development initiatives

Tracking public investments in climate change: Evidence from four counties in Kenya

CCDA8 August 28–30 2019

Context

- East African countries are prone to natural and human inflicted hazards. Floods, drought, epidemics, and conflict are the most commonly reported.

- There is a risk of extreme weather events increasing as result of climate change (CC).
  - More than 70% of 'natural' disasters in Kenya are related to extreme climate events.
  - On average, CC caused 56.7 deaths and GDP losses of 0.33% per year in Kenya between 1998 and 2017.
  - In Uganda, extreme weather events related to CC caused a loss of 16% of the total value of crops and livestock in GDP in 2011.

- People in poverty are likely to be left behind in the absence of adequate investment in disaster risk reduction (DRR) and CC adaptation.

Hence, we tracked…

- **Subnational budgets of four Kenyan counties** (Baringo, Kisumu, Laikipia and West Pokot) **for CC** and DRR.
- The national budget of Uganda (2016/17 to 2019/20) for DRR
- Reports available on our website www.devinit.org

(We also tracked the national budgets of Tanzania and Rwanda for DRR)

Methodology

We adopted the OECD Policy marker for DRR in the Credit for Reporting System (CRS) to track climate change budget of subnational/counties

Do any of the objectives of the budget item meet any 'eligibility criteria' of the CC/DRR marker

Yes

Would the budget activity have been undertaken without the CC/DRR objective?

Yes

No

NO

1
Significant

2
Principal

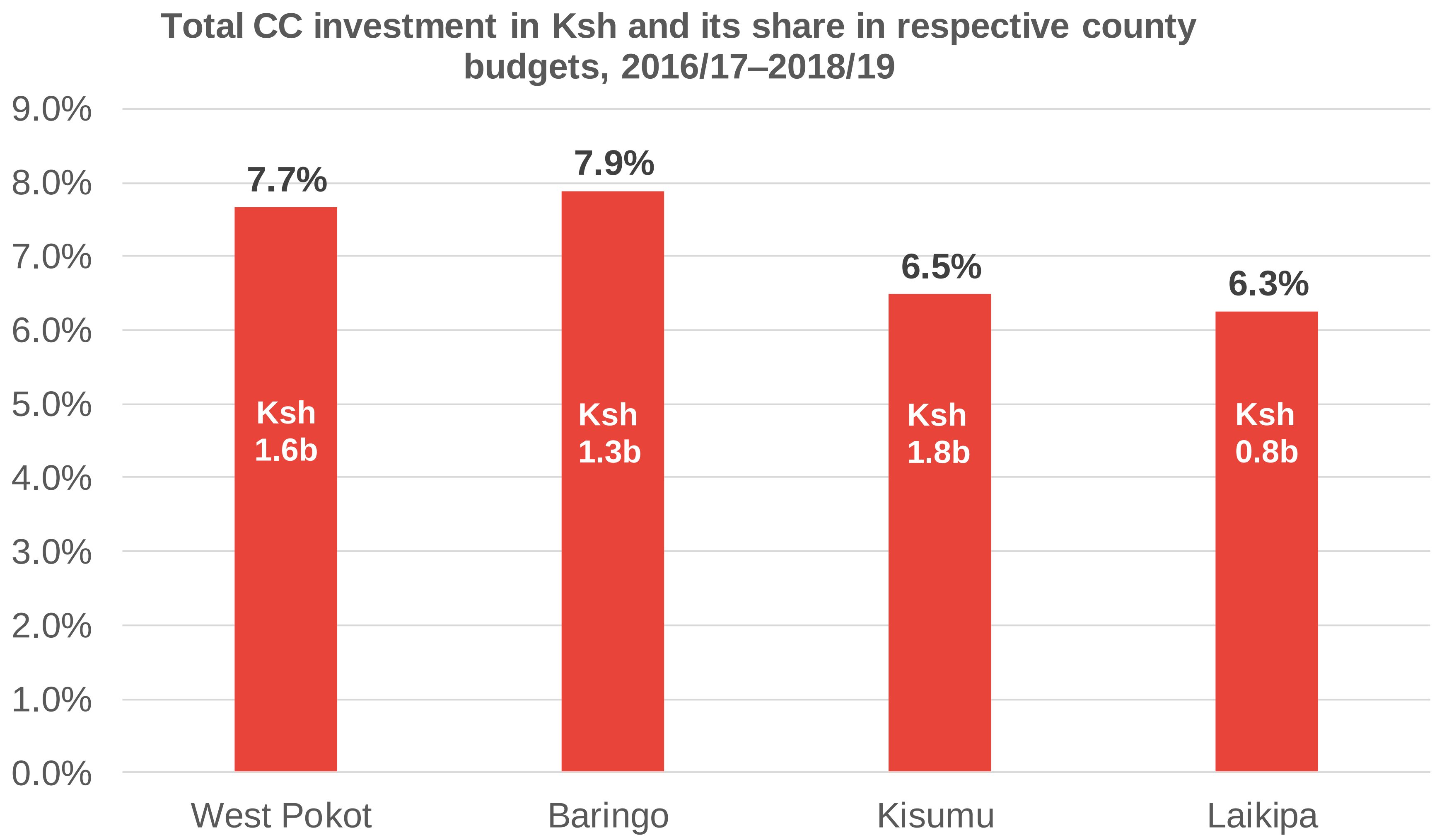
0
Not marked

0% of budget
CC/DRR marker=0≡
Rio Marker =0

40% of budget
CC/DRR marker=1 ≡
Rio Marker =1

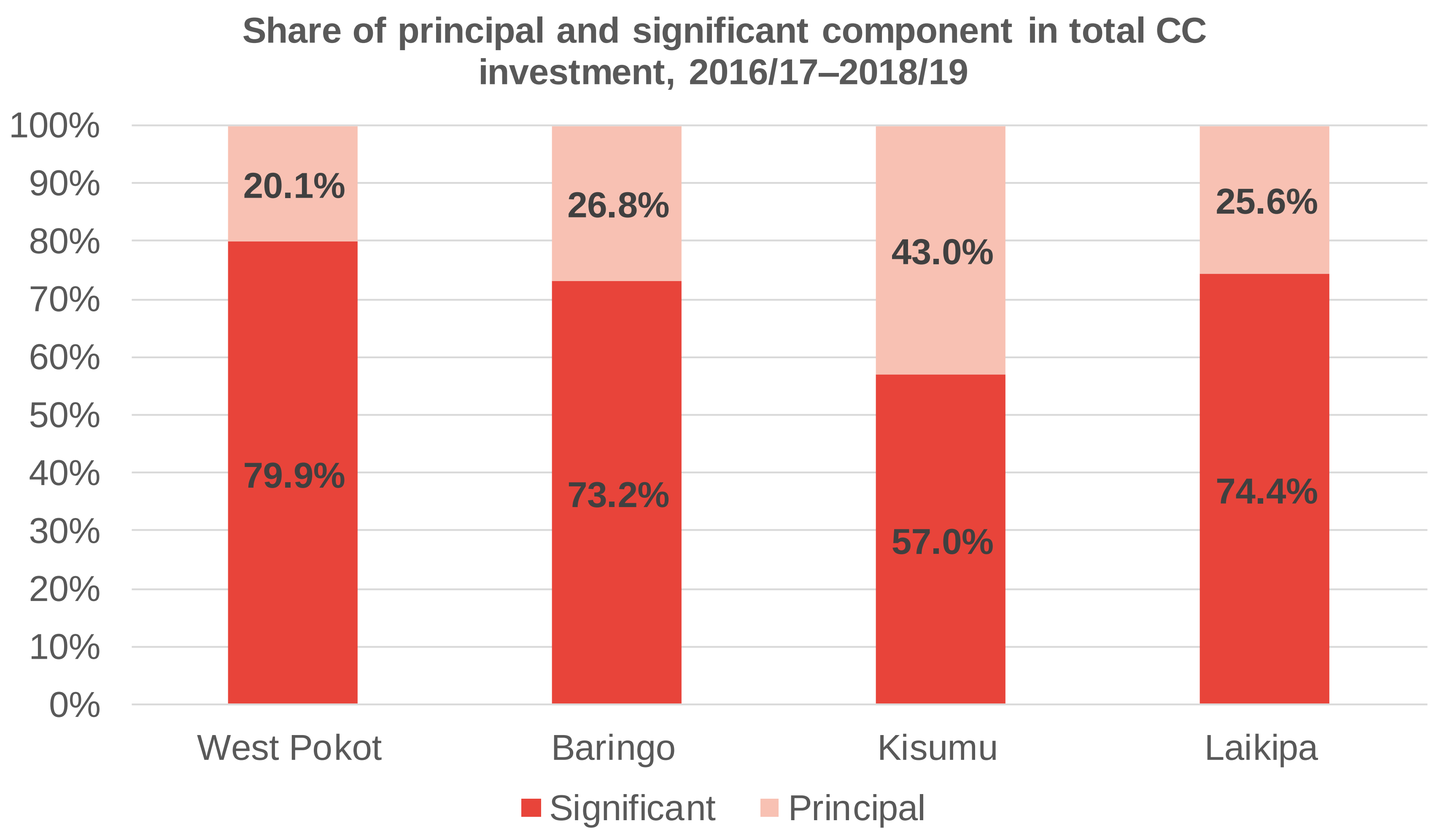
100% of budget
CC/DRR marker 2≡ Rio
Marker =2

Total climate change investments are between 6% and 8% of county budgets



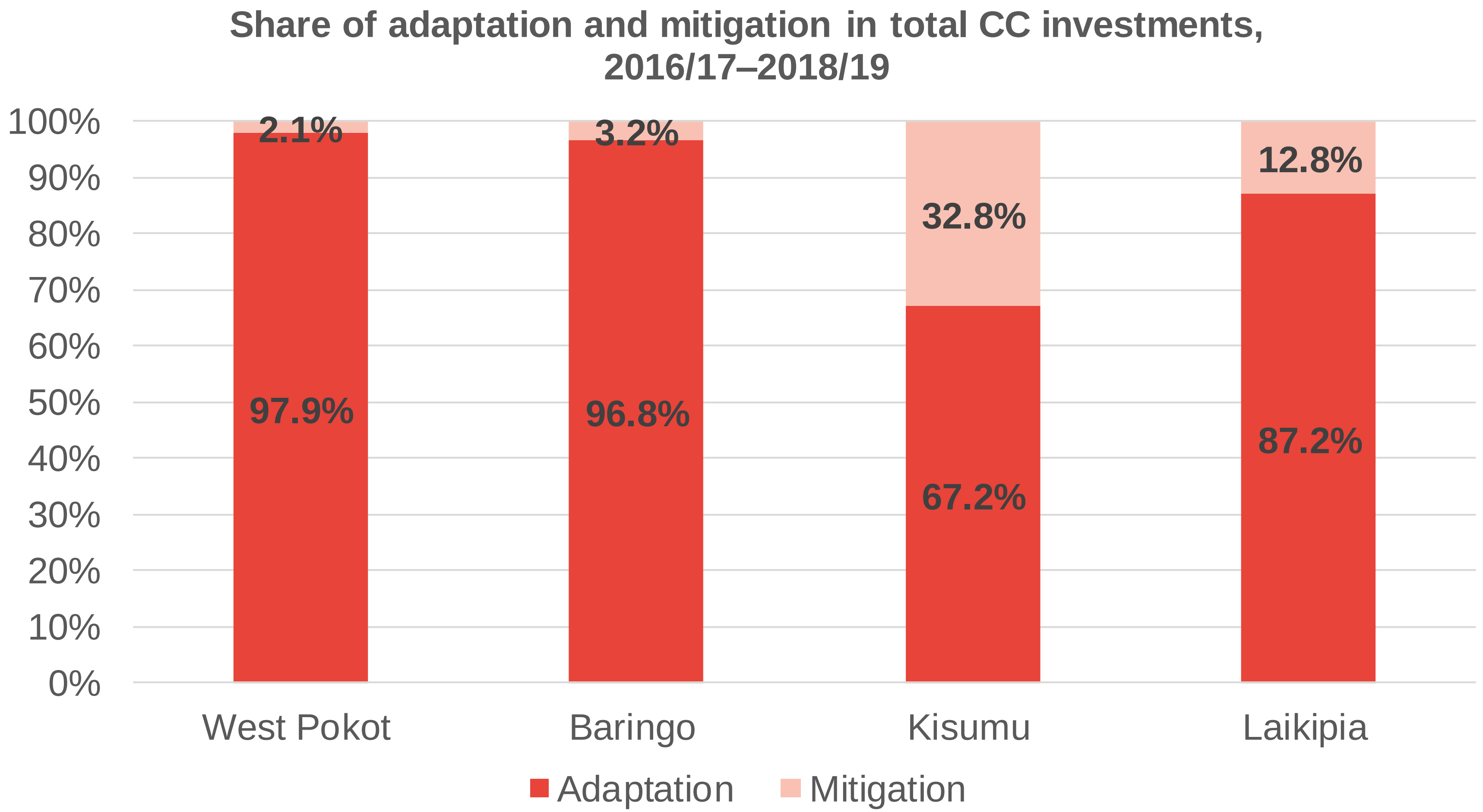
Source: DI based on county budgets for various years

In most cases, at least 70% of CC investments go to activities with secondary objective (significant) and not as a principal policy objective



Source: DI based on county budgets for various years

Subnational investments in CC aligned to Kenya's climate change adaptation (CCA) priority

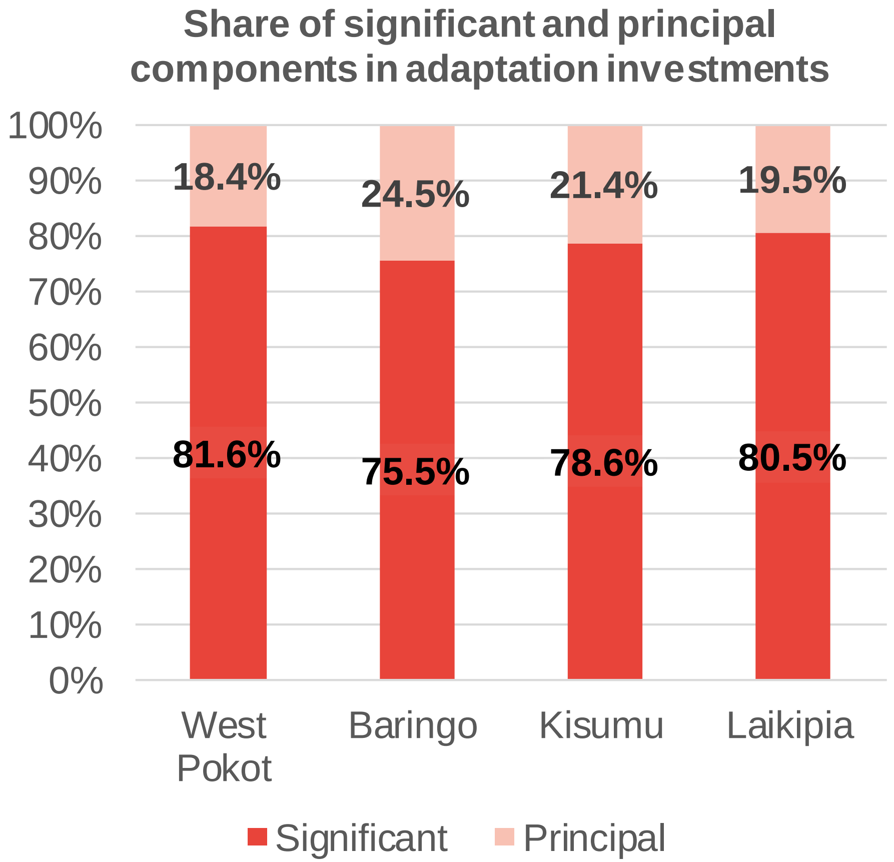


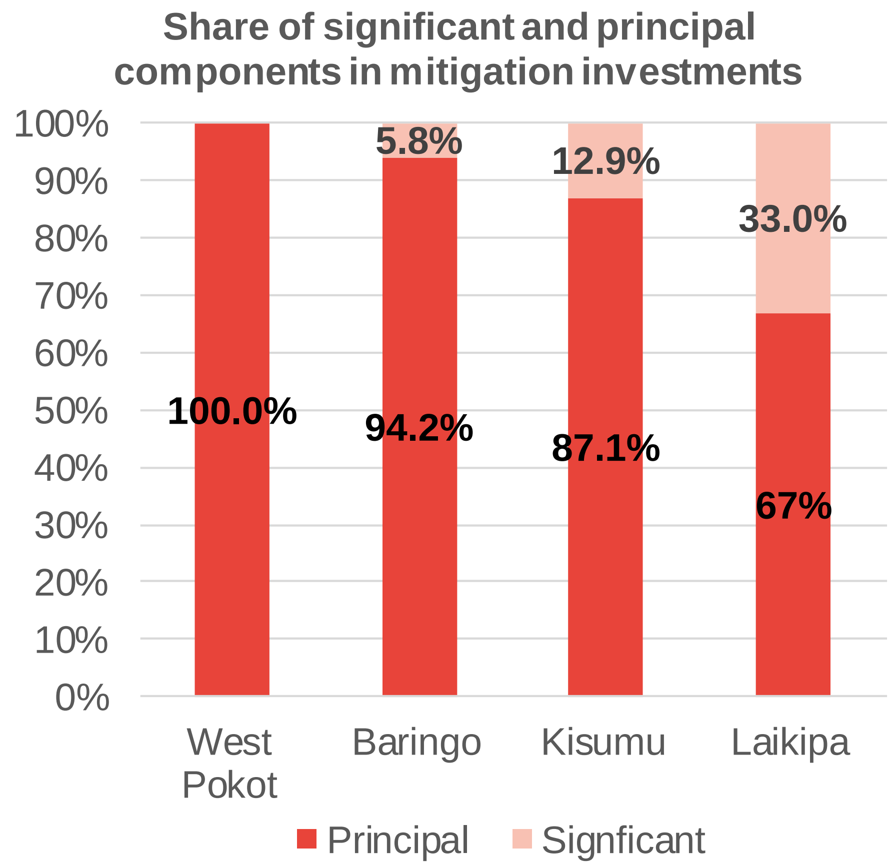
Source: DI based on county budgets for various years

Indirect budgeting for CCA

- **CC adaption (CCA) budget** traced mainly to significant CC budget whose main objective is to achieve other **socioeconomic development goals** such as enhanced food production.
- **CC mitigation (CCM)** budget traced mainly to activities whose principal objective is to **reduce GHG emissions** or enhance **carbon sinks**.

CCA budget is indirect as CCM investments are targeted





Source: DI based on county budgets for various years

Legal and policy frameworks

CC investments in Kenya are underpinned by international, regional, national and subnational frameworks

Key policy frameworks:

- Paris Agreement, 2015
- African Climate Change Strategy, 2011
- East African Community's Climate Change Policy, Strategy and Master Plan, 2011
- Constitution of Kenya, 2010
- Public Finance Management Act, 2012
- Climate Change Act, 2016
- National Policy on Climate Finance, 2018
- National and county government tax legislations
- Kenya National Green Climate Fund Strategy
- Climate Change Policy, 2018 (Kenya)

Key institutions:

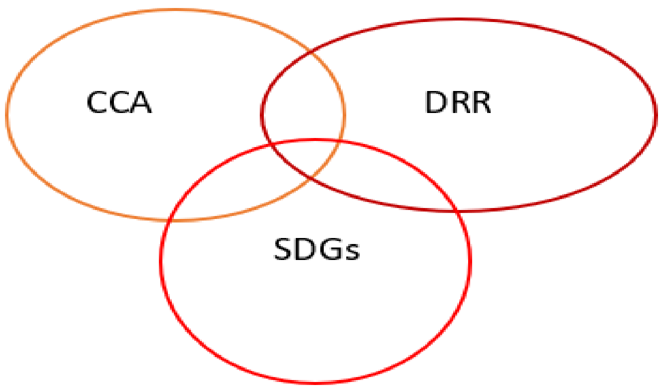
- Climate Change Directorate
- National/district/county Treasury
- National Environment Management Authority
- Other national and district/county MDAs with a CC mandate

Despite great progress in policies and frameworks, challenges abound

- Most counties in Kenya are yet to establish county CC funds (CCCFs)
- Inadequate funding attributed in part to increasing and competing expenditure needs coupled with inadequate mobilisation of own source revenue.
- Misappropriation of funds.
- Inadequate technical capacity and coordination between national and county governments.
- Inadequate access to quality data to analyse the impact of disaster and CC, as well as to track effectiveness of climate change and DRR investment.

A couple of observations

- **Technically**:



- **Mandate:** MDAs responsible for DRM are also huge spenders of CCA.

Recommendations for CC

- Establish county climate change funds (CCCFs) for reliable mechanism of financing priority climate change actions. This calls for political will at the county executive and assembly levels; and for technical support to counties for effective functioning of CCCFs.
- County governments should strengthen mobilisation of own source revenue (OSR) to bridge the funding gaps.
- Establish a national system for regular data collection and analysis of the impacts of CC and effectiveness of financing mechanisms, including climate finance.
- Present breakdowns of projects and activities, as well as sources of funding in budget documents
- While tracking finances is half of the story, we need to know investment requirement/ costing; and understand drivers of public planning/ investment decisions.

Thank you!

Contact: Martha Bekele
Email:

Development Initiatives
Shelter Afrique Building
4th Floor
Mamlaka Road
Nairobi
Kenya
PO Box 102802-00101
Tel: +254 (0) 20 272 5346

devinit.org

development initiatives