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SECOND PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND

Country case study report

Kenya

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May 2023

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Second Performance Review of the Green Climate Fund

KENYA COUNTRY CASE STUDY REPORT

05/2023

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ABBREVIATIONS

AE	Accredited entity
AFD	Agence française de développement
DAE	Direct access entity
EE	Executing entity
ESS	Environmental and social safeguards
FAA	Funded activity agreement
FP	Funding proposal
GCF	Green Climate Fund
GDP	Gross domestic product
GHG	Greenhouse gas
IAE	International accredited entities
IEU	Independent Evaluation Unit
IMTC	Inter-Ministerial Technical Coordination Committee on Climate
IRM	Initial resource mobilization
NAP	National adaptation plan
NDA	National designated authority
NDC	Nationally determined contribution
NEMA	National Environment Management Authority of Kenya
NOL	No-objection letter
PPF	Project Preparation Facility
PSF	Private sector Facility
RPSP	Readiness and Preparatory Support Programme
SPR	Second Performance Review
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollar

A. Introduction

This country case study has been conducted as an input into the Second Performance Review (SPR) of the Green Climate Fund (GCF), as launched by the Board of the GCF through decision B.BM-2021/11. The SPR is being conducted by the GCF's Independent Evaluation Unit (IEU). The SPR focuses on assessing the progress made by the GCF in delivering on its mandate, as well as the results of the GCF, including its funded activities and its effectiveness and efficiency. The SPR is informed by multiple data sources and methods, including country case studies.

This country case study report for Kenya is based on desk review, interviews (see annex 1) and a country mission undertaken from 15 to 19 August 2022, including site visits to the projects TWENDE: Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (FP113), Promotion of Climate-Friendly Cooking: Kenya and Senegal (FP103) and KawiSafi Ventures Fund (FP005). The country mission team included Peter Weston (ICF consultant), Andreas Reumann (GCF IEU) and Lucy Njigua (ICF national consultant). The report benefited from findings by earlier IEU country case studies during the 2018 GCF Results Management Framework Review and Readiness and Preparatory Support Programme (RPSP) Review and the 2019 Forward-Looking Performance Review of the GCF.

B. Background and context

This section presents background information to better contextualize Kenya's experience with the GCF, including the broader country (Table 1) and climate finance contexts.

1. Country context

Table 1. Overview of Kenya country context

Category	Country
Demographics	• Total population is approximately 55.9 million, with 29 per cent of the population residing in urban areas (Central Intelligence Agency, 2022). • Approximately 36 per cent of the Kenyan population lives below the poverty line (Central Intelligence Agency, 2022).
GCF group status	• Africa
Governance conditions	• As evaluated on the World Bank's six governance indicators, Kenya ranks in the bottom quartile for Control of Corruption (21st percentile) and Political Stability and Absence of Violence/Terrorism (14th percentile), and in the lower half for Government Effectiveness (39th percentile), Regulatory Quality (36th percentile), Rule of Law (31st percentile), and Voice and Accountability (36th percentile) (World Bank, 2022b). • Fragile and conflict-affected state status: N/A (World Bank, 2022c). • Governance: Kenya is a presidential republic and has a mixed legal system based on English common law, Islamic law, customary law and judicial review in the new Supreme Court established by the new Constitution. The President acts as both the Chief of State and Head of Government. The current President, William Ruto, was elected in 2022. The role of Prime Minister was abolished following the 2013 elections (Central Intelligence Agency, 2022).
Economic and development	• Development status: Lower-middle-income economy (World Bank, 2022a). • Important economic sectors: The services industry accounts for 47.5 per cent of

CATEGORY	COUNTRY
conditions	gross domestic product (GDP), followed by the agriculture industry at 34.5 per cent and industry at 17.8 per cent (Central Intelligence Agency, 2022). • Outlook: Kenya demonstrated remarkable resilience to the onset of COVID-19 and its associated shocks and is facilitating an economic recovery. Its GDP growth rate was anticipated to be 5.9 per cent in 2021. However, uncertainty lingers regarding the domestic political context and 2022 elections and the country's ability to expand its COVID-19 vaccination programme (International Monetary Fund, 2021).
Access to finance	• Domestic financing accounts for about 6 per cent of GDP in 2020 (as compared to foreign financing). Expanding access to finance remains a priority in Kenya, even as digitalization has promoted greater access: financial inclusion rose to 83 per cent by 2019, up from 27 per cent in 2016, due to widespread adoption of mobile financial services (International Monetary Fund, 2021). • The debt-to-GDP ratio has steadily risen in the last decade. From 35.4 per cent in 2010 it rose to 54 per cent in 2019 and is estimated to have reached 62.7 per cent in 2020 (International Monetary Fund, 2022). • World Bank Ease of Doing Business Index: Kenya ranks higher among developing countries, at 56 out of 190 countries (World Bank, 2021a).

2. CLIMATE CHANGE PRIORITIES, POLICIES AND INSTITUTIONS

a. Climate vulnerability

Kenya is notably vulnerable to the impacts of climate change; more than 80 per cent of the country's land area is arid to semi-arid land with poor infrastructure and other associated development challenges. This leaves less than 20 per cent of the land area to support more than 80 per cent of the population. Climate hazards and extreme weather events have generated considerable economic losses and disruptions to livelihoods across sectors over the years. Kenya's economy is reliant upon climate-sensitive sectors and industries, including rain-fed agriculture, water, energy, tourism, wildlife and health, all of which have become more vulnerable with increased climate change.

Primary climate hazards include droughts and floods. Extreme rainfall events are occurring with greater frequency and intensity, and increased aridity and droughts are similarly increasing as prolonged droughts have become more common since 2000 (Kenya, Ministry of Environment and Forestry, 2020; World Bank Group, 2021a, 2021b). Increasingly severe climate impacts, including those related to extreme rainfall or drought events, generate and aggravate conflicts, predominantly over natural resources. Rising sea levels and increasing temperatures are also of concern.

b. National climate change and related policies

Kenya has established multiple national and subnational policies that directly and indirectly address climate change, including the Climate Change Act, the National Climate Change Framework Policy and a suite of United Nations Framework Convention on Climate Change (UNFCCC) documents, all of which prescribe specific climate strategies, goals and actions. Climate change mainstreaming across government levels, stakeholders and sectors is also a priority across these policies and documents (Kenya, Ministry of Environment and Forestry, 2020).

Kenya's climate action, including its targets, policies and strategies are deemed almost sufficient, as evaluated by the Climate Action Tracker (Climate Analytics and New Climate Institute, 2022). Table 2 summarizes Kenya's national climate change policies and strategies.

Table 2. Kenya national climate change policies and strategies

Strategy	Status	Brief description
National climate change framework policy	Enacted	The National Climate Change Framework Policy aims to enhance Kenya's adaptive capacity and build resilience to climate variability and change while promoting low-carbon development. It also helps facilitate a coordinated and effective response to climate change at the local, regional and national levels, and integrates a mainstreaming approach to incorporate climate change into development planning, budgeting and implementation across sectors (Kenya, Ministry of Environment and Natural Resources, 2016).
The Climate Change Act	Enacted	The Climate Change Act provides a legal framework for the "development, management, implementation, and regulation of mechanisms to enhance climate change resilience and low-carbon development for the sustainable development of Kenya" (Kenya, Ministry of Environment and Forestry, 2018). It also establishes the governmental bodies and agencies charged with creating and implementing climate change plans and actions.
Updated nationally determined contribution (NDC) (2020)	Submitted	The updated NDC outlines Kenya's current greenhouse gas (GHG) emissions reductions commitments, as well as its enhanced contribution since its previous submission, aiming to reduce GHG emissions by 32 per cent by 2030 compared to the business-as-usual scenario. It indicates the need for significant international support (i.e. 79 per cent of the cost) to make implementation of the NDC feasible. Priority mitigation actions include increasing renewable energy, enhancing energy and resource efficiency, scaling up nature-based solutions, enhancing reducing emissions from deforestation and forest degradation activities, climate-smart agriculture and low-carbon transport, among others (Kenya, Ministry of Environment and Forestry, 2020).
National adaptation plan (NAP)	Under implementation	The NAP is intended to consolidate Kenya's vision on high-level adaptation actions that interplay with economic sectors and country-level vulnerabilities to enhance long-term resilience and adaptive capacity. It prescribes adaptation actions for the period 2015–2030 (Kenya, Ministry of Environment, Natural Resources and Regional Development Authorities, 2015).
Adaptation communication	Under implementation	Enclosed in the most recent NDC update, Kenya's adaptation communication states an adaptation goal intended to ensure a climate-resilient society by mainstreaming climate change adaptation into medium-term plans and county integrated development plans. In all, 90 per cent of the cost for these adaptation actions requires international support in order to be implemented (Kenya, Ministry of Environment and Forestry, 2020).
National Climate Action Plan 2018–2022 (NCCAP)	Under implementation	The NCCAP is a five-year plan that supports Kenya to adapt to climate change, reduce GHG emissions and to ensure mainstreaming of climate change is carried into sector-level decisions. The NCCAP sets out seven priority climate action areas with adaptation and mitigation actions. *Enabling actions are also identified in policy and regulatory environment, capacity-building and knowledge management, technology and innovation, climate finance, and measurement, reporting and verification. The NCCAP guides climate actions across stakeholders (e.g. the national and county governments, the private sector, civil society) (Kenya, Ministry of Environment and Forestry, 2018).

STRATEGY	STATUS	BRIEF DESCRIPTION
Vision 2030	Under implementation	Kenya's Vision 2030, launched in 2008, is the long-term development blueprint for the country and prescribes broad-based objectives across sectors (including climate change) (Vision 2030 Delivery Secretariat, n.d.).

Note: *Priority areas include water and the blue economy; forestry, wildlife, and tourism; disaster risk management; food and nutrition security; health, sanitation, and human settlements; manufacturing; and energy and transport.

c. Institutional roles and responsibilities for climate change

Climate change roles and responsibilities are laid out across several of Kenya's climate change strategies and policies. These policies direct the Climate Change Directorate within the Ministry of Environment and Forestry, which is the lead government agency responsible for climate change plans and actions and related measurement, monitoring and reporting. The national Climate Change Act also stipulates, at the sector level, that state departments establish climate change units to integrate NCCAP actions into their strategic and implementation plans. Subnationally, county governments are required to designate a county executive committee member to coordinate climate change in each county through the establishment of a climate change unit (Kenya, Ministry of Environment and Forestry, 2020).

3. CLIMATE FINANCE CONTEXT

a. Support for readiness

The ND-GAIN Country Index summarizes a country's vulnerability to climate change and its readiness for climate finance. The index's readiness score "measures a country's ability to leverage investments and convert them to adaptation actions" (University of Notre Dame, 2022). In 2019, Kenya had an ND-GAIN readiness score of 0.299, making it the 149th most ready country for utilizing climate finance.

Kenya joined the NDC Partnership in 2017 and has received support on the development of the NCCAP, among other related technical assistance and capacity-building efforts, through Gesellschaft für Internationale Zusammenarbeit (GIZ), Global NDC Implementation Partners, the United Nations Development Programme, the United Nations Environment Programme, the World Bank and the World Resources Institute (NDC Partnership, 2018, 2022).

b. Climate investment

Development finance commitments to Kenya for climate change totalled USD 2.97 billion between 2016 and 2019 (Stockholm Environment Institute, 2022). GCF finance in Kenya totalled USD 86.1 million for this period.

Adaptation. Development finance commitments to Kenya targeting climate adaptation totalled USD 1.35 billion from 2016 to 2019. In the same period, the GCF's adaptation investments totalled USD 37.2 million. Recent climate-related projects include a USD 150 million World Bank funded initiative to strengthen climate resilience in Kenya's rural communities (World Bank, 2021b). Other major finance commitments have supported adaptation efforts related to water supply and sanitation, agriculture, forestry, fishing, and disaster prevention and preparedness (Stockholm Environment Institute, 2022). Table 3 lists the top development partners, sectors and instruments for funding adaptation projects in Kenya.

Table 3. Top development partners, sectors and instruments for adaptation investments in Kenya (2016–2019)

Top development partners		Top sectors		Top instruments	
Name	USD (M)	Name	Share (%)	Name	Share (%)
World Bank	703	Water supply & sanitation	33	Multilateral development bank loans	78.3
African Development Bank (AfDB)	348	Agriculture, forestry, fishing	31.4	Other development assistance grants	16.0
European Union institutions*	117	Disaster prevention & preparedness	15.3	Multilateral development bank grants	4.0
African Development Fund	52.4	Government & civil society	5.1	Private development finance	0.97
United States	31.1	Other social infrastructure & services	4.4	Other development assistance loans	0.68

Source: Stockholm Environment Institute (2022). Aid Atlas.
Note: *Excluding the European Investment Bank

Mitigation. Development finance commitments to Kenya targeting climate mitigation totalled USD 1.65 billion from 2016 to 2019. The majority of these recent finance commitments are for investments in the energy sector, including support for geothermal energy, electric power transmission and distribution, and other renewable energy projects (Stockholm Environment Institute, 2022). In the same period, the GCF's mitigation investments totalled USD 49 million. Table 4 lists the top development partners, sectors and instruments for funding mitigation projects in Kenya.

Table 4. Top development partners, sectors and instruments for mitigation investments in Kenya (2016–2019)

Top development partners		Top sectors		Top instruments	
Name	USD (M)	Name	Share (%)	Name	Share (%)
World Bank	442	Energy	68.5	Other development assistance loans	46.9
Japan	431	Agriculture, forestry, fishing	6.3	Multilateral development bank loans	43.2
France	283	General environmental protection	4.7	Other development assistance grants	8.2
European Investment Bank	140	Government & civil society	4.5	Other official flows (non-export credit)	1.3
AfDB	64.2	Unallocated/ unspecified	3.5	Private development finance	0.36

Source: Stockholm Environment Institute (2022). Aid Atlas.

c. GCF portfolio

National designated authority (NDA). The NDA for Kenya is located in the National Treasury.

Accredited entities (AEs). In addition to international accredited entities (IAEs) and regional direct access entities (DAEs), Kenya has access to two national DAEs.

Table 5. DAEs for Kenya

Name of DAE	Date of accreditation	Accreditation level
National Environment Management Authority of Kenya (NEMA)	9 March 2016	National
KCB Bank Kenya Limited (KCB)	11 November 2020	National

Source: IEU Datalab, May 2022

Readiness and project preparation. Kenya has received more readiness support from the GCF than other African countries have received on average.[1] Kenya has received four RPSP grants approved (see Table 6) for a total of USD 4.5 million, of which USD 3.6 million has been disbursed.

Kenya is one of the more advanced parties in relation to size of active portfolio and pipeline of proposals. The country remains dependent on IAEs, with only one active project managed by a DAE. Guiding polices are emerging rapidly. However, national coordination of proposals and active projects remains weak. Kenya has not developed a GCF country programme as of early 2022. Kenya has received support from the Project Preparation Facility (PPF) for one project, summarized in

[1] On average, African countries have received USD 0.7 million in GCF financing for RPSP projects. Source: IEU DataLab, RPSP grants approved for 2015 to 2022.

Table 7.

Table 6. RPSP grants to Kenya

RPSP grant name	Delivery partner	Approval date	Outcome areas
Kenya – Direct Access Entity Support	Pricewaterhouse Coopers	18 October 2015	Support for DAEs
Kenya – NEMA capacity strengthening programme towards accessing climate finance from the GCF	NEMA	31 January 2018	Support for DAEs
Kenya – Enhancing capacity for planning and effective implementation of climate change adaptation in Kenya	Food and Agriculture Organization of the United Nations (FAO)	2 May 2018	Adaptation planning
Kenya – Kenya NDA Capacity Strengthening and Preparation of a Country Programme	Kenya – The National Treasury	30 December 2019	NDA strengthening, including country programming

Source: IEU DataLab, May 2022

Table 7. PPF grants to Kenya

PPF	Name	Public/ private	Focus	Approval date/Status
PPF010	Devolved climate change governance to strengthen resilience of communities in target counties	Public	Adaptation	19 August 2018, disbursed

Source: IEU DataLab, May 2022

Funding proposals (FPs). Kenya has received more GCF financing than other African countries have received on average.[2] The GCF has approved 14 project for Kenya, for a total of USD 209.3 million in financing (see Table 8), of which two are national projects and 12 are multi-country projects.

Of Kenya's 14 approved GCF projects, 12 (86 per cent) have signed a funded activity agreement (FAA) and 10 (71 per cent) have received disbursement. Out of the 10 projects that have received disbursements, only one is a single-country project, 6 (60 per cent) focus on mitigation and 2 (20 per cent) are cross-cutting; just two projects (20 per cent) focus on adaptation, and all are managed by an IAE.

Kenya's pipeline has 10 concept notes, two FPs and one RPSP proposal.

Table 8. Funded activity portfolio

FP	Name	Single/ multi-country	Public/ private	Focus	AE	Approval date/ status
FP005	KawiSafi Ventures Fund	M	Private	Cross-cutting	Acumen Fund, Inc.	5 November 2015, active
FP027	Universal Green Energy Access Programme (UGEAP)	M	Private	Mitigation	Deutsche Bank Aktien Gesellschaft AG	14 October 2016, no disbursement
FP078	Acumen Resilient Agriculture Fund	M	Private	Adaptation	Acumen Fund, Inc.	1 March 2018, active
FP099	Climate Investor One	M	Private	Mitigation	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)	20 October 2018, active
FP095	Transforming Financial Systems for Climate	M	Private	Cross-cutting	Agence française de développement (AFD)	20 October 2018, active
FP103	Promotion of Climate-Friendly Cooking: Kenya and Senegal	M	Public	Mitigation	GIZ	28 February 2019, active
FP113	TWENDE:	S	Public	Adaptation	International Union	8 July 2019,

[2] On average, African countries have received USD 78.1 million in GCF financing. Source: IEU DataLab, finance by results area for 2015 to 2022.

FP	NAME	SINGLE/ MULTI-COUNTRY	PUBLIC/ PRIVATE	FOCUS	AE	APPROVAL DATE/ STATUS
	Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands				for Conservation of Nature (IUCN)	active
FP152	Global Subnational Climate Fund (SnCF Global) – Equity	M	Private	Mitigation	Pegasus Capital Advisors	13 November 2020, active
FP151	Global Subnational Climate Fund (SnCF Global) – Technical Assistance Facility	M	Private	Mitigation	IUCN	13 November 2020, active
FP148	Participation in Energy Access Relief Facility ("EARF")	M	Private	Mitigation	Acumen Fund, Inc	13 November 2020, active
FP163	Sustainable Renewables Risk Mitigation Initiative Facility	M	Public	Mitigation	International Bank for Reconstruction and Development and International Development Association	19 March 2021, active
FP168	Leveraging Energy Access Finance Framework	M	Private	Mitigation	AfDB	1 July 2021, no FAA
FP177	Cooling Facility	M	Public	Cross-cutting	International Bank for Reconstruction and Development and International Development Association	7 October 2021, no FAA
FP175	Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya	S	Public	Adaptation	National Environment Management Authority of Kenya	7 October 2021, no disbursement

Source: IEU DataLab, May 2022

C. KEY FINDINGS

1. COUNTRY NEEDS, OWNERSHIP AND STRATEGY

a. Links of GCF programming to broader climate strategy and finance processes

Currently, GCF programming is substantially linked to broader climate strategy and finance processes in Kenya. According to government interviewees, Kenya's climate programming is primarily guided by its NCCAP for 2018 to 2022. Its implementation is supported by Kenya's NDC, which mirrors the sectors described in the NCCAP and other national strategies and policies listed in Table 2 above.

Government and AE interviewees adamantly expressed the perspective that country ownership of GCF programming is strong in Kenya. Although submission of new proposals to the NDA is somewhat reactive rather than proactively planned at the national level, each new concept must demonstrate how it would contribute to the NCCAP. Furthermore, new concepts and proposals are supposed to be reviewed by a periodic Inter-Ministerial Technical Coordination Committee on Climate Finance (IMTC), which advises the NDA on the issuing of no-objection letters (NOLs), although this appears not to be currently happening (see also section c regarding the NDA function). Ultimately, the NDA has the power to issue or decline to issue NOLs without consulting the IMTC.

Kenya does not have a GCF country programme. In 2017, with the support of other development partners, the NDA developed a GCF strategy, which was more of an operational guide to seeking GCF funding. With GCF encouragement, the NDA developed "a Country Programme style chapter" to insert into their GCF strategy, which they describe as providing adequate prioritization of concepts to pursue with the GCF.

Kenya's GCF portfolio is unbalanced relative to stated climate adaptation priorities; only 20 per cent of the portfolio targets adaptation, with another 20 per cent targeting cross-cutting themes. IAEs have so far focused more on mitigation, and it can be difficult for the NDA to influence IAEs' programming when their multi-country designs and organizational priorities are already set. Furthermore, Kenya still has insufficient DAE capacity and numbers to drive an increase in adaptation programming, and there is a perception that GCF proposal appraisal processes make mitigation projects easier to pursue than adaptation projects.

The NDA has been seeking to foster large proposals that each cover a large bloc of counties, and most of Kenya's 47 counties now have either a project or a proposal under development.

The GCF Secretariat has played primarily a reactive but helpful role in Kenya with respect to the upstream programming process and aligning GCF partners and programmes with national and/or country strategy objectives. GCF Secretariat support reached a peak during its guidance to entities seeking RPSP grants. Over 2020 and 2021, the Secretariat's Anglophone Africa regional support staff engaged in biweekly meetings with partners to help develop their readiness proposals, which were reduced to monthly meetings once they were making good progress. Partners noted this support was especially helpful to progress DAE accreditation and proposals.

Kenya's GCF portfolio shows some evidence of complementarity with other climate finance channels. Housing the NDA in the National Treasury ensures that GCF projects are aligned with all other climate and development projects, whether funded externally or via Kenya's public purse. The Treasury also has oversight of non-governmental climate and development programming in the country to ensure consistency. As an example of the utility of this function, the proposal for the TWENDE: Towards Ending Drought Emergencies project (FP113) came about when the NDA received several related concepts from diverse government ministries, counties and IAEs and directed them to consult one another to create a shared plan. This central purview also enables the NDA to report national report progress against Kenya's NDCs.

GCF funding has been able to amplify the climate initiatives of bilateral and multilateral aid projects, such as those of France's AFD (FP095), the Netherlands's FMO (FP099), Germany's GIZ (FP103) and the AfDB (FP148 and FP168) and World Bank (FP163 and FP177). According to AE interviewees, projects reliant on private sector co-financing have attracted greater investor interest because of the perceived security of a project that receives GCF funding. Examples include FP005, FP078 and FP148.

A weakness in country coordination is that once proposals are issued NOLs and approved, it is up to the relevant national ministries to ensure coordination between sectorally related projects. The extent to which this happens is uneven. For example, a national ministry that is developing a national strategy for its climate-related sector was not aware of several GCF projects in that sector that target private sector interventions.

Figure 1. An employee moulds a new stove line (FP103)

Photo credit: Andreas Reumann

b. Perceived comparative advantage of the GCF in country

Compared to other climate finance channels, stakeholders in Kenya report that the advantages of the GCF are as follows:

- **The scale of funding is much higher than other climate funds, helping to drive scale of impact.** For example, a key government interviewee described the GCF as being able to garner resources "to reclaim half a million hectares of degraded land in Kenya". Another described its project size as being sufficient to transform a country's entire "subsector" (specifically in relation to transforming the biomass cooking sector to fuel-efficient stoves). Furthermore, the scale of funding is sufficient to draw together a diversity of actors with specific expertise into a single project. An AE interviewee noted that it would otherwise be necessary to draw together and coordinate multiple donors to achieve the same project.

- **GCF programming gives tacit credibility to a project,** which assures and attracts other co-financers, more than any other funding source. Paradoxically, the rigour and difficulty of GCF accreditation, proposal and compliance requirements were also noted to signal to other potential financers that if an entity can cope with GCF requirements, they have more than enough competency to cope with any other financer's requirements. As one international interviewee noted, "It is like the gold standard in the world."
- **The GCF has a broader array of finance instruments than other climate financers, and they can be tailored to need.** Interviewees cited that the GCF modalities are able to cater for large or small entities, the public or private sectors, mitigation and/or adaptation. A DAE noted that this also allows an AE to grow its accreditation status and options as it grows its own capacity to administer GCF projects.
- **GCF proposal applications can be submitted at any time of the year** and are not dependent on the timing of specific funding rounds. However, another interviewee qualified that this advantage is mitigated somewhat by the time lapse and delays due to proposals requiring Board consideration and approval.

In Kenya, the GCF is perceived as less well positioned in the following areas:

- **The time-consuming and expensive proposal development process limits the types of projects for which it is suited.** Many interviewees cited that length of time from project concept through to disbursement can result in project designs being outdated by the time they become operational. Perceptions of strict requirements on making adjustments to FAAs hinder adaptive management and limit the contexts for which GCF funding is viewed as worthwhile. While such time and cost burdens were cited by international and national entities alike, they are perceived to especially disadvantage and discourage national entities. The impacts on project relevance mostly related to community-focused projects such as adaptation projects, where climate impact needs are urgent and where context can shift significantly in the years between initial design and first disbursement.
- **The GCF's requirements for co-finance are more complex than those of other funders.** For example, whereas the Global Environment Facility only requires the applicant to evidence how a proposal will complement other financers' work, the GCF requires contractual agreements to be signed and GCF obligations placed upon other financers. While GCF obligations are a minor inconvenience for other multilateral co-financers who often have similar requirements, they are especially unattractive to Private Sector Facility (PSF) projects that seek private co-financers.
- **The GCF's PSF is too slow to respond to "capital calls" to suit the private sector.** An AE noted that identifying and investing in national business start-up opportunities does not follow a linear model and cannot be reliably predicted from year to year. Applications for budget modification and release of capital disbursement that take from five to nine weeks were noted as being much too slow for how the private sector works, occasionally forcing the AE to breach funding agreements with start-up companies and risking the loss of co-investors. By comparison, the AE cited bilateral finance partners that can release capital calls in one week. Thus, the GCF's PSF may be suited to projects with stable and predictable investments such as loans for infrastructure development, but it is not sufficiently nimble for releasing equity to invest in business startups.
- **The GCF NOL requirements may impede multi-country projects.** AEs explained that not all countries under a proposal are ready or organized to deliver an NOL at the beginning of a project. Therefore, obtaining all countries' NOLs at the beginning can delay or kill a proposal.

Evaluators note that this issue may be addressed by the GCF's policy on programmatic approaches.

c. Effectiveness of NDA, Secretariat and AE roles and relationship at the country level

NDA staffing and technical capacity in Kenya has improved since the initial resource mobilization (IRM) period, but overall capacity remains low. The NDA was established during the IRM and has expanded to oversee all climate and "green economy" programme funding during GCF-1. However, the NDA has struggled with attracting and maintaining qualified staff. The NDA office has only one permanent staff member plus some fixed-term contract personnel. Just prior to this study, the NDA lost its head manager. Some evaluative evidence underscores the lack of strategic focus for the country and the GCF. There was overall a lack of focus, in regard to how the NDA looked at national strategies and how to bring projects to GCF, as well as coordination issues between NEMA and NDA.

Using an RPSP grant, the NDA has trained other government departments to understand the complexities and requirements for pursuing funding via the GCF. The NDA has also supported NEMA to capacitate all other ministries to develop climate change units, as required in a 2020 ministerial "circular".

Key government ministry interviewees and some AEs stated that communications with the NDA have remained open and helpful and that the NDA has played a central role in helping the country to achieve and coordinate its national goals for climate financing and mobilization. Its ability to access and mobilize the Principal Secretary of the Treasury also gives the NDA political weight to influence wider government and public service action on relevant GCF and climate issues.

In relation to GCF funding, interviewees described the NDA's service in mobilizing concepts notes and proposals, including bringing relevant entities together for joint proposal development, and ensuring such proposals address country climate priorities. Also, AE interviewees noted that, during the GCF-1 period, concept note review processes have become more structured and systematic to ensure alignment to national priorities before issuing an NOL.

However, key government and AE interviewees stated that the NDA has not been able to fully coordinate and monitor the parties involved in GCF project implementation, resulting in some tensions and duplication of activities. The NDA and other stakeholders noted that that the IMTC has not been meeting recently and needed to be reestablished. In addition, although the NDA is conducting bilateral meetings, broader coordination meetings between climate project implementers to streamline GCF programming have not been happening in GCF-1.

Multiple government and AE interviewees cited that the NDA has not resolved lengthy government-administration bottlenecks for several projects. The bottlenecks are preventing GCF project funding being released to government departments who are executing entities (EEs). Interviewees described being delayed while awaiting higher-level approval and/or confusion about which government positions should be signatories to such funding transfers. Some government agencies raised questions around the selection of candidates for accreditation. Government agencies with a climate mandate at the national level were not always included in conversations.

In terms of gaps, the NDA may benefit from GCF or other support for recruitment and to periodically train new staff to maintain a minimum level of capacity – especially now that they are engaging with all climate finance providers and not just the GCF.

The NDA's working relationship with the Secretariat has stayed the same since the IRM period. The NDA reports that its relationship with the Secretariat's Anglophone Africa team is very good, with open communication since 2017. This was especially so for the Secretariat's support for the development of readiness proposals, as mentioned in section a. However, interviewees desire more support from the Secretariat beyond developing readiness proposals, such as to help them advance a backlog of DAE nominees and for more support to advance new concepts.

Interviewees from other key climate-relevant government ministries expressed a sense of disenfranchisement from GCF processes and did not feel that the NDA represents the GCF or communicates as the GCF to climate action stakeholders in Kenya.

AEs engage occasionally with the NDA, and relations were generally quite good. Representatives of two projects reported having around two meeting a year with the NDA. Other positive engagements included participation in project coordination meetings with county governments and assisting the AE to establish project bank account structures in the country. As described earlier, the NDA has played a key role as matchmaker between national and IAE entities with similar programming interests. However, one project representative noted that the NDA had not turned up to its project governance meetings for two years, and two different organizations noted that the NDA has not yet mobilized any cross-learning among GCF projects.

An IAE described the GCF's NDA model as "weak" in that it neither adequately represents the GCF in the country nor has authority to mobilize other government ministries, although the IAE recognized that, comparatively, the Kenyan NDA was "quite good".

2. Improving access to the GCF

a. Access to AEs that cover country programming priorities for the GCF

Kenya currently has access to AEs that adequately cover its programming priorities for the GCF. The major gaps relate to a need to expand adaptation programming and DAE-driven projects. While Kenya has access to two national DAEs, national interviewees expressed dissatisfaction with the number of DAEs and regional AEs available to Kenya. The current active portfolio is driven by IAEs, with the one approved but not yet disbursed DAE project coming online soon. AEs willing and able to pursue adaptation projects are in too short supply, given the NCCAP's emphasis on adaptation but IAEs' focus on mitigation to date. An IAE also pointed out that Kenya has few national-level non-grant entities available for private sector activity.

b. Meeting DAEs' needs for capacity-building to access the GCF

In Kenya, national DAEs' needs for capacity-building to access the GCF are being partially met through GCF support. In the first half of GCF-1, the GCF Secretariat invested much time in Kenya's two first-priority DAE nominees: NEMA and KCB. However, remaining unaccredited DAE nominees have found pursuit of accreditation discouraging. Although Kenya has seven remaining nominees, none appear to be advancing towards successful accreditation. Several interviewees observed that the GCF's accreditation requirements are too high relative to the capacities of national entities in Kenya, suggesting that the GCF adjust its accreditation expectations to the capacity levels of countries. One DAE nominee reported it only received advice to recommence its application via the new online access system portal but still does not know how to gain GCF support and guidance to complete the application. Although Kenya has an RPSP grant for DAE support that received disbursement in early 2022 (via Pricewaterhouse Coopers), DAE nominees were not aware of any RPSP support for their applications. The GCF's lack of in-country presence was also perceived as an issue for some.

After achieving accreditation, Kenya's current DAEs are still finding GCF requirements difficult, and more capacity-building or opportunity to grow capacities along the way would be welcome. One noted they have not succeeded in obtaining disbursement for their first approved FP, yet they are already faced with reaccreditation.

3. Programming and implementation

a. Meeting country programming needs through GCF readiness support

Kenya has engaged with the GCF's RPSP and/or ad hoc support for country readiness in several ways. Kenyan stakeholders have benefited from four GCF readiness projects, covering capacity-building of the first accredited DAE, preparation of the country's NAP, and capacity-building for the NDA and developing a country programme.

All readiness projects during GCF-1 have been delayed in implementation, primarily due to COVID-19 restrictions. However, the GCF has granted no-cost extensions. One project reports delay in part due to multiple cycles of GCF feedback to their interim progress reports, each of which takes several months to receive from the reviewer.

One highlight is the FAO readiness project, which has enabled the development of Kenya's NAP and investment in the capacities of two government entities, such as managing climate finance, developing and applying climate change assessment guidelines to agriculture, and addressing gender inclusivity. FAO also invested in the climate knowledge and literacy of other institutions, media bodies and journalism colleges.

During the GCF's IRM, the NDA was set up and applied for RPSP funding to develop its capacities. However, the GCF denied the funding because the NDA was deemed to have insufficient fiduciary management capacity. The NDA then received capacity and structure support from other sources, which enabled it to re-apply for GCF RPSP support. The training provided through the NDA's readiness project has been instrumental in helping other government departments to understand how GCF funding works. It has also contributed to the development of a national climate finance strategy. The NDA also plans to use its remaining readiness project funding to identify and develop three new GCF proposals and support public communication channels about GCF funding in Kenya.

The NDA praised the GCF's shift from single-year RPSP projects to enabling multi-year readiness projects.

The ideas for most RPSP grant requests are primarily being driven by the NDA. The RPSP for NEMA, as the exception, was a logical request for capacity development following its accreditation as a DAE.

Overall, Kenya's readiness needs appear to be only partially met through GCF or other resources available to them. During GCF-1, the NDA has also received capacity support on a variety of topics from GIZ, the German government, the UNFCCC East Africa office, the United Nations Development Programme and the United Nations Environment Programme. The NDA is in talks with the European Union and AFD around developing green bonds for the country.

The GCF's readiness support for NAP readiness and support by other readiness partners for climate financing appear to be taking place at an optimal pace relative to Kenya's institutional absorptive capacity. However, the NDA appears to be under resourced to upscale its own capacity and sufficiently facilitate the development of new proposals for readiness or for FPs.

EEs noted a general sense of disconnected communications with the GCF, which was not being met via the NDA, and expressed interest in receiving support for implementation as well as to achieve DAE status.

Examples of top reasons for not engaging with the GCF further on readiness revolve around the lack of NDA capacities and access to international delivery partners. The NDA may benefit from an externally administered readiness project to assess and execute a plan for improvement and expansion of NDA capacity. Related to this, the country does not have enough readiness support to nurture more DAEs beyond the two already accredited. A readiness provider also pointed out that readiness support would be useful for private sector organizations' preparation to engage with GCF programming.

Several interviewees noted that global and regional learning events took place during the IRM but ceased in GCF-1, perhaps due to the pandemic. They wanted the GCF to do more in relation to facilitating cross-learning workshops globally, regionally and nationally. Topics could include country coordination, cross-country learning and/or specific sectoral/thematic foci.

b. Effectiveness of processes for FP origination, development and appraisal to meet country needs

As noted in section B.3 above, Kenya has achieved above average access to GCF financing, relative to other African countries, with four readiness projects and 14 approved funded projects worth USD 209 million. IAEs continue to dominate GCF projects in the country for the foreseeable future, accounting for 12 of the 14 approved projects, both current FPs, and six of the eight FP and simplified approval process concept notes.[3]

Kenya was an early pursuer of GCF funding, with seven FPs approved and its first DAE accredited during the GCF's IRM. However, this has not benefited DAEs: only one DAE project has been approved, but no funds had yet been disbursed at the time of this study.

Proposals originate from two directions. **Private sector focused projects have tended to originate from IAEs** bringing ideas to the NDA to validate their contribution to national priorities. National interviewees observed that IAEs prefer mitigation as it has an easier business case, and mitigation projects tend to progress through GCF assessment faster. **Adaptation projects tend to originate from the country**, such as from government departments and/or counties, and the NDA connecting those ideas with IAEs willing to support them, or DAEs proposing their own initiatives.

Generally, IAEs and DAEs expressed an ongoing willingness to pursue new proposals for the GCF in Kenya soon but are capacity constrained. DAEs remain constrained by lack of experience and expertise to pursue new proposals while starting up a new GCF project (NEMA) or only pursuing one proposal when they do not already have a funded project (KCB). Some stakeholders noted that the general lack of national entities' capacity also reduces their effectiveness as EEs.

For those IAEs that do not have new concepts or proposals in the pipeline, their reasons related to exploring and consulting with national partners to decide on new priorities to target, or to balancing potential proposals for Kenya with GCF proposals the entity is already pursuing in other countries. However, national interviewees expressed a perception that IAEs also hold back on pursuing new proposals when the national/NDA priorities do not align with their own programming interests and due to reservations about the financial and time cost of pursuing GCF proposals.

Kenya is only rarely seeking PPF support for FP development. Only NEMA has accessed PPF support, for the one approved DAE project (FP175), and has mixed impressions of its utility.

NEMA interviewees observed that its PPF funding of USD 370,000 was adequate to cover their proposal development needs and provided proposal development finance that would not otherwise have been available within the country. The funding helped them to access a grant manager and facilitate the necessary assessments and economic analyses of participating counties.

However, various national interviewees were critical of the two years it took to develop a PPF proposal, have it assessed and receive the funding. Adding this time on top of the years spent

[3] Excluding two concept notes for which the NDA has not found a willing AE.

seeking DAE accreditation and then the years to pursue an FP was seen as excessive delay in programming climate action. The duration from NEMA first pursuing DAE accreditation to receiving its first disbursement (anticipated in early 2023) will be approximately 10 years.

Currently, stakeholders find the submission through appraisal process cumbersome but possible. Representatives of IAEs, which do not have access to the PPF, stated that few entities have the internal financial resources required to pursue a GCF proposal. International interviewees also were discouraged that the process for progressing a concept note and proposal through to approval takes too long compared to other donors, resulting in projects that have less relevance by the time they are disbursed.

As cited earlier, IAEs also found the requirement to secure NOLs from all countries for multi-country projects cumbersome, a cause of lengthy delays and a risk to the viability of a proposal due to organized and enthusiastic countries being held-back by unresponsive or disorganized countries.

A DAE expressed that the Secretariat's advisory support for proposal development and assignment of consultants to accompany them was a significant improvement in GCF-1. Though they noted that the consultant providing the support periodically changes, with each one bringing a change of ideas and direction.

Interviewees expressed widespread frustration at the review process once it reached the GCF's independent Technical Advisory Panel (iTAP) – for example, highlighting that reviewers "obsessed" over details in supporting studies with comparatively few comments on core elements of the project design itself. The level of assessment and climate rationale was universally held to be excessive, and the power of iTAP reviewers to delay a proposal's progression considered to be one-way, absolute and unchecked.

In summary, national and international interviewees expressed that the proposal requirements and review processes are out of touch with developing countries and poor on communication and learning within the GCF. Informants suggested the following improvements to the proposal process:

- Relax the climate rationale data requirements, such as not expecting climate data dating back to the 1960s.[4]
- Make the iTAP review process one of dialogue instead of one-directional orders and not focused on minor details or obscure expectations. This would be more aligned with the approaches of other donors.
- Reduce the number of annexes and cover the expense of researching them as default (rather than requiring a separate PPF proposal application) or follow the lead of other donors and allow them to be undertaken and cost recovered after the proposal has received initial approval. "Outline exactly what else needs to be done with conditional approval, then it would be better."
- Locate Secretariat regional teams in the time zone of the countries and/or require response times to reviewer queries to be based on the applicant's time zone and not Songdo's.
- Establish a purpose-built Africa fund, resourced with experts and selection processes and allowances (or limitations) suited to diverse African contexts, informed by periodic country assessments (i.e. fragile, transitioning and high-capacity countries.)

Country stakeholders' feedback on the approval-to-FAA stage under GCF-1 is that it is smoother than previous experiences but creates ongoing implementation challenges. To date, the only approved DAE proposal has not been able to finalize its FAA for over 12 months. Interviewees stated that **the FAA approval process has been comparatively straightforward, and**

[4] This should now be addressed by the Board's recently approved clarification to climate impact potential.

that GCF representatives showed high willingness to create flexible arrangements to make it easier for Kenya. However, delays have mainly been created by national-level administrative delays.

The **environmental and social safeguards (ESS) requirements** were generally appreciated by national and international interviewees. Interviewees cited the development of an ESS framework as a constructive vehicle for early identification of potential risk and ensuring projects are carried out responsibly. An IAE representative observed that the GCF's expectation of reporting against such obligations was beyond what other climate financers require but creates positive "momentum and voice [to women and youth], mobilizes entities to work on climate changes issues [and ensures] we safeguard the ecosystems and the communities that depend on it". Similarly, a national interviewee stated that the ESS requirements provided them with gender and environmental sustainability monitoring and learning discipline, explaining that "if you do not factor in such concerns in the design, you cannot measure the learning at the end".

c. Sufficiency of funded activity implementation and supervision processes

To date, Kenya does not have any active projects being implemented by a DAE. Therefore, implementation and supervision observations in the following section relate to IAE projects.

In terms of risk management, several IAE representatives felt that the GCF's risk management matrix was a sound structure for tracking and reporting on evolving risks over the course of a project. One project discovered that one of its beneficiary entities had an employee who was misappropriating funds. When the AE discovered the problem, they reported it immediately to the GCF Secretariat, which helped the entity hire a forensic accountant to trace and address the problem before GCF funds were affected.

National operations of IAEs and EEs under IAEs variously expressed a sense of disconnect between what projects are doing and GCF HQ-based staff knowledge of the projects and the local context, which results in unreasonable comments on progress reports. One EE also noted that GCF projects have long chains of accountability, from AE to EE to a broad array of service providers spread across many counties. They suggested that shorter accountability chains would ensure more efficient management and stronger accountability.

AEs reported that adaptive management is hindered by burdensome requirements for FAA adjustments. While the GCF has processes for AEs to apply for project adjustments, some AEs considered the process too rigid and/or clumsy and would potentially require almost constant applications to address the dynamic context of local and country contexts, and others were unaware of the process. National and international interviewees expressed frustration that proposal and FAA requirements expect unrealistic levels of budgetary precision over the project's lifetime rather than accommodating adjustments to budget allocations year to year.

International interviewees also expressed a belief that the FAA locked AEs and EEs into having to follow the highly detailed operations manual required for each project. They felt this was also a limitation on the ability to adapt and improve implementation as implementers learned lessons over the course of the project. They acknowledged that the AE could apply to the Secretariat for amendments to the project design, but felt it was yet another time-consuming delay to do so, stating, "We appreciate the responsiveness of the Secretariat and their technical people. There is trust and mutual communication [but] the processes are bureaucratic."

An international interviewee observed that while such GFC FAA rigidities may be viable for countries like Kenya that are relatively stable, such expectations made the GCF unsuitable for countries with fragile government and/or conflict.

4. Progress towards results and impact of GCF investments

a. Evidence that intended outputs and outcomes have been achieved/are likely to be achieved

GCF-funded activities are behind plan to deliver expected results in Kenya. Each of the sampled projects has made definitive progress; however, each is behind schedule to some extent and for diverse reasons. Therefore, interviewees mainly described progress related to start-up objectives such as feasibility studies and trainings for beneficiaries.

Three projects that rely on government departments as EEs or DAEs have faced administrative delays in the National Treasury to enable project funds to be transferred to that implementing department (FP103, FP113 and FP175). FP113 (TWENDE) has experienced further delays with government agencies then not able to complete service agreements with service providers. Implementation of FP113 is also reportedly slowed by the proposal budget not including ground transportation (a vehicle) for implementers and underestimating the cost per hectare for restoring degraded lands.

Among the sampled projects, GIZ's Promotion of Climate-Friendly Cooking project (FP103) was the most advanced, with a trained, resourced and active network of stove manufacturers, distributors and installers. The project's success to date appears to be largely due to the GCF project being an upscaling of a previous project. Therefore, processes and staff were already in place and poised to start the GCF project. Based on annual reporting, Acumen's KawiSafi Ventures Ltd (FP005) also appears to have progressed well, based on its very early approval in 2016, compared to all other projects that started implementation in GCF-1 period.

The progress reported for these three projects comes from annual progress reports triangulated by site visits and interviews with three micro-entrepreneur stove makers associated with FP103, service providers, civil society organizations and community participants in FP113, and a purchaser of an improved stove under FP005. In contrast, AEs associated with PSF projects did not allow SPR study visits to benefit companies. While some sampled PSF IAEs engaged constructively at project management level, others declined to respond to the SPR study at all. Overall, the study found that projects managed by private sector AEs in Kenya's mitigation projects were opaquer in their operations than public entities' projects.

For the following descriptions of evidence of project outcomes, quantifications have not been provided because projects' 2021 APRs were not available at the time of study.

Table 9. Summary of evidence of outcomes

Outcomes	Evidence from GCF-funded activities
Reduced GHG emissions	Sampled projects FP005 and FP103 were both found to be using private sector mechanisms to manufacture and sell fuel-efficient biomass stoves, displacing inefficient traditional "three-stone" cooking methods. Users of the improved stoves attested to using no more than half the amount of wood or charcoal required by traditional cooking. Under FP103 alone, the top two micro-business stove producers in the Central region were manufacturing and selling on average 4,000 and 1,500 stoves respectively per month. Thus, we might conservatively estimate all 120 producers in the project will soon be producing a combined 22,000 stoves per month* or 264,000 per year. The actual number sold is likely to be far higher, as interviewees stated that the entrepreneurs have received orders from the Office of the United Nations High Commissioner for Refugees and other multilateral customers for 60,000 to 100,000 stoves per order, in addition to their conventional sales territories. No current figures were accessed for FP005 for their production and distribution of fuel-efficient cooking and lighting products.

Outcomes	Evidence from GCF-funded activities
Increased resilience**	In FP103, under IAE GIZ and across four regions of Kenya, 120 rural micro-entrepreneurs plus their staff, an estimated 600 stove seller/distributors and around 900 stove installers† have demonstrably increased their income security via the new and expanding community-based stove manufacturing. Between FP103 and FP005, several hundred thousand Kenyans have halved the amount of wood or charcoal required for their daily cooking needs, both saving money at the household level and reducing pressure on the country's tree cover. In FP113, under IAE IUCN, training has commenced for local leaders and agriculturist groups across 11 arid and semi-arid counties on improved farming and pastoralism practices and sustainable landscape management and aims to restore over 4,000 ha of degraded lands by late 2024. For example, in the Kuku Ranch area, with support from local and indigenous groups such as the Maasai Wilderness Conservation Trust, the project has trained 16 women's groups in land management techniques that reduce rainwater run-off, to improve infiltration, cover vulnerable land with indigenous grasses, and earn incomes from saving and selling the grass seeds and hay from the grasses. Beneficiaries report increased availability of water for plants to grow, reduced soil erosion and development of gullies, less flooding and cooler ground temperatures.
Enabling environment††	At a devolved level, FP113 is helping local governments across 11 counties to revise the way they access climate data and knowledge, make decisions and mobilize action around sustainable land practices to avert or minimize drought impacts. Interviewees note that it is too early to see if the project will influence national policy and strategy. At a national level, interviewees noted that under FP078 (Acumen Resilient Agriculture Fund), supported small agribusiness companies have grown and stabilized their commercial viability and food production impact even through the COVID years of 2020 to 2022 via offering commercial services such as irrigation, seed production, and food processing and preservation. The project with perhaps the most impact on improving Kenya's enabling environment is FP103, which employs a full-time "enabling environment officer" who has helped the project conduct five studies into energy-efficient cooking to inform government policy and been a key contributor to the contents of the Kenyan government's development of a national clean cooking framework and strategy. The project's Ministry of Energy counterpart is chairing the national energy strategy development and the project has also developed and is promoting national standards for cookstove quality.
Co-benefits	Co-benefits of sampled projects relate closely to resilience outcomes. Households that have acquired a fuel-efficient biomass stove under FP103 or FP005 have reduced the cost and time burden of collecting wood or charcoal by around 50 per cent. This is a time saving, especially for women, and a cost saving for the whole household. Incomes have risen for several thousand micro-entrepreneurs and employees of emerging climate-friendly businesses under FP103, FP005 and FP113.

Source: APR reports 2021 and SPR interviews.
Note: *Conservatively estimating that the top two producers account for around half of all production. This is likely to be a significant underestimation.
**Such as number of beneficiaries, value of physical assets, hectare of natural resource areas/land.
†These estimates are based on actuals for the Central region of 300 distributors and 450 trained installers, and the Central region's accounting for almost half of all participants across four regions.
††Such as strengthened institutional and regulatory frameworks, technology deployment/dissemination/development/transfer/innovation, and market development/transformation at sectoral, local or national level.

Figure 2. Water-slowing bunds dug by participants on the arid landscape (FP113)

Photo credit: Elangtlhoko Mokgano

Figure 3. The slow-drying floor for terracotta stove liners at Pauline Cachanja's workshop (FP103)

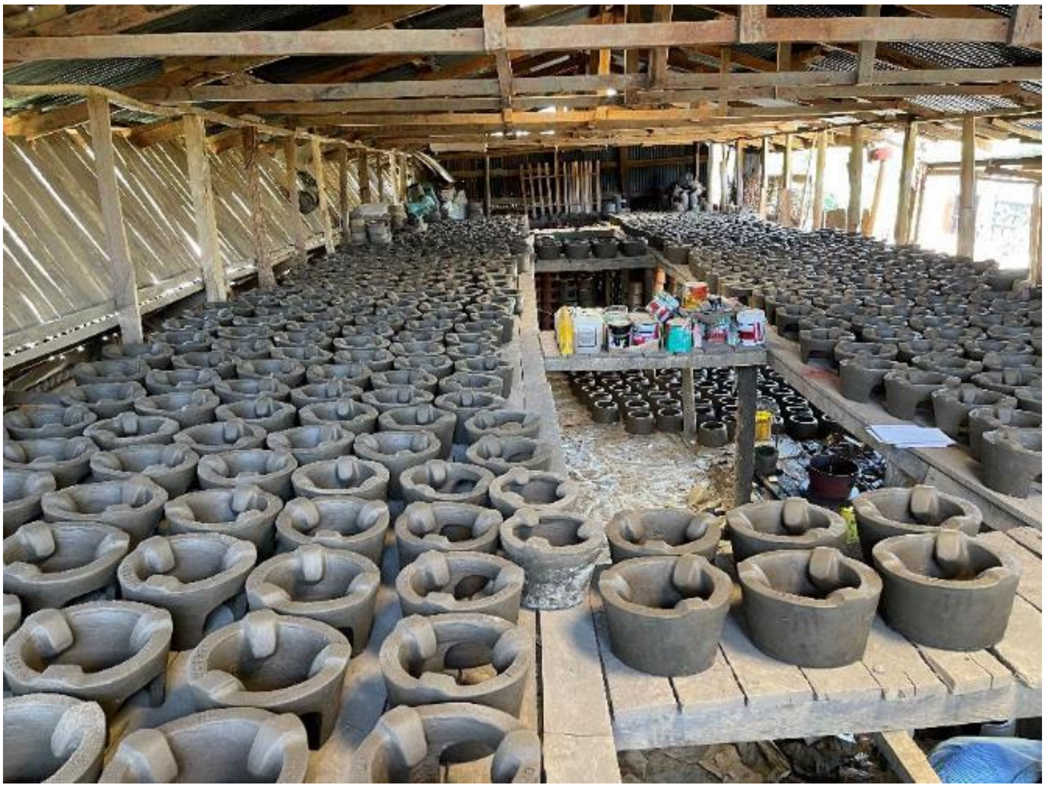

Photo credit: Andreas Reumann

Some influences driving positive achievement of the intended project-level outputs and outcomes are as follows:

- **Projects that focused early on collectively developing a shared understanding of the project, common language (jargon), and mutual responsibilities** between the AE, EEs, service providers and government partners experienced more efficiencies in implementation.
- **Projects that established a project steering committee comprising implementers, partner government entities and beneficiary representatives** (such as civil society organizations) achieved positive upward and downward accountability and decision-making. However, it was also noted that local (county-level) representation was sometimes missing from such committees' makeup.
- **Kenya's past President has been a vocal and active champion of climate action in the country and on the global stage,** which has helped drive national consensus and engagement by all levels of government.
- **Kenya's history of innovation and demand for appropriate and simple financial technology solutions may pave the way for "green bond" and "green shareholder" innovations** planned under some approved and pipeline projects for Kenya.

Some key constraints on achieving the intended project-level outputs and outcomes are as follows:

- **The perceived inflexibility of the design and FAA of approved projects has constrained AEs and EEs from adapting implementation to lessons learned, as was raised in section C3.b.** For example, the design of one of the projects had inadequate implementation delegation and reporting processes, which excluded key players because it did not foresee a strong and active involvement of county-level government authorities. In another example, a change in government policy around clean cooking resulted in the government asking a project to adjust its objectives, which the implementers felt could not be accommodated by the project. This, an interviewee suggested, could have been avoided by more intentional design participation at the most local levels of stakeholders. Another noted that a barrier is the long time it takes to apply for a revision. Discussion with the SPR team also revealed part of this barrier is implementers either not knowing avenues exist for revising the design or not knowing what process is to apply.
- **At least three approved projects were delayed by Kenyan government administrative uncertainties about how to allow government departments to access project funds.** As noted above, these delays were a frequently cited barrier by AEs and national interviewees alike.
- From 2020 to early 2022 (just as most projects were positioning to ramp up) all projects were hampered to a greater or lesser extent by **COVID-related restrictions,** preventing access by international consultants and preventing meetings and trainings from taking place.

There were no unintended consequences associated with GCF-funded activities identified in Kenya. However, some noteworthy data on cookstoves projects emerged:

- **Projects with similar objectives around the production and sale of efficient cookstoves generated highly divergent cost structures according to the source of the stove.** Stoves produced by local factories using imported components and distributed with loans from a local bank cost rural women around USD 54, whereas stoves fully manufactured by local entrepreneurs and sold without loans cost the consumer between USD 3 and 10.
- **Community-based stove manufacturers' opportunities to grow a business diverged according to demographic context.** Project participant and implementer interviews indicated

that microbusinesses run by couples and those with a level of higher education were well positioned to grow into comparatively large businesses (outputting more than 1,000 stoves per month). By contrast, single-person manufacturers (such as female-headed householders) had to balance stove manufacture and sales against all other responsibilities such as tending fields and livestock and other family members' needs. Consequently, such participants rarely rose above a part-time or artisanal level of business, such as producing no more than 60 stoves per month.

Box 1. Supporting small family businesses in rural Kenya

Pauline is a rural woman in Kenya's Central region whose family had produced terracotta pots for generations before she entered the family business. Then and now, they produce pottery from locally sourced clay, sand and water, using traditional kiln firing. In 2006, German development agency GIZ trained Pauline and some other potters to use their skills to create fuel-efficient biomass (wood and charcoal) cookstoves, which became the mainstay of Pauline's business.

When GIZ implemented a scale-up GCF project, Pauline received additional training and support to become more productive and more enterprising. As a promising model producer, Pauline undertook project-facilitated entrepreneurship training, received assets to expand production that she had to match with co-contribution, and was funded to travel to distant counties to identify new markets and recruit new sales distributors. Consequently, her and her husband's stove business has expanded from producing 100 stoves to around 4,000 stoves per month.

Once Pauline has identified potential sales distributors in new counties, the project steps up again to provide sales and bookkeeping training for them. When any of Pauline's stove moulds wear out or break, she can buy new ones from mould fabricators who were also trained by the project.

These cookstoves can be sold most cheaply as a simple terracotta stove, clad in steel for added strength and with handles for ease of transport, or they can be installed as a permanent one-, two- or three-burner stove into a homestead's cooking area.

She and her husband now employ around 10 production staff and a team or around 40 sales distributors. With a new round of negotiations with project implementers, Pauline is looking to further expand and streamline her production line.

Source: Study visit to Pauline's manufacturing facility, 19 August 2022.

b. Progress of funded activities towards paradigm shift

GCF-funded activities in Kenya show emerging signals of paradigm shift.

Evidence of scaling, replicability and sustainability are summarized in Table 10 below.

Table 10. Summary of evidence of dimensions of paradigm shift

Dimension	Evidence from GCF-funded activities
Scale* and replicability**	The GCF's programming has high potential to scale the use of fuel-efficient biomass cookstoves across the entire country, eliminating the use of inefficient burning of wood and charcoal. This is being achieved through the combination of FP103, which is scaling up the local production and sale of improved cookstoves in rural counties, and FP005 and FP148, which are both aiming to increase commercial mass production of such stoves and mainstream the access and use of portable electric cookers. FP103 is a scale-up of a pilot project that introduced and proved the utility and viability of local efficient stove production. Furthermore, FP103 is actively engaging and transforming Kenya's enabling policy environment and national standards for clean cooking promotion that will drive the production, sales and adoption of clean cookstoves across the country for the foreseeable future. GIZ also sees FP103 as a pilot project to replicate in other countries. Similarly, for IAE Acumen, FP078 and FP005 are innovative projects that are reaching a point of maturity in demonstrating the commercial viability of nurturing Kenyan business startups that enable climate-resilient food production, renewable energy production and energy efficiency. These pioneering efforts will soon be joined by other GCF projects that

DIMENSION	EVIDENCE FROM GCF-FUNDED ACTIVITIES
	will upscale the financial and entrepreneurial environment to mainstream clean economy businesses throughout the Kenyan business sector. This expanded wave of GCF projects includes FP027, FP095, FP099, FP151, FP152, FP152, FP163, FP168 and FP169.
Sustainability	Projects designed around the nurturing of private sector producers and marketers of clean or renewable energy sources, such as FP103 and FP005, are already demonstrating the viability of such businesses in meeting and generating demand for clean technologies in Kenya. While project interventions are facilitating business expansion, such businesses' sales and financial returns remain sustainable (profitable) after project support. For all other projects, it is too early in their lifecycle to evidence the sustainability of their outcomes.

Source: APR reports 2021 and SPR interviews.
Note: *Degree to which there has been a significant increase in quantifiable results within and beyond the scope of the intervention. This could include a situation where the GCF is scaling up earlier demonstrations or a GCF project will be scaled up outside project bounds.
**Degree to which the GCF investments exported key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries.

Figure 4. Pauline Cachanja shows the selection of efficient stoves her business produces (FP103)

Photo credit: Andreas Reumann

c. Women and other vulnerable populations, including indigenous peoples

In Kenya, GCF-funded activities under implementation include women in training activities and sharing of benefits. Overall, interviewees expressed that the GCF's standards expect a higher level of gender inclusion planning and reporting than other climate financers and considered this constructive for better projects. However, evidence of strong application was uneven, with most emphasis on distributive justice / inclusion in benefits.

Some government interviewees noted that interventions included more vulnerable groups such as women and youths in training activities and benefits but do not have explicit activities that target such groups. Another government interviewee, describing a readiness project, felt that national consultations automatically ensured gender participation due to the activities of the National Gender Equity Commission and the practice of national consultations incorporating “most civil society organizations,” including indigenous peoples’ and other vulnerable peoples’ NGOs, even if consultations “might not go deeply into communities”.

For clean energy projects – especially clean cookstoves – it was evident that women were the principal beneficiaries, both as selected micro-entrepreneurs and as end purchasers and users of the stoves.

An IAE interviewee referred to the centrality of the projects’ gender action plans to include women generally into consultations and benefits, as well as more vulnerable women such as those with disabilities. They described how they had begun using sign-language interpreters for their GCF project’s consultation and training events. Another IAE interviewee described their project’s explicitly designed focus on women and youth as core participants and beneficiaries.

d. Catalysing public and private finance

Overall, for projects in Kenya, when the GCF is providing equity or loans it is a minority financer, whereas for most (but not all) grant projects, the GCF is more likely to be the majority financer. Either way, all Kenyan projects have co-financing.

PSF equity and loan projects in Kenya attract private, bilateral and development bank co-financing, with the GCF generally being a significant but minority financer. As described earlier, private sector IAEs find that having the GCF as an anchor financer attracts other private investors and lenders.

In population-focused projects such as community-based cookstove production and promotion, and adaptation projects, GCF grant funding tends to be co-financed with Kenyan and/or foreign government grants as well as local co-contributions by beneficiaries in the form of matched capital investments when receiving grants of assets. One IAE observed that grant funding from the GCF acts as an assurance to attract matching national government co-contributions to a scheme in cash and in-kind in the same way that GCF finance creates assurance and confidence for equity and lenders in the private sector.

In relation to challenges in the GCF’s co-financing requirements, an IAE interviewee posited that the **GCF’s expectations for project co-financing of projects was too onerous compared to other climate financers**. This was considered a further complication to formulating a GCF proposal. They stated that whereas the Global Environment Facility, for example, requires a proposal to demonstrate its complementarity to the work of another funded project, the GCF requires signed agreements by a co-financer to formally participate in the GCF-funded project and abide by GCF conditions.

A second challenge raised by two IAEs is that the **GCF’s perceived propensity for slow and delayed disbursements acts as a destabilizer to co-financing** partners. One IAE interviewee described how they warn co-financers of such implications before committing to a project that includes GCF funding.

e. Knowledge management and learning efforts within GCF-funded activities

GCF-funded activities under implementation show some evidence of knowledge and learning efforts. Most projects are still too early in implementation to actively evidence systematic knowledge management and capture and use lessons learned. However, a couple of positive examples emerged from the projects sampled by the study.

GIZ's FP103 (clean cooking stoves) is in the process of nurturing "knowledge management hubs that can access trends in the [clean cooking] sector" in the Ministry of Energy and the Kenyan Clean Cooking Alliance. Its efforts remain constrained by government delays in allowing the Ministry of Energy to receive project funds.

IUCN's TWENDE project (FP113) maintains an "offline knowledge management system" but is researching how to convert its content to a web-based portal for broader public sharing of lessons. The current system contains baseline and progress data and will soon be complemented by a synthesis report of lessons learned to date, to share with EEs, service providers, and other government and non-government entities engaged in dryland climate adaptation in Kenya.

Figure 5. Indigenous grass seed harvested for sale as a protective land cover (FP113)

Photo credit: Elangtlhoko Mokgano

D. EMERGING LESSONS FOR THE GCF

The following emerging lessons for the GCF can be drawn from the Kenya case study:

- **The NDA's strategy has been successful in ensuring most of Kenya's 47 counties receive some form of GCF programming.** As a part of this strategy, the NDA encouraged national and international entities proposing similar concepts to work together (i) to form one larger, multi-country concept, and (ii) to prioritize concepts that target counties that have not yet received a GCF-funded project.
- The GCF's PSF modalities have attracted diverse forms of co-financing to mainstream market solutions for nurturing a clean economy. The GCF's Kenya portfolio, consisting of USD 1.3

billion of GCF funding across 12 projects,[5] has formed a platform that has mobilized USD 6.3 billion in equity, loans, guarantees and grants for nurturing green economy businesses. Such co-financing engagement has come from bilateral donors, multilateral development banks and private sector entities. The key drivers appear to be the scale of funding the GCF can bring, its targeting of the private sector, and the stability and credibility that GCF funding signals to other investors. However, this strength is tempered by caveats that the GCF's slow disbursements and expectations of budgetary predictability can serve as a disincentive to private sector investors.

- **The GCF's ESS policy has positively influenced implementers' gender and environmental competencies.** Several interviewees noted that the GCF's gender and environmental safeguard requirements were well developed and often stronger than other financers', and as a result, they have strengthened projects' and implementers' gender inclusivity and environmental safeguards and self-monitoring.
- **Stakeholders lack clarity on GCF communication protocols as well as the steps or processes they should be following.** Insights from many interviewees – AEs, DAEs and DAE nominees – highlighted a common lack of clarity about what steps or processes they should be following, how to interpret GCF standards and templates, and which people at the GCF they could or should contact to find out. Some suggested it would be helpful for each entity to have one key contact point in the fund – a relationship manager – who could answer questions or mediate to connect them to the specific person in the GCF who could help with their specific need. DAEs and DAE nominees in particular stated that such support would significantly accelerate their ability to programme and implement GCF projects. While it was acknowledged that the NDA is theoretically charged with some of these responsibilities, it was universally held that the NDA has too many responsibilities and not enough knowledge or human resources to provide such roles.
- AEs find it difficult and undesirable to modify project objectives and approaches to changing circumstances during implementation. While the GCF has avenues for AEs to apply to adapt project objectives and approaches, AEs commonly do not understand them and/or find them too time-consuming to pursue.
- **GCF stakeholders miss collective learning opportunities.** The study heard consistent requests from almost all stakeholders that the GCF should facilitate learning exchange so that each entity did not have to relearn lessons for GCF programming but could instead exchange and merge learnings with peers. Suggestions included a national forum for GCF project AEs and EEs, regional forums (i.e. African or East African), sectoral forums (e.g. dryland ecosystems resilience or clean cooking), an NDA network, and global learning events for AEs as occurred in the IRM before COVID-19.

[5] FPs 177, 168, 163, 152, 151, 148, 103, 099, 095, 078, 027 and 005.

Appendix 1. LIST OF INTERVIEWEES

NAMES	FUNCTION	AFFILIATION
Tamer El-Raghy	Managing Director	Acumen Resilient Agriculture Fund
Al Hamndou Dorsouma (Interviewed under the GCF Africa evaluation)	Agriculture Director and Chief Climate Change Officer	AfDB
Arona Soumare (Interviewed under the GCF Africa evaluation)	Principal Climate Change and Green Growth Officer	AfDB
Koffi Behira Francois Djea (Interviewed under the GCF Africa evaluation)	Team Assistant and consultant	AfDB
Timothy Afful-Koomson (Interviewed under the GCF Africa evaluation)	GCF Focal Point and Coordinator	AfDB
Winnie Mutai	Climate Change Readiness Expert, GCF Coordination Team	AfDB
Angela Muga	Sector head education, health and fin services	Co-operative Bank of Kenya Ltd.
Evelyn	Financial institutions	Co-operative Bank of Kenya Ltd.
Jeremy	Environmental, Social and Governance Manager	Co-operative Bank of Kenya Ltd.
Jocelyn	Risk management	Co-operative Bank of Kenya Ltd.
Joyce	Investor relations, and Environmental, Social and Governance analyst	Co-operative Bank of Kenya Ltd.
Mutahe Karuoro	Head of Treasury	Co-operative Bank of Kenya Ltd.
Silvance Nono	Head – Govt & Public Sector Banking	Co-operative Bank of Kenya Ltd.
Wesley Rotich	Relationship Manager	Co-operative Bank of Kenya Ltd.
Grazing Committee of Ilchalai (three members): 1. Isana Pasha 2. Sonkoi Solonka 3. Tipape Leinein	Committee members	Dryland pastoralists
Grazing Committee of Olokaria (three members): 1. Kunyai Kishapui 2. Shaitabau Sande 3. Nyoiyan Mopel	Committee members	Dryland pastoralists
Tian Cai	GCF project design lead	FAO
Eric Thiga	Cluster lead Central Kenya	GIZ
Fredrick Oluleka Amariati	Project Coordinator	GIZ
Fredrick Oluleka Amariati	Project Coordinator	GIZ
Jackson Mutonga	Project Manager	GIZ
Joy Kawiwa Mugambi	Gender Officer	GIZ
Mariam Aranga	Enabling Environment Officer	GIZ
Sarah Thomas-Parensen	GCF Programme Coordinator	GIZ HQ, Germany
Charles Karawanga	National Director	IUCN
Collins Cheruiyot	Chief of Party for TWENDE	IUCN

NAMES	FUNCTION	AFFILIATION
Pauline Kiamba	Senior Programme Officer and Landscape Coordinator	IUCN
Joan Kebeni	Project staff	IUCN/ Chyulu Landscape
Robert Bett	Project staff	IUCN/Chyulu Landscape
Roniance Adhiambo	Project Facilitator	Jusdiggit (service provider organization)
Lana Muller	Project Facilitator	Justdiggit
Charity Lanoi		Maasai Wilderness Conservation Trust
Stanley Humaiya	Deputy Director of Livestock Production	Ministry of Agriculture, Livestock, Fisheries and Cooperatives
Faith Odongo	Senior Deputy Director for renewable energy	Ministry of Energy
Hussein Girma	Drought resilience component manager in NDMA	National Drought Management Authority (NDMA)
Hillary Korir	Climate Economist	National Treasury / NDA
Peter Odhengo	Former second focal point	National Treasury / NDA
Mamo Boru Mamo	Director General	NEMA
Margaret Njeri Githinji	Customer of Biolite Company/ KawiSafi Venture Fund	Self-employed
Mercy Waithera	Artisan Clean woodstove producer	Self-employed
Pauline Cachanja	Clean woodstove producer	Self-employed
Peter Murioki	Clean woodstove producer	Self-employed

Note: Due to legal and ethical considerations, we are not permitted to identify or list any agencies who have applied for but not yet received accreditation. These agencies are therefore not listed.

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