ADA consortium

Climate Finance

Policy brief

issue 2022/2

Contextualizing Devolved Climate Finance in Urban Areas

Esperanza Karaho, Victor Orindi, Kennedy Ododa and Milka Chebii

Key message

- Climate resilient development of urban areas need to take into account current and future climate risks and be inclusive as far as planning is concerned.

1.Introduction

The speed of urbanization in Africa is increasing and remains largely informal, uncontrolled, and unsupported by the continent's infrastructure. More and more people are moving to towns and cities, with limited access to urban services and functions that people need. Kenya is among the countries with a high rate of urbanization in Africa. By 2050, the population living in the urban areas in Kenya is expected to be 44% of the total population (UN Habitat, 2018).

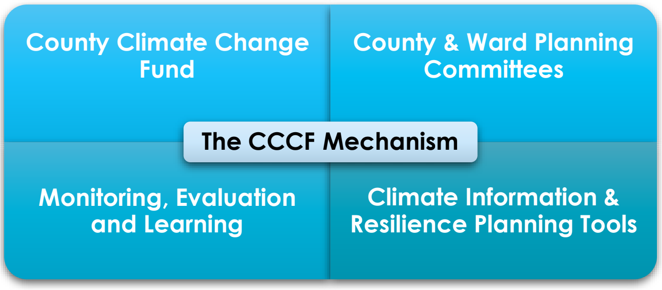
The urbanization trends in Kenya, are characterized by a rural-urban continuum where the population size and density are in constant change as Kenya experiences urbanization. As urban populations grow, huge new demands are being created for housing, transportation, energy, jobs and basic services. Managing these demands, and the urbanization process, at a scale and pace such as this while factoring in climate risks that can undermine this growth, is a paramount challenge facing policy makers today.

Urban areas' high population densities, intense energy use, and inbuilt social and economic inequities not only generate costly ecological externalities that contribute to climate change, but also urban agglomerations that are disproportionately exposed to the risk of extreme events and pressures of climate change such as increased pollution, rising temperatures, flooding, sea level rise among others. These often negatively the urban infrastructure and population well-being. Urban infrastructure such as roads, housing, water systems, commercial and industrial facilities are costly and long-lasting assets which once implemented are locked in place for decades. Planning them with climate risks in mind is therefore key to their sustainability. The county climate change fund (CCCF) mechanism though piloted largely in rural areas of Kenya, it provides an opportunity for participatory climate finance planning and budgeting because it facilitates community engagement where people agree on priorities for part of the local government budget. This is associated with improved basic service provision and cheaper and better maintained assets. Having community-managed funds creates a sense of ownership and accountability.

2.Contextualizing County Climate Change Fund in Urban Areas

The County Climate Change Fund Mechanism (CCCF) is a devolved climate finance mechanism that supports mainstreaming of climate change into counties functions, facilitates the flow of climate finance to devolved institutions, and strengthens public participation in the management and use of those funds. Adaptation Consortium (Ada) successfully piloted CCCF in five counties of Isiolo, Wajir, Garissa, Kitui and Makueni, where it focused on building rural communities' resilience to climate change. Following the successful piloting in the five counties, the CCCF is currently being scaled up across the country in different contexts, such as urban areas and ecological landscapes.

A functional CCCF mechanism consists of 4 inter-related components as illustrated below.



The work on contextualizing CCCF in urban areas commenced in 2019 in the five pilot counties with support from The Embassy of Sweden in Nairobi and later in 2020 by FSD- Kenya in six Lake Region Economic Block (LREB) counties of Kisumu, Kisii, Bomet, Kakamega, Vihiga and Nandi. The main objective of the work was to identify and adopt relevant approaches and planning tools for meaningful participation of different livelihood and income groups in urban areas. This policy brief presents early findings and recommendations of the CCCF contextualization work in the urban areas of Kenya.

2.1 Contextualising the CCCF Principles to urban settings

The CCCF mechanism is underpinned by five principles as illustrated in the figure 2 below.

1. Community-driven, bottom-up planning

- Using local knowledge, experience and institutions to manage climate variability and extreme weather events improves effectiveness, value for money, and sustainability.

2. Anchored within, and supportive of, devolution

- Devolution provides a means to channel climate finance to sub-national levels and communities and apply the principle of subsidiarity. It ensures greater ownership and accountability of actions.

3. Flexible learning, planning, and resourcing

- Uncertainty about future climate change, and the different effects it has on different people, economies and environments, means that mechanisms for planning and financing must be adaptable and accommodate diversity.

4. Investments focus on achieving equitable benefits

- The impacts of climate change will exacerbate underlying inequalities. Therefore who benefits from investments is a key concern. Collective action can help protect the most vulnerable, as well as strengthen local environments and economies.

5. Inclusion of climate-vulnerable people, including women, in decision-making

- Inclusive decision-making reduces the risk of conflict and enhances the sustainability of investments. Effective and equitable climate action needs to address power relations, such as between genders, generations, livelihoods and wealth groups.

To establish CCCF in urban areas, decisions need to be made on how to organise the CCCF in the county to represent all the geographical levels and how to manage cross-boundary issues. Each county will need to set its CCCF Mechanism parameters in its climate change legislation; especially the operational features for the Fund and the planning structures, both at the county and ward levels

To ensure consideration of the multiple and divergent priorities driven by diverse agendas in decision making, planning for investments that will achieve equitable benefits in the urban areas requires consultation and participation of key urban stakeholders such as populations from a variety of socioeconomic, cultural, ethnic and religious backgrounds; national and sub-national government institutions; urban planning institutions; private sector; community leaders; academia; civil society and neighbourhoods. Municipalities, which are the main urban planning institution are still young, which allows flexibility in learning, planning and resourcing to build resilient urban areas.

Inclusion of all groups including climate-vulnerable people, women, youth, private sectors and other players within urban settings in the planning structures is key in balancing power differentials in decision making. There should be a criterion to ensure inclusion during election of community members and publicly vet them against criteria of integrity, commitment, leadership, knowledge rather than academic qualifications:

2.2 Adapting CCCF's operational features to urban settings

Urban areas have complex and interconnected infrastructure and institutional systems, as well as strong linkages between multiple sectors and levels. Decisions should therefore be made on the structures that are most suited to build resilience to capture these dimensions and the allocation of funds across levels in urban areas that best supports investments.

The model of equal division of funds in urban wards may not be appropriate noting that urban areas have high levels of inequality, and provision of adequate housing, infrastructure and services may vary considerably between areas within an urban centre. Planning and budget allocation in urban areas should therefore consider population density and its vulnerability.

Prioritizing investment using the CCCF process requires that the planning structures at the ward level are informed of their budgets in advance of planning. In situations where larger investments may be required in the urban areas there are likely to be trade-offs between this and the ability to fund multiple smaller projects spread throughout the town or city. The proposals for the prioritized investments require strengthening and oversight by a technical institution. A county will need to decide on the right level of oversight (either at the county level or at the municipal level) for urban areas priorities. The structure agreed upon should deliver to the mandate of the municipality without duplicating the works of an already existing structure.

The resource mapping exercises undertaken in the five counties was appreciated/valued by county government staff and community representatives who took part in them but it was felt the approach could not easily be integrated into county government planning. Counties can explore ways where successful urban resilience planning tools can be easily integrated into government planning processes to align community planning with county government planning. For example, planners and communities can make simple adjustments to existing policies and plans, embedding and weaving resiliency principles through existing processes and efforts, or identify conflicts within and among planning documents and strategize future plan updates and policy and program changes. Work by Ada across many counties have shown the value in improving access and use of climate information including minimising losses from extreme events and better environmental management. In addition, relevant climate information services and its dissemination is key for informed decision making in the choice and location of investments in urban areas.

3. Enabling factors in scaling out CCCF in urban areas

In an analysis done in the contextualisation of CCCF into urban context, the following were identified as the major enabling factors for inclusive planning for climate resilient development;

- Tools such as the county Integrated Urban Development Plan (IDeP) which maps distribution of Land use, urban spaces and available resources and guides the identification of the unique needs within the urban areas and provides an opportunity to incorporate climate change in the long-term; GIS which enables the communities to map the priority areas and risks of climate change; spatial plans; land use plans; Time trends; institutional analysis; wealth ranking matrix among others; which guide future planning to mitigate against the climate change risks.
- Urban Areas and Cities Act (UACA)
- Climate Change legislation, regulatory, and implementation structures in place
- Established municipal charters in some counties
- Availability of spatial plans
- Established Public participation policies and Acts

Some of the opportunities identified include:

- Leveraging on existing institutional frameworks like development committees, market committees and municipal
- Leveraging on the new Integrated Urban Spatial and Development Plan to guide municipal infrastructure investment.
- Leveraging on advances in digital technologies offers new opportunities and perspectives for urban planning.

4. Conclusion & Recommendations

- Inclusivity: Map all stakeholders in urban areas to ensure representation of the key thematic groups
- Planning structures: Participatory planning is key in the process of urban climate finance decision-making to ensure responsiveness to priority investments as identified by the people collectively
- Resilience planning: Integrating climate information systems, and early warning systems as well as stronger coordination between agencies and institutions engaged in climate services is recommended to enhance collaboration across sectors and to build on existing resources and partnerships.
- Consider an inclusive bottom-up approach and meaningful public participation especially in the lowest levels of clusters in urban areas to tap into their knowledge and aspirations.

Key Resources

Orindi, V., Hesse, C., Bonaya, M., Elhadi, Y., Kiiru, J., and Asawo, K. (2018). Guidelines for Establishing a County Climate Change Fund (version 1). Ada Consortium, Nairobi

Dodman D, Leck H, Rusca M, Colenbrander S (2017). 'African Urbanisation and Urbanism: Implications for risk accumulation and reduction'. International journal of disaster risk reduction

Lines K, Makau J (2017). Muungano nguvu yetu (unity is strength): 20 years of the Kenyan federation of slum dwellers. IIED Working Paper: https://pubs.iied.org/10807IIED

Hardoy J, Gencer E, Winograd M (2019). 'Participatory planning for climate resilient and inclusive urban development in Dosquebradas, Santa Ana and Santa Tomé'. Environment and Urbanization

About Ada Consortium

Adaptation Consortium (Ada) has been mainstreaming Climate Change into county planning since 2012. Ada piloted the County Climate Change Fund (CCCF) mechanism in five pilot counties of Garissa, Isiolo, Kitui, Makueni, and Wajir. The CCCF mechanism prepares counties to access climate finance from different sources, and strengthens public participation in the management and use of those funds. It facilitates the flow of climate finance to devolved institutions. The CCCF Mechanism in the five pilot counties helped to identify, prioritize and finance investments to reduce climate risk, build resilience and achieve adaptation priorities. Following the successful piloting in the five counties, the CCCF Mechanism is now being scaled-out to other counties as prioritised in the NCCAP 2018-2022. So far, Ada has supported more than 25 counties to establish their climate change legal and regulatory frameworks and capacity build the structures to ready them to access climate finance.

Imprint

Authors:

Esperanza Karaho, Victor Orindi, Kennedy Ododa and Milka Chebii.

Adaptation Consortium

Email: ekaraho@adaconsortium.org

Cover image: Floods in Kisumu City - Credit: All Africa.com
The opinions expressed in this publication are the responsibility of the author(s)
Funding and partnerships
Kenya government logo, Embassy of Sweden Nairobi logo, FSD logo

This research was funded by the Embassy of Sweden - Nairobi, and FSD-Kenya, however the views expressed do not necessarily reflect their views.

Funding and partnerships