



REPUBLIC OF KENYA

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**TO: ALL CABINET SECRETARIES
ALL ACCOUNTING OFFICERS/PRINCIPAL SECRETARIES
ALL COUNTY GOVERNORS
ALL CHIEF EXECUTIVE OFFICERS OF STATE CORPORATIONS**

**TRACKING AND REPORTING OF CLIMATE FINANCE FLOWS AND CLIMATE
CHANGE RELATED EXPENDITURES**

The National Treasury and Planning has been taking lead in mobilization, tracking and reporting of climate finance flows in the country. Tracking and reporting climate finance flows has become a central concern for development and economic policy in ensuring that development programs are climate proofed and lower in carbon emissions. The process helps to provide comprehensive climate change-relevant data on budgeting and spending to enable the government make informed climate policy decisions.

Article 13 of the Paris Agreement requires all developing country Parties to provide information on financial, technology transfer and capacity-building support needed and received. The Climate Change Act 2016 affirms the need to track and report climate finance access and expenditures. This is also a key strategic intervention for the implementation of the National Policy on Climate Finance.

The objective of the exercise is to continuously analyse Kenya's climate expenditure and provide guidance to strengthen efficiency and effectiveness of climate finance flows in public financial management actions. The tracking and reporting of climate finance is part of the readiness actions for access to climate finance from various sources including the Green Climate Fund, multilateral, bilateral sources and operationalization of the Kenya Climate Change Fund.

In view of the foregoing, the National Treasury is directing all Government Accounting officers to provide *quarterly detailed project/activity level expenditure data for climate and environment related projects and programmes* in a format of the attached template in Table 1.

A soft copy of this Circular and the Template can be downloaded from The National Treasury website (www.treasury.go.ke).

For any clarifications please contact Mr. Peter Odhengo (Email: odhengo@gmail.com) or Mr. Hillary Korir (Email: hillary.korir@treasury.go.ke).



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Encls.

Definitions

1. **Climate change** – a change in the climate system which is caused by significant changes in the concentration of greenhouse gases as a consequence of human activities and which is in addition to natural climate change that has been observed during a considerable period
2. **Mitigation** means efforts that seek to prevent or slow down the increase of atmospheric greenhouse gas concentrations by limiting current or future emissions and enhancing potential sinks for greenhouse gases
3. **Adaptation** (resilience building) means adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects which moderates harm or exploits beneficial opportunities
4. **Climate finance** refers to funds from local (counties), national or transnational financing, drawn from public and private sources to be applied toward activities that reduce greenhouse gas emissions or build climate resilience.

Sector	Project Type
Mitigation	
Renewable Energy Generation	<ul style="list-style-type: none"> - Installation of solar PV systems - Installation of solar heating systems - Biofuels (including bioethanol) - Biogas and biomass power generation - Installation of solar PV systems - Installation of solar heating systems - Biofuels (including bioethanol) - Biogas and biomass power generation - Geothermal power generation - Production of power from wind - Other renewable technologies (please specify)
Energy Efficiency (Demand side) in Industry and Building	<ul style="list-style-type: none"> - Reduction of greenhouse gases emissions resulting from industrial process improvements, and cleaner production (e.g., cement, chemical, etc.), reduction of heat losses and/or increased waste-heat recovery and/or resource efficiency (please specify) - Reduction of greenhouse gases emissions resulting from industrial process improvements and cleaner production (please specify) - Retrofit of existing industrial, commercial and residential air-conditioning and refrigeration systems to switch to cooling agent with lower potential for global warming
Non-Energy GHG Reductions	<ul style="list-style-type: none"> - Industrial process emissions: Reduction of GHG emissions resulting from industrial process improvements and cleaner production (e.g., cement, chemical, etc.) - Air conditioning and refrigeration: Retrofitting of existing industrial, commercial, and residential infrastructure to switch to cooling agents with lower global warming potential - Fugitive emissions: Reduction of gas flaring or methane fugitive emissions in the oil and gas industry, coal mine methane capture and storage, etc.
Infrastructure, Energy and other built environment	Adaptation components in Energy projects only: to improve the climate resilience of existing infrastructure e.g., transport infrastructure, energy infrastructure, riverine infrastructure (including built flood protection) and human settlements (e.g., housing – if not part of a wider disaster risk management strategy). Building resilience into infrastructure such as protection systems for dams to reduce vulnerability to extremes caused by climatic changes

Low-carbon technologies	- Production of components, equipment, or infrastructure dedicated for the renewable and energy efficiency sectors.
Waste and Wastewater	- Treatment of wastewater, including wastewater collection networks, that reduces GHG emissions - Waste management that reduces methane emissions (e.g. waste incineration, landfill gas capture and flaring/power production, etc.) (please specify) - Waste recycling measures with a demonstrated net mitigation benefit
Agriculture, Forestry, Land use and natural resource management	- Agriculture projects that improve existing carbon pools (reduction in fertilizer use, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, low tillage techniques that increase carbon contents of soil, etc.) Rehabilitation of degraded lands - Reduction in energy use in traction (e.g., efficient tillage), irrigation, and other agricultural processes - Livestock projects that reduce GHG emissions (e.g., manure management with biodigesters producing biogas for heating or cooking) - Afforestation and reforestation of lands; sustainable forest management and conservation - Other sustainable agriculture practices (please specify)
Sustainable Transport	- Programs incentivizing the adoption of non-motorized transport (bicycles, pedestrian mobility) among workers, leading to a reduction in the use of passenger cars - Retrofit or replacement of existing industrial vehicles, achieving a substantial increase in energy efficiency (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)
Financial Services (For financial institutions only)	- Provision of dedicated microfinance or credit lines for renewable energy generation - Provision of dedicated microfinance or credit lines for energy efficiency improvements - Provision of dedicated microfinance or credit lines for sustainable land-use and agricultural practices - Provision of dedicated microfinance, credit lines or risk mitigation instruments for any of the other abovementioned climate mitigation activities (please specify which)
Other mitigation activities (please specify)	This category can include, for instance: - Other eligible activities that cannot be classified in the above categories, for example, cross-sector activities such as credit lines earmarked for mitigation activities or other financial services (if not included in the categories above) • Dedicated budget support to national or local authorities for implementation of climate change mitigation policies • Other awareness-raising and technical assistance activities
Adaptation	
Water and Wastewater	- Demand side management activities reducing water consumption or increasing water use efficiency and supply side management activities enabling, e.g., the expansion of supplies, reducing water losses, or improving cooperation on shared water resources. - Installation of rainwater harvesting equipment and water storage where water supply is negatively affected by climate change
Disaster risk Management	- Early warning / emergency response systems to adapt to increased occurrence of extreme events by improving disaster prevention, management and reducing potentially related losses and damage - Construction or improvement of drainage systems or barriers to adapt to an increase in the frequency or severity of floods - Preparation of company-wide climate change vulnerability assessment
Agriculture, Forestry, Land use and natural resource management	- Introduction of agricultural adaptation practices, including crop diversification, planting of drought resistant crops, efficient irrigation, soil conservation measures that conserve soil moisture... (please specify)
Infrastructure and built environment	- Adaptation components to improve the vulnerability to extremes caused by climatic changes in existing infrastructure (please specify).

Other adaptation activities (please specify)	This category can include, for instance: - Other eligible activities that cannot be classified in the above categories, for example, cross-sector activities such as credit lines earmarked for adaptation activities or other financial services (if not included in the categories above) • Dedicated budget support to national or local authorities for implementation of climate change mitigation policies • Other awareness-raising and technical assistance activities
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