



sNAPshot

Kenya's County Climate Change Funds

Country Brief 2B

Introduction

Significant finance is required throughout the entire National Adaptation Plan (NAP) process—from planning through to implementation and monitoring and evaluation. This financing is expected to come from a mix of sources, including domestic public finance, international public finance and private finance. Domestic public finance can be a relatively predictable and consistent source of financing for NAP processes, both for its ongoing operation and maintenance and for the implementation of prioritized adaptation actions. Building on an overview brief on domestic public finance options for NAPs, this *sNAPshot* takes a closer look at how county-level climate change funds are supporting the implementation of adaptation actions prioritized in Kenya's NAP. These county climate funds are an example of a domestic public finance mechanism that helps to ensure greater predictability in resources available for implementation of adaptation priorities.

Context

Kenya is highly vulnerable to climate change, in large part because the livelihoods and economic activities of most Kenyans rely on climate-sensitive natural resources. Building resilience to climate change is therefore high on the agendas of both national and county governments, especially the county governments in the arid and semi-arid lands that experience recurrent drought and flash flooding. Five county governments—Garissa, Isiolo, Kitui, Makueni and Wajir—have established County Climate Change Funds (CCCFs) that identify, prioritize and finance investments to reduce climate risk and achieve adaptation priorities. The CCCFs are aligned with national priorities set out in Kenya's NAP, and enable these county governments to strengthen and reinforce national climate change policies while delivering on local adaptation priorities.



Climate Change Governance in Kenya

The devolved governance system established by Kenya's 2010 constitution encourages the allocation of resources for adaptation by both the national and county governments. The overarching framework for this process is provided by the national government's Climate Change Act, 2016 (described in Box 1) and the National Climate Change Action Plan (NCCAP), which sets out priority actions for each five-year period (Government of the Republic of Kenya [GOK], 2016a). The Kenya National Adaptation Plan 2015–2030 establishes the country's adaptation objectives and provides guidance on priority actions in 19 planning sectors for the national and county governments (GOK, 2016b). Kenya's Nationally Determined Contribution (NDC) establishes adaptation as Kenya's priority response to climate change and sets a goal of mainstreaming adaptation actions in the five-year development plans of Kenya Vision 2030, the country's long-term development strategy. The NDC priorities are aligned with the NAP, and the updated 2018–2022 NCCAP will set out priority adaptation actions for the five-year period (GOK, 2017).

Box 1. Kenya's Climate Change Act

The Climate Change Act, 2016 provides a regulatory framework for an enhanced response to climate change. The act adopts a climate change mainstreaming approach that includes integration of climate change considerations into development planning, budgeting and implementation in all sectors and at all levels of government. The act requires county governments to integrate and mainstream climate change actions, interventions and duties, including mainstreaming the NCCAP into County Integrated Development Plans.

The county governments have a key delivery role in implementing national government policy on climate change, having jurisdiction over sectors relevant for adaptation such as agriculture, soil and water conservation, forestry, water and sanitation, and health. County governments are allocated at least 15 per cent of national budget revenue, giving

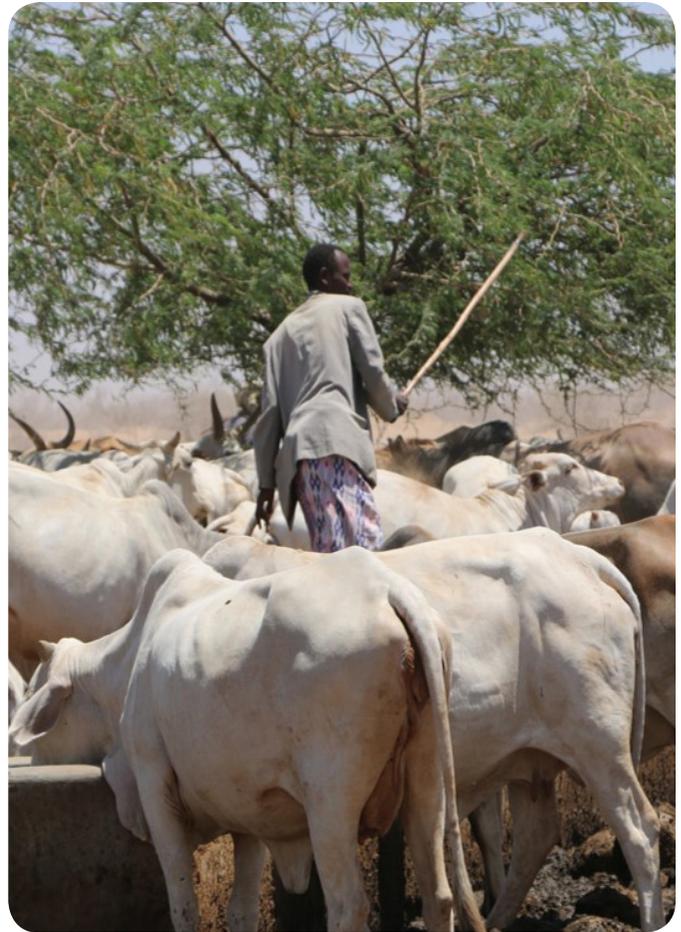


Photo credit: The Adaptation Consortium

them considerable scope to influence investments in adaptation, such as through CCCFs. Vertical integration of county actions with the national system takes place through various mechanisms, including the Climate Change Act. It requires county governments to mainstream climate change in their subnational development plans and report on actions to the national government on an annual basis.

The Strengthening Adaptation and Resilience to Climate Change in Kenya Plus (StARCK+) program, funded by the Government of the United Kingdom, has supported the National Drought Management Authority (NDMA) through the Adaptation Consortium to assist five counties to mainstream climate change in planning and budgeting and be climate-finance ready (Adaptation Consortium, 2017). Technical assistance and capacity building has been provided to governments and communities in Garissa, Isiolo, Kitui, Makueni and Wajir to identify,

prioritize and fund activities that promote climate-resilient growth and adaptive livelihoods at the ward, county and cross-county levels. This includes the establishment of county climate change funds that support community-prioritized adaptation investments.

County Climate Change Funds

CCCFs are devolved finance mechanisms under the authority of each county government that promote mainstreaming of climate change adaptation into local planning and budget systems. CCCFs are key coordination mechanisms for climate change action in the five counties, and work through the government's established planning and budgeting systems. These funds are structured to blend financial resources from international climate finance, multilateral development banks, the private sector, the GOK and their own county budgets. The design will enable the county governments to access the national government's climate change fund, which is being established under the Climate Change Act.

The CCCF approach, described in Figure 1, includes a series of activities that enable county and ward committees to identify and implement priority adaptation actions that are designed to strengthen climate-resilient livelihoods. CCCFs enable decision making at the local level through community leadership structures, including county and ward (community) climate change planning committees. Through ward committees, communities identify and prioritize their own adaptation needs, have representation on decision-making bodies that control an assigned budget and are guided by transparent decision-making criteria (see Box 2). The planning committees integrate climate information services and participatory planning tools to inform the design and implementation of priority actions. The committees also play an active role in the monitoring and evaluation of the use of resources and adaptation outcomes. Government officials serving as committee members provide technical support at the planning and approval stages but do not have voting rights to ensure that the priorities of communities are respected.



Community consultation in Isiolo to identify priorities.
Photo credit: The Adaptation Consortium

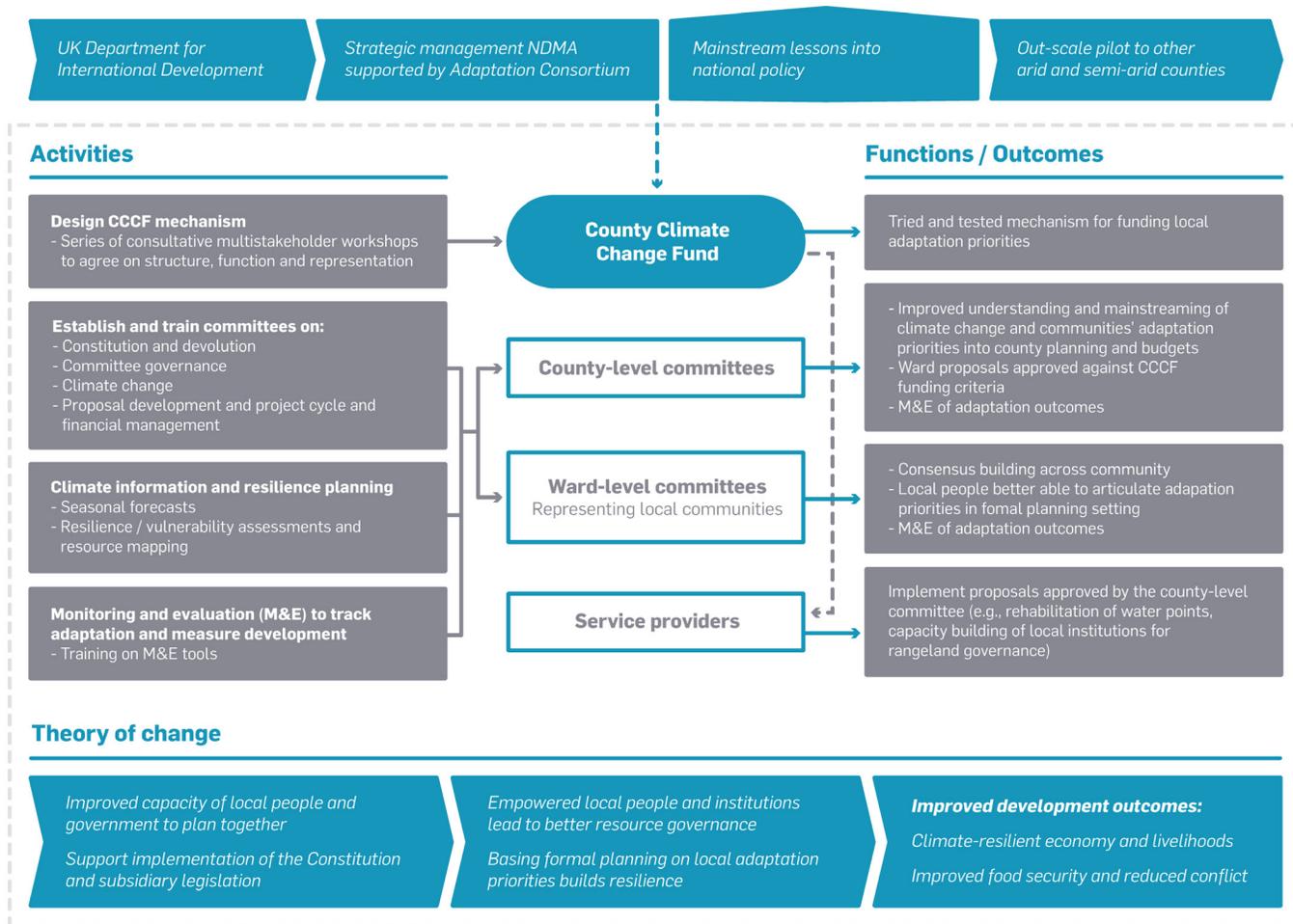


Figure 1. The County Climate Change Fund Approach

Source: Orindi, Elhadi & Hesse (2017, p. 256)

Box 2. Criteria for CCCF Investment

1. Must benefit many people.
2. Must support the economy, livelihoods or important services on which many people depend.
3. Must be relevant to building resilience to climate change.
4. Must encourage harmony, build relations, understanding and trust.
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.

Eighty-two public good investments prioritized by the communities have been implemented across the five counties as of March 2017. These investments to build climate resilience largely focus on livestock, water, natural resource governance and climate information services. In Wajir, CCCF investments in the water sector have focused on the rehabilitation and fencing of water pans, drilling of boreholes and solar water pumps. These actions have ensured that water access is controlled and managed effectively in a manner that is aligned with traditional grazing management systems.

To ensure the longevity and sustainability of the CCCFs, climate change fund legislation was enacted in Makueni and Wajir counties in 2015 and 2016, respectively (Government of County of Makueni, 2015). Garissa, Isiolo and Kitui are in

the process of passing similar laws. The CCCF legislation commits these counties to contributing a minimum percentage of their development budget to finance local climate change efforts. Makueni's regulations mandate that the county government to set aside 1 per cent of its annual development budget for climate change; and Wajir's CCCF legislation requires an annual allocation of 2 per cent. This amounts to approximately USD 850,000 in the 2017/18 fiscal year for Wajir and USD 730,000 in Makueni. These budgetary allocations demonstrate the county governments' commitment to tackling climate change and enable the delivery of sustainable programming to implement the legislation.

The CCCF legislation in each of Makueni and Wajir counties sets out fiduciary mechanisms to ensure accountability and transparency. These fiduciary mechanisms are consistent with public finance policy and law, and complement each county's existing finance systems. The legislation encourages financing of local adaptation actions. Seventy per cent of the annual budget allocation is earmarked to finance local level investments, 20 per cent goes toward county level investments and 10 per cent covers the administrative costs of managing the funds, including the costs associated with the planning committees. A monitoring and evaluation system for the funds is being piloted by the Adaptation Consortium that is intended to generate information on use of funds and adaptation outcomes for reporting at both the county and national levels (Orindi, Elhadi & Hesse, 2017).



Photo credit: The Adaptation Consortium

Lessons

The CCCF model provides lessons on domestic public finance for implementation of NAPs, as discussed below.

Clear mandates provide predictable climate finance – The CCCFs ensure a domestic revenue stream to finance adaptation that provides resource predictability for priority actions at the community level. Budget allocations to adaptation priorities are facilitated by clear mandates to prioritize climate change action at the county level. At the national level, the Climate Change Act mandates mainstreaming climate change in development plans and reporting on action. At the county level, climate change fund legislation mandates the allocation of a portion of development budgets to climate change.

Devolved funds help deliver on NAP priorities – CCCFs deliver on Kenya's NAP and NDC by establishing county financing mechanisms for adaptation, mainstreaming climate change in county plans, and building the capacity of county governments and communities. They have also helped finance adaptation actions prioritized in the NAP, such as enhancing early warning and climate information services, enhancing water harvesting and conservation, and improving the resilience of the livestock sector. The reporting requirements of the national and county legislation will improve information flow and management, including the establishment of reporting frameworks and indicators for tracking budget allocations to and progress on NAP implementation.

Climate finance is delivered where it is most needed: the local level – The allocation of 70 per cent of the CCCFs' annual expenditures to finance local-level investments benefits vulnerable communities. Representative climate change planning committees at county and ward levels ensure the prioritization and delivery of locally appropriate and sustainable adaptation investments.

Government commitment helps to attract international climate finance

– The government commitment to provide domestic budget allocations to the CCCFs has helped to attract international climate finance. The Government of the United Kingdom provided seed funding and the Government of Sweden is stepping in to continue the CCCF program going forward. The national government is developing a proposal for submission to the Green Climate Fund to expand the model to additional counties.

CCCFs improve climate resilience – Growing evidence shows that CCCFs have helped local communities to cope with ongoing drought in Kenya (2014–2017). The NDMA's drought early warning system reported better-than-expected conditions for people and livestock in Isiolo in 2014 compared to neighbouring counties with similar rainfall conditions. The Isiolo climate change planning committee attributed this in part to the improved governance of the rangelands funded by the CCCF. In 2015, households in Isiolo communities with CCCF investments did not require food relief, which is partially attributed to CCCF investments coupled with other factors such as good veterinary practices and NDMA drought management efforts (Orindi, Elhadi & Hesse, 2017).

References and Further Reading

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Financial support for the NAP Global Network provided by Germany and the United States



Federal Ministry
for Economic Cooperation
and Development



Secretariat hosted by the International
Institute for Sustainable Development



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The NAP Global Network is funded by the United States Department of State and Germany's Federal Ministry for Economic Cooperation and Development. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the Network's funders.

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