

Annual Partnership Retreat
“Enhanced transparency
- Learning from implementation, facilitating
negotiations”

Seoul, Republic of Korea,
12 to 17 October 2018

Coding Tracking & Reporting on
Climate Finance in Kenya

Eng. Omedi M. Jura

October 2018

Overview

- 1. Objectives of this presentation**
- 2. National Policy on Climate Finance**
- 3. Other legislation & policy documents**
- 4. Coding & Tracking of Climate Finance**

Tracking of climate finance; SCOA structure; Data capture illustration; introducing code 1 of segment 8; Kenya Climate Change Fund; Segment 8: proposed Tracking elements

- 4. Kenya Climate Change Fund**
- 5. Conclusions & Recommendations**

Objectives of this presentation

- Share Information with participants on the nature & extent of efforts by Kenya to undertake

Coding, Tracking and Reporting of Climate Finance

- Present work in progress to parties & partners to build on/ brainstorm on and increase ambition on transparency if possible
- Get feedback for further improvement; thereby explore possibilities of its wider application

National Policy on Climate Finance

- This Policy is an important enabler for accelerating sustainable achievement of Kenya's development aspirations under the *Kenya Vision 2030*,
- The Policy seeks to enhance the country's adaptive capacity and build resilience to climate change while promoting low carbon development and sustainable development
- Leverage the delivery of related provisions of the Constitution of Kenya such as the fundamental right to a clean and healthy environment under the Bill of Rights

Provisions of the Policy

The policy provides a legal and institutional framework to guide and promote:

- Climate finance flows in Kenya,
- **Tracking** of climate finance through **budget coding**,
- Enhanced **private sector participation**,
- **Accelerated green economy** thro technology transfer,
- **Enhanced benefit** sharing from climate change **proceeds** in the country

The Policy was adopted by the National Assembly on 23rd February 2018 as Sessional Paper No. 003 of 2017

Other National Legislations and Policies on Climate Change and Finance

- Climate Change Act, 2016;
 - and policy framework
- National Climate Change Action Plan (NCCAP)
- National Climate Change Response Strategy, 2010
- National Adaptation Plan (NAP), 2015-2030
- Green Economy Strategy and Implementation Plan (GESIP)
- National policy on Climate Finance

Tracking of Climate Finance – Kenya

- For effective planning & budgeting, it is necessary to track and report on funds channelled to climate-related activities, also
 - It is important to have additional information on the *objectives* and outputs/ outcomes of the activities enabled by the budget.
- Objectives provide information on whether the activity was intended for climate mitigation or adaptation and can give a hint on whether there may exist climate co-benefits.
- Outputs/ outcomes will confirm the existence of those co-benefits and will become useful in determining their estimate costs.

Standard Chart of Accounts (SCA) structure

- 7 Segments as shown below (codes)
- 48 digits in total

Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Segment 7
Class	Vote	Administrative	Source of Funding	Programmes	Economic Items	Geographical Location (new)
1 digit	4 digits	10 digits	8 digits	10 digits	7 digits	8 digits

Introducing code 1 of Segment 8

- The climate budget code document proposes to introduce an eighth analytical segment as illustrated below

Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Segment 7	Segment 8
Class	Vote	Administrative	Source of Funding	Programmes	Economic Items	Geographical Location (new)	Analytical/ Tracking
1 digit	4 digits	10 digits	8 digits	10 digits	7 digits	8 digits	4 digits

- This segment is to be implemented as a side-mapping table in Integrated Financial Management Information System (IFMIS – Kenya) to minimize disruption in the setups and be accommodated later on approval

Segment 8: proposed Tracking elements (Illustration)

Level 1	Level 2	Level 3	Full Code	Description
Cause	Division/ Focus	Area		
2 digits	1 digits	1 digits	4 digits	
00	0	0	0000	No Cause Tracked
00	0	1	0001	No Cause Tracked
01	0	0	0100	Climate Change
01	1	0	0110	Adaptation
01	1	1	0111	Major Adaptation
01	1	2	0112	Significant Adaptation
01	2	0	0120	Mitigation
01	2	1	0121	Major Mitigation
01	2	2	0122	Significant Mitigation
02	0	0	0200	Cause 2
02	1	0	0210	Division 1
02	1	1	0211	Area 1
02	1	2	0212	Area 2
02	1	3	0213	Area 3

Kenya Climate Change Fund- Establishment

- Created by the Climate Change Act, 2016; and elaborated in the National Policy on Climate Finance 2017
- **Purpose of the Fund** – financing of priority climate change actions and interventions
- Climate Change Fund Taskforce was established by the National Treasury in July 2017
 - Deliverables of the TF:
 - a. Develop Climate Change Fund Regulations by 2018;
 - b. Formulate a Resource Mobilization Strategy (RMS); and
 - c. Develop a Monitoring Evaluation Reporting and Verification (MERV) Framework for climate finance.

Kenya Climate Change Fund- *Highlights*

Objects of the Fund:

- provide loans, grants or equity for climate change research and innovation, in the following fields — *industrial research; technological research; policy formulation; academic research; and development in green technologies;*
- provide loans, grants or equity to implementing agencies, businesses, industry, civil societies, academia and other stakeholders for development of innovative actions that benefit climate change responses in Kenya;
- finance, through loans or grants, the implementation of climate change adaptation and mitigation actions;
- provide technical assistance to county governments; and
- provide training and capacity building on climate change.

Kenya Climate Change Fund- *Highlights*

- **Initial Capitalization** – Kshs 500 million (US\$ 5 million)
- **Sources of funds**
 - receipts from international climate change funds;
 - grants from development partners;
 - fees levied on services rendered by the Fund;
 - interest from investments and loans disbursed from the Fund;
 - commercial benefits arising from research products financed by the Fund;
 - monies that may be appropriated by parliament; and
 - grants, donations, requests, endowments and gifts from any lawful sources, among others.
- **Financial Instruments**
 - loans, grants or equity

Kenya Climate Change Fund- *Highlights*

Management of the Fund

- I. National Climate Change Council – established by the CCA, 2016 (*Chaired by the President*)
 - ✓ Provide overall oversight of the Fund
- II. Administrator – the accounting officer responsible for climate change affairs
 - ✓ supervise and control the administration of the Fund
- III. Secretariat
 - ✓ Responsible for the day-to-day running of the affairs of the Fund
 - ✓ Staff recruited competitively
 - ✓ Head of the secretariat is subject to the direction of the Administrator

Conclusion and recommendations

This is work in progress with potential for further development and wider application in Kenya within the existing Integrated Financial Management Information system & the National Integrated Monitoring System, (IFMIS & NIMES)

Constructive comments, ideas and criticism (feedback) are welcome for consideration

Kenya **must** eventually perfect the tool as it is a requirement by the policy on climate finance

The tool should ensure effective and efficient planning & use of climate finance and related support

Thank you

Best wishes

Eng. Omedi

Moses Jura;

omedijura@gmail.com