as an important strategy for enhancing biodiversity conservation as it advocates responsible tourism and generates income for the local poor and marginalized who though living in close proximity with wildlife receive the blunt of wildlife. CBT is a product of the Community Based Natural Resources management (CBNRM), a system that attempts at allocating all or a proportion of ownership, rights and control over natural resources to a section or group of local communities. It is therefore aimed at enhancing the livelihoods of poor people in remote and marginal areas, through empowerment, improved governance, and increased income impacts through tourism and natural resource management initiatives. The best known examples of CBNRM initiatives are Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) in Zimbabwe and the Luangwa Integrated Rural Development Project (LIRDPA) and Administrative Management Design (ADMAD) for Game Management Areas, both in Zambia. Other areas where success has been reported include: South Africa and South Asia where CBNRM incorporates wider development

issues rather than focusing on conservation-led initiatives; South Africa, on experimental basis focus on conservation-led Community Based Wildlife Management without integrating wildlife management in to the management of other natural resources (DIFID Livestock & Wildlife Advisory Group, Wildlife & Poverty Study, 2002); In Kenya, examples include Kimana, Shompole, Il Ngwesi, Eselenkei and Mwalunganje which are among the first community initiatives to be established in the early 1980s. Other establishments in the late 90s and early 2000 include, Koiya, Lumo, Koiyaki, Siana, Tana Delta Camp, Ol Kiramatian, Ol Gulului, Kasigau, Sera, Elerai, Koiya, Ol Gamboli Bandas, Kijabe, Kalama, Namunyak, Kurikuri, Wasini, among others. Majority of the latter are based purely as commercial enterprises and are implemented under community-private partnership.

Creation of community areas upon which tourism thrives is a realization that wildlife numbers and quality continued to dwindle though policing continued in the protected areas. While governments continued making money through tourism, people living close to the protected areas received no benefit and even those who lived side by side with wildlife. There was need to address this anomaly which saw especially conservation agencies through donor support impressing on the local people to embrace tourism as a enterprise. The involvement of local communities in conservation remains the only hope to safeguard ecological integrity. Many challenges though lay ahead such as breakdown of traditional societies, population and commercial pressures, nepotism, corruption, lack of awareness, knowledge, and skills among a myriad of problems. However, Community Based Tourism has found a niche and its roots are spreading with new tourist sites being created every year and new business approaches being adopted using lessons learnt from previous establishments. CBT is no longer a myth but is a fast growing sector that calls for effective planning, improved resources allocation, managing as business, enhanced marketing, development of guidelines, assessing their contribution to local economy, to overall tourism sector, towards biodiversity conservation and build M & E.

## **1.1 Funding Community Based Tourism**

Kenya has a diverse assemblage of natural resources requiring huge financial resources. Overall Kenya's wildlife protected areas have been estimated to have a global value of some US\$ 250 million annually (Moran 1994). Tourism generates up to US\$ 27 million annually and is the third foreign exchange earner, contributing 10% to GDP. Since the colonial days, when the first protected areas were established, donor funds have been relied upon and even today, most of the community conservation areas are being established through donor funding. Governments across Africa give low priority to conservation, the sector has continued to receive very little attention. This includes Kimana Community Wildlife Sanctuary, one of the pioneer community initiatives. An electric fence was set up around Kimana with EC support of \$8,000 – 10,000 while KWS supported infrastructure development with Kshs. 4.2million through the Wildlife for Development Fund (WDF), a fund established in 1993 under the Conservation of Biodiverse Resource Areas (COBRA) with funding from USAID, the World Bank and other donors. AWF assisted KWS in establishing the Community Wildlife Service aimed at increasing community benefits from conservation and sustainable management of wildlife and natural resources. Mwaluganje was established through donor funds raised through Eden Wildlife Trust. USAID has committed some \$715,809 to support Community Based Tourism through CORE EDF of which \$434,194 was disbursed in 2005. Between 2001 and 2005, it released \$68,879, \$266,791, \$38,329 and \$60,195 respectively. USAID through the Lewa Northern Rangeland Trust programme provided \$400,000 to set up Sera conservancy. The European Union (EU) has over the last 10 years provided substantial support towards community based initiatives, Community Based Tourism being one. In 1997, it offered the Community Development Trust Funds, financial resources to support Community Based Tourism through the Community Wildlife Initiative (WCI), registering a mere 20% success but set up Kalacha Bandas in Marsabit and rehabilitated IL Ngwesi facilities. In 2000, the EU gave a grant of Euro 5.5million (Kshs. 400million) to CDTF to establish the Biodiversity Conservation Programme (BCP) which saw 16<sup>1</sup> community based conservation areas being established

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<sup>1</sup> These are Kalama Community Wildlife Conservation Project, Lumo Community Wildlife Sanctuary Project, Shompole Group Ranch Eco-tourism Development Project, Kigio Giraffe Translocation Project,

and supported. A total of Kshs. 200million was disbursed as grant to these initiatives. In 2002, the EC supported the establishment of the Tourism Trust Fund (TTF) with Kshs. 1billion. TTF offers grants towards tourism projects that demonstrate a link with a local community with clear funding criteria. The grant ranges between Kshs. 5-50million. For period 2006/07, TTF had disbursed some Kshs. 34million out of Kshs. 384million towards 42 tourism initiatives of which some are on Community Based Tourism. Some of the initiatives supported include Koiyaki Wilderness camp, Kitale Nature Conservancy, Ngare Ndare Forest Eco-tourism to mention but a few. The EC also offered Euro 12 million towards TSDSP. The EU supported the establishment of a four year programme (2006-2010), the Community Environment Facility (CEF) under CDTF with a budget of Euro 8million. Part of these funds is being utilized towards enterprise establishment such as Oreteti lodge<sup>2</sup> in Laikipia, collaboration between the community and Borana Ranch. Many more initiatives will be supported under CEF.

In Kenya tourism would not have developed into an important national economic revenue source without donor support. CBT is almost 100% donor dependent and this scenario is not likely to change soon.

The role of the government has been purely through provision of an enabling environment – policy formulation and programme coordination, provision of security, infrastructure development, marketing, planning and promotion between national and community based tourism.

## **1.2 Is Donor funding working?**

Before answering the question, it would be important to appreciate some of the milestones realized in CBT. Since its recognition and acceptance in the 1970s, CBT has

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Koiyaki Guiding School and Wilderness Camp, Ngong Road Forest Sanctuary Development Project, Kakamega Forest Biodiversity Conservation Project, Elerai Community Wildlife Conservation Project, Ngare Ndare Forest Community Conservation Project, Community-Based Biodiversity Conservation at Ol Gaboli (Laikipia, Lower Tana Delta Conservation Amboseli - Tsavo community Game Scouting Enhancement Project, Olkiramatian Community Conservation Project, Siana Community Conservation Project, Conservation of Wasini Mangrove Forest.

<sup>2</sup> Under facilitation of Laikipia Wildlife Forum, that instrumental in establishment of Ol Gaboli Women Bandas

really grown in terms of numbers while product has greatly improved over time. It is perhaps one of the fastest growing sectors that could spur rural development and immensely contribute to vision 2030 if properly natured. There are almost 100 established and operational tourism initiatives compared to one or two in the early 1970s. The nature of business has greatly changed with some running purely as commercial enterprises with profit being the driving force though a number are still struggling. The donor funds have facilitated establishment of thriving conservancies, where infrastructure upon which tourism thrives, local capacities are build, marketing is supported and appropriate partnerships are build especially between private sector-local communities. CDTF through its five year (2000-2006) programme, Biodiversity Conservation Programme (BCP) with funding from the European Union facilitated the establishment of 16 community conservation areas with a total budget of Kshs. 200million. Some of these sites have started generating some income for the local people. A good example is Ol Gaboli Women Bandas in Laikipia (see Case 1).

### **Case 1: Pro-poor Ecotourism - Women traverse the borders: Ol Gaboli Women Bandas Project.**

The characteristic maasailand cattle rattling and bell-clanging sounds is now heard from afar, trumpeting, rumbling and sounds of trees breaking as they succumb to the might of the African Elephants is now a common feature in the newly established Il Motiok Group Ranch conservation area. It's in this scenic ranch located in the sprawling Naibung'a Conservancy in Laikipia District, where the Il Motiok Women Group has successfully penetrated the men-dominated eco-tourism enterprise. The project is supported to the tune of Ksh 7.7 million through the EU-Biodiversity Conservation Programme.

And how did it all happen? The Il Motiok Women group, seeing the great potential from other similar initiatives in the region motivated them to enter into partnership with the Laikipia Wildlife Forum (LWF). In 2003, they jointly developed a proposal targeting eco-tourism development as a way of generating income to improve their livelihoods. A first and critical step was to persuade the Group Ranch Committee to set aside some 5000 acres as a conservation area to facilitate effective conservation. However, there were no promising economic returns from wildlife, given that livestock was the only mainstay for the community. A new challenge from conversion to arable farming was imminent - at the detriment of wildlife conservation.

The project was approved the same year with a grant of Ksh 7,785,501 from BCP, Ksh 2,923,500 from the women group and Ksh 993,500 from two strategic partners (Laikipia Wildlife Forum and Mpala Ranch). The project was aimed at diversifying the income generation opportunities through development of eco-tourism support facilities, cultural products and honey production enterprise; assessment of the status of the rangeland resources and recommend the most appropriate and cost effective ways of sustainable rehabilitation; community awareness and capacity development to participate in biodiversity conservation and rangelands management; Il Motiok Group Ranch to market and manage the eco-tourism and beekeeping enterprises, as well as sustain security for the benefit of the community and wildlife that traverse the conservation area.

Three years down the line, the Project boosts as the only women-led eco-tourism initiative in the Maasai country where women generally do not participate in the decision-making processes especially such initiatives. The group has put up an infrastructure upon which tourism will be built. 5 eco-tourism bandas, 1 Kitchen facility, a mess area and piped water to the camp have been developed. A business partnership has been established with a private investor – Rift Valley Adventures, who specialise in river rafting, camping and walking safaris. As a result of this partnership, the Il Motiok Women Group is expecting in excess of Ksh 2 million through lease, conservation fee and bed nights in this year from a mere Kshs. 400,000 in the first year.

The range conditions have improved tremendously, turning the ranch into a “grass bank” for the conservancy. In addition, the seed funding from EU-BCP has assisted in leveraging action and resources from the US-based Princeton University who have offered to provide a complete solar lighting system to the eco-tourism facility. Bonus impacts have been realised by removing barriers (high illiteracy levels) to women's full involvement in the management of the enterprises. With support from the project, the group identified one of their own “daughters” to conduct adult literacy classes. The group chairlady confessed that as a result of the literacy classes she has moved from finger printing to signing her name in the financial transactions documents.

#### **Positive impacts:-**

- Income increased from Kshs. 400,000 between 2005 and Kshs. 2million in 2007
- BCP support attracted financial support for a sixth banda from USAID
- Illiteracy level brought down through literacy classes
- 10 people employed in the in the enterprise, mostly young men and girls
- Cattle rustling reduced through radio network and vehicle (secondary impacts)
- Land rehabilitated
- Partnerships build – community-private sector Rift Valley Adventures, Princeton University
- Project attracted funding from USAID and 6<sup>th</sup> larger banda build
- Piped water availed to local people
- Value addition to local artefacts added through training in beadwork
- Community sensitised on HIV and AIDS
- Donations provided

#### **Negative impacts:-**

- Loss of grazing area to tourism
- Risk of attack by wild animals
- Conflict between men and women – A case of economic empowerment on women
- Leadership problems – coups and countercoups
- Vested interest and interference by men – negative publicity
- Interference with social values – Women abandoning core family activities to pursue training

### **1.3 Limitations to the turnkey funding**

While CBT has greatly expanded since its introduction in the 1970s and identified as a major sector that will contribute towards poverty alleviation and vision 2030, however, the sector has not developed as expected due to many factors which include absence of a system to ensure equitable sharing of benefits and opportunities of tourism with local communities, inadequate financial outlay to fully develop the infrastructure, inadequate funding for tourism marketing and promotion. For example KTB receives Kshs. 500million towards marketing as opposed to a budget of Kshs. 1billion, few projects have generated sufficient benefits to either provide incentives for conservation or contribute to local poverty reduction. This is attributed to internal conflicts<sup>3</sup>, inadequate skills, financial mismanagement, failure to integrate a business approach with communities being keen to sell artifacts, no proper marketing skills, lack of appropriate facilities, roads, accommodation, low skills, governance issues (culture, elites, politics), inappropriate agreements favouring mostly private investors at the expense of the local community. Other problems touch on inability to draw proposals that can attract funds from donors, small areas involved compared to large tracks of land under protected areas, a small population that is involved, limited earnings, and even those indicated as successful have to depend on subsidy for many years, Il Ngwesi being a good case<sup>4</sup>. Other challenges include, complex nature of conservation linked tourism for the local community, poor local communities with low financial resources to exploit their natural resource base which is the very basis for high return for the private sector, local communities lack capital to provide appropriate infrastructure and services required for stimulating economic growth. In some cases national investors fail to attract credit especially for risky ventures until they enter into partnerships with external firms, at which point banks are willing to advance loans. There is lack of a strategy for development on community land and when it exists, it is limited to state lands.

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<sup>3</sup> In 2005, economic growth was greatly hampered in Ol Kiramatian when a member of the community torched two vehicles belonging to a private investor, after the member was dismissed as project manager. This led to TTF holding funds it had earlier approved towards enhanced infrastructure development. In Siana project a project officer hid the project vehicle in Nairobi to frustrate a new management committee from taking over the management of the project.

<sup>4</sup> The community project is facing a court case after a client was injured by an elephant while visiting the ranch. The client is seeking Kshs. 100million compensation.

***Case 2: Lessons learnt from BCP in grants management***

- The grant application procedure is complicated for the local semi illiterate communities with complicated terms such as log frame, matching environmental objectives and activities to the CDTF standard application form, there is too much text and planning prior to projects getting approved.
- The focus on CBOs means that some very young CBOs get swamped with too much money for their capacity. The latter is addressed through involvement of strategic partners to help CBOs develop appropriate capacity to deal with BCP funding.
- Lack of capacity by communities to manage complex conservation initiatives. The problem is being addressed by use of strategic partners to provide technical backstopping or integrating technical government departments in community projects.
- Grant administrators commonly lack adequate time to fully interact with communities to understand their problems in depth and provide answers. However, too much time with local communities might result to micro-management. There is need for the grant managers to establish a relationship with strategic partners to ensure that programme objectives are met without overwhelming the grant administrators with too much involvement in project implementation.
- Some projects lack accountability and transparency, which occasionally delay implementation when such projects are audited. Before CBOs are given resources there must be prove of financial capacity and reporting otherwise strategic partners become handy in ensuring that CBOs receive on job training and capacity to manage their projects. Some strategic partners have shown that this can work.
- Diversity in donor conditions: Some communities had previously benefited from other donors whose conditions are less stringent and are at times uncooperative after signing the financing agreement. The problem is that many development agencies usually do not expect accountability since the projects are simple and very straightforward e.g. piping water, building a school etc very different from difficult unique initiatives such as development of eco-tourism facilities where even the definition itself is neither reconciled nor understood. More over, pure development projects derive 100% benefits to local people whereas conservation projects are an investment of human effort for a potential future benefit.
- Conservation development efforts have been hampered through skewed allocation of resources with most funds supporting administrative costs and little on conservation efforts. CDTF allocates 25% to cover administrative costs while 75% goes towards development issues. Some strategic partners have argued that the 10% allocation by BCP needs to be increased to 15% for effective project administration both to NGOs and CBOs.
- There are many conservation NGOs and CBOs formed to exploit donor funds which explains low level of conservation
- Communities living in close proximity to conservation areas are very poor probably because of losses attributable to wildlife damage
- Protected areas are being converted into ecological islands through loss of migratory routes and wildlife corridors
- Conservation based enterprises take long to realize returns
- Internal conflicts – 80% of the projects facing some internal conflicts
- Lack of an investor though infrastructure development – Kalama, Elerai
- Procurement issues – Imenti, Amboseli scouts
- Unscrupulous private investors
- Failure to comply with Financing Agreement
- Politics – Some communities have failed to receive donor funds due to politics e.g. Kormoto ranch
- Court injunctions – Imenti fence extension project

#### **1.4 Way forward**

- There is need to develop standards and regulations for environmental and cultural impact assessment, monitoring and auditing of existing development, develop pricing policies for use of eco-tourism sites to reflect the true cost of operating and maintaining such areas sustainably.
- To also develop mechanisms to ensure innovative funding mechanisms to ensure long term support e.g. green taxes on tourists, conservation fees.
- There is need to build capacity for local people to negotiate with private investors to ensure they get true value of their natural resource.
- There is need to build capacity of local communities in proposal development to enable them effectively compete for donor funds.
- Marketing of the tourist product to be integrated in project development while issues of value addition need to be addressed.
- Need to harmonize donor conditions while targeting the same community.
- There is need to explore how local communities can contribute more towards infrastructure development.
- There is need to have a system where donor funds do not end up benefiting the private investor at the expense of the local community.

#### **1.5 Community based tourism costs in Kenya**

The cost to tourism relates to the cost of establishing conservation areas and then maintaining them. These costs, which are direct or indirect, are classified as:-

##### **1.5.1 Management costs entail:-**

- Costs of equipment
- Capital
- Wages
- Buildings
- Running costs
- Policing

### 1.5.2 Indirect costs cover:-

- Loss of grazing land
- Increased conflicts – funds
- Bloated expectation
- Erosion of family values
- Environmental degradation
- Human disease and injury
- Livestock losses
- Crop destruction
- Competition for resources

### 1.5.3 Opportunity costs

- Alternative land uses
- Technologies
- Profits forgone

## 2.0 Who is in Community Based Tourism in Kenya?

Table 7 International, regional and National agencies involved in tourism in Kenya

International; Donor community	UNDP, USAID, World Bank, EU
International; Support agencies	WWF, USAID
Regional	East Africa Wildlife Society, AWF
National	KWS, ACC, National Museums of Kenya, Nature Kenya

### 2.1 Funding Sources

- Central government
- Royalties & Fees
- Multilateral and bilateral donors

- Trust funds
- Private sector funding
- Endowments

### ***2.1.1 Government***

This is either through domestic financing and budgetary allocations or through government revenue and borrowing. Government funding towards Community Based Tourism is generally low due to the low priority given to this sector. Government support is also rare and most development is through external support. There is need to increase budgetary allocation to tourism through:-

- Proper justification of conservation by properly understanding the resource base and giving proper value to conservation (Economic, social-cultural and ecological).
- Managing Community Based Tourism as a business by embracing the concept of community-private sector enterprises where the transparency becomes a key element of the partnership.

Government sources are user fees which either target foreign tourists to Parks and Reserves, estimated at Kshs. 20,000 million (Economic Survey 2001, 2002, 2003) and fees and taxes that apply to individuals or business residents which account for Kshs. 3billion. Tourism charges include park entry fees, airport taxes, hotel surcharges, conservation fees and sporting which accounted for Kshs. 21,734 million in 2002 and which was a decline by 10.4% compared to 24,256million in 2001 (Economic Survey, 2003).

### ***2.1.2 Trust Funds***

These are a funding mechanism where a donor country or countries channel financial resources through the government or NGOs in support of tourism development. Individuals also contribute. These therefore are multilateral, bilateral or privately initiated. Funding is also released based on project appraisals, concepts among other requirements. Trust funds are also known as environmental funds, national

environmental funds or conservation funds. In Kenya, Community Development Trust Fund (CDTF) and Tourism Trust Fund (TTF) are the best examples both under support of the EU. The Biodiversity Conservation Programme (BCP), a five year programme (2000-2006) had a total of budget of Kshs. 400 million to support biodiversity conservation. Its predecessor, the Community Environment Facility (CEF) has a total of Kshs. 760million. TTF has an allocation of more than Kshs. 1billion. TTF offers grants towards tourism projects that demonstrate a link with a local community with clear funding criteria. The grant ranges between Kshs. 5-50million. For example for period 2006/07, TTF had disbursed some Kshs. 34million out of Kshs. 384million towards 42 tourism initiatives.

### ***2.1.3 Donors***

The international community provides the bulk of tourism finances, which are either in the form of grants or loans. Donors are either international or national and bilateral or multilateral.

### ***2.1.4 International donors -Bilateral and multilateral development***

Bilateral donors; In Kenya, most of the foreign countries, and especially of the developed economies with embassies in the country support development initiatives locally. This financing mechanism and arrangement through Treasury in the Ministry of Finance are entered at the government level. Of the support provided, tourism development forms an important focus. Over the years, this financing has been channeled through overseas development offices of the providing countries. The support is directed to broad programmes management through dedicated department or government institutions in tourism in particular such as Kenya Wildlife Service, among others. Examples of such funding arrangements include;

- United States International Development – the support to conservation through COBRA managed by KWS
- United States International Development – the support to conservation through consortiums under CORE
- Kenya Wildlife Service in the 1990s under the PAWS

Multilateral donors; Like bilateral donors, multilateral donors have been providing support in the country over a long period in the country. The difference is rather minimal; based on the sourcing of funds, project coverage and utilization and management mechanisms. Multilateral donors are mainly made up of leading economic blocks and institutions as well as international agencies under the UN framework. Most of the programmes they support are 'outside' designed and monitored. They also present an international rather than local importance although such may incorporate micro-community based interventions and targeting. In other cases, the arrangement is multilateral in the nature of funding – where various donors pull resources to fund a single but broad conservation or development theme. Within the East Africa region, known multilateral programmes include;

- PAWS of KWS – funded by DfID, USAID, KfW, World Bank, JICA, DGIS
- Community Environment Facility under CDTF – funded by the European Union
- Tourism Trust Fund – funded by the European Union
- Community Based Natural Resources Management – funded by USAID
- The COMPACT project in Mt. Kenya – funded through UNDP and GEF.

The key international partners in tourism include the European Union (EU), United States International Development (USAID), and United Nations Development Programme (UNDP)

### **3.0 Funding guidelines**

Each of the funding agencies has developed its own eligibility and funding principles. For a Community Based Tourism project to attract funding, it has to meet certain eligibility criteria. There are donors who provide proposal development funds where a concept is developed into a full proposal by the donor providing both technical and financial support to the beneficiary. The best example is GEF, which gives up to Kshs. 3,500,000 towards the same. The Community Environment Facility (CEF) of the European Union allows some Kshs. 350,000 for proposal development. Other donors only support activities that go directly towards tourism development.

*Case 3: Illustration of funding guidelines – The Community Environment Facility (CEF)*

The Community Environment Facility (CEF) funded under the European Union was created by the Kenya government to provide financial and technical support to communities to participate in initiatives that link environment and poverty in priority areas. The four-year Programme (2006-2010) has a total investment budget of Kshs. 430 million with an integrated project receiving a maximum of Kshs. 25million. The Programme will contribute to reduced poverty through improved environmental management. The funding covers: *Initiatives that integrate sound environmental management practices into the national and local development agenda; developing capacities of local and national level stakeholders to engage in effective management of the natural resource base; supporting community driven initiatives that reduce poverty while promoting sound environmental management; supporting community initiatives that reduce conflicts and threats to the environment.* The Programme is integrated within and complementary to the existing CDTF, established jointly by the European Commission and the Kenya government on 26<sup>th</sup> March 1996 under legal notice No. 303 of the Exchequer and Audit Act of the Government of Kenya, a legal framework for the Community Development Programme (CDP). The funding is demand driven where the beneficiaries send funding proposals to CEF. The received proposals are subjected to the following process: -

1. Desk Appraisal- to ensure that proposals conform with set out objectives.
2. Field appraisal to verify the facts on the ground
3. Project Management Unit (PMU) appraisal- to ensure that all issues relating to CEF objectives are addressed and also to get a consensus on the suitability of the proposal
4. Technical Advisory Committee appraisal- A technical review is carried out to ensure that project proposals prepared and appraised by PMU meet the funding criteria as set by the board of trustees.
5. Board of trustees (BoT) approval- to ensure that supported projects are relevant and inline with the country's objectives and policy direction.
6. Financing agreement will contain obligation of the contracting agency & beneficiaries
7. Monitoring- Project monitoring will be on regular basis by the PMU with quarterly reports submitted to BoT while annual reports will be prepared and assessed to ensure meeting of objectives
8. Reviews/evaluation reports-mid-term and final evaluation at the end of the project
9. Project hand over-Issuance of completion certificate

#### **4.0 Potential sources of funding**

There is need to allocate sufficient and sustainable finances towards Tourism development programmes. Some of these sustainable financial sources include: -

- Improving existing ones
- Developing new ones
- Encouraging tourism investment
- Soliciting private donations

##### *4.1 Improving existing ones*

- Renegotiating lease for facilities (lodges, tented camps, campsites)
- Improving existing charges (conservation fees)
- Efficiency of revenue collection
- Strengthening eco-tourism
- Re-evaluating management costs (private investor)

##### *4.2 Developing new ones*

- Bioprospecting-coral reefs and plant based medicines (aloe)
- Tradeable carbon dioxide permits
- Eco-options (safari.com)
- Hiring out services
- Adopting plants and animals

##### *4.3 Encouraging conservation investment*

- Biodiversity leases, franchises & concessions
- Joint ventures in biodiversity business

##### *4.4 Soliciting private donations*

- Income tax relief on private donations-charitable giving in the USA & Canada- US Inland Revenue has granted tax-deductible charity status.

- Corporate giving-BP, BirdLife, Kenya Breweries Limited, Coopers Motor Corporation, Toyota Kenya, Kenya Vehicle Manufactures, Coca-Cola, DT Dobie
- Advertising & sponsorship – Banks

## **5.0 Strategies for fund raising**

- Advertisements - Canon Europa has entered into partnership with WWF where jointly will raise environmental awareness through joint promotional and marketing activities. Other advertising partnerships are with the Italian pasta manufacturer. Other initiatives are corporate club partnerships. These corporate clubs provide financial support towards conservation programmes while they benefit from attending events affiliated to WWF.
- Funs, walks and runs - Safaricom has supported conservation through Lewa marathon since 2000 raising a total of Kshs. 30million (US\$400,000) Kshs. 7,360,890 (US\$ 100,000) was raised in 2003 towards conservation projects in northern Kenya (The Option. Safaricom magazine April-June 2004). OL Gaboli has planned a bicycle ride to raise funds for tourism development.
- Social Corporate responsibilities - As part of its social responsibility notwithstanding that paper on which printing depends emanate from forests, the Nation Media Group pledged Kshs. 1.4 million every year for the next four years towards the construction of the Aberdare fence through the Nation Aberdare Forest Fund. (Arkive). The Newsletter of Rhino Ark No. 21, 2002). The amount however totaled to Kshs. 9million within one year of the launch.
- Exhibitions & trade fairs; Tourism week, annual hospitality exhibition in Sarit Center, Nairobi.
- Donations- Safaricom given Kshs. 9million towards agro-forestry around Ngare Ndare forest and 3million to Kalama.