



**REPUBLIC OF KENYA  
THE NATIONAL TREASURY AND ECONOMIC PLANNING**

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM (FLLoCA)**

**CREDIT NO: 6980 – KE**

**PROJECT ID NO: P173065**

**PROGRAM IMPLEMENTATION UNIT (PIU)**

**TERMS OF REFERENCE FOR**

**CONSULTING SERVICES TO DEVELOP A NATIONAL CLIMATE FINANCE  
MOBILIZATION STRATEGY FOR KENYA**

**Reference no: KE-CFGEU-385117-CS-INDV**

**Client:**

**Postal Address:**

**The Principal Secretary**

**The National Treasury and Economic Planning**

**P.O. Box 30007-00100, Nairobi**

**Treasury Building- Harambee Avenue, Nairobi**

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## **1. Background**

Kenya, being an emerging economy, is most vulnerable to the impact of climate change. The country is classified among the countries and regions most at risk to effects of climate change, with severe consequences expected over the short to medium term across such sectors as Agriculture, Industry, Energy, Water, Trade and Tourism (IPCC, 2014). According to the national statistics, the economic cost of climate change in Kenya is 2 – 2.4 % of GDP each year (KNBS, 2018). Floods alone are estimated to cost 5.5 % of GDP every 7 years, while droughts account for 8 % of GDP every 5 years. This is largely due to the climate-sensitive nature of Kenya's economy with the agriculture, water, energy, tourism, and wildlife sectors being of utmost importance.

Kenya has made considerable efforts to address the ensuing challenges posed by climate change through policy, legal and institutional fronts. The National Climate Change Response Strategy (NCCRS, 2010) is the first national policy document developed to acknowledge the reality of climate change in Kenya. The National Climate Change Act, 2016 provides for the development of a five-year National Climate Change Action Plan (NCCAP) to guide the mainstreaming of adaptation and mitigation actions into the sector functions of the national and subnational governments. Kenya's third Action Plan on climate change (NCCAP 2023-2027) builds on the previous Action Plans and provides a framework for Kenya to deliver on its Nationally Determined Contribution (NDC). Additionally, the Government continues to make deliberate efforts to mainstream climate actions and green economy in the development planning processes including through the Medium-Term Plans (MTPs) as well the sectoral plans and strategies that promotes green growth and sustainable natural resource management.

Kenya's commitment to addressing climate change through mobilizing climate finance has progressively emerged as a key topic underpinning recent policy, legal and institutional development. These include the National Climate Finance Policy (2018) which seeks to increase the country's adaptive capacity and build resilience to climate change while promoting low carbon sustainable development pathway. 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 through technology transfer, and enhanced benefit sharing from climate change proceeds in the country. Further, the Policy sets out guiding framework to enhance national financial systems and institutional capacity to effectively access, manage, monitor and report scaled-up climate finance in a transparent and accountable manner.

The Government estimates that USD 62 billion is required to implement Kenya's Nationally Determined Contributions (NDC) in 2020-2030. The resource requirement for climate mitigation actions is USD 17.7 billion, while the resources required for climate adaptation actions up to 2030 is USD 43.9 billion. This implies that the current climate crisis has a huge financial burden on Kenya hence the urgent need to mobilize sustainable financing through more innovative public and private finance approaches that respond to the current financing needs. There is therefore a need for a framework that will better position the country to rapidly mobilize and scale up climate finance for priority climate change actions.

In view of the above, The National Treasury is developing a National Climate Finance Mobilization Strategy to provide a framework for the implementation of the National Policy on Climate Finance and aligned with the updated NDC, National Climate Change Action Plan (NCCAP III), Medium Term Plan (MTP IV), and the EAC's Climate Finance Access and Mobilization Strategy (2022/23- 2031/32). Further, the Strategy is envisioned to accelerate access to public international climate finance, mobilization of private sector climate finance, enhance domestic investment in climate projects, application of more innovative financing instruments, and ensure a coordinated and sustainable climate finance flows.

The World Bank is supporting the Government of Kenya efforts through Financing Locally Led Climate Action Program (FLLoCA) to operationalize their National Climate Change Action Plan and translate Kenya's ambitious climate agenda into scaled up action. The program development objective is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks.

To this end, The National Treasury through the support of the FLLoCA Program is procuring the services of an eligible Local Consultant to develop the National Climate Finance Mobilization Strategy.

## **2. Objective(s) of the Assignment**

The main objective of the assignment is to develop a comprehensive National Climate Finance Mobilization Strategy that will ensure that climate finance is effectively mobilized, accessed, utilized, scaled up, tracked and transparently reported to contribute to the achievement of low-emission and climate resilient development in Kenya.

## **3. Scope of the consulting services and specific tasks**

**3.1** The scope of assignment includes the development of a National Climate Finance Strategy to facilitate a more focused approach to mobilizing climate finance and providing tailored financing solutions to address climate change and support alignment with Paris climate goals and Kenya's Nationally Determined Contributions (NDCs). The strategy will guide on the medium-term climate financing needs by clearly articulating its climate finance vision, objectives, guiding principles, Kenya's priority climate actions. The consultant shall work closely with the Inter-Agency Task Force appointed to support the development of the Climate Finance Strategy.

**3.2** The objective of this Consulting services will be achieved through the following specific tasks:

- a) Review and analyse the existing relevant policies, plans and strategic frameworks for climate change, climate and green financing to identify key challenges in and opportunities for climate finance mobilization. These include National Policy on Climate Finance, NCCAP III, updated NDC, NAP 2015-2030, MTPIV and other sectoral documents.

- b) Review regional and international best practice in climate finance mobilization strategies including the East Africa Community (EAC) Climate Finance Mobilization and Access Strategy for benchmarking.
- c) Assess the national climate finance flows and identify the financial shortfalls necessary for attaining the Country's climate change adaptation and mitigation agenda including the NDC targets.
- d) Cost the priority actions identified in the NCCAP III and the updated NDC with specific documentation of available funding for 2023-2027, as well as analyse the requisite public and private investments for NDC priority actions.
- e) Map potential funding opportunities and the access modalities for international and regional climate and environmental funds including bilateral, multilateral and UNFCCC financing mechanisms such as Green Climate Fund, Global Environmental Facility, Adaptation Fund, among others.
- f) Engage in depth discussion with key Ministries, State Agencies, Departments, County Governments, Private Sector, Civil Society Organizations (CSOs) and specialized technical agencies through workshops to gather views that will inform the development of the Strategy. The Consultant will also utilize inputs from the working session with the Inter-Agency Task Force.
- g) Identify technical and institutional capacity gaps in climate finance mobilization, tracking, coding and reporting and formulate comprehensive recommendations to bridge the gaps.
- h) Formulate specific and actionable measures that enhance private sector engagement and address the existing barriers that disincentivize climate action-related investments. The consultant should also identify potential climate investment opportunities for private sector.
- i) Develop a National Climate Finance Mobilization Strategy taking into account public, private, bilateral and multilateral financing options, including suitable innovative climate financing instruments. The Strategy should outline appropriate mechanisms for mobilizing climate finance from national public funding, international climate financing, cooperative approaches under Article 6.2 of the Paris Agreement, carbon markets as defined in Article 6.4 of the Paris Agreement, private sector financing and green/blue bonds, among others.
- j) Prepare detailed implementation plan for the strategy. This should include a stakeholder mapping to identify the stakeholders implementing the actions, responsibilities of the different stakeholders and realistic timelines. The plan should clearly highlight possible bottlenecks in the implementation of the Strategy and how they will be addressed.
- k) Develop M&E framework for the Strategy.
- l) Undertake a validation exercise for the Strategy.

#### 4. Duration of Contract

The assignment shall be for a period of Three (3) calendar months from contract commencement date.

#### 5. Reporting requirements and timelines for deliverables

The reporting requirements and timelines for deliverables are as shown in Table I below. The Consultant shall submit Two (2) original hard copy together with soft copies of the reports listed in Table I below on or before the scheduled dates to:

The Principal Secretary  
The National Treasury,  
P.O. Box 30007-00100  
Nairobi  
Attn: Head, Climate Finance & Green Economy Unit  
Reinsurance Plaza, 7<sup>th</sup> Floor  
Building No. 4 Aga Khan Walk / Taifa Road Nairobi, Kenya

Table I: Reporting requirements

S/No.	Deliverables/Reports	Timelines after contract commencement	Format of submission
1.	Inception Report	10 days	2 hard copies and a soft copy in PDF
2.	First Draft Climate Finance Strategy	30 days	2 hard copies and a soft copy in PDF
3.	Second Draft Climate Finance Strategy	45 days	2 hard copies and a soft copy in PDF
4.	Stakeholder Consultation and Validation Report	70 days	2 hard copies and a soft copy in PDF
5.	Final Climate Finance Strategy	90 days	2 hard copies and a soft copy in PDF

#### 6. Payment schedule

The proposed payment schedules based on satisfactory performance of the contract which will be negotiated with the successful consultant will be as presented in Table II below.

Table II: Proposed payment schedule

S/No.	Deliverables*	Timelines after contract commencement	Percentage of the contract amount
1.	Inception Report	10 days	30%
2.	First Draft Climate Finance Strategy	30 days	
3.	Second Draft Climate Finance Strategy	45 days	30%

4.	Stakeholder Consultation and Validation Report	70 days	
5.	Final Climate Finance Strategy	90 days	40%

Upon submission of every report, the consultant is expected to make a presentation of the submitted report to the Client in a scheduled meeting. The acceptance of the report shall be recorded in the minutes of the meeting.

## **7. Minimum requirements for Consultant’s qualifications and experience**

### **Academic Qualifications:**

- Master’s degree in Development Studies, Environment Management, Economics, Climate Change, Finance, Public Policy or related disciplines from a University recognized in Kenya.

### **General Experience and Competencies:**

- At least 10 years of general experience in Development Policy, Environment Management, Economics and Public Policy,
- A minimum of 7 years of specific experience working in climate change, climate finance and previous work experience in at least Two (2) assignments of similar nature.
- Registered by relevant professional body recognized in Kenya.

## **8. Management and accountability of the assignment**

The Consultant will enter into a contract with the National Treasury and will report to the Head, Climate Finance & Green Economy Unit.

## **9. Obligations of the Client**

All individual travel related to the assignment shall be approved prior to the task by the Program Coordinator-Financing Locally-Led Climate Action Program. The client will also support the consultant in organizing the first introductory meetings with key stakeholders through submission of prior notice and accompanying letters. The client will also support the consultant, where possible, in getting access to core documents necessary for undertaking the assignment.

## **10. Obligations of the Consultant**

- The Consultant shall be responsible for the provision of all the necessary resources to carry out the services under the contract and any other required resources.
- The consultant is expected to undertake activities that will ensure that outputs are consistent with the professional and legal requirements.

### **11. Propriety Rights of Client in Reports and Records**

All the reports, data, and information developed, collected, or obtained from the Client, and other institutions during this exercise shall belong to the Client. No use shall be made of them without prior written authorization from the Client.

At the end of the Services, the Consultant shall relinquish all data, manuals, reports and information (including the database, and related documentation) to the Client and shall make no use of them in any other assignment without prior written authority from the Client.