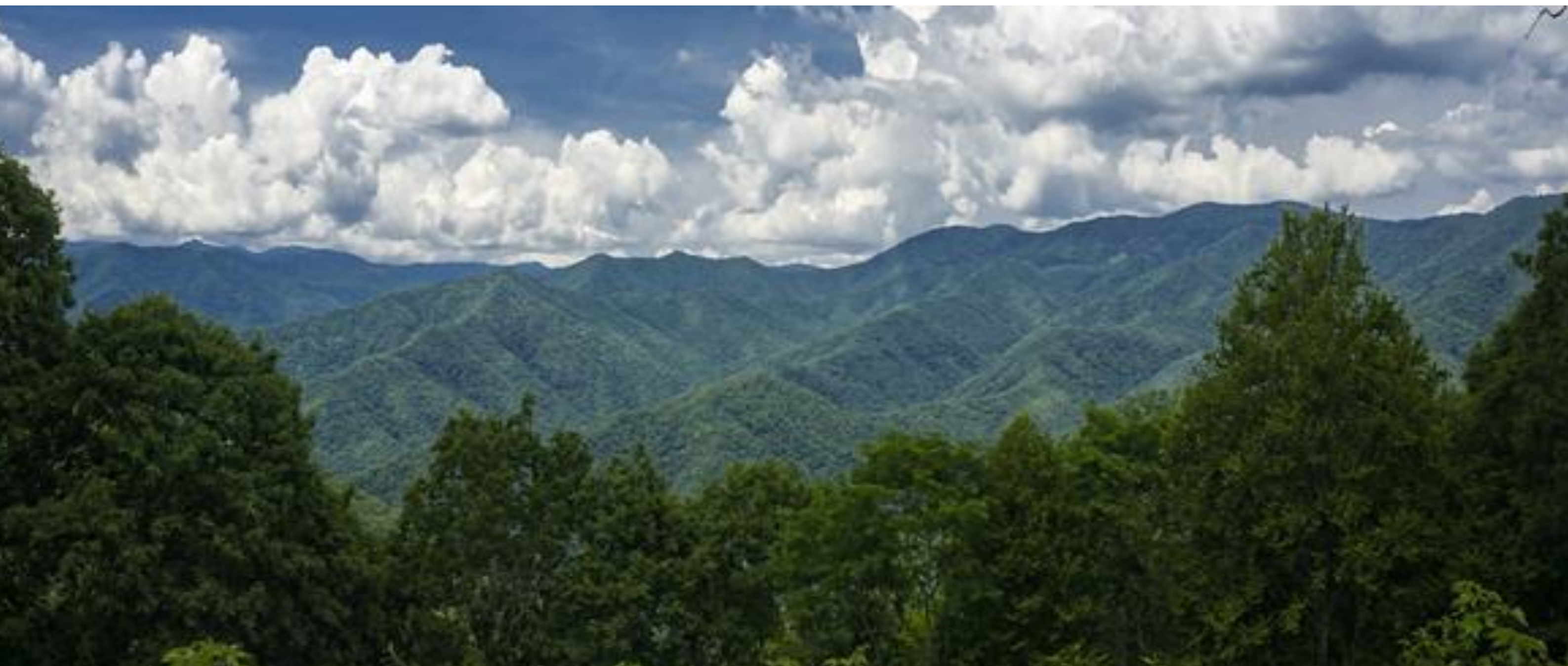
REPUBLIC OF KENYA
The National Treasury

THE KENYA NATIONAL GREEN CLIMATE FUND (GCF) STRATEGY

"INCREASED FINANCIAL FLOW FROM THE GREEN CLIMATE FUND (GCF) FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY"



The National Treasury

Formulation of The Kenya National GCF Strategy was funded by the Green Climate Fund (GCF) Readiness Programme, a joint partnership between UNDP, UNEP, and World Resource Institute (WRI). This is a global programme which seeks to support countries for enhanced access to international climate finance

The Programme in Kenya aims to support the government in strengthening their national capacities to effectively and efficiently plan for, access, manage, deploy and monitor climate financing, through the GCF.

The UNDP and the Kenya National Treasury (National Designated Author (NDA) for GCF) recruited technical services of Climate and Energy Advisory Limited to formulate the Strategy.

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Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

UNDP

FOREWORD

Climate finance plays a critical role towards building Kenya's resilience to impacts of climate change and variability. Kenya's transition to a low carbon and climate resilient development pathway requires significant financial investment in interventions that will reduce Green House Gas (GHG) emissions from key emitting sectors, climate proof sectors driving the economy and promote human well-being and ecological integrity. It is therefore imperative that the country boosts mobilization of adequate and predictable financial resources from domestic and international sources. Notably, County governments are critical co-financers, and can take the role of Executing Entities and/or Implementing Entities of low-carbon and climate resilient initiatives.

Following the above, we have formulated the National Green Climate Fund (GCF) Strategy which builds awareness on operation modalities of the GCF and Kenya's National Designated Authority's (The National Treasury), provides a roadmap for stakeholders in harnessing resources from GCF and recommends mechanisms which seek to strengthen the NDA's capacity to implement its functions. The Vision of the Strategy is: "*Increased financial flow from the Green Climate Fund (GCF) for a climate resilient society and low carbon economy.*" An abridged version of the GCF Strategy has been developed in the form of the Kenya Green Climate Fund (GCF) Handbook.

The GCF Strategy also identifies Kenya's priority programmatic areas which are a synthesised version of the Country's priority socio-economic sectors and respective interventions identified in the Climate Finance Policy (2016). These priority programmatic areas are outlined below:

1. Clean Technology and Renewable Energy Development.
2. Agriculture Forestry and Other Land Use (AFOLU).
3. Energy–Transport–Trade and Industry Nexus.
4. Agriculture–Water– Ecosystem Based Adaptation (EbA) Nexus.
5. Disaster Risk Management and Ending Drought Emergencies.
6. Research and Innovation.

These priority interventions are aligned to Kenya's development and climate policy frameworks such as the Vision 2030, Medium Term Plan, Nationally Determined Contributions (NDCs), National Adaptation Plan, National Climate Change Action Plan, Climate Change Act among others.

Increasing financial flow from the GCF will result to implementation of adaptation and mitigation interventions which will climate proof the Country's priority programmatic areas hence transition the country to climate resilient and low carbon economy.

HENRY K. ROTICH, EGH
CABINET SECRETARY
THE NATIONAL TREASURY

ABBREVIATIONS

AE	Accredited Entity
AfDB	African Development Bank
AMA	Accreditation Master Agreements
ASALs	Arid and Semi-Arid Landscapes
BUFEA	Budgets, Finance and Economic Affairs
C&E	Climate and Energy Advisory
CCD	Climate Change Directorate
CCF	Climate Change Fund
CDM	Clean Development Mechanisms
CIDPs	County Integrated Development Plans
CoG	Council of Governors
CPEBR	Climate Public Expenditure and Budget Review
CSOs	Civil Society Organizations
DFSA	Director of Department of Finance and Sectoral
EE	Executing Entity
EIB	European Investment Bank
ESS	Environmental Social Assessment
FANRPAN	Food, Agriculture and Natural Resources Policy Analysis Network
FCDC	Frontier Counties Development Council
FP	Focal Point
GDC	Geothermal Development Company
GEERF	Global Energy Efficiency and Renewable Energy Fund
GEF	Global Environment Facility
GHG	Green House Gases
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoK	Government of Kenya
ICRAF	World Agroforestry Center
IFC	International Finance Corporation
IIED	International Institute for Environment and Development
ILEPA	Illinois Environmental Protection Agency
IMTC	Inter-ministerial Technical Committee
INDC	Nationally Determined Contribution
IRA	Insurance Regulatory Authority
IRM	Independent Redress Mechanism
ITAP	Independent Technical Advisory Pane
IUCN	International Union for Conservation of Nature
KALRO	Kenya Agricultural and Livestock Research Organization
KBA	Kenya Bankers Association
KCB	Kenya COMMERCIAL Bank
KCF	Kenya Climate Fund
KDB	Kenya Diary Board
KEFRI	Kenya Forestry Research Institute

KIRDI	Kenya Industrial Research and Development Institute
KPSAG	Kenya Private Sector Advisory Group
KRMCIC	Kenya Risk Management Committee and Investment Committee
KWTA	Kenya Water Towers Agency
LDCs	Least Developing Countries
MDC	Multi-Disciplinary Committee/Taskforce on Climate Finance
MoALF	Ministry of Agriculture, Livestock and Fisheries
MoWI	Ministry of Water and Irrigation
MSEs	Micro and Small Enterprises
MTEF	Medium Term Expenditure Framework
NCCAP	National Climate Change Action Plan
NCCRS	National Climate Change Response Strategy
NDA	National Designated Authority
NDMA	National Drought Management Authority
NEMA	National Environmental Management Authority
NGOs	Non-Governmental Organizations
NIE	National Implementing Entity
NSE	Nairobi Securities Exchange
OAS	Online Accreditation System
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
OPDP	Ogiek Peoples' Development Program
PACJA	Pan African Climate Justice Alliance
PFM	Public Financial Management System
PPP	Public-Private Partnerships
PSAG	Private Sector Advisory Group
PSF	Private Sector Fund
REDD	Reduction of Emissions from Deforestation and forest
RIEs	Regional Implementing Entities
RMCIC	Risk Management Committee and Investment Committee
SBN	Sustainable Banking Network
SDGs	Sustainable Development Goals
SIDs	Small Island Development States
SOE	State Owned Enterprises
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
WARMA	Water Resources Management Authority
WRI	World Resources Institute

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1 INTRODUCTION

Chapter 1 contextualizes Kenya's climate finance arena and emphasizes importance of climate finance in adaptation and mitigation. This Chapter also brings out steps taken by the Government of Kenya (GoK) towards increasing access to climate funds and strengthening accountability of climate finance.

The Chapter narrows down to the Green Climate fund (GCF) and clearly articulates the significance and role of this document in strategically positioning Kenya to access GCF's funds and strengthening accountability of funds from the GCF. This section also discusses the role of the National Designated Authority (NDA), Accredited Entities (AEs) and Executing Entities (EEs) as guided by the GCF. The chapter concludes by showing the status of GCF funding in Kenya.

1.1 The role of climate finance in climate change adaptation and mitigation

What measures have been taken by the Government of Kenya to create an enabling environment for climate finance?

Climate change and variability pose a significant threat to achieving sustainable development and human well-being in Kenya (Kenya Ministry of Environment and Mineral Resources, 2013).

Access to climate finance is critical since it will enable Kenya effectively and efficiently adapt to and mitigate the effects of climate change and variability hence transition to a low carbon resilient pathway (Kenya Ministry of Environment and Mineral Resources, 2013). It is against this backdrop that The Government of Kenya (GoK) has acted to strategically position Kenya to access climate finance from various sources (Kenya Ministry of Environment and Mineral Resources, 2013). Examples of measures taken by the GoK for this course are outlined below (Kenya Ministry of Environment and Natural resources: National Climate Change Resource Center , 2017):

SOURCES OF KENYA'S CLIMATE FINANCE.

1. The sources of Kenya's Climate Funds are:
   - International public sources,
   - International private sources,
   - Domestic public sources,
   - Domestic private sources and
   - Carbon finance
2. International sources of climate funds are very fragmented resulting to high costs of transaction for Kenya.
3. Bilateral development partners and multilateral agencies are the main sources of public international finance for Kenya

Source: FANRPAN, 2015

1. Creation of an enabling environment through **formulation and/or ascension of climate change legislative frameworks and institutional frameworks** e.g.,
   - Formulation of climate change legislative frameworks e.g., the National Adaptation Plan, the Climate Finance Policy, the National Climate Change Response Strategy (NCCRS), the National Action Plan among, Submission of the Nationally Determined Contributions (INDC) to the UNFCCC, Climate change Policy among others;
   - Establishment of climate change institutional frameworks;
   - Ascension of International Agreements e.g., the Paris Agreement.

2. **Mandating relevant institutions to directly work with Climate funds** e.g.,
   a. Establishment of a **National Designated Authority** for the Green Climate Fund (GCF). The National Treasury is Kenya's national focal point for GCF;

b. Establishment of a **National Implementing Entity (NIE)** for the Adaptation Fund. NEMA is the NIE for the Adaptation Fund;
c. Establishment of **Accredited Entities (AEs)** for the GCF. NEMA is the AE for GCF;

3. Devolving climate funds through establishment of **County Adaptation Funds** to support County Governments mainstream climate change adaptation in planning and to access climate finance;

4. The GoK (represented by the National Treasury) works with partners such as The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and United Nations Development Programme (UNDP) to promote GCF readiness in Kenya. For instance, this GCF Co-ordination Strategy is fully supported by the GoK;
5. Creation of **National Climate Change Budget Codes for tracking the climate finance flows and expenditure** in respect to climate change mitigation and adaptation financing in the country;
6. The GoK supports the **Sustainable Banking Network (SBN)** initiative by the International Finance Corporation (IFC). SBN supports micro and small enterprises (MSEs) in "*adaptation-financing*" by ensuring climate change is mainstreamed in the business model;
7. The GoK plans to establish a **Kenya Climate Fund** to act as a financing mechanism for priority climate change actions and interventions;
8. The GoK supported the **Climate Public Expenditure and Budget Review.** This assignment analysed county's processes for budgeting and public expenditure and provided guidance on how to strengthen the efficiency and effectiveness for delivering green finance in national and county public financial management (PFM) systems;

How can Kenya further enhance her access to climate finance?

Findings of Kenya's Climate Public Expenditure and Budget Review (CPEBR) show that Kenya can enhance access to climate finance by ensuring climate change considerations are incorporated in budgeting, planning and finance processes at National and County level (UNDP, 2016).

The CPEBR report underscores that integration of climate change into development and planning processes will steer Kenya towards low carbon pathways and enhance accountability of climate finance at National, County and Global levels (UNDP, 2016).

Effective and efficient implementation of this Strategy will: (a) increase Kenya's access to GCF's funds and (b) strengthen accountability of climate funds from the GCF.

The GoK can also enhance access to climate finance through the following ways (Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN), 2015):

- Incentivize County Governments to integrate Climate Financing into their County Integrated Development Plans (CIDPs) and budgeting processes;
- Initiate and promote Public-Private Partnerships (PPP);
- Initiate bilateral negotiations and agreements with various development partners;
- Use additional fiscal tools to incentivize investments in Climate Finance.

Further, factoring the following key principles recommended by the Organisation for Economic Co-operation and Development (OECD) / Development Assistance Committee (DAC) will strengthen Kenya's climate change financing governance arrangements (OECD and AfDB, 2011).

1. **Ownership.** The selected climate change adaptation and mitigation activities should be country driven and respond to the needs and priorities of the developing country. These interventions should be aligned to national development and sustainable development legislative frameworks. On this basis, donors should play a support role to developing countries;
2. **Alignment:** Climate change financing needs to be aligned to a country's own planning and budgeting mechanisms;
3. **Continuous capacity building and development in climate financing:** This principle needs to be a norm because it will ensure the recipient country has adequate capacity to absorb and efficiently manage climate change funds;
4. **Harmonization:** Donors need to take deliberate actions to improve the efficiency of aid delivery. This may require simplification of procedures and increase sharing of information to avoid proliferation and duplication of funding mechanisms;
5. **Managing for Development Results:** In the development field, *managing for results* means ensuring project beneficiaries benefit maximumly from the interventions and all development initiatives generate performance information that can be used for continuous improvement. It is therefore important that activities sponsored by climate funds are Measurable, Reportable and Verifiable (MRV).

A summary of Kenya's climate change finance Sphere is provided in Table 1.1:

Table 1:1Snippet of Kenya's climate change finance Sphere

FOCUS AREA	DESCRIPTION
Sources of climate finance	- International and national public finance - International and national private finance - Carbon finance - Voluntary climate finance
Intermediaries	- Multilateral banks e.g., World bank, AfDB - Bilateral agencies e.g., UNDP - National agencies - National financial institutions
Economic and Financial instruments	- Power purchase agreements - Warranties - Guarantees - Insurance - Carbon offset flows - Grants - Concessional loans - Capital: equity, debt financing
Financial planning systems and institutional arrangements	- Expenditure and budgetary frameworks, without budget code - Climate Change Directorate (CCD) - government coordinating agency of all climate change activities in the Country - Climate change units in public entities
Uses and users of climate finance	- Adaptation - Mitigation - Government - Development partners - Private sector - Non-governmental organisations (NGOs

Source: IIED, 2014

1.2 Introduction to the Green Climate Fund (GCF)

The Green Climate Fund (hereafter referred to as GCF) was established in 2010 by the Parties to the United Nations Convention on Climate Change(UNFCCC) (UNFCCC, 2017; Indian Ocean Commission, 2015). The Fund is an operating entity of the Financial Mechanism of the UNFCCC, which is legally independent and has its headquarters in South Korea (ODI and Heinrich Böll Stiftung North America, 2016). GCF is governed by a Board of 24 members, equally selected from developed and developing nations (GCF (a), 2017). GCF is accountable and reports annually to the United Nations Framework Convention on Climate Change (UNFCCC) (GCF (a), 2017).

The mandate of the GCF is to enable a paradigm shift towards low-emission and climate resilient pathways in developing countries through mobilizing and channelling funds to developing countries (GCF 2017). GCF offers a wide range of financial products including grants, concessional loans, subordinated debt, equity, and guarantees (GCF, 2017).

In-order to effect its mandate, GCF has established a network of institutions (national and international) involving multi-sectoral and multi-disciplinary stakeholders from government and private sectors in respective developing countries (GCF 2017). These institutions, also called "*entities*" disburse GCF resources to recipient countries using diverse financial instruments such as loans, equity, guarantees, and grants Indian Ocean Commission, 2015).

By May 2017, GCF had 54 total number of accredited entities across the globe with 45 approved projects (GCF (h), 2017). These projects have attracted a total of USD 2.2 billion from the Fund (GCF (h), 2017). A total of 58 projects are in the pipeline waiting for approval for funding approximated to be USD 3.4 billion (GCF (h), 2017). Stakeholders have also played a major role in funding of the projects through co-financing (GCF (h), 2017). The Fund identified co-financing as a way of scaling up the projects (GCF (h), 2017). Upfront co-financing should be mobilized by the accredited entities according to GCF's principles (GCF (h), 2017).

What are GCF's Key Features?

The key features that define the nature of GCF are highlighted below:

1. **Balanced Portfolio:**
    - **Balanced governance structure** with equal board representation between developed and developing countries (12 representatives each), with dedicated seats for Small Island Development States (SIDS) and Least Developed Countries (LDCs) (GCF, 2017);
    - Over time, GCF seeks to achieve **a Balanced (50:50) allocation of resources to mitigation and adaptation investments** (GCF, 2017)**;**
    - Over time, GCF seeks to achieve **50 percent of the adaptation allocation for particularly vulnerable countries,** including LDCs, SIDS and African States (GCF, 2017).
2. **Unlocking Private Finance:** GCF established the **Private Sector Facility (PSF)** as a platform for direct engagement with the Private sector.
3. **GCF has an array of financial instruments (e.g., grants, equity etc.) which can be tailored to adapt to specific investment contexts**. Notably, GCF ensures that the type of financial instrument provided to an applicant is responsive to project needs and specific investment contexts.
4. GCF has a unique **ability to engage directly with both the public and private sectors in transformational climate-sensitive investments.**

5. GCF has an innovative framework which enables it to bear significant climate-related risk, allowing it to leverage and crowd in additional financing
6. **Country Ownership:** GCF recognizes the need to ensure developing country partners own climate change funding, integrate and align the funds and activities supported by GCF with their respective national priorities. It is on this basis that GCF mandates each developing country to appoint a National Designated Authority (NDA) which acts as a link between respective governments and GCF. Notably, the NDA is involved in all aspects of GCF funding procedure and must approve all GCF project activities within the country hence ensuring GCF's activities operate in harmony with national priorities.

1.3 What activities are funded by GCF?

GCF finances mitigation and adaptation activities that contribute towards achieving at least one of its **eight strategic impact** areas outlined in Table 1.2.

Table 1:2: Categories of Adaptation and mitigation activities financed by GCF (GCFs Strategic Impact Areas)

MITIGATION	ADAPTATION
1. Low-emission energy access and power generation 2. Low-emission transport 3. Energy efficient buildings, cities and industries 4. Sustainable land use and forest management	1. Enhanced livelihoods of the most vulnerable people, communities, and regions 2. Increased health and well-being, and food and water security 3. Resilient infrastructure and built environment to climate change threats 4. Resilient ecosystems

Source: GCF, 2017

1.4 Roles played by different actors in GCF Funding

In-order to realise its mandate, the GCF has established several actors to smoothen the funding process. Each actor has its own roles to perfume during project development and execution. The structure of the GCF has several actors including the National Designated Authority (hereafter referred to as the NDA), the Accredited Entities (AEs), the Executing Entities (EEs) and finally the beneficiaries.

The Kenya National Treasury is Kenya's National Designated Authority (NDA)/Focal point

1.4.1 The National Designated Authority (NDA)

The NDA is the national focal point, and serves as the main point of communication with GCF to "*ensure that activities supported by the Fund align with strategic national objectives and priorities, and help advance ambitious action on adaptation and mitigation in line with national needs*" (GCF, 2015b). To fulfil its mandates and responsibilities, the NDA must have prerequisite capacities, because the roles cover a wide range of functions. The five (5) key roles are outlined below:

1. **Provide broad strategic oversight of the funds activities aligned to country priorities:** Ensure that project/programmes are aligned with national development documents such as National Climate Change Policies or Development Agenda. The NDA will ensure a strategic oversight of the activities funded by GCF including aligning these projects and programmes with national sustainable development objectives and

policies such as the Kenya's Vision 2030, Climate Change Act 2016, Kenya's Nationally Determined Contribution (NDC) and the national development plans. GCF has a readiness programme that can provide support such frameworks and development programmes.

2. **Convene relevant stakeholders (public, private and civil society) in order to identify priority sectors to be financed by GCF:** Help to organize stakeholder workshops to raise awareness about the GCF and to gather input regarding the design of GCF projects/programmes. NDA is mandated to bring together all relevant stakeholders who include The Central Government, County Governments, Ministries such as Ministry of Environment, relevant Civil Societies, institutions like National Environment Management Agency (NEMA), project developers, private sector actors, financial institutions such as Kenya Commercial Bank (KCB), and communities affected, including vulnerable groups, women and indigenous peoples, who will be affected by the Fund's activities. In preparation of the country projects and programmes, NDAs are encouraged to such stakeholders in line with the Fund's best practice guidance for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals.
3. **Provide nomination letters for direct access AEs and Implementing the no-objection procedure on funding proposals submitted to the Fund:** All entities must request and acquire letters of nomination to be eligible to begin the GCF accreditation process. To ensure consistency of funding proposals with national climate change plans and priorities, the NDA is mandated to implement the no-objection procedure. The no-objection is provided to GCF by the NDA, in conjunction with any submission of a funding proposal by an accredited entity of the Fund.
4. **Implement process to approve projects/programmes and grant letters of no-objection for projects/programmes**: The National Treasury serves as the catalyst for implementing the process to engage stakeholders to discuss the project/programme design provide feedback to the AE on the design, and, upon approval, grant letters of no-objections.
5. **Provide leadership on the deployment of readiness and preparatory support funding in the country**: NDA is supposed to spearhead the deployment of readiness and preparatory support funding in the country. In some cases, the NDA may directly benefit from the funding or select international, regional, national and sub-national, public, private or non-governmental institutions, well-versed in readiness activities as their delivery partners. The Fund may also deploy readiness and preparatory support to prospective sub-national, national or regional entities seeking accreditation with the Fund to prepare them to apply for accreditation, and to accredited entities to develop project and programme pipelines. The main role of the NDA in the accreditation process is to provide a letter of nomination for national entities

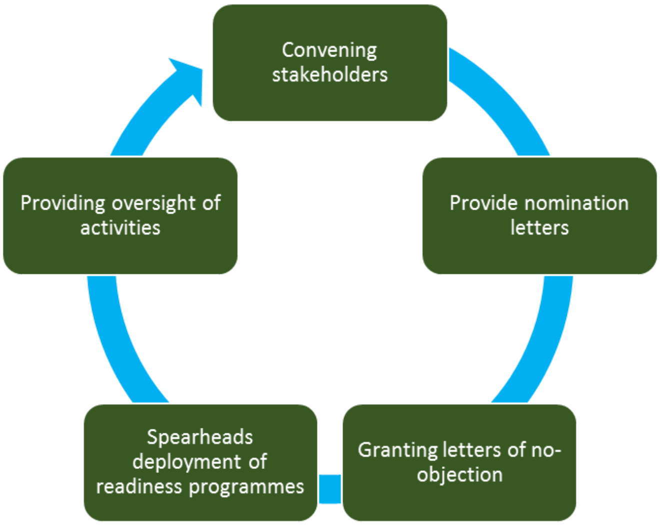


Figure 1:1: Roles of NDA

1.4.2 The Accredited Entities (AEs)

GCF works with several entities to channel its resources to projects and programmes. Such entities may be sub-national, national, regional or international; they can be public, private or non-governmental institutions if they meet the standards of the Fund. Countries may access the Fund through multiple entities simultaneously. A list of GCF accredited entities in Kenya are provided in Annex I.

NEMA Kenya has been accredited to directly access resources from the GCF.

Other national and sub-national institutions are in the pipeline (or may be interested) to seek GCF accreditation

The accredited entities are the implementing entities that act as a country's programme managers of the fund (grants). The entity is accountable directly to the GCF Board for the overall management of projects, as well as for the financial, monitoring and reporting aspects of project activities. They can be;

a) National (NIEs) e.g., NEMA
b) Multilateral (MIEs), such as multilateral development banks and UN agencies e.g., GIZ, AFD, UNEP, IFAD, UNDP, IUCN among others
c) Regional (RIEs), such as regional development banks and institutions e.g, ACUMEN Fund
d) Private sector entities E.: these are supported by private sector facility

In Kenya, the accredited entities are National Environment Management Authority (NEMA), which was accredited in 18 March 2016, United Nations Environmental Programme (UNEP) which was accredited in 30th March 2016 and Acumen Fund which operates internationally. Others In addition, the UNDP, which is accredited at its headquarters in New York.
The functions of AEs include:

1. Developing and submitting funding proposals for projects and programmes.
2. Overseeing management and implementation of projects and programmes.
3. Deploying a range of financial instruments within their respective capacities (grants, concessional loans, equity and guarantees.
4. Mobilizing private sector capital.

GCF has outlined procedure for accreditation that ensures the accredited entities have the ability to manage the Fund's resources. The application for accreditation is done on the GCF's website.

1.4.3 The Executing Entities (EEs)

GCF defines an Executive Entities (EEs) as an entity through which GCF proceeds are channelled or used for the purposes of a funded activity or part thereof, and/or any entity that executes, carries out or implements a funded activity, or any part thereof (GCF, 2015). EEs do a range of activities geared towards achieving the project's activities. Unlike accredited entities, EEs do not get direct access to the GCF funds. However, all AEs can be EEs though the converse is not true.

Most projects involve incorporation of different activities which requires different expertise such as capacity building, provision of extension services and management of financial instruments. The organizations or individuals doing all these activities are EEs and they can either come from the private or public sector. EEs come in to make sure that the different aspects of a GCF project are delivered in accordance with project objectives. Specifically, EEs get involved in the following activities during project development and implementation.

- Identifying potential projects in each priority area.
- Prioritizing and selecting projects to take forward
- Identifying barriers and solutions
- Evaluating options, designing intervention and estimating impacts
- Working out project plan & cost
- Developing concept notes and proposals and supporting evidence
- Submitting proposals to NDA's & AE's
- Implementing project activities
- Refining and adapting plans during project execution
- Monitoring and evaluating project impacts

1.4.4 The Private Sector

What is the Private Sector? Who are the actors in the Private Sector?

The Private Sector refers to organizations with a principle strategy and mission to make profit, whether by production of goods, provision of services, and/or commercialization and have a majority private ownership (Di Bella, Grant, Kindornay, & Tissot, 2013). Notably, this definition excludes actors such as independent foundations, NGOs, and civil society organizations (including business associations) who have a non-profit focus (OECD, 2016).

According to UNDP (2012), the Private Sector includes a wide range of actors operating in either the formal and informal economy. These may include:

- Multinational companies with global reach and operations
- Large domestic companies
- Micro, small and medium enterprises (MSMEs)
- Business intermediaries and interlocutors such as Chambers of Commerce and Industries, business associations, innovative alliances, business roundtables, stock exchanges and a new generation of cooperatives.
- Social enterprises and other innovative constellations formed to address a specific development issue or cause

- Mutual organizations (such as asset management companies, cooperative banks, mutual saving banks, credit unions, mutual insurance/assurance and healthcare companies)
- State Owned Enterprises (SOE) i.e. either wholly or partially owned by a government and that engage in commercial activities as part of an open market system.

This wide range of private sector actors have a crucial role to play in the transition towards low emission, climate resilient societies in three ways (Rawlins & Halstead, 2016):

- Providing technologies, products and services needed to facilitate the transition;
- Providing the funds necessary to finance the transition, beyond what the public sector can provide;
- Important actors in the transition, as organisations responsible for emissions, as well as organisations that are vulnerable to the effects of climate change.

The role of private sector in tackling climate change has been augmented by GCF. The fund provides opportunities for private sector players to participate as either Accredited Entities, Executing Entities or project beneficiaries. GCF allows for a range of private actors to be involved in both project development and execution either as partners, implementing entities or co-financers. The GCF has set up Private Sector Facility to fund and mobilize institutional investors and leverage GCF's funds to encourage corporates to co-invest (Green Climate Fund , 2017).

Specifically, the Private Sector at various stages of GCF project development and execution will have the following actors and roles (Rawlins & Halstead, 2016):

1. Project Development

- **Accredited Entities**, responsible for receiving funds from GCF and overall project management. It is anticipated the financial sector e.g. investment banks will deliver a significant proportion of the AEs from the private sector (as has been witnessed so far). This is attributed to their experience in handling large sums of money and delivering large-budget development programmes for international donors and other climate funds. In addition, the financial sector will likely have the fiduciary standards required for accreditation, and be accustomed to the diverse financial instruments for the deployment of GCF funds.
- **Executing Entities:** In some projects, depending on the project needs, the EE(s) will come from the private sector and may be selected during the project development or delivery stages through a competitive process. This is to ensure the project acquires the best partners, obtains value for money and adheres to the GCF procurement rules.
- **Consultants and Advisory Firms:** The GCF project development and resource mobilization activities are time-consuming and resource-intensive, requiring flexible-man power. Consultants and advisors are therefore brought in to provide support owing to their specialist skills, networks, knowledge of in-country settings and issues and experiences with meeting donor/funder requirements.
- **Sector associations (and other representatives):** who are involved in the process of Identifying project ideas and developing concepts with an aim of ensuring the that the right issues and barriers are identified, particularly those associated with the sectors they represent and that the solutions being considered are feasible and likely to be effective.

2. Project Execution

The key actors and their roles are at this stage are as follows:

- **Investors:** Some projects will require private investors to invest capital directly into funds or other investment vehicles set up by the project which will then be used to achieve the project outcomes.
- **Wider private sector beneficiaries:** including companies or smallholders that benefit from services provided by projects such as a business receiving a green loan from a bank.

Given that NDAs operate with limited resources and undertake other responsibilities, it is unlikely that they will have the capacity to directly engage with several private sector actors regularly. Consequently, it is the role of the AEs to ensure engagement of the private sector, as the AEs determine how the private sector needs to be involved and design projects to ensure the required levels of involvement are reached.

NDA Private sector engagement

While private sector engagement is not the end goal of climate change projects or programmes, it is often a necessary to means to achieving them. As stated in the sections above, it is not a core mandate of the NDA to engage the private sector. To ensure effective private sector engagement the NDA can undertake several activities as proposed by Rawlins & Halstead (2016):

These activities are undertaken during the GCF Readiness and Preparatory stage.

a) NDA Resourcing

Given the range of activities the NDA is required to undertake in co-ordinating and supporting the country's work with the GCF, it is unlikely the NDA will have the resources necessary to undertake all their roles comprehensively. In order to effectively engage the private sector, the NDA will need to determine the personnel and financial resources required to carry out the NDA's roles and engage the private sector. The NDA can apply for resources from the GCF Readiness and Preparatory Support Programme which avails funding for, amongst other things, strengthening institutional capacities of NDAs of up to 300,000 USD per year (Green Climate Fund, 2017).

b) Identify priority results areas for climate change and the GCF

During development of the GCF Country Programme, the NDA should consult widely including with the private sector. The NDA should also identify and communicate the thematic areas that are priorities for Kenya (defined in national climate policies and strategies and international obligations) and aligned with the performance result areas of the GCF. This will allow relevant organisations to align their project development activities with country priorities, and consider how the private sector features in these priority areas.

c) Mapping of stakeholders and key actors

The NDA should identify map out the landscape of what different actors in the sector look like in the country. This will allow the NDA to have a sense of the number, type and capabilities of the actors in each group, and their experience with climate-related projects. This will give the NDA a vantage point from which to assess the feasibility of project ideas at an early stage, and identify actors well suited to play particular roles in specific projects. Consequently, any awareness raising and consultation activities towards the most relevant private sector audiences can thus be targeted.

Table 1:3: Examples of AEs and EEs operating in Kenya

ACTORS IN KENYA'S GCF FUNDING ARENA[1]	
A. NATIONAL DESIGNATED AUTHORITY (NDA)	
The National Treasury	
B. ACCREDITED ENTITIES	
1. National (NIEs)	The National Environment Authority (NEMA)
2. Multilateral (MIEs), such as multilateral development banks and UN agencies	• UNDP • UNEP • UN FAO • Agence Française de Développement (AFD) • KfW Development Bank • IFC-World Bank • European Investment Bank (EIB) • International Union for Conservation of Nature (IUCN) • International Fund for Agricultural Development (IFAD)
3. Regional (RIEs)	Acumen Fund Inc
4. Private sector entities	As at October 2017, there was no accredited private sector entity. • The Kenya Commercial Bank has applied to be accredited – outcome is yet to known
C. EXECUTING ENTITIES (EEs)	
National EEs 1. Ministry of Agriculture Livestock and Fisheries (MoALF) 2. Ministry of Energy and Petroleum. 3. The National Treasury 4. Ministry of Transport and Infrastructure 5. Ministry of Industrialization and Enterprise Development 6. Ministry of water and Irrigation (MoWI) 7. Council of Governors (COG) 8. Geothermal Development Company (GDC) 9. National Disaster Management Authority (NDMA) 10. NEMA 11. Water Resources Management Authority (WARMA) 12. Kenya Agricultural and Livestock Research Organization (KALRO) 13. Kenya Forestry Research Institute (KEFRI) 14. Nairobi Securities Exchange (NSE) 15. Kenya Bankers Association (KBA) 16. Kenya Industrial Research and Development Institute (KIRDI) 17. Kenya Water Towers Agency (KWTA)	**International EEs:** 1. Acumen Capital Partners LLC 2. Conservation International 3. Baker & McKenzie 4. World Agroforestry Center (formerly ICRAF) 5. Hivos East Africa 6. One Acre Fund

[1] **The list of MIEs, RIEs and EEs is not exhaustive. This list is based on the pipeline as at October 2017*

ACTORS IN KENYA'S GCF FUNDING ARENA[1]	
18. Kenya Dairy Board (KDB) 19. Hivos East Africa 20. Pan African climate justice alliance (PACJA) 21. Ogiek Peoples' Development Program (OPDP) 22. Indigenous Livelihoods Enhancement Partners (ILEPA) 23. Frontier Counties Development Council (FCDC) 24. Insurance Regulatory Authority *(IRA)*	

Source: The National Treasury, 2017 – NDA Pipeline 2017

Figure 1.2 outlines the relationship amongst actors in Kenya's GCF funding arena

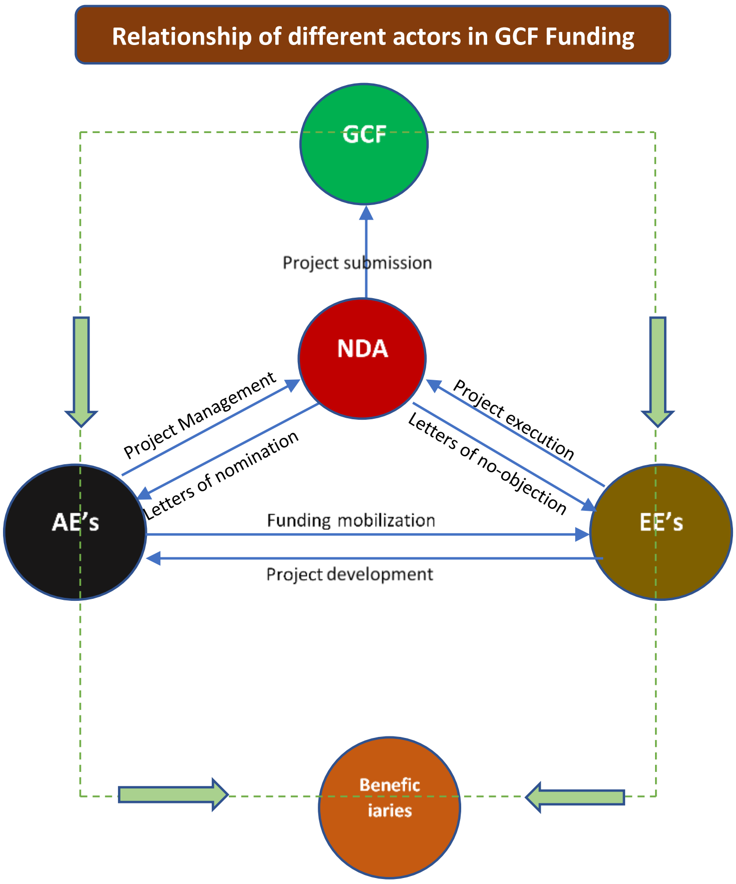


Figure 1:2: Summary of actors in GCF funding

1.5 Status of GCF Funding in Kenya

A Kenyan website showing all GCF related issues will be developed in the year 2018. This will enable actors in the climate finance arena to be updated regarding amendments in the GCF operation modalities as well matters relating to the NDA and GCF pipeline.

As at August 2017, fifteen full proposals and five concepts notes were submitted to the National Treasury for review and submission. Of the fifteen proposals, three have been approved for funding by the GCF. The three are KawiSafi Ventures Fund submitted by Acumen Fund Inc. as the AE and main executing entity being Acumen Capital Partners LLC. The total estimated project amount is USD110M with 5% already disbursed. The second approved project is Global Energy Efficiency and Renewable Energy Fund (GEERF) NeXt project by European Investment Bank (EIB) and Ministry of Energy and Petroleum as the leading executing entity. The project was approved in April 2017 and has an estimated to cost a total of USD265M with 0% so far disbursed. The third approved program is Deutsche Bank's Universal Green Energy Access Program S.A.SIC-SICAV with the leading executing entity being the Ministry of Energy and Petroleum. Approved in October 2016, the fifteen-year project is estimated to cost USD301.6M cutting across five countries; Kenya, Benin, Namibia, Nigeria and Tanzania. So far, the disbursed amount is zero.

NEMA, as the national AE has submitted four proposals which so far have been reviewed by GCF and reverted with comments. The leading executing entities for the reviewed proposals are the National Drought Management Authority (NDMA), Water Resources Management Authority (WARMA), Kenya Forest Research Institute (KEFRI) and Kenya Agricultural and Livestock Research Organization (KALRO). The full information on GCF projects status in Kenya is found in Annex I.

2 LINKAGE TO POLICY AND INSTITUTIONAL FRAMEWORKS GOVERNING CLIMATE FINANCE IN KENYA

This chapter discusses the enabling environment for climate finance in Kenya. It provides a detailed analysis of both international policy and nation policy legislative and institutional frameworks governing climate finance, including opportunities, challenges and gaps. This section also demonstrates how the GCF Strategy is aligned to policy, legislative and institutional frameworks governing Kenya's climate finance arena.

2.1 International Climate Change Policy

2.1.1 The Paris Agreement & Role of Climate Finance

The Paris agreement was internationally adopted in December 2015 as a legally-binding framework for coordinating efforts to tackle climate change. The Agreement acknowledges the critical role of climate finance and technology in achieving low-carbon development, sustainable development, poverty eradication and human well-being globally (UNFCCC, 2015).

Article 2 (1) states that the Goal of the Paris Agreement is support countries achieve low-carbon development, sustainable development and poverty eradication by: ensuring global temperatures do not exceed 2^0C[2], increasing Parties' ability to adapt and mitigate the effects climate change whilst enhancing human wellbeing and ecological integrity[3] and ensuring financial flows are consistent with a pathway towards low greenhouse gas emissions and climate-resilient development[4].

Towards effecting this Goal, developed nations have pledged to mobilise USD 100 billion annually by 2020 to support climate-change mitigation and adaptation in developing countries (Climate Focus, 2015).

Article 9 (1) of the Paris Agreement tasks developed country Parties to provide financial resources that will assist developing country Parties with respect to both mitigation and adaptation**.**

Article 9 (3) stipulates that developed country Parties should continue taking lead in mobilization of climate finance, however, developing country Parties should take lead in determining the nature of support and interventions required. Notably, both developed and developing nations should ensure interventions are driven by the latter's country strategies, needs and priorities[5].

Article 9 (4) of the Paris Agreement notes that provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, considering country-driven strategies, and the priorities and needs of developing country Parties, especially those that are extremely vulnerable to effects of climate change.

[2] *Paris Agreement, Article 2 (1a)*
[3] *Paris Agreement, Article 2 (1b)*
[4] *Paris Agreement, Article 2 (1c)*
[5] *Paris Agreement, Article 9 (3)*

2.1.2 Role of Capacity Building in Realizing the Goal of Paris Agreement

Article 11(1) states that capacity-building initiatives under the Paris Agreement should build and strengthen developing country Parties (with emphasis on countries with least capacity) to implement adaptation and mitigation actions including facilitate technology development, dissemination and deployment; **enhance access to climate finance;** relevant aspects of education, training and public awareness; and transparent, timely and accurate communication of information.

Notably, **Article 11 (2)** stipulates that capacity-building should be country-driven, respond to a developing country's needs and priorities and foster country ownership. Further, **Article 11 (3)** states that all Parties should cooperate to enhance the capacity of developing country Parties to implement the Agreement and developed country Parties should enhance support for capacity-building actions in developing country Parties. **Article (5)** notes that capacity-building activities should be enhanced through appropriate institutional arrangements to support the implementation of this Agreement.

HOW IS THE GCF STRATEGY ALLIGNED TO THE PARIS AGREEMENT?

1. The Strategy seeks to enhance access to GCF funds to Kenya. These funds will support implementation of adaptation and mitigation activities which are in line with the Goal of the Paris Agreement;
2. This Strategy seeks to build capacity of Kenya - financial, technical and institutional capacity in tackling climate change;
3. Formulation of the Strategy is country driven, involves key stakeholders and responds to national needs and priorities;
4. The strategy is built on and will be implemented by existing institutional arrangements

Source: Author

Article 13 encourages transparency by tasking developed nations to provide information on financial, technology transfer and capacity-building support provided to developing country Parties[6] and developing nations to communicate support received from developed nations.[7]

Opportunities

1. Developed nations are legally bound to mobilize climate funds. This ensures continued support to developing nations towards low-carbon pathways;
2. The agreement encourages transparency and partnerships between developed and developing Parties in addressing climate change effects;
3. The agreement promotes country ownership by emphasizing that interventions must be driven by priorities of developing nations and interventions should build on existing institutional frameworks in developing nations;
4. The agreement mandates Parties to develop and submit NDCs to UNFCCC. NDCs act as a roadmap towards transition to low carbon development. The NDCs also provide the priority actions needed by developing nations hence guide developed nations when determining activities to fund.

Challenge

1. The role of developing nations in mobilizing domestic sources of climate finance is left open, it is upto the government to come up with innovative ways of doing so. Bear in mind co-financing is very important in GCF funding, hence the need for a country to come with internal means of mobilizing finance.

[6] *Paris Agreement, Article 13 (9)*
[7] *Paris Agreement, Article 13 (10)*

2.2 National Development blue prints

2.2.1 The Constitution of Kenya (2010)

Chapter 4[8], Article 42 of The Constitution of Kenya (2010) mandates the GoK to ensure every Kenyan has a clean and healthy environment. To effect this, the GoK establishes legislative and institutional frameworks that promote a clean and healthy environment. This is the basis for formulation of climate change legislation and institutions which steer the Country towards sustainable development, human wellbeing and green growth.

Chapter 12[9], Part I (Article 201), articulates principles of public finance which include: transparency and accountability, public participation in financial matters and equitable distribution of financial resources at National and County level.

The Sixth Schedule, Part 4 establishes a devolved system of governance and its operation modalities. This Section also gives power to institutions at County level to receive and manage finance hence an opportunity for increased development at grassroot level.

Opportunities

- The devolved system of governance is crucial for sustainable interventions at grassroot level.

2.2.2 The Third Medium Term Plan (MTP III) (2018-2022)

Kenya has formulated her MTP III for climate change response which is anchored on the Paris Agreement and the United Nations Sustainable Development Goals (SDGs). It is imperative to note that MTP I and MTP II addressed climate change as a sub-section under the Environment sector, however, following the significant impact climate change has had on Kenya's socio-economic development, it was deemed necessary to address it as a standalone component in the MTP III. Based on this, the **climate change thematic area** is included in the preparation of the MTP III to mainstream climate change actions in all sectors, at the National and County levels. The goal of the Climate Change thematic area is to "*Enhance climate actions towards a low carbon and climate resilient development.*"

The Draft Climate Change thematic area report for the MTP III acknowledges significant strides made by Kenya towards forging a strong enabling environment for climate finance which has resulted to successful access of funds from various international sources such as the GCF, the Global Environment Facility (GEF) through the Special Climate Change Fund (SCCF) and the Adaptation Fund (AF) among others. Nevertheless, it is imperative that the Country further strengthens its climate finance sphere since there are various loop-holes which impede access to funds. Key issues and/or gaps to be addressed are discussed below:

- Majority of historical financial flows in Kenya mostly address mitigation hence, need to ensure a balance between adaptation and mitigation;
- Need to increase collaboration between private sector and Government in-order to overcome market and investment barriers for sustainability of climate related investments;

[8] *Constitution of Kenya, Chapter Four: Bill of Rights*
[9] *Constitution of Kenya, Chapter Twelve: Public Finance*

- Need to track climate finance related expenditure by coding all climate finance related activities. This will make tracking and reporting of climate related budget and expenditure possible;
- Need to capitalize opportunities provided by various sources of funding (e.g., the Green Climate Fund and bilateral engagements) through capacity building for project development and negotiations and enhancing partnerships with development partners;
- Need to enhance county government capacity to understand, design and implement climate change actions.

The MTPIII outlines prioritized projects, programmes and initiatives that will be implemented between 2018 -2022 to build the Country's resilience and enhance low carbon development. These priority initiatives implement sector obligations articulated in the NCCAP hence contribute towards realization of the Nationally Determined Contribution (NDC). It further notes that there will be increased budgetary allocation by the respective sector entities. Notably, the MTP III tasks the CCD to coordinate all climate related Projects and Programmes across sectors.

The MTP IIII also seeks to operationalize the Climate Change Act (2016) through the following ways:

- Outlines key activities that the CCD in collaboration with stakeholders, will undertake between 2018 – 2022;
- Enactment of the Climate Change Framework Policy to enhance climate change governance in the country;
- Formulation of National Policy on Climate Finance that will provide a legal, institutional and reporting framework to access and manage climate finance, consistent with the Act;
- Stipulates that the Climate Change Fund established under the Act, will be operationalized through formulation of Climate Finance Strategy and respective regulations;
- The Climate Finance Strategy is also expected to establish other climate financing mechanisms to support priority climate change actions and interventions in the Country;
- The climate change Act (2016) establishes the NCCC, CCD, CCF and the climate change units in Ministries, Counties, Departments, and Agencies (MCDAs) and allocates them responsibilities for its operationalization. On this basis, the MTP III notes that the capacity of these institutions to undertake their respective functions will be strengthened through institutional reforms and increased access to human and financial resources. Further, the National Climate Change Resource Centre (NCCRC) will be equipped as a one-stop platform for capacity building and networking. Lastly, guidelines and indicators on mainstreaming will be developed and implemented to support the CCD and Climate Change Units in implementing the Act;
- Performance contracting guidelines will be reviewed to include the reporting obligations of the climate change units in the MCDAs.

Opportunity

- Creating a standalone climate Change thematic area makes this theme a National priority hence attracts funding, encourages climate change mainstreaming at all levels of governance and across sectors.
- Strengthening climate change institutional frameworks creates an opportunity for good governance and coordination of climate funds

Gap/challenge

- Need to provide guidance on the role of private sector in mobilization of funds from all sources and especially at the County level;
- Need to provide the general structure of Kenya's climate finance arena and role of stakeholders (public sector, private sector etc) in making Kenya eligible and/or attractive for climate funding;

2.2.3 The Kenya Vision 2030

Kenya's Vision 2030 is anchored on three pillars (Economic, Social and Political) of which the environment is incorporated in the Social Pillar. This Pillar seeks to build a just and cohesive society with social equity in a clean and healthy environment. Achievement of the social pillar's objectives requires transformation in the following 7 sectors: Education and Training; Health; Water and Sanitation; the Environment; Housing and urbanization; Gender, youth, sports and culture; and Equity and poverty eradication.

Vision 2030 has included equity as a key principle in economic, social and political programmes with special attention on Kenya's vulnerable areas (e.g., ASALs) and communities. Kenya's 2030 Vision for financial services is to create a vibrant and globally competitive financial sector that will create jobs and promote high levels of savings to finance Kenya's overall needs. The Vision emphasises need to handle devolved funds in an equitable, transparent and accountable manner. Unfortunately, the Vision does not mention climate change and climate finance, in-particular.

Opportunity

1. Allocation of funds in an equitable manner provides an opportunity to increase resilience of vulnerable sectors and communities;
2. Management of devolved funds in a transparent and accountable manner enables tracking of financial flows and builds confidence of donors in Kenya

Gaps/Challenge

1. Need to separate Environment and the Social pillar. Climate change is addressed as a subsection of environment under the social pillar. This does not bring out the significant role and/or impact of climate change on Kenya's development. Therefore, there is need to address climate change separately as a key theme and make Environment a Pillar.
2. The Vision neither addresses climate finance nor provides a vision and guidance for improving and capitalizing this field;
3. Need to bring out the role of stakeholders in mobilizing funds including climate related funds

2.3 Key National Climate Change Policy

2.3.1 Draft National Climate Finance Policy (NCFP) (2016)[10]

The NCFP provides guidance for mobilising climate funds from various sources, enhancing access to domestic and international climate finance including the Green Climate Fund. Notably, interventions outlined in the climate finance Policy are consistent with the Climate Change Act (2016) and The National Climate Change Action Plan (NCAAP, 2013-2017). This

[10]*This Policy document is a Draft - undergoing review and update.*

policy also seeks to track and increase transparency and accountability of climate funds through establishment of institutional frameworks for coding, tracking and reporting of climate finance.

The policy acknowledges that effective mobilization of financial resources requires participation of stakeholders from public and private sector coupled with effective co-ordination mechanisms at all levels of governance.

The NCFP recognises the GCF as the largest specialised climate fund globally and is expected to catalyse public and private finance at the international and national levels. It is anticipated that GCF will provide simplified and improved access to funding, including direct access through accredited Implementing Entities. It is against this backdrop that Kenya is strategizing herself to secure funding from the GCF and has to that end successfully appointed the National Treasury as the NDA to the GCF and NEMA as the NIE to the GCF. Further, the Government of Kenya has accepted support from GCF Readiness Programme to better prepare to access and manage GCF funding. This support includes:

- Capacity strengthening for the NDA in the areas of stakeholder engagement, outreach, and project and programme identification;
- Institutional capacity building for national Accredited Entities and Executing Entities;
- Preparation of country programmes and project pipelines for Green Climate Fund support.

The Policy identifies the following challenges and opportunities in Kenya's climate finance sphere

Table 2:1: Challenges and opportunities in Kenya's climate finance sphere

CHALLENGES/ISSUES	WAY FORWARD
1. Numerous number of funding channels which increase the options and possibilities for Kenya to access climate finance	1. Need to improve access to climate finance from the various sources through implementation of the Climate Finance Policy 2. Need to formulate a Climate Finance Strategy to operationalize the Climate Change Fund. 3. Needs to develop expertise and capacity to know where to target efforts to access climate finance
2. Tackling climate change requires ensuring implementation of both mitigation and adaption interventions. Currently, there is imbalance between resource allocation to adaptation and mitigation	1. Need to establish a criterion that identifies mitigation and adaptation interventions in-order to ensure appropriate and balanced allocation of resources to both adaptation and mitigation 2. Operationalise the Climate Change Fund to provide co-financing
3. Current systems do not easily identify and track climate finance.	Need to strengthen the national and county financing systems for climate finance is essential because the current systems do not easily identify and track climate finance.
4. Inadequate capacity of national entities to develop bankable proposals	1. Extensive capacity building is required, particularly in fiduciary management skills, to enable institutions to disburse, absorb and manage large projects and large funds in a transparent and accountable manner. 2. Transparency and accountability need to be strengthened, and necessary steps taken to prevent

CHALLENGES/ISSUES	WAY FORWARD
	corrupt practices in climate finance resource allocations.
3. Better coordination across agencies and stakeholders is essential for investment to be directed towards low carbon climate resilient development.	Need to establish a platform where stakeholders from public and private sector can have open and transparent dialogue regarding climate finance. This will enable Kenya address financing challenges and position herself to attract funding.

Source: The National Treasury, 2016

The Policy is anchored on Four Strategic focus areas outlined in Table 2.2

Table 2:2: Strategic Focus areas of the National Climate Finance Policy

STRATEGIC FOCUS AREAS	POLICY STATEMENT
LEGAL AND REGULATORY FRAMEWORK	The Government will establish a clear and flexible legal and regulatory framework for climate finance that is responsive to developments in Kenya, including delivering on the climate finance elements of the Climate Change Act, 2016, and climate finance elements required under the international climate change regime.
GOVERNANCE AND INSTITUTIONAL FRAMEWORK	The Government will develop a governance and institutional framework that maximises the opportunities for climate finance mobilisation in the various sectors of the economy
FRAMEWORK FOR THE IMPLEMENTATION OF LOW CARBON AND CLIMATE RESILIENT INITIATIVES	The Government will mobilise climate finance to facilitate the implementation of initiatives that enhance climate resilience and reduce GHG emissions, as well as contribute to Kenya's social, economic and environmental development
FRAMEWORK TO ATTRACT AND PROMOTE CLIMATE FINANCE	The Government will attract climate finance and promote climate investment through financial and economic instruments, and cooperative approaches/market-based mechanisms in which benefits and risks are distributed equitably

Source: The National Treasury, 2016

2.3.2 The National Climate Change Response Strategy (NCCRS) (2010)

The NCCRS acknowledges the significant role played by climate finance in building Kenya's resilience to climate change. The Strategy also notes that tackling climate change is a high investment undertaking and requires the GoK to obtain funds from both International and domestic sources. In-order to have a great impact at local level (especially in dealing with climate related emergencies), the NCCRS notes that the GoK needs to channel funds from domestic sources, specifically, The Local Authority Transfer Fund (LATF) and the Constituency Development Fund (CDF).

With regards to enhancing climate change communication and awareness programmes, the Strategy recommends setting up a targeted capacity-building framework since there is inadequate technical capacity in the field of climate change science, carbon finance and markets, policy, adaptation and mitigation. The capacity building framework should also strengthen the Designated National Authority (DNA), including additional personnel. Further, there is need to establish a Climate Change Finance Facility which will govern climate funds from domestic and international sources and ensure successful implementation of the NCCRS.

The NCCRS identifies rangelands and forests as potential sources of carbon finance given their ability to sequester carbon, if well managed. In-addition, the Strategy emphasises need for partnerships between public and private sectors to mobilise necessary finance and accelerate Reduction of Emissions from Deforestation and forest Degradation (REDD) actions. In-relation to capacity building in finance and mitigation, the Strategy identifies the following priority areas: need to improve Kenya's participation in the Clean Development Mechanism (CDM), and need to identify policy options that will enable rural poor to engage in climate change mitigation by building the foundation for pro-poor payment for ecosystem service markets.

Opportunities

1. Clearly outlines priority actions vis a vis estimated budgets for their implementation

Gaps/Challenges

1. The Strategy outlines some climate funds but does not recommend ways through which Kenya can strategical position itself to tap their finance;
2. The Strategy mainly focusses on mobilizing finance for mitigation interventions (carbon finance, CDM) and does not elaborate on adaptation.

2.3.3 The National Climate Change Action Plan (NCCAP) (2013/2017)

The NCCAP (2013 – 2017) was formulated to implement the National Climate Change Response Strategy (NCCRS). According to the NCCAP, an enabling environment for climate resilient interventions is characterised by the following: appropriate institutions, national legal instruments including codes and standards, a supportive investment environment, appropriate technology development, and access to information to help make informed choices.

The NCCAP further notes that Kenya is continually striving to create an enabling environment for climate action however, a series of barriers slow down the transition to a low carbon and resilient development pathway. These barriers include gaps in policy and legislation, weak institutional capacity, poor management of natural resources, limited private sector involvement, lack of capital and financing, and inadequate access to adaptation and mitigation technology. The NCCAP recommends actions to improve the enabling environment in five areas – finance, regulatory and policy framework, knowledge management and capacity development, technology and measuring results.

The NCCAP puts forth a climate finance subcomponent which seeks to position the country to access finance from various sources by developing an innovative financing mechanism. The mechanism focusses on 4 main components: (a) Establishment of a climate change fund (b) An investment strategy/framework (c) Options for scaling up carbon finance (d) Initiatives to improve the domestic capacity to absorb climate finance.

Opportunities

1. The action plan outlines Kenya's priority actions based on evidence. This will help development partners ensure their investments align with National climate change priorities and planning process;
2. Clearly articulating priority actions attracts international climate finance, technology and capacity building to Kenya because it builds confidence of investors and donors in terms of certainty of importance of activities they will be funding;
3. Leveraging investment - Policy and institutional reforms supported through climate finance can stimulate investment in targeted actions that support a low carbon climate resilient pathway

Gaps

1. Need to develop a government score card on climate change finance and aid effectiveness;
2. The Policy document mainly focuses on the Clean Development Mechanism (CDM). There is need to explore other climate mitigation opportunities.

KENYA'S PRIORITY ACTIONS RELATED TO CLIMATE FINANCE

1. Establish the Kenya National Climate Fund as the primary vehicle for receiving and disbursing international climate finance
2. Create climate change code in the government budget system
3. Coordinate and harmonise Government of Kenya and development partner funding with priority interventions
4. Open/Accelerate Negotiations with various countries to overcome the lack of carbon market access for Kenya
5. Enhance the capacity of the Designated National Authority
6. Determine the appropriate institutional home for, and then establish, a unit that develops and promotes projects responsible for generating carbon credits (20 Million/Yr)
7. Support actions to improve the regulatory and policy framework for low-carbon investment
8. Establish a regular platform for engagement and dialogue between the Government of Kenya and investors
9. Support the creation of a one-stop shop to speed up acquiring renewable energy permits and licenses (5 Million/Yr)

Source: Kenya Ministry of Environment and Mineral Resources. 2013

2.3.4 The National Adaptation Plan (NAP) (2015-2030)

The goal of the NAP is to "*Enhance Kenya's climate resilience towards the attainment of Vision 2030 and beyond*." The Policy document is anchored on Kenya's development blue prints (e.g., Vision 2030, Medium Term Expenditure Framework (MTEF), Second Medium-Term Plan (MTP)) and climate change policy frameworks (e.g., NCCAP, NCCRS).

The NAP provides a Monitoring and Evaluation (M&E) system for its implementation. The M&E framework seeks to ensure that the "*adaptation interventions aimed at building Kenya's adaptive capacities and enhancing resilience are being realised and lessons learnt assist in the improvement of the Government of Kenya sector plans and programmes*." Further, the NAP also provides Performance Indicators for Adaptation which will track its implementation.

According to the NAP, Kenya's sectoral adaptation finance is obtained from domestic and international sources through various mechanisms. Notably, the two main challenges impeding adaptation finance in Kenya are: (a) majority of interventions are not automatically categorized under adaptation but are termed climate resilient actions as a result, the amount channelled to adaptation can only be estimated and (b) lack of a centralised system of tracking climate finance. Despite these challenges, Kenya and her development partners have designated two funds to finance adaptation interventions in the country. These funds are the

Adaptation Fund and the National Drought and Disaster Contingency Fund (NDDCF). Kenya's adaptation finance can be increased through the following ways:

- Establishment of mechanisms that will help increase access to climate finance, including the Green Climate Fund;
- Improve coordination and reporting on climate finance;
- Establishment of the Kenya Climate Fund (KCF)[11] whose focal point is the National Treasury. It is anticipated that the KCF will receive adaptation funds from the GoK, development partners and other stakeholders;
- Development of a pipeline of adaptation investment grade projects and programmes. This action will outline interventions funded by the GoK hence, attract funding and investment opportunity for actions that have not yet been financed.

Opportunity

1. Encourages mainstreaming of climate change adaptation into national and County legislative and institutional frameworks;
2. The NAP outlines Kenya's priority adaptation actions based on evidence. This will help development partners ensure their investments align with National climate change priorities and planning process;
3. Clearly articulating priority adaptation actions attracts international climate finance, technology and capacity building to Kenya because it builds confidence of investors and donors in terms of certainty of importance of activities they will be funding;

Gaps/Challenges

1. In-adequate finance is a cross cutting gap in all the sectors identified in the NAP however, most of the actions recommended do not directly show how Kenya can improve mobilization and management of climate finance from domestic and international sources;
2. Need to recommend an action that will determine Kenya's total cost of adaptation so that additional financing complements existing financing.

2.3.5 The National Climate Change Act (2016)

The Overall objective of this Act is "*to provide regulatory framework for enhanced response to climate change*; *and to provide for mechanism and measures to achieve low carbon climate development*."

PART I, Section 3 (2) stipulates that the Act will foster climate change resilience at National and County level through various actions such as ensuring climate change is mainstreamed in development planning and decision making[12]; establishment of climate proof programmes and projects[13]; and transparently mobilize and manage public and other financial resources for climate change response[14] among others.

PART II, Section 5 of the Climate Change Act establishes a **National Climate Change Council (NCCC),** chaired by the President of Kenya and appoints the Deputy President as the Vice Chair of the NCCC. Examples of tasks of the NCCC include: ensure climate change and gender are mainstreamed in all sectors at National and County level; oversee implementation of the

[11] *The NCCAP also recommended establishment of the Kenya Climate Fund*
[12] *Climate change Act, Part I, Section 3 (2a)*
[13] *Climate change Act, Part I, Section 3 (2c)*
[14] *Climate change Act, Part I, Section 3 (2i)*

NCCAP; administer the Climate Change Fund established under this Act; and set the targets for the regulation of greenhouse gas emissions among others.

PART II, Section 9 of the Climate Change Act establishes a **Climate Change Directorate (CCD)** at the State Department. The CCD is the government's lead climate change agency mandated to coordinate matters pertaining to climate change in Kenya. The CCD is also tasked to optimize Kenya's opportunities to mobilize climate finance at national and county government levels[15].

The Climate Change Act recognises that addressing climate issues is a collective duty and must involve all stakeholders hence, **PART IV of the Act** provides climate change related responsibilities of the public sector, private entities and County Governments. Notably, **PART IV, Section 15 (c)** of the Climate Change Act mandates each State department and national government public entity to establish a **climate change Unit** and designate adequate technical financial resources.

PART VI of the Climate Change Act establishes a **Climate Change Fund (CCF),** vested in the National Treasury. The CCF shall be a financing mechanism for priority climate change actions and interventions approved by the NCCC.

Opportunities

1. The Climate Change Act establishes relevant climate change institutional frameworks (e.g., NCCC, CCD, Climate Change Units, CCF) at National and County level. This creates an enabling environment for improved governance and coordination of climate change activities in the Country hence strengthen conducive environment for investment;
2. The Climate Change Act establishes a Climate Fund for governance of climate change funds in the Country, which is vested in the National Treasury, which also doubles up as the GCF focal point and national designated authority (NDA). Given that the NT have carried out a climate public expenditure budget review and climate coding of budgets, this is a step towards proper governance and tracking of climate funds channelled to the Country.

Gap/Challenge

1. Guidance on the general institutional structure/framework of Kenya's climate finance is not provided;
2. Need to include stakeholder representatives in the management Board of the Climate Change Fund;
3. Need to introduce additional economic and financial instruments to leverage private sector investments.

2.3.6 Draft Climate Change Framework Policy (2014)

The Draft Climate Change Framework Policy recognises that subsequent effects of climate change and variability can have adverse negative results and/or create opportunities for government, businesses and the public at large. The Policy framework therefore seeks to minimise climate induced risks and exploit these opportunities respectively. The Policy also notes that implementation of climate resilient interventions whilst taking into consideration socio-economic factors[16], vulnerable groups and sectors will steer the country towards sustainable development and green growth.

[15] *Climate change Act, Part II, Section 9 (8d)*
[16] *Such as poverty, food insecurity and unemployment*

The Climate Policy views climate finance flows and carbon asset mechanisms as opportunities to increase funding in Kenya. For instance, through these platforms, the GoK can access international financing for ambitious climate resilient and low emission development programmes whereas the private sector can engage in projects to generate carbon credits for sale in international markets - exploiting new green economy opportunities and the creation of green jobs.

Effective and efficient devolved system of governance is also an opportunity of ensuring climate change is integrated in development planning and budget process at National, County and Grassroot level.

With regards to climate finance, the Draft Policy recommends the following:

- aggressive mobilization of financial resources from all sources - international, domestic, public and private – including through Public Private Partnerships (PPPs);
- establishment of a framework to attract and efficiently utilize climate finance. A functional climate finance mechanism is helpful in diversifying financial reserves, helps to safeguard the interests of Kenyan citizens, and preserves wealth for future generations;
- strengthen the capacity of actors to disburse, absorb and manage funds in a transparent and accountable manner. This will ensure that all mobilized finance create gains in securing climate resilience, building adaptive capacity and implementing low carbon development;
- establish a framework for tracking climate finance. This framework should identify the sources and track how the finance has been utilized, assess the disbursement, absorption and management of funds in a transparent and accountable manner.

In conclusion, the Policy pledges that the GoK will undertake the following to create an enabling environment for climate finance:

1. Adopt a climate finance strategy[17] and establish an appropriate fund mechanism[18] that will fund interventions that promote sustainable development and green growth;
2. Explore possible partnerships and avenues to attract internal and external climate finance through foreign direct investment, and other multilateral or bilateral funding[19];
3. Put in place a mechanism and criteria for balance in allocation of mobilized climate finance to adaptation and mitigation actions;
4. Promote private sector involvement in climate finance opportunities through the introduction of incentives, removal of investment barriers, promotion of a conducive investment climate and facilitation of access to finance;
5. Develop and implement PPPs for climate change response;
6. Put in place a framework for tracking sources, application and impacts of climate finance[20];
7. Adopt a MRV system for mitigation and, adaptation actions and climate finance. MRV system will help to determine the impact of actions and implementation challenges, as well as facilitate evidence-based decision making.

17 Formulation a GCF Strategy is a step towards realization of this action
18 The Climate Change Act has established a Climate Change Fund vested in the National Treasury
19 The GCF Strategy explores possible partnerships and avenues to attract GCF Funds
20 The Draft Climate Finance Policy will provide a framework for tracking climate finance sources and budget codes for climate change related activities in Kenya. The Policy is currently being formulated.

Opportunities

1. The Policy outlines priority interventions for creation of an enabling environment for climate finance. This acts as a road map for stakeholders – regarding the nature of activities to implement;
2. The Policy encourages PPPs which is crucial for mobilization of resources and implementation of interventions.

Gap/Challenges

1. Need to recommend interventions for strengthening PPPs;
2. Need to recommend initiatives that will strength linkage/ communication between the GoK and funding institutions e.g., GCF, Adaptation Fund etc;
3. Need to provide the general structure of Kenya's climate finance arena and role of stakeholders (public sector, private sector etc) in making Kenya eligible and/or attractive for climate funding;
4. Need to increase private sector investments through introduction of additional economic and financial instruments.

3 GCF PRINCIPLES AND INVESTMENT CRITERIA IN THE KENYAN CONTEXT

This chapter delves into GCF's operation modalities, including its investment framework tailored to Kenya's context with the objective of building understanding of how GCF operates, on one hand, and on the other, showcasing how Kenya can optimize her position to capitalise maximum GCF resources. GCF's operation principles, that is, how Kenya can access GCF funding, the accreditation process for the nominated entities, investment framework which clearly outlines GCF's investment strategy and targets; and the criteria used by GCF to make decisions regarding programme and project funding, are discussed.

3.1 Accreditation and operational principles of NDAs and AEs

3.1.1 Operational principles of NDAs and AEs

All entities seeking to access GCF resources must be accredited[21] by the GCF Board (GCF (a), 2015; GCF, 2011). This means, the entities must go through a 3-stage process that seeks to demonstrate that they meet the Fund's standards (GCF (a), 2015; IIED, 2016). The accreditation process entails assessment of entities' capabilities, competencies, and track records in having and undertaking financial, environmental and social risk mitigation measures required by GCF (GCF (a), 2015; IIED, 2016). Any subnational, national, regional, public or private agency can apply to become accredited as an implementing entity provided it fulfils the following requirements (IIED, 2016):

1. Legally established and operational within the recipient country;
2. Has a well-established institutional structure with clear and robust policies, procedures and guidelines;
3. Has a track record demonstrating effective and efficient implementation of its policies, procedures and guidelines.

GCF Operation principles:

1. Fiduciary Standards (e.g., Accountability, Transparency; Project management etc);
2. Appropriate Environmental Social Safeguards (ESS);
3. Gender mainstreaming at all levels.

GCF recognises that interested entities have various capacities hence they can qualify for different levels of accreditation, depending on their ability to demonstrate a track record of fiduciary, environment and social standards (IIED, 2016). It is on this basis that GCF established a "*fit-for-purpose*" approach for accreditation process which classifies applicant entities according to the intended scale, nature and risks of their proposed activities (IIED, 2016).

Table 3.1 outlines the GCF "*fit-for-purpose*" approach for accreditation process.

[21] *AEs are accredited by the GCF Board during regularly scheduled Board meetings (IIED, 2016)*

Table 3:1: GCF "Fit-for-purpose" approach to accreditation

3-STAGE ACCREDITATION PROCESS	FIT-FOR-PURPOSE APPROACH *[Applicant Entity selects an area in the 3-Stages that fits its intended scale, nature and risks of their proposed activities)*
Mandate & track record: • Alignment with Fund objectives • At least 3-years of operation	
1. Fiduciary Standards	**a) Basic Fiduciary Standards:** • Key Administrative and financial capacities • Transparency and Accountability **b) Specialized Fiduciary Standards:** • Project Management • Grant Award and/or funding allocation mechanisms • On-leading and/or blending
2. Size of project/activity within a programme	**Micro:** US$0–10 million **Small:** US$10–50 million **Medium:** US$50–250 million **Large:** US$>250 million
3. Environmental Social Safeguards (ESS)	**A:** high risk/intermediation 1 **B:** medium risk/intermediation 2 **C:** minimal to no risk /intermediation 3

Source: IIED, 2016; UNEP, UNDP and WRI, 2016

Table 3:2: Requirements for Accreditation

THE ACCREDITATION PROCESS INCLUDES THE FOLLOWING SECTIONS	WHAT YOU NEED TO APPLY*
1. Background and contact information of the applicant entity; 2. Information on the ways in which the institutions and its intended project/programmes will contribute to furthering the country's climate strategies and action plans, in line with GCF's objectives; 3. Information on the scope of intended projects/programmes and estimated contribution requested for an individual project or activity within a programme; 4. Basic fiduciary criteria; 5. Applicable specialised fiduciary criteria; 6. Environmental and social safeguards (ESS); 7. Gender.	✓ Nomination by you NDA for (sub-national, national, and regional entities applying under direct access) ✓ Intended projects/programmes (for information purposes) ✓ Evidence of how your organization can meet the GCF's fiduciary standards, ESS and gender policy ✓ Track record which should include climate change related projects/programmes and the fiduciary, environmentally and social practices applied

**This list is not exhaustive*

Source: GCF (b), 2015

The GCF Board published the following list of entities which will be prioritised for accreditation in the 2016 – 2017 period (GCF, 2016).

- National direct access entities;
- Entities in the Asia-Pacific and Eastern European regions;

- Private sector entities, especially those in developing countries, seeking a balance of diversity of entities in line with decisions B.09/07, paragraph (g) and decision B.10/06, paragraph (h);
- Entities responding to request for proposals issued by the GCF;
- Entities seeking fulfilment of conditions for accreditation;
- Entities requesting upgrades.

3.1.2 GCF guidance documents for entities seeking to be accredited

GCF has published guidance documents for entities seeking accreditation. Table 3.3 provides an overview of the key GCF guidance documents that interested entities should peruse before embarking on the application process. These documents will enable interested entities to understand accreditation requirements and prepare accordingly.

Table 3:3: Overview of the key GCF guidance documents vis a vis access links

	DOCUMENT AND LINK	DESCRIPTION
1	**Applicant Entity self-assessment**[22]	• This is an online Accreditation Self-Assessment Tool that outlines the minimum requirements to be met by institutions seeking accreditation; • The entity fills an online questionnaire. The responses by the entity enable it to self-assess if they meet the GCF accreditation standards; • Completing the questionnaire is voluntary and anonymous.
2	**GCF Accreditation Application Form**[23]	• Entities are encouraged to download the GCF Accreditation Application Form to see the full requirements for accreditation; • Notably, this is the actual form to be filled by the entity when applying to be accredited.
3	**Stage I Check: Institutional Assessment and Completeness Check**[24]	• This checklist is used by GCF to assess applications under Stage I (Institutional Assessment and Completeness); • This checklist is based on GCF's fiduciary principles and standards, environmental and social safeguards, and gender policy, as well as the accreditation application form; • This checklist is usually amended by the GCF frequently; • Entities are encouraged to make use of this checklist because it will enable them to ensure they have provided correct and sufficient information/materials in their application.
4	**Stage II Check: Accreditation Review**	• This checklist is used by GCF to assess applications under Stage II (Accreditation Review); • This checklist is based on GCF's fiduciary principles and standards, environmental and social safeguards, and gender policy, as well as the accreditation application form; • This checklist is usually amended by the GCF frequently; • Entities are encouraged to make use of this checklist because it will enable them to ensure they have provided correct and sufficient information/materials in their application.
5	**Online Accreditation System (OAS)**	The OAS User Guide is a simple guide intended to inform applicants on the use of the online application system.

[22] *Online Accreditation Self-Assessment Tool accessed at: http://www.greenclimate.fund/how-we-work/getting-accredited/self-assessment-tool*

[23] *GCF Accreditation Application Form accessed at: https://www.greenclimate.fund/documents/20182/574712/Form_05_-_Accreditation_Application.pdf/7cef5ed0-e42e-475a-9bd7-e099d64d6231*

[24] *GCF Stage I Institutional Assessment and Completeness Check form accessed at: https://www.greenclimate.fund/documents/20182/818273/1.5.7_-_Checklist_Stage_I__Secretariat_.pdf/3547b547-2e1e-425d-abc6-51fe606d7bdc*

	DOCUMENT AND LINK	DESCRIPTION
6	**Other Key Documents that applicant entities need to refer to when applying to be accredited**[25]	• Introduction to Accreditation Framework • NDA/FP Nomination Letter for Application • OAS Account Request Form • OAS Terms and Conditions • Letter on Accreditation and Confidentiality • OAS's User's Guide • Accreditation Panel • Checklist Stage I (Secretariat) • Checklist Stage II (Accreditation Panel) • Stage III – Accreditation Master Agreement Template • Stage III – Signed Accreditation Master Agreements (AMAs) • Application Form with Examples • Fast Track Accreditation Guidance

Source: GCF (a), 2017; GCF (b), 2017; GCF (a), 2015; GCF (b), 2015; GCF (e), 2017

3.1.3 The Accreditation Process

The GCF has a robust and rigorous 3-stage accreditation process fit for an entity's purpose (GCF (d), 2017). Public and private entities can apply for accreditation via both Direct Access Modality and International Access Modality (GCF (d), 2017). GCF provides accreditation readiness and preparation support for entities under the Direct access modality (GCF (d), 2017).

Figure 3.1 outlines the GCF accreditation stages:

Figure 3:1: Summary of the accreditation process
Source: (GCF (d), 2017)

The accreditation stages are summarised below and elaborated in Table 3.3:

STAGE I: In this phase, the GCF Secretariat reviews the application to establish whether the applicant has provided sufficient information in line with accreditation requirements of the level they are applying for (GCF (d), 2017). During this Stage, the Secretariat may contact the applicant to inquire or seek clarification about the documents submitted (GCF (d), 2017). If the applicant passes this stage, they will be informed by the Secretariat that the application has progressed to Stage II review (GCF (d), 2017).

STAGE II: This stage has 2 phases:

- **Step 1:** The GCF reviews the application to establish whether the applicant promotes the Vision and Objectives of GCF and has adequate capacity to manage funds (GCF (d), 2017);

[25] *Other Key documents can be accessed at: http://www.greenclimate.fund/how-we-work/getting-accredited*

- **Step 2:** The GCF Secretariat makes a recommendation on whether to approve or disapprove the entity's application for accreditation. Afterwards, the Secretariat forwards the recommendation to the board for review (GCF (d), 2017).

It takes **approximately 6 months** for the accreditation review and decision-making process (Stages I and II) to be completed (GCF (d), 2017).

STAGE III: Only successful applicants reach Stage III. In this Phase, the approved "*Accredited Entity*" signs the Accreditation Master Agreement (AMA), with assistance from the GCF (GCF (d), 2017). The signed AMA makes the *Accredited Entity*" eligible to submit project/programme proposal (GCF (d), 2017).

Fast-track accreditation process:

Recognizing that certain entities have completed the accreditation process of other funds/institutions (e.g., GEF, Adaptation Fund) against fiduciary and environmental and social standards that may be comparable to the GCF's fiduciary standards and ESS, the fast-track process allows for eligible entities to focus their application on the GCF's accreditation requirements (gaps)that have not been assessed in other accreditation processes. The fast-track process also allows for the accreditation review to focus on how the entity addresses the gaps.

Table 3.4 provides a detailed discussion of the Accreditation process.

Table 3:4: The Accreditation Process – Kenyan Context

	STEP IN THE ACCREDITATION PROCESS	DESCRIPTION
STEP 1	**Obtain Letter of No Objection from the NDA (National Treasury)**	There is no standard procedure for obtaining a letter of No Objection (varies from country to country). The No objection procedure for accreditation is a process where the NDA certifies that the applicant entity meets the GCF level of accreditation it is applying for. It is imperative that the applicant liaises with NDA for guidance through-out the Accreditation application process. **Kenya's process of obtaining a letter of no objection for Accreditation is outlined below:** In Kenya, this process takes approximately 2 Weeks before the applicant is granted a letter of no objection. 1. Applicant writes an application letter to the Principal Secretary (PS) of the National Treasury notifying intent to apply for accreditation and requests for a letter of no objection from the NDA. The application letter must be accompanied by relevant supporting documentation. 2. The Principal Secretary (PS) of the National Treasury forwards the application letter and the supporting documents to the NDA. 3. The NDA reviews documents shared by the applicant and cross checks to ensure they are operational in

	STEP IN THE ACCREDITATION PROCESS	DESCRIPTION
		Kenya and their activities meet the GCF level of accreditation it is applying for. 4. The NDA may contact the applicant to seek clarification or request for more information. Discussions (written and verbal) may be held between the applicant and NDA. 5. If the NDA concurs the proponent meets the GCF level of accreditation it is applying for and its ability to deliver, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will sign the letter of no objection. o If the NDA concludes the proponent does not meet the GCF level of accreditation it is applying for, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will write and sign a letter notifying the applicant that the application has been rejected. The Letter also cites reasons why the application has been rejected. 6. The NDA submits the original hard copy of the signed letter of no objection and supporting documents to the GCF Secretariat 7. The NDA files copies of the original Letter of nomination and supporting documents shared by the applicant 8. A soft copy of the signed letter of no objection is sent to the applicant by the NDA 9. Applicants should start processing payment for accreditation to GCF immediately they receive the letter of no-objection from the NDA 10. The applicant must include the signed Letter of nomination when submitting the application for accreditation; 11. The NDA maintains constant communication with the GCF Secretariat regarding the application; 12. GCF communicates to the NDA on the outcome of the application 13. GCF communicates to the applicant on the outcome of the application.
STEP 2	**Decide on Accreditation Levels (and intended projects)**	• Select the level of accreditation for the entity through a consultative process with relevant staff (i.e. senior management, donor relations unit, programme managers, etc.). During this phase, the entity should also determine its strategy for capitalizing GCF resources.
STEP 3	**Prepare to Compile Accreditation Application**	Once the appropriate level of accreditation is selected, the entity should: • do a self-assessment[26] to determine what capacities the entity will need to demonstrate that it meets GCF standards;

[26] *Use the GCF online Accreditation Self-Assessment Tool*

	STEP IN THE ACCREDITATION PROCESS	DESCRIPTION
		• provide relevant supporting documents as evidence that they meet GCF requirements.
STEP 4	**Organize an Internal Accreditation Task Team**	Set up an internal task team with clear roles and responsibilities to spearhead the accreditation process. The team should familiarise themselves with GCF operations and determine and compile relevant sufficient information for the accreditation application.
STEP 5	**Request Online Accreditation System (OAS) access**	• Applications must be submitted through an online system • Submit a letter requesting access to the online system • Identify staff members who are expected to access the online system; Submit copies of the staff member's passports Instructions for sending the letter are available at: http://www.greenclimate.fund/ventures/accreditation
STEP 6	**Internal task team compiles application[27]**	The internal task team should compile documents showing the capacity of the entity in response to GCF requirements of the selected level of accreditation.
STEP 7	**Submit Application**	• Cross check that the above steps (1 – 6) have been adequately undertaken • Apply the Stage 1 checklist • During this step, the entity should clearly identify confidential supporting documents and provide this information to the GCF at the time of submission in the space provided • Submit application via the GCF Online Accreditation System (OAS). Submit all the relevant documents, including the nomination letter (letter of no objection) obtained from the NDA (The National Treasury).
STEP 8	**Pay Invoice[28]**	• After submission, the entity transitions to "applicant" • The applicant will receive an invoice for an amount based on the selected level of accreditation. The fee ranges from 1,500 USD to 32,000 USD.
STEP 9	**Respond to GCF Inquiries on Stage I**	• GCF will check to ensure the applicant submitted the required and sufficient information/documentation • The entity should expect inquiries and/or clarifications from GCF
STEP 10	**Clearance to Stage II**	Once the GCF accreditation team confirms that the applicant's information is sufficient, the GCF secretariat will inform the applicant that the application has been cleared for Stage II review.
STEP 11	**Respond to GCF Inquiries on Stage II**	• In stage II, GCF Secretariat reviews the application for strategic appropriateness meaning, the GCF determines whether the applicant has the capacity to

[27] *The exact documentation required is found in the accreditation application accessible at: http://www.greenclimate.fund/documents/20182/46513/1.5.1__Application_Form.pdf/7cef5ed0-e42e-475a-9bd7-e099d64d6231*

[28] *Accreditation Fee structure policy can be accessed at: https://www.greenclimate.fund/documents/20182/114264/1.10__Policy_on_Accreditation_Fees.pdf/b4d44215-5593-4531-987e-6ea80c746dbc*

	STEP IN THE ACCREDITATION PROCESS	DESCRIPTION
		contribute to the objectives of the GCF and adequately managing funds. • As part of the review, the GCF will have at-least one call with the applicant • GCF recommends either to approve or disapprove accreditation • GCF forwards the recommendation to the board for review
STEP 12	**Draft Board Meeting Applicant Description**	GCF Board reviews GCF secretariat's recommendation for accreditation as well as the applicant's application and makes final decision on accreditation at the next board meeting
STEP 13	**Approval****	• Once approved, the "Applicant" transitions to "Accredited Entity" • The approved "Accredited Entity" liaises with GCF to sign the Accreditation Master Agreement (AMA) • Once the AMA is signed, the approved "Accredited Entity" automatically becomes eligible to submit project/programme proposals to GCF

***Applicants can be disqualified for accreditation at any stage of the application process. GCF informs the applicant reasons for disqualification.*

Source: Author (modified from UNEP, UNDP and WRI, 2016)

Following the GCF's Board Decision to approve accreditation, the successful applicant will liaise with GCF to sign a legally binding document referred to as: The Accreditation Master Agreement (AMA) (GCF (c), 2015). This document outlines the general terms and conditions of the services to be adhered by the entity under GCF Accreditation (GCF (c), 2015).

The GCF Board is mandated to review performance of AEs every five years to establish whether their activities comply with the terms of accreditation articulated in the AMA (GCF (c), 2015). Notably, the AMA gives GCF the right to "*revise or revoke accreditation or amend the applicable terms and conditions based on the outcome of the periodic or ad hoc review*"[29] (GCF (c), 2015).

3.2 Access Modalities

What routes can Kenya use to access GCF resources? Which entities are eligible to apply for GCF resources?

The Governing Instrument for the GCF stipulates that eligible Countries can access GCF resources through national, regional and international implementing entities accredited by the GCF Board (popularly referred to as Accredited Entities)[30] (GCF (a), 2015). All Accredited Entities can be Executing Entities (EEs) however the reverse is not possible (ECN, 2016). Following this explanation, it is important to underscore that all AEs can receive funds directly from GCF whereas not all EEs can receive funds directly from GCF (ECN, 2016)

Paragraph 47 and 48 of the Governing Instrument for the GCF establishes three (3) distinct modalities of accessing GCF resources by eligible Countries. These are: Direct access[31];

[29] *Section 4.2 (Part 20 r), GCF Legal and Formal Arrangements with Accredited Entities document (2015)*
[30] *GCF Governing Instrument, paragraph 45*
[31] *GCF Governing Instrument, paragraph 47*

Enhanced Direct Access[32]; and International Access[33] (GCF, 2011). The access modality is categorised based on the type of entity used (GCF (a), 2015). Notably, eligible Countries are free to determine the mode of access and these options may be used simultaneously (GCF (a), 2015). In-order to understand the structure of these access routes, it is imperative to take note of the general functions of the Fund Manager, Implementing Body and Executing Body articulated in Table 3.5.

Table 3:5: General functions of the Fund Manager, Implementing Body and Executing Body

FUND MANAGER FUNCTIONS (SOME FUNCTIONS CARRIED OUT BY FUND SECRETARIAT)	• Develops strategies, policies and guidelines of Fund • Reviews proposals submitted to Fund • Decides who receives funding • Instructs trustee to transfer funds to eligible implementing bodies • Monitors implementation progress • Accountable to donors on fund expenditures
IMPLEMENTING BODY FUNCTIONS	• Identification of projects • Preparation of Project concepts • Appraisal of Project concepts • Preparation of project documents • Approvals and start-ups of projects • Supervision of projects • Evaluation of projects • Accountable to Fund on use of fun
EXECUTING BODY FUNCTIONS	• Management and administration of day-to-day activities • Undertakes procurement and contracting of goods and services • Accountable to implementing body for use of funds

Source: UNDP and ODI, 2011

3.2.1 Direct Access

This is where GCF resources are transferred directly to recipient countries through sub-national, national or regional AEs nominated by the NDA (UNEP, UNDP and WRI, 2016). The direct access route is important because interventions are country driven, builds country ownership since funds are channelled directly to recipient countries and implementation of projects is managed by the designated national bodies (UNEP, UNDP and WRI, 2016). It is imperative to underscore that, in the direct access modality, fund oversight and management function remains at the international level and both fund implementation and execution are delegated to the national level (UNDP and ODI, 2011).

Unfortunately, the design of majority of climate funds exclusively provide for "*international access*" route (UNEP, UNDP and WRI, 2016). Only three Climate Funds have included direct access in their design – The GCF, Adaptation Fund and, to a lesser extent, the Global Environment Facility (GEF) (UNEP, UNDP and WRI, 2016).

[32] *GCF Governing Instrument, paragraph 47*
[33] *GCF Governing Instrument, paragraph 48*

Figure 3.2 provides the structure of Direct Access modality.

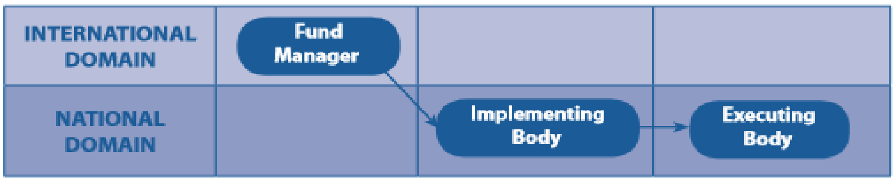


Figure 3:2: Structure of Direct Access
Source: UNDP and ODI, 2011

3.2.2 Enhanced Direct Access

The Enhanced Direct Access is an improved form of Direct Access in-that, it has devolved structures that give recipient countries more responsibilities in comparison to the Direct access - hence ensure country ownership (UNDP and ODI, 2011). For instance, in the Enhanced Direct Access, decision-making on the specific projects and programmes to be funded are made at the country/entity level (UNDP and ODI, 2011). In-addition, funding decisions and management of funds takes place at the national level and only a small degree of oversight is maintained at the international level e.g., the Fund manager is expected to provide a progress report of the fund's activities and ensure accredited entities adhere to the international Fund's standards (UNDP and ODI, 2011).

Figure 3.3 provides the structure of Enhanced Direct Access modality.

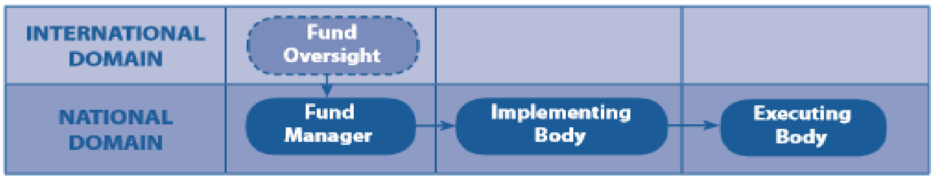


Figure 3:3: Structure of Enhanced Direct Access
Source: UNDP and ODI, 2011

Table 3.6 outlines the steps undertaken in Direct Access and Enhanced Direct Access hence bringing out the differences between the two processes.

Table 3:6: Differences between Direct Access and Enhanced Direct Access

DIRECT ACCESS	ENHANCED DIRECT ACCESS
1. The NDA or Focal Point nominates a prospective accredited entity under the direct access modality; 2. Entity applies to GCF for accreditation; 3. Submission by the accredited entity of **individual** projects or programmes for financing by the Fund.	1. Selection of a prospective accredited entity through a consultative process by the NDA or focal point under the direct access modality; 2. Entity applies to GCF for accreditation (if not already accredited); 3. Submission of a proposal developed by the selected entity in consultation with the NDA. ▪ Unlike traditional direct access, there is NO submission of individual projects or programmes because decision-making for the funding of specific activities is devolved at the country level.

Source: GCF (a), 2015

3.2.3 Indirect Access (International Access)

This is where GCF transfers resources directly to Accredited international entities such as the United Nations agencies, multilateral development banks, international financial institutions and regional institutions (GCF (a), 2015). Notably, these Accredited international entities do not need endorsement from the NDA (Indian Ocean Commission, 2015).

In this modality, the fund oversight, management, and implementation functions are undertaken at international level by the accredited international or multilateral institutions (UNDP and ODI, 2011). Execution may be undertaken in two ways: at national level through arms of the accredited international or multilateral institutions operating at national level or within the multilateral institution (UNDP and ODI, 2011). In summary, the international access modality makes limited use of recipient country systems (UNDP and ODI, 2011).

Figure 3.4 provides the structure of International Access modality.

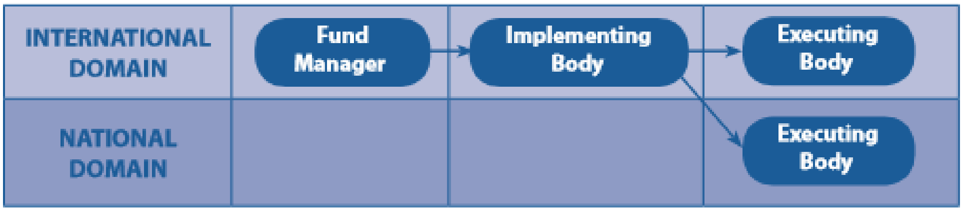


Figure 3:4: Structure of the International Access
Source: UNDP and ODI, 2011

A comparison of the access modalities discussed above is provided in Table 3.7.

Table 3:7: Comparison the GCF access modalities (Direct Access, Enhanced Direct Access, Indirect Access)

ELEMENT		ACCESS MODALITY		
		Direct Access	Enhanced Direct Access	International Access
1	Is it mandatory for the entity to be accredited by GCF to access funds?	YES	YES	YES
2	Is it mandatory for the entity to be **nominated by the NDA** or Focal Point?	YES	YES	NO
3	Is it mandatory for the NDA or Focal Point to nominate a prospective accredited entity through a **consultative process**?	NO	YES	NO, Accredited international or multilateral entities **do not need endorsement from the NDA.**
4	Can the accredited sub-national, national or regional entity nominated by NDA submit **individual projects or programmes** for financing by the Fund.	YES	Unlike traditional direct access, there is **NO submission of individual projects or programmes** because decision-making for the funding of specific activities is	N/A

ELEMENT		ACCESS MODALITY		
		Direct Access	**Enhanced Direct Access**	**International Access**
			devolved at the country level.	
5	Is it mandatory to use national systems/stuctures?	YES	YES	NO. This route uses structures established under accredited international or multilateral entities operating at international or national level.
6	What level is the **Fund Management function undertaken**?	International level – GCF Secretariat	National Level - only a small degree of oversight is maintained at the international level	International level by the accredited international or multilateral institutions
7	What level is the **Implementation Function** undertaken?	National level	National level	International level - via arms of the accredited international or multilateral institutions operating at national level or within the multilateral institution
8	What level is the **Execution Function** undertaken?	National level	National level	
9	Does the Access modality use National systems/structures?	YES. implementation and Execution takes place at national level. However, **Fund management function is undertaken at international level**	YES. All levels (Fund management, Implementation and Execution use national systems). Only a small degree of oversight is maintained at the international level.	NO. All functions take place at International level – refer to row 6, 7, 8 for a detailed explanation.

Source: Author (2017)

3.3 GCF Proposal Guideline (Project Cycle) – Kenyan Context

The GCF project cycle has 5 main steps outlined in Table 3.8. These steps are in chronological order:

Table 3:8:The GCF Proposal Guideline (Project Cycle) – Kenyan Context

	STAGE[34]	DESCRIPTION
STEP 1	**Concept note (voluntary)[35]**	It is not mandatory to submit a concept note. Entities can opt to submit a Concept note, then proceed to a proposal OR, Skip the Concept note stage and only submit a proposal. 1. Develop a Concept Note in consultation with the NDA 2. Obtain Letter of No Objection from the NDA 3. Submit a concept note to GCF through an AE. Submission is through the GCF Online portal. 4. GCF Secretariat acknowledges receipt of the proposal 5. GCF Secretariat sends feedback and/or recommendations clarifying whether the concept note has been: a. **Endorsed** - Entity proceeds to develop a proposal; b. **Not endorsed with a possibility of resubmission** – Entity required to revise the concept note, taking into consideration the recommendations and comments from GCF. Afterwards, the AE re-submits the revised Concept note alongside the Letter of No Objection obtained from the NDA (see procedure below); c. **Rejected** –. Process terminated. Concept note should not proceed to Proposal stage. GCF provides comments as to why the concept note was rejected.
STEP 2	**Obtain Letter of No Objection from the NDA (National Treasury)[36]**	1. The purpose of the **no-objection procedure** is to ensure consistency with national climate strategies and plans and country-driven approaches, and to provide for effective direct and indirect public and private sector financing by the Fund. A no-objection is a condition for approval of all funding proposals submitted to the Fund. 2. There is no standard procedure for obtaining a letter of No Objection (varies from country to country) **Procedure for obtaining letter of No-Objection:** In Kenya, this process takes approximately **2 Weeks** before the applicant is granted a letter of no objection. 3. Applicant writes an application letter to the Principal Secretary (PS) of the National Treasury notifying intent to submit a Concept Note/ Proposal and requests for a letter of no objection from the NDA. The application

[34] The NDA (National Treasury) must be copied in all communication
[35] Submitting a Concept note is voluntary in-that, the Proponent may choose to firstly submit a Concept note then later a Proposal OR Start by submitting a proposal
[36] Before communicating its no-objection, each country will decide on its own nationally appropriate process for ascertaining no-objection to funding proposals according to the country's capacities and existing processes and institutions

	STAGE[34]	DESCRIPTION
		letter must be accompanied by relevant supporting documentation. 4. The Principal Secretary (PS) of the National Treasury forwards the application letter and the supporting documents to the NDA. 5. The NDA reviews documents shared by the applicant and cross checks to ensure they are aligned to Kenya's legislative frameworks and priority areas; 6. The proponent organises stakeholder consultations to review the concept note/proposal. The proponent is free to request the NDA to assist in organizing the workshop. 7. The NDA may contact the applicant to seek clarification or request for more information. Discussions (written and verbal) may be held between the applicant and NDA; 8. If the NDA concurs the concept note or proposal is line with Kenya's priorities, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will sign the letter of no objection. 9. If the NDA concludes the concept note or proposal is not in line with Kenya's priorities, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will write and sign a letter notifying the applicant that the application has been rejected. The Letter also cites reasons why the application has been rejected. 10. The NDA submits the original hard copy of the signed letter of no objection and supporting documents to the GCF Secretariat 11. The NDA files copies of the original Letter of nomination and supporting documents shared by the applicant; 12. A soft copy of the signed letter of no objection is sent to the applicant by the NDA 13. The applicant must include the signed Letter of nomination when submitting the application for accreditation; 14. The NDA maintains constant communication with the GCF Secretariat regarding the application; 15. GCF communicates to the NDA on the outcome of the application 16. GCF communicates to the applicant on the outcome of the application.
STEP 3	**Proposal Submission[37]**	1. Submit the proposal and relevant documents (including the signed letter of no objection obtained from the NDA) to GCF through an AE. Submission is through the GCF Online portal. 2. GCF Secretariat acknowledges receipt of the proposal 3. GCF Secretariat reviews the proposal to make sure it is complete with sufficient information

	STAGE[34]	DESCRIPTION
STEP 4	**Analysis and Recommendations by GCF Secretariat and The Independent Technical Advisory Panel (ITAP)**	1. Initial review stage: GCF Secretariat undertakes a detailed assessment to determine whether the report • responds to its six investment criteria and the activity specific sub-criteria and • aligned to GCF's interim environmental and social safeguards, gender policy and other policy guidelines 2. GCF Secretariat submits the proposal, supporting documentation and the preliminary outcome of the review to the ITAP of the Fund 3. The ITAP assesses the proposal and supporting documentation and provides an independent report on the expected performance of the project or programme against the activity-specific criteria 4. Following the outcome of the review undertaken in 1 and 2 above, the AE may be contacted to clarify and or provide additional information on the proposal 5. GCF Secretariat compiles the funding proposal package including (a) the funding proposal (b) the no-objection letter issued by the NDA (National Treasury) (c) Secretariat's review outcome (d) ITAP's review outcome 6. GCF Secretariat submits the funding proposal package to the GCF Board for consideration no later than 3 weeks before the Board Meeting where the funding proposal will be considered
STEP 5	**Board decision**	1. The Board reviews the Funding proposal package and makes one of the following decisions: a) Approve funding, b) Provide an approval which is conditional upon modifications to the project or subject availability of funding, c) Reject the funding proposal. 2. GCF sends a notification to the AE, interim trustee and the NDA about the funding decision.
STEP 6	**Legal arrangements**	1. After approval for funding, a Funded Activity Agreement (FAA) is negotiated and signed between the AE and the GCF. 2. **Implementation Phase:** GCF transfers funds to the AE according to agreed tranches, the Fund's fiduciary standards and ESS are applied, and an external audit report is submitted.

Source: IIED, Acclimatise, ICCAD, 2017

The decision of the Board can be appealed (GCF (f), 2017). The NDA or focal points of relevant developing countries can request reconsideration of funding decisions (GCF (f), 2017). They should contact the **Independent Redress Mechanism (IRM)**[38], a body under GCF that acts independently of the GCF Secretariat and GCF Board (GCF (f), 2017).

[38] *Details about the IRM can be accessed at: http://www.greenclimate.fund/independent-redress-mechanism*

3.4 Key GCF proposal requirements

3.4.1 Results Management Framework

The GCF Results Management Framework (RMF) provides an opportunity for the proponent to demonstrate how the proposed interventions will transition a country to a low-carbon and climate resilient development pathway (GCF, 2014). The activities in the RMF must be country driven, determined through a consultative process with key stakeholders and anchored on the Fund's activities (GCF, 2014). The RMF is based on two key elements: Initial Logic Model and the Performance Measurement Frameworks (PMFs) (GCF, 20140.

1. The Initial Logic Model

This model provides a theory of change through a step-by-step process which clearly shows how the proposed inputs (activities) convert to the anticipated results at project/programme, country, strategic impact and paradigm shift level (GCF, 2014). An illustration of the logical model is provided in Figure 3.5.

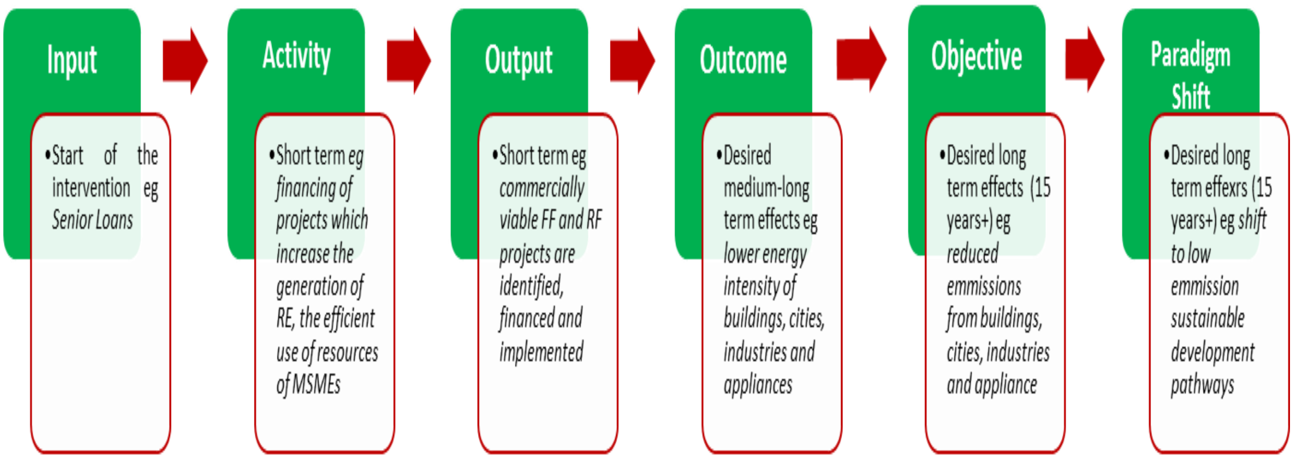


Figure 3:5: Six levels of the logic model
Source: GCF, 2014 (GCF (b), 2014)

The Logical Model is divided into 2: The Mitigation Logic Model and the Adaptation Logic Model (GCF, 2014) discussed below:

i. **The Mitigation Logic Model** summarizes the steps required to create a shift towards low-emission development pathways (GCF (b), 2014). Measurements also provide feedback needed to improve programme design by focusing on the selection criteria proposed (GCF (b), 2014). The Mitigation Logic Model focusses on four strategic-level impact results outlined below (GCF (b), 2014):

   a. Increased low-emission energy access and power generation;
   b. Increased access to low-emission transport;
   c. Increased energy-efficiency in buildings, cities and industries; and
   d. Sustainable land use and forest management - including REDD+

ii. **The Adaptation Logic Model** summarises interventions that will create a paradigm shift to climate resilient sustainable development (GCF (b), 2014). This model focuses on the following four strategic-level impact results (GCF (b), 2014):

a. Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions;
b. Increased resilience of health and well-being, and food and water security;
c. Increased resilience of infrastructure and the built environment to climate change threats;
d. Improved resilinec ecosystems.

2. **The Performance Measurement Frameworks**

The Performance Measurement Frameworks (PMFs) use a set of indicators to measure progress towards results hence monitor the Fund's results at the project, programme and aggregate portfolio levels (GCF (b), 2014). The indicators measure progress towards intended results based on the paradigm-shift objective, Fund-level impacts and project/programme outcomes outlined in the Fund's mitigation and adaptation logic models (IIED, Acclimatise, ICCAD, 2017).

3.4.2 Gender

The GCF seeks to ensure gender is integrated in all aspects of its processes and operations hence result to equitable access of the Fund's resources and implementation of gender sensitive interventions at all levels (GCF (c), 2014). Gender plays an integral part towards achieving low carbon development and climate resilient development in-that:

- Both men and women have important roles in mitigation and adaptation hence its crucial to consider their views if effective and responsive mitigation and adaptation interventions are to be established and implemented. A gender-sensitive approach is therefore part of a paradigm shift (GCF (c), 2014);
- Climate change impacts women and men differently. Gender inequalities exacerbate the effects of climate change on women hence needful to ensure interventions are gender sensitive and are tailored to address each sexes need. In-addition, it is imperative to ensure the Funds resources are equitably distributed between sexes (GCF (c), 2014).

It is against this backdrop that GCF's Gender Policy seeks to achieve the following (GCF (c), 2014).:

- Achieve greater, more effective, sustainable, and equitable climate change results, outcomes and impacts, through the adoption of a gender sensitive approach;
- Build resilience to climate change equally for men and women, as well as to ensure that men and women equally contribute and benefit from activities supported by the Fund;
- Address or mitigate risks for women and men associated with adaptation and mitigation activities financed by the Fund;
- Reduce the gender gap of social, economic and environmental vulnerabilities exacerbated by climate change.

The GCF's Gender Policy is based on the following six fundamental principles (GCF (c), 2014).:

- Commitment to gender equality and equity;
- Inclusiveness in terms of applicability to all the Fund's activities;
- Accountability for gender and climate change results and impacts;

- Country ownership in terms of alignment with national policies and priorities, and inclusive stakeholder participation;
- Competencies throughout the Fund's institutional framework; and
- Equitable resource allocation so that women and men benefit equitably from the Fund's adaptation and mitigation activities.

3.4.3 The Environmental and Social Safeguards (ESS)

Environmental and Social Safeguards (ESS) are interventions put in place to "*reduce conflict, optimize benefits, and help ensure that activities do not result in unintentional harm to people or ecosystems*" (GIZ and WRI, 2015). The GCF adopted the International Finance Corporation (IFC) Performance Standards as its safeguard standards on an interim basis until 2017 (GIZ and WRI, 2015). It is expected that GCF will formulate its own Safe Guards in ndue course (GIZ and WRI, 2015).

The Performance Standards (PS) consist of one overarching standard (PS 1) and seven standards covering specific issue areas (PS 2-8) (GIZ and WRI, 2015). PS 1 covers the elements that need to be in place to help ensure that the remaining seven standards are implemented (GIZ and WRI, 2015). Together these elements are called the environmental and social management system (ESMS) (GIZ and WRI, 2015).

All proponents are expected to assess and manage the environmental and social risks associated with their activities and adopt the IFC's approach to risk categorisation, which consists of three risk categories, low (category C), medium (category B) and high (category A) risk (IIED, Acclimatise, ICCAD, 2017). Table 3.9 outlines the IFC's Performance Standards (PS).

Table 3:9: The IFC's Performance Standards adopted by GCF

OVERARCHING (ESMS)	SUBJECT SPECIFIC
Ps1: Assessment and Management of Environmental and Social Risks and Impacts - Policy (Or equivalent documents) - Process for identifying risks and impacts - Management program - Organizational capacity and competency - Process for monitoring evaluation - External communications	**PS2:** Labour and working conditions **PS3:** Resource efficiency and pollution prevention **PS4:** Community Health, Safety and Security **PS5:** Land acquisition and involuntary resettlement **PS6:** Biodiversity conservation and sustainable management of living natural resources **PS7:** Indigenous peoples **PS8:** Cultural Heritage

Source: GIZ and WRI, 2015

3.5 GCF Investment Criteria

The GCF investment Criteria is a procedure/criterion used by GCF for evaluating and selecting proposals for funding (IIED, Acclimatise, ICCAD, 2017). This criterion has six elements that each applicant must ensure they adequately meet (IIED, Acclimatise, ICCAD, 2017). These elements are: Impact Potential, Paradigm Shift Potential, Sustainable Development Potential, Needs of the Recipient, Country Ownership and Efficiency and Effectiveness (IIED, Acclimatise, ICCAD, 2017).

When formulating the proposal, the proponent is expected to demonstrate how the proposed project aligns with all the six investment criteria and respond to only the applicable and relevant sub-criteria and indicative assessment factors since not all activity-specific sub-criteria and indicative assessment factors are applicable or relevant for every proposal (IIED, Acclimatise, ICCAD, 2017). Project proponents are encouraged to complement quantitative and qualitative indicators (IIED, Acclimatise, ICCAD, 2017).

- The activity **sub-criteria** guides the proponent to demonstrate how the proposed project activities will contribute to adaptation and mitigation;
- The **indicators (indicative assessment factors)** provide clarity on how the sub-criteria can be assessed.

Figure 3.6 outlines the GCF Investment Criteria and their definitions. A detailed table showing the GCF Criteria is provided in Annex II.

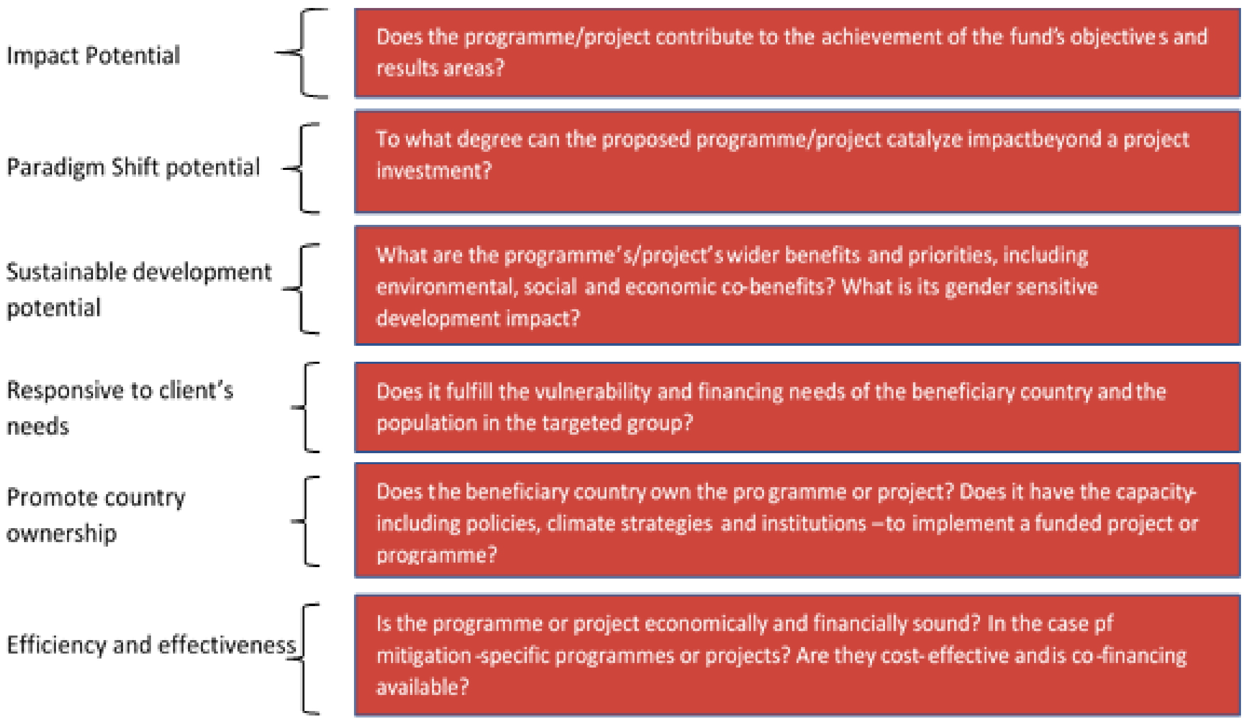


Figure 3:6: GCF Investment Criteria and their definitions

Source: GCF (b), 2015; IIED, Acclimatise and ICCAD, 2017

3.6 Linking projects to relevant GCF windows and international finance platforms

Having discussed operation modalities, accreditation procedures, investment framework and criteria used by GCF to make decisions regarding programme and project funding, this section dwells on how Kenya can strategically align herself with GCF and International platforms in-order to maximize access to Climate Finance through operationalizing the following **Five segments adopted from GCF**:

a) Prioritizing pipeline development;
b) Strengthening proactive and strategic approach to programming;
c) Enhancing accessibility and predictability;
d) Maximizing engagement of the Private Sector and
e) Strengthening institutional capabilities.

These five segments feed into **GCF's Five Operational Priorities for the 2015 – 2018 period**. These 5 Operational Priorities are:

1. Scaling up investments in developing countries;
2. Maximise impact by supporting scalable and replicable projects and programmes;
3. Invest the full amount pledged for the period 2015 – 2018 whilst balancing adaptation and mitigation;
4. Ensure GCF responds to needs and priorities of developing countries, including enhancing country programming and direct access; and
5. Proactively communicate GCF's ambition in terms of scale and impact, as well as its operational modalities. Notably, these segments and Strategic measures adopted from GCF have been tailored to Kenya's context in-order to ensure that Kenya aligns with GCF's Vision. The Chapter winds by categorizing Kenya's Climate change adaptation and mitigation projects pipeline.

3.6.1 Prioritize pipeline development

Accredited Entities, in conjunction with the NDA (National Treasury) should aim to develop a pipeline of projects and/or programmes that are: (a) responsive to Kenya's needs and priorities, (b) can be scaled up and (c) contribute to GCF's strategic objectives. These 3 objectives can be achieved through capitalizing the support GCF provides.

GCF provides a wide range of pipeline development support to developing nations which Kenya can tap to strengthen her Pipeline. The pipeline development support services provided by GCF are discussed below:

1. Climate Finance readiness support. Examples of readiness support provided by GCF include (GCF (d), 2017):
   - Fast-track accreditation support for eligible entities;
   - Awareness raising of accreditation processes and standards (e.g. fiduciary, environment and social safeguards, and gender);
   - Institutional gap analyses;
   - Developing personalized capacity building plans to address identified gaps.
     - Notably, readiness support of USD 1Million is available every year from GCF on various aspects and access modalities.
2. GCF develops a pipeline of country-driven, high-impact projects and programmes which can be scaled up a and support the achievement of the Fund's strategic objectives. Kenya, through the NDA (National Treasury) can liaise with GCF, AEs and other stakeholders to discuss how to scale up these projects;
3. GCF established a project preparation facility which supports the development of proposals by Accredited Entities;

4. GCF develops its pipeline by consulting with developing countries and Accredited Entities to identify national and regional priorities for investment, and by identifying opportunities to work in partnership with the Global Environment Fund (GEF), the Adaptation Fund, and Multilateral Development Banks.
5. In the period 2015 – 2018, GCF seeks to:
    - make increased use of Requests for Proposal (RFPs) aimed at both public and private sectors, and will develop replicable approaches to allow rapid roll-out in new locations.
    - introduce results-based payments for REDD+, and evaluate how results-based payments could apply to other sectors of GCF's activities.

3.6.2 Strengthen Kenya's proactive and strategic approach to programming

In-order to adequately attract climate finance, Kenya needs to demonstrate that GCF investments in the country respond to her needs and priorities. In-order for GCF to gauge whether its investments are aligned to country's objectives, the Fund usually requests all Accredited Entities to prepare annual or multi-annual work programmes through a consultative process with developing countries (via their National Designated Authority or focal point). Abridged versions of these work programmes are then submitted to the GCF Board to inform the Fund's Planning.

Following the above, it is crucial to ensure that Accredited entities and the NDA (National Treasury) communicate frequently and share information prior to development of the annual or multi-annual work programmes. The annual or multi-annual work programmes should be prepared with sufficient information since they communicate the "performance" of GCF investments in the Country. The Accredited entities and the NDA (National Treasury) can also use the annual or multi-annual work programmes to assess their performance, which areas (Adaptation, Mitigation) are receiving financial flows and how they can improve the situation.

GCF also undertakes market survey in developing countries to establish what is needed to support climate action, and to track successes or innovative ideas that could be built upon. It is therefore imperative for NDA to request GCF to share findings of the market survey in-order for them to communicate with AEs when developing concept notes and or Proposals.

3.6.3 Enhance accessibility and predictability of climate finance to stakeholders

GCF seeks to engage stakeholders across all sectors and levels, enhance their understanding of GCF's operations and processes and promote equitable stakeholder access to the Fund's resources. Kenya also seeks to achieve this Goal.

The steps taken by GCF towards realization of this Goal are articulated below. These actions can also be undertaken by Kenya, through the NDA (National Treasury)

- Proactively engage diverse stakeholders to promote accessibility, and to enhance understanding of GCF's operations and processes.
- Undertake Stakeholder Surveys to establish barriers to engagement, provide step by step guidance on the GCF investment criteria, risks, standards and processes hence enable stakeholders to understand the kind of projects and programmes that can be financed by GCF.

3.6.4 Maximize engagement of the Private Sector and GCF

Private sector involvement in implementation of low carbon and climate-resilient interventions will significantly contribute to GCF's efforts to achieve green growth (GCF (g), 2017). Kenya (through the NDA – National Treasury) concurs with this notion hence recognises the need to further strengthen capacities of actors in the Private sector to engage the GCF.

Following the above, the GCF established a **Private Sector Facility (PSF)** dedicated to driving a paradigm shift to low-emission and climate-resilient development pathways through fostering engagement between actors in the private sector and the Fund (GCF (g), 2017). It is therefore imperative that Kenya (represented by the NDA – National Treasury) strengthens interventions that will capitalize the resources offered by the PSF. This will require partnership between NDA and private sector to build on existing work and platforms to crowd-in and maximise engagement of the private sector at the national, regional and international levels.

3.6.5 Build adequate institutional capabilities

GCF, like the NDA (National Treasury) requires adequate institutional capabilities to achieve its mandate (GCF (g), 2017). The NDA (National Treasury) can borrow the following interventions from GCF to strengthen its institutional capabilities (GCF (g), 2017).

- Ensure it is adequately staffed with required expertise
- Improve the efficiency of processes, including decision-making related to funding proposals
- Actively participate in the GCF readiness programme through the NDA and AEs knowledge-sharing and a market-place platform for NDAs and AEs; tap services provided by the GCF readiness programme

4 KENYA'S POTENTIAL CLIMATE FINANCING PROJECT PORTFOLIO

This section identifies the key priority programmatic areas in which Kenya could develop adaptation and mitigation actions. The selected programmatic areas are based on the priority sectors and respective interventions put-forth in the National Climate Finance policy (2016). These interventions and sectors are aligned to the NDC; National Adaptation Plan; The National Climate Change Act (2017); Kenya Vision 2030; NCCRS; NCCAP (2013-2017).

4.1 Priority Setting

The National Climate Finance Policy (2016) was formulated to provide a roadmap for maximising financial opportunities and strengthen institutional and financial mechanisms to ensure resources are directed efficiently towards national climate and development priorities. This Policy underscores the potential role that climate finance plays to support priority activities and investment strategies in key economic sectors (The National Treasury, 2016). It is against this backdrop that the Climate Finance Policy outlines Kenya's priority sectors vis-a-vis key interventions to be funded.

The **priority sectors** identified in the climate Finance Policy (2016) and respective interventions have been synthesised into 6 programmatic areas and interventions which are characteristically inter-thematic and require multi-stakeholder input in-order to transition Kenya to a low carbon and resilient economy. The **6 priority programmatic areas** identified are:

7. Clean Technology and Renewable Energy Development;
8. Agriculture Forestry and Other Land Use (AFOLU);
9. Energy–Transport–Trade and Industry Nexus;
10. Agriculture–Water– Ecosystem-Based Adaptation (EbA) Nexus;
11. Disaster Risk Management and Ending Drought Emergencies;
12. Research and Innovation.

The priority programmatic areas are anchored on the following pillars:

1. Promoting **gender responsive low carbon and climate resilient development pathways;**
2. **Promoting green growth through climate proofing Kenya's key productive sectors whilst enhancing human wellbeing and ecological integrity** via sustainable livelihoods, food, water and energy security and job creation using an integrated approach.
3. Catalysing **private sector finance** to complement public and climate finance partnerships through mobilizing necessary resources, and attracting private sector investments. **Co-financing from both private sector and Public-sector entities will also be catalysed.**
4. Fostering integration of **climate information** in decision making at all levels.

4.2 Kenya's Priority programmatic areas

The section below outlines specific interventions in each key sector that Climate finance can support to build resilience.

❖ PROGRAMMATIC AREA 1: CLEAN TECHNOLOGY AND RENEWABLE ENERGY DEVELOPMENT

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
CLEAN TECHNOLOGY AND RENEWABLE ENERGY DEVELOPMENT	1. Expansion of renewable energy such as geothermal, solar, wind and biomass electricity generation	Low-emission energy access and power generation (M)	Ministry of Energy, Ministry of Devolution and National Planning, County Governments, Community, private sector, CSOs
	2. Energy efficiency in public buildings	Energy efficient buildings, cities and industries (M)	Ministry of Transport, Infrastructure, Housing & Urban Development, Ministry of Energy, County Governments, Community, private sector, CSOs
	3. Energy efficient household products, including solar lighting and improved charcoal and gas cookstoves	Low-emission energy access and power generation (M)	Ministry of Energy, County Governments, Ministry of Devolution and National Planning Community, private sector, CSOs
	4. Climate-proofing energy infrastructure, which refers to the integration of climate change risks and opportunities in the design, operation and management of infrastructure	• Low-emission energy access and power generation (M) • Resilient infrastructure and built environment to climate change threats (A)	Ministry of Transport, Infrastructure, Housing & Urban Development, Ministry of Energy, County Governments, Ministry of Devolution and National Planning Community, private sector, CSOs
	5. Exploration of the allocation of royalties from the extractives sector to a fund to support climate resilient and low carbon actions	• Low-emission energy access and power generation (M) • Resilient infrastructure and built environment to climate change threats (A)	National Treasury, Ministry of Industry, Trade and Cooperatives, County Governments, Ministry of Devolution and National Planning Ministry of Energy, Community, private sector, CSOs

Source: Modified from the Kenya Climate Finance Policy (National Treasury, 2017)
*A = Adaptation; M = Mitigation

❖ PROGRAMMATIC AREA 2: AGRICULTURE FORESTRY AND OTHER LAND USE (AFOLU)

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF TARGET RESULT AREAS	KEY PARTNERS
AGRICULTURE FORESTRY AND OTHER LAND USE (AFOLU)	1. Reduction of deforestation and forest degradation 2. Conservation and sustainable management of forest areas	• Sustainable land use and forest management (M) • Resilient ecosystems (A) • Increased health and well-being, and food and water security (A)	MoALF, MoWI, Ministry of Environment (KFS, KEFRI etc), County Governments, Community, private sector, CSOs

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF TARGET RESULT AREAS	KEY PARTNERS
	3. Conservation and protection of water towers		
	4. Increased afforestation and reforestation activities, such as restoration of dry and arid land forests and reforestation of degraded forests		
	5. Development of sustainable fuel wood plantations	• Low-emission energy access and power generation (M) • Sustainable land use and forest management (M) • Increased health and well-being (A) • Enhanced livelihoods of the most vulnerable people, communities, and regions (A)	MoALF, MoWI, Ministry of Environment (KFS, KEFRI etc), Ministry of Energy, County Governments, Community, private sector, CSOs

Source: Modified from the Kenya Climate Finance Policy (National Treasury, 2017)
*A = Adaptation; M = Mitigation

❖ PROGRAMMATIC AREA 3: ENERGY–TRANSPORT–TRADE AND INDUSTRY NEXUS

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
ENERGY–TRANSPORT–TRADE AND INDUSTRY NEXUS	1. Promote adoption of low-emitting clean energy sources such as bio-fuels, Liquefied Petroleum Gas or Liquefied Natural Gas	Low-emission energy access and power generation (M)	Ministry of Transport, Infrastructure, Housing & Urban Development, Ministry of Energy, County Governments, Ministry of Devolution and National Planning Community, private sector, CSOs
	2. Promote fuel switching e.g., switching from a fossil fuel-driven railway to clean electricity	• Low-emission transport (M) • Energy efficient buildings, cities and industries (M)	
	3. Mass rapid transit system for Nairobi such as bus rapid transit with light rail transit corridors		
	4. Improvements in heavy duty and passenger vehicle efficiency through improved fuel economy, motor vehicle labelling and feebate systems;		
	5. Climate-proofing transport infrastructure	Low-emission transport (M)	
	6. Promotion of low-carbon and green commodities and goods that are produced in a environmentally friendly, socially responsible and equitable way	• Resilient built environment to climate change threats (A) • Enhanced livelihoods of the most vulnerable people, communities, and regions	Ministry of Industry, Trade and Cooperatives, County Governments, Ministry of Tourism, Community, private sector, CSOs

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
	7. Climate proofing transport infrastructure, including storage facilities	• Low-emission transport (M) • Resilient infrastructure and built environment to climate change threats (A)	Ministry of Transport, Infrastructure, Housing & Urban Development, Ministry of Energy, County Governments, Community, private sector, CSOs
	8. Promotion of clean technologies, such as replacing clinker in the cement mix with alternative materials to reduce emissions	Low-emission (M)	Ministry of Industry, Trade and Cooperatives, County Governments, Community, private sector, CSOs
	9. Energy efficiency in industry	• Low-emission energy access and power generation (M) • Low-emission transport (M) • Energy efficient buildings, cities and industries (M)	Ministry of Industry, Trade and Cooperatives, Ministry of Energy, County Governments, Community, private sector, CSOs
	10. Industrial-scale cogeneration using biogas produced from agricultural residues to generate electricity and heat	Low-emission energy access and power generation (M)	Ministry of Industry, Trade and Cooperatives, Ministry of Energy, Ministry of Devolution & National Planning County Governments, Community, private sector, CSOs
	11. Development of green industrial zones, such as a geothermal industrial zone		
	12. Climate-proofing of industrial facilities	• Low-emission energy access and power generation (M) • Energy efficient buildings, cities and industries (M)	
	13. Promotion of Kenya as a low-carbon footprint destination through a programme on greening the sector, for example energy efficiency in the sector through such actions as solar water heating and lighting and efficient passenger transport	• Low-emission energy access and power generation (M) • Low-emission transport (M) • Energy efficient buildings, cities and industries (M)	Ministry of Transport, Infrastructure, Housing & Urban Development, Ministry of Energy, County Governments, Community, private sector, CSOs
	14. Research to understand the vulnerabilities of wildlife populations and the potential impacts of tourism	Resilient ecosystems (A)	Ministry of Environment (KWS, KFS etc); County Governments, Ministry of Tourism, Community, private sector, CSOs

Source: Modified from the Kenya Climate Finance Policy (National Treasury, 2017)

*A = Adaptation; M = Mitigation

❖ PROGRAMMATIC AREA 4: AGRICULTURE–WATER– ECOSYSTEM-BASED ADAPTATION (EbA) NEXUS

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
AGRICULTURE–WATER–ECOSYSTEM-BASED ADAPTATION (EbA) NEXUS	1. Mainstream climate change into agricultural extension systems 2. Establishment and maintenance of climate change related information pools or centres for crops, livestock and fisheries	• Enhanced livelihoods of the most vulnerable people, communities, and regions (A) • Resilient ecosystems (A)	MoALF, MoWI, County Governments, NDMA, Community, private sector, CSOs
	3. Promotion of Climate Smart Agriculture	• Enhanced livelihoods of the most vulnerable people, communities, and regions (A) • Increased health and well-being, and food and water security (A) • Resilient ecosystems (A) • Sustainable land use and forest management (M)	
	4. Price stabilisation schemes for livestock and crop farmers	• Enhanced livelihoods of the most vulnerable people, communities, and regions (A) • Increased health and well-being, and food security (A)	MoALF, County Governments, Community, private sector, Central Bank of Kenya (CBK), Ministry of Devolution & National Planning
	5. Post-harvest management of crop, livestock and fisheries products	• Increased health and well-being, and food and water security (A) • Resilient infrastructure (A) • Sustainable land use (M)	MoALF, MoWI, County Governments, Community, private sector, CSOs
	6. Protection and conservation of fish critical habitats and breeding grounds, and re-stocking as required.	• Resilient ecosystems • Sustainable land use and forest management (M)	
	7. Integration of climate change information in water modelling and forecasting	• Resilient infrastructure and built environment to climate change threats (A) • Resilient ecosystems (A)	MoWI, Ministry of Environment (Kenya Water Towers, KFS etc); County Governments, Community, private sector, CSOs
	8. Promotion of energy efficient technologies in water supply projects	Increased water security (A)	MoWI, County Governments, Community, private sector, CSOs
	9. Conservation of water towers	• Sustainable land use and forest management (M) • Resilient ecosystems (A)	
	10. Improved water management and water conservation, including rainwater harvesting, recycling and reuse of water, water conservation awareness campaigns, technology for water conservation in water services and supply, and improved watershed management.		
	11. Climate information services • Strengthening hydro-meteorological information delivery services incl. EWS.	• Enhanced livelihoods of the most vulnerable people, communities, and regions	Meteorological department in conjunction will all Government Ministries,

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
	• Preparations of downscaled climate change projections and impact scenarios for policy development and further impact analyses at the sector level.	• Increased health and well-being, and food and water security • Resilient infrastructure and built environment to climate change threats	Departments and Agencies, Legislators, Community, private sector, CSOs

Source: Modified from the Kenya Climate Finance Policy (National Treasury, 2017)
*A = Adaptation; M = Mitigation

❖ PROGRAMMATIC AREA 5: DISASTER RISK MANAGEMENT AND ENDING DROUGHT EMERGENCIES

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
DISASTER RISK MANAGEMENT AND ENDING DROUGHT EMERGENCIES	1. Monitoring systems – Quality, credible early warning and food security monitoring systems that make effective use of advances in meteorological monitoring information technology 2. Multi-year food and cash mechanisms – Based on early warning and food security data 3. Water management – Effective and environmentally appropriate systems of water harvesting, management and irrigation, and emergency water supply 4. Climate-proofing of infrastructure – Infrastructure development (water and sewerage, transport, electricity) with improved climate-resilient standards 5. Livelihoods diversification – Investment in community-based livestock systems, crop farming (both irrigated and rain fed), dryland forestry and forest products, fisheries and other alternative livelihoods.	• Enhanced livelihoods of the most vulnerable people, communities, and regions (A) • Increased health and well-being, and food and water security (A) • Resilient infrastructure and built environment to climate change threats (A) • Resilient ecosystems (A)	NDMA, MoWI, Ministry of Environment (Kenya Water Towers, KFS etc); County Governments, Community, private sector, CSOs

Source: Modified from the Kenya Climate Finance Policy (National Treasury, 2017)
*A = Adaptation; M = Mitigation

❖ PROGRAMMATIC AREA 6: RESEARCH AND INNOVATION

PROGRAMMATIC AREA	ELEMENTS OF THE PROGRAMME	GCF STRATEGIC IMPACT AREAS	KEY PARTNERS
RESEARCH AND INNOVATION	1. Incentives for the private sector and institutions of higher learning to undertake research and innovation to develop affordable and locally appropriate adaptation and mitigation technologies 2. Establishment of mechanisms to encourage and facilitate locally appropriate climate change technology development; 3. Linking government, private sector, academic and civil society organisations with global climate change innovation institutions	• Enhanced livelihoods of the most vulnerable people, communities, and regions (A) • Increased health and well-being, and food and water security (A) • Resilient ecosystems (A) • Resilient infrastructure and built environment to climate change threats • Energy efficient buildings, cities and industries (M) • Low-emission energy access and power generation (M) • Low-emission transport (M)	Ministry of Education, Ministry of Information and Technology; Ministry of Environment (Kenya Water Towers, KFS etc); MoWI, County Governments, Community, private sector, CSOs

Source: Modified from the Kenya Climate Finance Policy (National Treasury, 2017)
*A = Adaptation; M = Mitigation

4.3 Enhancing Kenya's ownership of GCF funded interventions

Kenya's ownership of GCF funded projects can be enhanced through implementation of the following actions:

1. Following the priority areas provided in the country's governing frameworks, the NDA calls a meeting with Accredited Entities (AEs) to inquire their priority areas of interest. The NDA proceeds to publish information showing AEs vis-a-vis areas of interest - with the aim of reaching out to Executing Entities (EEs) and Implementing Entities (IEs). This approach will give room for national entities to reach out to AEs who share a similar area of interest and curve a way forward from an early stage.
2. The NDA calls for Expressions of Interest covering the Country's priority areas - for interested AEs to apply. The NDA will then link the selected AEs with EEs and IEs.
3. The NDA makes calls to the public to participate in the review of concept notes and proposals.
4. The NDA should encourage and emphasise the need for AEs to include Counties as EEs or IEs.
5. The Council of Governors (CoG) should summarise the 47 County Integrated Development Plans (CIDP). This CIDP summary should highlight the cross-cutting issues across the Counties. This information will inform interventions and enable CoG to mobilise resources

4.4 Potential role of institutions in climate finance

The role of Climate change related institution in project screening, such as Climate Change Department, Climate Change Units at the national Ministries and at the County level, the Council of Governors (CoG) and the private sector, is not defined. It is proposed that depending on the type of proposal to be screened, an *ad hoc* committee composed of relevant ministry, relevant private sector and relevant NGO representative be invited to give professional opinion on the proposal.

Table 4:1: Potential role of institutions in climate finance

INSTITUTION	POTENTIAL ROLE
1.The Climate Change Directorate (CCD)	Ensure the proposal is in line with the CC Policy, CC Finance Policy and emerging international issues/declarations e.g., Paris agreement
2.**Government Ministries**	• Institutions/parastatals in Government ministries can apply to accredited • The Ministry, Agencies, Parastatals can be EEs • The Ministries generate content that influence Kenya's priorities • The Ministries formulate policies that the entities applying to GCF must adhere to. These policies also influence the country's enabling environment for climate finance • Mobilize resources for co-financing • Include co-financing and climate change as part of its annual budget • Build technical capacity employees – in relation to climate change, climate finance etc
3.Climate change Units/Desks in each Ministry	Check for innovativeness, scale-ability and replicability and ensure no duplication of similar projects
4. Accredited Entities (NEMA, ACUMEN, UNDP, UNEP, IUCN etc)	• Share lessons learnt • Liaise with national entities to apply for funds and implement projects • Co-financing
5. Council of Governors (COG)	• Raise awareness to Counties about Climate Finance • Lobby for co-financing from Counties
6. Counties	• Sources of co-financing • Take the role of Executing Entity • Take the role of implementing Entity • Raise awareness about climate finance to County staff, beneficiaries, Community • Communicate issues in the County that need to be addressed
6. Climate Change Working Group (CCWG)	• Ensure marginalized groups are taken care of • Awareness raising about co-financing and GCF
7. **Banks**	Innovativeness, bankability, Co-finance, Apply for Accreditation, Liaise with AEs as EEs
8. **CSOs**	• Innovation • Co-financing • Apply for Accreditation • Liaise with AEs as EEs • Raise awareness about climate change, climate finance • Conduct research that will inform the priorities of the country • Mobilize communities to participate in project implementation

Highlights:

- **Complementarity** means that an intervention/activity cannot be repeated in the same area. However, this intervention can be replicated in another geographic location.
- There is no limit for co-financing

5 KENYA GCF ACTIVITIES COORDINATION STRATEGY AND ACTION PLAN

In this chapter we propose a co-ordination mechanism, a strategy and action plan for Kenya to engage effectively with Green Climate Fund (GCF). The Chapter also outlines the Kenyan procedure for obtaining the Letter of No objection from the NDA (National Treasury) when applying for GCF Accreditation and submitting concept notes and proposals

5.1 Structure of the NDA

Currently, the NDA does not have a clear institutional structure, however, there is a draft proposal of how the NDA should be institutionalised. Figure 4.1 provides the proposed institutional structure of the NDA.

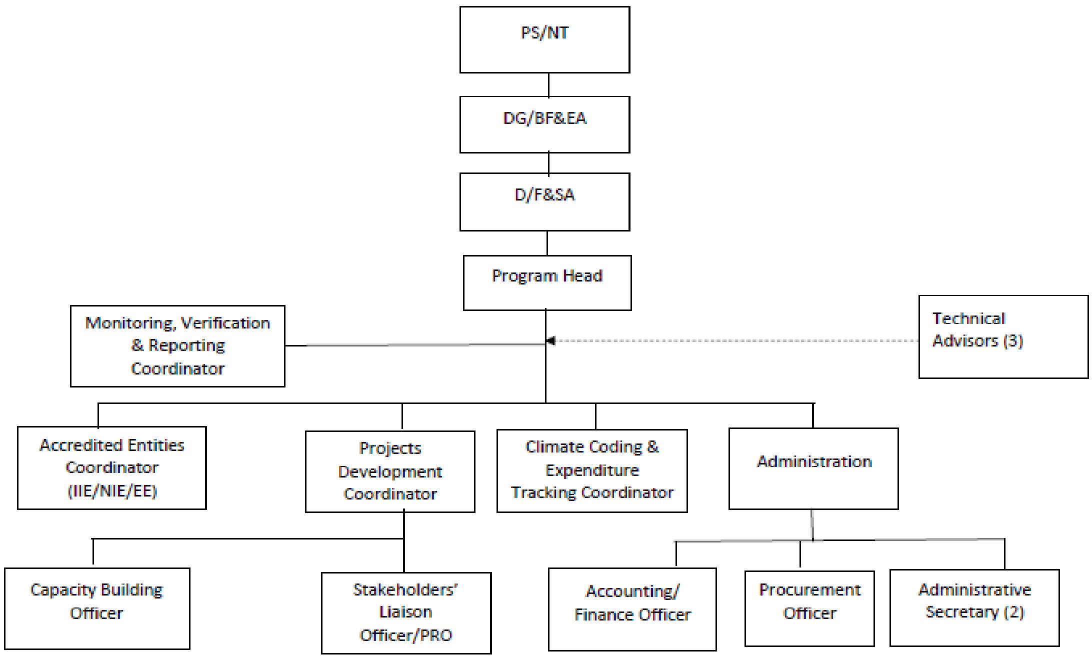


Figure 5:1: Proposed institutional structure of the NDA
Source: The National Treasury, 2017

5.2 Coordination of Accredited Entities for effective financial flows

Coordination is described as the process of organizing different elements of a complex body of people or groups to enable them work together harmoniously and effectively. The NDA's key responsibility is coordinating the various AE's and EE's to ensure that they are working in harmony, are effective in mobilizing financial flows, and efficient in managing projects and reporting in line with GCF procedures. To effectively and efficiently mobilize financial flows from GCF, meetings, communication and monitoring performance of accredited entities is very essential, as AEs are the main vehicles to project financing. The NDA will need to put in place an effective coordination mechanism for continual dealing with these entities, to ensure that projects that they are developing are consistent with Kenya's development priority, have Kenya's ownership, are scale-able and replicable, and above all responds to other GCF investment criteria, including paradigm shift potential, impact potential and sustainable development are well articulated. Further, there is need to strengthen the capacity of NDA to handle situations where funds have been misused by AEs, EEs, and IEs.

Figure 4.2 illustrates how the NDA in Kenya relates with the different accredited entities, that is, with Direct Access, Enhanced Direct Access and International Access. Once projects are funded a monitoring, evaluation/verification and reporting procedures need to be agreed upon between the NDA, AEs and EE.

To achieve this, it is proposed that the NDA establish a coordination committee that includes key actors from relevant institutions. Periodic meetings should be held with this committee and NDA should dedicate a project officer who will specialise in dealing with one of each of the accredited entities. Such an officer's mandate should include frequent communication with AE to determine how proposal pipeline development is going on, ensuring that projects are innovative, update the AE with any GCF news and also be on standby to assist with screening of projects, fast-tracking of LONO. For ongoing funded projects, NDA should ensure that the AE is monitoring EEs implementation.

While the current screening process in place at the NDA illustrated below is effective, as a government process should be, the need to build capacities of national AEs to do self-screening of projects prior to submission to NDA is crucial. Frequent meetings between the NDA and AEs to exchange notes on screening criteria and process should be the norm rather than the exception.

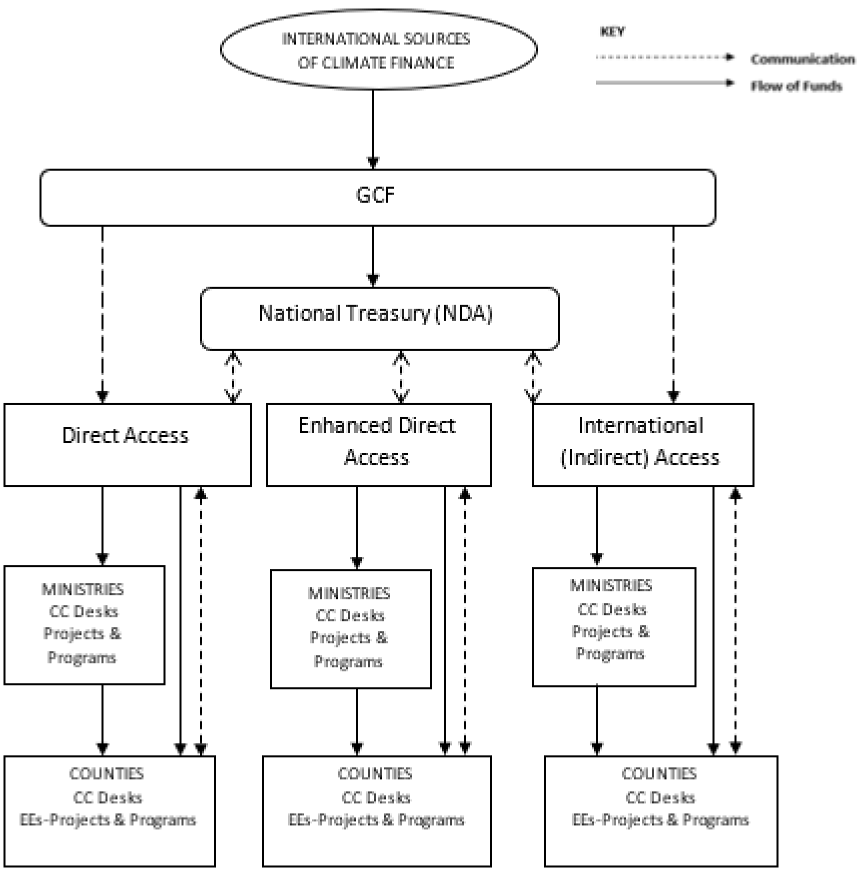


Figure 5:2: Proposed coordination structure of Accredited Entities

5.2.1 Procedures for information sharing between NDA, AES, EEs and wider stakeholders

There is no formal procedure and specific timeline for sharing information between NDA, AEs, EEs and stakeholders in Kenya’s GCF climate finance sphere. Nevertheless, the NDA has platforms through which, it communicates information to stakeholders and stimulates information sharing amongst actors in the climate finance sphere. Notably, stakeholders from the national and county governments, CSOs, international organizations and private sector are usually invited to these forums. It imperative to underscore that stakeholders are permitted to contact the NDA and request for capacity building and guidance and clarification on any matter pertaining to GCF. The main avenues used by the NDA for information sharing are listed below:

a. Sensitisation and consultative workshops
b. Forums and meetings
c. Inter-ministerial Technical Committee (IMTC) which acts as the NDA’s contact with organisations/institution and assists to disseminate information to these organizations

The NDA is currently developing a website on climate finance which will play an integral role in disseminating information and sharing up-to-date information about the GCF structure, GCF procedures in Kenya’s context etc.

5.2.2 Project prioritization process

The proposed project must be in line with Kenya's policies and priorities, for example the priority actions in our NDCs, NCCAP among others.

All project concepts and proposals are subjected to an internal assessment by the NDA against the GCF result areas and our national priorities. The concepts are also reviewed by stakeholders for endorsement.

Screening of Project Concepts and Proposals:

Executing Entities working closely with AEs address their project proposal concepts to the Principal Secretary (PS), National Treasury, who serves as the Country’s focal point (FP) and the NDA to GCF. The PS marks the letters to the Director General (DG), Budgets, Finance and Economic Affairs (BUFEA), who in turn directs the letter to the Director of Department of Finance and Sectoral Affairs (DFSA) who directly overseas the NDA technical/operational section now based at the Reinsurance Plaza. The head of the technical/operation sections convenes a meeting of project officers to screen the concept. Sample screening tools developed by the NDA operational team are shown below:

A. Sample screening tool for GCF concept notes/Proposal submitted to the National treasury

FORM 001B

Project Title:	Name of The Officer:	Signature:
NIE	EEs:	Date of Review:
Review Recommendations:	Contact of Person:	

Unique Contribution	Objective	Activities	Outcomes	Priority Area	Policies/Strategies/ Legislation	Score 1-Lowest, 5-Highest
Impact						
Sustainability						
Environmental safe guards						
Gender/youth						
Trans formativeness						
Innovativeness						
TOTAL						

Source: Odhengo,2017

B. Individual officers GCF review matrix

FORM 001C

Name of officer____
Date proposal received____
Duration for the review____
Data review comments received from the officer___________________________________

Project title	Review comments	Score (1-10)	Recommendations/remarks

Source: Odhengo,2017

The NDA is at liberty to invite the AEs/EEs to present the concept to key stakeholders prior to screening. ideally, the outcome of the screening exercise, coupled with clarity of the presentation informs the decision as to whether a LONO is going to be awarded.

C. GCF Projects/ Programs Development Pipeline summary template

No.	Date of submission	Title of the project/program	Project type(CN/FP)	Main objectives	Projects sites/county	Accredited entity(AE)	Executing entity(EE)	Estimated budget		NDA review	GCF deadline
								GCF	Co-Finance		
GCF/NDA/100											

Source: Odhengo,2017

Diagrammatic illustration of communication between NDA, AE EE and project concept screening at the national Treasury is provided in Figure 4.3.

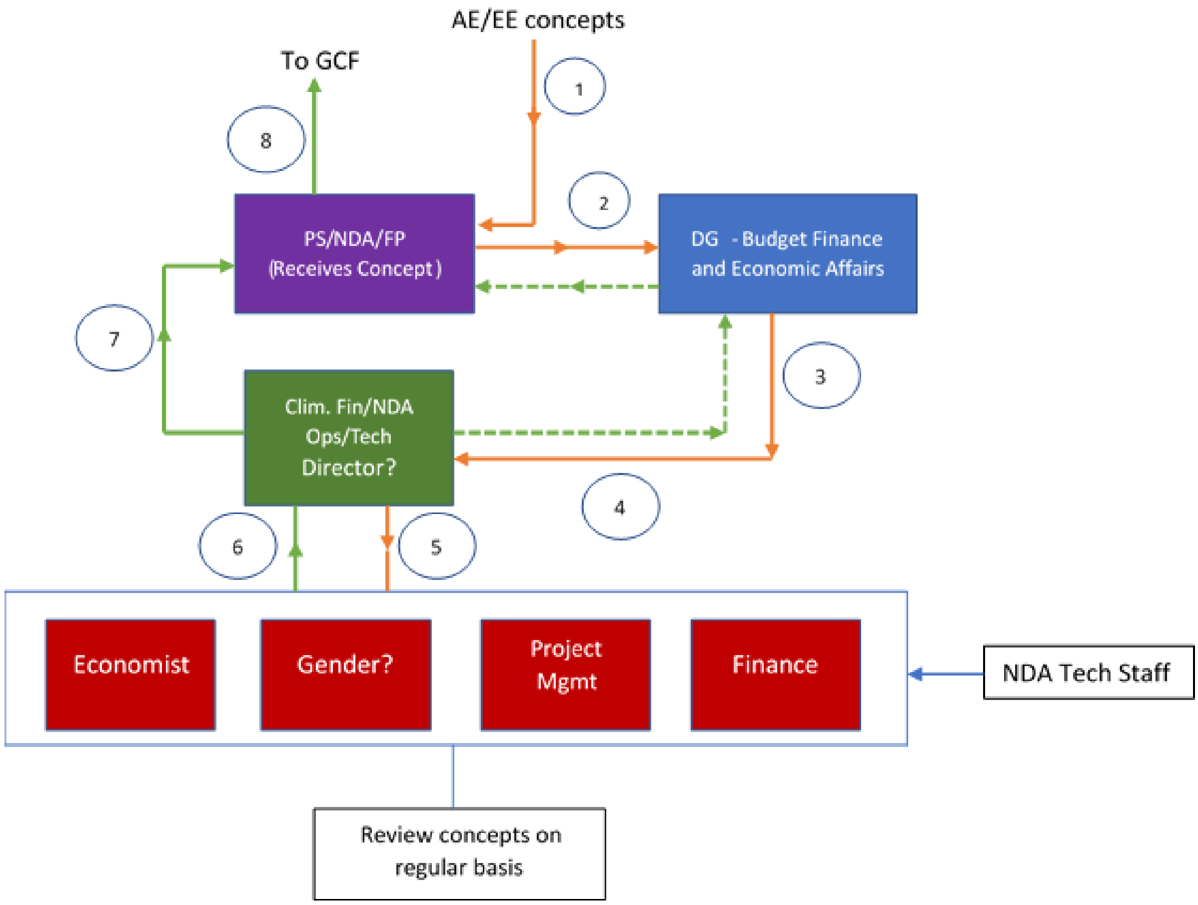


Figure 5:3: Illustration of communication between NDA, AE EE and project concept screening at the national Treasury

5.3 The No Objection Procedure used by the NDA in Kenya

The purpose of the **no-objection procedure** is to ensure consistency with national climate strategies and plans and country-driven approaches, and to provide for effective direct and indirect public and private sector financing by the Fund. A no-objection is a condition for approval of all funding proposals submitted to the Fund.

Please note that the office of the Principal Secretary (PS) Treasury is not the NDA however, all applications by entities must go through the PS before being forwarded to the NDA for review. In-addition, the outcome of the review by the NDA is submitted to the PS for signing. Notably, the PS and a representative of the NDA are required to sign the nomination letter before it is forwarded to the applicant entity.

There is no standard procedure for obtaining a letter of No Objection (varies from country to country). It is mandatory to obtain and submit a Letter of No Objection to GCF when applying for Accreditation and when seeking funding (Concept Notes, Proposals). On this note, all applicant AEs are expected to submit a Letter of No Objection alongside their application documents. Notably, it is the responsibility of the applicant AEs to approach the NDA in-order to obtain the nomination letter. Applicants are encouraged to liaise with the NDA for guidance through-out the application process. The main role of the NDA (National Treasury) regarding issuance of letters of no objection/nomination letters are outlined in Table 4.2.

Table 5:1: The role of the NDA (National Treasury) regarding issuance of letters of no objection/nomination

NO OBJECTION LETTER FOR ACCREDITATION	NO OBJECTION LETTER FOR GCF CONCEPT NOTE OR GCF PROPOSAL
a. Verify and confirm that the applicant entity meets the GCF level of accreditation it is applying for and its ability to deliver; b. Submit the original signed letter of no objection and application documents to GCF; c. On behalf of the applicant, follow up with GCF on the status of the application. d. Lobby at GCF for the applicant entities.	a. Verify and confirm the concept notes are aligned to Kenya's legislative frameworks and national priorities; b. Verify and confirm the proposals are aligned to Kenya's legislative frameworks and national priorities; c. Submit the original signed letter of no objection and application documents to GCF; d. On behalf of the AE, follow up with GCF on the status of the application. e. Lobby at GCF for the applicant entities.

The Key guidelines used by the National Treasury to make the no-objection procedure effective and efficient are outlined below:

1. The NDA Avoid delays in providing feedback to applicants. The NDA allocates sufficient technical resources to diligently review the applications and provide timely feedback;
2. The NDA provides guidance to proponents on the application processes – Accreditation, Concept Notes, Proposals;
3. The NDA ensures timely submission of letter of no objection and application documents to GCF;
4. The NDA files soft and hard copies of the signed letter of no objection and application documents that it submitted to GCF. This will ensure the information submitted by the applicants through the GCF online portal is consistent with information sent to GCF by the NDA;
5. The NDA maintains constant communication with the GCF Secretariat regarding applications submitted from Kenya and always has up-to-date information;
6. The NDA lobbies at the GCF on behalf of the applicant entities.

5.3.1 Procedure for Obtaining Letter of No Objection for Accreditation

The section below outlines the process of obtaining a letter of nomination for accreditation from the National Treasury. In Kenya, this process takes approximately **2 Weeks** before the applicant is granted a letter of no objection.

1. Applicant writes an application letter to the Principal Secretary (PS) of the National Treasury notifying intent to apply for accreditation and requests for a letter of no objection from the NDA. The application letter must be accompanied by relevant supporting documentation.
2. The Principal Secretary (PS) of the National Treasury forwards the application letter and the supporting documents to the NDA.
3. The NDA reviews documents shared by the applicant and cross checks to ensure they are operational in Kenya and their activities meet the GCF level of accreditation it is applying for.
4. The NDA may contact the applicant to seek clarification or request for more information. Discussions (written and verbal) may be held between the applicant and NDA.
5. If the NDA concurs the proponent meets the GCF level of accreditation it is applying for and its ability to deliver, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will sign the letter of no objection.
   - If the NDA concludes the proponent does not meet the GCF level of accreditation it is applying for, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will write and sign a letter notifying the applicant that the application has been rejected. The Letter also cites reasons why the application has been rejected.
6. The NDA submits the original hard copy of the signed letter of no objection and supporting documents to the GCF Secretariat
7. The NDA files copies of the original Letter of nomination and supporting documents shared by the applicant
8. A soft copy of the signed letter of no objection is sent to the applicant by the NDA
9. The applicant must include the signed Letter of nomination when submitting the application for accreditation;
10. The NDA maintains constant communication with the GCF Secretariat regarding the application;
11. GCF communicates to the NDA on the outcome of the application
12. GCF communicates to the applicant on the outcome of the application.

5.3.2 Determining nomination of national entities under Direct access for accreditation with GCF

Currently, there is no specific procedure for determining nomination of Direct Access Entities. The applicant entities are also required to follow the steps outlined in **section 4.2.1** and meet the GCF accreditation requirements for the respective level

As indicated in **section 4.2.1**, the applicant entity should write a letter to the Principal Secretary National Treasury requesting for accreditation nomination. Once the letter is received, the entity will be called for a meeting with the NDA to provide more information on activities they are undertaking in the country and the in-house capacity of the entity. A summary of the criteria for assessing the application is articulated below:

- ✓ What is the entity's mandate and is this mandate aligned to Kenya's priorities and legislative frameworks?
- ✓ The capacity of the entity e.g., does the entity qualify for the accreditation level it is applying for?

- ✓ Does the entity meet the GCF minimum requirements of the accreditation level it is applying for?

5.3.3 Procedure for Obtaining Letter of No Objection for Concept Note and Proposals

The section below outlines the process of obtaining a letter of nomination for Concept notes and proposals from the National Treasury. In Kenya, this process takes approximately **2 Weeks** before the applicant is granted a letter of no objection.

1. Applicant writes an application letter to the Principal Secretary (PS) of the National Treasury notifying intent to submit a Concept Note/ Proposal and requests for a letter of no objection from the NDA. The application letter must be accompanied by relevant supporting documentation.
2. The Principal Secretary (PS) of the National Treasury forwards the application letter and the supporting documents to the NDA.
3. The NDA reviews documents shared by the applicant and cross checks to ensure they are aligned to Kenya's legislative frameworks and priority areas;
4. The proponent organises stakeholder consultations to review the concept note/proposal. The proponent is free to request the NDA to assist in organizing the workshop.
5. The NDA may contact the applicant to seek clarification or request for more information. Discussions (written and verbal) may be held between the applicant and NDA;
6. If the NDA concurs the concept note or proposal is line with Kenya's priorities, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will sign the letter of no objection.
   - If the NDA concludes the concept note or proposal is not in line with Kenya's priorities, a representative of the NDA and the Principal Secretary (PS) of the National Treasury will write and sign a letter notifying the applicant that the application has been rejected. The Letter also cites reasons why the application has been rejected.
7. The NDA submits the original hard copy of the signed letter of no objection and supporting documents to the GCF Secretariat
8. The NDA files copies of the original Letter of nomination and supporting documents shared by the applicant;
9. A soft copy of the signed letter of no objection is sent to the applicant by the NDA
10. The applicant must include the signed Letter of nomination when submitting the application for accreditation;
11. The NDA maintains constant communication with the GCF Secretariat regarding the application;
12. GCF communicates to the NDA on the outcome of the application
13. GCF communicates to the applicant on the outcome of the application.

5.3.4 Interventions that can strengthen the No objection procedures at the NDA

A stakeholder consultation workshop on the GCF Strategy was held at the Kenya Forestry Research Institute (KEFRI), Head Quarters, Muguga from 11th October 2017 – 12th October

2017. According to the stakeholders in this workshop, the NDA nomination procedure can be strengthened through implementation of the following interventions:

1. Need to devolve the functions of the NDA (National Treasury)
2. Need to set up a Technical Assistance team at the NDA, dedicated to providing technical support to AEs seeking GCF accreditation and funds
3. Need to develop and distribute a GCF handbook/manual tailored to Kenya's context. A soft copy of the manual should be uploaded on the NDA website and other Ministries websites. This manual should clearly outline the no objection procedure, accreditation procedure, proposal and concept note procedure and contacts of technical personnel at NDA who can be reached by AEs in-case support is required. This manual should also provide guidance on how local entities at grassroot level can tap GCF resources. The manual should be updated frequently - in-case there are changes in the procedures.
4. NDA should provide frequent trainings on GCF at all levels to build capacity of AEs.

5.4 Proposed Kenya GCF activities coordination structures

5.4.1 Multi-Disciplinary Committee/Taskforce on Climate Finance

From the above, there could be a need for a **Multi-Disciplinary Committee/Taskforce on Climate Finance** (MDC/TF on CF) to be established at the National Treasury (NDA), with clear Terms of Reference, and answerable to the PS, Treasury. The MDC/TF on CF will give each AE annual financial targets and monitor their performance. other functions will include:

- Review of AEs activities coordination structures - Mechanisms that can improve coordination of AEs by the NDA
- Vetting shortlisted entities for Nomination of National Implementation Entity (NIE) For Accreditation
- Review procedure for nomination of potential accredited entities by the National Treasury (NDA) for Accreditation
- Review procedure to receive and screen application from interested NIEs, including the application form template and required supporting documents
- Decision-making process and criteria regarding NIE nomination
- Accreditation support for nominated NIEs

5.4.2 Proposed structures that will enhance engagement of the private sector

The GCF Board has set out the following actions to maximise engagement of the private sector (GCF (g), 2017). The NDA (National Treasury) can also adopt this action and implement at Country level.

- Established the **Private Sector Advisory Group (PSAG)** whose role is to advice the Fund on how it can best engage the private sector in contributing to climate resilience and low emission investment and relating GCF modalities with the private sector (GCF, 2013). The GCF Board revises the Terms of Reference and Membership composition every 3 years (GCF, 2013);

- Established the **Risk Management Committee and Investment Committee (RMCIC)** whose role is to consider recommendations by PSAG'S and advice the GCF Board. This structure can be tailored to Kenya's context;
- The GCF Board analyses barriers to crowding-in and engagement and considers recommendations put-forth by **Private Sector Advisory Group.**

The above GCF structures can be tailored to Kenya's context in the following manner:

- Establishment of a **Kenya Private Sector Advisory Group (KPSAG) with a similar objective as the GCF PSAG.** Table 4.3 outlines the proposed functions and composition of the proposed KPSAG;
- Establishment of the **Kenya RMCIC (KRMCIC)** to review recommendations by the KPSAG and advice the NDA (National Treasury).

Table 5:2: Proposed functions, membership composition and required expertise of the Proposed Kenya PSAG

ROLE & FUNCTIONS OF THE PROPOSED KPSAG	COMPOSITION (MEMBERSHIP & OBSERVERS)	EXPERTISE REQUIRED IN THE KENYA PSAG
1. Make recommendations to the NDA (National Treasury) on how Kenya's private sector engagement with GCF can be strengthened in-order to stimulate, mobilise, and leverage flows of private climate finance and capitalise the available knowledge on best technologies 2. Make recommendations to the NDA (National Treasury) on how GCF's design and application of its policies, procedures and financial instruments relate to private sector engagement 3. Make recommendations to the NDA (National Treasury) on how private sector engagement in climate resilient and low carbon development can be strengthened 4. Make recommendations to the NDA (National Treasury) on how participation of actors (focussing on local actors, including SMEs and local financial institutions) in the private sector in low carbon development can be enhanced 5. Make recommendations to the NDA (National Treasury) on	1. Two (2) Representatives from the NDA (National Treasury 2. Up to four (4) private sector representatives from Kenya 3. Up to four (4) private sector representatives from the developed nations 4. Up to four (4) representatives from the Civil Society 5. Up to three (2) representatives from the CoG 6. Up to 2 representatives from the MENR	1. Climate Finance and Investment 2. Expertise in leveraging and/or mobilizing private finance in developing countries 3. Expertise in private sector activities and technologies relating to low carbon and resilient development 4. Rural/Community Development Expert 5. Natural Resource Management Expert

ROLE & FUNCTIONS OF THE PROPOSED KPSAG	COMPOSITION (MEMBERSHIP & OBSERVERS)	EXPERTISE REQUIRED IN THE KENYA PSAG
activities that will enable the private sector to engage in low carbon development and climate resilience 6. Advice on other matters relating to private sector engagement in low carbon development and climate resilience		

Source: Informed by: GCF, 2013

5.4.3 Co-financing – Support operationalization of the Climate Change Fund

The Climate Change Act (2016) establishes the **National Climate Change Fund** vested at the National Treasury. According to the Draft Climate Finance Policy (2016), the Climate Change Fund will streamline climate finance mobilisation at the national level and link to funds at the sectoral and county levels – such as county adaptation funds and a REDD+ fund.

The Climate Change Fund is also expected to provide a platform that facilitates mobilisation, coordination and tracking of climate finance flows, including both domestic and international resources.

Following the above, it is crucial for the NDA to actively support operationalization of the Climate Change Fund (CCF), including being the link between the CCF and AEs, EEs – especially in matters relating to Co-financing.

It is recommended that the NDA undertakes the following:

- Raise awareness about the Climate Change Fund and its potential to provide co-financing to entities seeking funding from GCF
- Establish mechanisms to identify the sources and track how the GCF finance has been utilised to optimise the application of climate finance. These mechanisms will assess the disbursement, absorption and management of funds in a transparent and accountable manner
- Undertake extensive capacity building, particularly in fiduciary management skills, to enable institutions to disburse, absorb and manage large projects and large funds in a transparent and accountable manner
- Urge AEs and EEs to strengthen transparency and accountability, and take necessary steps to prevent corrupt practices in climate finance resource allocations
- Encourage open and transparent dialogue between national and county governments, business, long-term investors, and microfinance, banking and development institutions to address financing challenges and position Kenya to attract funding.

5.4.4 Establish a Conflict resolution mechanism (Board)

During the GCF Strategy Consultation workshop, participants emphasized the need to establish a Board within the NDA to handle and resolve conflicts arising amongst stakeholders within the GCF climate finance arena. It was proposed that the NDA should come up with guidelines for reporting and resolving conflicts amongst stakeholders.

5.4.5 The Kenya GCF Handbook

The NDA's GCF Hand book cum Manual contextualised to Kenya has been developed. This handbook is a step-by-step guide on GCF procedures such as writing GCF concept notes and Proposals among other key elements such as role of co-financing in accessing GCF resources.

Some of the features that the handbook has addressed are outlined below:

- What is GCF?
- Who are the main actors in GCF? and how do they relate – NDA, AE, EE
- What is the role of NDA in no-objection procedure?
- What is accreditation? How many AEs are in Kenya?
- What is the Accreditation procedure in Kenya?
- What is the no-objection procedure in accreditation and in proposal development?
- What are the guidelines to developing GCF projects (The GCF project cycle)?
- What are the GCF Impact areas? Investment criteria?
- Who can develop a proposal and how to submit to GCF
- What is co-financing and proposed interventions to increase co-financing in Kenya

5.5 THE GCF STRATEGY AND ACTION PLAN

The GCF Coordination Strategy seeks to enhance capacity of the Government of Kenya and affiliate stakeholders to effectively engage with the Fund through effective institutional and coordination mechanisms. In summary, this Strategy seeks to promote Kenya's readiness to climate finance flows from the GCF.

Climate Finance readiness is defined as: "*the capacities of countries to plan for, access, deliver, and monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities and achievement of Millennium Development Goals (MDGS*)." (UNDP, 2012).

In cognizance that this definition was coined before the SDGs and the Paris Agreement, we have modified, updated and customized it to the Kenya GCF Coordination Strategy. Therefore, in this document, **Kenya's GCF Climate Finance readiness is defined** as follows:

Kenya's capacity to plan for, access, deliver, and monitor and report on the GCF climate finance, in ways that are catalytic and fully integrated with national development priorities and GCF's impact areas resulting to achievement of SDGs and the Paris Agreement.

Climate Finance readiness is anchored on Four Components: (a) National Capacity to **plan** for finance; (b) Capacity to **access** different forms and types of finance at National level; (c) Capacity to **deliver** finance and implement/execute activities (d) Capacity to **monitor, report and verify financial expenditures** and associated results/transformative impacts (UNDP, 2012). Table 4.4 outlines these components:

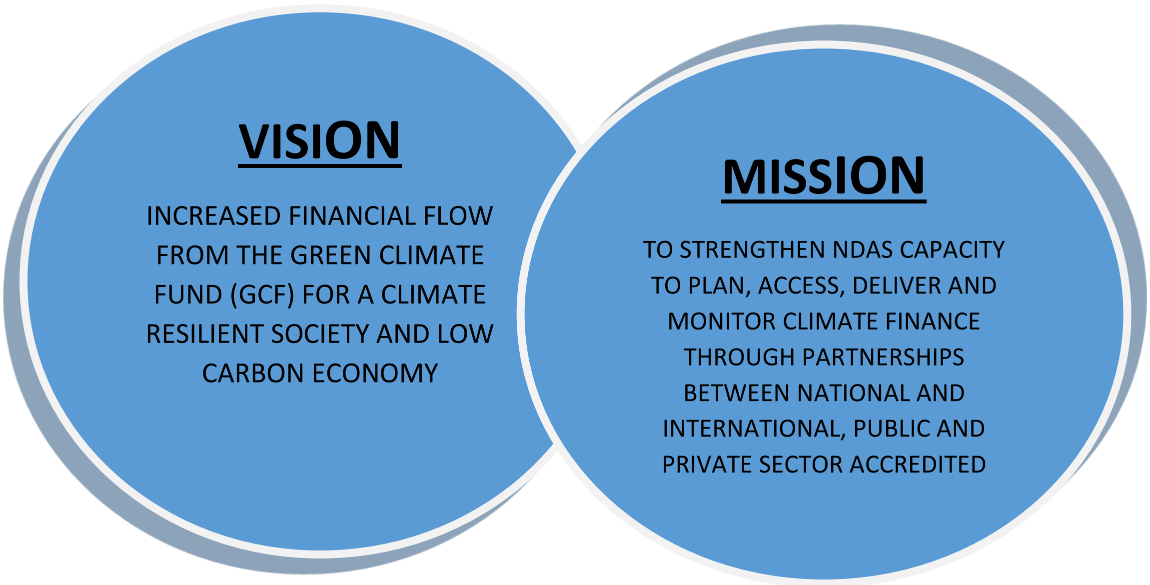
Table 5:3: Pillars of Climate Finance Readiness

FINANCIAL PLANNING	ACCESSING FINANCE
• Assess needs and priorities and identify barriers to investment • Identify policy-mix and sources of financing	• Directly access finance • Blend and combine finance • Formulate project, programme, sector-wide approaches to access finance
DELIVERING FINANCE	**MONITOR, REPORT AND VERIFY**
• Implement and execute project, programme, sector approaches • Build local supply of expertise and skills • Coordinate Implementation	• Monitor, Report and Verify flows • Performance-based payments

Source: UNDP, 2012

The Four Components that characterise Climate Finance Readiness anchor this GCF Coordination Strategy. They inform the **Mission, Vision and Objectives** of this Strategy.

5.5.1 VISION, MISSION AND OBJECTIVES



5.5.2 ENTRY POINT 1: THE NDA COORDINATION STRUCTURES

Strategic objective 1.1: Strengthen tracking and accountability systems (e.g., M &E Systems) of GCF funds

Strategic objective 1.2: Improve mechanisms for prioritizing pipeline development

Strategic objective 1.3: Strengthen co-financing mechanisms at all levels

Strategic objective 1.4: Strengthen collaboration/partnership mechanisms between NDA and stakeholders to support implementation of the proposed actions in the GCF Coordination Strategy

Strategic objective 1.5: Initiate and enhance engagement of the Private Sector

Strategic objective 1.6: Strengthen NDA's technical capacity to monitor and evaluate programmes and projects funded by the GCF by establishing M&E systems at NDA to monitor implementation of the GCF Coordination Strategy

5.5.3 ENTRY POINT 2: PARTNERSHIPS AND CO-FINANCING

Strategic objective 2.1: Strengthen Public Private Partnerships (PPPs) amongst Accredited Entities (NIEs, RIEs and MIES) and relevant EEs

Strategic objective 2.2: Establish an information platform and/or database that informs and monitors the performance of accredited entities progress in project development, execution and impact

Strategic objective 2.3: Raise awareness on potential co-financing option in non-state actors

Strategic objective 2.4: Engagement of external stakeholders

Strategic objective 2.5: Promote engagement of the private sector in financing and implementing the paradigm shift towards low emission and climate resilient development pathways

Strategic objective 2.6: Strengthen public private sector partnerships at all levels to tap GCF resources

Strategic objective 2.7: Strengthen knowledge management mechanisms to enable NDA, Accredited Entities, Climate change Units and Private Sector institutions to access, manage and exchange information in line with the Constitution

5.5.4 ENTRY POINT 3: TECHNICAL CAPACITY OF STAKEHOLDERS

Strategic objective 3.1: Strengthen knowledge generation, management and sharing amongst stakeholders

Strategic objective 3.2: Strengthen the capacity of stakeholder to mobilize, engage, collaborate with key players and create partnerships

Strategic objective 3.3: Build the capacity of staff in AEs, EEs to develop bankable GCF proposals

Strategic objective 3.4: Private sector capacity strengthening to support implementation of climate change polies and action

5.6 IMPLEMENTATION FRAMEWORK - ACTION PLAN AND BUDGET

5.6.1 IMPLEMENTATION FRAMEWORK 1 - THE NDA COORDINATION STRUCTURES

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT ONE: THE NDA COORDINATION STRUCTURES							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
1.1 Strengthen tracking and accountability systems (e.g., M &E Systems) of GCF funds	Promote transparency and accountability in climate finance flows and expenditure	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓	✓	• No of institutions tracking transparency and accountability on climate financing • Develop a system of checks and balance for monitoring climate finance flows • No of accountability reports received and shared • Develop a format for M & E and reporting	
	Operationalize climate coding and Climate Public Expenditure Review per the Climate Finance Policy (2017)	**Lead Agency:** NDA, MDAs, Counties/CoG,	✓	✓		• Roll out the climate code in the ifmis system in Ministries, Departments and other Government Agencies and counties	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT ONE: THE NDA COORDINATION STRUCTURES							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term 1 year*	*Medium-term 2-4 years*	*Long-term > 5 years*	**INDICATOR**	**ESTIMATED ANNUAL COST**
						• No of MDAs and counties using the climate change code	
	Effective institutional arrangement for managing, monitoring, and coordinating climate finance, including clear roles and responsibilities for different actors	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓		• Monthly performance dashboard	
	Coordinate with other ministries and ensure that climate finance is integrated into budgeting and planning processes is an important starting point for tracking and reporting climate finance across various sectors up to the county level	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓		Mainstreamed climate finance in county planning processes	
1.2 Improve mechanisms for prioritizing pipeline development	• Identifying national strategies currently in place and in line with GCF objectives to first establish priority scope but not limited to them • Facilitate and support a structured dialogue involving the NDA, relevant AEs, and other country stakeholders	**Lead Agency:** NDA AEs, CCD, Private sector through organisations notably Kenya Bankers Association and Kenya Association Manufacturers, Climate change units, MDAs	✓	✓	✓	• Number of project included in the pipeline • Pre-identified scope of focus by the NDA as the country focal point for GCF	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT ONE: THE NDA COORDINATION STRUCTURES							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
	• Closely work with the private sector with clear green growth agenda in developing project • Map out prior identified projects (existing/planned) in collaboration with government institutions, DFIs and private sector which will need GCF financing to unlock stagnation and to avoid out crowding. Match make where relevant.						
	Document simple guidelines and processes to aid potential organisations/institutions		✓	✓		Kenya GCF Handbook	
	Targeted awareness creation, orientation and relevant induction training for interested organisations/institutions		✓	✓	✓	No. of trainings and no. of trained personnel	
	Identify opportunities for the GCF to add value by co-financing projects and programmes together with multilateral programes such as the GEF, the Adaptation Fund, Multilateral Development Banks and private sector		✓	✓	✓	Number of projects brought to maturity through collaboration between the NDA and other multilaterals	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT ONE: THE NDA COORDINATION STRUCTURES							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term **1 year***	*Medium-term **2-4 years***	*Long-term **> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
	Particularly focus in the early stages of operations which might be a way of scaling up quickly and capitalizing on and learning from the knowledge and experience of these institutions						
1.3 Strengthen co-financing mechanisms at all levels	Identify opportunities for the GCF to add value by co-financing projects and programmes together with the GEF, the Adaptation Fund or Multilateral Development Banks. Particularly in the early stages of operations, this might be a way of scaling up quickly and capitalizing on and learning from the knowledge and experience of these institutions	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓	✓	• Amount of money allocated for co-financing • No of GCF co-financed projects	
1.4 Strengthen collaboration/partnership mechanisms between NDA and stakeholders to support implementation of the proposed actions in the GCF Coordination Strategy	Implement the GCF coordination Strategy (2017) specify in line with the content of the strategy	**Lead Agency: NDA** All relevant stakeholders	✓	✓	✓	No of successful actions proposed in the GCF strategy	
	Identify and build capacity of relevant staff at the county level where project implementation occurs	**Lead Agency:** NDA, private sector, MoDP	✓	✓	✓	No of capacity building trainings No of personnel whose capacity has been built	
1.5 Initiate and enhance engagement of the Private Sector	Establish Kenya Private Sector Advisory Group (KPSAG) to advice NDA on how it can best engage the private sector in contributing to	**Lead Agency:** NDA AEs, Private sector	✓	✓	✓	• A fully fledged KPSAG • No. of engagements with private sector	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT ONE: THE NDA COORDINATION STRUCTURES							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
	climate resilience and low emission investment and relating GCF modalities with the private sector					• No. of mutually benefiting consortia to develop bankable concepts/ projects	
	Risk Management Committee and Investment Committee (RMCIC) whose role will be to consider recommendations by PSAG'S and advice the GCF Board.	**Lead Agency:** NDA AEs, Private sector	✓	✓	✓	A Risk Management Committee and Investment Committee (RMCIC) established and operational	
1.6 Strengthen NDA's technical capacity to monitor and evaluate programmes and projects funded by the GCF by establishing M&E systems at NDA to monitor implementation of the GCF Coordination Strategy	Train staff in proposal development, programme design and project cycle management.	**Lead Agency:** NDA, MoENR, KSG	✓	✓	✓	No of staff trained on proposal and concept note formulation	
	Deploy (by hiring or secondment) skilled staff to counties to build capacity at county level	**Lead Agency:** TNT, DPM, MoDP	✓	✓	✓	No of technical staff deployed in Counties to build capacity on GCF	
	Establish an integrated MRV framework for performance, outcomes and benefits of the GCF Coordination Strategy	**Lead Agency:** NDA, MoDP	✓	✓	✓	A MRV framework for performance established	

5.6.2 IMPLEMENTATION FRAMEWORK 2 - PARTNERSHIPS AND CO-FINANCING

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT TWO: PARTNERSHIPS AND CO-FINANCING							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* *1 year*	*Medium-term* *2-4 years*	*Long-term* *> 5 years*	**INDICATOR**	**ESTIMATED ANNUAL COST**
2.1: Strengthen Public Private Partnerships (PPPs) amongst Accredited Entities (NIEs, RIEs and MIES) and relevant EEs	1. Availability of NDA services at county level 2. Publication of climate finance / GCF handbook online 3. Yearly GCF roundtable 4. Engage PPP section at Treasury	1. NDA 2. NDA 3. Rotating amongst GCF implementers **4.** AE's & EE's	✓			• Hand book availability • No . of round tables • No of engagements	
2.2: Establish an information platform and/or database that informs and monitors the performance of accredited entities progress in project development, execution and impact	Create a website that frequently provides information on status of GCF in Kenya e.g., recently accredited entities, operations of accredited entities in Kenya vis a vis projects and contacts among others	**NDA, NEMA, EE, AE'S - PARNERSHIP**		✓		Updated website, portals, Ifmis, Carbon credits accrued	
2.3: Raise awareness on potential co-financing option in non-state actors	1. Create Technical Assistance(TA) team to guide on how to access co-financing 2. Use National Climate Fund for co-financing 3. Matchmaker for green investment deals	NDA		✓		• No of established teams • Percentage of CC Fund used for co-financing • No. of successful deals • No of Workshops	500,000 100,000 2,000.000 50,000 100.000

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT TWO: PARTNERSHIPS AND CO-FINANCING							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
	4. Organize workshop on CSR and climate finance 5. Track record in co-financing / partnerships as precondition for accreditation 6. Bring in the Kenya Bankers' association; think of de-risking renewable energy through guarantees 7. Bring in PE and VC funders; understanding their requirements (areas of investment, minimum sizes)					• No. of Green Investments • Corporation Agreement • No of PE/VC	0
2.4 Engagement of external stakeholders	1. Keep main GHG emitters engaged in process 2. Engage stakeholders who can have a big impact on climate change adaptation (e.g Bamburi Cement infrastructure) 3. Pension funds, Social security funds, Insurance participation in Co-financing 4. Central Bank of Kenya to require green credit lines as part of sustainable financing	**NDA** **PRIVATE SECTOR PLAYERS, CENTRAL BANK OF KENYA, MDA'S**		✓		• No of Recruited high risk enterprises • No of Recruited stakeholders • Green bond program support • Regulatory guidelines and incentive	500,000

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT TWO: PARTNERSHIPS AND CO-FINANCING							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
2.5: Promote engagement of the private sector in financing and implementing the paradigm shift towards low emission and climate resilient development pathways	Raise awareness about the readiness support provided by GCF to AEs, CSOs and Private sector to access its resources	NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓	✓	• No of entities sensitized on the readiness support • No of CSOs, private entities that have benefited from readiness support • Amount of financing from private sector, CSOs • Number of projects in private sector, CSOs	
	Provide short trainings to AEs on the Accreditation Process, Concept note development Process, Proposal Development Process	**Lead Agency:** NDA, AEs, Private sector, CSOs, COG	✓	✓	✓	• No. of trainings carried out • No. of participants trained • Development of training manuals, materials and training programme	
	Implement the Climate Finance policy, Climate Change Act 2016, NAP, MTP III	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓	✓	• Climate Change Fund established and operationalized • Resource mobilization strategy	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK

VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY

ENTRY POINT TWO: PARTNERSHIPS AND CO-FINANCING

STRATEGIC OBJECTIVES	DESCRIPTION OF ACTIONS	RESPONSIBILITY	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	INDICATOR	ESTIMATED ANNUAL COST
						• Climate change mainstreamed in CIDP and MTP	
	Raise awareness about co-financing opportunities at different levels	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓	✓	• No of approved projects • No of co-financers and sources eg banks, private firms, government institutions	
	Maximize use of the GCF project preparation facility which supports the development of proposals by Accredited Entities;	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓	✓	• No of entities sensitized on the project preparation facility • No. of proposals submitted • Amount received for project preparation facility	
2.6 Strengthen public private sector partnerships at all levels to tap GCF resources	Establish a multi-stakeholder and multi-sectoral platform to align and coordinate implementation of the GCF Coordination Strategy and Climate Finance Policy in line with	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓	✓		• Established and functional multi-stakeholder platform • No of meetings	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT TWO: PARTNERSHIPS AND CO-FINANCING							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
	climate change policies and legal frameworks					• No of projects that have benefitted from the engagements • No of concepts and proposals developed through these engagements	
2.7: Strengthen knowledge management mechanisms to enable NDA, Accredited Entities, Climate change Units and Private Sector institutions to access, manage and exchange information in line with the Constitution	Establish a multi-stakeholder and multi-sectoral platform to align and coordinate implementation of the GCF Coordination Strategy and Climate Finance Policy in line with climate change policies and legal frameworks	**Lead Agency:** NDA, AEs, CCD, Private sector, Climate change units, MDAs, Counties/CoG, CSOs	✓			• An interactive platform established e.g., online platforms, stakeholder meetings • No of entities and individuals reached • No of online searches or visits to online platforms • No of stakeholder meetings	

5.6.3 IMPLEMENTATION FRAMEWORK 3 - TECHNICAL CAPACITY OF STAKEHOLDERS

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT THREE: TECHNICAL CAPACITY OF STAKEHOLDERS							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
3.1 Strengthen knowledge generation, management and sharing amongst stakeholders	Support the Knowledge Management function for the NDA, AE, EE and other stakeholders	**NDA, AEs**	✓	✓	✓	• Shared insights • Information portal • Convenings (conferences, workshops, trainings etc)	
	Train the stakeholders on the principles of Knowledge Management	NDA, AEs	✓	✓	✓	• Technical manuals; • Training manuals; • Knowledge management systems/framework	
	Building the institutional and technical capacity on monitoring, verification and reporting	**NDA, CCD, MoDP**	✓	✓	✓	• M&E framework • M&E report	
	Capturing lessons learnt, success stories, impacts etc	**NDA, AEs, EEs**	✓	✓	✓	No of Newsletters, Brochures, Pamphlets, Booklets disseminated	
	Training of project implementers on capturing measuring, analysis and reporting data		✓	✓	✓	Training of trainings undertaken	
3.2 Strengthen the capacity of stakeholder to mobilize, engage, collaborate with	Sensitize the stakeholders on the Climate Finance Policy, National Climate Change Action Plan and other related laws and policies	**NDA, AEs, Ministries**	✓	✓	✓	• No of partnerships & collaborations	

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT THREE: TECHNICAL CAPACITY OF STAKEHOLDERS							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term **1 year***	*Medium-term **2-4 years***	*Long-term **> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
key players and create partnerships						• A Stakeholder engagement plan .No of people sensitized	
	Mapping of all the relevant stakeholders	**NDA, AEs,**	✓	✓	✓	Stakeholder map	
3.3: Build the capacity of staff in AEs, EEs to develop bankable GCF proposals	Create a Technical Assistance (TA) team to guide proponents on how to maximize services provided by the GCF TA Department	**NDA**		✓	✓	A Technical Assistance (TA) team established in the NDA	
	Training of the stakeholders on development of GCF concepts and proposals	**NDA**	✓	✓	✓	• No of concept notes and proposals developed • No of Institutions and stakeholders trained	
3.4 Private sector capacity strengthening to support implementation of climate change polies and action	Support the private sector on accreditation process	**NDA, Private Sector**	✓	✓	✓	• No. of Private entities accredited; • Proposals approved; • Co-financing mobilized • No of projects implemented	
	Train the private sector players on development of GCF proposals and concept notes		✓	✓	✓		

THE KENYA GCF COORDINATION STRATEGY IMPLEMENTATION FRAMEWORK VISION: INCREASED FINANCIAL FLOW FROM GCF FOR A CLIMATE RESILIENT SOCIETY AND LOW CARBON ECONOMY ENTRY POINT THREE: TECHNICAL CAPACITY OF STAKEHOLDERS							
STRATEGIC OBJECTIVES	**DESCRIPTION OF ACTIONS**	**RESPONSIBILITY**	*Short-term* ***1 year***	*Medium-term* ***2-4 years***	*Long-term* ***> 5 years***	**INDICATOR**	**ESTIMATED ANNUAL COST**
	Sensitization on the enabling environments		✓	✓	✓	• Private sector contribution to the Climate Change Fund • Access to the Private Sector Facility	

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ANNEX

ANNEX I: GCF STATUS – KENYAN PROJECTS

Accredited Entity (AE)	lead Executing Entity (EE)	Other EEs/ Delivery Partners	Title of Project Proposal/ Concept note	Project Area	Estimated Project Amount (US $)	Co-financing	Project Duration	Date of issuance of NOL	Ref:	Status
Acumen Fund Inc.	Acumen Capital Partners LLC.	PACJA, Ogiek Peoples' Development Program (OPDP), ILEPA	KawiSafi Ventures Fund	Rwanda, Kenya	110 M			22/06/15	CONF/MOF/281/02/91	Funded, 5% disbursed
KfW Development Bank	GDC		Silali & Menengai Geothermal Power							
KfW Development Bank			Regional Liquidity Support Facility					10/08/15	ZZ/MOF/281/02/90	
National Environment Management Authority (NEMA)	NDMA		Strengthening County Governance to Access Climate Finance for Sustainable Development		10 M			16/11/16	CONF/MOF/281/02/137	Full proposal submitted to the GCF. Review comments received
	WARMA		Enhancing the Resilience of Communities and Ecosystem in Athi River Catchment Area, Kenya		10 M			16/11/16	CONF/MOF/281/02/136	Full proposal submitted to the GCF. Review comments received
	KALRO		Enhancing the Resilience of		10 M			16/11/16	CONF/MOF/281/02/135	Full proposal submitted to

Accredited Entity (AE)	lead Executing Entity (EE)	Other EEs/ Delivery Partners	Title of Project Proposal/ Concept note	Project Area	Estimated Project Amount (US $)	Co-financing	Project Duration	Date of issuance of NOL	Ref:	Status
			Smallholder Farmers in Kenya by Promoting CSA along Value Chains in Targeted Counties							the GCF. Review comments received
	KEFRI		Enhancing Community Resilience through Tree Crop Based Livelihood Options in Makueni, Kilifi and Muranga Counties in Kenya	Makueni, Kilifi and Muranga Counties	10 M			16/11/16	CONF/MOF/281/02/134	Full proposal submitted to the GCF. Review comments received
Food and Agriculture Organization of the United Nations (FAO)	MoALF		Transforming Institutional Capacity to effective Ecosystem based Adaptation and Climate Change Mitigation in Kenya		250 M			16/11/16	CONF/MOF/281/02/132	Concept Note under stakeholder consultation
IFC-World Bank Kenya	Nairobi Securities Exchnange (NSE) and Kenya Bankers Association (KBA)		The Green Bond Cornerstone Program		2 B			24/08/16	CONF/ZZ/257/05/B/79	
European Investment Bank (EIB)	Ministry of Energy and Petroleum.		Global Energy Efficiency and Renewable Energy Fund (GEERF) NeXt		265 M			24/06/16	CONF/MOF/281/05/A/12	Approved April 2017; 0% disbursed

Accredited Entity (AE)	lead Executing Entity (EE)	Other EEs/ Delivery Partners	Title of Project Proposal/ Concept note	Project Area	Estimated Project Amount (US $)	Co-financing	Project Duration	Date of issuance of NOL	Ref:	Status
United Nations Environment Programme (UNEP)	KIRDI		Greening Kenya's Special Economic Zones (SEZ): Achieving the Competitiveness in the Face of Resource Scarcity and Changing Climate Regime		25 M			03/05/16	ZZ/MOF/251/05/78	
Conservation International	KFS and Partner, Baker & McKenzie		Facilitating A Public-Private Investment Partnership into REDD+ to Protect Landscapes at Risk and Support Policy Development by Establishing a Global Rainforest Recovery Plan Facility					01/06/16		Concept Note
International Union for Conservation of Nature (IUCN)	MoALF- State Department of Livestock (SDL)	MENR, NDMA, NEMA, KWTA, KWS, KFS, KEFRI, KALRO, MoWI, COG, ICRAF, FCDC, IRA	Ecosystem based Adaptation through Rangeland and Forest Landscape Restoration for Resilient Communities, Land, Water and Infrastructure in Frontier Counties of Kenya	Mandera, Wajir, Isiolo, Lamu, Marsabit, Garissa, Tana River	100 M			23/01/17	CONF/MOF/36/021/CA (31)	Concept note Submitted to the GCF on Feb 2017. Full proposal development ongoing

Accredited Entity (AE)	lead Executing Entity (EE)	Other EEs/ Delivery Partners	Title of Project Proposal/ Concept note	Project Area	Estimated Project Amount (US $)	Co-financing	Project Duration	Date of issuance of NOL	Ref:	Status
Food and Agriculture Organization of the United Nations (FAO)-Kenya	The National Treasury		Enhancing Capacity for Planning and Effective Implementation of Climate Change Adaptation in Kenya - **Readiness and Preparatory Support**		3 M					Full proposal submitted to the GCF on Feb 2017 under the **Readiness and Preparatory Support** **Approved**
International Fund for Agricultural Development (IFAD)	MoALF-SDL, Kenya Dairy Board (KDB)		Low-emission and Climate Resilient Dairy Development Project in Kenya (Kenya Dairy NAMA)		287.7 M			14/02/17	CONF/MOF/36/021/ (32)	Full proposal submitted to the GCF on Feb 2017.
Deutsche Bank	Ministry of Energy and Petroleum	The Universal Green Energy Access Program S.A.SIC-SICAV	The Universal Green Energy Access Program (UGEAP)	Kenya, Benin, Namibia, Nigeria, Tanzania	301.6 M	221.6 M (73.5%)	15 years			Approved Oct 2016; 0% disbursed
UNDP Kenya	Ministry of Energy and Petroleum		National Biomass Project							Concept Note
UNEP	Ministry of Transport and Infrastructure		Electric Mobility	Kenya, Ethiopia, Rwanda Uganda	84 M					Concept Note

Accredited Entity (AE)	lead Executing Entity (EE)	Other EEs/ Delivery Partners	Title of Project Proposal/ Concept note	Project Area	Estimated Project Amount (US $)	Co-financing	Project Duration	Date of issuance of NOL	Ref:	Status
National Environment Management Authority (NEMA)	Ministry of Industrialization and Enterprise Development		Development of Coconut Value Chain in Kenya							Concept Note
TBD	Hivos East Africa		Development of Low Emission Solid Biomass Fuel Sector in Kenya						CONF/MOF/281/02/133	Concept Note
TBD	One Acre Fund		Smallholder Farmer Value Chain Network in Kenya							Concept Note

ANNEX II: DETAILED GCF INVESTMENT CRITERIA

CRITERION	DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)1
1. IMPACT POTENTIAL	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to the shift to low-emission sustainable development pathways	1. Expected tonnes of carbon dioxide equivalent (t CO_2 eq) to be reduced or avoided (PMF-M Core 1)2 2. Degree to which activity avoids lock-in of long-lived, high-emission infrastructure 3. Expected increase in the number of households with access to low- emission energy 4. Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers 5. Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated 6. Expected increase in the number of small, medium and large low- emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity 7. Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s)) 8. Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s)) 9. Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s) 10. Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis

CRITERION	DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)1
		Adaptation impact	Contribution to increased climate-resilient sustainable development	1. Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups 2. Degree to which the activity avoids lock-in of long-lived, climate- vulnerable infrastructure 3. Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach 4. Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s)) 5. Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s)) 6. Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s)) 7. Expected strengthening of awareness of climate threats and risk- reduction processes (PMF-A 8.0 and related indicator(s)); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis
2. PARADIGM SHIFT POTENTIAL	Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment	**Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)**	• Innovation • Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius • Potential for expanding the scale and impact of the proposed programme or project (scalability) • Potential for exporting key structural elements of the proposed programme or project elsewhere within the same sector as well as to	1. Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes 2. Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through: • A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation • A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries

CRITERION	DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)1
			other sectors, regions or countries (replicability)	
		Potential for knowledge and learning	Contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects
		Contribution to the creation of an enabling environment	Sustainability of outcomes and results beyond completion of the intervention Market development and transformation	1. Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention 2. Extent to which the project/programme creates new markets and business activities at the local, national or international levels 3. Degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions 4. Degree to which the proposed activities help to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme
		Contribution to the regulatory framework and policies	Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development	1. Degree to which the project or programme advances the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development 2. Degree to which the activity shifts incentives in favour of low-carbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making
		Overall contribution to climate-resilient development pathways consistent with a country's climate	Potential for expanding the proposal's impact without equally increasing its cost base (scalability) Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)	1. Scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation 2. A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries

CRITERION	DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)1
		change adaptation strategies and plans (adaptation only)		3. Degree to which the programme or project reduces proposed risks of investment in technologies and strategies that promote climate resilience in developing countries
3. SUSTAINABLE DEVELOPMENT POTENTIAL	Wider benefits and priorities	**Environmental co-benefits**	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.
		Social co-benefits	Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate	Potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation
		Economic co-benefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation and poverty alleviation for women and men, increased and/or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity; contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc.
		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes	Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks
4. NEEDS OF THE RECIPIENT	Vulnerability and financing needs of the beneficiary country and population	**Vulnerability of the country (adaptation only)**	Scale and intensity of exposure of people, and/or social or economic assets or capital, to risks derived from climate change	Intensity of exposure to climate risks and the degree of vulnerability, including exposure to slow onset events Size of population and/or social or economic assets or capital of the country exposed to climate change risks and impacts

CRITERION	DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)1
		Vulnerable groups and gender aspects (adaptation only)	Comparably high vulnerability of the beneficiary groups	Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation
		Economic and social development level of the country and the affected population	Level of social and economic development of the country and target population	Level of social and economic development (including income level) of the country and target population (e.g. minorities, disabled, elderly, children, female heads of households, indigenous peoples, etc.)
		Absence of alternative sources of financing	Opportunities for the Fund to overcome specific barriers to financing	Explanation of the existing barriers that create absence of alternative sources of financing and how they will be addressed
		Need for strengthening institutions and implementation capacity	Opportunities to strengthen institutional and implementation capacity in relevant institutions in the context of the proposal	Potential of the proposed programme or project to strengthen institutional and implementation capacity
5. COUNTRY OWNERSHIP	Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions)	**Existence of a national climate strategy**	Objectives are in line with priorities in the country's national climate strategy Proposed activity is designed in cognizance of other country policies	Programme or project contributes to country's priorities for low- emission and climate-resilient development as identified in national climate strategies or plans, such as nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) or equivalent, and demonstrates alignment with technology needs assessments (TNAs), as appropriate Degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes
		Coherence with existing policies		
		Capacity of accredited entities or executing entities to deliver	Experience and track record of the Accredited Entity or executing entities in key elements of the proposed activity	Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as described in the proposed project/programme (e.g. sector, type of intervention, technology, etc.)
		Engagement with civil society organizations and	Stakeholder consultations and engagement	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the

CRITERION	DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)1
		other relevant stakeholders		Fund's environmental and social safeguards and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses domestic systems to ensure accountability
6. EFFICIENCY AND EFFECTIVENESS	Economic and, if appropriate, financial soundness of the programme/project	**Cost-effectiveness and efficiency regarding financial and non-financial aspects**	Financial adequacy and appropriateness of concessionality	1. Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers 2. Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable
			Cost-effectiveness (mitigation only)	1. Demonstration that the Fund's support for the programme/project will not crowd out private and other public investment 2. Estimated cost per t CO2 eq (PMF-M Core 2) as defined as total investment cost/expected lifetime emission reductions, and relative to comparable opportunities
		Amount of co-financing	Potential to catalyse and/or leverage investment (mitigation only)	1. Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3) 2. Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme) Potential to catalyse private- and public-sector investment, assessed in the context of performance on industry best practices 3. Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity
		Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return Financial viability in the long run	1. Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant thresholds) 2. Description of financial soundness in the long term (beyond the Fund's intervention)
		Industry best practices	Application of best practices and degree of innovation	1. Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied 2. If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices

Source: GCF (a),2014

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ANNEX III: TERMINOLOGIES

TERMINOLOGY	DEFINATION
GCF ACCESS MODALITIES	**Channels/routes developed by GCF to enable Accredited entities access GCF resources Directly**
ACCREDITATION	All entities seeking to access GCF resources must be accredited by the GCF Board. This involves a rigorous 3-stage process where entities submit documents to GCF demonstrating their capabilities, competencies, and track records in having and undertaking financial, environmental and social risk mitigation measures required by GCF, for the level they are applying for.
ADAPTATION	Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects which moderates harm or exploits beneficial opportunities.
CLIMATE CHANGE	Change in the climate system which is caused by significant changes in the concentration of greenhouse gases because of human activities and which is in addition to natural climate change that has been observed during a considerable period.
CLIMATE CHANGE RESILIENCE	Capability to maintain competent function and return to some normal range of function even when faced with adverse impact of climate change.
CLIMATE FINANCE	Money available for or mobilized by government or non-government entities to finance climate change mitigation and adaptation actions and interventions.
CLIMATE FINANCE READINESS	Capacities of countries to plan for, access, deliver, and monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities and achievement of the SDGs.
FIT FOR PURPOSE ACCREDITATION	The *“fit-for-purpose”* approach for accreditation process classifies applicant entities according to the intended scale, nature and risks of their proposed activities.
GCF INVESTMENT FRAMEWORK	A procedure/criterion used by GCF for evaluating and selecting proposals for funding. This criterion has six elements that each applicant must ensure they adequately meet. These elements are: impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership and efficiency and effectiveness.
MAINSTREAMING CLIMATE CHANGE INTO LEGISLATION AND PROJECTS/PROGRAMMES	Integration of climate change actions into decision making and implementation of functions by the sector ministries, state corporations and county governments.
MITIGATION	In the context of climate change, mitigation refers to interventions that aim to reduce emission of Green House Gases and or enhance carbon sinks.

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