

The Republic of Kenya – AFD – Expertise France

PFM Project – Peer-to-peer Exchange Program

“Support the greening and strengthening of Public Finance Management in Kenya”

KENGEFIP 2

Technical Report – January 2026

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I. Context

Initial Context: The Technical Assistance (TA) project titled KENGEFIP 2 is a continuation of an earlier TA project (KENGEFIP) that concluded in May 2023. This initial project was supported by a Development Policy Loan (DPL) co-financed by AFD and the World Bank (€30M + €150M, GESDEK I). Although AFD chose not to participate in the new DPL mainly funded by the World Bank (DPO titled GESDEK II), it responded positively to the Kenyan Government’s request to launch a new TA program and thus mobilized the Technical Expertise and Experience Exchange Fund (FEXTE).

Expertise France Technical Offer: The implementation of this new TA program has been entrusted to Expertise France, which proposed a program through a technical offer aimed at strengthening and greening public finance management in Kenya. This main objective is broken down into three specific objectives, delivered through activities organized into three components:

- **Public Debt Component:** Strengthening and modernizing public debt management;

- Climate Finance Component: Promoting the development and access to climate finance tools; and
- Coordination Component: Ensuring coordination of the TA (beneficiaries and donors).

Signature of the AFD-NT of Kenya Agreement: The contractual arrangement between AFD and Expertise France could not be immediately followed by implementation. The National Treasury of Kenya (NTK), the primary beneficiary of the TA, required the signing of an implementation contract, a contractual framework that was not necessary for the previous TA program. The signing of the Technical Assistance Implementation Agreement by NTK and AFD finally took place on January 17, 2024, marking the official start of the TA.

II. Governance

Project Management by Expertise France: The technical assistance project is implemented by the Governance Division of Expertise France, monitored by a project officer (Thomas Jacquot), under the supervision of the Head of Unit (Cécile Valadier).

Supervision by AFD and NT of Kenya: EF regularly reports on the progress of the TA program to AFD office in Kenya and AFD headquarter (Governance division). Steering committees will be organized during the course of the program and chaired by the National Treasury to: discuss strategic orientations and programming; monitor the implementation progress; discuss issues and recommendations. A first Technical Report was shared among all stakeholders in January 2025 and a second technical report was shared in June 2025. The first steering committee of the project took place on June 13th 2025 and a second took place on the 2nd of December 2025.

Long-term Field Experts:

- As in the previous TA project, a long-term expert responsible for coordinating the project and implementing certain technical activities was recruited. Yoan Raïh, who held this position in the previous project, was recruited for the full project duration (24 months) and was embedded within the PDMO Directorate (NT of Kenya). However, he has left his position in September 2024 and has yet not been replaced. Expertise France is still looking for valid candidate for the position. The criteria of selection has been widened to include experts with broader Public Finance Management expertise.
- For the public debt component, a local expert was recruited to serve as a local liaison for the long-term expert and any short-term consultants, with a requirement for debt expertise. Charles Kairu, who held this position in the previous TA project, was recruited. He is also embedded at the PDMO. For component 3, a local expert was recruited to ensure program coordination, both among internal counterparts in the Kenyan government and among donors developing public finance programs (particularly AFD and the World Bank). Dickson Khainga was recruited for this position. His office is located within the offices of the Public Finance Management Reform Secretariat (NT of Kenya).

Consultants: Various consultant profiles were identified for the different components.

- For the debt component, one previously mobilized consultant has been re-engaged (Jean Dalbard, former head of operation at Agence France Trésor). Yoan Raih (previously LT expert) is now mobilized as a consultant to follow up on activities he engaged in previously until the recruitment of the new LT expert. A communication expert has also been hired (Margot Malpote) and an IT expert (Admir Zajmovic) worked with the Back Office and a dedicated task force on the elaboration of the Business Continuity Plan (see activity 1.2.3).
- For the climate finance component, two activities have involved consultants:
 - o Support for implementing a green budget has involved several two international consultants, namely Lucie Lang (a junior consultant from the Budget Directorate) and Sania Matulic (a consultant currently working for the French Budget Directorate).
 - o Support to develop a Monitoring, Reporting and Verification (MRV) framework for the issuance for a Sustainability-Linked Financing (SLF) led to the hiring of a short-term expert which was previously hired by the World Bank for similar purpose (Dieter Wang). Another expert is under recruitment following the request from Kenyan authorities to overcome bottlenecks around data analysis.
 - o More experts are under recruitment to assist NT in issuing a Sustainability-Linked Financing (Globéo on activity 2.2.2) and to assist the Office of the Auditor General in including sustainability in its auditing process (collaboration with the French Cour des comptes).

III. Technical Implementation

AFD and Expertise France have undertaken two technical missions since the beginning of 2025 (February and March) to review ongoing activities and discuss needs and new potential areas of intervention. Particular interest was identified in the areas of sustainable public procurement and public investment management (see 2.4 “New Activity” below).

3.1. Presentation of the Work Plan

Consultations at the National Treasury: The initial month of the TA programme was devoted to preliminary consultations to draft the work plan aimed at achieving the objectives outlined in the technical proposal. These consultations primarily involved Dr. Haron Sirima, the Director General of the Public Debt Management Office (PDMO). The directors of PDMO departments were also consulted, particularly the Middle Office Director (Daniel Ndolo) and the Back Office Director (George Kariuki). Since the position of Front Office Director was vacant during these consultations, the Deputy Director (Dr. Kenrick Ayot) was heavily engaged. Other general directorates and departments were consulted as well, including the Budget Directorate (Albert Mwenda) to clarify the scope of green budget activities, and the Climate Finance and Green Economy Unit for other climate finance component activities.

Other Consultations: Additional Kenyan stakeholders were consulted for activities that might directly involve them. The Central Bank of Kenya (CBK), which plays a central role in managing public debt in local currency, was notably involved. The Office of the Auditor General (OAG)

also participated in this consultation phase. Certain technical and financial partners were consulted to avoid duplication of efforts (IMF, World Bank, EU, USAID, UNDP, FCDO).

Work Plan Structure: The work plan, which aims to achieve the overall objective, is structured into three components, each targeting a specific objective. Each component contains expected results that should be achieved through concrete activities under the technical assistance program. For example, the public debt component (1) has the specific objective of strengthening and modernizing public debt management in Kenya, with three expected outcomes, including enhancing public debt transparency (1.2), notably through training back-office staff in using the Meridian software (1.2.4).

Monitoring and Evaluation: To monitor the program's progress, 15 indicators have been identified (see Annexe 1). These indicators are designed to be Specific, Measurable, Achievable, Relevant, and Time-bound (SMART). For the public debt component, primarily qualitative indicators were chosen. Expertise France relied on recent evaluations of public debt management in Kenya, particularly a 2023 DeMPA assessment by consultants, to define baseline values. For other components, the indicators are primarily quantitative. Expertise France conducts at least semi-annual monitoring of these indicators, which will be subject to a final external evaluation.

3.2. Achievements (Last update - January 2026)

Component 1 – Public Debt

Activity 1.1: Strengthening the governance and institutional framework of the Public Debt Management Office (PDMO)

Title	Description and Achievements	Timing
<p><i>Sub-Activity 1 - Audit : conduct an assessment on the compliance with the legal framework</i></p>	<p>This activity responded to a specific request from the Director General of the PDMO, who sought to identify gaps between the legal framework applicable to the PDMO, as outlined in the PFM Act (2012), and the actual functions performed by DMO teams. The DG/PDMO aimed to highlight the limited autonomy granted to his department to build a case for advancing the PDMO's transformation into an agency, modelled after Agence France Trésor.</p> <p>Charles Kairu produced a document primarily focused on identifying "gaps in compliance" which aligned with those highlighted in the self-assessed DeMPA previously conducted.</p>	<p>Started: Feb. 24</p> <p>Ended: Mar. 24</p>
<p><i>Sub-Activity 2 - Audit : Organize an annual workshop with external auditor bodies on performance and compliance audit - "Role of the PDMO in accordance with the law and best practices"</i></p>	<p>The DG/PDMO also expressed interest in strengthening connections with all audit bodies, with the ultimate goal of training auditors to conduct informed and fair investigations. The main target audit body was the Office of the Auditor General (OAG), with whom Expertise France had closely collaborated during the previous TA program (which included a dedicated component for OAG). The other audit bodies implicitly targeted were the Parliamentary Budget Office and the Controller of Budget.</p> <p>On May 4, 2024, a training day was organized in Nairobi to introduce the PDMO's activities and train participants on public debt fundamentals. Presentations were delivered by the technical assistance team as well as the</p>	<p>Started: Apr. 24</p> <p>Ended: May. 24</p>

	<p>DMO staff. This seminar not only served to present the PDMO's mandate, organization, and functions to external auditors but also allowed DMO staff to better understand and internalize the agency's mission. Approximately 50 participants attended, engaging in interactive exchanges, notably with the DG/PDMO, as this was one of his last activities in office.</p>	
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<p><i>Sub-Activity 3 - Capacity building : conduct a skills assessment of PDMO staff</i></p> <p><i>Sub-Activity 4 - Capacity building : prepare a training program</i></p> <p><i>Sub-Activity 5 - Capacity building : implement part of the training programme (debt fundamentals, funding strategy, risk management...)</i></p>	<p>DMO staff need a wide range of skills, from basic (office software proficiency) to highly technical (financial analysis). The objective of activity 1.1.3 was to conduct "skills assessments" with DMO staff to identify gaps and outline available training programs and potential new courses within the TA framework.</p> <p>An assessment tool was developed, and initial interviews were conducted. It quickly became clear that, apart from some middle management staff, employees generally possessed basic office software skills but had limited technical training. Furthermore, it was noted that free training resources (MOOCs from the IMF and World Bank) were rarely utilized, as there was a preference for in-person training.</p> <p>Following the first technical report, a mission in Nairobi (March 2025) has been conducted to further identify training needs with the Front Office. Two areas have been specifically identified: commercial loan negotiation and currency hedging.</p> <p>Discussions are ongoing for the organization of two trainings for each of these topics, to be held in Nairobi.</p> <ul style="list-style-type: none"> - The training on legal aspects of loan and bond negotiation is currently being prepared in collaboration with the African Legal Support Facility and should involve lawyers from international law firms. This training is currently planned for end of February 2026. - A similar collaboration is also considered with TCX and The Finance for Development Lab to prepare a training on currency hedging and related debt sustainability analysis. This training should take place in May 2026. 	<p>Started: May. 24</p> <p>Ended: Ended Dec. 2025</p> <p>Started: May. 24</p> <p>Ended: Ongoing</p>
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<p><i>Sub-Activity 6 - Code of Conduct : review of the draft Code of Conduct</i></p> <p><i>Sub-Activity 7 - Code of Conduct : workshop on the implementation of the Code of Conduct</i></p>	<p>A draft Code of Conduct was developed under the previous TA project. Given that debt managers are engaged in highly sensitive activities (potential conflicts of interest, interactions with market participants, etc.), having a Code of Conduct is generally required to align with best international practices.</p> <p>Although initially approved, this activity has not materialized yet. Following the second steering committee and based on discussion with the PDMO, it has been decided to abandon this activity.</p>	<p>Cancelled</p>
<p><i>Sub-Activity 8 - Contingent liabilities - Elaboration of a common framework on NFPS bodies debt</i></p>	<p>In the self-assessed DeMPA, it was noted that debts of Non-Financial Public Sector Bodies (NFPS) were managed not by the PDMO but by another unit within the NTK (PIPM). The lack of collaboration between these two units in recording and monitoring these debts was to be addressed through a cooperation framework modelled on a joint procedures manual. However, this activity has not yet yielded results due to limited interest from NTK. The relatively low volume of NFPS debt partially explains this lack of interest, as does the departure of the PDMO officer who primarily managed this issue, which contributed to the AT team’s lack of progress on the matter.</p> <p>An assessment is underway to evaluate the exact need and work plan to implement this activity (result expected in February 2026).</p>	<p>Started: June 24</p> <p>Ended: Ongoing</p>

Activity 1.2 - Improvement and modernization of the operational framework

<i>Title</i>	<i>Description and Achievements</i>	<i>Timing</i>
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<p><i>Sub-Activity 1 - Internal processes: Review of the Front Office Operations Manual (commercial debt)</i></p> <p><i>Sub-Activity 2 - Internal processes : Review of the Back Office Operations Manual</i></p>	<p>The PDMO lacks procedural manuals, which does not align with international best practices. During the previous TA program, the Middle Office procedural manual was reviewed, though it has not yet been officially adopted by PDMO management.</p> <p>The review of the Front Office procedural manual will begin once PDMO management completes its reorganization of the department (specifically by transferring activities and personnel from the Middle Office). Since no reorganization has been conducted, it is expected that sub-activity 1 will not be concluded.</p> <p>The review of the Back Office procedural manual will commence after the Meridian software is fully installed and following the finalization of the BCP. The IT expert mobilized on sub-activity 3 (A. Zajmovic) will likely be mobilized to conduct the review of the Back Office Manual..</p>	<p>Started: Apr. 24</p> <p>Ended: Ongoing</p>
<p><i>Sub-Activity 3 - Internal processes : Elaboration of a Business Continuity Plan</i></p>	<p>A Business Continuity Plan (BCP) and Disaster Risk Management (DRM) for the PDMO are strategies to ensure the continuity of critical debt and public finance management operations in the event of major disruptions, such as economic crises, natural disasters, or cyberattacks.</p> <p>Following the mission of Expertise France in Nairobi (March 2025) and the organization of a kick off meeting with the Back Office team (May 2025), the previously identified international IT consultant is under recruitment to assist in developing the BCP and DRM. Its activities are expected to start in July 2025.</p> <p>After the kick-off PDMO formally constituted a BCP team comprising risk champions from all three PDMO departments and key officers from the BO.</p>	<p>Started: May 25</p> <p>Ended: Ongoing</p>

The international consultant prepared an approach, methodology, and templates for BCP and Business Impact Analysis (BIA) based on IMF recommendations for Government Cash and Debt Management. Guided by a consultant, BCP team:

- identified critical PDMO processes per each office (Front, Middle and Back Office).
- Identified critical processes were later evaluated by the team.
- Impact, Likelihood, and Time-Criticality per each scenario were assessed.
- Combined Risk Scores were calculated.
- Recovery Point Objective and Recovery Time Objective were defined and more granular Time Criticality Analysis performed.
- Mitigation options and PDMO Mitigation Strategy were identified. Composition of Incident Management Team discussed and agreed.
- Response and steps in Recovery Procedure have been identified.
- Disaster Recovery Site (DRS) identified and steps to promote it to the primary site provided. Backup & Recovery Policy developed. Pocket Cards are developed as part of BCP.
- Initial BCP Testing plan developed.

Although the BCP team of PDMO took an active role in developing key parts of the BCP, the PDMO has requested to organize a validation and training program targeted at a broader range of PDMO officers. The Validation and Training program should be organized in person to ensure that developed BCP is fully aligned with PDMO needs and requirements, to increase understanding and importance of proper business continuity planning, and to build up a sense of ownership within PDMO. The workshop will also include

	testing of the BCP using scenarios and simulated live tests from the BCP Testing Plan.	
<i>Sub-Activity 4 - Market monitoring : Training on the use of Bloomberg terminals</i>	<p>In the previous TA project, access to three Bloomberg terminals was funded through the end of 2024. As the use of these terminals is complex, Bloomberg and Yoan Raih organized training for four PDMO staff.</p> <p>This training was held at Bloomberg’s regional offices in Dubai in March 2024.</p>	<p>Started: Mar. 24</p> <p>Ended: Mar. 24</p>
<i>Sub-Activity 5 - Market monitoring : Review and elaboration of monitoring tools for the domestic debt market (tool analysing performances of auctions) and eurobond market (market monitoring based on bloomberg)</i>	<p>The goal of this activity is to equip the Middle Office and PDMO management with a financial market monitoring tool (dashboard). An Excel template was created for this purpose, designed to be automatically updated via Bloomberg.</p> <p>The template was shared with the Middle Office team but was not followed up on. However, as the new DG has requested such a tool, this activity is expected to resume soon.</p>	Has not started yet

Activities 1.3. Making Public Debt More Transparent

Title	Description and Achievements	Timing
<p><i>Sub-Activity 1 - Reporting - Workshop on the reporting and communication strategy</i></p>	<p>A workshop dedicated to the online communication strategy of PDMO was organized for participants from front, middle and back office, as well as representatives from CBK. A website review has been conducted, covering strengths and weaknesses. It has been noted that none of the current three websites (TNT, IRU, CBK) are comprehensive, up-to-date, and do not cover all debt data. International standards and an international benchmark (covering UK, Italy, France, Australia, Uruguay) have furthermore been shared as best practices.</p> <p>Concluding these exchanges, a common understanding was found for a need of a stand-alone PDMO website, and a possible structure as well as layout have been agreed on. A concept note has been drafted for internal validation purposes, suggesting a new PDMO website - PDMO being the business process owner. A website development workshop has been requested, covered by TNT funding, implemented by ICT authority and with the technical assistance of communication expert Margot Malpote. This workplan has been validated by PS in December 2025.</p>	<p>Has not started yet</p>
<p><i>Sub-Activity 2 - Reporting - Review of the Reporting Templates</i></p>	<p>The PDMO is required to publish specific reports (an annual report, a quarterly bulletin) and also publishes other documents like the Medium-Term Debt Strategy. These reports are time-consuming to produce and challenging to read. Originally, reviewing these reports was to be included in the communication workshop but was conducted ad hoc instead. A proposal</p>	<p>Has not started yet</p>

	for streamlining the reports, following the "less but better" principle, was presented to the new DG, who expressed interest in rethinking report production and involving former Central Bank colleagues in this area. It is unlikely that further TA support will be needed for this.	
<i>Sub-Activity 3 - Reporting - Redesign of PDMO's website</i>	A six-week mission has started in Nairobi for the communication expert Margot Malpote. The main objective is to facilitate a workshop in order to develop a new website for the PDMO. So far main stakeholders have been met (TNT, CBK) both at technical and higher level. A two-week workshop should take place between February 8. and February 20. 2026 outside of Naivasha. Budget of 17,700,000 KES (117 000 EUR) upon USAID Exit budget is provisioned by NT and ICT will provide technical development support. Capacity building training is under preparation, as well as a first draft of a manual of procedure to make sure that the website will be accompanied by an appropriate governance strategy and rule-based work plan. A six-week mission has started in Nairobi for the communication expert Margot Malpote. The main objective is to facilitate a workshop in order to develop a new website for the PDMO. So far main stakeholders have been met (TNT, CBK) both at technical and higher level. A two-week workshop should take place between February 8. and February 20. 2026 outside of Naivasha. Budget of 17,700,000 KES (117 000 EUR) upon USAID Exit budget is provisioned by NT and ICT will provide technical development support. Capacity building training is under preparation, as well as a first draft of a manual of procedure to make sure that the website will be accompanied by an appropriate governance strategy and rule-based work plan.	Started: Jan. 26 Ended: Ongoing
<i>Sub-Activity 4 - Debt records - Train PDMO and non-PDMO staff to the use of Meridian</i>	The PDMO has been transitioning to the Meridian software from the Commonwealth Secretariat, which offers advanced debt management features and real-time data access, yet the software remains underutilized. After analysis, two main issues were identified: challenges in migrating the	Started: Aug. 24 Ended: Aug. 24

	<p>CS-DRMS database, especially for domestic debt, and insufficient training for Back Office experts.</p> <p>In response, a training session was organized in partnership with the Commonwealth Secretariat for six PDMO staff members (and one Central Bank of Kenya staff member) covering database updates and various Meridian functionalities. This training took place in London from August 19 to 31, 2024.</p>	
<p><i>Sub-Activity 5 - Debt records - Elaboration of a strategy for increasing access to public data on debt</i></p>	<p>Public debt is a highly debated topic in Kenya’s media and public discourse. The PDMO, including its DG, has faced controversies, often due to a lack of understanding and transparency around public debt issues. The TA was asked to explore ways to improve public access to debt data and related issues.</p> <p>This activity will be implemented alongside the new website development. Internal consultations concluded that, in addition to facilitating data access for investors and professionals, initiatives should also target the general public. For example, educational materials explaining the fundamentals of Kenya’s public debt could be developed and published on the PDMO's new website. This will be potentially discussed at the online communication strategy (sub-activity 3) and a dedicated work plan should be discussed thereafter accordingly. As of now, the website is considered as a phase 1 implementation tool of new online strategy and such general public materials would potentially be considered in phase 2, to be planned.</p>	<p>Has not started yet.</p>

Activities 1.4. Advise the DMO on Debt Management Strategy

Title	Description and Achievements	Timing
<i>Sub-Activity 1 - Internal coordination: Attendance of regular technical meetings (JTWG with CBK, weekly meetings with JLM, syndicated banks)</i>	<p>The technical assistance team regularly participates in internal debt management coordination meetings to support PDMO representatives.</p> <p>For domestic debt, these include weekly meetings with the Central Bank of Kenya, during which Treasury bond and bill issuance strategies are defined and implementation is monitored.</p> <p>For external debt, the meetings involve commercial banks and other advisors to discuss Eurobond issuances or syndicated loan negotiations.</p>	<p>Started: Aug. 24</p> <p>Ended: Ongoing</p>
<i>Sub-Activity 2 - Accompany investor relationship strategy (Monthly meetings with domestic market participants, engagement with international investors)</i>	<p>Investor relations management is nominally assigned to a Front Office unit, the Investor Relationship Unit, staffed by two officers. However, this unit lacks sufficient resources to fully undertake this responsibility, which is effectively managed by other Front Office and, particularly, Middle Office staff.</p> <p>Meetings have also been held with French banks (SG, Credit Agricole) and other financial service providers (TCX, GSA) to introduce Kenyan counterparts to available market offerings. The technical assistance team remains available to support the PDMO in roadshows and other investor engagements should an international market issuance occur.</p>	<p>Started: Aug. 24</p> <p>Ended: Ongoing</p>

Component 2 – Climate Finance

Activity 2.1 - Strengthening of the coordination among Kenyan stakeholders involved

Title	Description and Achievements	Timing
<i>Sub-Activity 1 - Institutional strengthening - elaboration of a strategic plan for the CF Directorate (when created)</i>	<p>During the development of the work plan, the Climate Finance and Green Economy Unit (CF&GEU) at the National Treasury was identified as the primary counterpart for Component 2. The CF&GEU had previously participated in several activities in the initial TA program and was expected to play a significant role in advancing climate finance in Kenya. Despite lengthy consultations, the decision was made to structure some activities around building the CF&GEU's capacity.</p> <p>Support for CF&GEU Institutionalization: This initial sub-activity aimed to assist the CF&GEU in its formal establishment as a department within the NT, a move that was anticipated to occur soon. However, since this activity did not progress it has been decided to abandon it</p>	Cancelled
<i>Sub-Activity 2 - Institutional strengthening - participation to the implementation of the green fiscal incentives policy (in particular the creation of a green investment bank)</i>	<p>The inclusion of this activity also reflected a request from the CF&GEU. It would have been meaningful given AFD's experience in supporting other development banks.</p> <p>However, since this activity did not progress it has been decided to abandon it.</p>	Cancelled
<i>Sub-Activity 3 - Institutional strengthening - Organization</i>	This activity was initially intended to strengthen the CF&GEU's coordinating role in aligning strategies to expand sustainable finance in Kenya.	Started: Sept. 24 Ended: Sept. 24

<p><i>of an interministerial workshop</i></p>	<p>Given the limited initiative shown by the CF&GEU, it was decided to allocate resources from this activity instead to an inter-ministerial seminar presenting various climate finance market instruments, with a particular focus on the Sustainability-Linked Bond (SLB) project led by the PDMO, with support from us and the World Bank. This seminar was held on August 19, 2024, and gathered nearly forty participants from various ministries (NT, Environment, Energy), other public bodies (OAG, Kenya Space Agency, CBK), and technical and financial partners (US Treasury, SIDA, Italian Cooperation Agency).</p>	
<p><i>Sub-Activity 4 - Capacity Building - Targeted training on climate finance</i></p>	<p>These specialized climate finance trainings can be conducted in Kenya or abroad for any NT stakeholder or collaborating institution.</p> <p>In this context, a Central Bank of Kenya (CBK) officer was trained at the Banque de France. Additionally, the TA will support and help lead a seminar organized by the NT and CBK for the East African Community (EAC) on climate finance (late November 2024).</p>	<p>Started: Mar. 24</p> <p>Ended: Ongoing</p>
<p><i>Sub-Activity 5 - Capacity Building - Study visit on green PFM in France and Bruxelles</i></p>	<p>A study visit was planned to be organized if green public finance topics make further progress.</p> <p>However, given internal budgetary constraints linked to the extension of the Technical Assistance, no study visit will be organized.</p>	<p>Cancelled</p>

Activity 2.2 - Review and facilitate the rules and procedures to access climate financing.

Title	Description and Achievements	Timing
<p><i>Sub-Activity 1 - ESG Bond - Elaboration of SLB framework</i></p>	<p>Initially, the TA program anticipated supporting the issuance of a green bond. With its experience in this area, France was well-positioned to provide guidance. Moreover, Kenya had repeatedly expressed its intention to issue a green bond. However, the limited flexibility in the use of green bond proceeds did not align with Kenya's liquidity needs. The lack of eligible projects for a green bond further underscored the unsuitability of this instrument in the Kenyan context.</p> <p>Following a cost-benefit analysis, it was deemed more appropriate to support the SLB issuance project, also proposed by the World Bank. During a World Bank mission to Nairobi, several KPIs were identified as the basis for Kenya's SLB, and an initial draft issuance framework was prepared.</p>	<p>Started: Jan 24</p> <p>Ended: ongoing</p>
<p><i>Sub-Activity 2 - ESG Bond - Participate to the elaboration of an M&E framework for the KPIs identified in the SLB framework</i></p>	<p>The success of an SLB depends heavily on the transparency and robustness of the KPI measuring, reporting and verification (MRV) framework. Based on preliminary discussions with the World Bank, this framework would rely on a satellite image analysis system developed in partnership with the European Space Agency and the Kenyan Space Agency.</p> <p>The development of this MRV framework is supported by the TA program through coordination efforts pursued by the local long term expert, to make sure Kenyan counterparts engage in the elaboration of the framework and through the recruitment of an international consultant in charge of providing models used within the MRV framework (in particular, Dieter Wang, PhD)</p>	<p>Started: April 25</p> <p>Ended: ongoing</p>

<i>Sub-Activity 3 - ESG Bond - Case study for the issuance of a GB in Kenya</i>	<p>A study on issuing a green bond in Kenya was conducted and presented to the DG, highlighting the advantages and disadvantages of this instrument and identifying necessary steps for implementation. During the preparation and discussions around this study, the drawbacks of issuing a green bond became apparent, prompting discussions on alternative instruments, including the SLB.</p>	<p>Started: Jan 24 Ended: Feb. 24</p>
<i>Sub-Activity 4 - Debt swap - Feasibility study on the realization of a debt swap in Kenya</i>	<p>Kenya frequently receives proposals for debt swaps, involving the refinancing of existing commercial debt with a lower-cost loan, with the savings reallocated to an environmentally beneficial project (such as marine conservation) or a development project (such as food security).</p> <p>As part of this activity, potential debt swap projects were analysed, and numerous meetings were held at the beginning of the TA with entities proposing these operations. Capacity-building activities were also organized to clarify the benefits and risks associated with these transactions. Meetings with the U.S. DFC were also held. The involvement of a financial advisor to continue work on debt swaps has limited the involvement of the TA team in this area.</p>	<p>Started: Feb. 24 Ended: Mar. 24</p>

Activities 2.3. Support the integration of ecological criteria in budget forecasting.

<i>Title</i>	<i>Description and Achievements</i>	<i>Timing</i>
<i>Sub-Activity 1 - Feasibility study on the elaboration of a green budget in Kenya</i>	<p>In exchange for receiving Resilience and Sustainability Funds (RSF) from the IMF, Kenya committed to producing a draft climate budget tagging (CBT) system by March 2025. Following meetings with the Director General of Budget, it was agreed that the TA would be mobilized to support the achievement of this objective. However, the IMF's involvement and the limited responsiveness of the CF&GEU initially</p>	<p>Started: Oct. 24 Ended: Dec. 24</p>

	<p>restricted TA engagement on this project. Following further meetings with Budget Directorate staff expected to develop the CBT, TA involvement was finally able to begin.</p> <p>The first activity was to conduct a feasibility study to establish a work plan based on Kenya's existing efforts and support from other technical and financial partners (IMF). This study has been conducted by Lucie Lang, a French expert from the Budget Directorate, based in Nairobi. It led to the elaboration of a detailed work plan which included: The organization of a workshop with relevant stakeholders and another short-term consultant which aimed at presenting best practices related to climate and green budget tagging (sub-activity 2).</p> <p>Continuous support to the Kenyan Directorate of Budget to elaborate Guidelines for the Climate Budget Tagging. (Sub-activity 3)</p>	
<p><i>Sub-Activity 2 - Training on the principle and methodology of a green budget</i></p>	<p>The second CBT-related activity is to train NT staff on climate budget tagging, drawing particularly from international examples, including France. A training session was successfully organized the week of November 11 under the leadership of Lucie Lang and Sania Matulic (senior expert from the French Directorate of Budget).</p> <p>The workshop held in March 2025 brought together various stakeholders from the NT, including the Budget Department and the Climate Finance and Green Economy Unit, and key line ministries (Environment, Agriculture, Energy, Roads). The French methodology was presented alongside international approaches like the OECD's. The workshop concluded with a draft of guidelines outlining key decisions on scope,</p>	<p>Started: Nov. 24</p> <p>Ended: Dec. 24</p>

	granularity, and governance. The methodology needs to be defined in upcoming steps.	
<i>Sub-Activity 3 - Elaboration of a methodology and a first Green Budget for Kenya in line with IMF/RSF request</i>	<p>The third activity was the continuous support to the NT in developing a methodology that will be used to create Kenya's first CBT prototype. The goal was to produce this prototype within the IMF's timeframe (March 2025), but the deadline has not been met.</p> <p>As requested by the Budget Department, which was interested in the French methodology, the short-term consultant participated to the final workshop organized by the National Treasury to finalize the Kenyan guidelines for climate budget tagging.</p> <p>The final draft guidelines are based on the OECD model as well as on French methodology, adapted to reflect Kenya's specific national priorities.</p> <p>The validation of the final draft of the Guidelines is still pending at the National Treasury; the discussions with the ministry of Environment, not represented at the workshop, being still ongoing.</p>	<p>Started: Dec. 24</p> <p>Ended: Mar. 25</p>
<i>Sub-Activity 4 (NEW) – Implementation of the CBT methodology: capacity building, data analysis and communication</i>	<p>The Budget Department has expressed its willingness to continue collaborating with Expertise France and AFD and get support for the implementation phase. Three potential follow-up activities are considered and would need to be further discussed once the ongoing budget cycle ends.</p> <p>First, the Budget Department has expressed a long-term need for capacity building related to the implementation of the methodology. This would involve staff from both line ministries and the National Treasury. It would</p>	Has not started yet.

require a series of training sessions, starting with a “training of trainers” to enable key personnel to transfer knowledge within their respective ministries. A workshop could also be organized with French consultants to present concrete implementation experiences, along with international experts such as Jacqueline Cottrell, who has supported several countries to implement green budgeting.

Second, communication needs have been expressed. The TA could assist the National Treasury on the layout of the document and on a factsheet supporting communication on this reform.

Finally, if the NT shows an interest, a data infrastructure using AI could also be developed to help Kenya implement climate budget tagging. IT could classify spending by climate impact, automate data processing, and support ministries in the implementation. A consultant with experience in Artificial Intelligence (AI) solutions could be mobilized to support this potential new activity.

Unfortunately, since the development of the guidelines and the second steering committee, no progress has been made to define concrete actions to support the Budget Directorate. The TA remains at the disposal of the budget directorate upon request.

New Activity 2.4 – Integrate Sustainability Criteria into Procurement and Public Investment

Following discussions with the National Treasury and the World Bank during AFD and Expertise France missions in February and March 2024, a new activity has been added to the TA work plan. This activity aims to support the National Treasury in integrating sustainability criteria into public investment management (PIM) and procurement processes.

Since March 2024, the World Bank has been assisting the Kenyan Government in implementing Disbursement-Linked Results (DLRs) under the GeSDEK budget support program, focusing on sustainable PIM and procurement. Expertise France and AFD will align their support with this ongoing effort, contributing to the achievement of these DLRs, in line with Objective 2 of the project’s logical framework: **“Better mobilize climate revenue while strengthening climate spending efficiency.”**

Further consultations are ongoing to define the scope of support, but two initial sub-activities have been identified:

- **Sub-Activity 1: Sustainable Public Procurement (SPP)**

Support the market consultation scheduled for summer–fall 2025 by recruiting a consultant to assess the readiness of Kenyan suppliers to implement sustainable procurement policies. The consultation will focus on pilot sectors where the policy will first apply. In January 2026, aligned with ToRs drafted with the Task Force in charge of the SPP a request for proposal has been published on Expertise France website. If a suitable consultant is found, the market research should last 2 months (expected deliverable in April 2026),

- **Sub-Activity 2: Sustainable PIM**

Assist in developing smart tools to evaluate the sustainability of public investment projects. However, in the absence of any feedback from PIPM on that sub-activity, this sub-activity has been cancelled.

- **Sub-Activity 3: Sustainable audit**

This sub-activity responds to a formal request from the Office of the Auditor-General (OAG), endorsed during the second Steering Committee, to receive technical support in conducting sustainability-focused audits of National Treasury activities, in line with international good practices. The activity contributes to the achievement of GeSDEK Disbursement-Linked Results (DLRs) related to sustainable public financial management and accountability. Given the recognized expertise of the French *Cour des comptes* in this area, it was agreed to structure the support as a peer-to-peer exchange, combining an in-person workshop in Nairobi with follow-up remote engagements. The launch of the activity has however been delayed due to challenges in identifying an appropriately qualified and available expert from the *Cour des comptes*. Preparatory discussions are ongoing to enable the kick-off of the activity as soon as feasible.

Annexe 1 – Progress on the indicators

INDICATORS - PROJECT	% achievement of target	Progress status
OVERALL OBJECTIVE: Contribute to the strengthening and greening of Public Finance		
Indicator 1: The score for the indicator "Economic Management" of the Country Policy and Institutional Assessment (CPIA) has improved	N/A	Planifié
SPECIFIC OBJECTIVE 1: Public Debt Management has been strengthened and modernized		
Indicator 2: At least 5 out of the 15 Debt Management Performance Assessment (DeMPA) Debt Performance Indicators (DPIs) have improved	N/A	Planifié
EXPECTED OUTPUT 1.1: The institutional and operational framework of the Public Debt Management Office (PDMO) has been aligned with the law and international best practices		
Indicator 3: At least 10 auditors and external supervisors (from the Office of the Auditor General, the Controller of Budget and/or the Parliamentary Budget Office) have attended a training session on debt management and passed a test on basic knowledge	40%	En cours
Indicator 4: A Code of Conduct for the PDMO has been drafted to the PDMO and senior staff	0%	En retard
Indicator 5: DPIs 10 on "Loan Guarantees, On-Lending, and Derivatives" have improved (%age of compliance)	N/A	Planifié
EXPECTED OUTPUT 1.2: Public Debt Transparency has increased		
Indicator 6: Kenya is compliant in at least 4 out of the 5 indicators of the Domestic Debt Securities Heat Map (published by the World Bank)	100%	Achévé
EXPECTED OUTPUT 1.3: Staff capacities and resources have improved to allow achieving PDMO's		
Indicator 7: The DPI on "Staff and HR issues" has improved (score or %age of compliance)	N/A	Planifié
SPECIFIC OBJECTIVE 2: Better mobilize climate-revenue while strengthening climate-		
Indicator 8: the amount climate finance raised by the Government of Kenya from international investors has more than tripled	N/A	Planifié
EXPECTED OUTPUT 2.1: The institutional framework of the Climate Finance and Green Economy Unit		
Indicator 9: At least 50% of the CF&GEU staff has been trained on Climate Finance	0%	En retard
EXPECTED OUTPUT 2.2: Kenya's capacity to mobilize debt related climate finance has been		
Indicator 10: Kenya has an updated and operational ESG-debt framework (Green Bond, SLB	0%	En cours
Indicator 11: Kenya has a tool to assess the opportunity to engage in debt for ESG swaps	100%	Achévé
EXPECTED OUTPUT 2.3: Operationalize a climate budget tagging framework		
Indicator 12: Key staff at NT have been trained on the principles and methodology of	100%	Achévé
Indicator 13: There is a prototype of climate budget tagging	0%	En retard
OTHER INDICATORS (outside the logframe): Coordination among Technical and Financial Partners		
Indicator 14: Number of meetings with TFPs held	N/A	Planifié
Indicator 15: Number of TFPs represented at the coordination meetings	N/A	Planifié