Briefing

Climate change

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Policy pointers

Delivering climate adaptation requires greater emphasis on ecosystem-based adaptation (EbA) and on building local institutions to ensure project impacts are sustained after funding ends.

Climate adaptation funds should support trans-boundary initiatives as many natural resources in dryland areas are 'shared' resources which cut across administrative boundaries.

Community engagement is essential at every phase of the project cycle — to improve project identification and design and enhance community benefits and sustainability.

Ensuring speedy disbursement of funds, and frequent and cost-effective project monitoring, are critical to supporting EbA in drylands.

Funding adaptation in Kenya's drylands

Models to disburse climate adaptation funds to natural resource-dependent communities in dryland areas need to ensure that investments achieve sustainable benefits for communities. This briefing examines one nationally managed and one locally managed climate fund in Isiolo County, Kenya, and assesses them against five criteria: beneficiary engagement, funding to scale, speed of fund disbursement, project monitoring and sustainability. The investigation found that the nationally managed fund could offer advantages in terms of scale of funding and technical expertise, whilst the locally managed fund was more effective at community engagement and project monitoring. The sustainability of project outcomes supported by both funds was found to be weak; policymakers and development agencies should therefore prioritise building sustainability into every stage of the adaptation project cycle.

Following the launch of the Green Climate Fund in 2010 (the main disbursement mechanism of international climate funds under the UN Framework Convention on Climate Change), Kenya has been accessing international funds and channelling them to support adaptation activities in the most vulnerable areas.

Given the country's high vulnerability to climate change, building climate resilience is high on the agendas of both national and county governments. Policymakers at all levels are therefore exploring how climate funds can be most effectively channelled to support adaptation — including ecosystem-based adaptation (EbA) — in natural resource-dependent dryland environments, where interventions need to be cross-sectoral, may run across administrative boundaries, and should be designed and implemented at scale (Box 1).

Kenya's devolved governance system defines two levels of government, national and county, with resources and funding for climate change allocated at both levels. In 2016, the government enacted the Climate Change Act to guide climate responses by mobilising adaptation funds from international and domestic sources and channelling them to vulnerable communities and ecosystems at national and county levels.

At the county level, IIED, working with the National Drought Management Authority (NDMA) and with financial support from UK aid, is supporting some administrations to establish county climate change funds (CCCFs) with the hope that such locally based funds will benefit from awareness of the local context and proximity to communities. CCCFs similarly attract funds from international and domestic sources. One such fund in Isiolo County has been supporting a multitude of EbA initiatives, and thus provides key lessons on how EbA can be implemented and funded at scale. These and other lessons are being shared under IIED's 'Ecosystem-based approaches to adaptation: strengthening the evidence and informing policy' project.

Overview of the case studies

Research commissioned by IIED compared the flow of funds in Isiolo County from one nationally managed fund, the Community Development Trust Fund (CDTF), a joint initiative between the European Union and the Kenyan Government, and one locally managed fund, the Isiolo County Climate Change Fund (ICCCF).[1] The research assessed the two funds against five criteria: community engagement, ability to fund to scale, speed of fund disbursement, project monitoring and sustainability of benefits. Analysis was based on qualitative data collected through interviews with project beneficiaries, project managers and government officials during fieldwork conducted in Isiolo County in August and September 2016.

Beneficiary engagement should go beyond mere awareness of the project

Community Development Trust Fund. The Community Development Trust Fund was set up in 1996 by the Kenyan government and the European Union to support sustainable community-based development projects, focusing particularly on vulnerable groups such as pastoralists. CDTF is managed nationally by a board of trustees appointed by government with a project management unit (PMU) based in Nairobi overseeing the day-to-day running of the fund. CDTF project beneficiaries must be registered community-based organisations (CBOs), with three years' experience in implementing similar activities. In an effort to ensure sustainability, CBOs are also required to clearly demonstrate their ability to meet ten per cent of the total project cost. Funds are transferred directly to a project implementation unit (PIU) established by the CBO.

The Isiolo County Climate Change Fund. The Isiolo County Climate Change Fund is an example of a county fund as described above (www.adaconsortium.org). It supports 'public good' type investments, informed by priority community needs, and promotes climate resilience with respect to good governance of natural resources. The fund is designed to enhance participatory development, address climate risk, and ensure project viability and sustainability by involving and accessing support from local communities.

The fund is managed by publically appointed county adaptation planning committees (CAPCs) and, at the sub-county level, ward adaptation planning committees (WAPCs).[4] CAPCs are comprised of representatives from ward committees, local government and other local stakeholders. WAPCs rely on the outcome of resilience assessments, supervised by CAPCs, to prioritise adaptation investments. Priority projects are then submitted to CAPCs in the form of proposals in compliance with pre-determined criteria. On approval, the WAPCs engage a service provider to implement the project and IIED transfers funds directly to the service provider. IIED acts on an interim basis until a county climate fund act is enacted to establish county-based institutions. Table 1 summarises the criteria set by the two funds.

Access to funds from CDTF and ICCCF. Beneficiaries access funds from CDTF and ICCCF through project proposals using pre-determined criteria. Proposals are submitted for evaluation and approved before funds are released. CDTF proposals follow eight stages from concept note preparation by the CBO to release of funds to the PIC, which can take up to nine months. ICCCF proposals go through seven stages and take five months from conception to implementation (Figure 1).

Box 1. What is ecosystem-based adaptation?

The Convention on Biological Diversity (CBD) defines ecosystem-based adaptation as: "the use of biodiversity and ecosystem services to help people adapt to the adverse effects of climate change as part of an overall adaptation strategy."

Table 1. Comparison of project evaluation criteria between CDTF and ICCCF[2,3]

CDTF project criteria	ICCCF project criteria
1. Proponents must have adequate financial and operational capacity	1. Must benefit many people
2. Must be relevant to the objectives of the call	2. Must support the economy, livelihoods or important services which many people depend on
3. Must be consistent, comprehensive, coherent and feasible	3. Must be relevant to building resilience to climate change
4. Must be sustainable financially, institutionally and environmentally	4. Must encourage harmony, and build relations, understanding and trust
5. Must be effective and efficient	5. Must have been developed after consultation with all potential stakeholders
	6. Must be viable, achievable and sustainable
	7. Must be cost effective and give value for money

Key research findings

Level of beneficiary engagement. One of the preconditions for successful adaptation investment is the effective participation of beneficiaries. This requires beneficiaries to engage at every stage of the project cycle from design to evaluation and follow up. To be meaningful, beneficiary engagement should go beyond mere awareness of the project to ensuring the community has a say on what should be funded and how the benefits should be distributed. Effective funding models will therefore offer many opportunities to capture and respond to beneficiaries' priorities throughout the project.

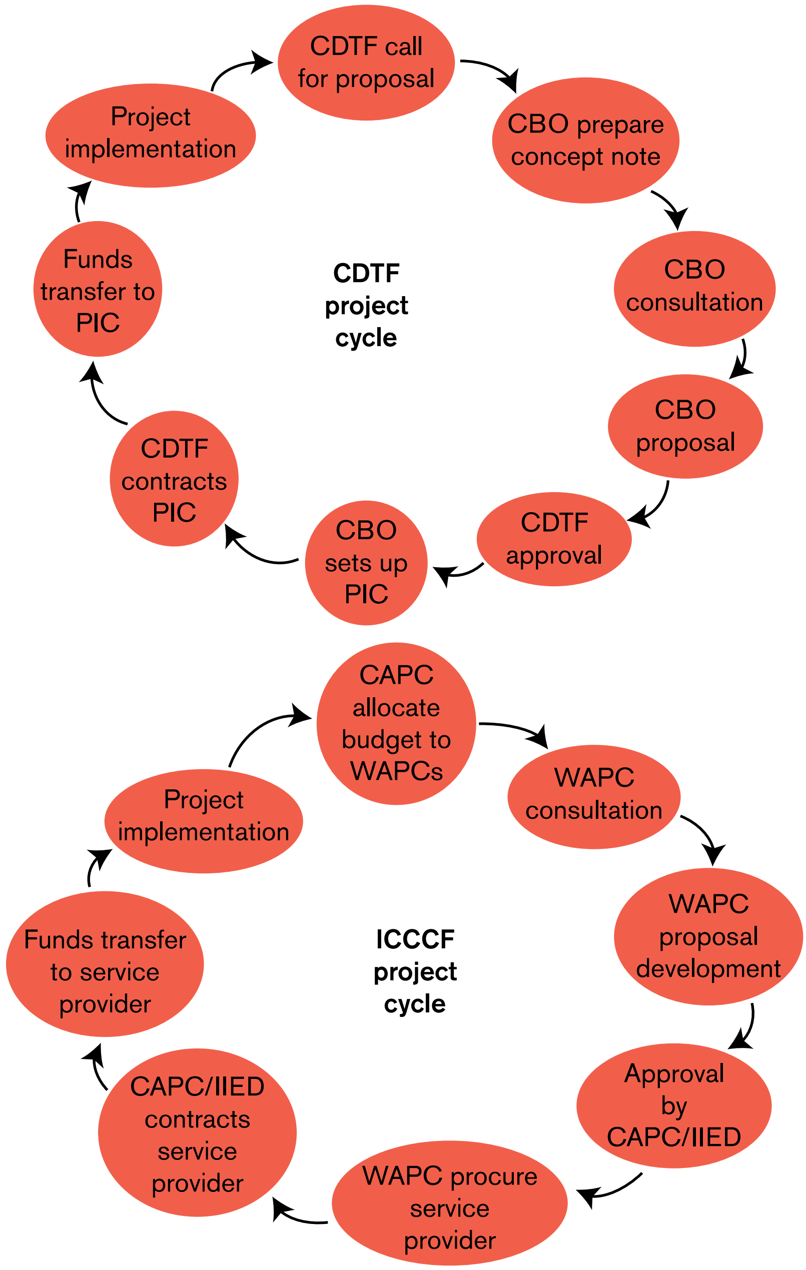
Under the ICCCF, the WAPC-proposed projects are based on resilience assessments that have already identified the community's greatest needs, ensuring that the local context is captured in project planning and design. ICCCF therefore has greater potential to support bespoke projects that resonate within the local context and, as a result, community needs are better targeted than under the CDTF. ICCCF also benefits from robust accountability to the local community as the WAPCs approve payment for the service provider. However, deficiencies have been identified in both funds related to beneficiary engagement: the involvement of sub-ward governance units is crucial in embedding and sustaining adaptation activities, yet the investigation found no evidence of any engagement at that level in either fund.

In the case of the CDTF, beneficiaries develop proposals in response to a 'call' issued by the fund. The board and county government technical officers then check whether the proposals are relevant to the call. Only a few community representatives are involved in concept development, due to the high cost of mobilising communities at the initial stages of the project. Thus, although national funds allow comparability across counties, they are less effective at targeting local-level community needs. The PIC (implementing projects for CDTF) was found to be less accountable to the communities than the WAPC (implementing ICCCF projects), as its members are not directly elected by the community.

Ability to fund to scale. Generally, the level of CDTF project funding in Isiolo County was found to be ten times more than ICCCF (although the approval process took longer), which suggests that CDTF has greater potential for large-scale adaptation. The fund can also access a wider pool of technical capacity available at the national level to support project development and execution than a locally managed fund such as ICCCF. This is important for drylands resource management where rangelands often extend beyond a single administrative unit, meaning that adaptation investments need to be multi-sectoral and integrated across ecosystems and administrative boundaries. This requires putting EbA at the core of the adaptation response.

Speed of disbursement. Another important determinant of fund effectiveness is the timely release of funds. Both CDTF and ICCCF require significant communication outside the target county (CDTF to Nairobi and ICCCF to the UK), particularly prior to project approval. However, proposals made under the locally managed fund secured funding almost twice as fast as those supported by the national fund. Four factors may explain this difference. Firstly, projects supported by

Figure 1. Community Development Trust Fund and Isiolo County Climate Change Fund project cycle[3]



ICCCF undergo fewer stages in the project cycle than those supported by CDTF. Secondly, key decisions about ICCCF are made at the county level by people who understand the local environment and context. Thirdly, the communication lag between project proponents and fund headquarters is shorter for a local fund than a national fund. And finally, CDTF proposals were required to undergo field verification by the PMU prior to approval, which further delayed project start.

Project monitoring. The two funds showed distinct differences in the effectiveness of project monitoring. For ICCCF, the WAPC and CAPC are responsible for supervising the service provider and monitoring was therefore regular and effective as these institutions are closer to the project site. The fact that the service provider was selected by the WAPC, which was also required to endorse payment, also legitimised and strengthened their monitoring and oversight role. If the WAPCs were not happy with the work of the service provider they could recommend cessation of the service agreement. For CDTF, project monitoring was mainly performed by the PIC, which submitted monthly reports to the PMU, supplemented by occasional site visits by the PMU (responsible for covering the entire country). The investigation showed that the cost of monitoring a project from the national level is likely to be much higher than when this function is devolved to the local level.

Institutional project management structures established in the two funding models are instrumental in the delivery of adaptation investments. However, as in any project, the institutions operated without a legislative framework making them vulnerable to changing political circumstances. The role of PIC, for example, ceased at the end of the implementation phase, while that of WAPCs was minimal due to lack of funds for continued monitoring. Thus, there was a lack of ongoing management after the official funding stopped.

Sustaining project benefits. Sustaining the benefits of interventions beyond the end of the funded project is vital to entrench adaptation, yet the investigation revealed major challenges in both funds in sustaining project benefits. Both funds lacked mechanisms to implement 'user fees' (such as charges for accessing water for livestock and domestic uses) to generate continued revenues for running costs and maintenance. As a result many projects were poorly maintained and provided few long-term benefits. It was disappointing to note that, although sustainability was one of the evaluation criteria, its outcome in both funds remained weak. The investigation clearly indicated that putting beneficiaries at the centre of fund design, and engaging and empowering them throughout the project cycle, would enhance sustainability.

Summary of findings

Overall, the investigation indicated that nationally managed funds such as CDTF can offer advantages in terms of scale of funding and access to technical expertise at the national level, whilst locally managed funds such as ICCCF can be more effective at community engagement, speedy disbursement of funds, and effective project monitoring. Both funding models were found to be weak in terms of sustainability of project outcomes.

Key recommendations for policymakers

In Kenya's devolved governance structure, both nationally and locally managed funds have a place in maximising climate adaptation resources and ensuring they are channelled to the most vulnerable communities. This investigation demonstrated the strengths and weaknesses of the two funding models, and policymakers should therefore consider the following in order to maximise fund effectiveness:

- Ensure funding is cross-sectoral, able to run across administrative boundaries, and can be designed and implemented at scale — in order to best support EbA in natural resource dependent dryland environments.
- Strengthen sustainability through empowering communities. Sustainability measures should be integrated into the fund design and be appropriate to each specific project. These may include co-funding requirements, establishment of ongoing user fees, and capacity building and institutional development to ensure effective ongoing project management.
- Strengthen sustainability by investing in skill development. Some community adaptation projects are poorly maintained due to a lack of technical skills at local level and poor accessibility limiting the input of external technicians. Funding models should therefore invest in skill development at local level to support project operation and maintenance.
- Maximise speedy disbursement of funds and frequent and cost-effective project monitoring. Locally managed funds can build on the advantages of being based nearer to project implementation to strengthen monitoring and supervision; nationally managed funds should look at measures to overcome the disadvantages of being based at a distance.
- Link with county government systems. All funding models should build on Kenya's devolved governance system, which puts great responsibility for local development on county governments. They should seek to engage county government officials below the ward level in order to ensure greater buy-in and allow projects to benefit from county technical expertise.

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Notes

[1] Nyangena, J *et al.* (forthcoming) Finance for Resilience Building in Kenya: a comparative study of local and national managed funds. NDMA, Nairobi. / [2] EU (2012) Community Development Trust Fund. Community Development Initiative Guidelines for Grant Applicants. / [3] Isiolo County (2014) Isiolo County Adaptation Fund Procedure Manual. Isiolo County Government. / [4] National Drought Management Authority (2014) Kenya Isiolo County Adaptation Fund: activities, costs and impacts after the 1st investment round. Project report.

Knowledge Products

The International Institute for Environment and Development (IIED) promotes sustainable development, linking local priorities to global challenges.

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) is an autonomous institute whose primary mission is to conduct public policy research leading to policy advice.

NDMA is mandated to establish mechanisms to prevent drought resulting in emergencies and to mitigate the impacts of climate change through initiatives such as mainstreaming climate change into planning through the Adaptation Consortium.

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