



REPUBLIC OF KENYA

KENYA'S SUBMISSION ON THE FOURTH REVIEW OF THE ADAPTATION FUND

1. INTRODUCTION

Kenya takes this opportunity to present views in reference to the Decision 4/CMP.16, paragraph 3 that: *"Invited Parties to the Kyoto Protocol, Parties to the Paris Agreement and observer organizations, as well as other interested international organizations, stakeholders and non governmental organizations involved in the activities of the Adaptation Fund, and implementing entities accredited by the Adaptation Fund Board, to submit their views on the Fourth Review of the Adaptation Fund based on the terms of reference set out in the annex via the submission portal by 31 March 2022 for consideration by the Subsidiary Body for Implementation at its fifty-sixth session (June 2022)"*

Kenya notes that the Fourth Review of the Adaptation Fund provides an opportunity to further improve its efficiency, effectiveness, adequacy and operations in addressing the adaptation needs of developing countries.

The Global Commission on Adaptation (GCA) estimates that an annual investment of USD 180 billion is required to respond to the growing adaptation burden between 2020 and 2030. Over USD 3 trillion by 2030 is required by Africa alone to implement Nationally Determined Contributions (NDCs). This demonstrates that the level of financing needed goes way beyond the USD 100 billion a year.

Kenya has prioritized adaptation in her NDC and it is estimated that USD 43.9 billion is required to implement Kenya's adaptation actions up to 2030. The Adaptation Fund plays a vital role in enabling Kenya to meet her adaptation financing needs.

2. KENYA'S EXPERIENCE WITH THE ADAPTATION FUND

Kenya is among African countries that have directly accessed the Adaptation Fund, through her National Implementing Entity (NIE), providing it an opportunity to share experiences that could enrich the fourth review of the Adaptation Fund.

The National Environment Management Authority (NEMA) was accredited as an NIE to the Adaptation Fund in March, 2012, the 12th globally. NEMA, being Kenya's only NIE, has had engagements with the Fund resulting in it accessing resources through several funding windows since its accreditation.

Kenya is currently implementing its first programme titled *"Integrated Programme to Build Resilience to Climate Change and Adaptive Capacities of Vulnerable Communities in Selected Counties in Kenya"*, which was approved in 2014 through the NIE. The country has also had experience with the Technical Assistance Grant, the South-South Cooperation Grants and been part of multi-country regional projects. The resources from the Adaptation Fund have gone towards addressing some of the Country's adaptation needs and built capacity for adaptation planning and programming. However significant resources are still needed to meet the deficit of Kenya's growing adaptation funding needs. Further, Kenya emphasizes the need for enhanced coordination between the Designated Authority (DA), National Implementing Entities (NIEs), Regional Implementing Entities (RIEs), and Multilateral Implementing Entities (MIEs) to accelerate country ownership, access to resources and sustainable adaptation actions.

3. KENYA'S VIEWS ON THE FOURTH REVIEW OF THE ADAPTATION FUND

To make the Adaptation Fund more responsive to the adaptation needs of developing countries, Kenya therefore offers the following views with respect to the Fourth Review of the Fund:

3.1 Sustainability, Predictability and Adequacy of the Adaptation Fund

Kenya notes that there is a financing gap for climate adaptation actions, which is expected to continue widening since developing countries have special circumstances that exacerbate their vulnerabilities to climate change, thus increasing their adaptation needs and costs. While the increase of Certified Emissions Reductions (CER) share of proceeds from 2% to 5% under Article 6 is a positive sign to resourcing the fund, Kenya notes the urgency of securing sustainable and predictable financing for the fund. Past experience of resourcing from sale of share of proceeds has been limited. This review must endeavor to find practical means of resourcing this fund to assure developing countries of adaptation actions.

3.2 Accreditation Process and Access Modalities

Kenya notes from her experience that the accreditation process for the NIEs is rigorous and complex and it took Kenya over a year to complete just the accreditation process. Further, it took Kenya almost 3 years to access resources from the Fund.

To enhance the accreditation process, Kenya emphasizes on the need to make the accreditation process easier, provide further technical support to Parties in meeting accreditation requirements, project design and development process, and streamline the access modalities.

3.3 Operational Policies and Guidelines

Kenya notes that Paragraph 34, 35, and 36 of the Operational Policies and Guidelines (OPG), as Amended in 2021 puts responsibility for fiduciary standards, environmental and social policy, and gender policy on the Implementing Entities (IEs). However, there is no provision for the NIE to develop capacity and give guidance to the Executing Entities (EEs) to comply, since they are the actual implementers.

Kenya calls for the Adaptation Fund to support the Accredited Entities to build the capacity of the Executing Entities to enhance their compliance with the Fund's fiduciary standards, environmental and social policy as well as Gender policy.

3.4 The Project Approval Procedures of the Adaptation Fund

Kenya notes from her experience that the process of developing a project or programme upto the approval stage can be long, technically and financially demanding to NIEs. Such a reticulate process may make the proposed adaptation interventions obsolete or irrelevant, since adaptation actions are both time and situation specific. Kenya, therefore, welcomes efforts by the Fund to support the NIEs in strengthening capacity for adaptation programming, and undertaking preliminary technical studies through Project Formulation Grants. However, at US\$5,000 per NIE, Kenya submits that this grant is not adequate to cover the cost of project or programme design.

3.5 The results and impacts of approved adaptation projects and programmes

Kenya recognizes that the Fund's results framework has helped to give its programs strategic focus. The Annual Project Performance Reports (PPRs) by IEs undertaking regular programmes is an adequate tool for reporting on outputs, outcomes, and impacts. The scope of the PPR is adequate and requires IEs to report on financial performance, procurement, progress, indicator reporting, environmental and social safeguards, gender, risk management, as well as lessons learned from project implementation.

Kenya calls for further clarifications to NIEs on the Results Tracker to link project outputs/outcomes to the Fund level outputs and outcomes. Additionally, the Results tracker requires accurate project baselines to measure impacts. Kenya also requests the Fund to make the tool online to enable IEs to continuously update progress of the project.

3.6 The Readiness Programme for Direct Access to Climate Finance

Kenya acknowledges the efforts by the AF Board to make available several small grants under the Readiness Programme for undertaking various climate finance readiness activities. It is noted that the Readiness Grants have been sub-divided into various components including Readiness Package Grant, Project Formulation Grants, Project Scale up Grants, and Technical Assistance for Environmental and Social Policy (ESP) and Gender Policy. The discontinuation of the South-South Cooperation grants and its subsequent replacement by Readiness Package

Grants is also acknowledged as it enhances its scope and size of the grant to support accreditation.

In order to enhance readiness actions in developing countries, Kenya submits that the review should ensure that the resources available for the various readiness actions are enhanced. Further, the readiness grants should be consolidated to ensure that the processes of accessing these resources and reporting are streamlined.

Kenya further submits that there is need to expand the scope of the readiness grants to support the strengthening of the institutional capacity of NIEs in adaptation planning, access to financing and implementation of adaptation programs.

Kenya welcomes the piloting of a new funding window, the Enhanced Direct Access (EDA), of up to USD 5 million per Country. The EDA will offer opportunities that help build the capacity of local organizations to programme adaptation finance and design and implement their own projects through locally led action. We encourage the development of guidelines to operationalize the window.

3.7 The Programme for Regional projects

Kenya recognizes the access modality through the Regional Implementing Entities (RIE) and Multilateral Implementing Entities (MIE) for regional projects. However, Kenya notes that there is a need for the RIEs and MIEs to enhance country ownership of projects through active engagement of stakeholders and the local government agencies as executing entities. Kenya submits that the active engagement of stakeholders and the host government agencies as executing entities, should be a condition for Designated Authority (DA) to provide nomination letters. This move will accelerate country ownership in RIE's/MIEs project pipelines, and strengthen the relationship between RIE/MIEs and DA for sustainable adaptation actions.

Kenya acknowledges the role of a Designated Authority (DA) of each participating Party with regards to endorsement of the regional (i.e., multi-country) projects and programmes proposals submitted to the AF Board. However, Kenya notes that there is no mechanism for the RIEs or MIEs to, among other things, report to the DA, carry out stakeholder engagement, or be accountable for results, as provided for in the revised OPG (October 2021), para 32.

3.8 The Innovation Facility

Kenya notes with appreciation the new innovation facility made available by the Adaptation Fund to support adaptation innovation. This facility provides a unique opportunity to developing countries to develop and/or test innovative products, adaptation practices, tools, and technologies, and generate an evidence base to scale up effective solutions. Enhancing such practices and building innovations that take into account national contexts supports developing countries' ambition to tackle adaptation needs at country level through tested and working approaches. . The larger grants mechanism would make it possible to scale out solutions and

address adaptation needs. This facility requires further financing and buttressing to build, amplify and deploy locally fit adaptation solutions.

3.9 Programming and Project Coherence and Complementarity

Kenya notes efforts of the Adaptation Fund to enhance coherence and complementarity with the Green Climate Fund, to enhance the effectiveness of the two funds to serve the Paris Agreement, in line with Decision 13/CMA.1. Such efforts have made it easier for national entities to seek accreditation to either of the funds is already accredited by one. Kenya anticipates that the 4th review should work to clarify and enhance such coherence to further overcome additional barriers to Accreditation such as duplicative requirements in a bid to lessen the burden on countries. This review needs to explore the possibility of leveraging experience, technical capacities and resources from both funds to develop more robust adaptation knowledge and projects to deliver at scale adaptation outcomes.

3.10 The Institutional Arrangements for the Adaptation Fund

Kenya appreciates the current governance structure of the AF Board that has enhanced efficiency in the implementation of the Fund.

4. CONCLUSION

Kenya therefore looks forward to the Fourth Review of the Adaptation Fund, noting that the review should provide for:

- More ambitious financing for the Fund to bridge the financing gap, and enhance the predictability and adequacy of financial resources in the AF to support the developing countries;
- Faster accreditation through simplifying the processes and requirements, and provision of technical support to eligible developing countries;
- Enhanced resources for the readiness programme for direct access to climate finance, and that processes of accessing these resources and reporting are streamlined;
- Support to the Accredited Entities to build the capacity of the Executing Entities to enable EE compliance with the Fund's fiduciary standards, environmental and social policy as well as Gender policy;
- The expansion of the scope of the readiness grants to support the strengthening of the institutional capacity of NIEs in adaptation planning, access to financing and implementation of adaptation programs;
- The development of guidelines to operationalize the Enhanced Direct Access window;
- Making it mandatory for Regional Implementing Entities and Multilateral Implementing entities to engage stakeholders and the host government agencies as executing entities as a pre-condition for Designated Authority (DA) to provide nomination letters for regional projects;
- The Results Tracker tool that links project outputs/outcomes to the Fund level outputs and outcomes to be made online to enable IEs to continuously update progress of the projects and programmes and evaluate the impact of the Fund's interventions.