



BUSINESS CASE AND INVESTMENT RATIONALE



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With support from



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EXECUTIVE SUMMARY

The **Green Heart Project** is designed to deliver the preferred strategy set out in the **Tana River Delta Land Use Plan (2014)**. Together, these documents offer a vision for the future and a practical development programme that will be achieved in five phases over the next thirty years.

To achieve these goals a new partnership is being established between government at both national and county level, the private sector, communities, and environmentalists. It will be led by the independent **Tana Delta Sustainability Board**.

The **Green Heart Project** has two elements:

- A. A **Green Heartland**, covering the entire Delta where production services are based on green development principles. This area includes the farms where out-growers will practice environmentally friendly means of production to produce fish, livestock meat, milk, vegetables, rice, fruits, honey, prawns etc and conservancies where tourists will enjoy scenery and wildlife and river riding etc.
- B. One or more **Industrial Estates** where private companies, including local entrepreneurs, will set up their manufacturing/ processing/ collection/ packaging bases. Public funds will be provided to assist in the creation of basic infrastructure including roads, electricity, water and toilets and space for godowns to be erected by private investors.

The Delta has untapped potential for agricultural development, including livestock rearing, vegetable, rice and fruit farming, natural products like medicinal plants and eco-tourism. Over the next 30 years, a partnership of local communities and private businesses will harness these resources for the benefit of local people, the region and the country while also protecting this internationally important wetland.

Primary economic activities in the Green Heart will involve livestock rearing, fruit and vegetable farming and other forms of natural resource production. These activities are summarised herein.

Livestock Rearing: 20,000 ha will be set aside for grazing improved strains of beef cattle. The grazing area will preserve precious wetland and encourage increased biodiversity. A new abattoir and meat processing plant will be built near Garsen with the capacity to handle 60,000 animals a year, carrying a premium price based on the quality of the 'Green Heart' brand. This is a development goal of national

significance and the Green Heart livestock industry has the potential for a turnover exceeding Ksh. 2-4 billion a year.

Vegetable Farming: The Green Heart Project will create opportunities for both private and community-based enterprises using solar-powered irrigation. Five thousand Ha of farmland will be identified for growing tomato, chillies, greengram, cassava, beans, peas, melons, cowpeas, onions, kale, and cabbage. The average size of each community farm will be 50 hectares, resulting in the creation of up to eighty new farms on 4,000 hectares. A further 1,000 hectares will be allocated for farming extensive crops like maize, sunflower, and legumes. At full production, this area will produce over 125,000 tonnes of vegetables a year with a market value of Ksh 4.3 billion.

Rice Production: 3,000 ha will be allocated for rice cultivation. This land will be transferred from TARDA to the Tana Delta Sustainability Board to ensure local engagement in this important industry with the potential to achieve production levels of three tonnes per hectare generating over Ksh 500 million a year.

Fruit Growing: Fruit production and processing has the potential to become a major industry in the Delta 2,000 hectares of new fruit orchards will be planted, each with an average size of 50 hectares. Annual turnover could rise to Ksh 1.2 billion within 15 years.

In addition, there is potential to capitalise on the unique environmental qualities of the Delta by promoting other natural resource products, including fish, honey, and medicinal plants. These activities can be combined with the management of nature conservancies and eco-tourism. This group of activities could generate a further Ksh 300 million a year.

MISSION STATEMENT

"The Tana Delta GREENHEART" project will transform the lives of people living within and around the Tana Delta by promoting sustainable economic growth and protection of the environment, creating new jobs and livelihoods, and boosting the regional and

Over the next 30 years, a partnership of local communities and private businesses will harness these resources for the benefit of local people, the region and the country while also protecting this internationally important wetland.

The gross value of annual turnover in all of these economic sectors will be in the region of 8.7 billion shillings by 2030 with potential profit levels, based on current gross margins of Ksh 2.5 billion (USD 24 million) by 2030

The **Green Heart** programme will create around 1,500 new full-time jobs in livestock rearing and over 18,000 jobs in all other sectors.

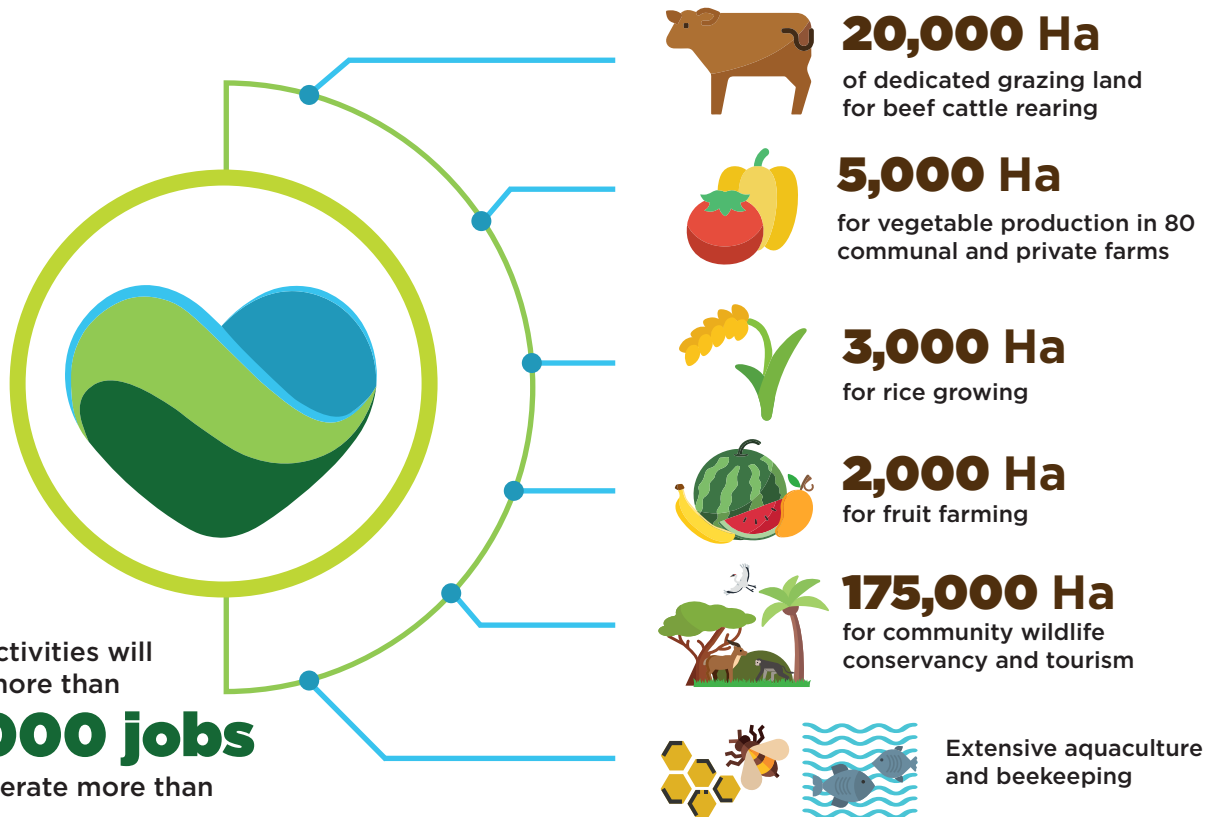
The Green Heart Project will be a flagship enterprise of County Government, led by an independent and highly qualified group of individuals sitting on the Tana Delta Sustainability Board. The Board will be supported by topflight professionals. An ambitious development programme will be launched in 2021. This will commence with the appointment of Board Members and the establishment of the first Pilot Industrial Estate near Garsen. Intensive discussions will take place with all community leaders and entrepreneurs within the Tana Delta and with national and International investors. The

first marketing initiatives will be promoted under the Tana Green Heart Brand before the end of 2021, relying on the commitment and enthusiasm which has already been shown in the concept by more than a thousand local activists.

As the programme is developed during 2021, high level meetings and conferences are planned in Mombasa and Nairobi to bring on-board national and international sponsors.

Success will guarantee peace and stability in a region which has experienced more than its share of turmoil and ethnic division in the past, the Project will provide for food security in the Lower Tana River Basin and it will contribute to the continuing growth of the national economy. Critically, however, The Green Heart Project will achieve all these objectives while also striving for the greater goal of environmental protection and a new approach to sustainable development in the face of global climate change.

The Green Heart Targets



These activities will create more than

19,000 jobs

and generate more than

Ksh 8.7 billion

with profits of

Ksh 2.5 billion

annually

INTRODUCTION

This document sets out the business case and economic rationale underlying the Tana Delta Green Heart Project. It is based on rigorous research and careful assessment of both opportunities and risks. This summary is a digest of the Main Report which extends to 100 pages of detailed analysis and is published separately. The Summary Report presents a summary of the analysis, findings, and recommendations, but excludes much of the supporting data in the interests of brevity.

Tana River Delta covers 130,000 hectares on the northern coast of Kenya. This internationally important wetland has the potential to make a significant contribution to Kenya's economy which is dominated by a rapidly expanding and increasingly profitable agricultural sector. The Delta is also part of the cultural and social heart of the coastal region with great opportunities for tourism.

The Green Heart Project is designed around Vision 2030, two key elements of the President's Big Four Agenda (agriculture and manufacturing), the development plans for Tana River and Lamu County Governments, the Tana River Delta Land Use Plan and the Kenya National Agriculture Investment Plan. It also takes into consideration the latest thinking on planning

for sustainable development, adaptation to global warming, and related financial investment priorities.

Realization of the Delta's full economic, social and environmental potential depends upon overcoming historical constraints which have included ethnic tensions, competition over land and water and misguided infrastructure development. However, over the last six years significant progress has been made in addressing these problems and a new spirit of optimism is growing in the Delta, guided by the strategic Tana River Delta Land Use Plan (TRDLUP) adopted by the Tana and Lamu County Governments and the National Government in 2014.

The Green Heart Project is based on the strategy set out in the TRDLUP. Together they offer a vision for the future, but also a practical development programme which will be achieved in five-year phases over the next thirty years.

In simple terms The Green Heart Project will brand and promote the Tana River Delta as an area with exceptional agricultural potential, while retaining its pre-eminent position as one of the most important ecosystems in East Africa.



A Sustainable Pathway

In 2011, the Tana River Delta Land Use Plan, an agreed framework to guide the management of land and natural resources at the Delta, was developed.

Now in its implementation phase, the land use plan seeks to protect the unique environmental qualities of the Delta and achieve a balanced approach towards sustainable development. Water lies at the heart of the Tana Delta. All economic activities in the area rely on the continued flow of River Tana. Wise use of water, land and other natural resources holds the key to a sustainable future of the Delta.



THE CONTEXT

Project Concept

The basic concept of the Tana Green Heart Project relies on coordinating the production, processing, and marketing of produce from the Tana River Delta to add value to raw materials, increase employment, improve social conditions and community welfare and enhance protection of the area's rich biodiversity.

Underlying the Green Heart Project is a simple premise: environmental enhancement is not a cost to be borne, but an investment that adds value to natural resources which underpin the Delta's economic activities. Each individual business enterprise will play its part in the protection of water, soils, vegetation, and wildlife within the Tana River Delta. At the same time emphasis will be placed on providing local communities with the knowledge and skills to maintain their environment and in the process, safeguard their own livelihoods and those of future generations.

Role of the Land Use Plan

The Green Heart Initiative starts with the major advantage that it is underwritten by the statutory Tana River Delta Land Use Plan which is based on a careful blend of social welfare reforms, environmental conservation ethics and viable commercial development. Unlike land use initiatives in many parts of Africa, and indeed most parts of the world, the Land Use Plan has a clear, legally binding planning framework and its policies have the force of law.

The Vision

The Green Heart Project is inspired by the vision that the natural resources of the Tana Delta can be harnessed to improve food security and develop commercial enterprises of national significance, by utilising eco-system services and at the same time improving social conditions and protecting the environment.

Mission Statement

This vision is translated into a specific mission statement: *"The Tana Delta Green Heart" project will transform the lives of people living within and around the Tana Delta by promoting sustainable economic growth and protection of the environment, creating new jobs and livelihoods, and boosting the regional and national economy"*

Theory of Change

Achieving the vision and mission statement for the Green Heart Project will require some fundamental changes in attitudes and approach on the part of all the partnership members starting with Government and moving down to every community and individual entrepreneur. Global events show that every aspect of human activity is vulnerable to climate change, the spread of pandemics and natural disasters. New ways of working are required if these challenges are to be met. The process of managing this change of attitudes started with the TRD Land Use Plan and will be scaled up to cover all activities in the Delta.

Sustainability and the Green Economy

In 2020, the world woke up to the ravages of climate change, the power of nature, and the impacts of a pandemic. Challenges like this are not new to the people of the Tana River Delta, but they will bring radical change to the way in which land use decisions and the global economy are managed in future. Individual investors and financial markets are placing increasing emphasis on managing environmental risk and ensuring that growth is fully sustainable. It is increasingly being recognised that traditional accounting frameworks for resource development have failed to consider natural resource depletion or recognise the value of the services that are provided by land, water, air, plants and animals towards human development. These are not just the views of committed environmentalists but are strongly held by some of the worlds' most influential financial leaders like USB Global and Credit Suisse.

Tana Delta Sustainability Board

The Green Heart Initiative will be administered by a new Public-Private Partnership led by the Tana Delta Sustainability Board, supported by government at both national and county level. Members of the Partnership will include the Delta communities, local entrepreneurs, and national investors supported by international investors and aid agencies who recognise that sustainable development is vital not only for individual areas like the Tana Delta but for the entire planet.

Components of the Green Heart Project

The Green Heart Project is made up of two interrelated elements:



A **Green Heartland**, covering the entire Delta where production services are based on green development principles. This area includes the farms where out-growers will practice environmentally friendly means of production to produce fish, livestock meat, milk, vegetables, rice, fruits, honey, prawns etc and conservancies where tourists will enjoy scenery and wildlife and river riding etc.



One or more **Industrial Estates** where private companies, including local entrepreneurs will set up their manufacturing/ processing/ collection/ packaging bases. Public funds will be provided to assist in the creation of basic infrastructure including roads, electricity, water and toilets and space for godowns to be erected by private investors.

Activities in the Green Heartland

Primary economic activities in the Green Heart will involve livestock rearing, fruit and vegetable farming and other forms of natural resource production. These activities are summarised below. All cost estimates are based on current prices.



Livestock Rearing: Over a period of 5-10 years, 20,000 ha will be set aside as dedicated grazing areas for fattening improved strains of beef cattle which will be slaughtered and processed by a purpose-built abattoir and processing/packing plant close to Garsen. The grazing area will preserve precious wetland and encourage increased biodiversity. The ultimate throughput after ten years will be around 60,000 animals a year, carrying a premium price based on the quality of the 'Green Heart' brand. This is a development goal of national significance and the Green Heart livestock industry has the potential for a turnover exceeding Ksh 2-4 billion a year. A bankable feasibility study will be required to determine the timescale, facilities design, management structure and investment plan for the livestock programme.



Vegetable Farming: The Green Heart Project will create opportunities for both private and community-based enterprises using solar-powered irrigation. Up to 5,000 Ha of farmland will be identified for growing tomato, chillies, greengram, cassava, beans, peas, melons, cowpeas, onions, kale and cabbage. The average size of each community farm will be 50 hectares, resulting in the creation of up to eighty new farms on 4,000 hectares. A further 1,000 hectares will be allocated for farming extensive crops like maize, sunflower, and legumes. At full production, this area will produce over 125,000 tonnes of vegetables with a market value of Ksh 4.3 billion.



Rice Production: In addition to vegetable production 3,000 ha will be allocated for rice cultivation. It is proposed that this land is transferred from TARDA to the Tana Delta Sustainability Board to ensure local engagement in this important industry with the potential to achieve production levels of three tonnes per hectare generating over Ksh 500 million a year.



Fruit Growing: Weather conditions in the Tana River Delta are ideally suited for growing fruits like mango, pawpaw, banana, and pineapple. Fruit processing has the potential to become a major industry in the Delta based on the research which has been

undertaken. The Tana River Delta Land Use Plan projects that 2,000 hectares of new fruit orchards will be planted, each with an average size of 50 hectares. Annual turnover could rise to Ksh 1.2 billion within 15 years.

In addition to livestock and vegetable and fruit farming, there is potential to capitalise on the unique environmental qualities of the Delta by promoting other natural resource products, including fish, honey, and medicinal plants. These activities can be combined with the management of nature conservancies and eco-tourism. This group of activities could generate a further Ksh 300 million a year.

The gross value of annual turnover in all these economic sectors will be in the region of 8.7 billion shillings by 2030. A

more detailed assessment of potential profit levels, based on current gross margins for the respective commodities (Gross income - fixed costs) indicates an annual income of Ksh 2.5 billion (USD 24 million) by 2030.

All the commercial activities described in the preceding paragraphs are in addition to farm development programmes which will assist the local communities to improve their own farming activities for domestic crops to achieve complete food security.

Separate analysis of potential jobs and livelihoods creation was undertaken as part of the research for the TRDLUP. The development programme would create around 1,500 new full-time jobs in livestock rearing and over 18,000 jobs in all other sectors.

The activities described above will take time to develop and a 10-15-year programme is envisaged which will be developed in greater detail by the Tana Delta Sustainability Board. However, basic production is only the starting point for the Green Heart Project because, with water, power and under-utilised labour, the Tana Delta is well placed to become a centre of natural resources processing industry.



Development of Industrial Estates

Primary production within the Delta heartland will provide the raw materials to support a number of specific 'cluster' activities covering meat, dairy, fruit vegetables, natural raw materials and fish processing. Products will be sold nationally with a strong marketing identity under a collective Tana Delta brand name "Green Heart". These activities will include:

- Processing and preserving of meat
- Processing and preserving of fish, crustaceans, and shellfish
- Processing and preserving of fruit and vegetables
- Manufacture of vegetable and animal oils and fats
- Manufacture of dairy products
- Manufacture of soft drinks; production of mineral waters and other bottled waters
- Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, and harness.
- Manufacture of other products of wood; manufacture of articles of cork, straw, and plaiting
- Manufacture of pharmaceuticals, medicinal, chemical, and botanical products.



A pilot Green Heart Industrial Estate will be established close to Garsen where favourable conditions exist including excellent road communications, mains electricity (as well as solar potential), water from the River tana and a resident labour force.

The Green Heart Project will take up the TRD-LUP target for the development and equipment of six individual factories by 2030 with a combined floor space of 180,000 m², and construction costs of 30,000 Ksh/m² by 2030, amounting to a gross capital investment of Ksh 5.4 billion (USD 50 million). Work at other sites, namely Tarasaa and Witu with additional development at Kipini, should be funded progressively over a number of years.

A New Governance Model

Structure of the Tana Delta Sustainability Board

The Tana Green Heart Project will be led by the Tana Delta Sustainability Board. The TDSB will have 11 members. Its Chairperson will be appointed by the Tana River County Governor and its Vice Chairperson will be appointed by the Lamu County Governor. Both leaders will be individuals of high standing, resident within the Delta region, having a strong track record in public service and a reputation for clear headed and objective decision-making. These posts will be non-political. Other members will be selected according to a criteria set out. It will be important to include at least four women members of the board.

The Board will be supported by an executive arm that is fully equipped with the expertise to deal with national and international contract law, business management, and the whole range of standards and quality controls. Certain of these functions might be provided through the County Governments, but the Board itself will need to be advised by top-flight business executives.

This new governance model will not conflict with the duties and functions of the County Government but will work in parallel with them. Many key decisions will continue to be made within the existing framework of government, but the scale and complexity of the project demands its own management structure, which can operate on a continuous programme for at least the next 30 years, This will help to ensure continuity from one administrative cycle to the next.

This change is necessary because large areas of land within the Tana Delta have been controlled centrally for decades and, for a variety of reasons, these areas have remained unproductive. In some cases, this has been due to natural causes like extreme flooding events, but in others, failure can be attributed to poor management practices which have been operated remotely by central government, often with inadequate financial control and misappropriation of state funds.

Role of the Public Sector

Given the ambitious scope of the Green Heart Project and its 30-year time horizon it is clear that a strong partnership will need to be forged between the public and private sectors and also the local communities within the Delta.

The County Governments will apply public funds from the outset to create the necessary infrastructure but will subsequently recover their investment in the form of land rents or business rates from individual companies which choose to locate in the Tana Delta. Land held as part of the original Tana Delta Integrated Project will be brought under County Government ownership or management. This area, extending up to 3000 hectares is the most important resource for the agri-business sector and the eventual success of the Green Heart Project. Early negotiations are required between the Tana River County and National Government to secure the transfer of all land held by TARDA to the Green Heart Project.

Investment in Irrigation

A thorough review of existing failed irrigation systems will be undertaken with the relevant authorities including the National Irrigation Board. Innovative methods will be explored for linking the Tana River to the TDIP feeder canal. These options include extension of the existing canal by 500 metres to tap a more stable section of the main river channel and/or the introduction of high-powered pumps on floating pontoons which can be retracted during periods of flooding. All irrigation schemes will be developed in ways which ensure ecological integrity while avoiding pollution of the water ways and river canals.

Initial Design and Construction of Industrial Estates

Tana River County will commit public funding to the demarcation, design and initial lay-out of the first pilot industrial estate in the vicinity of Minjila (Garsen/Idsowe).

Role of the Private Sector

Every effort will be made to attract some of the most innovative private sector companies to invest in the Tana Delta. These companies will require assistance in taking the first steps to invest because it will take time to develop the necessary infrastructure and production.

Some private sector partners will wish to take full control over the development of their own commercial enterprises, even though these fall under the banner of the Green Heart Project. This may entail buying or leasing land on which to grow fruit or vegetables and acquiring development sites for storage/transit stations and/or factories. Private developers will need to enter into formal agreements to maintain the quality standards set by the TDSB, and to make financial contributions to the overall sustainability of the Green Heart Project. These terms and conditions will be set in advance by the TDSB.

Other established private sector investors may choose to rent accommodation on an annual basis or take long leases on factories built to a standard specification on the Green Heart Industrial Estates.

A third category of investors will comprise embryonic start-up businesses launched by local people. Every effort should be made by the TDSB to attract local entrepreneurs who are interested in processing local products like vegetables, fruit, honey, and crafts.

In order to ensure that quality standards are maintained in the private sector, it will be necessary for the TDSB to devise its own quality standards and these, in turn, will need to be aligned with international food quality and certification regulations.

The Role of Local Communities

For more than a decade, Nature Kenya and other organisations have worked with the 104 village communities in the Delta, developing self-help initiatives, like beekeeping, the installation of cattle dips and milk cooling facilities. Detailed research during the preparation of this report has highlighted several existing success stories.

The survey covered ten organisations with over 2,300 members and explored both the opportunities and constraints faced by the different cooperatives and individual entrepreneurs. There was overwhelming support for the concept and ideas which underpin the Green Heart Project and a clear indication that there would be rapid take up of its planned initiatives within the first year of operations.

An early action for the TDSB will be to increase engagement with the local communities. Teams of agricultural advisors, environmental specialists and sustainability experts will visit each village to hold discussions and help identify land for production of cash crops, in addition to the areas needed for subsistence and food security by the communities themselves. An inventory will be produced for the entire Tana River Delta, showing land areas and their potential for the different types of produce within the first two years of the Green Heart Project.



Engagement of Cooperatives

Large and medium scale businesses are expected to engage in some of the biggest marketing initiatives but production of most raw materials, fruit and vegetables will be undertaken by individual entrepreneurs and farming cooperatives.

Local communities have learnt through bitter experience that reliance on bureaucratic processes and corrupt national agencies cannot guarantee their livelihoods. They will therefore be suspicious of centrally controlled marketing operations and will expect to exercise substantial control over their own affairs. At the same time, it must be recognised that loose associations of individual farmers can also lead to internal disagreements and inefficiencies.

These concerns require that different models are considered. One option is to allow market forces to identify individual operators who can select their own markets, organise transport and negotiate with individual farmers and cooperatives to buy crops as and when required. However, this model risks undermining the image of the Tana Brand if the marketing operatives fail to sustain the supply lines in

terms of the quantity and quality of produce, or the timescales for delivery to customers. Another approach will be to establish an internal business under the control of TDSB, with its own cost centre, charged with building up the network of agricultural suppliers and identifying and supplying the markets. Yet another option is to anticipate that some farmers may prefer to run their own family or cooperative businesses, where some members engage in crop production, others provide the transport, and sales are made directly to family and friends who handle retailing in the local towns.

The Role of NGOs and Charitable Organisations

The challenges of the Tana Delta have captured the interest of researchers, NGOs and International Charities for more than two decades and as a result, many organisations have either committed their own funds or persuaded other charitable bodies to underwrite the costs of detailed studies and investigations. Sadly, many of these studies have been largely academic. There are relatively few bodies who have maintained the level of commitment shown by Nature Kenya towards both protecting an internationally important resource but also helping its impoverished communities.

Efforts should be made to coordinate future research and assistance programmes under the banner of the Green Heart Project to maximise the value and efficiency of very welcome support from NGOs and charities.

Economic and Financial Aims

The business case is driven by recognition that prosperity in the Tana River Delta and the protection of its environment will only be achieved if all the contributors see direct benefits in terms of their own expectations:

- Individual and national investors will want to see a stable investment environment with good labour relationships, adequate resources (power, water and transport); fair competition, assured markets and reliable prices.
- For communities, benefits should include more money for each family to plan their own futures, better quality of life and improved prospects for parents and their children,
- At the same time conservation bodies and environmental regulators like NEMA will want to see regulated access and wise use and improved rangeland management leading to improved sustainable livelihoods, security, equity, and biodiversity conservation.

The National Economy

Economic growth in the Tana River Delta is being planned in conjunction with national aspirations, including the Government's ambitious strategy for the LAPSET Corridor and related infrastructure programmes. These involve upgrading the highway network in the North East and building the High Grand Falls Dam.

The Green Heart Project has a 30-year timescale, and it is important to recognise the changes that will take place in Kenya in that time horizon. The country's population currently stands at 47 million. It is projected to increase to 95 million by 2050, representing a doubling and indicating that food must be found for another 47 million. This is the strongest possible justification for a project that is designed to maximise crop production for human consumption rather than the production of commodities that are destined for international markets like maize, soy and sugar.

In the ten years from 2009 to 2019, Kenya's Gross Domestic Product (GDP) has more than doubled from USD 40 to 95 billion. The agricultural sector has shown the strongest growth, increasing its share of the economy by 11%, from 23% in 2009 to 34% in 2019. It is noteworthy that about 75% of Kenya's population of roughly 48.5 million work at least part-time in the agricultural sector, including livestock and pastoral activities. Over 75% of agricultural output is from small-scale, rain-fed farming or livestock production. (data from the World Bank).

Local Economy

More than 90% of the Tana River Delta lies within Tana River County, so the structure of its local economy is heavily influenced by land use practices and markets that are already established in the county. Most of the area outside the Delta and River valley is rangeland, with agriculture contributing around 82% of family incomes (GoK 2013). Less than 6% of the land is under crop farming and most of this lies in the floodplain of the River Tana. The Governor's office has specifically identified the main crops in the project area including maize, rice, mangoes (an important cash crop) and bananas. Other crops include cassava, greengrams, beans, peas, melons, cowpeas, papaws, tomatoes, kales, onions, and cabbages.

The Tana River Green Heart Project offers a vision for the future and a means of achieving this goal within the next thirty years to:



Generate wealth in a sustainable manner



Safeguard vital wetlands and other habitats in the Delta



Boost the livelihoods of the 120,000 communities members

THE DEVELOPMENT PLAN

The Green Heart will be developed in discrete phases. Phase 1 will involve:

- Confirmation of Government commitments at National and County level,
- Establishment of the management team, with the first meeting of the TDSB planned for April, 2021
- Demarcation of boundaries, layout and construction of the initial groundworks for the Pilot Industrial Estate,
- Engagement of the communities and local entrepreneurs, and,
- Identification of the initial private sector partners.
- This programme will cover the first two years of the project (2021-2022).

The TDSB will plan subsequent stages of the project in five-year phases in relation to emerging opportunities and the identification of relevant sources of finance. A critical factor determining the rate of progress will be the need to receive guarantees of financial support from funding partners. This document sets out a first estimate of development costs, but these will need to be refined through appraisal of individual projects later in the programme.

Engagement of the National and County Governments

The start-up documents (Business Case, Manual, Roadmap and Prospectus) will be presented to Government in December 2020 /January 2021.

Management Team

Establishment of the TDSB and support services will need to be facilitated by the County Authorities, supported as appropriate by consultants.

The Pilot Industrial Estate

Tana River County Government will identify and demarcate the site of the pilot industrial estate. A potential site for this facility has been identified at Minjila between Garsen and Idsowe Bridge (see Plate 1). The site area is bounded in yellow and covers exactly 60 hectares. This location is favoured because of its strategic location in relation to new road improvements, access to the National Grid, close access to the Tana River for water supply and treated effluent disposal systems, and a prominent location in public view for maximum marketing opportunities. Also, there is already a small complex of buildings which serve related activities including the community centre used by the Tana Planning Advisory Committee throughout preparation of the Plan.

Subject to the approval of the Governor and his cabinet, the location of the first industrial estate will be confirmed by the end of March 2021. Having established the boundaries, beacons will be placed to mark the coordinates and barbed wire fencing will be erected to identify the perimeter and internal allocation of spaces for the first godowns.

Inquiries have been made with an engineering company in Nairobi which carries out innovative conversion of shipping

containers to provide workshops and offices and a provisional quotation has been obtained for the supply and delivery of an air conditioned six work stations mobile site office to Minjila at a cost of under USD 10,000.

The site would be divided into two sections. The western part, closest to the main road junction, would be treated as an area for public access, while the eastern end of the site would be served by a separate access and used for commercial activities like the abattoir and meat processing plant. The entrance road (coloured grey) would follow the existing marram surfaced track which leads to a small complex of office buildings and the public meeting room. A site has been shown coloured in purple for a 'craft village' adjacent to the meeting hall. In addition, the road network is extended to show the start of a grid system serving one hectare plots (coloured light green).

Site Development and Landscaping

The layout and design of the Pilot Industrial Estate will require the involvement of surveyors, engineers and architects. It should be planned for incremental development and the suggestions below are intended to stimulate discussion and preparation of the brief, rather than to lay down a firm prescription.

Arrival at the Pilot Industrial Estate should be designed for maximum effect with a symbolic gateway, using sculptures, earthworks or pillars and a prominent sign board, representing the wildlife and culture of the Delta. This will provide an opportunity to reinforce the links between the Green Heart Project and protection of the Delta's internationally important wetland. A reception building would also be of considerable promotional value constructed, for example, in the style of a coastal lodge with high conical thatched roof raised on a lattice of timber poles, with a meeting room, toilets, restaurant and facilities for visitors (private cars/coach parties) and long-distance truck drivers and commercial vehicles. The entrance facilities might also include a gift shop (like that provided at the Nairobi National Museum) but supported with adjacent craft booths with local workers fashioning leather bags, skins, woven fabrics, traditional dresses in natural dyes, fruit processors offering fresh Tana drinks and salads. This small group of buildings should be powered with solar energy, using photo voltaic roof panels, supplied and maintained by the first commercial operator on the site (a local entrepreneur designing and installing solar equipment in the Delta region). The Minjila site occupies a strategic location on the national road network and it is possible that it could attract investment from a hotel chain who would see the potential of providing a low budget but attractive motel which would serve commercial drivers and passing private traffic. This building could also serve as the reception and act as a centre for workshops and events to be used by executives managing businesses within the Green Heart project.

From the standpoint of site development, the land is level and stands well above the flood plain of the River Tana. One potential disadvantage is its distance from the river since the nearest point for connecting water supply and effluent disposal facilities is 2.5 kilometres away. This disadvantage is offset by the ease of providing exceptional road access.

Action Plan

Phasing of Development

The Green Heart will be developed in discrete phases. Phase 1 will involve:

- Confirmation of Government commitments at National and County level,
- Establishment of the management team, with the first meeting of the TDSB planned for April, 2021
- Demarcation of boundaries, layout and construction of the initial groundworks for the Pilot Industrial Estate,
- Engagement of the communities and local entrepreneurs, and,
- Identification of the initial private sector partners.
- This programme will cover the first two years of the project (2021-2022).

The TDSB will plan subsequent stages of the project in five-year phases in relation to emerging opportunities and the identification of relevant sources of finance. A critical factor determining the rate of progress will be the need to receive guarantees of financial support from funding partners.

Official Launch of the Green Heart Project

Following approval of the Business Case by the County Governments it is recommended that the necessary funds and commitment to undertake the preparatory work of demarcating the pilot industrial estate should have been achieved prior to an official launch. This view is taken because the response from private investors will be greatly enhanced if they are able to see the commitment of the County Council, TDSB and partners.

Engagement of National Level Companies

The initial aim of the Green Heart Project should be to attract two national companies specialising respectively in livestock and fruit or vegetable processing to take part in the first stage of development. As a first step, a wide search will be made using internet and trade sources to locate many companies operating in these sectors in Kenya.

Rules of engagement will need to be clearly defined from the outset to ensure an effective partnership can be established with the private sector. A specialist team, or group of advisers should be appointed by the TDSB who will draft and oversee implementation of the procedures for both private and public sector development. Formal contracts should be drawn up and made public to ensure that the basis of all payments, remuneration and profit sharing are open for public inspection. Special rules will need to apply where issues of commercial confidentiality are raised, which is often the case.



General Location of Minjila Site



Close-up of the Minjila Site

Engagement of Local Companies

Measures will be taken to develop the skills, talent and experience of local entrepreneurs by offering business advice and the opportunity to partner with other specialists. Training will be provided by specialist companies who have the knowledge of what is required to set up small milk, vegetable and fruit processing factories which can be financed at relatively low cost. A budget will then be needed to bring the relevant experts to the Tana Delta to help run a local business start-up conference and trade fair.

The First Green Heart Conference, Workshops and Trade Fair

It is recommended that an early initiative by the TDSB should be the setting up of a two-day Conference and Trade Fair to be held either at the new Industrial Estate or at Gamba Lodge. The conference and parallel workshops should be designed to:

- Attract potential investors from within Kenya,
- Show-case existing products and producers in the Delta, and,
- Provide advice and training to potential local entrepreneurs.

Continued Development in Years 1-2

An important part of the Project Start-up (Phase 2) will be the need to commission a professional survey, preparation of layout designs and tender documents and costings for the development of the pilot industrial estate. The estimate below is only intended to give an illustration of the order of costs. It comprises two elements:

- Ksh 140 million for constructing a surfaced road to the area of the existing community building, providing a parking area for 20 cars, erecting 5 workshop units in the 'craft village, and landscaping the entrance

- Ksh 170 million to form the first area of the industrial estate with an internal roadway, erection of 5 units (each 35 m²) within the first godown and security fencing.

The total estimated cost of Ksh 310 million (USD 2.86 million) would apply only to the publicly accessible western end of the estate. Opening the commercial eastern section will include substantial additional costs to be borne jointly by the site owners and individual investors.

Financing the Green Heart Project

Sources of Finance

The nature and scale of the Green Heart Project will require a variety of funding sources, with different investors depending on the nature of the operations. The following institutions will need to be contacted at an early stage in launching the Green Heart Project:

- National Government
- The County Governments
- Private Sector Investors
- NGOs and Charitable Organisations
- International Partners

National Government

A number of ministries and agencies have direct interests and responsibilities for land use and business development in the Tana Delta including:

- National Treasury and Planning
- Ministry of Industry, Trade and Cooperatives
- Ministry of Agriculture, Livestock, Fisheries and Irrigation
- Ministry of Devolution and the ASALS
- Ministry of Tourism and Wildlife
- Ministry of Environment and Forestry
- Ministry of Water and Sanitation
- Ministry of Lands and Physical Planning
- Ministry of Energy



Aerial view of the proposed Minjila Green Industrial Park Masterplan

However, the principal funding source is likely to be the Ministry of Agriculture, Livestock, Fisheries and Irrigation which acts as the focal point for grants and loans provided by international partners like the European Union.

The National Agriculture Investment Plan is a detailed and influential statement of government policy with the aim of producing 100% food and nutrition security within 10 years. Like the Green Heart Project, it is working to accelerate Kenya's agricultural transformation and the realisation of the United Nations Sustainable Development Goals. Under its theory of change approach nine flagship missions are identified. These aim to: *'increase small-scale farmer, pastoralist and fisherfolk income; increase agricultural output and value addition; boost household food resilience.'*

The Green Heart Project is ideally suited to contributing towards the following detailed Anchors and Objectives in the NAIP, including:

- Targeting 1 million farmers producing crops, livestock and fish through farmer-facing SMEs,
- Establishing large-scale agro- and food processing hubs across the country through a one-stop-shop, rapid public-private partnership (PPP) process targeting both domestic and export markets
- Unlocking 50 new large-scale private farms (>2,500 acres each) with -150,000 acres under sustainable irrigation form existing projects through competitive bidding, protected land ownership and government provision of basic infrastructure.

Renewable energy projects should also be able to access National Government Grants.

County Governments

Tana River County publishes its annual budgets in accordance with the County Government Act and the Constitution of Kenya. In 2019, 68 million Ksh was spent on agricultural initiatives against a target of 238 million. However, the shortfall in achievement arose from lack of funds rather than initiatives and additional assistance will therefore be sought from international partners.

Private Sector Investors

A focused marketing programme will be required to attract private sector partners and determine the level of interest in acquiring long-term (25year+) leases on factory sites within the industrial estate areas. The County Governments or TSDB will wish to develop their own terms and conditions for investment packages which can be offered to investors with financial incentives to those companies who agree to sign up within the first one or two years of the project. For example, in return for providing a pre-prepared levelled compound with road access and basic services, the Green Heart Project might offer rent-free use for two years. In this context, basic services would include access to a mains water supply, sewage pipe and electricity from a substation erected within the estate boundary. Other forms of incentives might include an interest-free loan for construction work on new factory building, or grants tied to the use of local contract labour for all building projects.

Early discussions will be required with investment partners, ethical fund managers and banks offering micro-credit facilities. An approach has already been made to Absa Bank, through their Malindi office to examine the scope for expanding credit facilities to entrepreneurs who are endorsed

by the Tana Delta Sustainability Board. An early objective for the Board should be the establishment of a one-stop finance shop for local investors. Once the project has been taken to the first stage of development with the layout of the first estate completed it will be appropriate to extend the invitation to invest to international agri-businesses. Analysis of recent investment in Agri-business in Kenya reveals that there are many national and international companies who are willing to invest in innovative start-up businesses whose aspirations are aligned with their own business objectives. The options for private finance include provision of funds to help launch franchises or out-reach stations for existing well-established businesses like fruit juice processors and vegetable packers,

Public and private costs that are incurred at the outset of the project will therefore carry higher risks than investments made later in the programme. It will, therefore, be important to take the individual business plans for each sub-project to funding partners with application for grants or loans.

NGOs and Charitable Organisations

Nature Kenya is the single most important organisation that has consistently championed the Green Heart Concept. Nature Kenya is inspired by the uniqueness of the Tana delta as a Key Biodiversity Area (KBA) where indigenous peoples live in harmony with nature. Wildlife and people utilise the same land resource for their survival and solutions for nature conservation are therefore based on win-win solutions. The Government, with Nature Kenya's support, has listed the Tana delta as a Ramsar site. Nature Kenya worked with partners including the Royal Society for Protection of Birds and mobilised funding from the United Kingdom Government. This support developed the land use plan, mobilised people and build capacity of local institutions and initiated green value chains. With UNEP, Nature Kenya is using GEF funding to remove barriers for the Green Heart Industrial Parks. This includes development of this business case, manual, prospectus and road map. Nature Kenya will continue to mobilise assistance from financiers able to give grants to charity. This level of support is small and will only help to model the process but will not develop the industrial parks.

International Partners

The economic case for private sector investment in developing agri-business in the Tana Delta is very strong but challenges remain in stimulating investment confidence, including the negative impact of recent attempts by overseas investors to capitalise on the area's resources using dubious commercial practices to exploit local communities (for example, the *Jatropha* project) and lack of progress at national level in resolving critical water supplies to irrigation schemes. There is also a strong perception of financial risk due to regional insecurity. The lack of skilled labour and low standards of educational attainment are added constraints.

Overcoming these institutional, social and economic challenges will require the support of Government at both County and National Level and international partners who are already committed to creating increased political and economic stability in Northern Kenya and neighbouring countries.

An early action for the Tana Delta Sustainability Board and its advisors will be to contact the lead international development partners, based in Nairobi, to follow up specific areas of help and investment which could be offered to the Green Heart Project. Particular attention should be paid to those potential partners engaging in governance reform, agricultural development, social welfare, food security and poverty alleviation within their mandates for international aid. These development partners include the World Bank, UN, European Union the Netherlands, USAid, UKAid, and Danida. The Annex section provides a summary of potential areas of support.

At present, the economic structure of the Tana River Delta is fragmented. Most communities rely on agriculture and livestock farming to sustain a subsistence level existence. Previous attempts to establish ranching enterprises have largely failed through lack of investment, necessary business know-how and absentee managers; national projects have suffered from similar constraints, resource mismanagement and an unwillingness to recognise the status and crucial role of local stakeholders, resulting in exposure to legal challenges. All these challenges need to be recognised and addressed and the first step is to undertake a credible risk assessment.



EVALUATION OF THE BUSINESS CASE

Risk Assessment

Although significant risks exist, the underlying goal and objectives of the Green Heart project are fully secured by the fact that it forms part of wider Government initiatives to protect wildlife and resources of the Tana Delta, to safeguard the livelihoods of the 120,000 people who live in more than 105 villages within the Delta and to take forward the Lapsset Corridor Project which is the largest infrastructure project in East Africa. These commitments are enshrined in national policies and laws and in the statutory Land Use Plan for the Delta.

Governance Risks

Resolving conflicts of interest between National and County Government

Adoption of the Tana River Delta Land Use Plan demonstrates that governance risks can be overcome. The two Governors of Tana River County and Lamu County worked closely with their counterparts in national government and with the inter-ministerial technical committee formed in Nairobi. At the same time, local communities were fully engaged in the planning process through their representation on the Tana Delta Advisory Planning Committee (TDAPC), supported by the work of the project team coordinated by Nature Kenya. This partnership had strengths in depth that very

few planning processes can rely on. However, despite its successful delivery, the Land Use Plan could not resolve some of the long-standing challenges and different outlooks of all the stakeholders. Probably the most intractable problem has been the stand-off between local communities and TARDA, the government agency charged with promoting development in the Tana and Athi River Catchments. TARDA continues to press for a highly controversial sugarcane development project which has been rejected by local communities, Nature Kenya and international conservation organizations. It also runs counter to most of the stated aims of the Government's National Agriculture Investment Plan. The preferred land use development strategy set out in the TRDLUP and Strategic Environmental Assessment specifically rules out commercial sugar cane production in the Delta.

A significant part of both the livestock rearing and large-scale fruit and vegetable growing initiatives will be developed within areas of land which are currently claimed as state land, although this has been disputed in a long-running series of court cases by the local communities. It is therefore vital that the County and National Governments resolve this issue before the Tana Green Heart Project is launched.

Two key areas of land need to be brought under the control of Tana Delta Sustainable Development Board. These are the



land lying north and south of the Garsen /Witu Road which were first developed as rice polders with funding from Japan (JICA) in the 1980's. At present, the land is administered by TARDA, with the assistance of the National Irrigation Board.

Strategic Risks

Massive investment in historic irrigation schemes has been abortive due, in part, to failure on the part of the scheme designers to understand the dynamics of flooding in the Tana River Basin and also to poor management. Given this pattern of historic failure, it is reasonable to ask 'why should the Green Heart Project expect to succeed where other internationally funded projects have failed?

The main difference between the Green Heart Project and earlier schemes is that it anticipates the full range of potential hazards which stem from operating within the Delta and aims to design small scale projects operated principally by local communities, which do not seek to control the Tana River flows; are more robust and , even if they are sometimes adversely affected by climatic effects (e.g. flooding and drought) or biophysical threats (e.g locust swarms), they can be reinstated quickly after the event. Any natural disaster is unwelcome, and it will be important to consider possible insurance options as a way of mitigating these.

The historical pattern of development initiatives in the Delta shows that reliance on single large-scale irrigation projects carries high risks. This will be avoided by spreading financial and technical resources more widely across the entire Delta. With its many different levels of funding and production, a failure in one part of the system will not automatically be transmitted to other parts.

Cost Overruns

Estimation of Costs: The figures used in this Business Case report are an example of the need to ensure that the basis of costings is fully understood at all stages of the project. It is emphasised here that preliminary costings have been developed in this document solely to sketch out the order of financing likely to be required. Figures relating to individual projects should be treated with caution until the necessary technical studies have been performed.

Rates of Return and Timescales: The Green Heart Project is a long-term strategy spanning thirty years. Current events demonstrate how even the best estimates of economic growth can be overturned in three months by a pandemic. It should be accepted, therefore, that the early growth forecasts are speculative in nature since the groundwork will have to be laid before the level of interest and commitment from independent investors can be fully confirmed.

The first year (Start-up second phase) of the Green Heart Project carries the highest level of financial risk because this is the period during which money must be paid out with limited opportunities for an immediate return. This applies particularly to the costs of setting up the first industrial park which will rely on public funds and potentially support from international partners for the initial infrastructure. The same caution must apply to efforts to attract major commercial players and to establish local cooperatives.

While acknowledging this risk, the process of creating pilot industrial estates and constructing start-up factories on a speculative basis has formed a key part of the work of many

urban and rural development agencies around the world. The management structure for the Green Heart Project has been developed with its own internal checks and safeguards to ensure that the level of capital 'at risk' at any one time is kept firmly under control. Once the programme is launched, success on a small scale will breed success and the project will grow organically.

Scheduling Risks

The underlying risks that individual components of the project could be delayed need to be taken seriously. This applies particularly to the creation of a viable meat processing industry based on establishing a livestock fattening regime on the Tana Delta's rich grassland. Historic tensions between pastoralists and farmers must be overcome; competition for land and water has to be resolved and a willing partner has to be found to provide the capital-intensive investment. These concerns will need to be tackled by a highly efficient and committed management team, supported by the leadership of the County Councils.

Similar issues arise in developing viable business models for fruit and vegetable production, although in this case each separate venture can be planned on its own and will stand or fall according to local factors which do not necessarily affect other projects on adjacent land.

The most important response to the risks posed in scheduling new development is to ensure that the management team is alert to the areas of potential weakness, has strong leadership and is trained to deal with the human as well as the physical dimensions of any challenges.

Performance Risks

It is not unusual for expectations on the economic returns of new projects to be 'talked-up' in order to justify public expenditure. Invariably, expenditure is underestimated, cost overruns occur, and schemes are accused of becoming 'white elephants' This area of risk has to be taken seriously for the Tana GreenHeart Project, because it is, by nature, very ambitious and it is located in a region which has seen more than its fair share of economic failures in the past. However, there are also some positive counter statements which can be made. No one expected ten years ago that the first successful regional Land Use Plan would be developed for the Tana Delta, or that some of the most intense social and political challenges over land and water use could be resolved. In the last six years the County Governments and partners like Nature Kenya have worked assiduously to bring small-scale developments to communities throughout the Delta and there is a solid baseline to work from. The Project has strengths in having a few individual initiatives. Providing a careful balance is maintained in terms of where investments are made, there should be more successes than failures of individual projects.

Operational Risks

It is hoped that the programme outlined in this Business Case is sufficiently cautious in its approach to ensure that over-reach is avoided, and each element can be delivered

within the organisational and technical capacity of the County Government, the Tana Delta Sustainability Board and its partners. Each element of the Project will have been carefully researched by the time of the launch, and the necessary funding will have been secured for the initial development phase. Tenders and contracts will be produced for the construction of the pilot industrial estate and at least one major commercial partner will have been identified. Operational risks cannot be avoided but they can be anticipated, and management procedures put in place to deal with them.

Marketing Risks

There are some significant challenges relating to the marketing and sales of Tana Green Heart products, arising from instability in the local economy, caused principally by contraction in tourism. Malindi and Lamu are two popular destinations for both national and international visitors and the hospitality sector has been severely affected, first by regional insecurity and second by the coronavirus pandemic. These issues will be overcome and, with the parallel long-term programme of investment in the Lamu/Tana sub-region prompted by LAPSET.

Farming Cooperatives launched under the Green Heart project will face competition from rival producers who are also serving the Malindi-Lamu markets and a key element of the programme will be the need to develop transport links to other national centres of population including Mombasa and Nairobi.



Legal Risks

There are several unresolved disputes over land ownership in the Tana Delta. Where these have resulted in court actions the judgements have invariably supported local communities' rights but defendants have been slow to respond with appropriate redress. This Business Case has highlighted the fact that some of the best land in the Tana Delta is either dormant or under-used and early action is needed to clarify both the legal position but, more positively, to move forward to effective operating partnerships between the county and national governments as it relates the TARDA land. Sugarcane should never be thought of as a crop for the Tana Delta.

Natural and Human Hazards

The Tana Delta faces a paradoxical future. Measures to harness the energy of the Tana River and regulate its flow by constructing the High Grand Falls Dam will, at least in theory, overcome the threats of annual flooding and attendant loss of life and property, but at the same time the attenuation of peak flows will reduce the areal extent of the floods and the capacity of floodwater to carry life-giving silt to fertilise the soils of the river corridor and Delta.

Many of the objectives of the Green Heart Project can be realised under existing conditions and can be pursued without reservation in terms of the viability of the initial investment, but the long-term benefits of the Project to the Nation will only be realised if an enlightened and coordinated approach is taken to the promotion of irrigation schemes throughout the Tana River Basin.

There are other challenges presented within the Delta by frequent droughts, the prospect of sea level rise and higher temperatures occasioned by global warming. These threats are universal and highlight why projects like the Green Heart initiative are the only way forward for the human species. Projects which rely on renewable energy and utilise only the resources that can be produced sustainably by local communities while protecting carbon sinks and whole ecosystems are vital for our survival. It is concluded that, despite the risks entailed in taking forward the Tana Green Heart Project, the benefits which it potentially offers as a model and pilot for a sustainable global future far outweigh any disbenefits.

PROJECT TARGETS AND INDICATORS OF SUCCESS/FAILURE

The project targets will be developed further in the three documents which will accompany the Business Case. These are the Development Manual, the Road Map and the Business Prospectus. The main aims are:

- To launch the project by April 1st, 2021
- To attract at least one and potentially two national investors as committed backers of the project by the date of the official launch
- To complete the first stage development of the Pilot Industrial Estate by the end of 2021
- To have an operational co-operative, functioning under the Green Heart Banner by the end of 2021.

OUTLINE FUNDING AND FINANCIAL STRATEGY

The start-up phase of the project (4 months from December 2020 -May 2021) will involve:

- Additional research and development activities,
- Promotion designed to secure the involvement of business partners in the core areas of livestock management and meat processing, fruit and vegetable processing and craft workshop development,
- Costs associated with the establishment of the Tana Delta Sustainability Board
- The designation and demarcation of four industrial site areas
- Preliminary works to the Pilot Industrial Estate (in preparation for the April project launch
- A preliminary budget for the following 8 months taking the Project to the end of its first year of operation will involve:
- The first-year salaries and costs associated with establishing the TDSB secretariat and planning team,
- Funds to complete the first phase of the Pilot Industrial Estate,
- An investment budget to stimulate start-up industries (including micro-credit options).

INVESTMENT ACTION PLAN

An action plan will be developed to guide the process of attracting funds to the Green Heart Project. The lead sponsors of the Project are already familiar with the range of potential public investment sources but there are an increasing number of private sector funds which are looking for ethically based projects to satisfy more discerning investors who are no longer willing to back fossil fuel and extractive industries and want their money to make a difference.

OUTLINE MARKETING STRATEGY

The task of developing a marketing strategy is a specialist field which could be franchised out to consultants once the basic shape of the project has been confirmed and adopted by its main sponsors.

CONTINGENCY PLANNING FOR SHORTFALLS IN DELIVERY

The primary objective in carrying out the risk assessment was to confirm that there are no fundamental obstacles which would threaten a decision to proceed with the Green Heart Project. This report provides a clear justification for proceeding with the initiative. Nevertheless, there will be continuing risks that could cause shortfalls in delivery of specific elements of the programme and there needs to be a back-up plan for handling such eventualities. Responsibility for producing the contingency plan will rest with the TDSB Secretariat.

CONCLUSION AND RECOMMENDATION

The Tana Delta Green Heart Project is a thoroughly researched development and investment programme which offers enormous benefits, in economic, social, and environmental terms not just to Tana River County and Lamu County but to the entire region of Northern Kenya and the Nation. It offers a win-win-win solution to many of the seemingly intractable problems that have bedevilled the Lower Tana River for decades and it can only improve the lives and livelihoods of more than 120,000 citizens whose rights and interests have been ignored.

The Project is commended to the Tana River County and Lamu County Governments who have already done so much to change attitudes and support this neglected corner of the country which remains one of the least recognised but also one of the most important wetlands and cultural heartlands in Africa.



International Partners with Relevant Support Programmes

Partnering for Green Growth

One important umbrella organisation is P4G (Partnering for Green Growth and the Global Goals 2030) which includes the World Bank, Denmark (Danida) and the Netherlands. Other international partners include World Resources Institute, World Economic Forum, C40 Cities, Global Green Growth Institute, International Finance Cooperation and UN Global Compact. The aim of P4G is to encourage implementation of the Sustainable Development Goals by bringing together the private sector, civil society and public authorities in partnerships for green and inclusive growth.

The objectives of the Tana Delta Green Heart Project are closely aligned with the focus of P4G which seeks to develop and accelerate innovative public-private partnerships within five selected areas where cross-sector collaboration is critical for achieving the goals. Four of the five areas relate directly to the Tana Delta including:

- Food and agriculture (SDG 2),
- Energy (SDG 7),
- Water (SDG 6), and
- The circular economy (SDG 12)

P4G provides funding, facilitation, networking and valuable recognition to accelerate and scale partnerships. P4G also supports start-up partnerships in the incubation phase and scale-up partnerships which by being scaled and replicated can deliver large-scale impact on green growth and sustainable development.

The World Bank Group

<https://www.worldbank.org/en/country/kenya/overview>

The World Bank Group has a significant role in directing international aid towards particular sectors of the economy in developing countries throughout the world and it treats Kenya as one of the four most important investment focuses in Africa, based on the country's performance over the last decade.

The World Bank Group's Country Partnership Strategy (CPS) 2014-2018 for Kenya supports the government's strategy of ending extreme poverty and increasing shared prosperity. Discussions are underway for the preparation of a new Country Partnership Framework for Kenya for the period FY21-2026.

The current International Development Association portfolio stands at US \$7.53 billion in 39 projects: 30 national (US \$6.26 billion) and nine regional (US \$1.27 billion) projects. The Macroeconomics, Trade and Investment sector takes the largest of investments at 23% of the portfolio. Other development investments include infrastructure, social sectors, urban, agriculture, devolution, governance, justice, law and order, disaster risk management, forced displacements, private sector development, and statistical capacity building. Recently approved IDA projects include:

- The Emergency Locust Response Project (US \$43 million), approved on May 21, 2020, seeks to respond to the threat posed by the desert locust outbreak and to strengthen Kenya's system for preparedness.

- The Kenya Second Inclusive Growth and Fiscal Management Development Policy Operation (US \$1 billion), approved on May 19, 2020 aims to (i) crowd in private investment and financing for affordable housing; (ii) enhance farmer incomes and food security; (iii) create fiscal space (iv) crowd in private investment and leverage digitization to support the growth agenda.
- The Marine Fisheries and Socio-Economic Development Project (US \$100 million), approved March 10, 2020 aims to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities.

The International Finance Corporation's (IFC) committed investment portfolio in Kenya stands at US \$884 million as of June 30, 2019. Most of IFC's portfolio is attributable to the financial sector (67.3%) followed by manufacturing, agribusiness and services (20%) and infrastructure (12.7%). On the advisory side, total funds under management amount to approximately US \$45.6 million as of June 30th, 2019, supporting work across all four advisory business lines - access to finance, sustainable business, public-private partnerships (PPPs) and investment climate.

European Union

The EU is the leading donor of development aid in Kenya and its member states are committed to supporting the country's main objectives and its development manifesto - the '*Big Four Agenda*' - which sets out 4 development priorities to tackle by 2022. Two of these priorities; the expansion of manufacturing, and provision of food security and nutrition, are directly addressed by the Green Heart Programme. Through an Italian organisation (CISP) that is working in partnership with Nature Kenya, the EU is supporting communities to enhance their resilience and adaptation to climate change in Tana River County for the years 2020 to 2022.

However, the EU has a longer term plan of assistance which is geared towards dealing with the pressures directly threatening Kenya's immediate stability, arising mainly from its fragile north-eastern and coastal regions, and supporting the Country's own efforts towards good governance, democracy, and the rule of law, including anti-corruption policies, a dialogue on human rights, and better planning and mobilisation of domestic resources.

The EU recognises that devolution to the 47 county governments has "created a new reform space for more responsive, equitable, efficient, and accountable local services, but notes that improvements will depend on the quality of the counties' institutions and the incentives driving the changes. The Green Heart Project represents one of the most ambitious of such improvements and it is important to note that The EU is particularly supportive of such processes."

On Job creation the EU stresses that "it wants to help Kenya build a viable future for young people through an inclusive and equitable job market. We support job creation, promote action along the three pillars of the European External Investment Plan (EEIP) across the region, and encourage regional economic integration as well as enhanced trade and investment relations with Europe."

Another area in which the EU's development aid policies could be very helpful to the Green Heart Project is its commitment to Kenya to support the continuation of efforts towards a Green Economy by developing a "clean and competitive low-carbon economy, based on renewable energy production".

Specific programmes of European development aid to Kenya are supported under the European Development Fund (EDF). The current funding cycle for 2014-2020 amounts to €435,000,000 and focuses on:

- Job creation
- Food security and resilience to natural disasters, especially in arid and semi-arid lands
- Sustainable infrastructure, transport, and energy
- Increasing accountability, as part of the devolution process
- Other EU initiatives, provide support for:
 - Democracy, good governance, and human rights support
 - Gender equality and equity
 - Environmental sustainability
 - Health issues, such as mother and child health, and HIV/AIDS prevention
 - Conflict management and peacebuilding.

The Netherlands

The Netherlands has close ties and strong commercial interests with Kenya, and especially in the agricultural and environmental sectors. In the period 2019-2022, Dutch support will transition from aid to trade, with the aim of promoting sustainable trade and investment (HGIS-note, published annually in Dutch at www.rijksoverheid.nl). The Netherlands is also seeking to prevent poverty, conflict, migration and inequality, and to help Kenya better prepare for the effects of climate change. The Netherlands is also strongly committed to improving respect for human rights, particularly the rights of women and girls. A specific goal is to

use extensive Dutch knowledge on agriculture and water to help Kenya become more sustainable and more productive. Climate action is a crucial part of this. Every one of these objectives falls squarely within the Green Heart Project Initiative.

USAID

For more than 50 years, USAID has worked closely with the Kenyan government, the private sector, and civil society to:

- Advance access to education:
- Improve quality healthcare through nutrition, family planning, and maternal and child health, malaria, tuberculosis, HIV/AIDS and strengthening health programs;
- Lay a foundation for long-term economic growth through trade, agriculture, and infrastructure programs; and
- Make devolution work for the benefit of all Kenyans through democracy, governance and conflict programs.

Each of these goals will be advanced through the Green Heart Project, but there are also some very specific targeted resources which are being committed by the United States. In 2018 the US Ambassador, Robert Godec announced a joint programme with the Government of Kenya for upgrading livestock marketing systems in Northern Kenya with a budget of Ksh 4.5 billion (US \$45 million). This programme was specifically designed to help 240,000 households in Garissa, Isiolo, Marsabit, Turkana, and Wajir counties, but USAID is committed to unlocking the full economic potential of the ASAL counties. We will continue to support the trade of livestock, livestock products, pasture and fodder production, and fishing." The programme will provide grants, vocational and technical education, business support services, and policy expertise to expand and diversify economic opportunities to improve community resilience to climate shocks and reduce poverty, hunger, and malnutrition.





TANA RIVER
GREEN HEART INITIATIVE





TANA RIVER
GREEN HEART INITIATIVE

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