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The Koija Starbeds® Ecolodge: A Case Study of a Conservation Enterprise in Kenya

AWF Working Papers

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The African Wildlife Foundation, together with the people of Africa, works to ensure the wildlife and wild lands of Africa will endure forever.

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This paper was edited by the editorial team comprising of Dr. Helen Gichohi; Dr. Philip Muruthi, Dr. Patrick Bergin, Joanna Elliott and Daudi Sumba.

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Summary

Conservation enterprises are commercial activities designed to create benefit flows that support a conservation objective. The Koija 'Starbeds' Ecolodge was created jointly by a community group, a private sector partner and the African Wildlife Foundation (AWF) to help protect a critical wildlife corridor and habitat along the Ewaso Nyiro River in the Samburu Heartland (www.awf.org). Many conservation enterprises claim success mainly based on their noble intentions, but in fact are heavily subsidized commercial projects. Six years after the Koija enterprise opened for business, this paper looks at its performance based on the triple bottom line of commercial success, conservation impact and improvement of livelihoods. The paper concludes that the Koija Starbeds have shown very good commercial success, with good but less clear-cut results on conservation impact and livelihoods. The paper also makes recommendations for future conservation enterprises in similar areas in Kenya.

AWF Landscape Conservation and Enterprise Strategy

One of the greatest challenges facing conservationists in Africa is how to balance nature conservation and the needs of the ever-increasing human population in wildlife areas (Adams (2004), Igoe (2006)). Most people who live in these areas are generally poor and depend on natural resources for their livelihoods (Ndeng'e et al., 2003). Wildlife imposes significant costs on these people through crop damage, livestock predation, human deaths, and restriction of access to natural resources with little or no corresponding benefits (Muruthi, 2005; Hulme and Murphree, 2001; Western et al, 1994). This compromises the people's livelihoods and reduces their willingness to support conservation. The need to demonstrate that conservation can contribute to livelihoods and local economic development (by offsetting these costs) in order to enlist the support of the rural poor is therefore high and urgent. To address this need, conservationists are increasingly using the conservation enterprise strategy with the main premise being that if people with sufficient capacity can receive benefits that improve their livelihoods from a viable enterprise linked to biodiversity in their area, the people will act to conserve and sustainably use these resources (Salafsky et al, 2001). The African Wildlife Foundation (AWF) has since 1998 used conservation enterprises as one among several strategic interventions for conserving wildlife at the landscape level in its African Heartlands Program (Muruthi 2004). Conservation initiatives often take place in a dynamic environment with diverse habitats and species, a wide range of threats to conservation with varying severity, institutions with different capacities, and where there are many actors implementing different strategies. In Heartlands, we use conservation enterprises alongside other strategies that address land and habitat conservation; species conservation and applied research; capacity building and leadership development; and policy; to ensure that positive conservation and livelihood outcomes result at the landscape level.

In AWF, we define conservation enterprises as commercial activities designed to create benefit flows that support a conservation objective. These enterprises provide a way of addressing key threats to wildlife, conserving biodiversity while at the same time contributing to rural poverty reduction through benefits that improve livelihoods. In other words, conservation enterprises enable AWF to combine conservation and development objectives. Key enterprises supported include tourism based ones like ecolodges, campsites, cultural villages, fishing villages and other non-tourism based ones such as harvesting and processing of natural resource products. Enterprise teams with skills in business planning, community development, natural resource planning and law establish these enterprises. AWF is currently supporting over thirty communities in eastern, central and southern Africa to establish a wide range of enterprises.

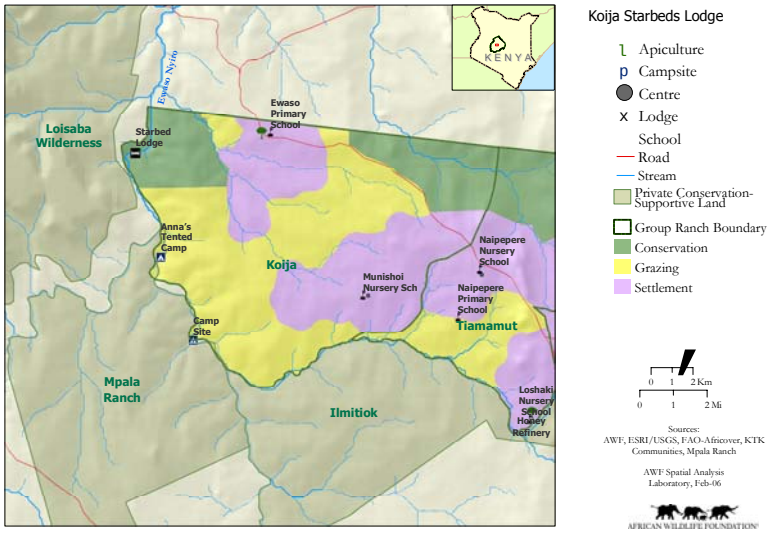
Although conservation enterprises are now widely used as a strategy for conservation and local economic development in poor rural areas with rich wildlife, there is widespread debate in the conservation community concerning their success in meeting their goals. Some such as Mearns (2003), Watkin (2002) suggest that these are the best option for rural communities in wildlife rich areas to achieve conservation-led development. Others such as Kiss (2004) question the continual use of conservation enterprises because they have demonstrated little or no evidence of success in achieving the dual goals of conservation and development. In our view, the problem may not be one of absolute failure of the strategy but of poor documentation of case studies. In fact, Kiss (2004) has criticized most enterprise success stories as "weakly documented claims" that provide neither supporting data nor figures in the proper context. This case study will seek to address some of these criticisms. It will present an enterprise - Koija Starbeds Ecolodge - that AWF has established jointly with a community group and a private sector partner in Samburu Heartland in Kenya. It will discuss the performance of the enterprise based on the triple bottom line of commercial success, conservation impact and improvement of livelihoods. It will then share lessons that we have learnt and make recommendations for future enterprises in similar areas of sub-Saharan Africa. This report will cover the period between 2001 and 2006.

Overview of Koija Group Ranch

Koija group ranch[1] (KGR) is located in Laikipia district in northern Kenya (figure 1) within AWF's Samburu Heartland. It covers an area of 7,554 hectares (18,700 acres). It borders

Loisaba and Mpala private ranches to the west and Maasai group ranches to the east and south. Together with these group ranches, it forms the larger Mukogodo pastoral system. The climate in the area is arid and semi-arid with low mean annual rainfall that averages 400mm per year and occurs in a bio-modal pattern. Consequently, the area experiences cyclic droughts with the most recent one recorded in year 2000. The altitude is generally high and ranges from 1,300m to 1,500m. The main vegetation is acacia bush land that is mainly composed of acacia species (*mellifera, reficiens and tortillas*) and scattered open grasslands (Oguge 2005). The soils in the area are generally deep, fertile and well-drained but agricultural production is limited by poor rainfall. The Ewaso Nyiro River, which forms the western border between the group ranch and Loisaba private ranch, is the main drainage system and lifeline of the area.

Figure 1: Map of Koija Group Ranch



The area is rich in wildlife with about 250 species of birds and 50 species of mammals. This is not surprising given that it lies in Laikipia, widely regarded as one of Kenya's richest wildlife ecosystems outside protected areas. It is an important dispersal area for wildlife from the neighbouring private ranches during the wet season. Some of the key wildlife species in the area include elephants, buffalo, Grevy's zebra, common zebra, wild dogs, hyena, gazelles, impala, lion etc. Human wildlife conflicts are widespread in the area due to livestock predation, and competition for water and grazing between wildlife, people and livestock.

Koija Group Ranch (KGR) is inhabited by the Laikipia Maasai who are sparsely settled across the ranch. KGR was established and registered with the Ministry of Lands in 1976 with an initial membership of 148 people. For many years, the total membership was unknown due to poor record keeping. Today the group ranch has 448 households consisting of 1200 people. Unlike neighbouring group ranches, very few members migrate and live outside the group ranch even during the dry season when most pastoralists would migrate in search of water and pasture (Wells, 2002). The community organizes itself along the traditional neighbourhood system. This is a form of decentralization of power where a leader, with assistance from a committee, manages a number of households in each neighbourhood. These leaders are in turn accountable to an elected group ranch committee that manages all the affairs of the group ranch.

The area has high levels of poverty that can be attributed to a number of factors including loss of livestock due to droughts; diseases, lack of social facilities, inadequate pastures, poor management of group ranches, high illiteracy levels, lack of employment opportunities, insecurity arising from banditry and cattle rustling and, generally the inability to exploit available natural resources (Kenya, 2002). Consequently, basic social indicators are also poor. A high number of people are dependent on relief food, illiteracy rates are high (less than half of school going children are in school) and infant mortality rates are high. Some section of the community especially women are excluded from resource allocation and decision-making due to culture and tradition.

Because of the arid conditions, livelihood options in Koija are limited. The main sources of livelihoods are bee keeping, livestock production, and lately, wildlife tourism. Bee keeping is the most prevalent traditional livelihood strategy in the community. This may be because the community evolved from the *Ndorobo* who were hunter-gatherers to become Laikipia Maasai (Wells, 2002). Households use traditional hives and each own hives ranging from 30-200. Unfortunately, the community has been unable to exploit bee keeping because they lack the capacity to manage community projects. In the past, a honey project started by donors collapsed because of mismanagement and internal conflicts among the clans.

Livestock production is also widespread in the community although its importance as a livelihood strategy has decreased in recent times (Wells, 2002). This may be due to prolonged droughts and environmental degradation, caused largely by the poor management of communal land tenure system, the collapse of the traditional pastoral management system, livestock overstocking, overpopulation and lack of a clear vision for the pastoral production system (Kenya, 2002). For example, between 1997 and 2000, the community suffered severe drought and lost about 10,000 animals, which accounted for 70% of all the livestock. Livestock production is now recovering though the low numbers and negative net income to the community suggests that it is no longer viable in such a highly fragile environment (Wells, 2002).

[1] A group ranch is a legal institution formed under the Group Representative Land Act, CAP 287 of the Laws of Kenya...

The picture painted here is one of a community facing severe and adverse conditions. However, communities in arid areas are very resilient, innovative in adverse conditions and extremely responsive to economic signals and opportunities (Oguge, 2005). They are excellent at coping with natural shocks using a wide range of strategies. In Koija, various coping strategies such paid employment, off-farm income and relief food distributed by humanitarian relief agencies during droughts as are used to hedge the community against shocks that negatively affect the main livelihood sources. The rich wildlife resources now provide an additional opportunity to diversify livelihoods in the area.

Context for wildlife tourism in the area

The tourism industry in Kenya is one of the most developed in sub-Saharan Africa. It is the second highest source of foreign exchange after agriculture and contributes about 12.6 % of Gross Domestic Product (Ogutu, 2006). Most of the tourists come from Western Europe and North America and visit mostly protected areas. Tourist numbers tremendously increased in the 1980s but then cyclically fluctuated between the 1990s and early 2000s as a result of various factors among them breakdown in infrastructure, mass tourism, narrow tourism product and source tourists, uneven distribution of benefits, environmental degradation in tourism areas especially protected areas (Sindiga, 1999) as well as the rise in global terrorism (Kenya, 2003). The tourism industry is now recovering because of aggressive marketing by government and private sector, improved security due to strengthening of the Tourism Police Unit, reversal of travel advisories by western governments and the support of the European Union in improving the tourism sector (Kenya, 2005). Between 2000 and 2005, tourism revenues increased by more than 100% from US$288 million to US$653 million. Tourist arrivals also increased from 990,000 in 2000 to 1.67 million in 2005. This performance is surprising because there is no coherent and coordinated tourism policy and strategy to regulate and spur tourism in Kenya. Most of the tourism development policies and objectives are scattered in various government plans and strategies making it difficult to regulate the industry in a coordinated way. However, the government is currently developing a comprehensive and coordinated tourism policy and strategy in order to correct past policy failures. It is widely believed that the mass tourism strategy adopted by Kenya since independence is responsible for the negative impacts e.g. environmental degradation, overcrowding that the country is now facing. The new policy will not only correct past failures but will also streamline and regulate alternative forms of tourism and destinations that emerged in response to these failures.

As mentioned earlier, Laikipia district is one of the richest wildlife areas in Kenya outside protected areas. Most of the wildlife lives on communal and private ranches. The area has rich wildlife-based tourism potential and is now emerging as an important tourist destination in Kenya specializing on exclusivity and diverse tourism experiences in high-class resorts in remote locations. A survey by the Laikipia Wildlife Forum (LWF, 2003) on the tourist dynamics in the area shows that there is a vibrant tourism industry in the area with 28 tourism facilities with a capacity of 852 beds and 284,455 in-season annual bed nights. There is also a relatively advanced infrastructure network including airstrips that facilitate easy movement of tourists. These factors were important in providing the enabling environment for the establishment of the Starbeds Ecolodge.

The Koija Starbeds Ecolodge

The Starbeds Ecolodge is a rustic and exclusive eight-bed community-based ecotourism enterprise located on the banks of the Ewaso Nyiro River at the northern tip of Koija group ranch (see figure 1). It has its origins in the USAID funded Conservation of Resources through Enterprise (CORE) project whose goal was to improve conservation and management of natural resources through increased benefits to communities and landowners in areas critical to parks and reserves. Established in 2001 through a partnership between AWF, Loisaba Ranch represented by Oryx Ltd and the community, it opened for business later that year.

Reasons for establishing ecolodge

The Starbeds Ecolodge was established to meet three main objectives:

- *To contribute to the conservation of key conservation targets by mitigating critical threats (see table1).* Several conservation targets in the area including the Ewaso Nyiro River, elephant movement routes, endangered species (wild dogs, Grevy's zebra) and the woodland grassland mosaic are severely threatened. Some of the critical threats include habitat destruction and fragmentation, competition from livestock, excessive water abstraction. AWF has instituted a natural resource management program in the area to mitigate the threats, and this enterprise is one among many other strategies.

- *To provide alternative income to diversify rural livelihoods for community*: The Koija area has limited livelihood options. The community is highly vulnerable to natural shocks and as a result, poverty is widespread in the area. The ecolodge was created to exploit the potential for wildlife tourism potential in the area and expand the livelihood options for the people in order to improve their lives.

- *To promote investment in conservation sector through wildlife enterprise:* In this area, most of the conservation investments and associated benefits are on private ranches. There is very little investment and benefits on communal ranches to compensate communities for the high costs of wildlife damage they incur. This has created disincentives for communities to provide land for conservation. Therefore, the ecolodge was created to demonstrate to the communities that beyond pastoralism, wildlife tourism is also a viable, compatible and beneficial land use option.

Table 1: Key conservation targets, threats and mitigation strategies in Koija

Conservation Target	Conservation Goals	Critical Threats	Conservation Strategies
Ewaso Nyiro River	Maintain dry season flow and conserve key riparian and catchment habitat	Habitat destruction, competition for resources, excess water abstraction	An NRM Program has been initiated in the area with the following strategies: 1. Set aside critical lands for conservation 2. Develop a system of community scouts to monitor and secure biodiversity 3. Awarness creation to reduce overstocking and overgrazing. 4. Human wildlife mitigation measures 5. Provide benefits through enterprise projects such as Koija Starbeds.
Endemic and semi-endemic ungulates and predators	Maintain and increase populations To protect habitats	Habitat destruction, competition for resources, population reduction and altered behaviour	
Elephant movement corridors and routes	Maintain critical habitats and movement routes	Habitat destruction and fragmentation	
Woodland Savanna mosaic	Maintain and restore extent, connectivity and diversity of the mosaic	Habitat destruction and fragmentation	

Evolution and Structure of the Partnership

The process of developing a community enterprise at Koija began in 1999 when Loisaba Ranch approached AWF to facilitate a partnership agreement with the Koija group ranch that would allow the parties to develop a mutually beneficial relationship, provide economic incentives and enhance livelihoods in the community. A group of young Kenyans operating through a private company, Wilderness Guardian Company, had just leased the 61,000-acre ranch for 15 years starting in 1998 and aimed to make it a model in private lands conservation as well as an exciting and exclusive travel destination in Africa. They invested considerable amounts of resources in the leased ranch to rehabilitate infrastructure and diversify income streams. These include cattle ranching, crafts and woodwork and wildlife tourism with tourism contributing 70% of the total revenue. Because of the location of the ranch in an arid area beside two poor communities, various critical issues threatened the future of the business.

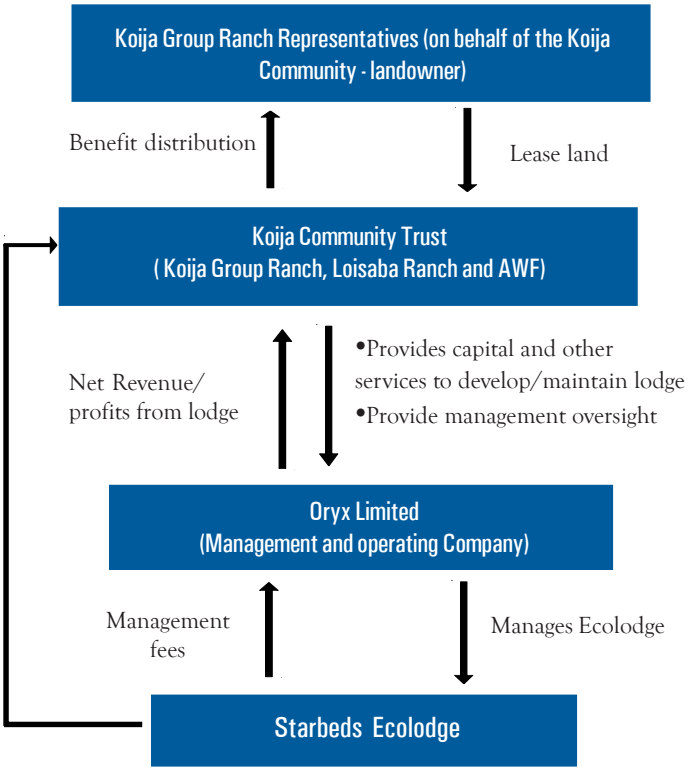
First, during this time, severe drought had decimated livestock populations on the ranch and in the communities. These losses reduced the revenue from cattle ranching and affected the ability of the ranch to repay debt borrowed to finance operations. The sight of dead carcasses on the ranch reduced the value of wildlife viewing experience on the ranch and affected the tourism business. At the same time, pastoralists escaping severe drought in community areas drove their cattle into the ranch in search of grazing. This increased competition for grazing resources for wildlife and cattle threatening the viability of the business. Second, a new political consciousness had arisen among the Maasai and they began to challenge private land title held by the ranchers of settler origin as part of wider agitation for land reform in Laikipia aimed at correcting colonial injustices. This was fuelled by information circulating among the Maasai that a pre-colonial lease agreement that they signed with the British in 1900 for the use of the land was due to expire in 2000. Because similar invasions in Zimbabwe appeared to spur the Maasai, the danger of land invasions and loss of investments was therefore very real for the ranch. Third, the viability of Loisaba Ranch as an unfenced wilderness area depends on the neighbouring community areas that provide wet season dispersal for wildlife. Securing the community areas for continual movement of wildlife was critical for the conservation integrity of the wilderness area and dependent tourism business. For the business to survive in the face of these threats, it had to develop and maintain good relationships with the neighbouring community.

The ranch then formed the Loisaba Conservation Trust (LCT) as the vehicle to engage and develop beneficial relationships with the adjacent communities. The goal of the trust is to spearhead community development projects as a way of sharing benefits and making the ranch valuable to the people. Several projects including education, water and mobile health clinic and employment for 120 community members were completed. In addition to these, Loisaba wanted to demonstrate to the community that wildlife has value and that conservation pays. In order to do this sustainably, Loisaba proposed to replicate its conservation initiatives in community lands in partnership with the community. These partnerships would enable the community to tap into the tourism-based economies of scale that already exist on Loisaba to establish a lodge that would otherwise be impossible in such a remote area. They agreed to replicate the community lodge from Loisaba's Kiboko Starbeds Ecolodge and have it fully managed as a part of the ranch's tourism business.

During this time, AWF and partners were implementing the USAID funded Conservation of Resources through Enterprise (CORE) project in Laikipia that had strong focus on enterprise development. Loisaba and the community approached AWF to act as an honest broker for a joint venture partnership for the development of the ecolodge and help to offset some of the transaction costs that so often hinder the development of successful partnerships and investments in conservation in remote rural areas. The first step was to develop a corporate institutional structure (see figure 2) in order to legalize the partnership to undertake profitable business and philanthropic activities. AWF facilitated the formation of the Koija Conservation Trust (KCT) in which there are three partners – AWF, Loisaba and the community. KCT is now the beneficial owner of the business. A five-person board of trustees representing the three partners governs the trust. There are two trustees each from Koija group ranch and Loisaba, and one from AWF. The main responsibilities of KCT is to provide management oversight over the private sector partner; distribute income from the enterprise among the partners and procure services required to maintain or improve

the ecolodge. This partnership structure has helped to articulate the roles and responsibilities of the partners and to formalize these where necessary through legal contracts. This has helped streamline expectations and reduce conflicts in the management of the enterprise.

Figure 2: Structure of partnership for the Koija Starbeds Ecolodge



Roles and responsibilities of partners in KCT

African Wildlife Foundation

AWF provided a suite of the legal and technical support services such as business planning, community mobilization and capacity building to support the establishment of the project. It also provided a grant of US$48,000 from the CORE project to cover community equity in the partnership and facilitate the construction of the ecolodge. The technical support services amounted to approximately US$20,000. Because of these services, the following enabling conditions for the lodge partnership were developed. We assisted the community to secure property rights for the community land through the acquisition of a title deed. We created new institutions to facilitate the partnership and improved the capacity of the community to participate in the partnership through training. We later facilitated a management agreement for the lodge between the community and Oryx Limited representing Loisaba. We also assisted the community to set aside 500 ha of land to support conservation and lodge operations. AWF continues to provide governance support to the partnership to ensure it meets its goals.

Loisaba Ranch

Loisaba Ranch is represented in the partnership through its management vehicle – Oryx Limited. Oryx Limited manages the Starbeds ecolodge on a daily basis through a management agreement with the community through KCT. Oryx provides marketing, accounting, logistical and communications support as well as the operating capital. It is paid 10% of gross revenue and 5% of net profit respectively for managing the lodge.

Koija Group Ranch

Elected leaders of the group ranch committee represent the community in the partnership. During the development process, these community leaders mobilized community members and secured buy-in for the partnership. They also mobilized the community to contribute US$2000 towards the partnership. Because the community participated in the processes that led to the development of the lodge, there is strong sense of ownership of the ecolodge. Currently, the community leaders are responsible for working with the community to determine how income from the lodge is distributed. They are also responsible for addressing community concerns in the partnerships.

Commercial Performance of the Enterprise

The Koija Starbeds ecolodge has been operational since September 2001 when it opened for business. Six years later, the performance of the lodge business has been very good (Table 2). The table shows that both the occupancy and the net profit have been increasing since the lodge started operations. Occupancy has steadily risen because the lodge utilises an active and successful marketing network at Loisaba. Consequently, the ecolodge was able to make a profit over a three-month period in 2001 after it opened for business. Experience with other lodges has shown that most of them make losses during the initial years as they develop marketing networks in the industry.

During the first two years of operation, the terrorist attacks of September 11, 2001and the subsequent travel advisories issued by western governments (who are the main markets for tourists) against travel to Kenya negatively affected the occupancy and profits. This illustrates the volatility of tourism in response to adverse international events.

The costs of managing business have also been rising to cater for increased growth. These costs include the operational costs, management and incentive fees of the private sector partner. Most importantly, the figures show that the business is very viable because it is paying for all its direct costs. The business currently absorbs 70% of its revenue in costs that are necessary to maintain the high standards required of an exclusive ecolodge. This scenario is different from many conservation enterprises that are highly subsidized concerns by either private or public sector partners (Kiss, 2004).

Table 2: Commercial performance of Starbeds Ecolodge (US$)

	2001	2002	2003	2004	2005	2006	Total
Occupancy	108 (5%)	216 (9%)	324 (14%)	405 (17%)	447 (19%)	441 (18%)	1500 (10%)
Gross Revenue	32,786	65,751	98,357	122,946	135,696	133,874	455,536
Total Fixed Costs	3,402	6,804	10,206	12,758	12,776	12,676.50	45,946
Total Variable Costs	24,462	43,524	62,586	76,882	84,296	83,236.50	291,750
Net Profit	4,036	12,499	20,963	27,279	31,637	37,961	96,414
Distributable Profit[3]	**3,228.80**	**9,999.20**	**16,770.40**	**21,823.20**	**25,309.60**	**31,140**	**108,271.20**

To date, the ecolodge has generated US$108,271.20 in distributable profit to the community. Given that the initial investment was US$48,000, the return to direct investment for the community is 225%. The total return on investment for the project is 24% (distributable profit / (direct costs + AWF engagement costs = US$70,000). This is ten times more than the highest estimates made by Elliot and Mwangi (1998) for large ranches in the area. The return on land set aside for conservation now stands at US$216 per ha which is about forty times more than the value Elliot and Mwangi (1998) estimated for wildlife tourism on large ranches in Laikipia.

Reasons for good performance

- As mentioned earlier, the ecolodge is managed as part of the advanced and thriving Loisaba tourism business and therefore has been hedged from various start-up working capital costs (e.g. marketing costs) that are traditionally high in this industry (Davis, pers comm.). Its breakeven point is zero because Loisaba assumes all the operating risk but generates income for the community from bed-nights and conservation charges. This explains why the ecolodge has been able to pay community benefits since it started operations.

- The ecolodge received grant money for the initial capital investment that it does not have to repay. Without any debt obligations, the ecolodge has been able to generate income and cover its costs from the start. This illustrates why it is important to provide start-up capital to such enterprises if we are serious about using enterprises as a strategy to generate incentives for conservation. This is particularly relevant in a country like Kenya where communities living in marginal lands may have property rights to land but because of the low market value of land, they are unable to use it as collateral to secure funds from financial markets for development projects.

[3] Distributable profit (to Koija community) = Net profit – Capital Replacement Reserve calculated at 20% of the net profit. The capital reserve is for financing major capital development and on-going maintenance of the property.

Conservation impact of the enterprise

Our initial strategy for achieving conservation impact was to work with the community to establish a conservation area to leverage land for conservation in replication of the model set by earlier enterprises such as Ilng'wesi Ecolodge (Sikoyo et al, 1999). The community set aside a 500-hectare conservation area to support conservation and provide opportunities for wildlife viewing for tourists staying at the ecolodge. This helped the community to understand clearly the linkage between the enterprise and conservation (Gadd, 2005). The conservation area located in the northern part of the group ranch serves as a wildlife dispersal area for wildlife from the northwestern private ranches. We then worked with the community to set regulations to ensure conservation management in the area e.g. a prohibition of grazing except during emergencies like severe droughts. We also established a community scout system to improve security for wildlife and ensure that no grazing takes place in the conservation area.

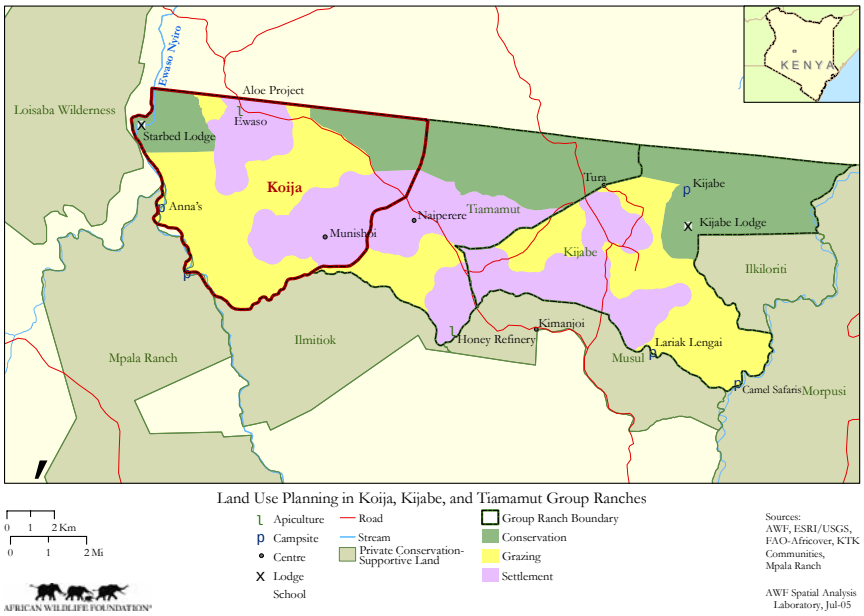
Ecological Assessment and Natural Resource Management Program

In 2002, Fumi Wells conducted an initial assessment of the group ranch and found that the conservation area that had previously been extremely degraded was showing signs of recovery compared to the other parts of the group ranch (Wells 2002). However, it was too small to support viable wildlife populations and ecological processes required for long-term conservation success in such a fragile and drought prone area. She recommended that more land be acquired in the adjacent community areas to expand the range for wildlife to the wider ecosystem. She also found that overgrazing was rampant in the conservation area because the rights and responsibilities of group ranch members for the conservation program were not clear and there existed no mechanism to reinforce regulations in place. Because of the inadequacy in methodology and time, this study did not constitute a baseline for future comparison. However it assisted AWF to begin an Natural Resource Management (NRM) program in Koija and the adjacent Tiamamut and Kijabe group ranches (Kiyiapi, 2003).

Under this program, we conducted a systematic natural resource management planning and zoning process where we divided land into three zones for settlement, grazing and conservation. For each of the zones, the community agreed on land use activities in a participatory manner. The conservation area was set aside strictly for wildlife conservation and enterprise development while the grazing areas were set for livestock grazing. In the grazing area, the communities are now trying to revive the traditional grazing systems whose collapse has led to wide scale degradation of the

rangeland. They have agreed on grazing times for smaller zones of the grazing area together with sanctions for penalizing violators based on Maasai traditions. Extensive rangeland rehabilitation is also underway in pilot sites in the grazing areas in order to improve the condition of the range. This program is now beginning to show success. The Koija conservation area has been contiguously linked Kijabe and Tiamamut conservation areas in adjacent group ranches bringing 8500 acres of land under conservation (*see figure 3*).

Figure 3: Koija Group Ranch in the context of the wider NRM program



The conservation areas are marked in green on the map and allow for continual wildlife movement from the private ranches in the south and west to the group ranches in Samburu and eventually to Samburu National Reserve. Kijabe group ranch have now replicated the Koija model and they have an ecolodge within their conservation area. We have formed and developed the capacity of natural resource management committess within the communities and they now manage these areas. Each community has also replicated the community scout system and enterprise development as strategies for managing the area. When the Koija conservation area is viewed in the context of the wider NRM program and the critical wildlife habitat that has been brought under conservation management, the chances that it will contribute to future sustained conservation impact are high.

Systematic Ecological Monitoring

The Koija conservation area has been existent for five years now. Oguge (2005) assessed the conservation and group ranch area to determine its conservation status and set a baseline for future systematic community-based monitoring. He used Geographic Information System (GIS) analysis of satellite imagery together with systematic ecological vegetation surveys and community interviews. He found that although there was severe degradation in the Koija ecosystem after years of overuse, range conditions had slightly improved in the conservation area compared to the other areas of the group ranch following the NRM program. He found that the biggest threat to land conservation was livestock overgrazing by locals and outsiders. He recommended that the group ranch develop a proper mechanism to enforce conservation regulations and safeguard conservation in the long term. He also recommended that other land management strategies e.g. range rehabilitation be incorporated into the NRM program to ensure long-term conservation successes. He also recommended that a community based monitoring system be established using the assessment as a baseline for future monitoring.

We are now working with the community to strengthen sanctions against illegal grazing through Maasai traditional institutions. We have also begun range rehabilitation activities in the area as a way of improving the range management. A community monitoring systems is also in place. The assessment also found 13 species of wildlife and a high biomass of 241individuals that confirmed the abundance of wildlife in the area. Community interviews revealed that attitudes towards conservation had positively changed because of the enterprise mainly because the link between conservation and the enterprise is clear. In recognition of the importance of wildlife to tourism in the area, the community reported that they now move their livestock away from wildlife areas when faced with conflicts (Oguge, 2005).

Although some changes have occurred in the area, it is difficult to attribute them to the enterprise because no ecological baseline was developed at the inception of the conservation area. What is clear is that the NRM program has made good progress especially in expanding the land dedicated to conservation and linking it to the wider landscape context. That area was highly degraded, it is spatially and temporally variable, therefore a long period will be required for it to recover substantially.

Benefits, their distribution and impact on livelihoods

It has generally been argued that although tourism is now the second most important source of foreign exchange in Kenya (Kenya, 2004), very little benefits reach the communities that live with and bear the costs of wildlife. It is also widely accepted that communities do not enjoy substantial and sustainable benefits because of lack of equitable benefit distribution mechanisms. With these in mind, we developed a clear benefit distribution mechanism for the Koija Community through the Koija Community Trust (KCT) to maximize the share of benefits from the enterprise. The managing partner, Oryx Limited, pays all agreed revenues from the ecolodge directly into the KCT bank account and distributed as follows:

- Twenty-five percent is allocated to the capital fund to finance capital development and maintenance of the ecolodge. For example, in between 2001 and 2006, US$19,282.20 has been set aside and used to obtain insurance for the property, construct and equip a kitchen, and to construct a footbridge across the Ewaso Nyiro in order to enhance visitor experience.
- Twenty percent is allocated to the group ranch to cater for the management expenses of the group ranch management committee to improve service delivery to members.
- Eighty percent of the balance is spent by the trust on community development projects. The equitable use of these funds is determined with the participation of the group ranch members through the annual general meeting. The balance of the money is deposited in the KCT bank account.

Financial benefits

Since it opened in 2001, the lodge has generated US$77,131.20 for the community. The group ranch committee has spent US$15,426.24 of the community income for management costs and invested US$49,364 in community development projects that include water provision, education bursaries, and health clinic. The community has banked about US$12,341 in the community bank account. The community also earns other tourism related incomes from warrior dancing for tourists at the cultural *manyattas* and sale of handicrafts in the area.

Non financial benefits

Employment

Twenty-five community members are employed at the ecolodge as a supervisor, guides, security men and stewards and have earned a total of US$19,200 (about US$3840 per year). An additional 30 youths and 45 women also derive their livelihood from cultural activities and sale of handicrafts at the cultural village, which is a spin-off enterprise visited by tourists from the ecolodge. The ecolodge is small scale and provides few the employment benefits to the community. The trickle down effect on livelihoods from these employment opportunities is therefore unclear.

Education

The literacy levels in the community are very low and therefore the community has prioritized investment in education as a key welfare project. A project called "Conservation for Education" started in the area is financed through the Koija Bursary Fund. This fund has spent US$7,500 to sponsor 15 students in boarding primary schools and 23 in provincial secondary schools. The community is also sponsoring for the first time a female student at a local university in Kenya. They hope that education will lead to conservation in the long-term as more community members are educated and adopt conservation issues. They also hope that education will equip the community members with skills that will allow them to pursue other sources of livelihood like employment and reduce the pressure on local resource use.

Health

The local health clinic has been equipped with a vaccine fridge and power supply. In a area with high infant mortality rates and other deadly diseases, this has improved primary and general health care to the community that is cut off from such facilities by geographical remoteness.

Security

The community has employed two community security scouts who work together with the community and other scouts from the Naibunga Conservancy and private ranches to guard the conservation area. This has reduced the incidences of insecurity and cattle rustling that were so rampant in the area by other pastoralists before the NRM program began. Cattle rustling and banditry in the area constituted a major economic cost as most of the people either lost large numbers of livestock on which their livelihoods depended or had to organize extra security for their livestock. Today the community acknowledges improved security as a major benefit of the NRM program (Nareda, 2004). This confirms that for most rural people, it's the impact on assets rather than cash payments that matter most (Ashley, 2000).

Impact on livelihoods

The community has 1200 registered members who are entitled to benefit from the lodge. The return so far to the community has been US$64 per person or US$12.8 per person per year. In comparison to the poverty line of KES 1,239 per month in Kenya (US$16.50) (Ndeng'e, 2003), the benefits to livelihood are not substantial. This may explain why the community decided to invest instead in community development projects that benefit everyone and matter most to the community because of their ability to improve other community assets. It will take time before sustained benefits improve community assets and later livelihoods. This appears possible given that wildlife based tourism is now emerging as a realistic and important livelihood option in Koija contributing 19% of the total net income (Wells, 2002).

Conversely, there is a perception among the community members that NRM has had a negatively impact on livestock keeping and livelihoods through the loss of grazing area to conservation (Wells, 2002). This finding is supported by what Rutten (2001) found out with a similar ecotourism project in the Eselenkei pastoral area near Amboseli National Park where communities also considered a conservation area as lost grazing land that had negatively affected livestock keeping. In Koija, the conservation area comprises 9% of the total group ranch area which appears significant, but when seasonal grazing areas owned by absentee landlords are included, it comprises only 1% of the total grazing area (Wells, 2002). However as earlier mentioned, only 3% of the community migrate with livestock and live outside the ranch on a seasonal basis. Therefore, the loss of grazing area in the context of the total group ranch area appears significant. This perception brings to question the commitment of the Koija community to conservation. It appears that though they have developed positive attitudes towards wildlife because of benefits

from tourism, they have not fully embraced conservation practices, which normally take time. It may also be that since the benefits have not been significant, they still value livestock keeping because of its ability to contribute directly to household wealth and livelihoods.

This enterprise has generated substantial non-financial benefits and therefore has potential for conservation success because experience has shown that the poor tend to value these benefits more because of their ability to increase community assets. However, the extent to which these benefits have significant improved livelihoods is not ye clear. This is because measuring and estimating the impact of the enterprise on livelihoods is complex given the wide range of stakeholders and interests involved (Holland, 2002). Most projects claim success because they have distributed substantial income to a homogenous group called beneficiaries. This is not true because in most communities, there are different stakeholders who benefit from, and are impacted differently by projects based on among other things, their power. Future socioeconomic monitoring and analysis will be required to establish the extent to which these benefits, if they should continue, have impacted on the different groups of the community.

Challenges, lessons learnt and recommendations

One of the main challenges the enterprise faces is that it relies too much on private sector partner (Loisaba) for its survival. This may because the community lacks key entrepreneurial and management skills due to widespread illiteracy. Though the relationship is currently working well for the enterprise, there is need for the capacity development of the community to so that sometime in future, they can manage the enterprise themselves. This is possible given that there are examples of other communities that are managing similar enterprises in Ilng'wesi and Tassia in similar community areas. The Conservation for Education initiative is therefore a step in the right direction.

The definition of who is a community member is very unclear in the community. Currently only men and widows are registered and considered group ranch members (Wells, 2002). The majority of women are not registered as group ranch members and therefore are marginalized especially from decision-making and benefit distribution. This reflects the patrilineal nature of the Maasai society but has the potential to negatively affect the enterprise if a huge proportion of the community is not involved in decision-making and benefit distribution. The group ranch will need to revise the criteria for membership to include the important but marginalized members of the community.

This community has a history of serious internal conflicts between sub-clans that has in the past led to the failure of community honey enterprises. Partners have made deliberate efforts to involve all the different clans in the conception, development and management of the lodge. Partners need to ensure that the mechanisms that has been developed in the community continually functions to stem potential internal conflicts among community sub-groups that can kill the enterprise. These mechanisms should also enable the community to enforce its own regulations critical to the survival of the lodge e.g. control of grazing in the conservation area and equitable benefit sharing.

The enterprise has benefited from a wide range of technical support services provided by partners. Though the enterprise is now making profits and can pay for all its direct costs, it still requires considerable partner support for indirect costs e.g. in governance issues in the community and costs of NRM on group ranch land. The greatest challenge facing partners is how they can continue to provide these services cost effectively to this enterprise until it has matured and can pay for all indirect costs and services.

This enterprise has demonstrated that the conservation logic or link between enterprise and conservation must be clearly articulated and understood to all involved if it is to be successful. For the Starbeds, the link to the conservation area and the larger NRM program and conservation landscape is clearly articulated and understood. This has laid the foundation for long-term success for the enterprise. Because the environment is very fragile, the NRM program needs to be strengthened in order to improve the degraded rangelands in the wider group ranch and to safeguard the conservation areas.

This enterprise has also demonstrated that it is important to consider the scale of operations. The Starbeds is small in scale and does not require a lot of external expertise to run it. All the employees except the Manager are from the community. This has been important capacity building for the community in the area. Therefore, similar enterprises in other areas should be on a viable scale that can be easily managed using available local skills.

Most enterprises generally allocated all revenues to meet growing community needs and satisfy community expectations. Very little money is set aside for expansion, reinvestments or even maintenance. This affects the performance and viability of the enterprise in the long run. The Starbeds has safeguarded against these by creating a Capital Reserve Fund to fund future capital developments and ongoing maintenance. Such a fund should be included in benefit distribution schemes of all enterprises to ensure success in the long term.

Community enterprises should utilize low scale investments that do not strain community or the donor. While such external funding is welcome, communities and their partners should preferably raise the money themselves through debt financing. This is because debt repayment can act as a motivation for enterprise success. Very modest donor grant funding was invested to develop the Starbeds ecolodge but in hindsight and given its outstanding commercial performance, the development could have been financed through debt.

For any community private sector partnership to deliver enterprise success, it is important to have correct legal corporate structures

to govern the relationship and the business. In the case of the Starbeds, the Koija Conservation Trust was created as the vehicle for the partnership. This has clearly articulated roles, responsibilities and benefits and where necessary sealed this through legal contracts. This has reduced conflicts and increased the probability of enterprise success.

Clear benefit distribution mechanisms are also a requirement for enterprise success. In most communities, the amount, nature and distribution of benefits determines their continual support for the enterprise. This is because most communities hold high expectations that enterprises will improve their livelihoods. If no mechanism exists, the resultant conflict could lead to enterprise failure. In Koija, a benefit sharing mechanism exists although it still needs to be more inclusive at the community level e.g. include women. In addition, benefits from enterprises must be seen as one of the livelihood streams complementing other livelihoods in any society but not the panacea for all the livelihood problems.

Conservation enterprises need to be implemented in the context of other NRM measures if they are to deliver conservation impact. It is highly unlikely that an enterprise alone can deliver conservation in most of the complex areas of Africa. The enterprise need to be used to generate incentives that complement other direct NRM measures such as habitat protection or restoration, required to ensure conservation impact.

Careful planning is required for the use of profits from enterprises that accrue to the host community so that with increasing success, they do not harm conservation. For example in an area like Koija, caution must be taken to ensure that the community do not invest profits into expanding livestock stocking levels in such a fragile environment because resultant pressure may negate the long-term gains from conservation.

The policy environment covering ecotourism may be unclear or un-conducive but successful enterprises may still emerge. This may be due to a number of factors that include strong collective will and cohesions of the community, presence of a committed private sector partner, high tourism potential and existence of other support organizations, which help to mitigate the transaction costs imposed by lack of or unclear policy. This is what happened with the Starbeds and elsewhere with the Mahenye ecotourism project in Zimbabwe (Murphree, 2001).

Conclusion

This case study has shown that Koija Starbeds ecolodge as an enterprise strategy for conservation has demonstrated good commercial success, with good but unclear results on livelihoods and conservation. However, the analysis has also shown the enterprise possesses certain conditions that have been articulated by among others Salafsky (2001) and Kiss (2004) as being crucial for long-term success in three areas of commercial success, livelihoods and conservation. The ecolodge has clear linkage to conservation; strong local ownership and participation in decision-making; high non-financial benefits; low population of beneficiaries which allows for greater impact of revenues accrued in the community. There is secure tenure for the ecolodge; committed private sector partner with clear partnership mechanism and it's a simple and small enterprise that can be partly managed using local skills and expertise in future. Even though the Starbeds is currently not successful in all aspects of the criteria, it is too early to either dismiss it or abandon enterprise strategy for conservation in pastoral areas of Kenya. The enterprise strategy has only been in use for almost a decade in these areas, which is rather a short time to harshly judge enterprises in a volatile tourism industry as a failure. More time is required before concrete examples of success can emerge. For the future success of enterprises, conservation organizations and other players supporting enterprises will need to learn from existing enterprises such as the Starbeds and adapt lessons into development and management of enterprises to ensure they provide all rounded success.

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