



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND PLANNING



FINANCING LOCALLY-LED CLIMATE ACTION (FLLoCA) PROGRAM

Grants Manual

IDA V 319 - KE (P173065)

PROGRAM IMPLEMENTATION UNIT

(Annex 3 to the Program Operations Manual)

Readable as stand-alone document

08 October 2021

Preamble

Financing Locally led Climate Action (FLLoCA) Program is an innovative program, jointly funded by the Government of Kenya and the World Bank to create resilience at the local (and community) levels to mitigate the impact of climate change. The program will start in the course of FY 2021/22 and run for four fiscal years.

At the core of FLLoCA are two intergovernmental fiscal grants that are, in principle, available to all county governments in Kenya, being the County Climate Institutional Support (CCIS) Grant, meant to help and incentivise county governments to get legal, institutional and organisational arrangements in place to be able to budget, plan for and implement for Climate Change Adaptation through County Climate Action (CCA); and the County Climate Resilience Investment (CCRI) grant, a performance-based grant to fund such County Climate Action. The size of the CCRI grant for each county is partly determined by the counties performance with regards to Climate Change Adaptation; the better a county performs, relative to all other counties, the more resources it will receive for CCA investments.

This manual sets out the rules of the game for both grants, which are to be seen as conditional intergovernmental fiscal transfers for the central government to the counties. The Manual focusses on what county officials as well as beneficiaries at the ward and community level need to know about the grants to be able to properly use and take maximum advantage of the grants. The target audience for this manual are FLLoCA stakeholders and beneficiaries in the counties.

This grant manual is an annex to FLLoCA's Program Operational Manual (POM). Those interested to get a full overview of the programme, including the components outside the grant, and/or how the system of disbursements from the World Bank to the Government of Kenya is organised (with the so-called Disbursement Linked Indicators or DLIs) are referred to the main text of the POM and the Project Appraisal Document (PAD), available at <https://projects.worldbank.org/en/projects-operations/project-detail/P173065>

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Acronyms and Abbreviations

APA	Annual Performance Assessment
CBK	Central Bank of Kenya
CCA	Climate Change Adaptation / County Climate Action
CCAP	County Climate Action Plan
CCCCF	County Climate Change Fund
CCIS	County Climate Institutional Support (Grant)
CCRI	County Climate Resilience Investment (Grant)
CCU	County Climate Change Unit
CEC/M	County Executive Committee / Member
CG	County Government
CIDP	County Integrated Development Plan
CoB	Controller of Budget
CoG	Council of Governors
CRF	County Revenue Fund
DA	Designated Account
DLI	Disbursement-Linked Indicator
ES	Environmental Safeguard
ESIA	Environmental and Social Impact Assessment
ESSA	Environmental and Social Safeguards Assessment
FLLoCA	Financing Locally-Led Climate Action
FY	Financial / Fiscal Year
G-FLLoCA	GoK's FLLoCA program
GoK	Government of Kenya
IDA	International Development Association
IPF	Investment Project Financing
ITAC	Inter-Agency Technical Advisory Committee
KDSP	Kenya Devolution Support Program
KES / Ksh	Kenya Shilling
KUSP	Kenya Urban Support Program
MAC	Minimum Access Conditions (for access to the CCIS grant)
MC	Minimum (grant access) Condition

MPC	Minimum Performance Conditions (for access to the CCRI grants)
NDC	Nationally Determined Contributions
NEMA	National Environmental Management Authority
OAG	Office of the Auditor General
PA	Participation Agreement
PAD	Project Appraisal Document
PFM	Public Financial Management
PforR	Program for Results
PIU	Program implementation Unit
PM	Performance Measure
POM	Program Operational Manual
PPA	Program Preparation Advance
PSC	Program Steering Committee
SPA	Special Purpose Account
TNT&P	The National Treasury and Planning
WB	World Bank

I. OVERALL OBJECTIVES of the FLLoCA GRANTS

1. Financing Locally-Led Climate Action (FLLoCA) Program's objective is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risk. FLLoCA will provide county-level performance grants that will result in a portfolio of climate resilience actions/investments addressing communities' priorities.

Implementation of such County Climate Action (CCA) Plans is the first targeted Program outcome. The second outcome at the county level is an increased capacity of County Governments to manage climate risk.

2. FLLoCA Program is expected to strengthen County Government capacity to plan, budget, implement and monitor climate mitigation and adaptation actions, with a focus on sub-county (ward and community) levels. This will be operationalized through two grants, the County Climate Institutional Support (CCIS) Grant and the County Climate Resilience Investment (CCRI) grant combined with minimum access criteria and performance measures for areas where FLLoCA seeks to make a difference. Through the two performance-based grants, county governments are incentivized to:

- i. Enact relevant policies and legislations to enable climate finance flows
- ii. Establish a dedicated County Climate Change Fund and a Climate Change Unit
- iii. Establish mechanisms to engage communities in climate risk assessments and resilience planning
- iv. Mainstream Climate action and resilience building in county planning and budgeting
- v. Increase County investment budgets that promote social resilience outcomes

vi. Prepare and implement, in a participatory manner, County Climate Action Plans.

3. The FY 2021/22 will be dedicated to groundwork preparations to assist counties, whilst using 1st year CCIS Grant, in conducting county-level participatory climate change risk assessments, community consultations and screening of proposals against risk assessment, preparing a 5-year rolling County Climate Action Plan to feed into (i) the county annual development plans and budgets and (ii) the next County Integrated Development Plan (CIDP; 2023–2027). During the FY 2021/22, the first round of annual performance assessment will be conducted (tentatively in the period February to April 2022).

4. Regarding the three subsequent FYs (FY 2022/23 – FY 2023/24 – FY 2024/25), the CCIS grant will run for two more years; whilst the County Climate Resilience Investment (CCRI) Grant will be available for all these three years. The grants will both support transformative consultations informed by regularly updated climate change risk assessments, leading to rolling plans for implementation under the overall guidance of the CCUs, as a new part and parcel of the annual county government budget and implementation cycle.

II. TWO FLLoCA PROGRAM GRANTS

5. Under the FLLoCA program, there are two distinct grants, defined as conditional intergovernmental fiscal transfers, being: The County Climate Institutional Support (CCIS) Grant and the County Climate Resilience Investment (CCRI) Grant.

County Climate Institutional Support Grant (CCIS)

6. The specific objective of the CCIS Grant is to kickstart County Governments to be ready for participation in the FLLoCA program, by putting in place institutional arrangements, like the appointment of a County Executive Committee (CEC) member in charge of climate change; the establishment of a Climate Change Unit; adopt necessary county legislation to enable the establishment of a County Climate Change Fund (CCCF), in order to be able to visualize county budgets and expenditure for climate action; and prepare, in a participatory, bottom-up manner, County Climate Action Plans (CCAPs).

7. The CCIS Grant is to notably support counties build their capacity in the following areas:

- a) Policy legal and regulatory framework — climate change policies and laws, climate finance policies and other related policies
- b) Institutional capacity — establishment of climate change units, climate change fund, budget provision
- c) Community engagements — public participation in programs, selection of the groups, implementation of the program etc.

8. The grant is:

- a) an annual flat allocation per county for 3 years (of USD 100,000/yr)
- b) is subject to County governments meeting Minimum Access Conditions (see below)
- c) to be used for :
 - i. Establishing the institutional arrangements for Climate Action;

- ii. Preparation of participatory Climate Action Plans, establish County Determined Contributions as derived from the National Determined Contribution (NDC), conducting County Vulnerability Assessments, preparation of Climate Finance guidelines, Standards, etc; and
- iii. Meeting the Minimum Performance Conditions to be able to access the, much larger, County Climate Resilience Investment Grant

After 3 years, the counties are expected to have put systems in place and built their capacity to implement locally-led climate change initiatives using their own resources.

County Climate Resilience Investment Grant (CCRI)

9. The main purpose of the CCRI Grant is to encourage and financially facilitate County Governments to implement the County Climate Action Plans (CCAPs) as prepared in a participatory manner, whilst at the same time incentivizing them to increase County contributions into the County Climate Change Fund (CCCCF) and mainstreaming climate action into the regular operations of the county departments.

10. The CCRI grants will flow for a period of 3 years starting the second year of implementation (FY 2022/23). A total amount of USD 136.25 million has been set aside for the CCRI grant for the period of three years, based on an estimate of the number of qualifying counties (meeting the minimum performance conditions in any particular year) and an average annual amount of USD 1.25 million per qualifying county government. Actual allocations per county are based on a formula (that includes variables of population, area and poverty) as well as performance scores. The actual allocations per county may vary from USD 600,000 to over USD2.15 million (being in between of KES 65 million to KES 230 million per year equivalent),

exclusive the impact of the performance scores (see also below), as a result of which allocations could be higher or lower.

11. The CCRI Grant shall be used :

- a) for building resilience of the county, and notably its communities and individual households, to shocks and stressors, such as disasters (incl. floods, drought, plagues such as locust invasion and pandemics,) *and the impact of climate change.*
- b) for at least 80% be spent on eligible investments and a maximum of 20% for eligible recurrent expenditures.
- c) be used for public goods identified in community led initiatives (and not for private goods that only benefit individuals or individual families).

12. The objectives of the CCRI Grant are to allow County Governments to implement, in a participatory manner, the CCAPs, whilst incentivizing them to increasingly put additional county resources into the CCCF and mainstream climate action into the regular operations of the county departments.

13. Like the CCIS grant, the CCRI grant also flows for three years starting FY 2022/23, which is one year after start of the CCIS-grant, which is the preceding preparatory grant. Both the CCIS and the CCRI grants are conditional performance grants that seek to change attitudes and behaviour and instil institutional processes for climate change adaptation, whilst at the same time delivering concrete climate action.

14. The FLLoCA Program will thus support fiscal grants to CGs whilst incentivizing their performance with regard to attention to climate change

and public participation in climate risk management. The CCAPs are based on and informed by both climate change risk assessments and participatory community consultations (at ward level).

15. The fiscal grants are transferred from the central government to the county governments, and the latter is the accounting officer for the use of the grants. Hence final decisions on the use of the grants remain the prerogative of the CG.

16. Once the CCAP is approved, the CCRI grant is allocated to the respective county departments who act as budget holder for their respective part of the CCRI-grant and follow standing rules and regulations for its use. Sectoral departments will lead on the technical design and execution, but they will involve communities and civil society in the implementation and supervision of climate actions/sub-projects.

17. **Sequencing of the grants:** Both grants will run for 3 financial years, with the CCIS Grant starting in FY 2021/22 and the CCRI Grant a year later. During the first year of the program (FY 2021/22), counties will also be assisted, whilst using funds from the Program Preparation Advance (PPA) as well as the CCIS Grant, to carry out initial climate change risk assessments that will inform the county climate action plans. Both the risk assessment and action plan are Minimum Performance Conditions to access the CCRI Grant starting in FY 2022/23 (see below).

18. **Geographical coverage:** The CCIS grant is available to all 47 counties, subject to meeting the MACs. The CCRI-investment grant is focussing on rural counties and rural wards, and hence will be available to counties that do have rural wards as per the latest census report (i.e. all counties except Nairobi and Mombasa).

G-FLLoCA, FLLoCA and FLLoCA grants

19. FLLoCA will be financed by a US\$150 million IDA Credit, a US\$9.8 million grant from the Government of Denmark, and a US\$11.6 million grant from the Government of Sweden. The GoK will contribute, in-kind, an estimated amount of US\$ 80 million at national and county levels. Hence the total FLLoCA budget is USD 251.4 million.

20. This amount will finance both the CCIS and the CCRI grants (under a PforR modality; see below in para 72) and a more traditional project component (using the Investment Project Financing or IPF modality) to fund a range of support activities carried out by relevant central level agencies.

21. The composition of the FLLoCA budget is presented in Table 1, showing that almost 90% of the project budget is earmarked for spending within counties, whilst support activities by central government agencies accounts for slightly over 10% of the total budget.

22. FLLoCA is part of the much wider G-FLLoCA, launched in 2020, being the Programme of the Government of Kenya as the operationalisation of Kenya's National Climate Change Action Plan (NCCAP), also supporting Kenya in meeting its national mitigation commitments under its National Determined Contributions (NDCs). The total budget of G-FLLoCA is estimated at USD 1 billion for the period 2020–2030.

Table 1: FLLoCA Expenditure Budget

Component			Amount	
			In USD M	%
CCIS grant	County institutional capacity building for locally-led climate action	PforR Result Area 1:	13.80	5.5%
CCRI grant	Locally-led climate action	PforR	136.25	

		Result Area 2:		54.2%
County support	To using the grants (salaries, etc.)		75.00	29.8%
Sub-total Grants			222.05	89.5%
FLLoCA IPF	Support activities national agencies		21.40	8.5%
GoK support	National support to FLLoCA		5.00	2.0%
Sub-total IPF			26.40	10.5%
GRAND TOTAL			251.40	100%

III. FLLoCA GRANTS PERFORMANCE FRAMEWORK

Performance incentives

23. Under FLLoCA, there are two mechanisms for enhancing County Government Performance. These are minimum conditions and performance measures. Minimum conditions are a set of binary conditions (they are either 'met' or 'not met') that must be met before the county government can access (i.e. will be granted) the funds. Under FLLoCA, these are the Minimum Access Conditions (MACs) for the CCIS grant and Minimum Performance Conditions (MPCs) for the CCRI grant. All Minimum Conditions need to be met and failure to meet one or more means the CG will not receive the grant during the upcoming financial year.

24. The Performance Measures (PMs) are a set of performance indicators that can be scored and that reflect the objectives of the Program and the grant. The performance scores determine part of the CCRI Grant allocation, whereby better scores (as compared to the average score) lead to higher grant allocations. Hence, through the grants, CGs are first incentivized to meet the Minimum Performance Conditions (which is mandatory to access the funds) and, secondly, to perform well against the PMs.

25. It is the combination of Minimum Conditions (MACs and MPCs) and Performance Measures (for CCRI only) that provides the framework to incentivise counties to improve their performance with regards to building resilience through County Climate Action.

26. County Governments are familiar with the concepts of minimum conditions and performance measures as other World Bank supported programs, like the Kenya Devolution Support Program (KDSP) and the Kenya Urban Support Program (KUSP), apply the same approach, with the difference that under FLLoCA Program the performance enhancement is geared to climate change adaptation and community resilience.

Minimum Access Conditions (MACs) for the CCIS grant

27. The Minimum Access Conditions for the CCIS grant are provided in Table 2.

Table 2. : Minimum Access Conditions for the CCIS Grant

1st year (grant FY 21/22) – to be met by end of January 2022
1. The CG has signed the FLLoCA Participation Agreement (see Appendix 1)
2. The CG has opened a special purpose account (SPA) to receive the funds from both the CCIS and the CCRI Grants
3. The Governor has appointed a CECM in Charge of Climate Change
4. A Governor approved workplan and budget for use of the CCIS Grant for the next FY is available
Added MACs from 2nd cycle onwards (i.e., for grants FY 22/23 and 23/24)
5. Timely reporting (to NT/PIU) on activities and use of funds for the period of 12 months ending 31 st March
6. Proper use of the CCIS Grant, i.e., within the eligible set of activities and for the intended purposes as per the plan

28. For the first cycle of the CCIS Grant (in FY 21/22), County Governments must meet MACs #1 to #4 to access the funds. In principle, in subsequent years (and unless any of the MACs #1 to #3 was not met in the first year),

only MACs #4 to #6 will be assessed, as MACs #1 to #3 are supposed to be met once and for all if met at the onset.

29. The MACs will be assessed as part of the Annual Performance Assessment (APA; see below), with the exception of FY 21/22 when the MACs will be assessed by the Program Management Unit under the guidance and supervision of the Inter-Agency Technical Advisory Committee established for FLLoCA Program.

30. **Cut-off date:** Apart from the first year (i.e. CCIS grant FY 21/22), the Minimum Access Conditions must be met by 30th March of each year for the grants to be released the following financial year.

31. If a county fail to meet the MACs for FY 21/22 it cannot access the CCRI grant for FY 22/23. MACs #1 to #3 must be met before a county can qualify for the CCRI grant. If a county fail to meet the minimum conditions for the CCIS grant in any particular year, that allocation will be lost, as it cannot be carried forward.

Minimum Performance Conditions (MPCs) for the CCRI grant

32. The Minimum Performance Conditions for the CCRI grant are provided in Table 3. There are a total of eight MPCs, four of which are to be met prior to accessing the CCRI grant for FY 22/23. The other four are added for subsequent grant cycles, as they assess the performance with regards to the use of grants earlier received. For the 2nd and subsequent grant cycles for the CCRI, all eight MPCs must be met.

33. MPC #2 requires the county government to have conducted participatory climate change risks assessments that will inform the planning process and allocation (use) of the CCRI grant. For the first year this will be a county-

level risk assessment, but for subsequent years, such assessments shall also be carried out at ward level. The PIU will issue guidelines and provide technical support to carry out these assessments.

34. The MPCs will be assessed as part of the APA, the first one of which, determining the CCRI grant for FY 22/23, is scheduled to take place in the first quarter of 2022. As for the MACs related to the CCIS grant, the cut-off date for meeting the MPCs for the CCRI grant is 30th March of each year for the grants to be released the following financial year.

Table 3.: Minimum Performance Conditions for the CCRI Grant

1st year (grant FY 22/23) – conditions to be met by 30/4/2022
1. The CG has (i) a designated Climate Change Unit (or an equivalent structure) that is adequately staffed; and has (ii) designated environmental and social focal points that can support the CCU.
2. The CG has conducted a county level participatory climate change risk assessment (assessing exposure to hazards and social vulnerability) ¹ .
3. The CG has a rolling CCAP, with investment priorities for the upcoming FY, approved by the County Assembly as part of the county's annual plan and budget.
4. The CG has established a County Climate Change Fund (CCCCF) and, apart from the CCRI Grant, allocated for the upcoming FY at least 1.5% of the county development budget to it.
Added MPCs from 2nd cycle onwards (i.e. for grants FY 23/24 and 24/25)
5. By 31st March, recorded CCRI Grant expenditure was >50% of the budgeted amount
6. Timely physical and financial progress reporting (to Controller of Budget (CoB) and PIU) that includes reporting on environmental and social safeguards as well as grievance redress
7. Proper use of the CCRI Grant, i.e., within the eligible set of activities and for the intended purposes, according to plan and with a minimum of 80% of the budget for investments
8. For projects funded under the CCRI Grant, the CG had obtained environmental licenses, where applicable, prior to the start of the projects

35. **Estimated yearly total grant outlay:** For the CCIS Grant, it is expected that, with very few exceptions, if any, all 47 CGs will be able to meet the MACs for all years. For the CCRI Grant, targeting all 45 counties with rural wards (i.e. all counties except Nairobi and Mombasa), the MPCs are a little more challenging, notably in the first

¹ For year-2 onwards, this MPC shall be changed to also require that ward level participatory climate change risks assessments (in all wards) have been carried out.

year(s). It is estimated that for the first year some 70% of all counties will qualify for the MPCs and that this percentage increases to 90% for the third grant cycle. Based on this the total Grant budget is estimated at US\$150.05 million (see Table 4).

Table 4: CCIS and CCRI Grant Budgets, over the Project Years

	2021/22	2022/23	2023/24	2024/25	
Estimated % of counties that meet MACs for the CCIS grant	95%	97%	100%		
Estimated # of counties (out of 47) meeting MACs for the CCIS grant	45	46	47		
Estimated % of counties meeting the MPCs for CCRI grant		70%	80%	90%	
Estimated # of counties (out of 45) meeting the MPCs for CCRI grant		32	36	41	
Estimated Disbursements and Grant outlay					In USD Million
	GoK	2021/22	2022/23	2023/24	2024/25
County Climate Institutional Support (CCIS) Grant		4.500	4.600	4.700	
County Climate Resilience Investment (CCRI) Grant			40.000	45.000	51.250
Estimated total FLLoCA Grant Outlay to counties, by year		4.500	44.600	49.700	51.250
					150.050

Performance Measures for the CCRI grant

36. Whereas the overall objective of FLLoCA Program is to create enhanced resilience through the implementation of the county climate action plans, the main themes for capacity enhancement are, on the one hand, readiness actions (like the required legislation, the establishment of a CCU and a CCCF), and increased actual county expenditure for climate change adaptation, citizen engagement and mainstreaming of climate action in all CG-operations on the other hand. Whereas the readiness actions are mainly incentivized through the minimum conditions as describe above, the other three aspects get attention through a set of thirteen Performance Measures under these three headings (see Table 5). A CG's relative score on the performance measures determines is CCRI allocation; the better a CG performs, the larger its grant amount.

Table 5: Performance Measures for the CCRI Grant, with maximum Scores

Performance Measures		Max. Points
#	1 County government Investments that promote social resilience	40
1.	1.1 CGs capitalizing the CCCF (in % of budget)	10
2.	1.2 Level of CCCF spending (CG own funds) compared to budget (by 31 March)	10
3.	1.3 Level of CCRI Grant spending as compared to budget (by 31 st March)	10

4.	1.4 CCRI spending in critical sectors (agriculture, water, and environment)	10
	II Mechanisms for citizen engagement in social resilience	40
5.	2.1 CG facilitated community level two-way learning for local climate action	10
6.	2.2 Inclusive ward-level consultations and deliberations for county climate action	10
7.	2.3 Resilience investments targeting marginalized groups	5
8.	2.4 Participatory monitoring of the implementation of county climate action	10
9.	2.5 Program-related grievance redress system in place	5
	III Mainstreaming of county climate action and resilience building	20
10.	3.1 Budget allocations for the County Climate Unit	5
11.	3.2 Climate change action referred to in departmental plans and budgets	5
12.	3.3 CG capacity development for climate change action	5
13.	3.4 Application of learning feedback loops for climate action	5
Maximum total points		100

Annual Performance Assessment (APA) process

37. In order to ensure the integrity of the performance-based grant system, the annual assessment of both Minimum Conditions (MACs and MPCs) as well as the Performance Measures will be carried out by a qualified independent firm recruited for the purpose (see Terms of Reference in Appendix 2).

38. The APA will, in principle, be carried out in the period February to April of each year, such that results are timely available to inform the grant allocations for the upcoming new financial year. The first full APA is foreseen for Q1/2022, to inform the allocations for FY 22/23.²

39. For assessing the MACs, MPCs and PMs, the APA firm will follow detailed scoring guidelines as provided in Appendix 3 and 4. In carrying out the assessment, the firm will be further guided by the reporting templates as provided in Appendix 5.

² Only for the first year of the CCIS grant (i.e. CCIS for FY 21/22) the assessment of the four MACs will be done by the PIU under the guidance and supervision of the ITAC – see para 29.

40. Every year, FLLoCA's Inter-Agency Technical Advisory Committee (ITAC) will technically review the firm's draft APA reports to ensure procedures are properly followed. The ITAC is not supposed to alter the assessment reports (as such remains the prerogative of the independent firm) but it can point out factual errors or procedural flaws that are to be corrected. Final assessment reports are forwarded by the ITAC, through the PIU to the Program Steering Committee (PSC) for final endorsement.

41. In case of factual errors or other complaints on the APA process, Counties can appeal to the ITAC on the basis of evidence to be provided with the appeal. The ITAC will review the appeals or disputes arising from the assessments, and forward its recommendations for handling those appeals to the PSC, together with the assessment report, for final decision-making.

42. APA assessment results are not only to be used to determine Grant allocations for the next FY (and disbursements by IDA), but they also will inform the counties' agenda for capacity development, as the APA results will, both for individual counties as well as for the aggregate, reveal capacity and performance gaps and as such guide the support to be provided by the PIU and the affiliated agencies to counties under FLLoCA's IPF component.

Linking Minimum Conditions and PMs to the FLLoCA objectives

43. Most of the Minimum Conditions (MACs and MPCs) as well as performance measures are directly related to the above mentioned³ objectives of FLLoCA as illustrated in Table 6.

Table 6: FLLoCA County performance enhancement framework	
County	Addressed in the FLLoCA Grants Performance Framework

³ See para # 2 above

Performance Objectives	Through Minimum Conditions	Through Performance measures
<ul style="list-style-type: none"> Enact the relevant policies and legislations to enable climate finance flows 	<ul style="list-style-type: none"> MPC # 4: County has established a CCCF 	
<ul style="list-style-type: none"> Establish dedicated County Climate Change Funds & Climate Change Units 	<ul style="list-style-type: none"> MAC # 3: designated CEC member MPC # 1: CCU (or equivalent) in place 	<ul style="list-style-type: none"> PM # 10: Budget provision for CCU
<ul style="list-style-type: none"> Increase County investment budgets that promote social resilience outcomes 	<ul style="list-style-type: none"> MPC # 4: County has budgeted for CCCF MPC # 5: County is executing CCCF budget 	<ul style="list-style-type: none"> PM # 1: Level of County funding for CCCF PM # 2: Level of CCCF budget execution
<ul style="list-style-type: none"> Prepare and implement, in a participatory manner, County Climate Action Plans 	<ul style="list-style-type: none"> MPC # 3: County Climate Action Plans 	<ul style="list-style-type: none"> PM # 3: Level of budget execution CCRI grant PM # 4: Spending in crucial sectors
<ul style="list-style-type: none"> Establish mechanisms to engage communities in risk assessment & resilience planning 	<ul style="list-style-type: none"> MPC # 2: Participatory risk assessment 	<ul style="list-style-type: none"> PM # 5: Community level risk assessments & learning PM # 6: Inclusive ward level consultations PM # 7: CCA investments targeting marginalized groups PM # 8: Budgeting targeting PM # 9: Climate related grievances log
<ul style="list-style-type: none"> Mainstream Climate action and resilience building in county planning and budgeting 	<ul style="list-style-type: none"> MPC # 4: County has budgeted for CCCF MPC # 5: County is executing the CCCF budget 	<ul style="list-style-type: none"> PM #10: Budget provision for CCU PM #11: County departments involved in CCCF PM #12: CGs capacity development on CCA (for staff) PM #13: Feedback learning loops for climate action
<ul style="list-style-type: none"> Selected safeguards PFM 	<ul style="list-style-type: none"> MAC # 2: Special purpose account MAC # 4: A plan and budget for CRIS grant MAC # 5 and MPC # 6: Timely reporting MAC # 6 and MPC # 7: Grants properly used 	
<ul style="list-style-type: none"> Selected Social/Environmental (ES) Safeguards 	<ul style="list-style-type: none"> MPC # 6: Reporting on ES safeguards MPC # 7: Grants used for eligible activities MPC # 8: Environmental licenses were obtained 	
<ul style="list-style-type: none"> Overall legal provision 	<ul style="list-style-type: none"> MAC # 1: MoU signed 	

Horizontal allocation formula CCRI Grant

44. **Total annual CCRI envelop:** Whereas the CCIS Grant is set at a fixed amount of US\$100,000 (around KES 11 million) per year for each CG meeting the MACs, the allocation for the CCRI grant is based on a formula and assessment scores, whereby the total pool (envelop) of resources to be divided is set a USD 1.25 million times the number of CGs having met the MPCs.

45. **Basic CCRI allocation formula:** The first 50% of the CCRI grant envelope is divided amongst the counties meeting the MPCs, based on a formula that includes a fixed share, such that all counties even the 'small ones' get a reasonable amount. The allocation formula has three other variables being the county's rural population, the county's rural area and the county's multidimensional poverty, the latter is a proxy for climate risks and vulnerability.

46. Aligned with the CRA formula for the equitable share⁴, the following weights are used for the allocation of the CCRI grant:

- | | |
|--|--------|
| • Fixed share | 33.33% |
| • Rural Population | 30.00% |
| • Rural Area | 13.33% |
| • Poverty (as proxy for climate risks) | 23.33% |

47. For rural population and rural area authoritative data of the most recent census are used, whilst for multidimensional poverty, data as published by Kenya National Bureau of Statistics (KNSB) are used.

48. The second half of the envelop will be divided amongst counties meeting the MPCs on the basis of their relative scores for the PMs, weighted with the basic allocation (the first 50%), such that two counties that have a same

⁴ Republic of Kenya Twelfth Parliament — (Fourth Session) memoranda. The National Assembly. In the Matter of Determination of the Basis for Allocation of the Share of National Revenue among the Counties Pursuant to Articles 95(4)(A) and 217(3) & (4) of the Constitution.

score will receive the same relative increment as compared to the base allocation. Relative score means, the score of a county as compared to the score of all others, which means that counties are competing against each other for the best score. The better the score as compared to the score of others, the higher the allocation.

49. The calculations are done by the PIU, on the basis of above-mentioned data and the certified APA results, using a template spreadsheet that is available on request (from the PIU) to guarantee total transparency. The calculated allocations need to be certified by the PSC to become effective, after which the necessary steps will be taken to reflect the allocations in the National budget.

IV. PLANNING, BUDGETING and BUDGET EXECUTION

Eligible activities under the CCIS grant

50. Eligible activities under the two grants are linked to the respective objectives of those grants. Hence, the CCIS grant is meant to be used to

- Put the institutional arrangements for county climate action in place
- Prepare and update CCAPs based on community and ward-level consultations;
- Prepare to meet the MPCs and score well on the PMs.

Typically, the activities to be funded under the CCIS Grant aim to realise these objectives. Table 7 provides a list of likely activities to be funded under the CCIS Grant. The same table also lists self-explanatory examples of activities that are explicitly disallowed for funding under the CCIS grant.

Table 7 : Eligible and Ineligible Activities/expenditures under the CCIS Grant

Examples of eligible activities for the CCIS Grant

<ul style="list-style-type: none"> • Developing and annually updating the CCAP and budget • Training/mentoring of community and ward level Climate Action Consultation fora • Participatory climate change risk assessments (also as learning events for communities) • Training and capacity development (workshop venues, meals, course fees) • Facilitation of activities by the CCU • Establishing and maintaining a County Climate Information System • Engaging climate science and/or consultancies for any of the above • Modest office equipment and furniture for the dedicated CCU • Any other activity to enable the county to meet the MPCs and score well on the PMs as set forth for the CCRI Grant
Ineligible activities (expenditures that are explicitly disallowed)
<ul style="list-style-type: none"> • Salaries • Scholarships or foreign study tours • Allowances for participants to consultative meetings (e.g., ward-level consultations) • Investments of any sort, including procurement of vehicles

Eligible activities under the CCRI grant

51. The CCRI Grant can be used for public goods prioritized by communities and wards that have a direct relation to building resilience of households, communities, and the county as a whole to shocks and stressors related to the impact of climate change as well as disasters (including pandemics like COVID-19).

52. The major share of the funds (>80 percent) should be used for investments and all activities must be public in nature (funding of private goods benefitting individuals or individual households is disallowed). Table 8 has a list of examples of potential activity areas that can be funded under the CCRI grant. In principle all activities with character of investments (as opposed to recurrent cost funding) that are prioritized and/or endorsed by communities, and consistent with the findings of the climate risk assessments, to help mitigate climate risks and vulnerability, are eligible. Hence, the list is not exhaustive but provides examples of possible activities.

53. In case of doubt, and in order to avoid missing MPC #7 (proper use of the CCRI grant) during the next APA, CGs are advised to consult with the PIU prior to including such activities in the CCAP.

Table 8: Examples of Possible Activities to be funded under the CCRI Grant

Examples of eligible activities for the CCRI Grant
<p>Agriculture and Livestock</p> <ul style="list-style-type: none"> • Agro-forestry and reforestation • Climate smart agriculture • Rehabilitation of degraded rangelands, local landscape management • Activities that enhance agricultural and pastoralist/livestock productivity in a low carbon fashion <p>Water</p> <ul style="list-style-type: none"> • Activities that improve (community) access to water • Activities that promote water conservation and more efficient use of water <p>Environment</p> <ul style="list-style-type: none"> • Activities related to natural resource management and environmental conservation/community forestry • Rehabilitation of degraded lands, for example through tree planting • Promotion of community conservancies and ecotourism • Promotion of renewable energy sources, including uptake of clean cooking solutions <p>Other (including Rural Infrastructure and Disaster Risk Management)</p> <ul style="list-style-type: none"> • Activities in preparedness and response to climate-related disasters and hazards • Activities that make public infrastructure more resistant to droughts, floods, and other climate driven disasters • Climate-resilient solid waste management, including refuse removal, refuse dumps, and solid waste disposal • Early warning systems and preparedness • Activities that have a direct link to green jobs and/or mitigating social risks of disaster and climate change or climate change adaptation • Any other investment/activity of climate change adaptation that emanates from the climate risk assessment, that helps mitigate climate risks and vulnerability, and was prioritized and/or endorsed by communities

54. Table 9 has a list of activities that are explicitly disallowed for funding under the FLLoCA program provided CCRI grant. Funding of any such activity under the grant would lead to disqualification for receiving the grant in the subsequent FY because of failing to meet MPC #7 (proper use of the CCRI grant). In line with the provisions of the Constitution, the rules for the grants put the onus of decision-making on the use of the grants with the

county governments — and for selected projects no up-front (*ex ante*) approvals from PIU or central government are needed. Yet, not playing by the rules will ex-post have consequences through the mechanism of the Minimum Conditions.

Table 9: List of Ineligible Expenditures under the CCRI grant

Ineligible activities (expenditures that are explicitly disallowed)
<ul style="list-style-type: none"> • Recurrent expenditure such as salaries, utilities, consumables • Generic means of transport (vehicles, motorcycles) • Scholarships and/or foreign study tours • Office buildings • Land acquisition • Expenditures for health and education infrastructure (as these are funded under other programs/grants, like KDSP) • Activities on the negative list of the Environmental and Social Systems Assessment (ESSA) • Any other activity that is not directly linked to disaster management, resilience, and climate change adaptation

Planning and budgeting for the CCIS Grant

55. The County Government, and notably the CEC Member in charge of climate change is responsible for the preparation of an annual plan for use for the CCIS allocation. The plan itself is prepared by CG officials affiliated with the CCU. The Plan needs approval by the County Governor, and should be part and parcel of the CG annual plan and budget. A template for the CCIS annual Plan is provided in Appendix 6. The plan is expected to be 2–3 pages maximum.

Planning and budgeting for the CCRI Grant by county governments

56. Planning and budgeting for the CCRI grant is also part and parcel of the annual county government planning and budgeting process. Planning for use of the CCRI will be fully integrated into the counties annual and multi-annual (CIDP) planning calendars. At the same time, the planning and budgeting of the CCRI Grant will need to comply with all the existing Government of Kenya Laws, Regulations and procedures.

57. But as compared to planning and budgeting for the CCIS grant, planning and budgeting for the CCRI grant is a much more comprehensive affair, as community and ward level participatory bottom planning is at the heart of the FLLoCA program. Critical elements are that the spending of the CCRI grant is done (i) on the basis of annual County Climate Action Plans that (ii) are inscribed in the five year County Integrated Development Plan (CIDP) and that (iii) are based and built upon ideas, suggestions and plans as presented by citizens at community and ward level during consultative County Climate Action meetings organised for that purpose, whilst (iv) taking into account the results of climate risk assessments and climate science.

58. The start of FLLoCA Program coincides with counties being in the process (or starting the process) of making a new CIDP for the new governor taking office in 2022. It provides opportunity to pay ample attention to the issue of climate change in general and the CCCF and the FLLoCA grants in particular.

59. The PIU will issue separate guidelines and support counties in conducting both the climate change risk assessments and the consultative ward level meetings, whereby the latter will be based on prior experiences in selected counties with the ADA consortium. The approach includes the

involvement of Ward level climate change planning committees (WCCPCs), that are, in conjunction with the County Climate Change Coordination Committee and the County Climate Change Unit (CCU) responsible for ensuring a process of public participation and social inclusion throughout planning and implementation of activities funded under the County Climate Change Fund (CCCF) and FLLoCA's CCRI Grant.

60. The WCCPCs, with representatives from different interest groups and sectors, will mobilize communities through their local structures to identify, prioritize, and monitor climate actions/investments based on the risk assessments. The County Climate Change Coordination Committee will ensure consistent communication between the Ward Committee and the CCCU.

61. Overall, citizen engagement is at the heart of FLLoCA and its grants as it seeks to promote meaningful citizen engagement in climate decision making by providing incentives and support to county governments to work in partnership with communities in addressing climate change. By engaging communities in understanding how global climate trends are affecting them locally, facilitating partnerships and collaboration to address climate challenges, and strengthening demand and transparency of climate action, FLLoCA aims to build a movement for climate action in Kenya. FLLoCA thereby builds on and seeks to strengthen existing county citizen engagement mechanisms.

62. As integral part of the planning process for use of the CCRI grant, CGs shall pay attention to gender and other equity aspects by ensuring that women and other marginalized and vulnerable groups, minorities, senior citizens, poor households, persons with disabilities, and youth, among others,

will benefit from the CCRI investments and are involved in consultations and decision making on climate resilience investment priorities.

63. Technically speaking, the CCRI grant is part of the CCCF, but for reasons of accountability towards IDA, the CCRI grant needs to be administered such that it can be tracked separately. Hence, the CCAPs do cover all funds under the CCCF, including the funds under the CCRI; yet, projects to be funded under the CCRI grant should be visible separately. A template for the CCAP is provided in Appendix 7.

64. The CCAP is prepared bottom up, as the process starts with WCCPCs being asked, in facilitated meetings, to make proposals for the use of the CCCF and the CCRI grant. These suggestions are brought together and discussed by the county-level climate change coordination committee, to be put together, with the assistance of the CCU, into an annual County Climate Action Plan (CCAP), that may also include projects that are cross wards or even county-wide. However, the far majority of the CCRI grant is expected to be used to fund local climate change initiatives that enhance resilience at the local level. In preparing the CCAP, the CCUs serve as the administrative arm or secretariat of the County-level Climate Change Coordination Committee.

65. The grants seek to enhance the capacity of CGs to plan and budget for climate action whilst putting local communities at the forefront. Through the MCs, and, notably, through the PMs, the grants are incentivizing CGs to involve communities in the identification and implementation of the climate action plans. CGs are equally encouraged to apply participatory monitoring and learning.

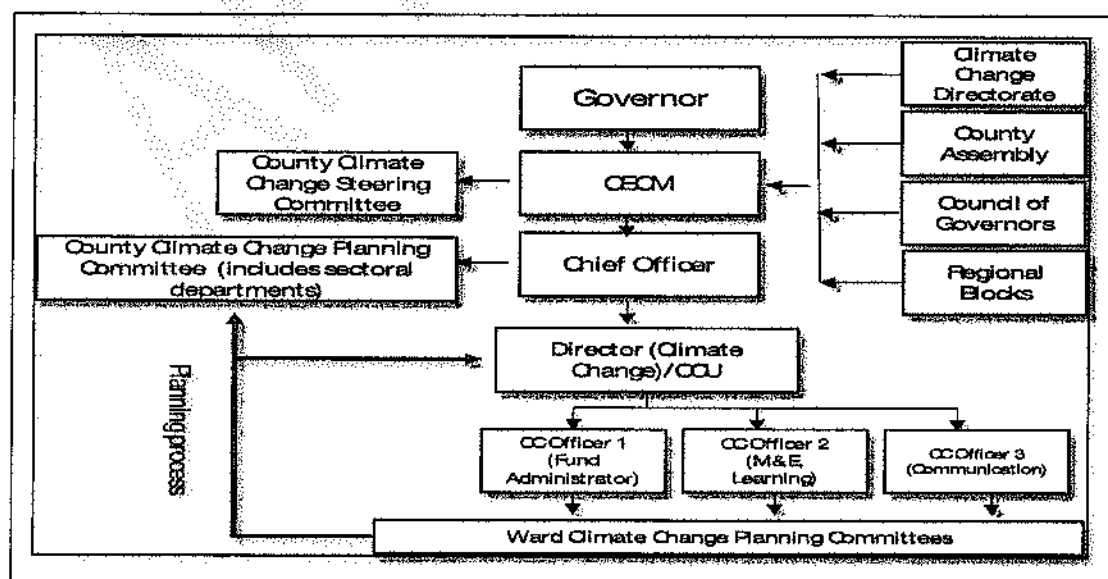
66. CCAPs are to be approved by the County Assembly as part of the annual County Plan and budget.

Budget execution / implementation arrangements within counties

67. At the county level, FLLoCA and its grants will be coordinated and implemented by County Government structures. The tasks of the CCU is to provide overall coordination, under the guidance and responsibility of the CECM in charge of climate change, who, in turn is answerable to the County Governor. The CCU will facilitate community consultations on the climate actions; ensure alignment of the consultations and actions with the county budget cycle and finally coordinate and monitor the implementation of actions.

68. The technical design and implementation of climate actions will be the responsibility of the county sectoral departments, such as agriculture, water, and environment, while. County-level implementation arrangements are further described in Fig. 1.

Figure 1. County Implementation Arrangements



69. The CCIS and CCRI Grants are, technically speaking, climate-related conditional sector grants from the national government to the CGs. Hence the County Governments are fully responsible and accountable for the use of the funds. For all financial management and procurement related to the grants, standard government rules and procedures apply.

70. The CCU (or equivalent structure) under the CECM in Charge of Climate Change is the budget holder for the CCIS Grant. For the CCRI Grant, once planned and allocated (such that activities are known as part of the CCAP), the respective sector departments will become budget holder for their part of the allocation.

71. As much as CGs are encouraged to involve communities in implementation, the respective technical county departments remains the responsible and accountable party for the implementation of sub-projects under its purview.

V. FUNDS FLOW and FUNDS MANAGEMENT

Disbursement Linked Indicators (releases from WB to GoK)

72. Under the FLLoCA program, the grants are funded, by IDA, Sweden and Denmark, under a so-called PforR (Performance for Results) mechanism, whereby disbursements will be made, from IDA to the Government of Kenya, on the basis of so-called Disbursement Linked Indicators (DLIs). For FLLoCA there are only two DLIs, being :

- The number of CGs having met all Minimum Access Conditions
- The number of CG having met the Minimum Performance Conditions

73. For each county that, during the APA, meets the MACs, IDA will disburse USD 100,000 and for each county that meets the MPCs is will disburse USD 1.25 million. Hence the APA results not only determine (as explained above) the grant allocation to counties it also determines the disbursement from IDA to GoK. Hence the critical importance to safeguard the integrity of the APA process.

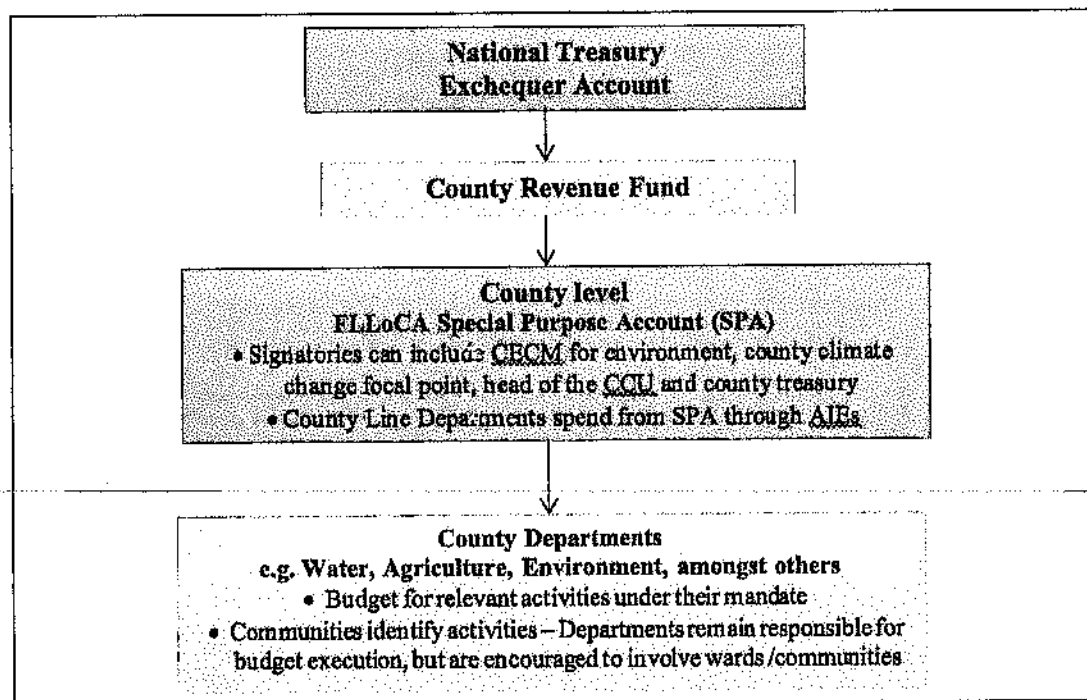
74. Upon receipt of an APA results notification from the The National Treasury & Planning (TNT&P), the World Bank will have to confirm the level of DLIs are met. In this context, the World Bank may undertake independent quality assurance checks to verify the quality of the APA data as well as the continued robustness of the APA system.

75. Once the APA results and relating DLIs are confirmed and accepted, the World Bank will disburse the funds into the TNT&P consolidated exchequer account in the CBK. Upon confirmation of the PIU that respective counties have met grant conditionalities (minimum conditions and any additional applicable trigger), funds will flow directly from the exchequer account into the County Revenue Fund (CRF).

76. From the CRF funds will flow into FLLoCA dedicated Special Purpose Accounts (SPA) to be opened by counties for the purpose of receiving the FLLoCA grants.

77. The amount disbursed by the World Bank against the DLIs will thus be transferred and passed on to Counties in its totality.

Figure 2: Grants Flow of Funds



Transfers from National Government to Counties

78. At the national level, allocations for this Grant shall be determined through the national MTEF Budget Process. The allocation to the Grant shall be discussed in the sector working group for inclusion in the national budget estimates of the MDA responsible for the Grant (National Treasury). The Grant will be included in the budget estimates of the responsible MDA as a transfer to the other level of government.

79. Both the CCIS grant and the CCRI grant are treated as a conditional grant to the County Governments and will be captured in a bill that will be enacted by Parliament for disbursing conditional grants to the county governments.

80. This bill will prescribe the mode of allocation and transfer of conditional grants including the CCRI from the Consolidated Fund to the County Revenue Funds of the eligible county governments.

81. For the transfer to counties, the funds will flow from the TNT&P's development account (upon the PIU confirming that the conditionalities have

been met) to a County Revenue Fund (CRF) with the Central Bank and subsequently to the Counties.

82. The funds will be released by the National Treasury from the consolidated fund directly to County Revenue Fund. The appropriation will appear under TNT&P, but the funds will not pass through TNT&P bank accounts.

83. From the County Revenue Funds Account, the funds will thus flow to the dedicated FLLoCA Special Purpose Account (SPA) to be opened by the CGs for the purpose. Opening of this account is a Minimum Access Condition (MAC #2).

84. Funds will be transferred from the National Treasury to the counties twice a year, before end of August and before end of January depending on county compliance with Grant conditions and triggers.

85. County treasury shall reflect all transfers of the CCIS and CCRI Grant, which is a conditional allocation by the National Government to the respective county government, in its books of accounts. Spending of the funds must be done in accordance with the Public Finance Management Act (2012) of the GoK, and the Public Finance Management Regulations (2015) including procurement rules, as well as any additional requirement as stipulated in this grant manual and FLLoCA's Financial Management Manual.

Triggers for release of funds to Counties

86. Funds will be released in two equal instalments to eligible counties: First: before end of August and second before end of February provided that the counties have complied with the conditions and applicable triggers.

87. To qualify for any release of FLLoCA Grant funds, a county must be compliant with grant conditions. The access conditions for receiving an allocation have been described above. In addition, counties must meet the following release conditions, or 'triggers', before they can receive each bi-annual grant disbursement:

a) Counties receiving the CCIS grants:

- Share a copy of the quarterly CB implementation monitoring report
- Inform Internal Audit Department of National Treasury of any complaints or grievances related to use of the Grant, and which department these complaints were referred to for action

b) Counties receiving the CCRI grants:

- as above
- Quarterly budget implementation reports including information on implementation of projects financed from the FLLoCA Grants
- Project completion reports (M&E reports) for all completed projects
- Summary of complaints handling relating to Grant
- Summary of social and environmental impact management relating to Grant

88. To trigger the first disbursement each FY (August each year), participating counties must have submitted the half yearly implementation reports up to the end of Q4 of the previous year by end of July.

89. To trigger the second disbursement each FY (in February each year), participating counties must have submitted:

- Half yearly implementation reports up to the end of Q2 of the current fiscal year by end of January;
- Project completion (M&E) reports for all projects completed in the previous FY.

90. Counties that have not met these release conditions will not be able to receive further grant disbursements.

91. Counties that do not submit reports by end of July and end of January respectively will lose their entitlement to the relevant disbursement.

92. These reporting requirements are not intended to introduce control over county activities by the national government. Rather they are necessary to ensure that the conditions of the grant are being followed by counties. The reports will be used by the national government and by the World Bank which is providing funding for the Grants to ensure that Grant funds are not being spent on ineligible investments, that any grievances related to the use of the grants are being appropriately handled, and that the grant is having a positive developmental impact.

Fund management in counties

93. Within county governments, the CCU is the budget holder for the CCIS grant while the County Departments (such as water, agriculture, environment etc.) are budget holders for the CCA projects falling in their domain.

94. Expenditures, against the approved CCIS and CCRI Grants' work plans and budgets are made directly from the Special Purpose Account (SPA). The account is, administratively, part of the CCCF. County departments will spend from the SPA through Authority to Incur Expenditure (AIE).

95. For accounting purposes, counties must, within IFMIS, use the so-called segment 10 of the Standard Chart of Accounts, which allows to generate data on Climate Finance and Green (see FLLoCA's Financial Management manual for details).

VI. REPORTING and ACCOUNTABILITY

Reporting requirements

96. Financial Reporting: Counties will present quarterly financial reports on the use of the grants to the Controller of Budget (CoB), showing CCIS, CCRI and other CCCF expenditures, copy of which will be provided to the PIU.

97. Physical progress reporting: Counties will present 6-monthly physical progress reports to the PIU, in the format as provided in Appendix 8, within one month after the end of each half year (end of July and end of January).

Monitoring and Supervision

98. As per the provisions of the Constitution and the County Government Act, County Governments are responsible and accountable for the use of grants, including conditional grants, received from the national government. The latter, for the FLLoCA grant represented by TNT&P and the PIU, is entitled to ascertain that the conditions are adhered to. To a large extent, this is done through mechanisms as described in this manual, notably the regular reporting and the APA and its minimum access conditions. However,

the TNT&P reserves the right of other means of monitoring and supervision, including spot checks, and direct observations in the field.

99. The other side of Monitoring and Supervision of FLLoCA activities lies with the beneficiaries at local level and the Ward Climate Change Committees. As such, County Governments are monitored both top down and bottom up.

Audit

100. At the county level, the County Internal Auditors will provide oversight on all county funds and as such are expected to also provide oversight on the use of the CCIS and CCRI grants.

101. The Internal Auditor of the TNT&P will include the FLLoCA Program in its Annual Audit Plan and share its reports with the auditee (which may include individual counties) and the World Bank. The County internal auditors will need to liaise with the TNT&P internal auditors to ensure that reports are consolidated in the overall FLLoCA internal audit report.

102. The Office of the Auditor General (OAG) will examine the use of the FLLoCA grants as part of the regular annual audits of all county government accounts. In addition, the OAG will carry out external FLLoCA audits, including use of FLLoCA grants by counties, the consolidated report of which will be shared with the World Bank. To facilitate the latter, all counties must prepare and submit to the OAG, via the PIU.

103. Each of the 47 participating counties will prepare FLLoCA Program annual financial statements for submission to OAG by 30 September each year for audit. The Program codes from the participating counties will form the basis of preparing the financial statements. The financial

statements will be prepared on the basis of the IPSAS cash basis of accounting issued by the PSASB. OAG will audit the 47 Program financial statements for the counties and prepare a Blue Book that the PIU will submit to the World Bank within Nine (9) months after the end of the financial year to which they relate. The 9 months, which is a period longer than the standard 6 months, is an audit exception to allow the compilation of the Green Book. The PIU will keep copies of the 47 Program audited reports for record purposes.

104. The audit will be conducted in accordance with International Standards on Auditing (ISA) or International Standards of Supreme Audit Institutions (ISSAIs). The Terms of Reference will be modified to ensure that the audit arrangements are clear to all parties. The Program will include budget to support the conduct of audit under the IPF operational costs as incremental cost to support the annual audits by OAG if required. The Program audited financial statements will be publicly disclosed in line with the World Bank's Access to Information Policy and the government Public Audit Act.

VII. TIMELINE FY 21/22

105. Anticipating that the Board of the World Bank will approve the proposed FLLoCA credit in the month of October 2021, counties have only some 5 months to get ready for the first full APA in the first half of the year 2022, that will determine allocations for the first round of the CCRI-grants in FY 22/23.

106. As a matter of urgency, counties need to ensure that they meet the Minimum grant access conditions, being the MACs and the MPCs. MACs will be assessed (by the PIU under the watch of the ITAC) as soon as the credit is approved, in the hope that the CCIS grant can even flow in FY 21/22.

107. The PIU will assist counties to ensure that the MPCs can be met by March 2022, such that counties can access the CCRI grant in FY 22/23. Critical elements are the climate risk assessment, ward level consultations and preparing a CCCA plan.

108. Meanwhile, counties should also start working on realising a good score on the performance measures. As explained, for the allocation, the relative scores are important (i.e. the score of one's county as compared to the others); and for the first year all counties will be in the same situation of having little preparation time. Hence what is important is to ensure that

one's county keeps pace or is ahead of the average performance of other counties. It is thereby expected that over the years, the performance of all counties will improve, meaning that counties will need to annually improve their scores to keep the same level of allocation. As performance grants, FLLoCA grants seek to create positive competition amongst counties, whilst, at the same time the performance scores should be used as management information (as they indicate areas that need further improvement) and input for further policy dialogues.

109. As soon as the credit is approved the PIU will start the process of recruiting a qualified external party for the Annual Performance Assessments (APA) scheduled for March – April 2022 (and the period February March for the years after).

Appendices

Appendix 1: Intergovernmental Participation Agreement

Appendix 2: Terms of Reference Annual Performance Assessment (APA)

Appendix 3: Verification protocol Minimum Conditions (MACs and MPCs)

Appendix 4: Scoring guide Performance Measures

Appendix 5: APA results reporting formats

Appendix 6: Template County annual plan for use of the CCIS grant

Appendix 7: Template annual County Climate Action Plan (CCAP)

Appendix 8: Template six-monthly physical progress report

Appendix 1: Intergovernmental Participation Agreement

Draft available – to be inserted once approved

Appendix 2: Terms of Reference APA consultancy

Draft available – to be inserted once approved

Appendix 3: Verification protocol Minimum Conditions

To be prepared and inserted

Appendix 4: Scoring guide Performance Measures (assessment in year FY (n) for grant in FY(n+1))

#	Theme	Indicator	Data Source	Max Points	Scoring Guide
1	CG investments that promote social resilience			40	
1.	Capitalizing the CCCF The CG makes budget provisions for the CCCF	The budget for CCCF for FY n+1 as percentage of the county's total (development) budget FY n+1	- Minutes County Assembly/ Approved budget FY n+1	10	<ul style="list-style-type: none"> 10 points if CCCF budget for FY n+1 (excl. CCRl Grant) is $\geq 3.0\%$ of the total development budget 05 points if CCCF budget for FY n+1 (excl. CCRl Grant) is $\geq 2.5\%$ and $< 3.0\%$ of the total development budget 0 points if 2.5% or less
2.	CG CCCF spending The CG spends own CCCF resources as budgeted	Expenditures against the CCCF budget line (excl. CCRl Grant) for the year, by 31/3/FY-n, as %	- Financial reports as presented to the CoB	10	<ul style="list-style-type: none"> 10 points if $> 60\%$ 05 points if in range 50 – 60% Zero points if below 50%
3.	CCRl Grant spending County's absorption capacity for the CCRl Grant	County expenditure for the CCRl Grant against the CCRl Grant budget for the year, by 31/3/FY-n, as %	- Financial reports as presented to CoB and PIU	10	<ul style="list-style-type: none"> 10 points if $> 65\%$ 04 points if in range 55 – 65% Zero points if below 55%

#	Theme	Indicator	Data Source	Max Points	Scoring Guide
4.	CCRI for social resilience For the investment grants counties prioritise most critical sectors	At least 20% of the CCRI Grant is allocated to each of the following sectors: (i) Agriculture (incl. livestock); (ii) Water actions; and (iii) Environment.		10	<ul style="list-style-type: none"> 10 points if, for the current FY-n, at least 20% of the CCRI Grant is allocated to <u>each</u> of the three sectors/ 4 points if 20% is allocated to only two of the three mentioned sectors
II Mechanisms for citizen engagement in social resilience					40
5.	Two-way community learning The CG facilitates community/sub-location level learning for locally-led planning of climate action	% of wards in which a participatory vulnerability and capacity assessment was facilitated at sub location/community level, in the 12 months preceding 31/3/FY-n	- Community level assessment reports	10	<ul style="list-style-type: none"> 10 points if 100%, i.e., at least one such community level assessment was carried out in each of the wards, following the guidelines as provided in the POM, and report(s) available with attendance lists/ 05 points if such assessments are carried out in at least 65% of the wards, with report(s) and attendance lists 0 points if < 65%
6.	Ward-level CCAP project identification Annual ward-level	% of wards in which a Ward (Planning) Committee carried out a facilitated vulnerability	- Minutes of consultative meetings	10	<ul style="list-style-type: none"> 10 points if 100%, i.e., meeting minutes with sign off sheets are available for all wards, also showing involvement of marginalised groups.

#	Theme	Indicator	Data Source	Max Points	Scoring Guide
	consultations for CCAPs	and capacity assessment followed by county climate action project identification in the 12 months preceding 31/3/FY-n (coverage), with involvement of marginalised groups (women, youth, and people with disabilities)			<ul style="list-style-type: none"> 4 points if at least 70% (but less than 100%) Otherwise (when <70%): 0 points
7.	Resilience investments targeting marginalised groups The CG targets vulnerable groups	% of the CCRI-funded investments that is targeting and will directly benefit marginalized groups (women, youth, disabled, members of indigenous communities)	<ul style="list-style-type: none"> Approved CCRI budget for FY n+1 	5	<ul style="list-style-type: none"> 5 points if $\geq 30\%$ or more (i.e., 30% or more of the projects are directly targeting marginalized groups as defined in the CoK) Otherwise, zero points
8.	Participatory CCAP monitoring The CG engages in participatory implementation of climate actions	% of CCRI Grant-funded projects for which a functional Project Implementation Committee (PIC, or similar committee) has been	<ul style="list-style-type: none"> Minutes of PIC meetings - Project completion forms 	10	<ul style="list-style-type: none"> 10 points if over 90% of CCRI Grant-funded projects have a PIC as evidenced by minutes of meetings or sign off sheets 05 points if between 75 and 90% of CCRI Grant-funded projects have a PIC as evidenced

#	Theme	Indicator	Data Source	Max Points	Scoring Guide
		established			<ul style="list-style-type: none"> by minutes or sign off sheets 0 points if < 75%
9.	Program-related grievances redress An effective response system for Program-related grievances	An accessible grievances redress mechanism	<ul style="list-style-type: none"> Grievance log CG website 	5	<ul style="list-style-type: none"> 5 points if (i) procedure and contact details are provide on the CG website, (ii) a grievances log is available, and (iii) quarterly grievances reports are available, showing resolution of grievances and/or closure of case 3 points if 2 of the 3 aforementioned conditions are fulfilled 1 point of only 1 of the 3 mentioned conditions is fulfilled 0 points if none of the three conditions is fulfilled
III	Mainstreaming of county climate action and resilience building			20	
10.	Funding for the CCCU The dedicated CCCU is properly funded	The CG budget for FY n+1 shows a budget provision for the dedicated CCCU	<ul style="list-style-type: none"> County approved budget FY n+1 	5	<ul style="list-style-type: none"> 05 points if in the budget FY n+1 resources are explicitly provided for the CCCU equivalent to at least 4% of the CCRI Grant 02 points if in the budget FY n+1 resources are explicitly provided for the CCCU but for an

#	Theme	Indicator	Data Source	Max Points	Scoring Guide
					<ul style="list-style-type: none"> amount less than 4% of the CCR1 Grant 0 points if no visible allocation is made
11.	County departments mainstream climate change actions Climate change actions are referred to in plans and budgets of the county departments	There is evidence of integration of climate change actions into decision making and implementation of functions by CG departments	<ul style="list-style-type: none"> County approved budget FY n+1 	5	<ul style="list-style-type: none"> 5 points if climate, climate change, and/or CCCF are explicitly referred to in the annual plans of the departments of agriculture/livestock/NRM, health and water 0 points if climate, climate change, or CCCF are not, or only notionally, mentioned in the annual plans of aforementioned departments
12.	Capacity development for climate change action CG capacity development plan for climate change action	The CG makes deliberate and explicit effort to enhance the knowledge of its staff for climate change action	<ul style="list-style-type: none"> Evidence to be provided by CG 	5	<ul style="list-style-type: none"> 5 points if there is evidence of such effort, e.g., through availability of an annually updated climate change staff capacity development plan Zero points if no such evidence is available
13.	Participatory feedback loops The county uses learning feedback loops for climate action	The CG makes deliberate effort to collect views and opinions of communities on climate change action implementation and impact	<ul style="list-style-type: none"> Evidence to be provided by CG 	5	<ul style="list-style-type: none"> 5 points if there is evidence of such effort Otherwise, zero points



APPROVED

Appendix 5: APA results reporting formats

To be prepared and inserted

Appendix 6: Template Annual plan for use of the CCIS grant

Under preparation

Appendix 7: Template County Climate Action Plan (CCAP)

Under preparation

Appendix 8: Template six-monthly physical progress reports

To be prepared and inserted