UNLOCKING INVESTMENTS IN GENDER AND YOUTH-INCLUSIVE EARLY-GROWTH STAGE ADAPTATION SMES IN KENYA AND UGANDA

Project work title: Kenya Uganda Adaptation Accelerator (KUAA)

Inception report

July 2026

Project Title	**Unlocking Investments in Gender and Youth-Inclusive Early-Growth Stage Adaptation SMEs in Kenya and Uganda**
Implementing Entity	United Nations Industrial Development Organization (UNIDO)
Executing Entity / PMU	adelphi global gGmbH (adelphi)
National Project Partners	Kenya Climate Ventures (KCV) | Finding XY (Uganda)
Government Partners	Ministry of Environment, Climate Change and Forestry (MECCF), Kenya | Ministry of Finance, Planning and Economic Development (MOFPED), Uganda
Funded by	Adaptation Fund
Project Duration	7 July 2026 – 7 July 2030 (48 months)
Inception Period	July 2026
Report Date	23 July 2026
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1. Executive Summary

The inception phase of the Kenya Uganda Adaptation Accelerator (KUAA) commenced in July 2026 and established the project's governance architecture, stakeholder relationships, and operational foundations for implementation over the four-year project period.

KUAA aims to contribute to improved climate resilience in Kenya and Uganda by strengthening early-growth, gender- and youth-inclusive adaptation SMEs and enabling financial institutions to finance them sustainably. Executed by adelphi global gGmbH under the oversight of UNIDO as the Multilateral Implementing Entity, and in partnership with Kenya Climate Ventures (KCV) and Finding XY, the project operates through three complementary components: a Regional Coordination Hub (Component 1), a performance-based enterprise acceleration and financing mechanism (Component 2), and a capacity development programme for local financial institutions (Component 3).

The inception phase centred on four main activities. First, KUAA was publicly launched on 6 July 2026 at the Adaptation Investment Summit for Africa (AISA 2026) in Nairobi, a high-level pan-African convening hosted by KCV at the Argyle Grand Hotel. The launch featured remarks from representatives of UNIDO and the Government of Kenya and Uganda, positioning KUAA within the broader adaptation finance landscape. Second, an Inception Workshop was convened on 7 July 2026 to formally initiate governance discussions with national partners, presenting and deliberating the proposed terms of reference for the Project Steering Committee (PSC) and the Adaptation Action Steering Committee (AASC). Third, a Partner Meeting was held at the KCV Office in Nairobi on 8 July to consolidate implementation planning, agree on next steps, and align on operational arrangements among project partners. Fourth, a virtual follow-up meeting with the Uganda National Designated Authority (NDA) and National Implementing Entity (NIE) was held on 16 July 2026 to debrief the Nairobi discussions and support the establishment of the project's governance arrangements in Uganda.

Following these events, the PMU circulated revised Terms of Reference (ToRs) for both governance bodies, incorporating feedback received during the workshop, and initiated the process for confirming governance arrangements through requests for endorsement of the revised ToRs and nominations for the remaining PSC and AASC members. Communications and visibility activities were also initiated through partner news articles, social media outreach and dissemination of project information to raise awareness among adaptation SMEs, financial institutions and other ecosystem stakeholders.

Collectively, these activities established the institutional and operational foundations for implementation, strengthened coordination among project partners and government counterparts, and initiated the governance processes required for the project's first year.

This Inception Report documents the activities, outputs, and agreed next steps arising from the inception phase and provides the baseline for the first Annual Work Plan and the initial Project Performance Report.

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2. Project Overview and Context

KUAA is a four-year project funded under the Adaptation Fund's Large Innovation Grant. It aims to unlock private investment for adaptation SMEs in Kenya and Uganda through enterprise acceleration, performance-based financing, and capacity development for financial institutions.

Kenya and Uganda share a common regional climate exposure. Both countries have experienced rising temperatures, shifting precipitation patterns, and increasing frequency of extreme weather events including droughts and floods. Agriculture accounts for approximately 23% of GDP and 54% of employment in Kenya, and approximately 25% of GDP and 75% of the labour force in Uganda. Climate impacts concentrate disproportionately on smallholder farmers, pastoralists, women, and youth. Both countries are connected through the Lake Victoria basin, creating shared climate risks and opportunities for regional solutions.

Despite growing numbers of adaptation enterprises developing practical solutions in water management, food systems, climate information, and resilient supply chains, these SMEs face persistent financing barriers. Collateralisation requirements, high interest rates, short repayment periods, and lender unfamiliarity with adaptation business models have created a "missing middle" financing gap for early-growth enterprises in the USD 20,000 to USD 500,000 ticket size range.

KUAA addresses both demand- and supply-side barriers to adaptation finance. Its main objective is to transform local financial markets in Kenya and Uganda by making them more inclusive and responsive to the financing needs of early-growth women- and youth-inclusive adaptation SMEs. In doing so, the project seeks to expand the outreach and deployment of locally relevant adaptation solutions, increase the resilience of vulnerable communities, and generate evidence to inform national and regional adaptation policies and replication in other contexts.

Component 1 - Regional Coordination Hub: A pioneering knowledge forum governed by a multi-stakeholder Adaptation Action Steering Committee connects actors across adaptation, climate-smart finance and entrepreneurship in Kenya and Uganda through a digital platform, Adaptation Action Events, and annual Adaptation Finance Symposia. It promotes cross-border learning, manages knowledge, and generates evidence on SME contributions to resilience outcomes — extending national decision-makers' scope with cross-country insights to build conducive support systems for adaptation SMEs and inform national policy and regulatory environments.

Component 2 - Performance-based grant and enterprise support mechanism: At least 100 adaptation SMEs are supported through two Catalyser cycles to develop investment plans, grow their business models, and demonstrate bankability. A subset of 30 SMEs — of which at least 15 are women-led — receive performance-based grants of up to USD 50,000 disbursed against co-defined Adaptation Performance Targets (APTs), complemented by 1:1 post-investment advisory. This phased approach is designed to trigger systemic change in local financial markets, embedding adaptation SMEs into the portfolios of mainstream financial institutions.

Component 3 - Financial institution capacity development and co-design of financial instruments: KUAA builds the capacity and appetite of local financial institutions — banks, MFIs, SACCOs and impact funds — to understand, assess and finance gender- and youth-inclusive adaptation SMEs. Through the Adaptation Finance Academy and Climate Strategy Workshops, at least 15 FIs receive targeted training, complemented by the co-design of innovative blended finance instruments to facilitate long-term commercial finance access for adaptation SMEs beyond the project period.

Over four years, KUAA aims to support to 100 adaptation SMEs, award of 30 performance-based grants (at least 15 to women-led enterprises), engage at least 15 financial institutions, and co-design of adaptation finance instruments that sustain investment beyond the project period.

2.1 Institutional Arrangement

UNIDO serves as the Multilateral Implementing Entity of the project, providing overall oversight, quality assurance and accountability to the Adaptation Fund Board. adelphi global gGmbH acts as the Executing Entity and leads the Project Management Unit (PMU), which is responsible for day-to-day project management, monitoring and reporting, and secretariat functions for both the PSC and the AASC. KCV provides national project management and technical support in Kenya; Finding XY provides the same functions in Uganda. The two National Designated Authorities — MECCF (Kenya) and MOFPED (Uganda) — serve as Co-Chairs of the PSC, providing strategic guidance and ensuring alignment with respective national adaptation frameworks and priorities.

3. Inception Phase Activities

The inception phase comprised five complementary activities and a communications campaign implemented over a two-week period in July 2026 to establish the project's governance arrangements, strengthen stakeholder coordination and prepare for implementation.

3.1 KUAA Project Launch at the Adaptation Investment Summit for Africa 2026

Event Context and Setting

The KUAA project launch took place on 6 July 2026 at the Adaptation Investment Summit for Africa (AISA 2026), held at the Argyle Grand Hotel, Nairobi, Kenya. AISA 2026 was a high-level pan-African convening themed "Accelerating Climate Adaptation Finance and Innovation for a Resilient Africa", convened by Kenya Climate Ventures, UNIDO, the Collaborative for Frontier Finance, Impact Investing Kenya, Care Denmark, and CLASP. The two-day summit brought together more than 300 investors, policymakers, development partners, entrepreneurs, and ecosystem actors from across Africa.

The KUAA launch was featured as a formal agenda item in the Investment Partnerships session. An additional dedicated session on KUAA provided an opportunity for deeper engagement with summit participants on the project's objectives, approach, and investment opportunities.

Opening Remarks by UNIDO

Opening remarks were delivered by Ms. Linet Luvai, Deputy Country Representative for Kenya, UNIDO. Ms. Luvai welcomed participants and highlighted KUAA as an ecosystem-building initiative designed to help adaptation enterprises progress from promising innovations to investment-ready businesses capable of delivering resilience at scale. She reaffirmed UNIDO's commitment to inclusive, climate-resilient industrial development, and acknowledged the support of the Adaptation Fund.

Government of Uganda Remarks

Remarks were delivered on behalf of the Government of Uganda and the Ministry of Finance, Planning and Economic Development (MoFPED) in its capacity as Uganda's National Designated Authority to the Adaptation Fund, by Mr. Paul Kivanyuma. He underscored Uganda's ongoing exposure to climate hazards — droughts, floods, landslides, and unpredictable rainfall — and the disproportionate impacts on agriculture, water resources, and vulnerable communities. Mr. Kivanyuma welcomed the regional approach of KUAA, noting that climate risks do not respect national borders and that the Kenya-Uganda partnership offers an important platform for knowledge-sharing and scalable solutions. He called on both countries to undertake inclusive national engagements to establish effective governance, agree on implementation modalities, and ensure transparent and efficient mechanisms for resource allocation.

Closing Remarks

Closing remarks were delivered by Ms. Joyce Kaino on behalf of the Kenyan Ministry of Environment, Climate Change and Forestry (MECCF) in its capacity as National Designated Authority (NDA) to the Adaptation Fund. Ms. Kaino emphasised that while adaptation innovations already exist, scaling them requires stronger investment and ecosystem linkages. She highlighted the role of KUAA in building the conditions under which adaptation businesses can attract follow-on investment and demonstrate that investing in adaptation is both necessary and economically sound. She invited all participants — investors, policymakers, entrepreneurs, and development partners — to stay engaged with KUAA as the project moves into implementation.

Technical Presentation

A technical presentation on KUAA was delivered during the session, providing an overview of the project's rationale, theory of change, and three-component structure. The presentation positioned KUAA within the regional climate context — shared exposure to drought, flooding, and erratic rainfall across Kenya and Uganda — and the missing-middle financing gap facing adaptation SMEs. The presentation concluded with an overview of the project's implementation targets and expected outcomes.

3.2 KUAA Inception Workshop (7 July 2026)

The Inception Workshop was convened on 7 July 2026 in Nairobi, bringing together national partners, NDAs, and NIEs to formally initiate governance discussions and agree on the structure and mandate of the project's two governing bodies.

Workshop Structure and Participants

The workshop ran from 09:30 to 13:00 and was structured around the following agenda:

Time	Agenda Item
09:30 - 10:00	Welcome, introductions, and workshop objective
10:00 - 10:45	PSC: Proposed composition, mandate and Terms of Reference
10:45 - 11:00	Break
11:00 - 11:45	AASC: Proposed structure, mandate and process
11:45 - 12:30	Year One workplan: Key activities, milestones and reporting cycle
12:30 - 13:00	Final reflection and summary of agreed actions and next steps

PSC Discussion

The PMU presented the proposed Terms of Reference for the Project Steering Committee, covering its purpose, roles and responsibilities, proposed composition, and rules of procedure. Key governance design principles were highlighted: equal representation of Kenya and Uganda at every governance level, with the PSC co-chaired by both NDAs on a rotating basis; national ownership, with technical leadership vested in national bodies rather than the implementing partnership; a pragmatic meeting schedule of up to two meetings per year aligned with key project milestones.

Participants discussed the proposed membership composition, the rotating co-chair arrangement, the nomination process for outstanding member seats (financial institution representative, adaptation SME representative, and representative of vulnerable groups), and the frequency and format of PSC meetings.

AASC Discussion

The PMU presented the core mandate, roles and responsibilities, and the proposed structure of the Adaptation Action Steering Committee, which is designed as the primary vehicle through which national expertise shapes the Regional Coordination Hub. The AASC operates through two national technical groups — one for Kenya, chaired by NEMA, and one for Uganda, chaired by the Ministry of Water and Environment (MWE) — each meeting approximately twice per year as needed. Once per year, both groups convene in a joint half-day working session held alongside the annual Adaptation Finance Symposium.

The workshop discussion emphasised the co-design and co-creation role of the AASC — both technical groups are expected to engage from the early stages of knowledge product and event development, not only as reviewers of finished work. Participants discussed proposed membership for each national technical group, including representation from ministries of environment, finance, trade, gender, financial institutions, adaptation SMEs, and women's or youth-based organisations. The composition process was confirmed: government representatives would be identified by NDAs, while financial institution, SME, and civil society representatives would be proposed by KCV and Finding XY through their national networks, submitted to adelphi for review.

Year One Workplan

The workshop included a presentation and discussion of the Year One workplan, covering key activities, milestones, and the reporting cycle under each of the three project components. Participants were invited to comment on the proposed sequencing of activities, particularly in relation to the set-up of the AASC and the commencement of SME selection processes under Component 2. Feedback received during the discussion informed subsequent operational planning and implementation sequencing, discussed during the Partner Meeting held on the following day.

3.3 Partner Meeting at KCV Office, Nairobi (8 July 2026)

A Partner Meeting was convened on 8 July 2026 from 09:30 to 12:00 at the KCV Office in Nairobi, bringing together the full KUAA project team to consolidate decisions and align on next steps.

The Partner Meeting focused on confirming immediate implementation priorities following the inception workshop. Discussions covered the establishment of the AASC, preparation for the first PSC meeting, implementation planning for the Regional Coordination Hub, follow-up actions arising from the workshop, and operational coordination among project partners.

3.4 Follow-up Communication to National Partners (14 July 2026)

Following the inception workshop, the Project Management Unit (PMU) circulated revised governance documents incorporating stakeholder feedback and initiated the formal process for confirming the project's governance arrangements.

The revised Terms of Reference (ToRs) for the Project Steering Committee (PSC) and the Adaptation Action Steering Committee (AASC) reflected the key outcomes of the workshop discussions. Revisions to the PSC ToR included strengthened provisions on environmental, social and financial risk management (including the Environmental and Social Management System (ESMS) and grievance mechanism), the introduction of alternate members, and clarification of the remuneration arrangements in line with Adaptation Fund practice. Revisions to the AASC ToR further strengthened the roles of the national technical groups, reinforcing their co-design and co-creation function in the implementation of the Regional Coordination Hub.

National project partners were invited to review the revised governance documents, confirm their agreement with the consolidated ToRs, and submit nominations for the remaining PSC positions and membership of the national AASC technical groups. The communication also included the updated technical presentation and workshop materials to support continued engagement with national stakeholders.

3.5 Virtual Meeting with Uganda NDA and NIE (16 July 2026)

A virtual follow-up meeting was convened on 16 July 2026 from 11:00 to 12:00 EAT to debrief the Nairobi discussions with the Uganda NDA and NIE and advance governance set-up in Uganda.

The meeting brought together representatives of MoFPED, the Ministry of Water and Environment, UNIDO, Finding XY and adelphi.

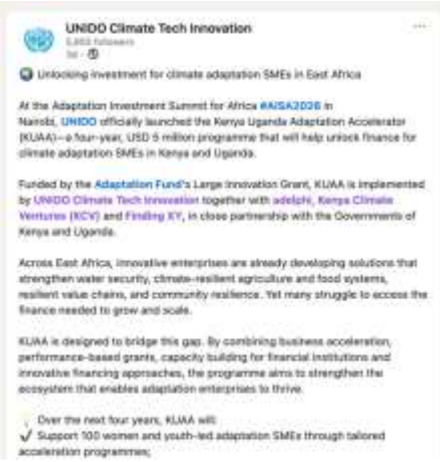
The meeting provided an opportunity to brief Ugandan counterparts who had been unable to attend the inception workshop in person, discuss the proposed governance arrangements and review the process for nominating representatives to the PSC and AASC. The discussion reinforced national ownership of the governance structure and clarified the role of government institutions in guiding implementation through the Regional Coordination Hub.

3.6 Communications and Visibility

Following the launch events, project partners initiated communications and visibility activities to build public awareness and generate interest in KUAA among potential SME applicants, investors, and ecosystem actors. Activities included:

- Publication of news articles on partner websites (KCV, Finding XY, adelphi) covering the project launch at AISA 2026
- Publication of LinkedIn posts by project partners summarising the project objectives, the launch event, and the opportunities for engagement

These activities established the foundation for ongoing stakeholder engagement and visibility throughout project implementation.


UNIDO Climate Tech Innovation

Unlocking investment for climate adaptation SMEs in East Africa

At the Adaptation Investment Summit for Africa #AISA2026 in Nairobi, UNIDO officially launched the Kenya Uganda Adaptation Accelerator (KUAA)—a four-year, USD 5 million programme that will help unlock finance for climate adaptation SMEs in Kenya and Uganda.

Funded by the Adaptation Fund's Large Innovation Grant, KUAA is implemented by UNIDO Climate Tech Innovation together with adelphi, Kenya Climate Ventures (KCV) and Finding XY, in close partnership with the Governments of Kenya and Uganda.

Across East Africa, innovative enterprises are already developing solutions that strengthen water security, climate-resilient agriculture and food systems, resilient value chains, and community resilience. Yet many struggle to access the finance needed to grow and scale.

KUAA is designed to bridge this gap. By combining business acceleration, performance-based grants, capacity building for financial institutions and innovative financing approaches, the programme aims to strengthen the ecosystem that enables adaptation enterprises to thrive.

Over the next four years, KUAA will:
✓ Support 100 women and youth-led adaptation SMEs through tailored acceleration programmes;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#KUAA is live!

At the Adaptation Investment Summit for Africa in Nairobi, we officially... more


Kenya Climate Ventures (KCV)
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KUAA is live.
At the Adaptation Investment Summit for Africa in Nairobi, we officially launched the Kenya Uganda Adaptation Accelerator (KUAA) – a four-year, USD 5 million programme designed to unlock investment for climate adaptation SMEs in Kenya and Uganda.
Funded by the Adaptation Fund and implemented by UNIDO together with adelphi, Kenya Climate Ventures (KCV), and Finding XY, in partnership with the Governments of Kenya and Uganda, KUAA targets one of adaptation finance's most persistent blind spots: the missing-middle financing gap that leaves early-growth adaptation businesses too risk-perceived for conventional finance and underserved by local financial institutions.
The entrepreneurs are already there. Across Kenya and Uganda, businesses are improving water security, strengthening food systems, and building climate-resilient value chains for communities on the frontlines of climate change. What's missing is the finance ecosystem to help them grow.
That's what KUAA is here to build.
Over four years, KUAA will: → Support 100 adaptation SMEs through cohort-based business acceleration → Award 30 performance-based grants (at least 15 to women-led enterprises) → Build the capacity of at least 15 financial institutions through the Adaptation Finance Academy → Co-design blended finance instruments to sustain adaptation lending beyond the project period → Convene the ecosystem through a Regional Coordination Hub and annual Adaptation Finance Symposia


Finding XY
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Climate adaptation is creating new opportunities for businesses, communities, and economies—and we're proud to be part of the journey.

At the Adaptation Investment Summit for Africa (#AISA) in Nairobi, Finding XY joined UNIDO, adelphi, Kenya Climate Ventures (KCV), and the Governments of Kenya and Uganda to officially launch the Kenya Uganda Adaptation Accelerator (#KUAA)—a four-year, USD 5 million programme funded by the Adaptation Fund.

KUAA is designed to bridge the financing gap facing climate adaptation SMEs by strengthening investment readiness, improving access to finance, and building a more supportive ecosystem for climate-focused enterprises across Kenya and Uganda.

Over the next four years, the programme will;
Support 100 adaptation SMEs through tailored business acceleration.
Award 30 performance-based grants, including at least 15 women-led enterprises.
Strengthen the capacity of 15 financial institutions through the Adaptation Finance Academy.
Co-design blended finance solutions that unlock long-term investment in climate adaptation.
Foster collaboration through a Regional Coordination Hub and annual Adaptation Finance Symposia.

4. Governance Arrangements

The inception phase resulted in substantive progress on establishing the two principal governance bodies of KUAA: the Project Steering Committee and the Adaptation Action Steering Committee.

4.1 Project Steering Committee (PSC)

The PSC is the project's highest governance body, providing strategic oversight, guidance and high-level coordination throughout implementation. The Committee meets up to twice per year. Key features of its design:

- Co-chaired by the NDA focal point of Kenya (MECCF) and the NDA focal point of Uganda (MOFPED), with rotation of meeting chair
- Formal decisions require the endorsement of both Co-Chairs
- Secretariat function is provided by the PMU (adelphi/KCV/Finding XY), while UNIDO participates as a standing member
- Representatives of the National Implementing Entities (NEMA, Kenya; MWE, Uganda) participate as appropriate
- At the conclusion of the inception phase, nominations remained outstanding for representatives of financial institutions, adaptation SMEs/the private sector, and vulnerable groups.

Revised PSC ToR Provisions (post-workshop)

The PSC Terms of Reference were refined following the inception workshop to incorporate stakeholder feedback. Key revisions included strengthened provisions on environmental, social and financial risk management, the introduction of alternate members, and clarification of remuneration arrangements in line with Adaptation Fund practice.

4.2 Adaptation Action Steering Committee (AASC)

The AASC provides the project's principal technical coordination mechanism. Through national technical groups in Kenya and Uganda and an annual joint regional session, it supports co-design, knowledge exchange and implementation of the Regional Coordination Hub. Its structure:

Body	Function	Frequency	Coordinated by
Kenya Technical Group	National-level technical coordination and in-country inputs to RCH activities in Kenya	As required (typically 2x per year)	KCV
Uganda Technical Group	National-level technical coordination and in-country inputs to RCH activities in Uganda	As required (typically 2x per year)	Finding XY
Joint Annual Session	Regional cross-country exchange; review of progress and annual impact assessment; agenda-setting for coming year	Once per year, alongside Adaptation Finance Symposium	adelphi/KCV/Finding XY

Proposed Membership

- Kenya Technical Group: Chaired by NEMA, with membership from MECCF, Ministry of Trade, Industry and Investment, Ministry of Gender, and representatives of financial institutions, adaptation SMEs, and women's or youth-based organisations.
- Uganda Technical Group: Chaired by MWE, with membership from MOFPED (NDA focal point), Ministry of Trade, Industry and Cooperatives, Ministry of Gender, Labour and Social Development, and representatives of financial institutions, adaptation SMEs, and women's or youth-based organisations.

Membership of both national technical groups was to be confirmed following consultations with national partners, with due consideration given to balanced representation and gender equality.

5. Agreed Next Steps and Open Action Items

The following action items were agreed during the inception phase, with assigned responsibilities and target dates.

Next Step	Indicative Timeline
Finalise governance arrangements	Q3 2026
Hold first PSC meeting	Q3 2026
Finalise Year One Annual Work Plan	August 2026
Develop Strategic Framework for the Regional Coordination Hub	November 2026
Prepare first knowledge products	December 2026
Launch SME outreach and call for applications	December 2026
Prepare first Adaptation Finance Symposium	Q1 2027