



Regional Collaboration Centre – Kampala
Promoting Action Against Climate Change

**THE NATIONAL TREASURY AND PLANNING
DIRECTORATE OF BUDGET FISCAL AND ECONOMIC AFFAIRS
FINANCIAL AND SECTORAL AFFAIRS DEPARTMENT**

TERMS OF REFERENCE FOR THE CONSULTANT TO SUPPORT THE INTER-MINISTERIAL TASKFORCE TO DEVELOP THE GREEN FISCAL INCENTIVES POLICY FRAMEWORK FOR KENYA (GFIK)

Background

The National Treasury and Planning is developing a National Policy Framework on Green Fiscal Incentives. The framework will provide guidelines on enhancing private financing of climate actions, spur green innovation and technology development, improve green fiscal consolidation, and help identify smarter ways for government taxation and spending. By setting appropriate economic instruments, to establish economic incentives and price signals, green fiscal policies can help shift consumption patterns and drive private investments in voluntary compliance in projects that adopt cleaner production mechanisms, reduce GHG emissions and build the resilience of communities against the negative effects of climate change and pollution. Additionally, the policy will lead to change in operations of equipment by various stakeholders and contribute to local and national administration planning activities. Environmental taxation – part of the polluter pays principle – and economic incentives can also play a crucial role in raising the revenues needed to meet the National and County Environment Policy, Sustainable Development Goals, Paris Agreement, Kenya Vision 2030, Nationally Determined Contributions (NDC), National Adaptation Plan (NAP), the Big Four Agenda, UN agenda 2030, AU agenda 2063, GESIP, among others.

Particularly, Kenya can benefit from gradually removing existing subsidies on negative externalities such as subsidies on “dirty” fuels, and other carbon-intensive energy sources and implement reforms with the most suited carbon pricing technique i.e., carbon and environmental taxation, Emissions Trading Scheme, result-based payments, reduced emissions from deforestation and forest degradation (REDD+) etc. These reforms have been applied successfully in several countries, examples, include South Africa Carbon Tax, Malawi, California Emission

Trading Scheme (ETS), Nordic countries (Sweden, Norway, Finland, and Denmark), British Columbia Carbon Tax (now a Canadian approach), Chile Carbon Tax and others. In addition, such mitigation instruments can form an important foundation for participating to cooperative approaches as foreseen under article 6 of the Paris Agreement. It should be noted, Kenya has made an attempt to adopt a reform through the 2017 Guide to Economic Instruments for Environmental Management in Kenya. The main expected outcomes are to spur innovation and attract green investment across economic sectors, improve competitiveness of Kenya's production sectors, create green jobs, implement the NDC, and set the right economic signal to foster low-carbon and more sustainable development. To be effective, the policy must also have application at county level based on financing the devolved environmental functions (DEF) that the constitution of Kenya, schedule 4 part 2 has imparted to county governments.

In order to fast track development of this green incentives policy framework, the PS, National Treasury approved the establishment of an inter-ministerial taskforce with officers drawn from Ministries Departments and Agencies (MDAs), development partners, and specialized technical agencies. The taskforce is expected to spearhead the process of developing the necessary framework with support from a qualified consultant to assist the TF address the following TORs.

Roles of the taskforce

- a. Develop the National Policy Framework on Green Fiscal Incentives, 2020
- b. Undertake review/analysis of all relevant policies and legislative framework to inform GFIK
- c. Undertake consultations with stakeholders during development of the policy framework in line with the relevant policies and legal frameworks.
- d. Perform any other duties as may be assigned by the PS, National Treasury.

The objective of the consultancy is to support the TF, to develop a national and local Policy Framework on GFIK and propose an implementation modality.

Qualifications/ special skills or knowledge of the consultant or consulting firm

Experience and skills: Ideally, the consultant (or team of consultants) should have:

- a. requisite knowledge and at least four years' experience at a senior level in environmental and natural resource management policy, or energy and climate policies or similar, with a strong focus on carbon pricing and carbon market
- b. skills in environmental policy and legislation analysis working with state and county MDAs.
- c. experience in the green and blue economy, fiscal policy formulation, environmental sustainable development, green finance (with a focus on climate finance), climate change, locally and internationally.
- d. undertaken similar assignments in the jurisdictions with green fiscal incentives and other economic instruments (e.g. EPR circular economy, take back schemes, etc.)
- e. specific skills on undertaking economics, green or blue economy, fiscal policy, macro-economic policy, public policy or related areas.

Education: The consultant must have:

- a. at least a Master's degree in policy or environmental economics, energy economics, green or blue economy, fiscal policy, macro-economic policy, public policy or related areas;
- b. proven abilities to carry out research, literature reviews and both quantitative and qualitative analysis in the fields;
- c. skilled in writing reports and proposals and use of info-graphics to present fact-based arguments for policy direction;
- d. good organizational and communication skills to interact with people inside and outside the taskforce; and
- e. an awareness of a broad spectrum of green and blue economy and policy analysis.
- f. previous concrete experience with carbon pricing and/or carbon markets (is an added advantage)
- g. computer skills essential in report writing, info-graphics and power point presentations.

Languages:

- a. fluency in oral and written English is required

Specific tasks and responsibilities

The consultant will support the taskforce in:

- a. conducting a review of similar international policies, linked to the Paris Agreement (PA), Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), National Appropriate Mitigation Actions (NAMAs), domestic and international Climate Finance, REDD+, carbon trading, etc., extrapolating what could be domesticated to Kenya, considering the domestic context and focusing on carbon pricing and related policies;
- b. conducting a detailed review of existing and upcoming international and national policies, strategies, legislation, guides to economic instruments, mapping of gaps (especially by fuel type and sectors) and taxation schemes that both incentivize and penalize green growth in both green and blue economy (one of the key outcomes should be in the form of a table providing an overview of the incentives and taxation of fuels/sector combination in relation to their carbon content);
- c. providing a quick overview of relevant related developments in Africa and around the world in terms of incentive on GHG emissions and emission reductions;
- d. Description of focal areas/persons through consultations at national level/national coordinators and county level, of the key stakeholders in the public and private sector, civil society, academia and think-tanks, listing those that should be engaged by the taskforce in reviewing the policy draft;
- e. undertake an inventory of existing green fiscal policies, regulations, guides, standards and instruments and a SWOT analysis mapping of gaps, including reviews of existing related climate finance fiscal policies both locally and internationally to build on existing information and identify gaps in knowledge and policy frameworks at national and county level;
- f. review Green Fiscal Economy scoping studies.
 - Perform an analysis of the current/evolving fiscal framework, in particular in relation to key GHG emitting sectors/activities in the country (rural household energy, power production and consumption, industry, transport, waste, forestry, etc.);
 - Provide an overview of options for aligning the fiscal framework and low carbon development, considering in particular policies which price carbon emissions and/or incentivize emission reductions;

- Provide key country-specific facts which should be taken into account when developing green fiscal policies/carbon pricing policies;
- Analyse the merit and demerits of the various options identified, and the relevance of the options identified regarding:
 - i. The current and evolving national context, taking into account economic and social development priorities as envisaged in the MTP 4, updated NDC and the Long-Term Strategy;
 - ii. The current and evolving international context, including the international climate regime, Kenya’s NDCs, relevant actions and policies by other Parties as well as multilateral organizations, article 6 of the Paris Agreement and Climate Finance.
- g. Based on the analysis provide recommendations, including if possible, a blueprint for further steps.
- h. Contribute to on-going green fiscal policy discussions, including support to the review, production of TF reports.
- i. Develop the draft policy framework, both national and county to the satisfaction of the taskforce.
- j. support review and drafting of the Bill that aligns with the Green Fiscal Incentives Policy.

Expected outcomes of the consultancy

- a. Inventories/reviews of existing policies/instruments on green fiscal reforms locally and internationally and a summary presentation to the taskforce of a SWOT assessment of their ranking of suitability and applicability to Kenya, state, and county fiscal policy reforms.
- b. An identification of key elements of the local context to be taken into account for such a policy reform
- c. An analysis of options and their adequacy for a green fiscal policy reform, taking into account the domestic context as well as the context of climate actions and policies at the global level.
- d. Assessment of existing national and county status of application of green fiscal policies, economic instruments and supportive legislation in the country and those in use by devolved structures.

- e. An induction of the taskforce presenting an initial report detailing the results of the analytical work with pointers for decisions on options for policy direction.
- f. A draft National Policy Framework on Green Fiscal Incentives for Kenya.
- g. A draft template/model GFIK for counties to adopt.
- h. Workshop proceedings of a stakeholder consultation to review and validate the consultant and TF's national and county proposed policy drafts.
- i. Proposed roadmap for TF and adoption of policy by state and county lead agencies, with a supportive capacity building and roll out program.
- j. A policy and a draft Bill.

Reporting lines

The consultant shall work under the guidance of and report directly to the head of the Climate Finance and Green Economy Unit and RCC Kampala, with overall supervision by the PS, National Treasury and working closely with GFIK Taskforce.

The incumbent must be a resident of Kenya with all requisite work permits and be available to avail themselves at the premises of the Treasury.

Duration of the assignment

The assignment is full time for a 12-month period (unless otherwise renewed).

How to apply

Candidates, whose qualifications and experience match what we are looking for, please send your resume and cover letter to RCC Kampala (RCCKampala@unfccc.int) by Wednesday 10 March 2021. Ensure to include "GFIK Kenya" in your Email subject. Given the high volume of Emails received, your application may be missed if the subject line differs to this.