



ADAPTATION FUND

AFB/B.33-34/14
27 August 2019

Adaptation Fund Board

**REQUEST FOR EXTENSION OF PROGRAMME COMPLETION
DATE: NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY (KENYA)**

Background

1. The Adaptation Fund Board (the Board) at its twenty-fourth meeting, approved a three-year programme titled “Integrated programme to build resilience to climate change and adaptive capacity of vulnerable communities in Kenya”, submitted by the National Environment Management Authority (NEMA) for a requested amount of US\$ 9,998,302 (decision B. 24/12).

2. The overall goal of the programme is to enhance resilience and adaptive capacity to climate change for selected communities in various Counties in Kenya, in order to increase food security and environmental management. Hence, the programme develops and implements integrated adaptive mechanisms to increase community livelihood resilience to climate change. It aims to do so through the following programme’s components: i) Enhancing Climate Change resilience for improved food security in selected Counties; ii) Improving climate resilient water management systems to enhance food security in selected Counties in Kenya; iii) Increasing resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management in the Coastal region of Kenya; iv) Disaster risk reduction and increasing preparedness among targeted vulnerable communities; and v) Strengthening institutional capacity and knowledge management on climate change adaptation.

3. As mandated by the decision, an agreement was prepared and signed between the Board and NEMA.

4. The first tranche of disbursement for the implementation of the programme was released following signature of the agreement in November 2014. The first programme performance report (PPR) for the project was submitted in March 2018 and cleared by the Adaptation Fund Board Secretariat (the secretariat) in October 2018. As of August 2019, a total amount of US\$ 8,911,082 had been disbursed to the programme by the trustee, corresponding to 81.1% of the programme funding.

5. On 22 August NEMA had submitted to the secretariat an extension of the programme completion date until June 2020 (Annex 1), being this is the first request for an extension for this programme. As outlined in the Adaptation Fund Project/Programme Delay Policy (AFB/B.29-30/3/Rev.1) amended by the Board in October 2017 (Decision B.29-30/15), a request for an extension of the programme completion date must be submitted by the implementing entity at least six months prior to the official completion date. However, such request was received at a date beyond the deadline afore-mentioned. To this end, it is important to underline that the programme completion date was 31 January 2019 and the programme continued running until now. NEMA submitted a request for an extension of the programme completion date on 30 April, but it wasn’t in line with the policies of the fund.

6. The reasons for this request for an extension of project completion date, as outlined by NEMA, include the fact that:

- The programme experienced delays of 1.5 years due to the fact that it took more time than expected for the National Treasury of Kenya to endorse the transfer of funds under the direct access modality; and
- NEMA deployed a quarterly expenditure authentication, inclusive of financial audits, monitoring and evaluation reports and approved work plans as disbursement criterion. This implied high transactional costs, therefore the system was rendered more efficient with time.

Secretariat's review of the request

7. Following a review of the request, the secretariat finds that given the explanation provided by NEMA, this request of a 17-month extension is justified. It should be noted that part of the reason why this programme registered a delayed inception, is that NEMA had to put in place new processes needed to implement the direct access modality. Further, it is noted that NEMA has developed some measures to ensure a smoother and accelerated implementation, and the extension of the project completion date will allow to achieve a successful delivery of the programme.

8. Finally, the secretariat acknowledges that this no-cost project extension request has been agreed with the Executing Entity and the Designated Authority has been notified, in accordance with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1.

Recommendation

9. Therefore, the Board may consider and decide to approve the request for a 17-month extension of the project completion date from 31 January 2019 to 30 June 2020 for the project "Integrated programme to build resilience to climate change and adaptive capacity of vulnerable communities in Kenya" as requested by NEMA.

Annex

1. Request for an extension of the project completion date from NEMA;

Request for extension of project/Programme completion date

Implementing Entity Name: NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY			
AF Project/programme ID:NIE022			
Project/Programme Title: THE INTEGRATED PROGRAMME TO BUILD RESILIENCE TO CLIMATE CHANGE AND ADAPTIVE CAPACITY TO VULNERABLE COMMUNITIES IN KENYA			
Country: KENYA			
Project/Programme Approval (date)	November 2014		
Expected Project/programme Completion (date)	January 2019	Proposed Revised Completion (date):	June 2020

Reasons/justifications for the extension of project/Programme completion:

Kenya's Adaptation Fund Programme is an expansive and elaborate set of sub/projects with an ambitious implementation arrangement, with 3 Executing Entities, and seven other participating institutions. This set up has had its strengths, and in the past implementation period (2016 – 2019), has achieved significant gains, but with major challenges on delays. This was especially experienced in the initial execution phase, typically the project initialization challenges. Generally, a diagnosis on the cause of delays, was as follows:

1. Kenya's Public Finance Act, an Act of Parliament required NEMA to seek Authority from Central Government for appropriation. The Direct access modality, where funds are transferred directly to NIEs, was seen as a new modality, and it took way more time to have the requisite endorsements from the National Treasury of the Republic of Kenya. The Programme cumulatively lost 1.5 years in terms of time, while pursuing approvals with National Treasury. In 2018, during the first half of the financial year (July 2018 – June 2019), the Programme could not spend the available funds due to a delay in national level approvals, which were only acquired in late November 2018.
2. Towards compliance to requisite fiduciary standards, NEMA employed a very robust disbursement criterion, namely a mandatory quarterly Expenditure authentication, Financial Audits, 70% expenditure, Technical reports/M@E reports and Approved work plans. This entire workflow has very high transactional costs in terms of time, resources, and logistics. However, over time, NEMA has developed a more effective and efficient disbursement procedures, which still comply to requisite fiduciary standards.
3. NEMA management after analyzing the causes of the delays have put measures in place to ensure smoother and accelerated Programme implementation. Moving forward NEMA will manage and disburse funds efficiently and with safeguards to recipients on a timely basis, towards timely implementation of the planned activities.

The measures put in place include the following:

- Integration of Programme activities approval alongside NEMAs main workplan
- Strengthen the effectiveness of NEMA's audit and expenditure authentication processes as continuous activities during implementation
- Human and operational capacity enhancement for NIE operations by dedicating more staff
- Technical reports/progress reports and 70% absorption to be retained as the only criteria for disbursement
- Harmonized and centralized procurement for all entities
- High level engagement with the Climate Finance institutional governance structures in the country

NEMA is firmly committed to successful delivery of the Programme, with 'no cost' extension approval.

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified.

Name & Signature

Project/Programme contact person: Wangare Kirumba
NIE Coordinator

Date: *(16-Aug-19)*

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