REPUBLIC OF KENYA

FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM

PROGRAM-FOR-RESULTS (PforR)

TECHNICAL ASSESSMENT

THE WORLD BANK

SOCIAL SUSTAINABILITY AND INCLUSION GLOBAL PRACTICE
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ABBREVIATIONS AND ACRONYMS

APA	Annual Performance Assessment
ASAL	Arid and Semi-Arid Land
CAF	County Assemblies Forum
CBK	Central Bank of Kenya
CBO	Community based Organization
CCAP	County Climate Action Plan
CCCCC	County Climate Change Coordination Committee
CCCWPC	County Climate Change Planning Committee
CCCF	County Climate Change Fund
CCD	Climate Change Directorate
CCF	Climate Change Fund
CCIS	County Climate Institutional Support (Grant)
CCRI	County Climate Resilience Investment (Grant)
CCU	Climate Change Unit
CECM	County Executive Committee Member
CF-TAC	Inter-Agency Climate Finance Technical Advisory Committee
CG	County Government
CIDP	County Integrated Development Plans
CIS	Climate Information Service
CSO	Civil Society Organizations
CoB	Controller of Budget
CoG	Council of Governors
CPS	Country Partnership Strategy
CRA	County Readiness Assessment
CRF	County Revenue Account
DA	Designated Account
DLI	Disbursement Linked Indicator
DOSHS	Directorate of Occupational, Health, and Safety Services
EACC	Ethics and Anti-Corruption Commission
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social Systems Assessment
FLLoCA	Financing Locally-Led Climate Action Program
GBV	Gender-Based Violence
GDP	Gross Domestic Product
G-FLLoCA	Government Financing Locally-Led Climate Action Programme
GHG	Greenhouse Gas
GoK	Government of Kenya
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
GP	Global Practice
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IFR	Interim Unaudited Financial Report
IIED	International Institute of Economic Development

IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
ITAC	Interagency Technical Advisory Committee
KADP	Kenya Accountable Devolution Program
KALRO	Kenya Agricultural and Livestock Research Organization
KEPSA	Kenya Private Sector Alliance
KCCKP	Kenya Climate Change Knowledge Portal
KCIC	Kenya Climate Innovation Center
KDSP	Kenya Devolution Support Program
KIRDI	Kenya Industrial Research and Development Institute
KSG	Kenya School of Government
KUSP	Kenya Urban Support Program
KWS	Kenya Wildlife Service
LMP	Labor Management Procedures
MAC	Minimum Access Condition
MCA	Member of County Assembly
MDA	Ministries, Departments, and Agencies
M&E	Monitoring and Evaluation
MLSP	Ministry of Labour, and Social Protection
MoDA	Ministry of Devolution and the ASALs
MoEF	Ministry of Environment and Forestry
MPC	Minimum Performance Condition
MRV	Measurement, Reporting, and Verification
NCCAP	National Climate Change Action Plan
NDC	Nationally Determined Contribution
NDMA	National Drought Management Authority
NAP	National Adaptation Plan
NEMA	National Environment Management Authority
NLC	National Land Commission
OHS	Occupational Health and Safety
PAD	Project Appraisal Document
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program for Results
PIM	Program Implementation Manual
PIU	Program Implementation Unit
PM	Performance Measure
PPADA	Public Procurement and Asset Disposal Act
PPADR	Public Procurement and Asset Disposal Regulations
PPSD	Project Procurement Strategy for Development
PAD	Project Appraisal Document
PS	Principal Secretary
PSC	Program Steering Committee
RSDP	Regional Statistics Development Plan
SOE	Statement of Expenditure
SPA	Special Account

SRM	Social Risk Management
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assessment
TNT&P	The National Treasury and Planning
WCCPC	Ward Climate Change Planning Committee

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1. Introduction

1.1 The Government Program

1. In June 2020, the Government of Kenya (GoK) launched the Government Financing Locally–Led Climate Action Program (G-FLLoCA). The G-FLLoCA is derived from the National Climate Change Action Plan (NCCAP) with a strong county lens, looking at both enabling environment activities and a system of incentives for local climate action. The G-FLLoCA's stated objective is to strengthen local resilience to the impact of climate change, natural hazards, and other shocks/stressors by building the country's capacity to plan, implement, and monitor resilience investments in partnership with County Governments (CGs) and communities. It targets all 47 counties, including urban, peri-urban, and rural communities within the counties for a period of 10 years (2020-30). Under the overall leadership of the GoK's National Treasury and Planning (TNT&P) and building on the pilots supported by the World Bank and other development partners, the program consists of six components (described below in Section 2.2) that are aligned with and support the achievement of the NCCAP Enabling and Readiness Actions and Priority Action Areas.[1]

2. The G-FLLoCA's implementation approach relies on the leadership of the TNT&P given the Program's strong focus on climate finance, multi-sectoral ministerial coordination, and strong engagement of communities and citizens. A multi-sectoral Program Steering Committee (PSC) and an inter-agency Climate Change Technical Advisory Committee (CF-TAC) have oversight and advisory functions, respectively, while the day-to-day management and coordination of the Program is by a Program Implementation Unit (PIU) based in the NT Climate Finance and Green Economy Unit. At the county level, the G-FLLoCA strengthens county structures, particularly CGs' CCUs so they can lead implementation in counties. A County Climate Change Coordination Committee, comprising representatives of sectoral departments (agriculture, water, environment), coordinates all climate change-related issues at the county level with community representatives drawn from the Ward Climate Change Committees. Communities and citizens are fundamental elements in the G-FLLoCA's implementation approach as active participants in planning and decision making of local level actions. The bulk of the G-FLLoCA Program will be implemented at the county level based on strengthened existing and new implementation structures.

3. The G-FLLoCA covers the period 2020-30 with considerable preparatory activity taken to-date, including a County Readiness Assessment (CRA) that looked at gaps in the 47 counties' institutional arrangements and legal and policy frameworks, weaknesses in coordination and reporting of climate actions, and constraints and opportunities that exist in CGs; establishment of a PIU in the TNT&P with assigned government staff and hired consultants; official designation of the PSC and CF-TAC; and vast consultation and awareness raising programs in all counties and with national stakeholders. The Program is implemented in phases: a preparation phase in 2020-21, a county institutional strengthening phase in 2021-22, and a final stage for local climate action investment and ongoing institutional strengthening in two blocks: 2022-26 and 2026-30.

4. The G-FLLoCA adopts the County Climate Change Fund (CCCF) as an innovative financing instrument for locally-led climate actions. The CCCF strengthens county capacity in five key areas:

[1] The Enabling and Readiness Actions are: (a) Measurement, Reporting, Verification and M&E of Adaptation (MRV+); (b) Climate Finance; (c) Technology and Innovation; (d) Capacity Development and Knowledge Management; and (e) Enabling Policy and Regulatory Framework. The Priority Action Areas are: (i) Disaster Risk Management; (ii) Food and Nutrition Security; (iii) Water and the Blue Economy; (iv) Forestry, Wildlife, and Tourism; (v) Health, Sanitation, and Human Settlements, (vi) Manufacturing; (vii) Energy and Transport; and (viii) Emerging Climate-Relevant Issues.

- **Finance** - strengthening existing legal, financial, and fiduciary frameworks and standards to access climate finance by establishing specialized climate accounts in counties, passing legislation on their management, and defining mandatory allocations from counties' development budgets.
- **Public participation** - by enhancing approaches and tools for public participation to ensure greater social inclusion and public accountability, primarily through participatory risk assessment approaches to map and prioritize types, location and scale of investments.
- **Climate information** – creating awareness in communities about the impacts of climate change and needed actions, providing training to media outlets to further improve information in the public, and strengthening knowledge platforms, such as the Maarifa Center and the Kenya Climate Change Knowledge Portal (KCCKP)[2], by linking them to content developers and regional knowledge hubs.
- **Demand-driven capacity building –** based on the county capacity assessments, enhance county structures' ability to manage resources, plan their use in consultation with communities, integrate climate plans into County Integrated Development Plans (CIDPs), and implement actions using innovations and indigenous knowledge on adaptation; and
- **M&E** - by strengthening existing M&E systems to allow for assessment and reporting on resources and resilience building.

5. GoK will use G-FLLoCA as a platform for coordinating development partner support for local climate action over the next decade. Much of the development partners' already support planned for the next 5 to 10 years focuses on the G-FLLoCA components 1 and 2, often in specific counties. For example, a United Nations Development Program-funded program that supports county spatial planning to inform local climate actions; a United Nations Environment Program-funded program on removal of barriers to energy conservation and efficiency in small and medium scale enterprises; county disaster preparedness activities supported by the Kenya Red Cross Society; and a European Union program on community resilience as part of the new European Green Deal. A key facilitator of donor coordination will be the Development Partners in Climate Change, which will ensure that partners align activities around the government program, and that the FLLoCA Program's new conditional grants and Annual Performance Assessments (APAs) reinforce and complement other local climate interventions. There will also be coordination with other relevant groups such as the Devolution Donor Working Group.

6. GoK estimates the total cost of G-FLLoCA's 6 components at US$1 billion over the next 5 years, budgeted at US$200 million annually. This includes contributions from the CGs of approximately US$50m for the five years, representing 1 percent of counties' development budget which is currently about $1bn annually; and US$50 million are expected to be sourced from development partners during this period**.**

1.2 The PforR Program

7. The proposed FLLoCA Program has a hybrid PforR – IPF design and will support key parts of the G-FLLoCA program across its six components to scale-out of the Ada Consortium and KADP experiences and integrate them into CIDPs while developing county-level capacity for programming of climate and disaster risk

[2] Maarifa Center was established by the CoG and its partners as Kenya's premier devolution knowledge sharing and learning platform. The Center serves as an important national platform to document and share experiences, innovations, and solutions on Kenya's devolution process. See *https://maarifa.cog.go.ke/about/* for more information. KCCKP is a one stop repository of climate change information in Kenya, managed by the CCD. See *https://www.kcckp.go.ke/* for more information.

management and establishing community-county partnerships for resilience. The Program will complement the World Bank's portfolio of operations that directly and indirectly support climate adaptation and resilience. As articulated in the Theory of Change, the G-FLLoCA Program seeks to leverage improvements in institutional capacity of counties to manage climate risk and adaptation to expand and improve the effectiveness of county and sector program investments in sectors significantly affected by climate change. G-FLLoCA also builds on county systems and capacities as well as private sector innovation supported via ongoing World Bank-financed operations, including the Kenya Devolution Support Program (KDSP), the Kenya Urban Support Program (KUSP), the Climate Smart Agriculture Project, and the Climate Finance Facility.

8. The FLLoCA PDO is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks. Table 1 presents the PDO Level Indicators that will be used to measure the achievement of the PDO outcome statements.

Table 1. Program Outcomes and Indicators

PDO-Level Result	PDO-Level Indicators
Deliver locally-led climate resilience actions	1. Number of rural wards benefitting from Program-funded functioning resilience investments in the agriculture, environment, water, or other prioritized sectors (Number) 2. Participating counties that spend >50% of their approved budgeted CCRI Grant amount (Percentage) 3. Participating counties where at least 60% of the utilized CCRI Grant budget is spent on in climate-resilient action relevant to agriculture, environment, water, or other prioritized sectors (Percentage, disaggregated by portion of allocation benefitting marginalized groups)
Strengthen county government capacity to manage climate risk	4. Counties' average Annual Performance Assessment score (Percentage)
Strengthen national government capacity to manage climate risk	5. County Delivery Support Plan's budget spent (Percentage)

9. The Program's direct beneficiaries are Kenyan communities in rural wards, many of them are in arid and semi-arid areas, that are affected by climate change impacts such as disasters and shocks such as droughts, floods, outbreak of climate-related diseases, low farmland productivity, and declining livestock numbers due to droughts and diseases, among others. Wards for investments will be selected based on a participatory risk assessment process that considers climate exposure and vulnerability, and within these wards, the Program will prioritize the most vulnerable and marginalized rural populations to make sure they better absorb and adapt to the impacts of climate change shocks and stressors in their localities. The Program will address gender and other equity aspects by ensuring that women, who are disproportionately affected by climate change, as well as youth, marginalized and vulnerable groups, minorities, senior citizens, poor households, and persons with disabilities among others in the area of operation, will benefit from the Program during its life cycle. As per the Kenya Population and Housing Census (2019) in the counties that the Program will target, the population is disaggregated to 49.5 percent males and 50.5 percent females, with 36.2 percent of the population being school-going age children. The selection of direct beneficiaries in the target areas will reflect these numbers. As per the KNBS' 2019 data, the targeted rural areas account for 32.7 million people in total.

10. While local communities will be the primary beneficiaries of climate actions, the Program is also expected to generate economic and employment benefits for a wider group of beneficiaries in the counties who will be

engaged in the implementation of the actions. They will also benefit indirectly from resilience actions and investments, such as improved county-level institutions and more institutionalized climate risk management.

11. The PforR is clustered into two Result Areas as follows:

12. **Result Area 1: County institutional capacity building for locally-led climate action.** A conditional County Climate and Institutional Support (CCIS) Grant will strengthen climate risk management capacity, including establishment of CCUs and CCCFs, and adoption of supporting legislation in the counties; development and implementation of community education and awareness raising programs; establishment of business and information centers in counties with information flows to the Maarifa Center and the KCCKP; enhancement of the capacity of CCUs and County Assemblies for supporting local participatory climate action prioritization and implementation response (supported under Result Area 2), developing bankable projects, and monitoring and reporting on county-level climate finance and actions; development of climate information services and early warning systems to communities and other local stakeholders; and establishment of M&E systems for climate resilience actions and climate finance in counties. This Result Area supports the G-FLLoCA components 1, 2, 3, 4, and 6 and county-level outcomes related to policy, legal and regulatory frameworks; institutional and human capacities; modalities for community- led local initiatives; and transparency and accountability on financial support and finance actions.

13. **Result Area 2: Locally-led climate resilience action.** Low-emission climate resilience actions will be financed through a conditional County Climate Resilience Investment (CCRI) Grant following a facilitated participatory process. The process will begin with science-informed participatory climate risk assessments of counties that identify, estimate, map, and rate climate change risks and other hazards. This will be a necessary step for the adoption of risk reduction measures and proportionate response measures while enhancing the awareness of communities and CGs about potential risks and needed actions. Based on the assessments and communities' own knowledge and risk management strategies, communities will prioritize local climate actions with facilitation and technical support of CCU and CG sectoral departments, which will be trained for this purpose under Result Area 1. The prioritized actions, which are likely to fall within the agriculture, environment, and water sectors, will be endorsed and budgeted by the WCCPC and approved by the County Assembly. Some of the actions are expected to address risks which interact with, or are affected by, climate risks, such as COVID-19, disease outbreaks, and locust infestations. This Result Area supports the G-FLLoCA components 4 and 5 and county-level outcomes related to county financing of local initiatives and county access to green/ environmentally friendly technologies.

14. FLLoCA's IPF component will finance national-level activities which enable locally-led climate finance in support of the G-FLLoCA. Activities will be grouped into:

15. ***Sub-component IPF-1: Capacity and Coordination Support.*** This sub-component will finance operational and technical capacity building of relevant national entities, namely the TNT&P including the State Department of Planning, CCD, Ministry of Devolution and ASAL (MoDA), Climate Finance and Green Economy Unit, NEMA, Directorate of Occupational Safety and Health Services (DOSHS), CoG, NDMA, Kenya Meteorological Department (KMD), Ministry of Water and Sanitation, and the Kenya Wildlife Service (KWS). Capacity building activities will aim to improve entities' ability to support counties to develop and operationalize their climate change-related policies and regulations and establish clear coordination mechanisms between the entities. The sub-component will finance the hiring of consultants to provide training on subject relevant to the entities' role in fostering climate resilience in counties in accordance with the capacity needs assessments' areas of priority and also address entities' operational weaknesses to make sure they are able to effectively and efficiently support the counties. The sub-component will also finance the

necessary capacities, equipment, and software of the Maarifa Center and the KCCKP to enable them to serve as state-of-the-art national centers that document and share experiences, innovations, and solutions for counties' climate resilience (relevant to the Maarifa center) and as a one stop repository of national and county climate change information (relevant to the KCCKP). An online public dashboard will be developed and maintained, linked to the existing FLLoCA website in the TNT&P, to tracks counties' progress against the MACs and Performance Measures, climate actions' progress and results, resilience practices, results of the participatory risk assessments, and to Program expenditures and actions, including user-friendly guidelines for CGs to screen, identify, and tag climate-related expenditures through IFMIS.

16. ***Sub-component IPF-2: Social Risk Management Support.*** This sub-component will assist the MLSP to institutionalize social risk management (SRM) at the national and county levels, and to help counties to pilot the screening of climate actions for social impacts. At the national level, the sub-component will finance costs related to the creation of a national multi-stakeholder committee on SRM to ensure broad institutional support to the process, and the establishment of a unit under the MLSP's State Department for Social Protection to conduct SRM of development projects and government programs. These activities will include capacity building of committee and unit staff, extensive consultations with stakeholders, public fora, knowledge dissemination activities with national and county stakeholders and communities, and the purchase of equipment and software. At the county level, the sub-component will finance technical assistance, equipment, and software to all 47 counties to institutionalize, operationalize, and pilot the application of SRM principles in climate actions in the CGs. The sub-component will also finance technical assistance to academic institutions in Kenya to develop SRM curricula for social professionals, manage their continuous professional development, and regulate their professional conduct. The support to be provided under this sub-component will build upon county safeguards management capacities established under the Kenya Devolution Support Program (KDSP) and the Kenya Urban Support Program (KUSP).

17. ***Sub-component IPF-3: Program management and M&E support.*** This sub-component will finance the incremental operating costs of the PIU, and the hiring of technical and operational specialists that will manage, monitor, and evaluate the Program. PIU members will receive training to ensure their ability to support the Program and adhere to World Bank guidelines and procedures concerning the IPF Component. Workshops and meetings between stakeholders will also be supported, as well as a Program Resource Center at the PIU and in four decentralized locations to coordinate public awareness programs, contact with media outlets, and resource mobilization to the counties. Finally, the sub-component will finance the operating costs of the Program Steering Committee, ITAC, and National Climate Change Council to facilitate their oversight of and technical support to the Program.

2. Technical Assessment of G-FLLoCA

18. To inform the design of its support through FLLoCA, the World Bank carried out a Technical Assessment (TA) to analyze the strengths and weaknesses of the GoK to deliver locally-led climate resilience action results under the G-FLLoCA program. The review of G-FLLoCA (summarized in Section II of the PAD) was undertaken to answer the following questions: (a) Are the proposed interventions under G-FLLoCA's six components strategically relevant with respect to achieving the Program's overall goal? (b) Does each G-FLLoCA component have the right set of activities to achieve its stated objectives? (c) Do the responsible agency(ies) have the capacity to execute the activities? (d) What areas require further strengthening or elaboration, and how can FLLoCA help to improve the prospects for delivery of the desired results through both institutional capacity-building and investment actions?

19. Particular attention was paid to the national and county levels, supported by the results of various assessment processes undertaken during preparation. These include a detailed County Readiness Assessment (CRA) covering all 47 counties and a national level capacity needs assessment focused on the Program's core implementing agencies, both led by TNT&P. In addition, the World Bank commissioned the UK International Institute of Economic Development (IIED) to analyze strengths and weaknesses and make recommendations related to public participation at the county, sub-county, and community levels. The TA also drew on findings from the Environmental and Social Systems Assessment (ESSA) undertaken for the preparation of FLLoCA, which includes a capacity assessment of the agencies responsible for social and environmental risk management.[3] The TA also reviewed findings from recent World Bank studies on international experience regarding climate change framework legislation, effective approaches to climate change targeting, and principles for locally-led adaptation. The findings of these assessments, together with lessons from past and ongoing PforR programs in Kenya (e.g., Kenya Devolution Support Program – KDSP and Kenya Urban Support Program- KUSP), Kenya Accountable Devolution Program (KADP II), and the growing body of knowledge on building social resilience shaped the design of the FLLoCA's IPF component and Results Areas (RAs).

2.1 G-FLLoCA Strategic Relevance

20. The G-FLLoCA, and the FLLoCA Program within it, are of global strategic relevance as they represent the first time that a country will be operationalizing the social resilience principles of devolved climate finance and participatory climate (and multi-hazard) risk management on the scale Kenya envisages – both in terms of geographic coverage and the level of financial investment. G-FLLoCA builds on experience and lessons from Kenya and globally on locally led climate action and the application of social resilience principles of participatory, inclusive climate (and multi-hazard) risk management in the prioritization, design, and implementation of locally-led climate actions. As such, G-FLLoCA provides a globally significant and innovative example of supporting locally-led climate action, with significant potential for learning across different scales (counties, communities, and levels of government), and sectors (e.g., climate change, social resilience, disaster risk management, poverty reduction, sustainable development, and devolution).

21. G-FLLoCA is well embedded in Kenya's broader national devolution process, its sustainable development priorities, and climate change commitments. G-FLLoCA supports Kenya's strategic aim of scaling up and mainstreaming across all 47 counties the CCCF approach to devolved financing and decision-making for climate action based on participatory identification of risks and priorities for investment. The activities identified in G-FLLoCA support Kenya in meeting its national adaptation and mitigation commitments under the Nationally Determined Contribution (NDC) and National Adaptation Plan (NAP). Kenya's NDC, for example, lists devolution and mainstreaming climate change into County Integrated Development Plans (CIDPs) as a priority action, and the National Climate Change Action Plan (NCCAP) calls for systematic local actions coordinated between the national and county governments, as identified in the CIDPs.

[3] The ESSA team assessed the quality and efficacy of environment and social management systems, particularly focusing on institutional capacity, structure, practices, procedures, mechanisms and effectiveness of implementation at the National and County levels. Consultations with NEMA representatives in the Counties visited were done to understand their program administration, planning, and design, implementation, and monitoring functions within the Counties. The team also consulted NEMA head office to understand their role in the implementation of this program. The assessment was reviewed based on previous engagements of the systems at national and county levels, and their performance records on PforR projects funded by WB.

Global learning on locally led climate action

22. Globally, learning and support for locally led climate action approaches have gained momentum in recent years. Eight Principles for Locally Led Adaptation[4] were developed and endorsed by over 40 governments, global institutions and CSOs at the January 2021 Climate Adaptation Summit. Based on lessons from effective adaptation, the principles center on the importance of devolving climate finance and decision-making to the local level, and the recognition that local actors have the experience and knowledge to inform which solutions will enable them to develop and thrive in the face of climate change. Key principles that have contributed to the design of the FLLoCA Program include: the need to address the structural inequalities that drive climate vulnerability for marginalized groups, including women, youth, Indigenous Peoples, persons with disabilities, displaced groups and ethnic minorities; investing in the capacity of local institutions and multisectoral collaboration; ensuring flexible programming and learning; and, the integration of scientific and indigenous knowledge for adaptive management.

23. The LoCAL Climate Adaptive Living Facility (LoCAL)[5] also offers important lessons relevant for FLLoCA. LoCAL is a mechanism which can be tailored to specific country circumstances to increase awareness of and responses to climate change at the local level, integrate climate change adaptation into local government planning and budgeting systems, and increase the amount of financing available to local governments for climate change adaptation. Like FLLoCA's hybrid PforR-IPF model, LoCAL combines performance-based climate resilience grants (PBCRGs) with technical and capacity-building support. The experiences from LoCAL have shown that performance-based grants for climate resilience can build local government capacities to handle climate finance and draw attention to the role of local authorities in addressing the climate change challenge at the local level. Experiences from the first five years of piloting and scaling up the mechanism in Africa, Asia and the Pacific have provided a range of lessons and good practices that have informed the design of FLLoCA and will inform its implementation.

24. Regionally, the Ethiopia Climate Action Through Landscape Management (CALM) (P170384) is a WB funded PforR operation that is helping Ethiopia address international and national policy commitments that seek to address climate resilience and mitigation goals, and promote the sustainable management of natural resources through local action, by adopting locally-driven participatory approaches, and improving service delivery in support of strengthening land tenure, as well as community-based Participatory Watershed Development to reduce land degradation. The Ethiopia operation offers important lessons on community participation in building resilience through addressing land degradation, alternative livelihoods, and secure land tenure.

Kenya's experience with locally led climate action

25. The CCCF approach is well aligned with the growing body of knowledge on building social resilience and supporting locally led climate action. These approaches highlight the importance of addressing the underlying drivers of vulnerability to a multitude of hazards and risks, of channeling resources to the local level, and of using participatory approaches in the identification of investment priorities and management of risk. Participatory climate risk management approaches are effective for assessing the exposure of people, households, and community assets, and for documenting local knowledge on historical patterns and observed changes in the climate, and traditional knowledge approaches to responding to climatic (and other) shocks and stresses, and to changing conditions. Integration of capacity assessment as part of planning processes

[4] https://www.wri.org/initiatives/locally-led-adaptation
[5] https://www.uncdf.org/article/4483/financing-local-adaptation-to-climate-change

with local communities can help build socially sustainable climate actions that identify, document, and build on traditional knowledge-based approaches through integration with scientific technology and climate information (for example on projected future changes in a given location).[6] The Global Commission on Adaptation's Principles for Locally Led Adaptation, which as of January 2021 have been endorsed by 40 governments and leading global institutions, build on these principles, recognizing that local actors have the experience and knowledge to inform which solutions will enable them to develop and thrive in the face of climate change.[7]

26. Pilots of the CCCF model have resulted in several key achievements around facilitating the flow of climate finance to the local level and empowering local communities through strengthening public participation in the management and use of those funds. The main achievements of the CCCF pilots include: five CCCF legislations in place with functional structures, which commit those counties to using 1-2 percent of their development budgets to support the implementation of CCCF investments; county and ward climate change planning structures anchored in the CCCF legislations promoting better coordination and more efficient ways of doing climate change work; Climate Information Service (CIS) plans in place and resilience planning tools piloted in all five counties, including resilience assessments, participatory vulnerability and capability assessments, and community resource mapping; a monitoring system to track how adaptation builds resilience and strengthens economic development; and the implementation of over 100 community-prioritized public goods investments across the five counties, reaching more than 500,000 direct beneficiaries the 5 counties, most of whom were women.[8] A large-scale household survey conducted in 2018 found that the investments resulted in 100 percent greater access to water for households and livestock. In addition, a follow-up assessment of the program in 2019 [9] found that the investments also led to a cascade of additional direct and indirect benefits, including improved livelihoods, incomes, and food security, new economic opportunities, and fewer conflicts within households, communities, and between neighboring villages. Overall, it was found that the pilots led to significant adaptation benefits for individuals, households, and communities, while contributing to the strengthening of counties' institutions, and improving the responsiveness to local needs, including of vulnerable and marginal groups.[10]

27. The CCCF approach has gone beyond a standard project approach that creates parallel processes and structures to become increasingly integrated into government planning systems. It is supporting county government capacity development -- critical for effective climate adaptation -- and demonstrating ways to deliver transformational changes in governance for climate-resilient development, including how to channel global and national climate funds to the local level to reach the most vulnerable. Such transformational change — challenging business-as-usual approaches to development — is essential to achieving the broader national and international development and climate agendas. These include Kenya's Vision 2030, the 2030 Sustainable Development Agenda pledge to 'leave no one behind', and the Paris Agreement commitment to take the urgent needs of those that are particularly vulnerable to climate change into account.[11]

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[6] ADB. (2018). Scaling Up Resilience Building Measures through CDD – Guidance Note.

[7] Global Commission on Adaptation. 2021. Principles for Locally Led Adaptation. https://www.wri.org/initiatives/locally-led-adaptation/principles-locally-led-adaptation.

[8] This is explained by the fact that many of the investments improved households' access to water, which reduced the time women spent on fetching water. See: Ada Consortium. (2019). Delivering climate finance at the local level to support adaptation: experiences of County Climate Change Funds in Kenya

[9] Ada Consortium. 2018. *Assessing the effectiveness of the CCCF Mechanism on rural livelihoods and institutions in Kenya*. Nairobi, Kanya.

[10] Source: BRACED Knowledge Manager. 2020. *Early Outcomes of Climate Finance in Kenya: Case Study of Seven Investments Funded by the County Climate Change Fund Mechanism*. See also at *http://www.braced.org/resources/i/Early-outcomes-of-climate-finance-in-Kenya/.*

[11] Ibid.

28. The evidence base for locally led climate action also includes the results of the World Bank-managed Kenya Accountable Devolution Program (KADP). In 2015, KADP incorporated climate change as a cross-cutting issue with a focus on strengthening the capacity of CGs to address climate-related risks. In 2017-2018 it supported devolved climate finance and participatory climate risk management through CGs with a focus on Kwale, Makueni, Narok, and Siaya as part of the Devolution and Locally led Climate and Disaster Risk Management Project (P163600). The pilot created interest for scaling up decentralized climate finance, supported county-level capacity developed on integration of climate change adaptation, disaster risk reduction, and CCCF preparedness in CIDPs; and laid foundations for community-county government partnerships for resilience. Although KADP had a short implementation timeframe, it helped to lay the foundation for the introduction of the CCCF, with strong buy-in from county leadership and communities.

29. FLLoCA will also benefit from and build on lessons from ongoing World Bank and GoK initiatives related to enhancing climate resilience. Key innovations/structures/platforms initiated by the Water Resources Authority, KCSAP, KALRO, KMD, KRCS and others have been considered in the design of FLLoCA and will be leveraged during implementation. Climate and Advisory Services will be delivered at the farmer level through the development of Big Data Platform. The KCSAP, KALRO Big Data Platform & the Kenya and Agricultural Observatory Platform (KAOP) will be instrumental in providing climate information to farmers who prioritize agricultural activities under FLLoCA. Further, use of existing capacity generated by the ongoing operations will be utilized to provide technical assistance to the counties.

30. Evidence from these global, regional, and Kenyan experiences suggests that the types of investments at the community level that are likely to increase resilience are interventions for which the community has participated actively in identifying, prioritizing and planning, such as those related to skills development, community infrastructure, and livelihoods. G-FLLoCA builds on Kenya's experience implementing these types of programs in the context of community-driven development (CDD) operations, climate vulnerable sector interventions, as well as the investments implemented as part of the CCCF pilots. Evidence suggests that when implemented in conjunction with policy and institutional reforms aimed at decentralization and expanding bottom-up planning and budgeting processes, small-scale, CDD-style projects can increase community resilience, provide a source of income to local communities, and can facilitate the participation of the poor and most vulnerable in decision-making processes around managing the risks posed by a multitude of hazards, including climate change.[12]

31. The TA concluded that overall, G-FLLoCA responds to the strategic challenges Kenya faces in responding to climate change, as detailed in the sections below. These challenges include (i) climate change risks and vulnerabilities, with a focus on rural areas; (ii) the financing gap that limits Kenya's ability to undertake locally-led resilience actions in support of national priorities around climate change adaptation; (iii) weak horizontal coordination on climate change among key institutions at both the national and county government levels, and weak vertical coordination between national and county levels, as well as at sub-county level (between communities, wards, and counties); (iv) capacity constraints at the national level to mobilize and track climate finance on the scale commensurate with Kenya's needs, and to support counties in establishing/strengthening their policy frameworks and institutional arrangements for climate change; and (v) capacity constraints at the county level to establish the necessary systems and subsequently operationalize and institutionalize a devolved, participatory, and inclusive approach to climate and multi-hazard risk management at the local level.

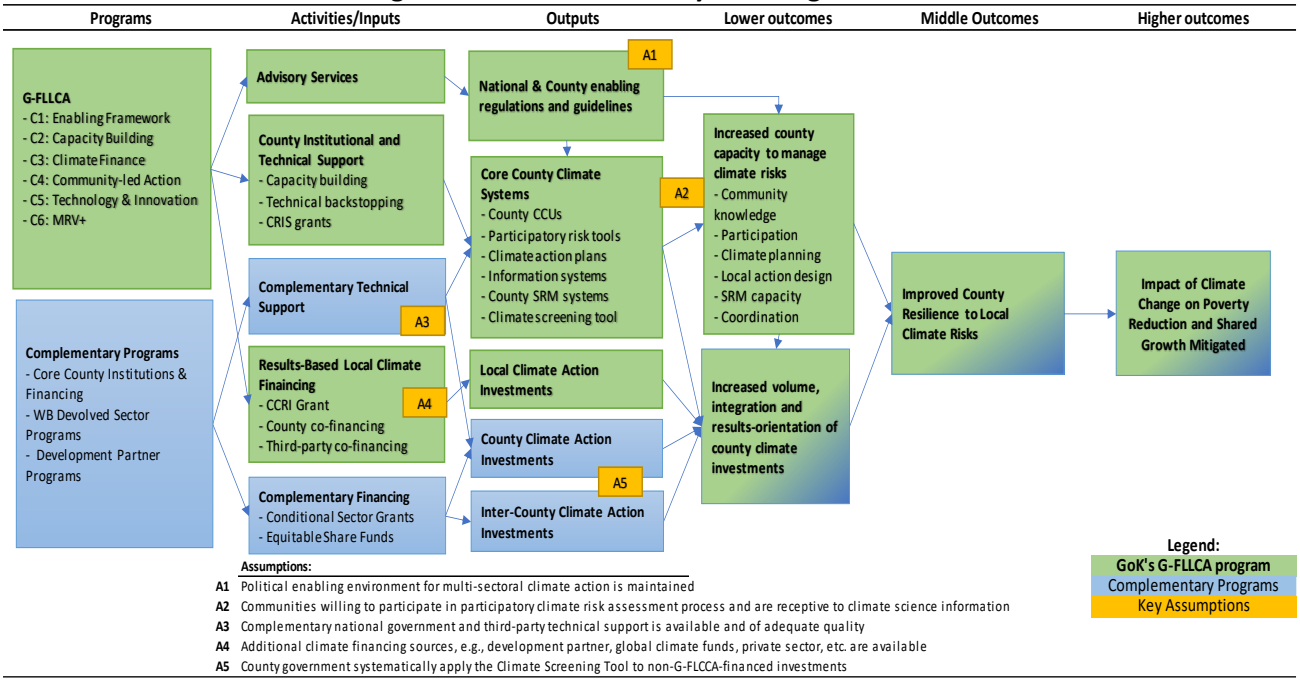
[12] Ibid.

2.2 G-FLLoCA Technical Design and Components

32. The TA concluded that while overall, G-FLLoCA has the right mix of components and is appropriately structured to respond to existing challenges in incentivizing locally led climate action, FLLoCA can play a catalytic role in enabling the GoK to deliver selected results. The following paragraphs summarize TA findings with respect to G-FLLoCA's theory of change and each of the six G-FLLoCA components.

33. **G-FLLoCA Theory of Change.** The government program's theory of change focuses on the core challenges that prevent counties from expanding investment in climate resilience—enabling frameworks, institutional capacity, community engagement, and financing—and that will ultimately mitigate the impacts of climate change on Kenya's future poverty reduction and equitable growth. At the activity/input level, G-FLLoCA focuses on strengthening the advisory capacity of national government to establish the national and county policy and regulatory frameworks and structures for local climate finance (Component 1), convening capacity building and technical support for counties (Component 2), technical support and incentives to align and integrate county climate financing (Component 3), establishing a results-based local climate financing mechanism (Component 4), technical support and incentives for stimulating and encouraging the diffusion of climate innovation (Component 5), as well as technical support for strengthening monitoring, evaluation, and verification systems (Component 6). As summarized Figure 1 below in green, these activities and inputs will support achievement of county-level outputs and lower outcomes in relation to four program results areas: the national and county enabling environment, county institutional capacity, climate financing as well as community engagement and local action.

Figure 1. G-FLLoCA's Theory of Change



34. A critical aspect of G-FLLoCA's theory of change is its focus on convening technical support and leveraging financing from counties, national, and devolved sector projects (including World Bank-financed projects), as well as development partner initiatives. As shown in *blue* in Figure 1, G-FLLoCA's theory of change assumes that complementary technical support and financing is available to support climate action investments. Indeed, a critical dimension of G-FLLoCA's theory of change focuses on strengthening the capacity of counties

to use systems and tools—such as the participatory risk assessment tool, community systems, and climate risk screening tools—to involve citizens in the development of locally owned county climate action plans and to leverage increases in the volume as well as the integration and results-orientation of county climate financing (at all scales). Finally, and as shown at the middle and higher outcome level, these improvements in institutions and financing seek to improve county resilience to climate risks and ultimately mitigate the impact of climate change on future poverty reduction and equitable growth.

35. The TA concluded that G-FLLoCA's theory of change appropriately builds on: (i) global state of the art principles for locally led adaptation and for building social resilience; (ii) lessons learned from experiences with devolving climate finance (e.g., CCCF pilots, KADP) and other Bank financed sector operations and devolution programs; (iii) results of the county and national level assessments undertaken to prepare FLLoCA in relation to the existing gaps and challenges that prevent expansion of locally led climate action as related to enabling frameworks, institutional capacity, community knowledge, and financing. Flowing from the G-FLLoCA's ToC are six program components that are assessed in the remainder of this section.

36. **Component 1: Policy, Legal and Regulatory Framework.** This component aims to strengthen policy, legal, and regulatory instruments for building climate resilience at the national and county levels, respectively, and establish and strengthen the relevant structures to implement the G-FLLoCA Program. At the national level, this component is led by the Climate Change Directorate (CCD) of the Ministry of Environment (MoEF) and relevant Ministries, Departments and Agencies (MDA), and at the county level, the work is led by the Council of Governors (CoG) with the support of the relevant MDAs. In reviewing the strategic relevance and the technical soundness of Component 1 activities, the TA focused on lessons from relevant emerging assessments on Kenya's climate policy framework, as well as consultations with the TNT&P and other key GoK entities and with the World Bank's Governance Global Practice (GP) on strengths, weaknesses, and priority areas for support in strengthening the policy, legal, and regulatory frameworks at national and county levels for accelerated access to climate financing for building resilience at local levels.

37. The TA concluded that broadly speaking, the activities under Component 1 are both strategically relevant and technically sound in terms of strengthening the enabling environment at national and county levels for locally led climate action in Kenya. The TA found that while Kenya has demonstrated leadership in establishing a policy framework to manage climate risk, the existing climate policy landscape is fragmented, characterized by limited coherence and alignment among Kenya's numerous climate policy frameworks. Some counties have taken steps to put in place policy, legal, and institutional structures to attract climate finance and implement climate actions, however on-the-ground execution of climate actions is still generally weak and inconsistent as many counties lack the institutional provisions to plan and budget such actions. With very few exceptions, counties lack the appropriate capacities to implement their policy and legal architectures to achieve adaptation objectives and have poor access to- and use of climate information services to inform and track actions.

38. The mix of activities included under Component 1 will address this fragmentation and support the achievement of a more coherent enabling environment for locally-led climate action in Kenya. Activities under this component will also strengthen vertical linkages between large-scale climate finance and policy goals and needs and realities at the local level. Additionally, Component 1 activities are central to enabling Kenya to attract an increasing flow of climate financing for locally-led action from donors and counties, which, in turn, will enhance GoK's budgetary capacity to progressively expand support for locally led climate actions beyond those financed by FLLoCA.

39. However, based on findings from capacity needs assessments undertaken at national and county levels, institutional capacity and coordination challenges exist that need to be addressed for the GoK to effectively implement Component 1 activities. In particular, institutional capacity constraints exist in terms of the ability of MoEF CCD and relevant MDAs to provide requisite capacity building support to the county level to achieve the stated objectives of Component 1. In addition, key coordination challenges exist, both vertically (between CoG and national level institutions) and horizontally (between CCD and relevant MDAs). At sub-county level, the coordination between county departments is inconsistent as is the communication coming from communities to wards, and from wards to the CG headquarters.

40. The TA therefore concluded that FLLoCA's IPF component and RA 1 of the PforR are the appropriate lending modalities to address the technical capacity and coordination challenges of institutions at the national and county levels, respectively, in support of effective implementation of Component 1 activities under G-FLLoCA. Institutional strengthening and coordination needs identified through the national capacity needs assessment have informed FLLoCA design of the IPF component. County technical assistance support needs have informed the PAP and development of a County Delivery Support Plan, to be delivered by national government agencies to the county level, with the most critical actions undertaken during the first 1-2 years of FLLoCA.

41. **Component 2: Capacity Building:** G-FLLoCA recognizes the need to strengthen the capacity of national and county level institutions and stakeholders to accelerate climate financing to the local level. As such, Component 2 supports strengthened institutional and human capacity to enhance the delivery of low carbon climate resilience actions at the national and county levels. Capacity building is carried out through formal and informal training as well as peer to peer and experiential learning. This component is led by the Ministry of Education (MoE) in partnership with relevant MDAs and training and research institutions.

42. Assessment of the strengths and gaps in the institutional capacity to deliver G-FLLoCA results involved several exercises. At the national level, the TNT&P and key ministries conducted self-assessments of their individual capacities to perform G-FLLoCA responsibilities and their collective ability to coordinate, exchange knowledge and data, and build consensus based on sound technical analyses. For the counties, a detailed and rolling CRA is being undertaken by TNT&P with active participation of all 47 counties to assess capacities to target and prioritize climate actions, plan and budget for climate change, access to climate finance, and monitor and report on climate actions. In parallel, IIED was commissioned to assess sub-county (ward and community) level capacity to engage in participatory planning and implementation of climate actions. The TA also drew on findings from the ESSA capacity assessment of agencies responsible for environmental and social risk management at the national and county levels.

43. Overall, the TA concluded that Kenya has the basic institutional capacity to initiate G-FLLoCA, but some significant gaps and challenges exist, many of which FLLoCA is designed to address. At the national level, the TNT&P and key ministries are reasonably well placed to perform their individual responsibilities, however a key cross-cutting human and institutional capacity constraint common to all national entities relates to their ability to support counties to develop and operationalize their climate change-related policies and regulations. The national capacity assessment and ESSA process also highlighted key individual capacity gaps specific to the main entities responsible for climate action and environmental and social risk management, respectively, in Kenya.

44. In addition to the financial, institutional, and human resource/skills capacity gaps identified in these assessments, horizontal coordination among key institutions is a challenge, which limits their abilities to harmonize support to achieving national climate change priorities. Another challenge is in vertical

coordination between national and county level structures, as well as at sub-county level (between counties, wards, and communities) and delivery of technical support to county structures responsible for climate change. The TA therefore recommended that FLLoCA's IPF component focus heavily on strengthening horizontal and vertical coordination, and on training and capacity building for Kenya's key climate change agencies at the national level. This support will require building additional human resources, as well as budget and technical assistance.

45. The CRA assessment led by the TNT&P, the MoEF, and the CoG, involved a self-assessment by each of Kenya's 47 counties on their needs for integrating climate into local development planning and facilitating partnerships between communities and local county governments to collaborate on strengthening resilience in a socially inclusive and sustainable manner. The design of the CRA drew heavily on findings from KADP II. The CRA used 48 parameters to measure capacity gaps in three categories: (i) those critical for meeting readiness conditions to access FLLoCA support; (ii) those that should be strengthened progressively during the initial phases of FLLoCA; and (iii) those that are essential for the implementation of effective climate actions but that could be carried out progressively over the life of FLLoCA.

46. Results of the CRA indicate that the majority of counties (85 percent) have trained their staff on climate change concepts, mainstreamed climate change and green technologies into their CIDPs and designated a County Executive Committee Member (CECM) in charge of climate change as provided for by the Climate Change Act (2016). About 47 percent of counties have begun operationalizing this work (e.g., by legally establishing CCCFs). The remainder of counties still need to take preparatory actions such as developing a specific County Climate Action Plan (CCAP), establishing a CCCF, creating a Climate Change Unit (CCU) with resources to operate, etc.

47. The TA therefore concluded that FLLoCA will support G-FLLoCA Component 2, with grants under the PforR Program's RA 1 incentivizing the building of county-level institutional and human capacity needed to enable County Governments (CGs) to establish and/or operationalize their climate change structures. This support will help GoK to effectively deliver locally-led climate action through G-FLLoCA. National level capacity building and institutional strengthening will be addressed through FLLoCA's IPF component. Capacity building activities under the IPF component aim to improve entities' ability to support counties to develop and operationalize their climate change-related policies and regulations and establish clear coordination mechanisms between the entities. Given the critical role of ward level functions and ward-county level coordination in undertaking participatory risk assessments, the PAP includes a commitment to undertaken an assessment of County/Ward CC structures' capacity to undertake participatory risk assessment and CC action planning and budgeting to inform use of CCIS.

48. **Component 3: Climate Finance:** This component supports (i) strengthened policy, and regulatory frameworks for financing climate actions, (ii) enhanced capacity of the CoG and CGs to support investments in climate resilience and low carbon emissions at local level, (iii) enhanced capacity to address climate change emerging issues (climate shocks and disasters at national and county levels), (iv) strengthened capacity of county structures responsible for climate related sectors; (v) financing of local urban and peri-urban climate actions; (vi) private sector incentivized to support low carbon emissions and climate resilient investments; and (vii) operationalized market-based mechanisms for carbon trade. At the national level, this component is led by the National Treasury (NT) in partnership with the CCD and other relevant MDAs, CoG, CGs, development partners, the private sector, academic and research institutions, and CSOs. At the county level, CGs' Climate Change Units (CCU) lead the implementation of this component.

49. The TA reviewed the seven outcomes Kenya aims to achieve through Component 3 of G-FLLoCA. While these seven outcomes all have strong strategic relevance for Kenya, the TA concluded that pursuing all of them within a single operation (FLLoCA) would overly complicate the operation and risk fragmenting attention across too many objectives. The assessment focused on identifying the specific actions where FLLoCA could be catalytic in strengthening Kenya's ability to mobilize additional climate finance, on the one hand, and build climate finance capacity at the decentralized county government level, on the other. The TA also used a selectivity lens that considered which G-FLLoCA climate finance outcomes might benefit more from specialized support through parallel (or future) activities rather than being included in FLLoCA and concluded that G-FLLoCA outcomes (3)-(7) fall into this category. The TA therefore recommended that FLLoCA concentrate on assisting Kenya achieve results towards outcomes (i) and (ii) by focusing on the following issues.

50. Kenya has laid important policy groundwork on climate finance at the national level; however, there is a need to build on and operationalize these achievements. Specifically, there is still a need to finalize and officially endorse the National Climate Finance Strategy and related National Climate Resource Mobilization Strategy, as well as the National Climate Change Fund. There is also a cross-cutting need for regulations and model guidelines to implement these policies. FLLoCA's support under the IPF component is essential both to ensure coherence of decision-making on climate finance at the national level and to provide specific guidance to counties on how to develop and operationalize their own climate finance frameworks in a manner that is consistent across counties and aligned with national policies.

51. Kenya has ambitious national climate change commitments. Kenya's third Medium-Term Program (2018-2022) incorporates a financial framework for the implementation of the NCCAP. However, a recent report on the landscape of climate finance in Kenya shows that climate-related expenditure in Kenya accounted for 25 percent of the of NCCAP budgeted financing needs in 2018/2019, with adaptation constituting only 30 percent of the amount. The report highlights the need to urgently increase financing for climate adaptation in Kenya, for multi-agency and multi-level coordination, and for the National Treasury and Planning (TNT&P) to better track finance flows for climate actions.

52. CGs allocate insufficient resources to CCAPs, mainly because of competing priorities over limited budgets. Based on a county readiness assessment (CRA) carried out during Program preparation, very few counties allocate the recommended (by draft regulations) 1-2 percent of their county development budget for climate action. There is, however, a lack of accurate data on climate-related expenditures in most counties as these are not recorded through the country's Integrated Financial Management Information System (IFMIS). Nonetheless, there is a growing recognition within CGs of the importance of adapting to climate change and managing related risks, evident in the gradual increase of county-level legislation that dictates adequate budgetary allocations.

53. G-FLLoCA presents a framework for crowding in donor funding to support locally led climate action in Kenya, for which FLLoCA will provide initial funding and support to establishment of the enabling environment for devolved climate finance. Furthermore, counties will be incentivized to increase their budgetary allocations to climate resilience actions, helping to enhance G-FLLoCA's sustainability and advancing national goals with respect to devolution and climate change commitments.

54. The TA also reviewed evidence on Kenya's ability to track climate finance, because this is a critical element for success in fully operationalizing its broader climate finance objectives. The assessment drew *inter alia* on knowledge and lessons from a recent World Bank global study on experiences across 19 countries (including

Kenya) with climate finance tagging.[13] Kenya has put significant efforts into developing an information system to track climate financial flows in order to monitor progress towards meeting its updated NDC (December 2020) and mobilize additional climate finance from both domestic and international sources. The TNT&P has created a system to screen, identify, and tag climate-related expenditures through the Integrated Financial Management Information System (IFMIS) (Segment 8). Of five main systems countries use for tracking, Kenya employs the OECD-DAC Rio Markers Methodology. The coverage is broad, including sectors, ministries, and agencies; recurrent and investment budgets; and sub-national transfers. However, there is considerable work ahead to fully operationalize the system, including refinements to the coding, harmonization of coding across line ministries at the national level, and developing the still very incipient capacity at county level to apply the system.

55. A January 2021 report by TNT&P[14] highlighted the difficulties in obtaining climate finance data from counties (only 2 of 47 counties responded to data requests), most of which lack the operational capacity to implement the tracking system developed by TNT&P. This message echoes findings of the CRA on the limitations most counties face in reporting on climate expenditures and actions to the national level because they lack equipment, reporting systems/software, skilled human resources, and user-friendly detailed guidelines. These issues constrain counties' ability not only to report on climate finance, but also to use other important data collection systems, such as the online portal developed by the MoEF to report on NCCAP (only 14 of 47 counties were able to comply). Addressing these issues is of paramount importance as counties are encouraged to establish dedicated climate funds and increase budgetary outlays for climate investments. The TA therefore recommended that FLLoCA focus heavily on strengthening Kenya's capacity to refine and implement the climate finance tracking information system it has already developed. These findings are reflected in FLLoCA (through the IPF component and PforR RA 1).

56. Finally, the TA considered the pros and cons of G-FLLoCA's strategy to encourage the use of dedicated or earmarked funds by mainstreaming the establishment of climate change funds in all 47 counties. Good practice in public expenditure management tends to discourage the use of dedicated funds because of the risk of fragmenting resources available to governments and creating inflexibility in the allocation of those resources. In some situations, such funds are justified where resources are themselves earmarked for the purpose of the fund (e.g., taxes earmarked for specific climate change activities), but this does not apply is the case of Kenya. The TA concluded the climate funds are justified in Kenya because they (a) have the potential to increase confidence that resources will be used to achieve nationally endorsed climate change objectives (reflected in the NDC and other national climate commitments), (b) may therefore aid in mobilizing additional climate finance; (c) are (or will be as each CCCF is legally established) fully integrated in the IFMIS, and (d) are not internally earmarked to specific sectors and can be used to support investments in any sector that derive from the specific climate challenges of individual countries and communities.

57. **Component 4: Community-Led Actions:** This component aims at building the resilience of local communities considering the local context, capacities, resources, and knowledge as a way of ensuring that investments align with the priorities and needs of affected groups. It supports (i) established modalities for community-led local initiatives, (ii) strengthened capacity of communities to deliver climate resilience actions for improved livelihoods, (iii) financed local actions, (iv) strengthened capacity of county structures responsible for climate-related sectors, (v) financed local urban and peri-urban climate actions, (vi) an incentivized private sector to support low carbon emissions and climate resilient investments, and (vii) operationalized market-based mechanisms for carbon trade. The lead institutions for this component are the

[13] World Bank. 2021. "Climate Change Budget Tagging: A Review of International Experience" EFI Insight-Governance.
[14] GoK. 2021. The Landscape of Climate Finance in Kenya.

CoG and the CGs, in collaboration with the CCD, relevant MDAs, development partners, the private sector, academic and research institutions, and CSOs.

58. For reasons similar to those explained above under Component 3, the TA concluded that supporting all seven outcomes of G-FLLoCA Component 4 in FLLoCA would result in an overly complex design and therefore recommended that FLLoCA focus selectively on assisting Kenya to achieve results for outcomes (1)-(4), leaving outcomes (5)-(7) to be assisted through other ongoing (or future) sources of support.

59. The success of G-FLLoCA rests ultimately on achieving climate resilience results at the community level. However, while many of Kenya's 47 counties have made progress in establishing enabling environments for local participation in decision-making, they lack the capacity and necessary structures to operationalize this participation. All counties have put in place the basic structures for public participation including in the preparation of the five-year plans as well as annual development plans and budgets, however there is diversity across counties with some doing more than others. Several counties have gone further and rolled out (including with World Bank support) participatory budgeting frameworks where citizens from either village or ward level directly decide and prioritize projects to be funded from funds allocated to their locality. There remains room for improvement, especially to have greater integration and institutionalization of public participation as well as mechanisms to strengthen the participation of marginalized and vulnerable groups.

60. In the climate sector, several counties, with support from NGOs and donors, have piloted participatory climate risks assessments and planning – though a critical challenge was the resourcing of the prioritized investments as well as institutionalizing and sustaining the model beyond the pilot as well as scaling up to other counties. However, there is insufficient consultation with communities and vulnerable groups during climate action planning and execution, resulting in decisions that often do not directly reflect communities' priorities and needs. The Climate Change Act considers public consultations a critical element when developing strategies related to climate change at all levels. However, there has been inadequate consultation and engagement of key stakeholders as required by law due to lack or non-existence of consultation structures. This is particularly true with respect to marginalized groups. Often, gender norms and practices of communities propagate discrimination and exclusion from climate-related decisions, especially among communities in the ASALs, where there are unwritten and deeply entrenched informal rules and gender norms.[15] These norms further marginalize women and other vulnerable groups and increase their vulnerability to climate change.

61. The CRA similarly found that the mechanisms required to identify and prioritize climate actions at the local level need to be strengthened, i.e., less than half of counties have developed a CCAP and/or County Adaptation Plan. The purpose of developing such plans is to identify and prioritize climate actions through a local consultative process. Weak results (in terms of having plans) therefore indicate that the mechanisms to involve communities in identifying and prioritizing local climate actions are weak in many counties. Only about a quarter of counties could allocate funds towards the implementation of participatory climate change action plans. Additionally, less than half of the counties (18) have a policy or framework to address the needs of marginalized and(or) minority groups and communities.

62. Based on findings from the CRA, IIED assessments, and lessons from the CCCF pilots under KADP II, the TA concluded that FLLoCA could make a significant contribution towards strengthening the capacity of Kenya's counties to deliver community-led climate action results. The design of Component 4 is well grounded in

[15] This observation is based on an Ada Consortium Policy Brief (2018), which summarizes challenges experienced and actions needed to ensure equal participation of women and youth local climate actions.

the lessons learned – both good and bad – concerning the capacities counties need to acquire in order to promote participatory identification and implementation of community-led climate actions. These lessons have fed into the design of FLLoCA's RA1, which will support activities such as strengthening the capacity of communities to deliver climate resilience actions for improved livelihoods, as well as strengthened capacity of county structures on public participation, including for relevant sectoral departments i.e., agriculture, environment, and water to provide technical support in helping wards to identify and prioritize climate resilience activities at the local level. Grants under FLLoCA's RA 2 will provide initial financing for locally led climate resilience actions, while G-FLLoCA progresses on mobilizing additional and much larger sources of public and private financing from other international and domestic sources.

63. Thus, the FLLoCA Program will support G-FLLoCA's fiscal grants to CGs whilst incentivizing their performance with regard to attention to climate change and public participation in climate risk management. County Climate Action Plans (CCAP) are based on both climate change risk assessments and participatory community consultations (at ward level). FLLoCA will also incentivize counties to increase their budgetary allocations to climate resilience actions, further enhancing G-FLLoCA's sustainability and advancing national goals with respect to devolution and climate change commitments.

64. **Component 5: Technology and Innovation:** This component aims at developing, adapting, and improving access to appropriate and indigenous technologies in support of climate resilient development at national, county, and community levels. This will support climate proofing development at all levels, and emphasis will be given to locally indigenous technologies. The Component supports increased access to green/environment friendly technologies at the national level (Outcome 1A) and at county level (Outcome 1b), as well as increased access to finance for the realization of green/environment friendly technologies, with Outcome 2A addressing national level and Outcome 2B supporting this objective at the county level. The lead institution for this component is KIRDI working in close partnership with technological based research institutions such as KCIC and KALRO amongst others. Communities will be incentivized to develop local innovations.

65. This Component is strategically relevant as there is a need to reinforce the integration of indigenous and scientific knowledge and approaches in order to enhance efforts for climate change adaptation that are socially inclusive and that respond to local needs and realities. The TA concluded that G-FLLoCA appropriately incentivizes the development and access to green/environmentally friendly technologies for low carbon climate resilient investment, including by communities. However, key gaps exist in relation to the adoption of indigenous knowledge, with the CRA reporting that only a handful of counties have adopted and mainstreamed traditional knowledge into planning tools and climate actions.

66. FLLoCA will help to address these gaps by using a learning action approach that will rely on both scientific evidence and indigenous knowledge and technologies. CCUs will develop County Climate Risk Analytics/Profiles drawing on communities' indigenous adaptation strategies and climate science and data on climate risk and vulnerability from specialized agencies. These include the Kenya Metrological Department, the agro-weather systems information supported by the Kenya Climate Smart Agriculture Project, the Kenya Country Environmental Assessment, KALRO, KAOP, Center for training and integrated research in the ASALs, the Kenya National Agricultural and Rural Inclusive Growth Project (NARIG, P153349), Kenya Red Cross, and the Kenya Department of Resource Surveys and Remote Sensing (DRSRS). Communication programs will be rolled out by the CCUs to transmit Program messages to communities and seek feedback continuously through various media. The national capacity assessment will identify specific capacity and institutional strengthening needs of KIRDI, KCIC, and KALRO to lead this Component. These needs will be addressed through FLLoCA's IPF component, while FLLoCA grants under RA 2 will both incentivize increased access to green/environmentally friendly technologies, while providing the initial financing to counties to realize these technologies.

67. **Component 6: Monitoring, Reporting, and Verification (MRV+):** This Component aims to enhance transparency and accountability on support provided and actions implemented through G-FLLoCA. The objective of the component is to improve tracking, verification, and reporting on climate finance by strengthening the structures, systems, and processes for collection, verification, and reporting on climate change at national and county levels. Outcomes are (i) enhanced transparency and accountability on financial support at national and county level, (ii) enhanced transparency and accountability on mitigation and adaptation actions at national and county level, and (iii) improved reporting on climate change by all national and county actors. This component is led by CCD in partnership with TNT&P, CoG, CGs and non-State actors.

68. The TA reviewed evidence on Kenya's ability to track climate finance and actions and concluded that the G-FLLoCA program will be able to rely on - and substantially strengthen - Kenya's efforts to create information systems for this purpose. Findings of the TNT&P's 2021 report on climate finance in Kenya (see results of TA reported under Component 3) echoes findings of the county assessment report on the severe limitations most counties face in reporting on climate expenditures and actions to the national level because they lack equipment, reporting systems/software, and skilled human resources. These issues constrain not only their ability to report on climate finance, but also to use important data collection systems.

69. By strengthening the capacity to track climate finance, especially at the county level, FLLoCA will help to create effective operational capacity to implement the climate information systems Kenya has already developed. Kenya has an adaptation focused NDC, and most adaptation activities will necessarily take place at the local level. Therefore, the ability to track locally led climate adaptation financial flows will assume ever-increasing importance with each passing year.

2.3 G-FLLoCA Monitoring and Evaluation

70. **Monitoring and Evaluation of G-FLLoCA's Theorgy of Change and Results Framework.** As discussed previously (see para. 29 and Figure 1), G-FLLoCA reflects a comprehensive theory of change that relates the core climate challenges that Kenya faces in transitioning to a low carbon climate resilient development pathway, on the one hand, to a set of interventions that GoK considers will strengthen local resilience to climate change, natural hazards and other stressors, on the other (i.e., will facilitate that transition).

71. To achieve this, G-FLLoCA includes a basic results framework for the overall program and one for each of its six components. Areas of the overall and component results frameworks that need to be more fully developed include:

(a) Greater specificity in the definition of outcomes. Most outcomes in the G-FLLoCA results framework are expressed in fairly general terms such as 'strengthened', 'enhanced', 'improved." This undermines having a clear consensus on what the outcomes will entail (how much strengthening, improvement, etc.) and will make assessment of results difficult and subject to divergent views among stakeholders.

(b) A more precise baseline against which outputs and outcomes can be monitored and evaluated. In some areas, the starting point is unclear and this also makes monitoring and measurement of results difficult. Given the very broad and comprehensive scope of G-FLLoCA, a single baseline exercise is not practical and may not be needed where baseline information already exists. Where it does not, then baseline studies need to be undertaken for the outcomes/outputs concerned as soon as possible.

(c) A timetable for main M&E activities. Given uncertainties about the volume or resources that will be available for G-FLLoCA and the pace at which these will materialize, it is understandable why a detailed M&E timetable may not be practical at this stage. Nonetheless, it would be useful to set out a basic plan for major annual, pluri-annual and final M&E activities, which can be updated on a rolling basis as implementation progresses.

(d) Clearer definition of GoK M&E institutional responsibilities and capacity. G-FLLoCA provides impressive detail on the institutions that will be involved in carrying out the program, both at national and county/sub-county levels. However, specific responsibilities for monitoring and evaluation are less clear. The ongoing national capacity assessment and the county readiness assessment exercises are producing valuable information on a range of capacity issues. To assess GoK's capacity for monitoring and evaluation of G-FLLoCa will require clearly defining which entities are responsible for specific M&E activities, linking the capacity assessment outputs to these responsibilities.

72. **GoK Statistical Capacity.** The TA reviewed findings concerning the availability of statistical data on which GoK will be able to draw to support evidence-based decision-making for the implementation, monitoring, and evaluation of G-FLLoCA. The Kenya National Bureau of Statistics (KNBS) is the principal GoK agency responsible for collecting, compiling, analyzing, and disseminating statistical information for planning and policy formulation. KNBS coordinates Kenya's National Statistical System (NSS). The agency was established by the Statistics Act of 2005, but precursor organizational arrangements for statistical data collection date back to the 1920s.[16] KNBS current objectives are summarized in the Kenya Strategy for Development of Statistics (KSDS) 2019/20-2022/23, anchored in the Big Four Transformation Agenda, Third Medium Term Plan of Kenya's Vision 2030, Sustainable Development Goals and other national development initiatives.[17]

73. Kenya has been a very active participant in global and regional efforts to strengthen national statistical capacities, including the U.N. Statistical Commission,[18] Paris21,[19] the Global Partnership for Sustainable Development Data,[20] Digital Earth Africa,[21] East African Community Regional Statistics Development Plan (RSDPII) and the East African Community Data Portal,[22] among others.

74. Kenya has also been a beneficiary of the Bank-administered Trust Fund for Statistical Capacity Building (TFSCB),[23] of two IDA-financed projects, including the first use of the PforR instrument to strengthen statistical capacity: FY06 Development of the National Statistical System Project (P085414) and FY16 Kenya Statistics Program for Results (P149718). At closing in December 2020, the Kenya Statistics PforR rated progress satisfactory with major advances in quality, timeliness, and accessibility of key national statistics (national accounts, labor force, poverty, and other key socio-economic data).

[16] For historical background, see: http://www.knbs.or.ke/wp-content/uploads/2021/04/The-KSDS-21.12.2021.pdf.
[17] See: https://www.knbs.or.ke/?p=6304
[18] For an overview of the U.N. Statistical Commission see: https://unstats.un.org/unsd/statcom. Kenya chaired the 49th and 50th membership sessions in 2018-19.
[19] Partnership for Statistics for Development for the 21st Century. See: https://paris21.org/
[20] https://www.data4sdgs.org/Kenya
[21] https://www.digitalearthafrica.org/sites/default/files/downloads/201905_Digital_Earth_Africa_phase1.pdf
[22] http://eac.opendataforafrica.org/
[23] See Annex 1 of the 2020 Annual Report for ongoing statistical capacity building projects in Kenya supported by TFSCB: https://pubdocs.worldbank.org/en/202181598289374902/TFSCB-Annual-Progress-Report-2020.pdf, and the 2019 Annual Report describing the Digital Farm initiative in Kenya, Tanzania and Uganda to help smallholders integrate multiple sources of climate data into their decision-making. https://pubdocs.worldbank.org/en/273681561136823181/pdf/TFSCB-Annual-Report-FY2019.pdf

75. These achievements notwithstanding, the GoK still faces important statistical capacity constraints. World Bank Statistical Performance Indicators (SPI) framework, which replaces the former Statistical Capacity Index (SCI), measures the performance of national statistical systems and tracks their progress in five key areas:[24] (i) data users (demand side of the statistical system, including the legislature, executive, civil society, academia, and international bodies); (ii) data services (data releases, online access, and other data services); (iii) data products (capacity to produce relevant indicators, primarily related to the social, economic, environmental, and institutional SDGs); (iv) data sources (census, surveys, admin, and geospatial data); and (v) data infrastructure (standards and methodology).

76. In benchmarking against other countries, the SPI ranks Kenya in the second quintile overall (54.4). Kenya has significant strengths in the categories of demand by data users (70), services (60.5) and products (61.4), but has lower scores in the categories of data sources (35.8) and infrastructure (45). To put Kenya's overall ranking in perspective, the score of 54.5 is comparable to or better than the aggregate scores for Sub-Saharan Africa and slightly better to slightly lower than the aggregate scores for all lower-middle income countries ranked by the SPI. It is important to note that the rankings are based on 2019 data. Given continuing progress reported under the Kenya Statistics PforR, and the fact that the 2019 census has now undergone quality control and the results are publicly available, it is possible that some of Kenya's scores will improve in the next iteration of the SPI.

77. In general, counties have made very good progress on M&E since they came into existence in 2013. Under KDSP, from the first Annual Capacity and Performance Assessment (ACPA) in 2016 to the third ACPA (covering 2017-2018), counties have doubled their score (achievement) on Key Results Area 2, which is Planning and M&E. In particular, it is worth noting that most counties now regularly collect performance information on the implementation of the CIDP and publish this in their Annual Progress Report. Counties have also set up county M&E committees. Where counties they lack most, however, is on evaluations, with very few counties undertaking their own evaluations routinely.

78. In sum, the TA concluded that Kenya's overall statistical data capacity, supplemented by the County Readiness Assessment and other preparatory work undertaken for FLLoCA, is adequate for purposes of initiating implementation. Preparation of FLLoCA is helping to address the G-FLLoCA M&E challenges identified in para. 70 above for those parts of G-FLLoCA that FLLoCA will support. The learning achieved in this process will hopefully be applied by GoK to other G-FLLoCA areas as well. Given the rural focus of FLLoCA, the TA also emphasizes the importance of strengthening agricultural sector statistical capacity limitations under the Kenya National Agricultural and Rural Inclusive Growth and Kenya Climate Smart Agricultural project support to KNBS and the Ministry of Agriculture, Livestock and Fisheries (MoALF).[25]

2.4 G-FLLoCA Institutional Arrangements

79. G-FLLoCA will be primarily led by the National Treasury, CCD, CoG and the County Governments. The lead institutions will work in close collaboration with relevant stakeholders in each of the program components. Overall, G-FLLoCA's implementation arrangements are appropriate to the achievement of Program objectives. G-FLLoCA's implementation arrangements place Kenya's internationally respected TNT&P Climate Finance

[24] https://www.worldbank.org/en/programs/statistical-performance-indicators/Framework

[25] For a discussion of challenges in agricultural statistical capacity, see Oxford Policy Management report: https://www.opml.co.uk/files/Publications/a1898-kenya-agriculture-capacity/capacity-assessment-policy-note.pdf?noredirect=1

and Green Economy Team in the Program driver's seat as implementing agency and host of the PIU, in close coordination with the National Climate Change Council and key national ministries. This design choice responds to global lessons learned about the critical importance of engaging ministries of finance more fully in leadership roles with respect to national climate change agendas.

80. This design choice also responds to the equally important lesson of involving countries' best technical resources in the design and implementation of national climate change strategies and programs. Specific national level challenges relate to the capacity of the TNT&P and other key MDAs to deliver the technical assistance needed to enable counties to deliver locally led climate action. These challenges have been assessed through the national capacity needs assessment, the results of which have informed the development of the County Delivery Support Plan as well as national level institutional strengthening activities to be supported through FLLoCA's IPF component.

81. At the county level, the Department in change of climate change matters led by CEC in-charge of climate change as guided by the Climate Change Act (2016) will be responsible for the delivery of the Program. CCUs will facilitate and coordinate county institutional strengthening actions. The Department in charge of climate change will work closely with the County Assembly, relevant Departments, and key stakeholders. The County Government will also be responsible for developing policies, laws and regulations and related structures for implementation of community level investments at the local level. The County Climate Change Co-ordination Committee will co-ordinate all climate change related issues at county level. This will be composed of representatives from the County Government, National government institutions at county level, CSOs, Community Representatives, the private sector, Academic and research institutions, and other relevant stakeholders. The Community representatives will be drawn from the Ward Climate Change committees and these will sit on the County Committee on a rotational basis. This will be done every two years.

82. While these implementation arrangements will help to ensure the alignment of climate actions with CIDPs and annual plans and budgets, key capacity and coordination gaps remain, identified through the TNT&P-led CRA. The results of the CRA outline institutional strengthening and coordination challenges that are key to enabling GoK to deliver G-FLLOCA and that will be supported through grants under FLLoCA's RA 1.

2.5. Conclusion: Technical Assistance and Capacity Building Needs

83. This section summarizes that findings of the Technical Assessment. The Table below summarizes findings in relation to the (i) the core program activities under FLLoCA, (ii) the key technical capabilities required to deliver on each core program activity, (iii) the capacity gaps of responsible agency(ies), (iv) the entities

responsible for delivering the capacity building/technical assistance needed to address the identified capacity gaps, including sector line agencies, and (v) the form that TA will take (e.g., training, peer to peer learning, hiring of consultants, etc.).

Table 2: Technical Capacity – Needs and Support Provision Overview

Core Program Activity	County Unit/Agency Responsible	Key Technical Capabilities Required	Current Capacity Assessment / Needs	Capacity Building/TA Support Providers	Proposed Capacity Building/TA interventions
County Climate Change Policy and Regulatory Framework	CoG, CCU, CAF	• Climate Expertise	Limited capacity in most counties	• TNT&P • CCD (MoEF) • CoG • Kenya Law Reform Commission (KLRC) • NEMA	Technical assistance in development of policies and bills & accompanying regulations on climate change action Training on CCCF Peer learning county-county Training for and coordination with Environment MCAs
		• Policy Development	Capacity exists in most counties, however for climate change, key MCA members are not involved (e.g., Committee of Environment)		
		• Legal Drafting	Capacity exists in most counties		
Participatory Climate Risk Assessment	CCU, sectoral line ministries (water, agriculture, environment), county departments of planning and finance, WCCPC, NGOs/CBOs	• Develop county climate risk analytics/profiles	Limited access/use of climate science to plan investments at county level	• CCD (with support/climate data from: Kenya Metrological Department, the agro-weather systems information supported by the Kenya Climate Smart Agriculture Project, the Kenya Country Environmental Assessment, Kenya Agricultural & Livestock	Development of manuals and delivery of training on participatory climate risk assessment; CIS development, use, and maintenance; integration of indigenous knowledge in CIS and climate risk assessment process Peer-to-peer learning between counties Community training and capacity building to engage in participatory climate risk assessment
		• Develop communication materials	Capacity exists in most counties		
		• Community sensitization and facilitation	Extremely variable across counties		
		• Establish, maintain, and timely dissemination of CIS, including systems for updating new information and for receiving and	Limited capacity and investment in CIS in most counties		

		processing feedback from CIS users		Research Organization (KALRO), Kenya Ag. Observatory Platform (KAOP)) • MoDA • Center for training and integrated research in ASALs	
		• Inclusion of Indigenous Knowledge in risk assessment process and CIS	Limited adoption of IK into CIS and climate planning tools		
County Climate Change Action Plan (CCAP)	CCU, CCCPC, CECM Climate Change, County Assembly (approval)	• Develop Ward CCAPs	Limited capacity in most counties and wards	CCD, TNT&P, ITAC with technical support from county sectoral departments	Training and sensitization on CCAP
		• Integrate findings of participatory climate risk assessment into CCAP	Less than half of counties have developed a CCAP		
		• Incorporate CCAP into CIDP and AOP			
		• Participatory planning and budgeting			
Climate Resilience Investment Sub-Project Design and Execution	County sectoral departments, CCU	• Procurement of designs and implementation of climate resilience investments • Supervision of contracts • Mobilize resources for building climate resilience	Capacity uncertain until sectoral investment priorities defined per county	National line ministries and specialized agencies, as needed (e.g., KALRO, KAOP, KEPSA)	Consultancy services to design climate resilience investments Capacity building for community groups involved in implementation Trainings in business investments proposal writing Capacity building of contract implementation groups
Environmental and Social Risk Management	TNT&P County officers (e.g., Social Development,	• Robust systems for environmental and social risk	Insufficient staffing, knowledge, and skills for managing social and environmental risks and impacts	NEMA, DOSHS, KWS, and MLSP (including MLSP-led Multi-Agency Taskforce)	Preparation of training manuals on environment and social management for National and County level officers

	Labour, and Gender Officers)	management including GRM • Environmental and social risk management of county climate resilience investments	Weakness in monitoring and enforcement at the county level Inadequate SRM Systems and coordination mechanisms		Training in environmental and social management systems for technical staff at the national and county levels, including on climate resilience actions' screening, preparation of environmental and social assessment documents; GRM; mapping of vulnerable and marginalized groups; occupational and community health and safety; and monitoring of ESMP Support to develop legislation and systems to manage social risks at the national and county levels Harmonize and establish a coordination mechanism for SRM functions across various ministries and institutions (through Multi-Agency Taskforce led by MLSP)
Fiduciary Management	Audit committees	• Compliance with PFM Act 2012 and procurement regulations and *Public Procurement* and Asset *Disposal Act*, 2015	• Weak capacity of Audit committees to ensure transparency and accountability. • Not fully reflected in annual sector plans and budgets	TNT&P, EACC, Office of the Auditor General (internal/external)	• Provision of training on Finance to PIU and for counties • Provision of training on Public Procurement for counties • Provision of training on World Bank procurement regulations to PIU and counties
Monitoring, Evaluation & Reporting	TNT&P, County M&E Directorates	• Develop reporting templates	Good in-house capacity	N/A	N/A
		• Collection of data and reporting on indicators for IPF component			
		• Progress reporting to WB	Capacity development needed on core PIU functions	WB PIUs in Kenya	Peer-to-peer training, consultants as needed
		• Hire and supervise firm for Annual			

		Performance Assessment			
	County M&E Directorates	• Collection of data, evaluation, and reporting on indicators for RA1 and RA2 • Participatory M&E mechanisms • Data management system, dissemination, and information utilization	Many counties have limited climate M&E capacity (equipment, skills, software constraints)	TNT&P, CCD, State Dept. of Planning, CoG, Ministry of Agriculture	Development of manuals and provision of training on use of CCD MRV+ M&E system and reporting requirements
Climate Finance Tracking	CCU, Finance and Planning Departments (county finance officers)	• Climate expertise • Collection of data and reporting • Public dashboard established • Climate finance access	Many counties lack operational and technical capacity (equipment, skills, software) to track climate finance using the system developed by TNT&P Lack of capacity of counties to report on circular No13 (2020)	TNT&P, CCD, CoG	Roll out training on climate finance training (Training Handbook developed by TNT&P) Update training handbook and incorporate capacity building and emerging issues including FLLoCA Additional capacity building to counties to implement TNT&P climate finance tracking system
Inter-governmental / Inter-agency coordination	TNT&P, CCD, CoG, CCCCC, WCCPC	• Expertise in establishment and strengthening of coordination units	Weak coordination of climate risk management at the central level, and insufficient service delivery to the counties Vertical coordination challenges (between CoG and national entities; communities and wards, and wards to CG headquarters) Horizontal coordination challenges (between national entities; between county departments)	ITAC, CCCCC	Training on roles in relation to coordination with other agencies Training on climate change (including mainstreaming of climate change), Environmental and Social Risk Management, and emerging issues and trends Capacity building and development of frameworks for stakeholder engagement

84. The Technical Assistance Support Framework forms the basis of the County Delivery Support Plan, which includes annually specified actions to improve central government's provision of resources, information, and capacity building to counties for participatory climate risk management. The TNT&P will lead capacity building of counties, in collaboration with the CCD and with the close engagement of sectoral ministries, the Ministry of Education, academic institutions, and non-government entities. A limited number of sectoral technical experts in agriculture, water, and environment will be mobilized by the PIU rather than seconded from line ministries. The PIU will also develop partnership arrangements with key sectoral ministries through appointed focal points to formalize the provision of additional sectoral TA to counties as part of the FLLoCA Technical Assistance Framework.

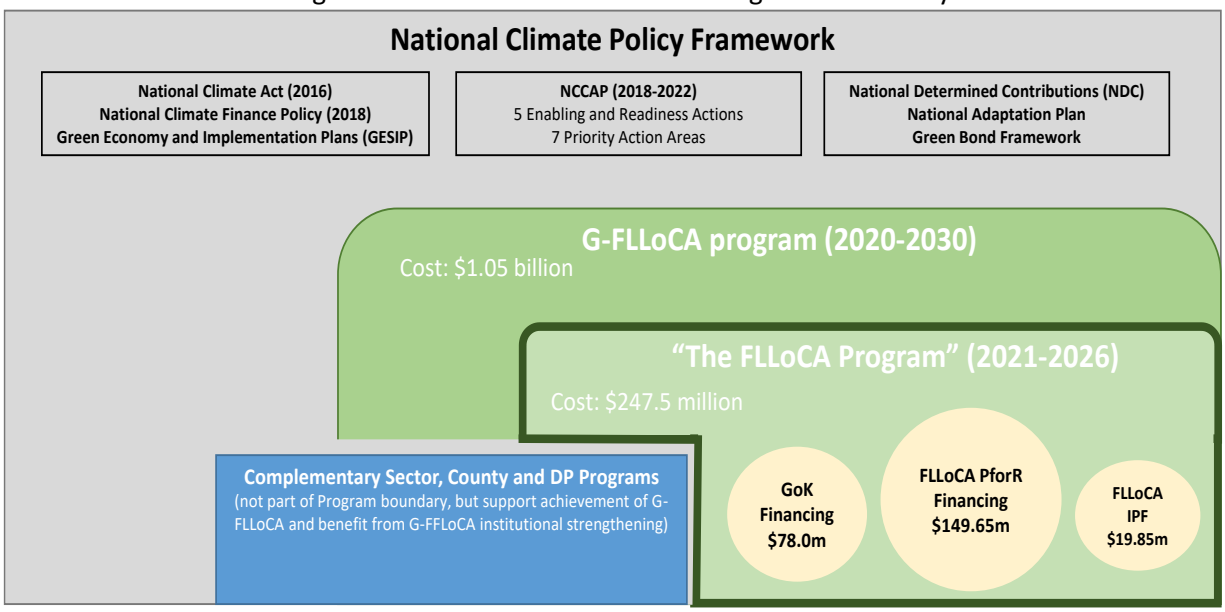
3. FLLoCA support to G-FLLoCA

85. The proposed Financing Locally Led Climate Action (FLLoCA) Program and IPF Component will support key parts of the G-FLLoCA program across its six components. The boundary of the Program is defined based on time, geography, and priority program outcomes:

- **Time boundary** – As noted above, the G-FLLoCA covers a 10-year period, including an initial two years of preparatory actions at the national and county levels (2020-2021), and eight years of implementation (2022-2030). The FLLoCA Program will focus its support on the final year of preparation (end 2021-2022) and the first four years of implementation (2022-2026) with grants provided in 2022-2025 and closing processes taking place in 2026.[26]
- **Geographic boundary** – G-FLLoCA includes financing for climate action in both rural, peri-urban, and urban locations. The FLLoCA Program, however, will target most of its support to rural areas based on a formula that gives precedence to areas with relatively high vulnerability to climate risks and poverty status.
- **Results boundary** – Finally, the FLLoCA Program will limit its support to key outcomes under G-FLLoCA's six components that relate to strengthening the national and county enabling environment, county institutional strengthening, and financing of local climate actions (in rural areas). The rationale for design choices made is discussed in paras. 13-53 above.

[26] In addition, program preparation resources in the amount of US$3.2 were provided to the GoK, to be recovered from the FLLoCA's IPF component.

Figure 2. Illustration of the FLLoCA Program's Boundary



86. Table 2 summarizes the FLLoCA Program's boundary.

Table 3. Program Boundary – G-FLLoCA Outcomes Supported by the FLLoCA Operation

G-FLLoCA Component	G-FLLoCA Outcomes	Within Program Boundary?
Component 1: Policy, Legal and Regulatory Framework	**Outcome 1A:** Policy, legal and regulatory frameworks for building climate resilience strengthened (**National**)	**Yes** – IPF
	Outcome 1B: Policy, legal and regulatory frameworks for building climate resilience strengthened (**County**)	**Yes** – PforR (RA 1)
Component 2: Capacity Building	**Outcome 1A:** Institutional and Human capacity to enhance the delivery of low carbon climate resilience strengthened (**National**)	**Yes** - IPF
	Outcome 1B: Institutional and Human capacity to enhance the delivery of low carbon climate resilience strengthened (**County**)	**Yes** – PforR (RA 1)
Component 3: Climate Finance	**Outcome 1:** Strengthened policy, and regulatory frameworks for financing climate actions	**Yes** – IPF
	Outcome 2: Enhanced capacity of the CoG and County Governments to support investments in climate resilience and low carbon emissions at local level	**Yes** – PforR (RA 1)
	Outcome 3A: Enhanced capacity to address Climate Change emerging Issues (climate shocks & disasters) (**National**)	**No**
	Outcome 3B: Enhanced capacity to address Climate Change emerging Issues (climate shocks & disasters) (**County**)	**No**
	Outcome 4: Capacity of County Structures responsible for climate related sectors strengthened	**No or perhaps partially**
	Outcome 5: Financing local urban and peri-urban climate actions	**No**
	Outcome 6: Private Sector Incentivized to support low carbon emissions and climate resilient Investments	**No**

	Outcome 7: Market Based Mechanisms for Carbon Trading established and operationalized	**No**
Component 4: Community Led Actions	**Outcome 1:** Modalities for Community Led local initiatives established	**Yes** – PforR (RA 1)
	Outcome 2: Strengthened capacity of communities to deliver climate resilience actions for improved livelihoods	**Yes** – PforR (RA 1)
	Outcome 3: Local Initiatives financed	**Yes** – PforR (RA 2)
	Outcome 4: Capacity of County Structures responsible for climate related sectors strengthened	**Yes** – PforR (RA 1)
	Outcome 5: Local urban and peri-urban climate actions financed	**No**
	Outcome 6: Private Sector Incentivized to support low carbon emissions and climate resilient Investments	**No**
	Outcome 7: Market Based Mechanisms for Carbon Trading established and operationalized	**No**
Component 5: Technology and Innovation	**Outcome 1A:** Increased access to green/ environmentally friendly technologies for low carbon climate resilient investment (**National**)	**No**
	Outcome 1B: Increased access to green/ environmentally friendly technologies for low carbon climate resilient investment (**County**)	**Yes –** PforR (RA 2)
	Outcome 2B: Increased access to finance the realization of green/ environmentally friendly technologies at local level (**National**)	**No**
	Outcome 2B: Increased access to finance the realization of green/ environmentally friendly technologies at local level (**County**)	**Yes –** PforR (RA 2)
Component 6: Monitoring, Reporting and Verification (MRV+)	**Outcome 1A:** Enhanced transparency and accountability on support (financial) received (**National**)	**Yes** – IPF
	Outcome 1B: Enhanced transparency and accountability on support (financial) received (**County**)	**Yes** – PforR (RA 1)
	Outcome 2A: Enhanced transparency and accountability on mitigation and adaptation actions (**National**)	**Yes** – IPF
	Outcome 2B: Enhanced transparency and accountability on mitigation and adaptation actions (**County**)	**Yes** – PforR (RA 1)
	Outcome 3A: Improved reporting on climate change by all actors (**National**)	**Yes** – IPF
	Outcome 3B: Improved reporting on climate change by all actors (**County**)	**Yes** – PforR (RA 1)

87. The FLLoCA Program's IPF component will finance national-level activities that enable locally-led climate finance and support county institutional capacity building. This includes national enabling environment and capacity building actions under G-FLLoCA components 1, 2, 6, as well as project management costs. Local climate actions in urban counties and wards under components 3, 4, and 5, will be financed by other World Bank programs and development partners. See below and Annex 8 for more details on the IPF component.

88. The Program will complement the World Bank's portfolio of operations that directly and indirectly support climate adaptation and resilience. As articulated in the Theory of Change (see para 29, Figure 1 above), the G-FLLoCA program seeks to leverage improvements in institutional capacity of counties to manage climate risk and adaptation to expand and improve the effectiveness of county and sector program investments in sectors significantly affected by climate change. G-FLLoCA also builds on county systems and capacities as well as private sector innovation supported via ongoing World Bank-financed operations, including the Kenya Devolution Support Program (KDSP), the Kenya Urban Support Program (KUSP), the Climate Smart Agriculture

Project, and the Climate Finance Facility. Table 3 below details how the FLLoCA Program's support for G-FLLoCA complements the Bank's existing portfolio.

Table 4. World Bank Portfolio and Complementary FLLoCA Support for G-FLLoCA

G-FLLoCA Components	Existing Portfolio Support	Complementary FLLoCA Support
Enabling and Readiness Actions		
Policy, Legal and Regulatory Framework	• Climate Change Governance Initiative (P172569) - supporting macro fiscal planning and budgeting, Public Investment Management (PIM), e-Government procurement, and piloting CDDCs at community level to promote climate change interventions.	• Advisory services for county enabling policies and regulations per the Climate Change Act.
Capacity Building	• National Agricultural and Rural Inclusive Growth Project (NARIG, P153349) support for project specific CDD institutions. • Kenya Climate Smart Agriculture Project (KCSAP, P154784) support for climate smart institutional and technical capacity. • Kenya Urban Support Program (KUSP, P156777) support for county urban disaster risk management capacity.	• County-level capacity building for county CCUs, climate risk assessment, climate planning, etc. • Technical support for integrated community planning via Ward Climate Change Planning Committees
Climate Finance/Community-led Actions	• Climate Venture Facility (P154586) strengthened financing for private sector climate innovation.	• New County institutional strengthening grant for core county climate systems and capacity. • New Climate investment grant for local climate action, • New Climate Screening Tool for leveraging and aligning sector and county investments with the County Climate Action Plan.
Technology and Innovation	• Climate Venture Facility strengthened financing for private sector climate innovation. • KCSAP support for agricultural research and seed systems, agro-weather, market, climate, and advisory services, forecasting, and info systems.	• New Participatory Climate Risk Assessment, including Community Digital Consultation Platforms. • New County Climate Information and Communication System.
Monitoring, Reporting, and Verification (MRV+)	• Kenya Devolution Support Program (KDSP, P149129) establish annual performance assessment (ACPA) for core county capacity building.	• New ACPA climate module to assess county-wide climate institutions. • New county climate M&E systems.
Priority Action Areas		
Disaster Risk Management	• KUSP investment in urban disaster risk management. • Regional Pastoral Livelihoods Project (RPLP, P129408) support for pastoral risk management.	• Complementary investments in rural local/ward level climate-related disasters and hazards.

Food and Nutrition Security	• NARIP investments in community agriculture. • KCSAP investments in climate smart agriculture.	• Additional investments in local/ward level climate resilience agriculture to meet unmet demand, particularly in the ASAL counties.
Water and the Blue Economy	• Water Security and Climate Resilience Project National Project (WaSSIP, P117635) inter-county and regional investments in west and coastal counties. • Water and Sanitation Development Project (WSDP, P156634) investments in urban and marginalized counites.	• Complementary investments in rural local/ward level climate resilient water access and storm water management.
Forestry, Wildlife, and Tourism	• N/A	• Fill investments gaps in local/ward level climate resilient greening and forestry actions.
Health, Sanitation, and Human Settlements	• WSDP investments in urban and marginalized counites. • KUSP must have investments in this category, albeit in urban areas?	• Complementary investments in rural local/ward level climate resilient storm water and solid waste management, including refuse removal, refuse dumps, and solid waste disposal
Manufacturing (& Livelihoods)	• N/A	• Fill investments gaps in rural local/ward level climate resilient livelihoods.
Energy and Transport	• Development Response to Displacement Impacts Project (DRDIP, (P161067) integrated NRM activities supporting critical energy needs amongst refugee host communities	• Fill investments gaps in local/ward promotion of renewable energy sources, including uptake of clean cooking solutions.
Emerging Climate-Relevant Issues	• DRDIP support for climate resilient livelihoods amongst refugee host communities	

89. Box 1 below summarizes how the FLLoCA Program's support to enabling environment, county capacity building, and local climate action will complement the World Bank's existing portfolio.

Box 1: FLLoCA's Complementary Support

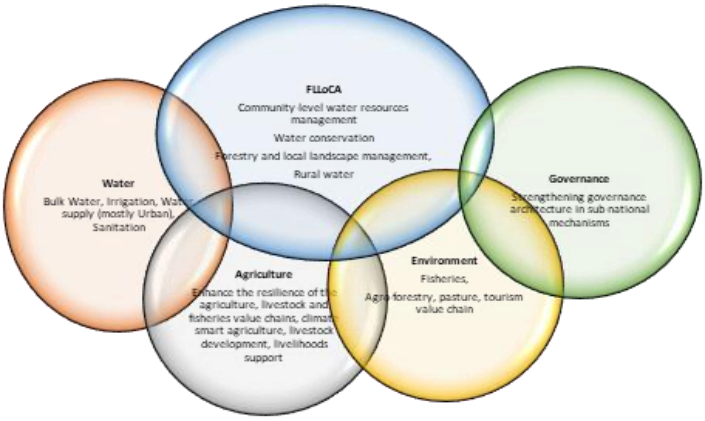
Complementary sectoral investments in local climate action

- FLLoCA will focus on investments that are prioritized by communities. They are likely to fall in the water, agriculture, and environment sectors[27] that are most urgent for climate resilience, for example, community-level water resources management, water conservation, forestry, local landscape management, rural water supply, and promotion of community conservancies and ecotourism.
- FLLoCA's support will prioritize rural areas according to technology-based climate risk profiles. Therefore, more resources will be provided to ASAL counties, where no other water or NRM investments will be ongoing.[28]
- FLLoCA will complement value chain and agriculture input investments in the ASALs by bringing in climate risk mitigation and adaptation aspects for communities, for example in livestock, irrigation, and NRM.

[27] See Annex 10 for a menu of investment options.

[28] These investments will be small in scale.

Complementary support for the enabling environment for climate financing and action



- FLLoCA provides dedicated support for strengthening the national and county enabling environment for financing climate action, particularly county and local climate action. This includes support to TNT&P for its goal of crowding-in third party financing of local climate action via the G-FLLoCA program. This will build on the experience and complement the World Bank support for piloting an innovative financing mechanism for financing start-up and early-stage climate technology companies in Kenya via the Kenya Climate Venture Facility (P154586). This will include support for the diffusion of relevant technologies to counties and communities via the CCRI grant. The Climate Change Governance Initiative (P172569) is also supporting the TNT&P in macro fiscal planning and budgeting, Public Investment Management (PIM), e-Government procurement, and services for county enabling policies and regulations as per the Climate Change Act.

Complementary support for institutional strengthening

- FLLoCA builds on systems created by KDSP-KUSP but focuses for the first time on climate resilient investments at the ward- level through a community-led participatory process for assessing climate risk and identifying solutions.
- FLLoCA introduces participatory risk assessment informed by science as an innovative county-level assessment system to encourage resilience investments that can be tracked.

4. Program Expenditure Framework

90. The total cost of the G-FLLoCA program is estimated at US$1.05 billion over ten years (2020-2030), of which the Program supported by the PforR component of the operation is estimated to cost approximately US$230.05 million over five years (2021-2026). G-FLLoCA's expenditures consist of three main elements: (a) "fixed costs", which includes national as well as county staff salaries and operational costs associated with coordinating, designing, and implementing the program; (b) "variable costs" which includes operational costs for the program's institutional strengthening, capacity building, innovation, risk management as well as MRV+ activities at the national and county-level; and (c) "investment costs" which includes allocations for county executed local climate actions.

91. The US$230.05 million constitutes FLLoCA's expenditure framework. This consists of US$5 million in "fixed costs" at the national level, US$75 million in "variable costs" at the county level, and US$150.05 million in "investment costs" executed at the county level. This expenditure will be supported through a combination of PforR and IPF financing instruments. Specifically, the IPF component will finance the Program's variable costs at the national level, including expenditure associated with the Program's coordination, capacity building, social risk management, and MRV+ activities. The PforR component will finance the county-level "variable costs" via a conditional County Climate Institutional Support (CCIS) grant as well as contribute to the financing of the "investment costs" via a conditional County Climate Resilience Investment (CCRI) grant in select areas.

Table 5. Summary of Program Financing by Component (US$ million)

Component	IDA	Gov of Denmark	Gov of Sweden	Gov of Kenya	Total	% of Total Amt.
National Level Support*	0.00	0.00	0.00	5.00	5.00	**1.99**
County Climate and Institutional Support (CCIS) Grant	10.90	1.40	1.50	0.00	13.80	5.49
County Climate Resilience Investment (CCRI) Grant	128.45	4.00	3.80	0.00	136.25	54.20
County Level Support**	0.00	0.00	0.00	75.00	75.00	29.83
Subtotal – PforR component	**139.35**	**5.40**	**5.30**	**80.00**	**230.05**	**91.5**
% of PforR component	*60.6*	*2.3*	*2.3*	*34.8*	*100.0*	
IPF 1: Capacity and coordination support	7.75	4.40	4.11	0.00	16.26	6.5
IPF 2: Social Risk Management support	0.76	0.00	0.84	0.00	1.60	0.6
IPF 3: Program management and M&E	2.14	0.00	1.35	0.00	3.49	1.4
Subtotal – IPF component	**10.65**	**4.40**	**6.30**	**0.00**	**21.35**	**8.5**
% of IPF component	*49.9*	*20.6*	*29.5*	*0.0*	*100.0*	
Total	**150.00**	**9.80**	**11.60**	**80.00**	**251.40**	
% of total hybrid operation	*59.7*	*3.9*	*4.6*	*31.8*	*100.0*	

* National Level support for PforR will facilitate Result Areas 1 and 2 activities and will be funded by National Exchequer.
** County Level support for PforR will facilitate climate actions at the county level as provided in the Climate Change Act, 2016 and will be funded by CG budget.

92. Tracking of Program expenditures through the budget, IFMIS and audits will be made possible through the assignment of budget source codes and sub-codes. As an example, at the national level GoK has factored FLLoCA in the budget and the medium-term expenditure framework, beginning with a provision of US$1.2m for the PIU from GoK funds. This amount is expected to grow once FLLoCA is fully operational. PIU program has already been assigned a budget code.

93. At the county level, the PforR assessment process will track allocations to each county's climate change fund, which is expected to provide a strong incentive for counties to contribute a minimum of 1 percent of their development budget. This assumption underlies the projection of FLLoCA allocations to counties which reflects an expected year-on-year increase in absolute amounts. This assumption is supported by a readiness assessment carried out by the TNT&P, which shows that as counties prepare to meet Program conditions, 25 out of 47 counties have laws that provide for between 1 and 2 percent of their development budget towards the CCCF, and there are allocations in the FY22 budget of just under US$10m from these counties, which gives confidence that it will grow to, or surpass the estimated US$$15m from all counties annually. The TNT&P is working out the details of the budget codes to track climate change expenditure, including all program expenditures (IDA, bilateral grants, and GoK) at the county level.

5. Economic Evaluation

94. **Quantifiable benefits of the FLLoCA Program investment menu for counties.** Under the PforR component of the FLLoCA Program, the County Climate Resilience Investment (CCRI) grant seeks to implement participatory county climate action plans as part of the regular county operations. The investment menu of

activities include: agro-forestry; climate smart agriculture; rehabilitation of degraded rangelands; local landscape management; improving access to water and promotion and conservation of efficient water use; natural resource management and environmental conservation/community forestry; rehabilitation of degraded lands and promotion of renewable energy sources and rural Infrastructure and Disaster Risk Management. These activities support Government of Kenya under the third medium term plan of Kenya Vision 2020, whose objective is to promote strategies for adaptation and mitigation of climate change effects on agricultural systems.

95. **Potential benefits of soil water conservation measures.** The environmental benefits associated with soil and water conservation, i.e. terracing and grass strips include carbon sequestration, nutrient recycling, and prevention of siltation of dams and other water bodies through reduction of soil erosion. Terraces were found to have higher soil carbon of up to (up to 6MgC/ha) compared to sites where farmers practiced conventional agriculture. Furthermore, terraces and grass strips have the benefit of increasing crop yields due to increased retention of soil moisture, nutrients, and prevention of seed loss. Increased crop yields associated with these practices have the impact of increasing household food security levels. UNDP and FAO (2020)[29] conducted a survey from a survey of 642 households spread across five counties[30] in Kenya, in order to establish the cost benefit analysis of adapting soil and water conservation measures using terracing, which was adopted by 15% of farmers and grass strips (25% of farmers).

96. Table 6 provides a summary of the net present value (NPV) and associated internal rate of return (IRR)[31] of adapting soil and water conservation measures in various farming systems in Kenya. These farming systems are characterized by smallholder rain-fed farming on land holding ranging from 0.2 to 3 hectares. From this evaluation, a county situated in the high potential farming system of the rift valley can establish that the viability of adopting terracing, is that it has an NPV of USD 1,153 per hectare and an IRR of 25%. The use of grass strip as a soil and water conservation measure has the highest NPV of USD 1,104 per hectare and an IRR of 37% in high potential farming system in western part of Kenya. A sensitivity analysis of varying discount rate by +25-50% and yields by -25% found that both terracing and grass strips option was viable for all farming systems apart from low potential zones in Nyanza where grass strips had lower IRR even with a positive NPV.

Table 6: Economic Analysis of Soil and Water Conservation Measures

	Terracing		Grass Strips	
Farming System	**NPV (USD)**	**IRR**	**NPV (USD)**	**IRR**
High Potential (Rift Valley)	1,153	25%	984	33%
High Potential (Western)	746	28%	1,104	37%
Medium Potential (Central)	552	25%	984	29%
Low Potential (Coastal)	495	24%	269	17%
Low Potential (Nyanza)	357	20%	376	12%
Average	878	32%	208	28%

Source: FAO & UNDP (2020)[32]

[29] FAO & UNDP, (2020). Assessing agroforestry practices and soil and water conservation for climate change adaptation in Kenya: A cost-benefit analysis. Rome, FAO.

[30] Kilifi (low potential costal area), Homabay (low potential Nyanza), Kakamega (Western medium potential), Nyeri (Central medium potential) and Nakuru (High potential central rift).

[31] Using a discount rate of 5%

[32] *ibid*

97. **Potential benefits of agroforestry measures.** The food and agricultural organization (FAO)[33] defines agroforestry as land use systems and technologies that use woody perennials such as trees, shrubs, palms, bamboos, in the same land management unit as agricultural crops and/or animals. Tree planting as an agroforestry measure has the benefit of increasing resilience to climate change since the deep roots enhance soil moisture retention, reverse soil degradation, restore tree cover and also improve crop productivity. 98% of the households surveyed planted trees in the year preceding the survey; the most common tree planted was *Grevillea robusta* species with density of up to 200 trees per hectare. Table 6 shows that tree planning in any of the farming system is profitable. A sensitivity analysis of varying discount rate by +25-50% and yields by -25% found that tree planting was still profitable in all farming systems.

Table 7: Economic Analysis of Agroforestry Measures (Tree Planting)

	Tree Planting	
Farming System	**NPV (USD)**	**IRR**
High Potential (Rift Valley)	1,305	24%
High Potential (Western)	1,440	30%
Medium Potential (Central)	1,612	31%
Low Potential (Coastal)	1,813	33%
Low Potential (Nyanza)	1,860	35%
Average	1,596	30%

Source: *ibid*

98. **Potential benefits of climate smart soil (CSS) practices.** There are various CSS, these include: organic manure, intercropping, agroforestry, improved seeds, organic manure, improved seeds, inorganic fertilizer and liming. The advantages of CSS include: improvement of the soil-nitrogen cycle, enhance yield, soil fertility, crop productivity, improved soil biodiversity, and reduction in soil erosion and water pollution. These practices result in increased food production, incomes and increased ability of households to adjust to climate change. The International Centre for Tropical Agriculture (CIAT) established the cost benefit analysis of CSS protecting practices in three counties in Western Kenya namely Siaya, Bungoma and Kakamega, using the following farm typologies: small-scale mixed subsistence farming, medium-scale mixed with commercial dairy, medium-scale mixed with commercial horticulture, medium-scale mixed with commercial cereals, and large-scale commercial farming. A discount rate of 9% was used as an estimate of the opportunity cost of money, with a life cycle ranging from 4-19 years for the CSS.[34]

99. Table 8 presents economic analysis of CSS practice by farm typology and the associated payback period, i.e. the period it takes to repay the initial capital. The use of inorganic fertilizer, improved seeds by medium scale mixed with commercial cereal farmers and agroforestry have the highest NPVs of 70%, 66% and 63% respectively. The IRR for all the eight practices is higher than the discount rate of 9%, meaning they are all profitable.

[33] FAO. 2003. Multilingual thesaurus on land tenure, Edited by Ciparisse, G., English Version.

[34] Ng'ang'a SK; Notenbaert A; Mwungu CM; Mwongera C; Girvetz E. 2017. Cost and benefit analysis for climate-smart soil practices in Western Kenya. Working Paper. CIAT Publication No. 439.

Table 8: Economic Analysis of Climate Smart Soil Practices

Farm Typology	CSS Practice	NPV	IRR	Payback
Small-scale mixed subsistence farming	Organic manure	2,857	36%	2
	Intercropping	5,218	58%	3
Medium-scale mixed with commercial dairy	Agroforestry	6,216	63%	4
Medium-scale mixed with commercial horticulture	Improved seeds	4,346	48%	4
	Organic manure	4,899	48%	4
Medium-scale mixed with commercial cereals	Improved seeds	6,767	66%	3
	Inorganic fertilizer	6,730	70%	3
Large-scale commercial farming	Liming	5,164	59%	3

Source: Ng'ang'a *et al* (2017)[35]

100. **Potential benefits of Land Restoration.** Land restoration provides society with positive welfare enhancing ecosystem services such as carbon sequestration, water flow regulation, soil protection and biodiversity and ecosystem resilience among resilience. These benefits deliver livelihood support and social safety net for the more vulnerable members of any society. There are various ways of restoring previous degraded land (Table 9), all these interventions are expected to bring benefits per hectare over the 30-year period (life cycle). The benefits presented have shown positive NPV (7%) per hectare over the 30-year period for all the proposed restoration transitions per hectare. Transitioning from traditional cowpeas farming to intensive agroforestry with Melia volkensii has a very high NPV of KES 1,893,785 and a benefit cost ratio (BCR) of 22.82. The land restoration benefits were found to be sensitive to variations in rates at 5%, 7%, 10% and 12% per hectare over the 30-year period (see Table 10). The NPV substantially reduces; Cheboiwo et al (2019)[36] explain that these variations are the likely outcomes associated with unpredictable climate of economic performance and attendant change in inflation rate in the economy.

Table 9: Economic Analysis of Various Land Restoration Options

Restoration Transition	NPV (KES)	BCR
Degraded forest - Enrichment planting	318,559	2.75
Degraded forest -ImprovedNatural regeneration	906,559	3.90
Traditional Agriculture (Maize Farming) – Intensive Agroforestry with *Grevillea robusta*	991,415	25.64
Traditional Agriculture (Cowpeas Farming) - Intensive Agroforestry with *Melia volkensii*	1,893,785	22.82
Poorly managed woodlots - Improved Eucalyptus woodlot	1,649,510	9.77
Degraded woodlands- commercial *Gmelina arborea* plantations	1,126,800	24.99
Degraded planted forests- commercial bamboo plantation	627,688	22.8
Un-stocked plantations fully stocked cypress plantations	703,142	18.18
Degraded riparian zones -bamboo and grass strip	1,105,203	2.35
Bare road - trees buffer on roadsides	96,972	6.1

[35] *ibid*

[36] Cheboiwo J, Langat D, Muga M & Kiprop, J. (2019). "Economic Analysis of Forest Landscape Restoration Options in Kenya" Ministry of Environment and Forestry. This study forms part of the Kenyan Government assessment of forest landscape restoration assessments using the Restoration Opportunities Assessment Methodology (ROAM). https://www.researchgate.net/publication/332671599

Degraded grasslands -grass reseeding	532,566	29.2
Degraded grassland -Silvo-pastoral system grass reseeding and acacia	1,272,052	21.3

Source: Cheboiwo et al (2019)[37]

Table 10: Sensitivity Analysis of Various Land Restoration Options

	NPV @5%	NPV @7%	NPV @10%	NPV @12%
Degraded forest - Enrichment planting	498,256	318,559	151,091	81,025
Degraded forest -Improved Natural regeneration	1,389,135	906,559	473,104	298,390
Traditional Agriculture (Maize Farming) - Intensive Agroforestry Grevillea	1,313,811	991,415	685,864	553,129
Traditional Agriculture (Cowpeas Farming) - Intensive Agroforestry Melia	2,484,747	1,893,785	1,350,462	1,120,096
Poorly managed woodlots - Improved Eucalyptus woodlot	2,684,890	1,649,510	819,200	516,413
Degraded woodlands - commercial *Gmelina arborea* plantations	1,882,780	1,126,800	550,593	355,638
Degraded planted forests - commercial bamboo plantation	732,469	627,688	498,292	428,218
Un-stocked plantations- fully stocked cypress plantations	937,159	702,142	472,124	368,425
Degraded riparian zones - bamboo and grass strip	1,417,550	1,105,203	793,678	651,915
Bare road - trees buffer on roadsides	131,939	96,972	62,752	47,545
Degraded grasslands - grass reseeding	682,137	532,566	371,669	300,535
Degraded grassland - silvo-pastoral system grass reseeding and acacia	1,592,899	1,272,052	907,525	750,044

Source: Cheboiwo *et al* (2019)[38]

101. **Non-quantifiable Institutional Benefits.** The strengthening of policy, legal, and regulatory instruments for building climate resilience at the national and county levels will provide a foundation for effective prioritization, planning and management of climate action. The establishment of Climate Change Units (CCU) and establishing CECM in charge of these units will be a major enabler for successful community education and awareness raising programmes focusing on climate change adaption options. The role of the community in the successful implementation of these projects will be hinged on the development of climate information services and early warning systems, in consultation with the respective communities. This will result in a well-informed citizenry and inclusive decision-making due to transparency and accountability in governance. The establishment of an effective county climate management unit or system will attract public-private partnerships (PPPs) in areas that were previously left to the public sector such as land reclamation and restoration.

[37] *ibid*

[38] i*bid*

102. **There are several non-quantifiable benefits associated with financing locally led climate action programs.** These include: (i) reduction in total GHG emissions (ii) reduction in the adverse effects of drought and floods reducing vulnerabilities and multidimensional poverty (iii) increased economic opportunities associated with improved access to water for domestic and livestock use (iv) effective community participation in identifying priority investment resulting in more beneficiaries. The strengthening of institutional and human capacity to deliver low carbon climate resilience actions at both national and subnational levels is expected to reduce Kenya's total greenhouse gas (GHG) emission. In 2013, Kenya contributed approximately 0.13% of the World's total GHG emissions. Increased climate smart initiatives is expected to substantially reduce the percentage of GHG emission from both agriculture and land use change and forestry (LUCF), which currently stands at 79% of total GHG emission in Kenya.

103. Climate change has the adverse effect of increasing the incidence and intensity of droughts and floods, resulting in increased incidence of malaria and other disease epidemics, and consequently lives are lost and livelihoods are disrupted. This results in high level of vulnerability and multi-dimensional poverty, particularly in the arid and semi arid lands (ASALs). A local community driven adaptation strategy is expected to reduce drought and floods and increase community resilience and therefore reduce and minimize livelihood disruption and lives lost.

104. An assessment of the impact of CCCF investments on households and communities shows that there are economic benefits associated with improved access to water for domestic and livestock use and reduced time spent fetching water. The economic opportunities include: vegetable gardens, small-scale irrigation and tree nurseries; improved incomes from selling milk, meat and other produce; reduced cost of accessing water; improved livestock health and better quality meat; fewer conflicts within households and communities and between neighboring villages; educational benefits for boys and girls who can attend school for longer periods and therefore being able to achieve good grades.[39]

105. Strong community participation in the governance and climate change action plans has resulted in investment in projects that accurately reflect community needs and priorities, leading to a strong sense of community ownership. Such projects tend to benefit more members of the community, for example, the Jehjeh water pan in Wajir County cost approximately KES 4 million, and it benefited 70,980 people, 24,300 cattle, 92,300 sheep and goats. Being the only source of reliable rainwater in the county for both domestic and livestock use, Jehjeh Water Pan was a source of water stress and conflict during dry season for local people, migrant pastoralists and wildlife. The involvement of the community at county and ward level in the decision making of investment priorities resulted in the successful implementation of this project in Wajir County.[40]

106. **County Absorption Capacity of Total Expenditure is increasing[41] but remains an area of concern for the successful implementation of FLLoCA.** The total expenditure by County Governments in FY 2019/20 was Kshs. 384 billion, which translated to an absorption capacity of 76.8 percent of aggregated annual county budget. There was a 1.1 percentage point decrease in absorption capacity as compared to the FY 2018/19, when total expenditure was Kshs. 376 billion representing 77.9 percent absorption capacity. Recurrent expenditure in FY 2019/20 was Kshs. 279 billion, while in FY 2018/19, recurrent expenditure was KES 312 billion, with absorption rate of 89.6%. In the same year, development expenditure was KES 104.51 billion, and

[39] http://www.braced.org/contentAsset/raw-data/dbdd6ead-efa3-4b97-b843-37d8d6d3d3a0/attachmentFile

[40] Crick, F, Gargule, A. and Suji O. "Early Outcomes of Climate Change in Kenya: Case Study of Seven investment funded by Community Climate Change Fund Mechanism" http://www.braced.org/contentAsset/raw-data/dbdd6ead-efa3-4b97-b843-37d8d6d3d3a0/attachmentFile

[41] http://cob.go.ke/publications/consolidated-county-budget-implementation-review-reports/

an absorption rate of 55.6 percent, compared to FY 2018/19 when development expenditure was KES 107.44 billion with an absorption rate of 57.8 percent (there was a 1.2 percentage points decline). There has to be increased efforts to ensure that County Governments are able to absorb the FLLoCA grant given the low level of development expenditure absorption.

Annex 1: G-FLLoCA Strategic Context

Climate Change in Kenya – A Multisectoral Issue with Varying Impacts Across Different Localities

1. Climate change is having and will continue to have a considerable negative impact on livelihoods and economic growth in Kenya. Over the past 50 years, changes in temperature and rainfall patterns have resulted in more frequent weather-related disasters such as floods, droughts, and landslides with a profound impact on Kenya's economy and people's well-being. Each flood event affected 68,000 people on average, each drought event affected 4.8 million people on average, and 3.4 million Kenyans were classed as food insecure in 2017 due to ongoing droughts. Climate change projections suggest that both temperatures and precipitation will further increase by 2100, accompanied by even more frequent heat waves, floods, and landslides. Further, warming in Kenya and in the rest of continental Africa is projected to be greater than the global mean (2.8°C) during the 21st century.[42] These changes are expected to reduce soil productivity, increase the prevalence of pests and diseases, and thus worsen people's food security.[43] Climate change will also lead to a rise in global sea levels and ocean temperatures, with implications for coastal flooding and the intensity of storms, expected to affect 10,000-86,000 Kenyans by 2030. Droughts will affect mobility and migration with strains on the environment and its services to the communities and reduce water supply and hydroelectric power generation. The economic effects of climate change will be significant, with recent modeling for Kenya placing the reduction in gross domestic product (GDP) growth at approximately 2.3 percentage points under current warming conditions (at the upper end of the estimates), doubling to 4.7 percent at 2°C warming.[44]

2. The severe effects of climate change on rural populations will challenge inclusiveness and ultimately the sustainability of growth. The climate-sensitive nature of rural livelihoods and the dependence of the rural economy on climate-sensitive sectors, indicate that climate is a powerful economic binding constraint in rural areas. The most severe effects of these changes will be felt by the poor, women, and children, who depend most directly on ecosystem services. Climate change is also a risk multiplier as it interacts with other covariate and idiosyncratic risks and may affect biological hazards such as malaria, dengue, and pest infestations. Ensuring resilience to climate risks, especially in rural areas, is therefore a critical component of Kenya's path to sustainable growth. Table 5 presents a summary of climate change impacts on some of Kenya's key sectors:

Table 1: Summary of Climate Change Impacts on Key Sectors in Kenya

Sector	Climate Change Impacts

[42] The IPCC (AR4) projected warming averaged over 21 models for the unmitigated medium-emissions A1B scenario, is between 2.5°C and 4°C across Kenya, with a median value of around 2°C by the middle of the century for the East African region, and of 3.2°C by 2100.

[43] Source: World Bank Group. 2019. Kenya Country Environmental Analysis. Report No. AUS0001100.

[44] World Bank Group. 2020 Kenya Systematic Country Diagnostic.

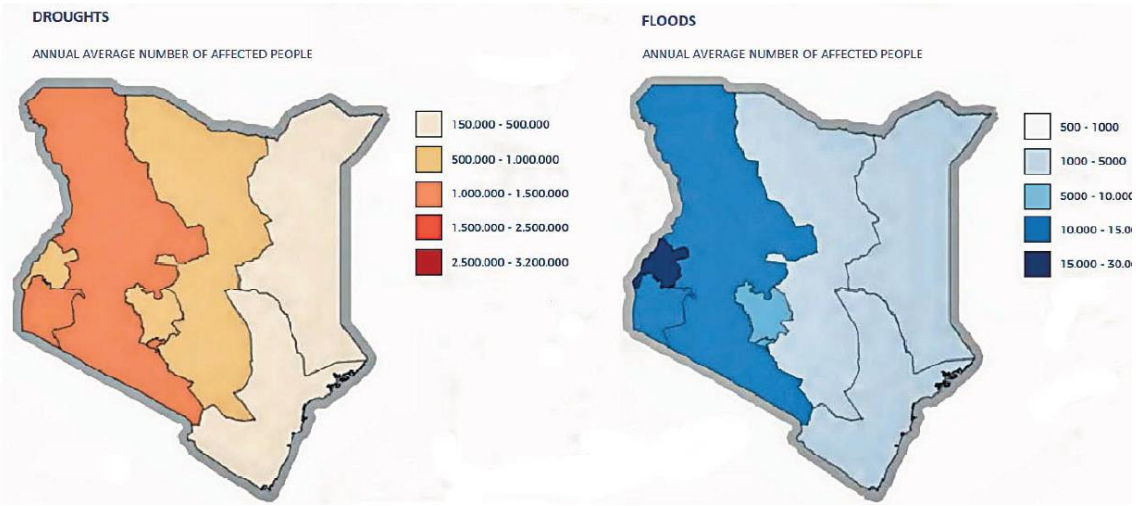
Food and Nutrition Security	· Decline in overall crop yields in most of the country due to insufficient availability of water, excessive moisture conditions, more pests, diseases, and weeds · Lower production in the ASALs due to temperature increases and lower precipitation leading to reduced soil moisture · Uncertainty regarding the impact on production of specific crops, but likely reduction on yields of maize and beans, and potential reductions of export cash crops · Higher temperatures in highland areas may have a positive impact on agricultural production · Greater reliance on irrigation due to reduced precipitation · Increased incidence of post-harvest contamination; new pests and diseases in both crops and livestock; destruction of farm infrastructure · Livestock deaths caused by drought · Decline in production due to lack of pasture, reduced access to water, and heat stress · Changes in disease patterns, and potential for re-emergence of Tsetse and African Trypanosomiasis in the highlands · Thinning of species and biomass abundance owing to the effects of temperature increase on nesting and feeding grounds · Increased risk of alien invasive species
Water and the Blue Economy	· Reduced availability of surface water for irrigation, livestock production, household use, wildlife, and industry · Increased water loss from reservoirs dues to evaporation · Continued retreat of glaciers on Mount Kenya that feed the Tana and Ewaso Ng'iro Rivers, leading to lower water levels particularly in the dry season · Submergence of low-lying areas and increase in water-logged areas · Saltwater intrusion along the coast due to sea level rise, with implications for domestic, industrial, and agricultural uses as well as coastal ecosystems · Destruction of coral reefs · Negative impact on economic benefits of blue economy investments · Decline in fisheries and livelihoods due to ocean acidification and warming oceans
Forestry, Wildlife, and Tourism	· Increased exposure to fire, pathogens, and invasive species · Reduced provision of environmental resources and economic activity · Tourist facilities affected by reduced water availability and lack of access due to damage to roads and infrastructure · Adverse impacts on ecologically sensitive tourist destinations · Potential for migration of wildlife populations with implications for park boundaries and human-wildlife conflict · Potential for species extinction
Disaster Risk	· Increased frequency and intensity of droughts, especially in the ASAL regions · Increased frequency and intensity of flooding · Increased number of people without access to water · Decline in school attendance and rising dropout rates · Damage to infrastructure

Source: Government of Kenya National Climate Change Action Plan for 2018-2022.

3. Kenya's current and future climate conditions and risks vary considerably between regions. The country's dryland areas (also known as arid and semi-arid lands - ASALs) have lower rates of precipitation and higher

average temperatures compared to coastal regions and the central region's highlands. In these areas, the impacts of climate change on the population are already being felt and will worsen because the economy is highly dependent on climate sensitive activities such as pastoralism, and changes are expected to reduce the quality of pastures and the availability of both fodder and surface water. At the same time, the ASALs are more sparsely populated compared to other regions (ASALs constitute approximately 80 percent of Kenya's land mass but are home to about 20 percent of Kenya's population), so the scale of impacts may be lesser than in more densely populated areas. The tropical coastal region is expected to experience loss of coastal wetlands and coastal erosion due to sea-level rise with estimated 267,000 Kenyans at risk of coastal flooding by 2030.[45] The temperate central and western regions are expected to experience severe water shortage because of shrinking glaciers, while the lakes in the Rift Valley are already showing recession due to variability in rainfall, resulting in reduced water and fish availability downstream. The increasing intensity and magnitude of weather-related disasters in Kenya aggravates conflicts, mostly over natural resources, and contributes to security threats. These risks will vary locally depending on communities' access to resources and the effectiveness of their governance systems; at the same time, climate risks are interconnected within and between regions due to shared natural and socioeconomic systems. Figure 3 below demonstrates the varying impacts of climate change on the country's population.

Figure 3. Geographic distribution of droughts and floods on Kenyan population



Source: United Nations Office for Disaster Risk Reductions (UNISDR) and CIMA. 2018. Kenya Disaster Risk Profile.

4. Poor and marginalized people experience disproportionately high vulnerability to the adverse impacts of climate change, particularly in rural areas. Poor communities – and among them, traditionally marginalized segments of the population, such as women and children -- are typically more exposed because they inhabit ecologically fragile areas and live in poor-quality housing; rely on fewer and more climate-sensitive natural resources for income and subsistence, with less diversified livelihoods based on highly vulnerable sectors, such as agriculture and water resources; have limited access to functional institutions, basic services, safety nets and insurance; and are often left out of formal decision-making processes. These factors limit the ability of the rural poor to build more sustainable livelihoods and to effectively cope with shocks and stresses and adapt to changing climatic conditions over time. Disasters also cause damage to or complete loss of community assets (e.g., roads, culverts, water supply schemes, ponds, rainwater harvesting schemes, schools, health centers, and community buildings), unofficial safety nets, and local infrastructure. In remote rural

[45] Source: World Bank Group. 2019. Kenya Country Environmental Analysis. Report No. AUS0001100.

areas, such damage could isolate communities, cutting them off from economic, educational, and health facilities.

5. Due to patriarchal gender norms underpinning local institutions and decision-making processes in many communities in Kenya - particularly in rural areas - access and control of critical resources are uneven between men and women. This exacerbates the climate vulnerability of women in Kenya and underpins their relatively low levels of climate resilience. Although the legislative environment in Kenya ensures the inclusion of vulnerable and marginalized groups[46], translating these principles into behavior change across Kenya, and especially among communities in ASALs, is challenging since unwritten informal rules and gender norms are deeply entrenched into community cultures and traditions.[47] Studies[48] have found that gaps in participation in decision making processes had the greatest negative impact on women and men's adaptive capacity to climate variability, followed by assets, and access to basic services and information. Climate adaptation action and access to climate finance are limited by women's exclusion, and low level of education and access to information on climate adaptation mechanisms compared to men. Pastoralist communities' institutions rely on a wealth of traditional knowledge of the rangelands; however, the composition of these institutions is such that they exclude women and youth from decision-making and most socio-economic benefits.

6. Local communities in Kenya have developed valuable indigenous knowledge and practices in response to climate challenges but have largely lacked mechanisms for feeding this knowledge back into planning of investments by national and county governments. In the ASALs, for example, pastoralism and agro-pastoralism represent vital livelihood strategies that provide the most adaptable and sustainable ways of living in such an environment and can thus provide a foundation for building resilient societies. However, traditional knowledge is not systematically considered or integrated into the design of investments, and the effectiveness of traditional knowledge often diminishes because it is based on historical trends and communities often lack access to climate information services, including reliable, localized data on the nature of projected climate change impacts, which could support their ability to plan.

7. Climate change in Kenya will affect and require adaptation across multiple climate-sensitive sectors**,** such as agriculture, water, energy, tourism, environment, and health. Reflecting this complexity, Kenya's National Climate Change Framework Policy (2018) prescribes a multi-sectoral approach to increasing the adaptation capacity of the country and the resilience of its population by ensuring the integration of climate change considerations into planning, budgeting, implementation, and decision-making at the national and local levels.

8. Kenya has demonstrated leadership in establishing a policy framework to manage climate risk, derived from Kenya Vision 2030, the country's long-term development blueprint. GoK has a range of policies, strategies, plans, and financing mechanisms that integrate climate change into wider government programs. The main strategic framework is the National Climate Change Response Strategy (2010), which is further elaborated in a National Climate Change Framework Policy (2016) and a Climate Change Act (2016). The Act

[46] The Constitution of Kenya (2010) guarantees equality, non-discrimination, and protection of rights for groups such as women and youth. This commitment comes from several legislative, policy, and institutional frameworks that Kenya has adopted to fast-track gender equality, equity, and freedom from discrimination.

[47] This observation is based on an Ada Consortium Policy Brief (2018), which summarizes challenges experienced and actions needed to ensure equal participation of women and youth local climate actions.

[48] For example, USAID.2020. Kenya Final Gender Analysis Report; Omolo et al. 2016. Gender and Resilience to Climate Variability in Pastoralists Livelihoods System: Two Case Studies in Kenya. http://www.ccsenet.org/journal/index.php/jsd/article/view/62823; KNBS 2019 Economic Survey; Bernier Q, Meinzen-Dick R, Kristjanson P, Haglund E, Kovarik C, Bryan E, Ringler C, and Silvestri S. 2015. Gender and Institutional Aspects of Climate-Smart Agricultural Practices: Evidence from Kenya.

provides an overarching framework for climate risk management at all levels of the government, put into action in the National Climate Change Action Plan (NCCAP, 2018-2022). The NCCAP sets out a range of low-carbon and resilient development pathways for the country through five Enabling and Readiness Actions and 'Seven plus One' Priority Action Areas which are to be implemented at central and decentralized levels.

9. However, climate action[49] is underfunded in Kenya. Kenya's third Medium-Term Program (2018-2022) incorporates a financial framework for the implementation of the NCCAP. A recent report on the landscape of climate finance in Kenya[50] shows that climate-related expenditure in Kenya accounted for 25 percent of the of NCCAP budgeted financing needs in 2018/2019, with adaptation constituting only 30 percent of the amount. The report highlights the need to urgently increase financing for climate adaptation in Kenya, for multi-agency and multi-level coordination, and for the National Treasury and Planning (TNT&P) to better track finance flows for climate actions.

10. Given the multisectoral nature of climate risks in Kenya, several agencies coordinate and implement climate actions. The agency responsible for coordinating and reporting on the implementation of the NCCAP is the Ministry of Environment and Forestry (MoEF) Climate Change Directorate (CCD). The CCD also functions as the secretariat for a National Climate Change Council, which is responsible for overseeing the implementation of the NCCAP.[51] Mobilization and management of finance for climate resilience actions is the responsibility of the TNT&P Climate Finance and Green Economy Unit, while the National Drought Management Authority (NDMA) coordinates drought management and disaster risk reduction actions in the ASALs. Oversight of climate action compliance with environmental and social requirements is the responsibility of the National Environment Management Authority (NEMA) and the Ministry of Labour and Social Protection (MLSP), respectively. This multiplicity of actors has resulted in weak coordination of climate risk management at the central level, and insufficient service delivery to the counties.

Kenya's Devolution and Local Climate Action

11. The devolved system of government in Kenya has placed the responsibility of climate action with County Government (CGs). Counties are charged with frontline service delivery, including in key climate sensitive sectors such as agriculture, water, health, natural resource management, and environmental conservation. Counties deliver on their mandate through five-year County Integrated Development Plans (CIDPs) and Annual Development Plans and budgets. CIDPs are required to have a section on "Environment and Climate Change", which outlines major contributions to environmental degradation, environmental threats, high spatial and temporal variability of rainfall, changes in water levels or glaciers, and solid waste management facilities. CGs now have eight years of experience in planning and executing public works and services. In the delivery of these works and services counties have already been tackling climate risks even though the scale, funding, and use of climate science may have been limited. Several civil society organizations (CSOs) and development partners, including the UN and the World Bank, have supported these efforts, e.g., through sectoral projects such as the World Bank's Kenya Climate Smart Agriculture Project (KCSAP, P154784) that has not only supported investments but also local capacities.

[49] The term 'climate action' refers to SDG 13: Climate Action and includes actions that (i) strengthen resilience and adaptive capacity to climate-related disasters, (ii) integrate climate change measures into policy and planning, (iii) build knowledge and capacity to meet climate change, and (iv) build knowledge and capacity to meet climate change.

[50] Government of Kenya and the Global NDC Implementation Partners (GNI Plus). 2021. *The Landscape of Climate Finance in Kenya: On the road to implementing Kenya's NDC*. Nairobi, Kenya.

[51] The National Climate Change Council is chaired by the President of the Republic of Kenya and composed of key Cabinet secretaries, the Council of Governors (CoG), and representatives of civil society, marginalized groups, and academia.

12. Counties' participatory processes and structures follow the Constitution and existing devolution legislation, mandating them to involve citizens in planning, decision-making, and policy making concerning development investments. All counties have put in place the basic structures for public participation including in the preparation of the five-year plans as well as annual development plans and budgets. There is diversity across counties with some doing more than others. Several counties have gone further and rolled out (including with World Bank support) participatory budgeting frameworks where citizens from either village or ward level directly decide and prioritize projects to be funded from funds allocated to their locality. There remains room for improvement, especially to have greater integration and institutionalization of public participation as well as mechanisms to strengthen the participation of marginalized and vulnerable groups. In the climate sector, several counties, with support from NGOs and donors, have piloted participatory climate risks assessments and planning – though a critical challenge was the resourcing of the prioritized investments as well as institutionalizing and sustaining the model beyond the pilot as well as scaling up to other counties.

13. This devolved system has strong potential to effectively improve communities' resilience to climate change, however the institutional capacity of county governments to manage climate change actions and invest in climate-resilient development is generally weak.[52] Some counties have taken steps to put in place policy, legal, and institutional structures to attract climate finance and implement climate actions, however on-the-ground execution of climate actions is still generally weak and inconsistent as many counties lack the institutional provisions to plan and budget such actions. The coordination between county departments is inconsistent as is the communication coming from communities to wards, and from wards to the CG headquarters. With very few exceptions, counties also lack the appropriate capacities to implement their policy and legal architectures to achieve adaptation objectives and have poor access to- and use of climate information services to inform and track actions.

14. Kenya is committed to becoming a leader in addressing climate change at devolved levels. The Climate Change Act seeks to foster a more deliberate and integrated approach to addressing climate change. It directs the establishment of County Climate Change units (CCUs) and the designation of a County Executive Committee Member (CECM) to coordinate county climate change affairs. Similarly, county climate action plans (CCAPs) have to be developed and integrated into the annual work plans to be executed by the relevant county departments.

15. CGs allocate insufficient resources to CCAPs, mainly because of competing priorities over limited budgets. Based on a county readiness assessment (CRA) carried out during Program preparation, very few counties allocate the recommended (by draft regulations) 1-2 percent of their county development budget for climate action. There is, however, a lack of accurate data on climate-related expenditures in most counties as these are not recorded through the country's Integrated Financial Management Information System (IFMIS). Nonetheless, there is a growing recognition within CGs of the importance of adapting to climate change and managing related risks, evident in the gradual increase of county-level legislation that dictates adequate budgetary allocations.

16. There is also insufficient consultation with communities and vulnerable groups during climate action planning and execution, resulting in decisions that often do not directly reflect communities' priorities and needs. The Climate Change Act considers public consultations a critical element when developing strategies related to climate change at all levels. However, there has been inadequate consultation and engagement of key stakeholders as required by law due to lack or non-existence of consultation structures. Often, gender norms and practices of communities propagate discrimination and exclusion from climate-related decisions,

[52] Devolved Climate Finance Alliance, 2019.

especially among communities in the ASALs, where there are unwritten and deeply entrenched informal rules and gender norms.[53] These norms further marginalize women and other vulnerable groups and increase their vulnerability to climate change.

Financing Locally-led Climate Action: Addressing the Challenges

17. Kenya has adopted an inter-agency approach with the TNT&P, CCD, CoG, NDMA, and CGs spearheading efforts to improve local climate action as per their respective mandates as prescribed in the NCCAP. The government also recognizes the importance of engaging a wide range of non-State actors, including civil society, to ensure that communities are consulted, and academia to incorporate scientific data and innovations in decision making and execution of climate actions. The media is further considered a key partner in raising the general populations' awareness of climate change and its impacts.

18. Devolved financing models for adaptation have been piloted in Kenya, showing strong evidence of effectiveness. Piloting of innovative decentralized-County Climate Change Funds took place between 2011-2018 by the Ada Consortium[54] in the ASAL counties of Garissa, Isiolo, Kitui, Makueni, and Wajir, where the financial and governance structures for the county's climate actions were designed, demonstrated, and strengthened while ensuring that local communities were central in the decision making on resilience building and adaptation investments. A funding envelope of around £2.5 million from DfID and Sida helped to develop Country Climate Change Funds (CCCFs) with related legislations, governance measures, and investments. The program established 5 CCCFs that financed around 100 public good investments that were prioritized by the communities through a highly consultative process, reaching more than 500,000 beneficiaries across the 5 counties, most of whom were women.[55] A large-scale household survey conducted in 2018 found that the investments resulted in 100 percent greater access to water for households and livestock. In addition, a follow-up assessment of the program in 2019 [56] found that the investments also led to a cascade of additional direct and indirect benefits, including improved livelihoods, incomes, and food security, new economic opportunities, and fewer conflicts within households, communities, and between neighboring villages. Overall, it was found that the pilots led to significant adaptation benefits for individuals, households, and communities, while contributing to the strengthening of counties' institutions, and improving the responsiveness to local needs, including of vulnerable and marginal groups.[57]

19. Such evidence is further supported by the results of the World Bank-managed Kenya Accountable Devolution Program (KADP). In 2015, KADP incorporated climate change as a cross-cutting issue with a focus on strengthening the capacity of CGs to address climate-related risks. In 2017-2018 it supported devolved climate finance and participatory climate risk management through CGs with a focus on Kwale, Makueni, Narok, and Siaya as part of the Devolution and Locally led Climate and Disaster Risk Management Project (P163600). The pilot created interest for scaling up decentralized climate finance, supported county-level

[53] This observation is based on an Ada Consortium Policy Brief (2018), which summarizes challenges experienced and actions needed to ensure equal participation of women and youth local climate actions.

[54] Ada (Adaptation) Consortium is a core component of the NDMA in Kenya and its members are the NDMA, Kenya Meteorological Department (KMD), Christian Aid, International Institute for Environment & Development (IIED), and county partners. See *https://www.adaconsortium.org/* for more information.

[55]This is explained by the fact that many of the investments improved households' access to water, which reduced the time women spent on fetching water.

[56] Ada Consortium. 2018. *Assessing the effectiveness of the CCCF Mechanism on rural livelihoods and institutions in Kenya*. Nairobi, Kanya.

[57] Source: BRACED Knowledge Manager. 2020. *Early Outcomes of Climate Finance in Kenya: Case Study of Seven Investments Funded by the County Climate Change Fund Mechanism*. See also at *http://www.braced.org/resources/i/Early-outcomes-of-climate-finance-in-Kenya/.*

capacity developed on integration of climate change adaptation, disaster risk reduction, and CCCF preparedness in CIDPs; and laid foundations for community-county government partnerships for resilience. Although KADP had a short implementation timeframe, it helped to lay the foundation for the introduction of the CCCF, with strong buy-in from county leadership and communities.

20. The World Bank has been supporting the development agenda in Kenya through a portfolio of sectoral operations with distinct climate benefits. In the water sector, support has focused on bulk water investments, irrigation, water supply, and a sanitation program in north Lake Victoria, the north eastern region, the coastal region, and Nairobi[58], in the agriculture sector, projects have been supporting value chain development, small agro-pastoral investments, and livelihood-related activities in the coastal, central, north and western regions.[59] In the environment sector, a marine fisheries management project is operating in the coastal counties[60]; and there are ongoing nation-wide investments in urban development (Kenya Urban Support Program – KUSP, P156777), institutional devolution support (the Kenya Devolution Support Project – KDSP, P149129), and others. The Kenya Climate Venture Facility (P154586), which closed in 2020, was one of the first early-stage investment and technical assistance vehicles in Africa focused on climate technologies.

21. A challenge remains to have sectoral interventions at scale that are coordinated and integrated into a single county-level plan. The FLLoCA Program will scale-out of the Ada Consortium and KADP experiences and integrate them into CIDPs while developing county-level capacity for programming of climate and disaster risk management and establishing community-county partnerships for resilience.

[58] The projects are (i) Kenya Water Security and Climate Resilience Project (P117635), (ii) Coastal Region Water Security and Climate Resilience Project (P145559), and (iii) Water and Sanitation Development Project (P156634).
[59] The projects are (i) National Agricultural and Rural Inclusive Growth Project (P153349), (ii) Kenya Climate Smart Agriculture Project (P154784), (iii) Regional Pastoral Livelihoods Resilience Project (P129408), and (iv) Emergency Locust Response Program (P173702).
[60] The Marine Fisheries and Socio-Economic Development Project (P163980).

Annex 2: Participatory Risk and Resilience Planning Model

1. The design of the FLLoCA participatory model is based on existing participatory processes and structures at the county and ward levels across sectors, combined with research on state-of-the-art climate risk assessment methodologies. Counties have developed structures in compliance with the Constitution and existing devolution legislation, obligating them to consult citizens on matters of policy making, planning, and decision making on development investments. The climate change planning approach is, thus, mainstreamed into the formal county government (CG) planning system, thereby institutionalizing the integration of local perspectives and knowledge into county and local government decision-making processes.

2. The model adopts an approach that combines (i) guidance by CGs' technical departments though the County Climate Change Unit (CCCU) with (ii) targeted community engagement at the ward/sub-ward/location level through facilitated science-based engagements to establish their priorities for climate action in light of projected climate risks. The Ward Climate Change Planning Committees (WCCPCs), composed of community members elected by the local community against criteria of integrity, knowledge of local livelihoods, and impartiality, are together with the CCCU and the County Climate Change Planning Committee (CCCPC) responsible for ensuring a process of public participation and social inclusion throughout the County Climate Change Fund (CCCF) implementation process and use of FLLoCA's Climate Change Resilience Investment (CCRI) Grant. Such an approach ensures that local and differentiated priorities are met while minimizing the costs associated with extensive public participation, particularly for the most vulnerable for whom attendance at meetings can be disproportionally high.

Community consultation fora at the ward level and participatory risk assessment

3. Working with the ward administrator and public participation department officers, WCCPCs convene community consultative fora to establish community vulnerability to climate risk and their priorities for climate resilience investments. Subject to county context and existing practice and experience of public participation ensuring the representation of women, youth, and vulnerable groups, these fora are held at either ward and/or (selected) sub-ward/location levels. Representatives of community groups from key sectors, such as water (water user groups), agriculture, and rural development, as well as community-driven development (CDD) groups, will be invited to participate in the fora.

4. The objectives of the consultation/planning forum at the ward level are: (i) to undertake science-based participatory climate risk and resilience assessment to identify short- and longer-term impacts of projected climate change on local livelihoods, differentiated by gender and specific vulnerable groups; (ii) to identify the nature of climate investments prioritized by participants in light of short- and longer-term climate risks; (iii) to explain the CCCF and FLLoCA's CCRI Grant mechanism and its alignment with the broader CG planning and decision-making process; and (iv) to clarify the project cycle, budget allocations, and the investment prioritization process, including selection criteria; and the roles and responsibilities of the CCCU, the CCCPC, the WCCPCs, and the user committees with specific emphasis on the role of the wider community in holding these institutions and their office bearers to account.

Ward Climate Change Planning Committee

5. Taking into account the results of these consultations, the WCCPCs establish a ward-level action and investment priority plan commensurate, budget wise, with an equitable share of the overall CCRI budget allocation earmarked by the county for ward-level climate investments. The climate action and M&E plans will

be supported by relevant county technical staff and/or technical staff from other organizations (e.g., NGOs) and are informed by the participatory risk assessment as well as lessons from the interventions supported by the Kenya Climate Smart Agriculture Project (KCSAP, P154784) and the National Agricultural and Rural Inclusive Growth Project (NARIG, P153349). Their aim is to enhance climate resilience at the county and community levels.

6. These ward Climate change action plans are then submitted to the county level (CCCPC and CCCU) for review and inclusion in the (annual) County Change Action Plan (CCAP), to be approved by the CG as part of the Annual County Plan and Budget. Upon approval of the CCCP, the budgets will be attributed to the respective county department for implementation, to be undertaken as much as possible with the involvement of the concerned ward and/or community, whilst in all cases, the WCCPCs will monitor such implementation of the climate actions and their impacts on resilience, whilst also ensuring oversight of service providers and the local climate action groups/user committees. Standards and incentives related to the quality of the participatory risk assessment and resilience planning process are incorporated into the performance assessment tools for counties to ensure meaningful and sustained engagement of communities.

County Climate Change Planning Committee

7. CCCPCs, composed of representatives from the CG (CCCU), ward committees, and other stakeholders, are responsible for reviewing ward-level climate investments against both strategic and technical criteria (see Table 2.2 below), and drawing up the CCAP under the responsibility of the designated County Executive Committee Member (CECM) for climate change. The CCCPCs, and notably the CCCUs, are responsible for coordinating additional technical support to WCCPCs as necessary to ensure that potentially viable proposals meet the technical criteria. The CCCPCs are also responsible for identifying county-level climate investments in public goods that complement ward-level investments.

8. Annually, the CCCU will, with input from the WCCPCs and county departments, produce a county climate action and M&E report to track and aggregate impacts of investments on building resilience at county and local levels. This report will be submitted to the Assembly and shared with the public.

9. In year 1 of FLLoCA, the CCCUs, in collaboration with key sectors, will lead a more county level participatory process to establish county climate change risk profiles/assessments (which is one of the CCRI Grant's access conditions). These assessments will be undertaken primarily at the county-level with some analysis of lower-level differentiation (in case there are distinctively different agro-ecological zones within the county) to identify current and future risks based on available downscaled climate projections and propose the broad areas of intervention. The findings will be used by the WCCPCs and CCCPCs to inform investment priorities. From year 2, a more substantial assessment could be carried out resulting in a CCAP that is aligned with the 5-year County Integrated Development Plan (CIDP).

County Climate Change Unit (and sectoral departments)

10. The CCCUs will be responsible for the overall coordination of the CCAP and the participatory process and risk assessment. It will work with key county sector ministries. The CCCU will facilitate and coordinate county institutional strengthening for climate action and ensure its alignment with the county budget cycle. The CCCUs will provide oversight of implementation of county climate change actions by the respective technical departments and ensure M&E of actions and impact. It will liaise with the County Finance and Planning Department with regards to the CCAP and Budget and its attribution to various county departments. It will ensure alignment of the CCAP with the with county annual development plans and the CIDP. Finally, the CCCU

is also responsible to facilitate community consultations on the climate actions; and coordinate and monitor the implementation of actions. CCCUs will promote public education and awareness raising strategies, suited to their respective counties, including use of local languages.

Figure 2.1: Steps towards Risk Informed Climate Action Plans

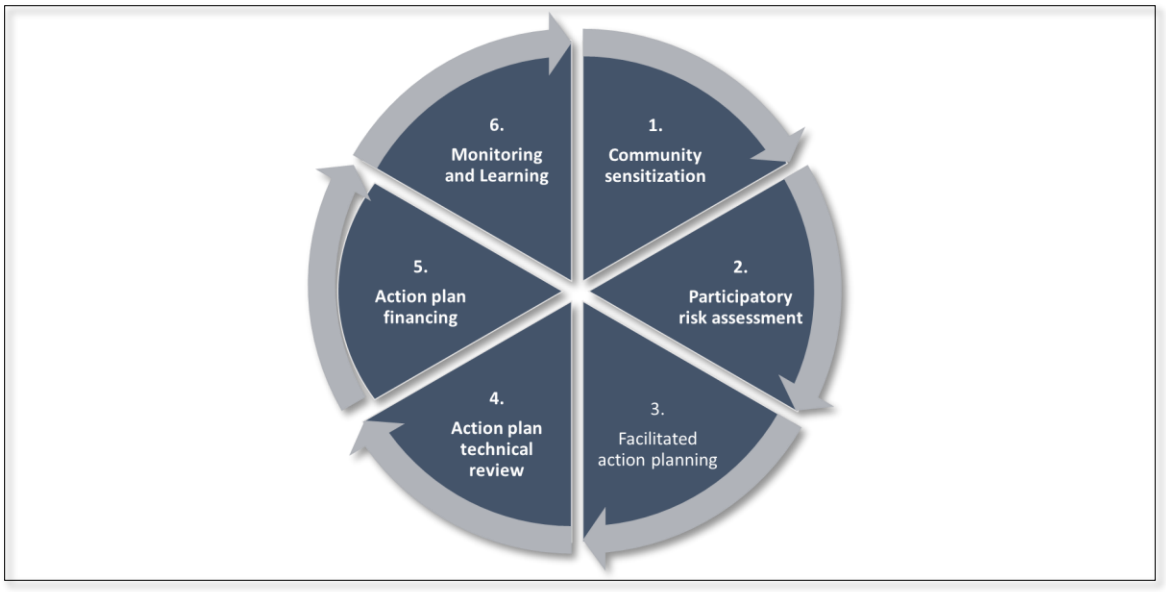


Table 2.1. Climate Action Plan and Participatory Risk Assessment Responsibilities

	Organ/Forum	Responsibilities and Activities	Outcome/Output
1.	Community Consultation fora at Ward level	• Identify climate change impacts on livelihood systems in short and longer term (cuts across village clusters or sub-locations resource users/owners) • Identify priority interventions in response to current and future risks • Distill and aggregate impacts at ward level. • Identify process to establish climate action groups/ user committees	Ward-level science-based participatory risk assessment and scenario development Ward-level climate action/investment priorities Ward Climate Action Groups
2.	Ward Climate Change Consultation Planning Committee	• Convene ward and sub-location/village level community fora • Sensitize communities on climate change. • Review existing ward-level climate interventions • Develop climate investment proposals and M&E plans aggregating impacts • Oversight of investment user committees • Report on climate investments to CCCPC	Ward-level Climate Action Plan/investment proposals and M&E plans
3.	County Climate Change Planning Committee	• Review and approve/select Ward Climate investments for funding based on criteria • Oversee and coordinate technical assistance provided by relevant county departments and other actors to the Ward Climate Change Planning Committee to improve proposals	Annual county and ward level climate investment and M&E plans

		• Identify county level investments that complement ward-level investments • Submit approved investments to the County Climate Change Unit • Oversight of WCCPCs • Develop and report on M&E plans to track and aggregate impacts of investments on building resilience	
4.	County Climate Change Unit (and sectoral departments)	• Development of participatory county climate risk and resilience assessments • Develop public education and awareness raising strategies • Identification of County Climate Action Plan • Oversight of implementation of county climate change actions and M&E of impacts. • Coordinate with the County Finance & Planning Department on the approved plans aligned with annual development plans & CIDP • Report on county-level actions	Climate Change Information and Awareness Strategy 5-year County Climate Action Plan

Table 2.2. County Climate Change Actions' Funding Criteria

Strategic Criteria *(Essential conditions for building resilience)*	**Technical Criteria** *(Conditions needed to implement the investment successfully)*
1. Focus on public goods that benefit many people, including women and the young 2. Support the economy, livelihoods, or important services on which many people depend. 3. Enhance resilience to climate change adaptation and, where possible, propose mitigation measures. 4. Encourage harmony and build social relations between people to foster peace. 5. Have no negative impact on the environment. 6. In line with county development priorities that integrate climate change	1. A realistic, achievable work plan that includes the type of technical support required for implementation, where appropriate 2. Evidence of stakeholder consultation, including cross-boundary consultation where appropriate. 3. Evidence of value for money and how achievements will be sustained. 4. A theory of change and monitoring and evaluation plan to track beneficiaries and the achievement of objectives and benefits. 5. Evidence that the project is not duplicating other planned investments by the county or national governments, or other actors

Annex 3: Program Boundaries and Complementarities in Detail

Table 3.1. Program Boundary – G-FLLoCA Outcomes Supported by the FLLoCA Operation

G-FLLoCA Component	G-FLLoCA Outcomes	Within Program Boundary?
Component 1: Policy, Legal and Regulatory Framework	**Outcome 1A:** Policy, legal and regulatory frameworks for building climate resilience strengthened (**National**)	**Yes** – IPF
	Outcome 1B: Policy, legal and regulatory frameworks for building climate resilience strengthened (**County**)	**Yes** – PforR (RA1)
Component 2: Capacity Building	**Outcome 1A:** Institutional and Human capacity to enhance the delivery of low carbon climate resilience strengthened (**National**)	**Yes** - IPF
	Outcome 1B: Institutional and Human capacity to enhance the delivery of low carbon climate resilience strengthened (**County**)	**Yes** – PforR (RA1)
Component 3: Climate Finance	**Outcome 1:** Strengthened policy, and regulatory frameworks for financing climate actions	**Yes** – IPF
	Outcome 2: Enhanced capacity of the CoG and CGs to support investments in climate resilience and low carbon emissions at local level	**Yes** – PforR (RA1)
	Outcome 3A: Enhanced capacity to address Climate Change emerging Issues (climate shocks & disasters) (**National**)	**No**
	Outcome 3B: Enhanced capacity to address Climate Change emerging Issues (climate shocks & disasters) (**County**)	**No**
	Outcome 4: Capacity of County Structures responsible for climate related sectors strengthened	**No or perhaps partially**
	Outcome 5: Financing local urban and peri-urban climate actions	**No**
	Outcome 6: Private Sector Incentivized to support low carbon emissions and climate resilient Investments	**No**
	Outcome 7: Market Based Mechanisms for Carbon Trading established and operationalized	**No**
Component 4: Community Led Actions	**Outcome 1:** Modalities for Community Led local initiatives established	**Yes** – PforR (RA1)
	Outcome 2: Strengthened capacity of communities to deliver climate resilience actions for improved livelihoods	**Yes** – PforR (RA1)
	Outcome 3: Local Initiatives financed	**Yes** – PforR (RA2)
	Outcome 4: Capacity of County Structures responsible for climate related sectors strengthened	**Yes** – PforR (RA1)
	Outcome 5: Local urban and peri-urban climate actions financed	**No**
	Outcome 6: Private Sector Incentivized to support low carbon emissions and climate resilient Investments	**No**
	Outcome 7: Market Based Mechanisms for Carbon Trading established and operationalized	**No**
Component 5: Technology and Innovation	**Outcome 1A:** Increased access to green/ environmentally friendly technologies for low carbon climate resilient investment (**National**)	**No**
	Outcome 1B: Increased access to green/ environmentally friendly technologies for low carbon climate resilient investment (**County**)	**Yes –** PforR (RA2)
	Outcome 2B: Increased access to finance the realization of green/ environmentally friendly technologies at local level (**National**)	**No**
	Outcome 2B: Increased access to finance the realization of green/ environmentally friendly technologies at local level (**County**)	**Yes –** PforR (RA2)

Component 6: Monitoring, Reporting, and Verification (MRV+)	**Outcome 1A:** Enhanced transparency and accountability on support (financial) received (**National**)	**Yes** – IPF
	Outcome 1B: Enhanced transparency and accountability on support (financial) received (**County**)	**Yes** – PforR (RA1)
	Outcome 2A: Enhanced transparency and accountability on mitigation and adaptation actions (**National**)	**Yes** – IPF
	Outcome 2B: Enhanced transparency and accountability on mitigation and adaptation actions (**County**)	**Yes** – PforR (RA1)
	Outcome 3A: Improved reporting on climate change by all actors (**National**)	**Yes** – IPF
	Outcome 3B: Improved reporting on climate change by all actors (**County**)	**Yes** – PforR (RA1)

Complementary sectoral investments in local climate action

1. FLLoCA will focus on investments that are prioritized by communities. They are likely to fall in the water, agriculture, and environment sectors[61] that are most urgent for climate resilience, for example, community-level water resources management, water conservation, forestry, local landscape management, rural water supply, and promotion of community conservancies and ecotourism. Its support will prioritize rural areas according to technology-based climate risk profiles. Therefore, more resources will be provided to ASAL counties, where no other water or NRM investments will be ongoing.[62] FLLoCA will complement value chain and agriculture input investments in the ASAL by bringing in climate risk mitigation and adaptation aspects for communities, for example in livestock, irrigation, and NRM.

Complementary support for the enabling environment for climate financing and action

2. FLLoCA provides dedicated support for strengthening the national and county enabling environment for financing locally-led climate action. This includes support to TNT&P for its goal of crowding-in third party financing of local climate action via the G-FLLoCA. This will build on the experience and complement the World Bank support for piloting an innovative financing mechanism for financing start-up and early-stage climate technology companies in Kenya via the Kenya Climate Venture Facility (P154586). This will include support for the diffusion of relevant technologies to counties and communities via the CCR) Grant. The Climate Change Governance Initiative (P172569) is also supporting the TNT&P in macro fiscal planning and budgeting, Public Investment Management (PIM), e-Government procurement, and services for county enabling policies and regulations as per the Climate Change Act.

Complementary support for institutional strengthening

3. FLLoCA builds on systems created by KDSP-KUSP but focuses for the first time on climate resilient investments at the ward- level through a community-led participatory process for assessing climate risk and identifying solutions. It introduces science-based participatory risk assessment as an innovative county-level assessment system to encourage resilience investments that can be tracked.

Table 3.2. World Bank Portfolio and Complementary FLLoCA Support for G-FLLoCA

G-FLLoCA Components	Existing Portfolio Support	Complementary FLLoCA Support
Enabling and Readiness Actions		

[61] See Annex 10 of the PAD for a menu of investment options.

[62] These investments will be small in scale.

Policy, Legal and Regulatory Framework	• Climate Change Governance Initiative (P172569) - supporting macro fiscal planning and budgeting, Public Investment Management (PIM), e-Government procurement, and piloting CDDCs at community level to promote climate change interventions.	• Advisory services for county enabling policies and regulations per the Climate Change Act.
Capacity Building	• National Agricultural and Rural Inclusive Growth Project (NARIG, P153349) support for project specific CDD institutions. • Kenya Climate Smart Agriculture Project (KCSAP, P154784) support for climate smart institutional and technical capacity. • Kenya Urban Support Program (KUSP, P156777) support for county urban disaster risk management capacity.	• County-level capacity building for CCCUs, climate risk assessment, climate planning, etc. • Technical support for integrated community planning via Ward Climate Change Planning Committees
Climate Finance/Community-led Actions	• Climate Venture Facility (P154586) strengthened financing for private sector climate innovation.	• New County institutional strengthening grant for core county climate systems and capacity. • New Climate investment grant for local climate action, • New Climate Screening Tool for leveraging and aligning sector and county investments with the County Climate Action Plan.
Technology and Innovation	• Climate Venture Facility strengthened financing for private sector climate innovation. • KCSAP support for agricultural research and seed systems, agro-weather, market, climate, and advisory services, forecasting, and info systems.	• New Participatory Climate Risk Assessment, including Community Digital Consultation Platforms. • New County Climate Information and Communication System.
Monitoring, Reporting, and Verification (MRV+)	• Kenya Devolution Support Program (KDSP, P149129) establish Annual Performance Assessment (APA) for core county capacity building.	• New APA climate module to assess county-wide climate institutions. • New county climate M&E systems.
Priority Action Areas		
Disaster Risk Management	• KUSP investment in urban disaster risk management. • Regional Pastoral Livelihoods Project (RPLP, P129408) support for pastoral risk management.	• Complementary investments in rural local/ward level climate-related disasters and hazards.
Food and Nutrition Security	• NARIP investments in community agriculture. • KCSAP investments in climate smart agriculture.	• Additional investments in local/ward level climate resilience agriculture to meet unmet demand, particularly in the ASAL counties.
Water and the Blue Economy	• Water Security and Climate Resilience Project National Project (WaSSIP, P117635) inter-county and regional	• Complementary investments in rural local/ward level climate resilient water access and storm water management.

	investments in west and coastal counties. • Water and Sanitation Development Project (WSDP, P156634) investments in urban and marginalized counites.	
Forestry, Wildlife, and Tourism	• N/A	• Fill investments gaps in local/ward level climate resilient greening and forestry actions.
Health, Sanitation, and Human Settlements	• WSDP investments in urban and marginalized counites. • KUSP must have investments in this category, albeit in urban areas?	• Complementary investments in rural local/ward level climate resilient storm water and solid waste management, including refuse removal, refuse dumps, and solid waste disposal
Manufacturing (& Livelihoods)	• N/A	• Fill investments gaps in rural local/ward level climate resilient livelihoods.
Energy and Transport	• Development Response to Displacement Impacts Project (DRDIP, P161067) integrated NRM activities supporting critical energy needs amongst refugee host communities	• Fill investments gaps in local/ward promotion of renewable energy sources, including uptake of clean cooking solutions.
Emerging Climate-Relevant Issues	• DRDIP support for climate resilient livelihoods amongst refugee host communities	

Figure 3.1. Illustration of FLLoCA Complementarities with the World Bank portfolio in Kenya