NATIONAL CLIMATE CHANGE ACTION PLAN

REPUBLIC OF KENYA

Finance

Annex C: Government of Kenya Climate Change Activities

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vivideconomics

KIPPRA
The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS

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Introduction and key messages

- This paper analyses existing climate change activities under the Government of Kenya, funded by domestic resources. According to our analysis, the government currently finances 34 activities in the climate change space, with total resource use across all projects and programmes of KSh 36.9 billion or $444,400,000.

- Within government, increased awareness of climate change and climate finance and activities has emerged in the Office of the Prime Minister, the Ministry for Environment and Mineral Resources and, recently, in the Ministry of Finance and Ministry of Energy.

- Substantial public sector climate funding is integrated into wider sectors, such as water, agriculture and forestry. It is positive that climate funding is integrated into wider sectors.

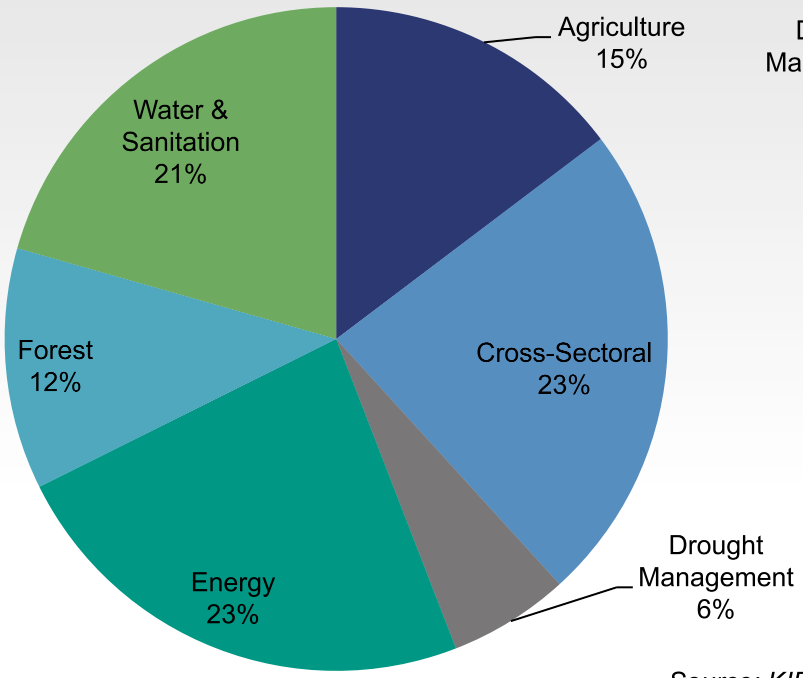
- However, broad recognition of the need to allocate specific budget resources to, or undertake activities in, climate change is limited. For example, there is no climate change budgetary code, nor is there an specific environmental pillar in Vision 2030.

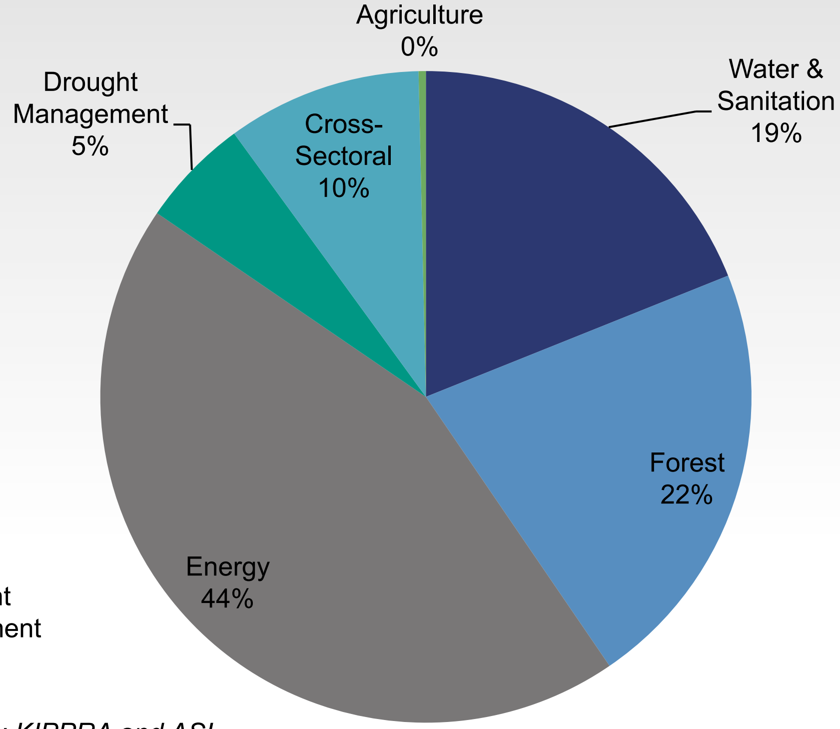
- Under the new Constitution, a devolved government structure in certain climate-relevant sectors is likely to increase the role of regional and sub-sovereign finance regimes.

- The majority of climate finance is insufficiently earmarked. The lack of a national framework for climate change reporting makes it difficult to comprehensively capture all climate change related funding by the Government of Kenya.

Sector

» The government undertakes activities in climate-relevant sectors such as agriculture, drought management, energy, forestry and water and sanitation. Energy specific projects constitute the greatest number of public sector climate change projects, followed by water and sanitation and agriculture (left). In terms of financing, energy is the largest recipient, followed by water and sanitation and forestry (right). Financing of climate-relevant projects in the agriculture sector is disproportionately low.

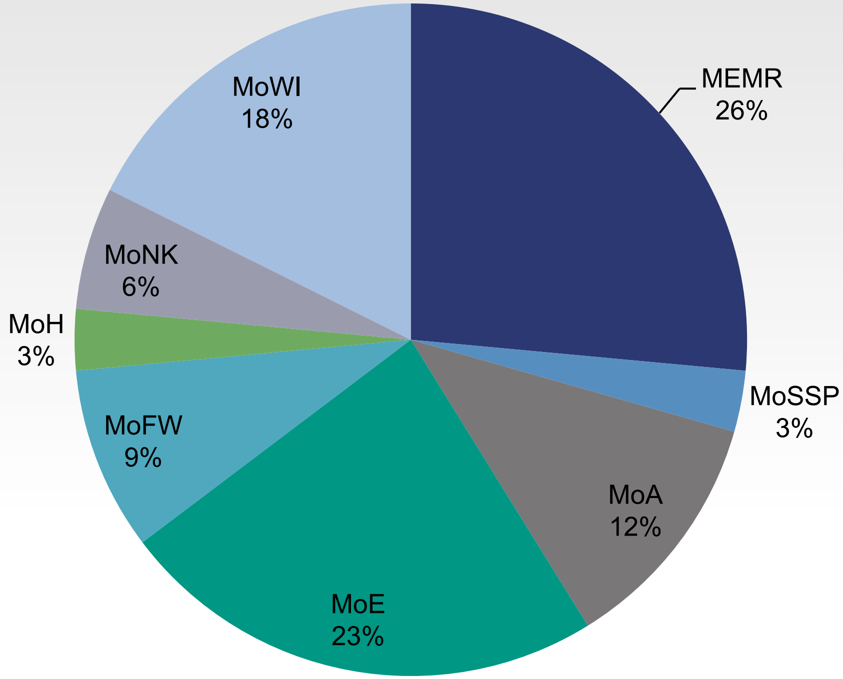


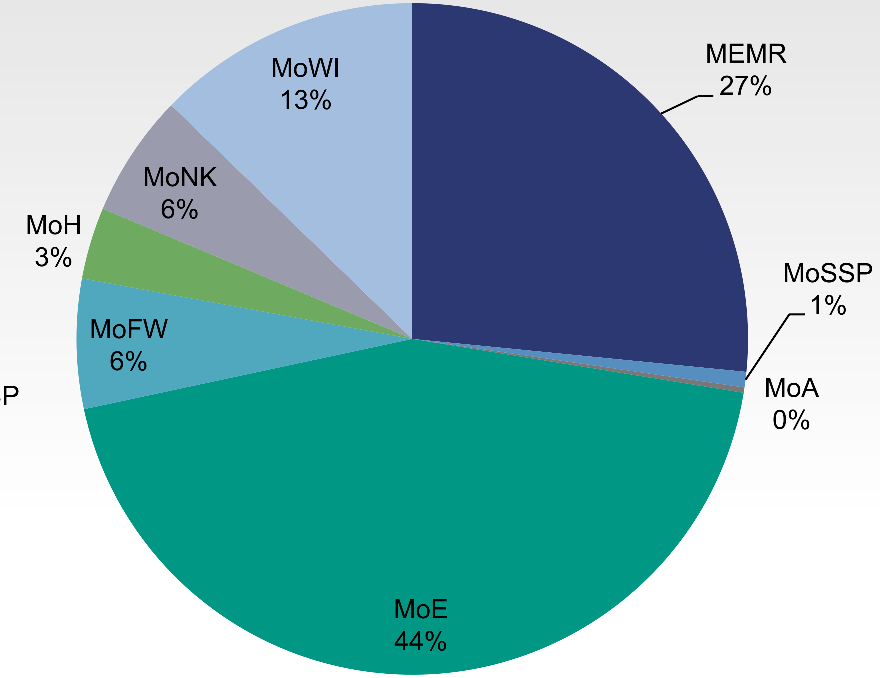


Source: KIPPRA and ASI

Government agency

- Government agencies that undertake projects in climate relevant sectors are shown below according to number (left) and finance (right). They are the Ministries of Environment and Mineral Resources (MEMR); Agriculture (MoA); Energy (MoE); Forestry and Wildlife (MoFW); Health (MoH); Northern Kenya (MoNK); Special Programmes (MoSSP); and, Water and Irrigation (MoWI).

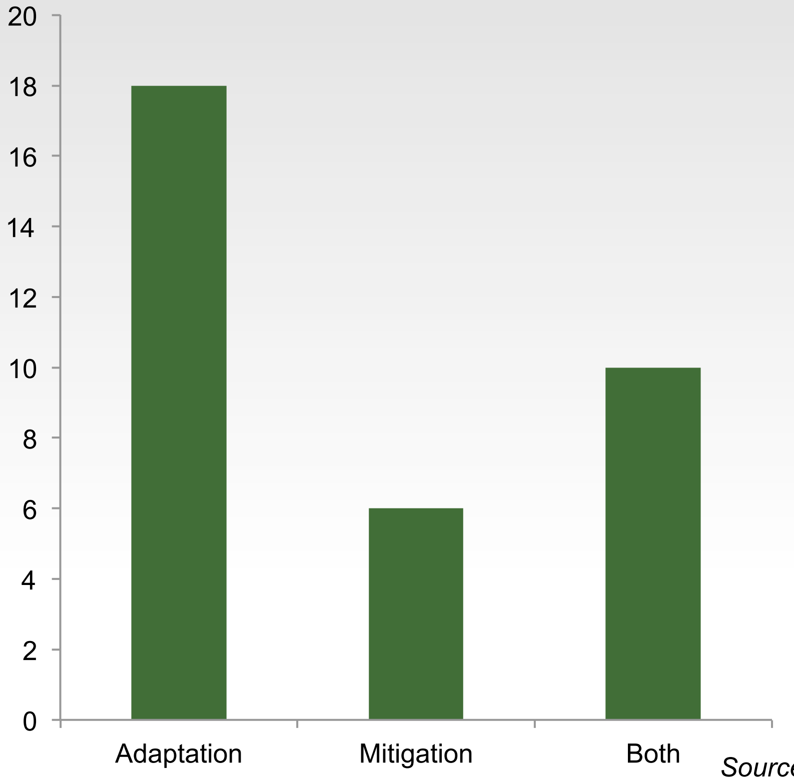


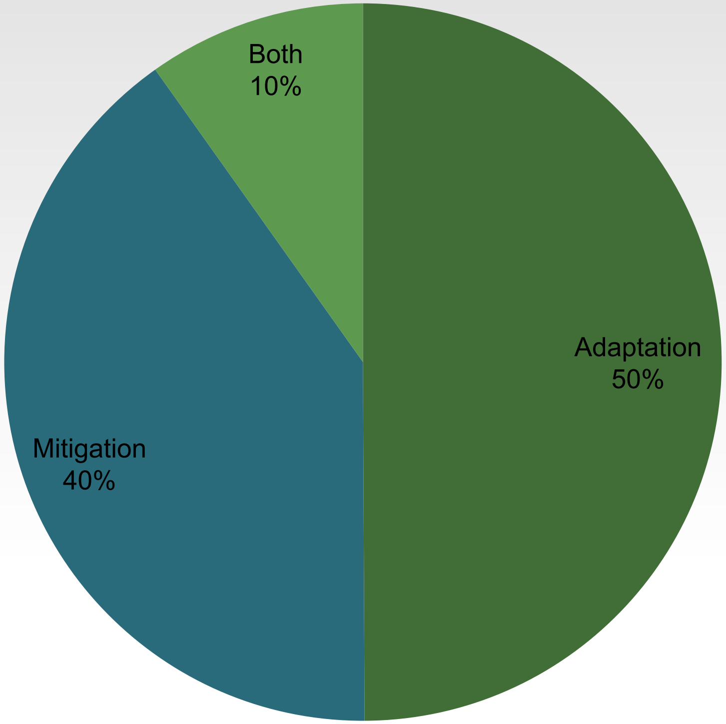


Source: KIPPRA and ASI

Adaptation or mitigation

» There are a greater number of public sector projects labeled as adaptation than mitigation and more financing flows to adaptation projects, reflecting the government's focus on 'public good 'adaptation projects and Kenya's vulnerability to the effects of climate change.





Source: KIPPRA and ASI

Policy framework and the Constitution

- Vision 2030 emphasizes environmental management within its social pillar, thereby seeking to build a just and cohesive society with social equity in a clean and secure environment, though there is no specific environment pillar.
- Section 69 (1) of the Constitution of 2010 lays out broad principles to ensure:
  - Sustainable exploitation, utilisation, management and conservation of the environment and natural resources
  - Elimination of processes and activities likely to endanger the environment
- 4th Schedule of the Constitution provides for certain powers to be devolved to the county level, including:
  - Implementation of policies on natural resources and environmental conservation including soil and water conservation and forestry
  - Control of air pollution
  - Energy regulation
- However, climate change does not feature in Kenya's current Medium Term Plan (MTP 2008 – 2012). The next MTP (2013 – 2017) will provide an opportunity to mainstream climate change actions.

Devolved public funding mechanisms I

- Besides the central government expenditure mechanisms there are devolved funding mechanisms which have been developed to ensure:
  - Better targeting of government resources
  - Better prioritisation of needs
  - Enhanced community participation and inclusion
  - Better actions against poverty and inequality
- Sub-sovereign funds are useful for catalysing funds at local levels and providing communities with an opportunity to participate in selection and implementation of projects
- Devolved funds have not be driven by any specific principle of decentralisation but it they provide better avenues for funding the centralised government funding system.

Devolved public funding mechanisms 2

- However, mixed results have been reported. For example;
  - 81% of Kenyans are satisfied with the Constituency Development Fund
  - A large proportion are dissatisfied with the Local Authority Transfer Fund
- The reason for this is that the devolved funds have been designed and implemented outside a clear social development policy and coherent institutional framework.
- However, there are a number of reforms which could make the devolved funding schemes operate in a better manner:
  - Funds should be guided by clear operational and legal frameworks
  - Where there are several funds targeting a specific area of development, it is important to put in place a framework for coordination and collaboration to avoid duplication of roles
  - Management structures should be refined with clear checks and balances to eliminate opportunities for corruption and poor transprency

Devolved public funding mechanisms 3

- These mechanisms include:
  - Constituency Development Fund
  - Local Authority Transfer Fund
  - Community Development Trust Fund
  - Rural Electrification Levy Fund
  - Poverty Alleviation Fund
  - Youth Enterprise Development Fund
  - Women Enterprise Development Fund
  - Water Services Trust Fund
  - Tourism Trust Fund
- Many of these sub-sovereign finance schemes where set up through Acts of Parliament and given clear mandates. Others came into existence through presidential or ministerial executive orders and gazette notices.