



# ***Strategy and Work Plan for Establishing a Platform for Private Sector Engagement with the Government on Climate Compatible Development***

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***August 2014***

***A report delivered under the “Kenya - Communicating Climate Compatible Development with the Private Sector” project***

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The Communicating Climate Compatible Development Project was delivered by the partners listed below with support from the Climate Development and Knowledge Network.

***Kenya Private Sector Alliance***

**KEPSA** represents over 100,000 direct and indirect members through Business Membership Organizations in the private sector. KEPSA's mandate is private sector development through advocacy and forging of international business relations to spur wealth creation in Kenya.

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The Climate and Development Knowledge Network ("CDKN") is a project funded by the UK Department for International Development (DFID) and the Netherlands Directorate-General for International Cooperation (DGIS) and is led and administered by PricewaterhouseCoopers LLP. Management of the delivery of CDKN is undertaken by PricewaterhouseCoopers LLP and an alliance of organisations including Fundacion Futuro Latinoamericano, INTRAC, LEAD International, the Overseas Development and SouthSouthNorth.

## Foreword

This report contributes to the overall aim of the Communicating Compatible Development with the Private Sector project by providing information that can: 1) increase private sector understanding of Kenya's National Climate Change Action Plan (NCCAP) and climate compatible development, and its associated business opportunities and risks, and 2) enhance the ability of the private sector to encourage and support the Government of Kenya in implementing the NCCAP. The strategy set out in this report contributes to the project goal of increased understanding among private sector actors of the relevance of climate compatible development and the action plan to the achievement of their business goals and interests.

The International Institute for Sustainable Development (IISD) and ClimateCare worked with the Kenya Private Sector Alliance (KEPSA) to deliver the Communicating Climate Compatible Development with the Private Sector Project. The project was funded by the Climate and Development Knowledge Network (CDKN).

## Executive Summary

The tenth objective of the revised National Business Agenda II (2013-2018) (NBA II) of the Kenya Private Sector Alliance (KEPSA) is to reduce the impact of climate change (KEPSA, 2013: 27). The NBA II identifies climate change as a challenge and major issue for business. Recent experience with extreme weather events highlights Kenya's economic exposure to changes in weather and climate phenomena. Kenya's *National Climate Change Action Plan 2013-2017* (NCCAP) reports that some estimates place the cost to Kenya related to droughts and flooding at about 2.4 per cent of GDP per year (Government of Kenya, 2013: 8). KEPSA recognizes that climate change is a threat to economic growth, domestic and foreign investment, and private sector productivity and competitiveness.

KEPSA identified action on climate change as a priority in the NBA II work plan, recognizing that Kenyan businesses must address climate change risks in their planning and financing strategies. Moving forward on climate change will require a programme that supports Objective 10 – reduce the impact of climate change, and draws on the strengths of KEPSA as defined under the three strategic pillars identified in KEPSA's new *Business Strategy 2014-2018* (KEPSA, 2014). The strategic pillars and their links to climate change are set out below:

- **Pillar 1: Convening Power** – Position KEPSA as the leader on public-private policy dialogues on climate change. Coordinate private sector response and policy input on climate change issues.
- **Pillar 2: Thought Leadership** – Invest in and improve the analytical and policy advisory capacity to allow KEPSA to i) develop policy positions and informed input to climate change dialogues, and 2) be a leader on climate risk assessment and climate proofing business.
- **Pillar 3: Business Information and Networking** – Provide members with key information services and publications on climate change; raise the membership's awareness of climate change and the business case for action; provide networking events; and collect information from members to feed into policy positions.

Reducing the impact of climate change for Kenyan businesses and positioning KEPSA as a leader on climate change requires a focused programme that builds on strengths and opportunities, and accounts for weaknesses and threats (summarized in Table i). This SWOT analysis was informed by a situation analysis of KEPSA and input from various stakeholders that interact with KEPSA in its climate change response, including the Government of Kenya, Climate Business information Network, Kenya Association of Manufacturers, and Kenya Climate Information Centre. The perspectives and input of KEPSA members also informed the analysis.

KEPSA is well placed to establish a robust and sustainable climate change programme that focuses on building capacity to effectively engage with the government and reach out to its membership, while achieving Objective 10 of the NBA II to reduce the impact of climate change. This engagement will require informed positions that are developed through increased dialogue with the membership, as well as a subject expertise consistent with Pillar 2 of the new Business Strategy to build analytical and policy advisory capacity. Building capacity in climate risk assessment and resilience building for the private sector will address a gap in the climate change services offered for

**Table i: SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ Climate Change has recently been recognised as a priority for KEPSA. A strategic objective of the NBA II is to “reduce the impact of climate change. ”</li> <li>▪ Membership understands that climate change impacts on their business.</li> <li>▪ The large membership means that KEPSA has the potential to have broad reach to raise awareness of climate change.</li> <li>▪ KEPSA has established communication channels and processes that could be used for climate change messaging.</li> <li>▪ KESPA is well placed to share learning and experiences across sectors. Sector boards provide an avenue to identify private sector climate change actions.</li> <li>▪ Some sectors are very active on climate change and have experiences and learning that could inform the broader KEPSA membership.</li> <li>▪ Initial communication products on climate change have been developed under the Communicating CCD project.</li> <li>▪ Strategic thinking on climate change has been undertaken and experience gained through the CBIN.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of systematic processes to convey climate change messages to members. For example, there is no mechanism for KEPSA members of government task forces related to climate change to report back to the membership.</li> <li>▪ KEPSA is not well placed to effectively identify and address specific sectoral issues related to climate change (e.g., agriculture, energy efficiency).</li> <li>▪ Lack of member awareness of climate change risks and opportunities, and the business case for action.</li> <li>▪ Lack of internal resource allocation (human and financial) to support climate change action in KEPSA and with membership.</li> <li>▪ Limited in-house capacity and competency on climate change; for example, limited ability to undertake research to inform policy and dialogue positions.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Recognized as a critical private sector stakeholder by government; viewed as representing one over-arching voice for the private sector.</li> <li>▪ Strong experience with platforms for engagement with government, and established avenues to bring climate change into the discussion.</li> <li>▪ Established stakeholder with the government on climate change issues, including serving as a member of the task forces overseeing the development of the NCCAP and climate change bill and policy.</li> <li>▪ Able to work closely with other BMOs and individual firms as demonstrated through the CBIN.</li> <li>▪ Member action on climate change is focused on the mitigation and energy side of climate change; leaving room for leadership on vulnerability assessments, climate proofing and building climate resilience.</li> <li>▪ KEPSA is well place to work collaboratively with member organisations active on climate change, such as KAM and the KCIC.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of effective partnerships with member organizations active on climate change. Relationships tend to be competitive rather than cooperative.</li> <li>▪ Limited ability to leverage development partner resources for climate change (e.g., the CBIN experience).</li> <li>▪ KEPSA may not be perceived as an expert in specific policy areas related to climate change.</li> </ul>

the private sector, as well as assist KEPSA in achieving its goal of reducing the impact of climate change.

The proposed climate change programme with a detailed one-year work supports the strategic pillars of the new business strategy and action plan, and furthers Objective 10 (reduce the impact of climate change) of the NBA II. The expected result and outcomes of the KEPSA climate change programme (2014-2018) are set out below.

**Expected Result:**

**KEPSA is a leader on climate change, leading private sector engagement with the government and encouraging private sector action on climate change.**

**Outcomes:**

1. KEPSA is an established and respected voice on climate change representing private sector interests to the government.
2. KEPSA is a reliable source of climate change information for the private sector leading to increased awareness of business opportunities in reducing the risks of climate change.
3. KEPSA membership is aware of climate risks and avenues for climate proofing their businesses, helping to reduce the impact of climate change on business.

The proposed one-year work plan (2014-2015), set out in Table ii, sets out short-term outputs that will move KEPSA toward the longer-term goals. The expected year one outputs are:

1. Appropriate and effective platforms are established for private sector engagement with the government on climate change issues.
2. Appropriate and effective processes are established for two-way communication flow with KEPSA membership.
3. Competency on climate risk and climate resilience is established in KEPSA; and members have increased awareness of business opportunities in reducing climate risk.

**Table ii: Year One Work Plan – Activities and Deliverables**

Year One Activities
<p><b>Output 1: Appropriate and effective platforms established for private sector engagement with government on climate change issues.</b></p> <ul style="list-style-type: none"> <li>▪ Continued KEPSA engagement on the Task Force on Development of a National Climate Change Policy and Bill.</li> <li>▪ High-level KEPSA engagement on the National Climate Change Council (if established through the passing of the Climate Change Bill) or other over-arching climate change coordination group. A high-level, well-respected leader to be appointed to represent KEPSA and the private sector interests on climate change.</li> <li>▪ Development of policy positions and private sector input on critical issues to emerge from the Climate Change Bill, such as the establishment of the Climate Fund, greenhouse gas emissions reporting, and assessing climate change impacts in environmental impact assessments.</li> <li>▪ Development of positions and input on critical issues in the UNFCCC negotiations to inform the government’s</li> </ul>

## Year One Activities

preparations in the lead up to international meetings.

- KEPSA-hosted conference on Climate Change and the Private Sector for 200 people that will aim to:
  - Launch KEPSA’s programme on climate change;
  - Inform KEPSA input to the National Climate Change Council or other over-arching body; and
  - Gather input to inform KEPSA engagement with the government to develop negotiating positions in the lead up to international climate change meetings.

### **Output 2: Appropriate and effective processes established for two-way communication flow with KEPSA membership.**

- Establish a climate information repository and advisory service unit for the private sector to support awareness raising programmes for businesses, and to enable response to member requests for information on climate change.
- Develop a webpage on climate change for the KEPSA website.
- Finalize and disseminate to membership (through the website and a KEPSA climate change email list) the products developed under the Communicating Climate Change to the Private Sector project: briefing notes, and reports on policy and regulatory barriers, and climate finance opportunities.
- Disseminate an executive summary with key messages of the three policy papers (output 1) to membership through email and make full report publically available through the website.
- Attend meetings of relevant KEPSA sector boards to brief on the climate change programme, gain input on climate change priorities, and learn of on-going actions to inform engagement platforms with government [output 1] and future programming in KEPSA.
- Attend meetings of members to brief on the climate change programme, gain input on climate change priorities, and learn of on-going actions to inform engagement platforms with government [output 1] and future programming in KEPSA.
- Establish a database of member actions on climate change.
- Engage with KEPSA members active on climate change, such as KAM, to develop complementary activities and shared positions to present to government (output 1) and members.

### **Output 3: Competency on climate risk and climate resilience established in KEPSA.**

- Distribute package of information on climate risk assessment developed through the Communicating CCD project to KEPSA’s membership, including the:
  - Case studies on Kenafic, Kenya Tea Development Agency, and East Africa Breweries (including obtaining permission to distribute from the latter two case studies).
  - Briefing note on climate proofing your business.
  - *Tools and Frameworks to Assess Climate Risks*.
- Produce a compendium of climate vulnerability analysis of various economic sectors.
- Undertake a climate risk and vulnerability assessment (including economic assessment to build the business case) in one sector, which is determined by the level of interest of sector boards and experience of members.
- Develop and provide a “how to tool” for climate risk assessments in the specific sector.
- Engage with KEPSA members to promote tools and identify potential case studies.
- Document and share information on the response strategies of select members through the development of case studies.
- Disseminate assessment, tools and case studies to membership (link to webpage and email lists in output 2)
- Respond to member requests for information on climate change.

Moving forward on the climate change work plan would likely require the raising of funds through interested businesses or bilateral development partners. KEPSA would need to provide services and products to attract funding from members, which could be developed after year one, particularly in the areas of assessing climate risk and climate proofing business investments. Attracting funding from bilateral donors would require the development of proposals and actively reaching out to potential funders. KEPSA would need to provide internal allocations of resources because most donors expect co-funding as a requirement of support.

KEPSA's next steps to move forward on this work plan include:

1. Review and validate the climate change strategy and the work plan with the KEPSA Board.
2. Demonstrate high-level commitment to a climate change programme through the allocation of internal resources, including the time of an officer to take next steps in proposal development and resource mobilisation.
3. Disseminate existing climate change communication products to KEPSA members, government and other parties as a demonstration of KEPSA's expertise on climate change.
4. Develop a proposal for funding to present to potential bilateral donors, and meet with donors to present KEPSA's climate change programme and one-year work plan.
5. Appoint a board member or respected KEPSA member to promote climate change and lead resource mobilisation, and provide with adequate resources and support to approach potential funders.



## **Table of Contents**

<b>1.0</b>	<b>Introduction .....</b>	<b>1</b>
<b>2.0</b>	<b>Approach.....</b>	<b>2</b>
<b>3.0</b>	<b>Situation Analysis.....</b>	<b>1</b>
<b>3.1</b>	<b>Kenya Private Sector Alliance (KEPSA).....</b>	<b>3</b>
<b>3.2</b>	<b>Climate Business Information Network.....</b>	<b>8</b>
<b>3.3</b>	<b>Kenya Association of Manufacturers.....</b>	<b>9</b>
<b>3.4</b>	<b>Climate Innovation Centre .....</b>	<b>11</b>
<b>3.5</b>	<b>Government of Kenya .....</b>	<b>12</b>
<b>3.6</b>	<b>Perspectives from KEPSA Members.....</b>	<b>13</b>
<b>4.0</b>	<b>Strategic Focus for Climate Change Action in KEPSA .....</b>	<b>14</b>
<b>5.0</b>	<b>KEPSA Climate Change Programme and Platform for Engagement.....</b>	<b>17</b>
<b>5.1</b>	<b>Objectives.....</b>	<b>17</b>
<b>5.2</b>	<b>Year One Work Plan (2014-2015) .....</b>	<b>19</b>
<b>6.0</b>	<b>Resource Mobilisation.....</b>	<b>22</b>
<b>7.0</b>	<b>Next Steps.....</b>	<b>23</b>
	<b>References .....</b>	<b>24</b>
	<b>Annex 1: Stakeholders Consulted.....</b>	<b>25</b>

## **Abbreviations**

BMO	Business Membership Organisation
CBIN	Climate Business Information Network
CCD	climate compatible development
DFID	Department for International Development
GDP	gross domestic product
IPCC	Intergovernmental Panel on Climate Change
KAM	Kenya Association of Manufacturers
KCIC	Kenya Climate Innovation Centre
KEPSA	Kenya Private Sector Association
NBA II	National Business Agenda II: 2013-2018
NCCAP	National Climate Change Action Plan
NCCRS	National Climate Change Response Strategy
SB	Sector Board
UNFCCC	United Nations Framework Convention on Climate Change

## 1.0 Introduction

The Kenya Private Sector Alliance (KEPSA) is the national apex body of private sector stakeholders. KEPSA’s membership comprises more than 60 Business Membership Organizations (BMOs) and in excess of 180 corporate organizations. The primary role of KEPSA is high-level advocacy through strategic interventions that promote economic growth and development. KEPSA provides a unified voice for the private sector to engage and influence policy formulation and implementation through the public-private partnership model.

KEPSA has identified climate change as a threat to economic growth, domestic and foreign investment, and private sector productivity and competitiveness. The Kenyan private sector is vulnerable to climate risks because of impacts on: water availability (Kenya is one of the most water scarce countries in Africa<sup>1</sup>); hydroelectricity power that currently makes up over half the installed capacity of electric power; wildlife and coastal regions that attract visitors to Kenya; and export-oriented crops (such as coffee, tea and horticulture) whose sales make up a significant proportion of Kenya’s foreign exchange earnings. Kenya’s highly diverse private sector will be strongly influenced by the changing climate in Kenya; as well as elsewhere in the world because of the impacts on international trade flows and prices of internationally traded goods. Recent experience with extreme weather events highlights Kenya’s economic exposure to changes in weather and climate phenomena. Kenya’s *National Climate Change Action Plan 2013-2017* (NCCAP) reports that some estimates place the cost to Kenya related to droughts and flooding at about 2.4 per cent of GDP per year (Government of Kenya, 2013: 8). The incidence and intensity of extreme weather events, and the impacts on the economy is expected to increase in the future (see Box 1).

### Box 1: Highlights from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)

- The warming of the climate system is unequivocal and observed changes (warming of the atmosphere and ocean, sea level rise and melting ice) are unprecedented over decades to millennia.
- It is extremely likely that human activities are the main cause of the warming since the 1950s.
- Climate changes are occurring in all geographical regions, resulting in:
  - Warming atmosphere,
  - Warming and acidifying oceans,
  - Diminishing ice and snow, and
  - Changing weather patterns, causing more hot and fewer cold days, longer and more frequent heat waves, and dry areas to become drier and wet areas wetter.

Source: IPCC (2013).

The private sector has particular competencies that can make a unique contribution to climate compatible development and the implementation of the NCCAP. These competencies include innovative technology, design of resilient infrastructure, development and implementation of improved information systems, and the taking of business decisions that are informed by the risks and opportunities associated with climate change. Given these attributes, the NCCAP, and more broadly the international community, has identified the need for private sector engagement to address climate change. The African Development Bank Group (2013) stated that “private sector engagement in

climate action is critically important to stimulate markets, increase investment potential, develop climate-friendly business models, and ensure a sustainable shift for effective climate solutions.”

Implementing the NCCAP critically depends on the support and action of the private sector. This will require effective engagement between the private sector and government to eliminate barriers to action, encourage engagement, and incentivise private sector investment in adaptation and mitigation. In addition, the private sector requires clear communication of key climate change messages to inform planning and actions.

KEPSA is well placed to facilitate private sector action by establishing a platform for engagement with the Government of Kenya on climate compatible development issues. This report sets out a strategic direction for KEPSA over the period 2014-2017 and a one-year Work Plan for establishing this platform and engaging more effectively with its membership on climate change. This report covers the following aspects:

- Situation analysis, including information on the:
  - Actions of KEPSA related to climate change and existing platforms of KEPSA engagement with the government;
  - Actions of other business organizations to address climate change;
  - Actions of the government that relate to the private sector in regard to climate change;
  - Main findings from interviews with KEPSA members; and
  - Implications of this analysis in defining a platform for engagement on climate change with the government.
- Strategic focus for a climate change programme in KEPSA for 2014 to 2017, including a platform for private sector engagement with the government on climate compatible development.
- Elaboration on a programme for KEPSA to lead private sector engagement on climate change with the government, and to engage with its membership; including a one-year work plan and budget.
- Considerations for moving forward, including resource mobilisation.

## **2.0 Approach**

The development of this strategy and work plan for a platform for strengthening private sector engagement with the government on climate compatible development included the following activities:

- Research on private sector action on climate change in Kenya.
- Engagement with KEPSA and the Climate Business Information Network (CBIN) to understand existing work on climate change and how to build on the network (which is elaborated in section 3.2).

- Interviews with private sector leaders and stakeholders to understand the existing level of understanding of the climate change issues and awareness of the opportunities and threats posed to the private sector by climate change and the NCCAP (see Annex 1 for a list of organisations interviewed and Section 3.6 for the main points to emerge from the interviews).
- Research into climate change funding opportunities for the Kenyan private sector to identify potential sources of funding for the work plan.
- Development of a strategy for KEPSA to establish a private sector platform of engagement with the government on climate compatible issues, and engage with its membership on climate change.

KEPSA staff and members, and CBIN members, contributed to the development of this strategy and work plan through interviews and briefings where key findings were presented and feedback obtained.

The work has been informed by the other reports developed under the Communicating Climate Compatible Development project, including:

- *Policy and Regulatory Barriers Identified in Kenya’s National Climate Change Action Plan: Potential Impacts on the Private Sector.*
- *Climate Financing Options for Kenya’s Private Sector.*
- *Tools and Frameworks to Assess Climate Change Impact.*
- Three case studies (East Africa Breweries, Kenya Tea Development Agency, and Kenafric and Kenya Association of Manufacturers).
- Climate Change and Your Business Briefing Note Series (nine briefing notes on climate change and the private sector, climate proofing your business, finance, NCCAP, agriculture, manufacturing, tourism, trade and transport).

### 3.0 **Situation Analysis**

Various stakeholders are involved in Kenya’s climate change response. Their actions and relationships have implications for KEPSA’s strategy and platform for engagement in regard to KEPSA’s dialogue and interaction with both the government and KEPSA members. The actions of KEPSA, the main stakeholders, the inputs of KEPSA members, and the implications for KEPSA’s climate change role are discussed below.

#### 3.1 **Kenya Private Sector Alliance (KEPSA)**

The Kenya Private Sector Alliance (KEPSA) is the apex body of the private sector in Kenya with a mandate to act as “the voice of private sector in Kenya” (KEPSA, 2014:1). The *Business Strategy 2014-2018: Popular Version* (2014) sets out KEPSA’s objectives:

- Formulation and implementation of pro-growth policies that promote Kenya’s competitiveness, encourage domestic and foreign investment, promote regional,

continental and international business opportunities.

- Better coordination of private sector engagement in pursuit of an enabling business environment (KEPSA, 2014: 1).

KEPSA's Business Strategy identifies three strategic pillars, under which action will help to transform Kenya's business environment landscape:

- **Pillar 1: Convening Power** – Maintain and strengthen KEPSA's role as the premier convener with regard to public-private policy dialogues.
- **Pillar 2: Thought Leadership** – Invest in and improve the analytical and policy advisory capacity to allow KEPSA to propose practical solutions beyond tabling the issues.
- **Pillar 3: Business Information and Networking** – Provide members with key information services such as business intelligence, economic and market surveys, and publications as well as provide networking events (KEPSA, 2014: 10).

In addition to its strategic plan, KEPSA's activities are also guided by the revised *National Business Agenda II 2013-2018* (KEPSA 2013), which aims to enhance Kenya's competitiveness as the country takes the first steps towards achieving Vision 2030. The NBA II moves away from a sectoral approach to take on cross-cutting issues in five thematic areas that are the key concerns of Kenyan businesses. The Security thematic area includes Objective 10: "reduce the impact of climate change." KEPSA views climate change as a security issue "because of the potential to cause land conflict among sectors such as agriculture" (KEPSA, 2014: 27). KEPSA's goals and actions in regard to Objective 10 are set out in Table 1 below.

The NBA II acknowledges that climate change presents a major issue for businesses because of economic losses and impacts on critical sectors. The NBA II states that:

*Kenyan businesses must develop a response strategy in their planning and financing strategies to incorporate risks associated with climate change and address impacts of climate change in all sectors of the economy. Already a few businesses are implementing various response strategies but these efforts need to be documented and greater awareness among the business community is paramount. In addition, there needs to be a repository of all relevant business information regarding opportunities and risks in mitigating climate change. Further, the private sector needs to step up their engagement in policy and law making and other discussions that promote mitigation, increase knowledge and innovation in mitigating the risk of climate change to business and economy (KEPSA, 2013: 27).*

KEPSA carries out much of its work through sector boards (SBs), such as the Environment and Agriculture SBs noted in Table 1. These platforms enable private sector members to brainstorm on the issues identified for advocacy and strategise on the approach. Many of these sectors will be impacted by climate change, such as energy, transport, tourism, lands, housing and urban development, agriculture, and environment and natural resources.

**Table 1: Objective 10 – Reduce the Impact of Climate Change: KEPSA Goals and Actions**

Interim Goal (what)	Steps Recommended (how)	Implementer (who)	Timeframe (when)	Target (result)
<b>Increased awareness of business opportunities in mitigating risks of climate change</b>	Produce a compendium of climate vulnerability analysis of various economic sectors	KEPSA Environment, Water and Mineral Resources Sector Board (SB)	2015	75% of all economic sectors vulnerability studies conducted
	Document and share information on various response strategies with business and government stakeholders to inspire actions	KEPSA and its members implementing mitigation measures	2015-2018	90% of KEPSA members increase understanding on climate impact and mitigation measures
	Establish a climate information repository and advisory service unit for private sector at KEPSA to support awareness raising programs for businesses in Kenya	KEPSA Environment, Water and Mineral Resources SB	2015	Unit established within KEPSA that manages climate information generation, advocacy and awareness by business community
<b>Reduce agricultural land conflict by providing extensions services</b>	Develop climate change related agricultural financial products such as weather insurance	Ministry of Agriculture, KEPSA Agriculture SB	2016	One rolled out product
	Ensure farmers carry out soil and leaf testing	Ministry of Agriculture, KEPSA Agriculture SB	2014-2018	70% of farmers test every two years
<b>Promote better environmental regulation</b>	Implement the National Climate Change Action Plan, including setting up a Kenya Climate Fund with technical support from the private sector	KEPSA Environment SB, Ministry of Environment	2017	Fund set up
	Review the Environmental Management and Coordination Act	KEPSA Environment SB, National Assembly	2015	Recommendations provided through stakeholder participation
<b>Protect Kenya's forests</b>	Progressively enhance forest/tree cover to more than 10% of land in every county through the integration of agroforestry into mainstream extension programmes	KEPSA Environment, Water and Mineral Resources Sector Board	2018	Forest cover reaches 10%

Source: KEPSA (2013), *The National Business Agenda II 2013-2018*, pages 27-28.

Engagement with the government in various fora is at the core of KEPSA's strategy. KEPSA has established many public-private sector dialogue platforms with the executive, legislature and judiciary, which are summarized in Table 2. In addition, KEPSA also engages with the public sector through a variety of sector wide reform programmes.

**Table 2: KEPSA’s Platforms for Engagement with the Government of Kenya**

Forum/Platform	Agenda/Purpose	Remarks/Comments
<b>Executive</b>		
Presidential Round Table	Through this platform, the private sector engages with the Head of State on issues of national importance affecting the country as well as those requiring direct intervention of the Head of State.	This is a very high level meeting and is infrequent. Climate change potentially could be addressed through this platform.
Ministerial Stakeholder Forums	This platform addresses priority sectoral policy, administrative or operational issues at the ministry level.	Previous meetings have focused on specific sectoral issues within specific ministries, such as devolution and planning. Cross-cutting issues like climate change potentially could be addressed through this platform.
Cabinet Secretaries Forum	This platform brings together Cabinet Secretaries to discuss issues related to the private sector.	There is no evidence of a meeting being held. Cross-cutting issues like climate change potentially could be addressed through this platform.
Council of Governors Forum	This platform focuses on the challenges and opportunities for private sector investment and engagement in the counties, and improving the business and investment climate.	The platform has met once to review the first year of devolved governments, and mechanisms for better interaction and cooperation between the private sector and the Council of Governors.
Attorney General’s Forum	This is a partnership with the state law office to petition and inform the Attorney General about legal issues of interest to the private sector.	Previous discussions have been on new laws and regulations. The draft Climate Change Bill potentially could be discussed in this forum.
<b>Legislature</b>		
Speaker’s Roundtable	The platform provides for private sector participation in the development of legislation, through engagement with various parliamentary committees.	KEPSA facilitates dialogue at critical stages in the decision making process, in order to influence changes in the formulation of Bills and Acts of Parliament. The draft Climate Change Bill potentially could be discussed in this forum.
<b>Judiciary</b>		
Judiciary Forum	The platform provides a forum for improving commercial justice processes.	The engagement is with various parliamentary committees.

KEPSA has been active on climate change, with the environment sector board leading much of the work on climate change. Milestones in climate change engagement include:

- Member of the Task Force that developed amendments to the Climate Change Bill, 2014 and a draft climate change policy for presentation to Parliament (2014).
- Participation in the Kenya Climate Change Working Group workshops on the climate change bill and policy. The working group is a national climate change network composed of 270 agencies working on climate change and drawn from local, national and international civil



society organizations, research institutes and universities, private sector, media and other stakeholders (2013-2014).

- Communicating Climate Compatible Development to the Private Sector project, which held briefings for members and journalists, and developed the *Climate Change and Your Business Briefing Notes Series*, to raise awareness with KEPSA membership (2012-2014).
- Secretariat to and development of the Climate Business Information Network (2012-2013).
- Member of the Task Force that guided the development of the NCCAP and representation on the working groups that informed the development of the low-carbon development strategy in the sectors of energy, transport, waste, agriculture, forestry and manufacturing (2012-2013).

### ***Implications for KEPSA’s Climate Change Strategy***

- The NBA II includes climate change as an important cross-cutting issue to be addressed and an objective under the security thematic area is to reduce the impact of climate change.
- KEPSA is an established stakeholder with the government on policy issues, including climate change. KEPSA could build on its convening strength identified in Pillar 1 of the NBA II to include climate change as a discussion item on the agenda of established forums for engagement, such as the Presidential Stakeholder Cabinet Secretaries Forums.
- A key role for KEPSA could include leading private sector engagement with the government on climate change, albeit working closely with other active member BMOs and firms. KEPSA’s high-level engagement with the government on climate change is likely best achieved through engagement on the National Climate Change Council that is proposed in the Climate Change Bill.
- Engagement on this Council will require support, including:
  - Research and analysis to develop informed policy positions and input, consistent with the need to invest in and improve the analytical and policy advisory capacity to allow KEPSA to propose practical solutions beyond tabling the issues identified in NBA II Pillar 2.
  - Dialogue with membership to identify and effectively represent critical issues, consistent with NBA II Pillar 3 to provide members with key information services. KEPSA needs to encourage two-way dialogue that includes taking messages and information back to its membership, and feeding their views into the Council and high-level forums.
- In addition to research on policy positions, an enhanced understanding is required of the needs of KEPSA membership in regard to climate change, and of the impacts of climate change on the private sector.
- KEPSA’s information sharing role with its members could include:
  - Taking messages from engagement with the government to the KEPSA membership, and bringing messages from KEPSA members to the government. The sector boards could provide an opportunity for focused input.

- Sharing information, including disseminating information on climate change and the private sector, and sharing experiences of KEPSA members through case studies. The documentation developed through the Communicating Climate Compatible Development project can provide initial communication material to distribute with members.
- Investment in a strong analytical and policy advisory team and effective communication processes will improve KEPSA's leadership and convening power, thereby strengthening its apex role as the voice of Kenya's private sector in dealing with difficult business environment policy and regulatory issues.
- Launching a programme of work on climate change and addressing the issue in a coordinated manner within KEPSA requires the allocation of both financial and human resources (which were inadequate in the CBIN as detailed in section 3.2). KEPSA has committed, through the NBA II, to develop internal capacity. Allocation of its own internal resources helps to endure that work is driven by KEPSA priorities, not the needs of donors or influential members.

### 3.2 Climate Business Information Network

The Climate Business Information Network was formed in 2012 with the support of the Business Advocacy Fund, with KEPSA acting as secretariat to the network.<sup>1</sup> The CBIN had a one-year budget for activities focused on building the foundation of the network, engaging with the government and mobilising resources to allow the network to continue beyond the first year. The CBIN aimed to be “the face of the private sector, acting as representative on Climate Change issues, driving the agenda for advocacy, to be a more resourceful partner of the Government, contributing to formulation of better policies and regulations related to Climate Change” (Climate Business Information Network, 2013).

KEPSA brought together about 20 organisations as members of the CBIN, with initial discussions focused on:

- Setting strategic directions;
- Identifying a steering committee;
- Developing a resource mobilisation strategy, including a membership structure to support a sustainable network;
- Identifying priority sectors for action (agriculture, energy, manufacturing, trade and commerce, transport and tourism); and
- Developing a work plan focused on: climate change advocacy around policy and regulatory issues, information sharing on climate change business opportunities and risks, funding and

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<sup>1</sup> The Business Advocacy Fund is supported by the Royal Danish Embassy and United Kingdom's Department for International Development (DFID). The fund aims to promote and support dialogue between the private sector and the government with the intention that the private sector will be able to influence public policy and thus improve the enabling

investment for climate change-related projects, implementation of the NCCAP, and providing input to government positions for the negotiations under the United Nations Framework Convention on Climate Change (UNFCCC).

The CBIN was intended to serve as the long-term platform for private sector engagement with the government on climate change. However, the KEPSA-hosted network was unable to mobilize the required resources and the CBIN ceased functioning after one year of operation. Various reasons were put forward to explain the difficulty in sustaining the network, including that the funding through the Business Advocacy Fund supported external consultants and did not create internal capacity or an internal secretariat within KEPSA, lack of high-level support in KEPSA, lack of financial and staff resource allocations within KEPSA, and too short a funding timeframe to adequately launch and build up support for the network.

### ***Implications for KEPSA's Climate Change Strategy***

- The CBIN was not successful in attracting long-term support and no longer exists in KEPSA, but the experience provides insights and lessons for KEPSA's strategy on climate change. For example, priority sectors for attention were identified, and gaps and needs identified.
- The learning from the CBIN highlights the importance of building capacity to identify and develop informed policy positions, and the need for communication mechanisms to take messages and information to its membership.
- Moving forward in a meaningful way on climate change will require high-level support and leadership within KEPSA.

## **3.3 Kenya Association of Manufacturers**

The Kenya Association of Manufacturers (KAM), a BMO that is a member of KEPSA, is involved in several climate change initiatives. KAM's core mandate is policy advocacy for its approximately 800 manufacturing value-add industries spread across Kenya, and it represents the views and concerns of its members to the relevant government authorities. KAM promotes co-operation, dialogue and understanding by promoting trade and investment, upholding standards, and enacting and administering sound policies that facilitate a competitive environment and reduce the cost of doing business.

Improving energy access and energy efficiency is a key priority of KAM because of the high costs of electricity,<sup>2</sup> with this priority determining KAM's climate change focus. KAM has attracted development partner support for climate change programming, including:

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<sup>2</sup> KAM's (2014: 1) *Manufacturing Priority Agenda 2014* notes that "A comparison of energy costs between Kenya and key competitor countries like China, India and South Africa, shows that Kenya is quite uncompetitive on cost and quality of power as the cost depends on the amount of thermal energy in the system which is susceptible to changes in international oil prices. The problem mostly arises because Kenyan electric power is mainly hydro-based, thus exposing the country to power shortages in times of drought and is distributed by a monopoly, the Kenya Power Co. Ltd."

- The *Energy Audit Programme*, operated by KAM's Centre for Energy Efficiency and Conservation, aims to reduce energy consumption in industries and raise awareness of the benefits of renewable energy. The Centre runs an energy audit programme that is open to all companies doing business in Kenya, helping companies to assess energy consumption and identify energy saving opportunities. The energy audit services receive support from the Kenyan Ministry of Energy Petroleum and the Danish International Development Agency.
- The *Regional Technical Assistance Programme*, facilitated by KAM, provides technical assistance to project sponsors and partner banks for financing renewable energy and energy efficiency. Long term and concessional financing is made available by the Agence Francaise de Développement to commercial banks to encourage investment in renewable energy and energy efficiency.
- The *Strengthening Business Society Engagement in Climate Change Mitigation* programme, established in 2014 and funded by DFID, aims to strengthen KAM's engagement in low-carbon development and advocacy by improving the policy and regulatory framework in the energy efficiency and renewable energy space, and fostering private sector investment in climate change adaptation and mitigation.
- The *Global Compact Network Kenya Secretariat* was established in KAM in 2009 with the support of the Danish government and the Confederation of Danish Industries. The office led the Kenyan business community in developing the 2012 *Code of Ethics for Business in Kenya*. Forty-four leading companies from various sectors of the economy have signed up to the code. The global compact network also is supported by KEPSA and the Federation of Kenya Employers, with KAM being at the forefront of the network's promotion because of housing the secretariat.
- KAM has hosted a series of *workshops on climate change*, including three awareness raising workshops on climate change in October 2013 with support from the German government, and six stakeholder workshops on the climate change bill and policy in 2014 with support from the Embassy of Sweden and DFID.

In addition, KAM has played a significant role in the development of the NCCAP and the climate change bill and policy. A KAM employee is the Vice-Chairperson of the Taskforce on the Development of a National Climate Change Policy and Law, which was appointed by the Cabinet Secretary for Environment Water and Natural Resources in February 2014 (Authority of the Republic of Kenya, 2014: 510). In addition, KAM was a member of the CBIN Interim Steering Committee.

### ***Implications for KEPSA's Climate Change Strategy***

- KAM has undertaken research and programming on energy, including some issues that were raised as priorities in the CBIN, such as electricity pricing and feed-in tariffs. This points to the need for KEPSA to identify priority issues for its climate change programme, and to work collaboratively with member BMOs to bring their policy work to the forefront of the private sector and climate change policy dialogues.
- It is strategically important and efficient for KEPSA and KAM to collaborate on the setting up

of any platform for engagement with the government. Both organizations can bring particular assets and perspectives to the platform. For example, KAM has greater experience with climate change programs and has built internal capacity; while KEPSA has a wider membership that includes all sectors of the private sector including manufacturing through KAM, and has strong experience in engaging with the government through variety of platforms.

- A significant number of activities related to climate change have been undertaken through the two major private sector organisations, KEPSA and KAM. It would however appear that KAM has been more strategic, proactive, purposeful and effective in its interventions to create climate change awareness among its membership and to participate in climate change policy advocacy.<sup>3</sup> KAM has been able to attract development partner funding for several climate change-related projects and programmes.
- KAM and KEPSA have operated independently on climate change issues and risk duplicating programmes and targeting the same private sector audience. KEPSA's strategy should account for the strengths and weaknesses of the two organizations, and the platform for engagement with the government should be collaborative and inclusive to bring all the private sector players on board. A strategy that brings the two organisations together would be most optimal and beneficial to the private sector in Kenya. For example, the CBIN included KAM as an interim steering committee member.

### 3.4 Climate Innovation Centre

The Kenya Climate Innovation Centre (KCIC) is a member of KEPSA and was a member of the CBIN. The CIC aims to accelerate the development, deployment and transfer of locally relevant climate and clean energy technologies. In fulfilling this mandate, the KCIC has a role to make information accessible to Kenyan companies, including the development of a library of mitigation and adaptation publications. In addition, the KCIC is undertaking a review of policy and regulatory barriers that hinder effective action to address climate change.

#### ***Implications for KEPSA's Climate Change Strategy***

- KEPSA could engage with the KCIC to work in a supportive manner on areas of overlap and prevent duplication of effort. Potential areas of collaboration include:
  - KEPSA could promote KCIC's library on mitigation and adaptation and draw on the resources of the KCIC, rather than duplicating this effort by creating a resource centre. Consultation is required with the KCIC to determine the status of their electronic library.

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<sup>3</sup> In late 2013, KAM hosted well attended climate change workshops in Nairobi, Eldoret and Mombasa; while KEPSA experienced significant challenges in organising climate change briefing breakfasts in Nairobi, Kisumu and Mombasa around the same time.

- KEPSA could collaborate with the KCIC to provide advice and information on climate change technologies, recognizing that the KCIC provides incubation, capacity building services and financing to Kenyan entrepreneurs that are developing innovative mitigation and adaptation solutions in energy, water and agribusiness sectors.
- KEPSA could draw on KCIC’s research and review of regulations, such as the work undertaken on solar photovoltaic systems regulations.

### 3.5 Government of Kenya

The Government of Kenya recognizes the role played by the private sector in addressing climate change. The National Climate Change Response Strategy (NCCRS) and the NCCAP launched by the Government of Kenya in 2010 and 2013, respectively, recognize that the support and action of the private sector is needed to achieve climate change goals and implement the plan. This recognition included a prominent role for KEPSA in the development of the NCCAP. KEPSA represented the private sector on the task force that oversaw the development of the NCCAP; and KEPSA and its members served on the various working groups that oversaw the various components of the plan, including the development of the low-carbon pathway.

A first action to implement the plan has been the development of a draft climate change framework policy and draft climate change bill. The Bill was introduced for Second Reading in the National Assembly in July 2014, and the policy is expected to be complete in September 2014. The taskforce appointed by the Cabinet Secretary for Environment, Water and Natural Resources to develop a National Climate Policy and Bill included individuals from KEPSA and KAM. The bill proposes an overarching climate change council that will oversee implementation and coordination of climate change actions, including the proposed climate change fund. The council will have one member from the private sector, with the representative to be appointed by KEPSA in collaboration with KAM.

#### ***Implications for KEPSA’s Climate Change Strategy***

- The government recognizes the critical role of KEPSA in representing the varied interests of the private sector, and the necessity of including KEPSA as a key stakeholder in task forces and dialogues on climate change. KEPSA is able to represent one voice of the private sector in government fora, reflecting its wide membership and role of being an overarching institution for the private sector.
- KEPSA is a recognized stakeholder on the climate change issue, and has a critical role to play in bringing private sector perspectives to NCCAP implementation. For example, moving forward to implement the climate change bill will require private sector input on development of rules and regulations, including greenhouse gas emissions reporting and the structure and functions of the climate fund. KEPSA will need to develop informed positions on these issues that reflect input from members.

- KEPSA is engaged with the government on climate change issues, for example as a member of the Task Force guiding the development of climate change bill, but information is not conveyed back to the membership. For example, KEPSA’s parliamentary bill tracker has not mentioned the climate change bill. KEPSA could require that reporting back to members be a condition of KEPSA nomination to task forces and other fora related to climate change.

### 3.6 Perspectives from KEPSA Members

Eighteen KEPSA members were interviewed to gauge their understanding of climate change issues and gain their perspectives on KEPSA’s potential role on climate change, both in regard to engagement with the government and with KEPSA membership. The list of the interviewee’s organizations is included in Annex 1.

In general, members were aware of climate change and the impacts on their sector, and were interested in a strategic response from KEPSA and the broader private sector. Most interviewees had limited knowledge of the NCCRS and NCCAP, and most were not aware of or engaged in the CBIN. Most were not aware of KEPSA action on climate change, but identified that KEPSA could help firms understand the business case for action on climate change.

#### Box 2: Climate Change Actions of KEPSA Members

- The Tea Board of Kenya is focused on addressing the impacts of climate change.
- The Flower Council’s work is focused on adaptation, with some work on a pooled carbon scheme.
- The Petroleum Institute of East Africa is undertaking tree planting and renewable energy projects, and standardization actions to help firms minimize their carbon footprint.
- The Tourism industry is raising awareness on climate change impacts.
- The Architecture Association of Kenya has implemented climate change awareness programs focused on green buildings.
- The Kenya Institute of Planners has undertaken climate change sensitization and understand how good urban planning can promote low-carbon development

Sectoral associations and organisations are implementing various climate change initiatives, briefly described in Box 2. For example, the agriculture sector is experiencing the impacts of climate change and its BMOs are actively working with members to increase understanding of and build resilience to climate change effects. The interviewees from sectors that are active on climate change stated that the relevant climate change-related issues are special and unique to the sector and cannot be addressed in a broad way by KEPSA. They noted that KEPSA is not well placed to effectively identify and address the sectoral issues related to climate change.

KEPSA leadership understands the business case for climate compatible development and would like to see KEPSA play a more significant role in raising awareness. Support for a climate change programme would need to start at the

KEPSA board level, and would require a well-respected leader at the board level to champion the climate change issue with KEPSA leadership and members. A steering committee that includes representation from relevant sectors within KEPSA could provide guidance on the climate change programme and lead the initial awareness campaign within KEPSA. The leader and steering committee would need to be supported by a technical and operational secretariat within KEPSA. The work of KEPSA would need to be complementary to the work that KAM is undertaking with its manufacturing membership.

### ***Implications for KEPSA's Climate Change Strategy***

- KEPSA leadership and members recognize that climate change impacts business, but many require information on the business case for addressing climate change and the importance of climate proofing their businesses. Many sectors are active on climate change and there is a need for information sharing. A role for KEPSA could be the tracking and coordinating sectoral activities under one umbrella of “Private Sector Climate Change Activities”, and communicating actions and learning to the broader KEPSA membership on an ongoing basis.
- Many of the sector groups and BMOs are also providing their membership with sector-specific information on climate change. This points to the need for KEPSA to fill gaps in information, which include sharing of private actions and lessons learned, providing information about the impacts of climate change on the private sector, and promoting the building climate resilience and climate proofing businesses. A first activity could be an email campaign centred around the briefing notes developed under the Communicating Climate Compatible Development project.
- A well-respected leader is required to promote climate change within KEPSA and to take KEPSA messages to the government. High-level commitment is essential to create a successful climate change programme in KEPSA.

## **4.0 Strategic Focus for Climate Change Action in KEPSA**

The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis in Table 3 outlines the main implications of the situation analysis discussed in the Section 3 and points to three areas of focus for a climate change programme in KEPSA. A climate change programme in KEPSA would need to capitalize on identified strengths and opportunities, and fill gaps in the provision of climate change information to the business community. Three focus areas emerge from the situation analysis in Section 2 and the SWOT analyses:

1. **Leading private sector engagement and dialogue with the government** – KEPSA could play an active role on existing climate change platforms with the government, identify new processes that would add value to these existing dialogues on climate change, and introduce climate change to existing platform such as the Presidential Round Table and Ministerial Stakeholder Forums.



**Table 3: SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ Climate Change has recently been recognised as a priority for KEPSA. A strategic objective of the NBA II is to “reduce the impact of climate change.”</li> <li>▪ Membership understands that climate change impacts on their business.</li> <li>▪ The large membership means that KEPSA has the potential to have broad reach to raise awareness of climate change.</li> <li>▪ KEPSA has established communication channels and processes that could be used for climate change messaging.</li> <li>▪ KEPSA is well placed to share learning and experiences across sectors. Sector boards provide an avenue to identify private sector climate change actions.</li> <li>▪ Some sectors are very active on climate change and have experiences and learning that could inform the broader KEPSA membership.</li> <li>▪ Initial communication products on climate change have been developed under the Communicating CCD project.</li> <li>▪ Strategic thinking on climate change has been undertaken and experience gained through the CBIN.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of systematic processes to convey climate change messages to members. For example, there is no mechanism for KEPSA members of government task forces related to climate change to report back to the membership.</li> <li>▪ KEPSA is not well placed to effectively identify and address specific sectoral issues related to climate change (e.g., agriculture, energy efficiency).</li> <li>▪ Lack of member awareness of climate change risks and opportunities, and the business case for action.</li> <li>▪ Lack of internal resource allocation (human and financial) to support climate change action in KEPSA and with membership.</li> <li>▪ Limited in-house capacity and competency on climate change; for example, limited ability to undertake research to inform policy and dialogue positions.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Recognized as a critical private sector stakeholder by government; viewed as representing one over-arching voice for the private sector.</li> <li>▪ Strong experience with platforms for engagement with government, and established avenues to bring climate change into the discussion.</li> <li>▪ Established stakeholder with the government on climate change issues, including serving as a member of the task forces overseeing the development of the NCCAP and climate change bill and policy.</li> <li>▪ Able to work closely with other BMOs and individual firms as demonstrated through the CBIN.</li> <li>▪ Member action on climate change is focused on the mitigation and energy side of climate change; leaving room for leadership on climate proofing and building climate resilience.</li> <li>▪ KEPSA is well placed to work collaboratively with member organisations active on climate change, such as KAM and the KCIC.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of effective partnerships with member organizations active on climate change. Relationships tend to be competitive rather than cooperative.</li> <li>▪ Limited ability to leverage development partner resources for climate change (e.g., the CBIN experience).</li> <li>▪ KEPSA may not be perceived as an expert in specific policy areas related to climate change.</li> </ul>

2. **Sharing information and raising awareness with membership** – KEPSA could take messages from engagement with the government to the KEPSA membership, disseminate information on climate change and the private sector, and share experiences of KEPSA members through case studies.
3. **Creating awareness of climate change risks and building climate resilience in the private sector** – This is an unoccupied but important space where KESPA could take on a leadership role.

The climate change programme will need to align with KEPSA strategy and work plans. This includes supporting the strategic pillars of the new business strategy and action plan, and furthering Objective 10 (reduce the impact of climate change) of the NBA II. The three areas of focus for a climate change programme and their links to the revised NBA II and the new business strategy are set out in the Table 4 below.

**Table 4: Climate Change Programme Links to the NBA II and Business Strategy**

Climate Change Programme Focus	Link to revised NBA II	Link to new Business Strategy
1. Leading private sector engagement and dialogue with the government.	Promote better environmental regulation. <ul style="list-style-type: none"> <li>– Review the Environmental Management and Coordination Act.</li> <li>– Implement the National Climate Change Action Plan, including setting up a Kenya Climate Fund with technical support from the private sector.</li> </ul>	Pillar 1: Convening Power – Maintain and strengthen KEPSA’s role as the premier convener with regard to climate change public-private policy dialogues. Pillar 2: Thought Leadership – Develop policy positions and informed input to over-arching body on climate change.
2. Sharing information and raising awareness with membership.	Increased awareness of business opportunities in mitigating risk of climate change. <ul style="list-style-type: none"> <li>– Produce a compendium of climate vulnerability analysis of various economic sectors.</li> <li>– Document and share information on various response strategies with business and government stakeholders to inspire actions.</li> <li>– Establish a climate information repository and advisory service unit for private sector at KEPSA to support awareness raising programs for businesses in Kenya.</li> </ul>	Pillar 3: Business Information and Networking – Provide members with key information services and publications on climate change; provide networking events; collect information from members to feed into policy positions.
3. Creating awareness of climate change risks and building climate resilience in the private sector.	Reduce agricultural land conflict by providing extension services. <ul style="list-style-type: none"> <li>– Develop climate change related agricultural financial products such as weather insurance.</li> <li>– Ensure farmers carry out soil and leaf testing.</li> </ul> Protect Kenya’s forests. <ul style="list-style-type: none"> <li>– Progressively enhance forest/tree cover to more than 10% of land in every county through the integration of agroforestry into mainstream extension programmes.</li> </ul>	Pillar 2: Thought Leadership - Invest in and improve the analytical and policy advisory capacity to allow KEPSA to be a leader on climate risk assessment for business.

Effectively moving forward on these three focus areas will require that KEPSA:

- Commit high-level support and leadership on climate change issues within KEPSA.
- Allocate financial and human resources to develop internal climate change capacity.
- Build effective communication mechanisms to take climate change messages and information from and to its membership.
- Recognise the cross-cutting nature of climate change but apply the established sectoral approach to address climate change issues of interest to the private sector and to coordinate ongoing sectoral efforts.
- Collaborate formally on climate change issues with key private sector players and other stakeholders such as KAM and CIC.
- Implement Objective 10: Reduce the impact of climate change (under the Security thematic area in the NBA II), in a planned and phased manner gradually building capacity and providing increasing and more specialised information over time.

## **5.0 KEPSA Climate Change Programme and Platform for Engagement**

KEPSA is well placed to establish a robust and sustainable climate change programme that focuses on building KEPSA's capacity to effectively engage with the government, while achieving the Security Objective 10 of the NBA II to reduce the impact of climate change. This engagement will require informed positions that are developed through increased dialogue with the membership; as well as building a subject expertise consistent Pillar 2 of the new Business Strategy to build analytical and policy advisory capacity. Building capacity in climate risk assessment and resilience building for the private sector will address a gap in the climate change services offered for the private sector, as well as assist KEPSA in achieving its goal of reducing the impact of climate change. The objectives of a KEPSA climate change programme for 2014-2018 and the first year activities are elaborated in this section.

### **5.1 Objectives**

The objectives of KEPSA's engagement on climate change for 2014-2018 are set out in Table 5 at the result, outcome and output levels.

**Table 5: Overview of KEPSA’s Climate Change Programme and Platform for Engagement (2014-2018)**

Objectives	Performance Indicators	Assumptions
<b>Expected Result:</b> KEPSA is a leader on climate change, leading private sector engagement with the government and encouraging private sector action on climate change.		
<b>Outcomes</b>		
<ul style="list-style-type: none"> <li>KEPSA is an established and respected voice on climate change representing private sector interests to the government.</li> </ul>	<ul style="list-style-type: none"> <li>Number of platforms with the government on which KEPSA represents private sector interests on climate change.</li> <li>Government action on recommendations put forward by KEPSA.</li> <li>A climate fund is established with input from KEPSA.</li> </ul>	<ul style="list-style-type: none"> <li>High-level commitment to climate change within KEPSA.</li> <li>KEPSA represents business interests on climate change through representation on the National Climate Change Council.</li> </ul>
<ul style="list-style-type: none"> <li>KEPSA is a reliable source of climate change information for the private sector leading to increased awareness of business opportunities in mitigating the risks of climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Number of requests for KEPSA experts to present/speak on climate change.</li> <li>Number of private sector requests responded to for climate change information.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment is made to actively engage with membership on climate change.</li> <li>KEPSA works with members that are active on climate change (e.g., KAM, CIC) in responding to information requests.</li> </ul>
<ul style="list-style-type: none"> <li>KEPSA membership is aware of climate risks and avenues for climate proofing their businesses, helping to reduce the impact of climate change on business.</li> </ul>	<ul style="list-style-type: none"> <li>Number of climate proofing initiatives by KEPSA members brought to KEPSA’s attention.</li> <li>Number of private sector requests responded to for information on climate risk assessment and climate proofing.</li> </ul>	<ul style="list-style-type: none"> <li>KEPSA recognizes that other groups are leaders on aspects of climate change (such as KAM on energy, and KCIC on technology), and opts to fill a gap by building expertise in the area of climate risk assessment and climate proofing.</li> </ul>
<b>Sector-Specific Outcomes</b>		
<ul style="list-style-type: none"> <li>Agriculture – reduced agricultural land conflict.</li> </ul>	<ul style="list-style-type: none"> <li>One climate change related agricultural financial product developed.</li> <li>Soil and leaf testing facilities available to farmers.</li> </ul>	<ul style="list-style-type: none"> <li>KEPSA will work with the Ministry of Agriculture to develop products and services.</li> </ul>
<ul style="list-style-type: none"> <li>Environment – improved environmental regulation.</li> </ul>	<ul style="list-style-type: none"> <li>Number of recommendations taken up from a KEPSA review of the Environmental Management and Coordination Act.</li> </ul>	<ul style="list-style-type: none"> <li>KEPSA will work with the National Assembly on the review.</li> </ul>
<ul style="list-style-type: none"> <li>Forestry – 10% tree cover attained.</li> </ul>	<ul style="list-style-type: none"> <li>Agroforestry is mainstreamed in extension services.</li> </ul>	<ul style="list-style-type: none"> <li>KEPSA will work through the Environment, Water and Mineral Resources SB to promote agroforestry.</li> </ul>

## 5.2 Year One Work Plan (2014-2015)

A one-year work plan, set out in Tables 6 and 7, includes objectives, performance indicators, main activities and expected deliverables.

**Table 6: Year 1 (2014-2015) Objectives and Performance Indicators**

Objectives	Performance Indicators	Assumptions
<ul style="list-style-type: none"> <li>▪ Appropriate and effective platforms are established for private sector engagement with the government on climate change issues.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of platforms where climate change is discussed.</li> <li>▪ Number of position papers and briefs produced to inform engagement with government.</li> <li>▪ Number of reports to membership on KEPSA engagement with government on climate change issues.</li> <li>▪ Appointment of high-level board member to lead climate change engagement with the government.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal resource allocations and external funding secured to support the development of position papers, and assist reporting on engagement to membership.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Appropriate and effective processes established for two-way communication flow with KEPSA membership.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Webpage on climate change established on KEPSA website (number of hits).</li> <li>▪ Number of climate change communication products disseminated, and number of members reached.</li> <li>▪ Number of events that engage membership on climate change.</li> <li>▪ Climate change information repository and advisory service unit established at KEPSA to support awareness raising programmes for business.</li> <li>▪ Assignment of one officer to engage with membership on climate change (and support engagement with government).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal resource allocations and external funding secured to support communication with membership.</li> <li>▪ Climate change communication products are not necessarily produced by KEPSA, but relevant materials from other groups (e.g., research, announcements on events, etc.) are made available to membership.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Competency on climate risk and climate resilience established in KEPSA.</li> <li>▪ Increased awareness of business opportunities in reducing climate risk.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of case studies on response strategies developed and disseminated.</li> <li>▪ Compendium of climate vulnerability assessments undertaken in various economic sectors.</li> <li>▪ Development of climate risk vulnerability assessment in one sector.</li> <li>▪ Assignment of one officer to lead KEPSA’s climate risk assessment and climate proofing work.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal allocations and external funding secured to support climate risk assessment and climate proofing work.</li> <li>▪ Depending on resource mobilisation, this output could be delayed to a later time period.</li> </ul>

**Table 7: Year One Work Plan – Activities and Deliverables**

Year One Activities	Deliverables	Notes
<b>Output 1: Appropriate and effective platforms established for private sector engagement with government on climate change issues.</b>		
<ul style="list-style-type: none"> <li>▪ Continued KEPSA engagement on the Task Force on Development of a National Climate Change Policy and Law</li> <li>▪ High-level KEPSA engagement on the National Climate Change Council (if established through the passing of the Climate Change Bill) or other over-arching climate change coordination group. A high-level, well-respected leader to be appointed to represent KEPSA and the private sector interests on climate change.</li> <li>▪ Development of policy positions and private sector input on critical issues to emerge from the Climate Change Bill, such as the establishment of the Climate Fund, greenhouse gas emissions reporting, and assessing climate change impacts in environmental impact assessments.</li> <li>▪ Development of positions and input on critical issues in the UNFCCC negotiations to inform the government’s preparations.</li> <li>▪ KEPSA-hosted conference on Climate Change and the Private Sector for 200 people that will aim to:               <ul style="list-style-type: none"> <li>– Launch KEPSA’s programme on climate change;</li> <li>– Inform KEPSA positions to input to the National Climate Change Council or other over-arching body; and</li> <li>– Gather input to inform KEPSA engagement with the government to develop negotiating positions in the lead up to international climate change meetings.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Reports to KEPSA membership on Task Force meetings and outcomes.</li> <li>▪ Article for KEPSA’s Parliamentary Bill Tracker.</li> <li>▪ Reports to membership on National Climate Change Council meetings, including emerging issues of interest to KEPSA membership.</li> <li>▪ Three private sector position papers on issues emerging out of the climate change bill, for example, the Climate Fund, greenhouse gas emissions reporting, and climate change in environmental impact assessments.</li> <li>▪ Conference agenda and report.</li> <li>▪ Two briefing notes on private sector positions on issues being negotiated by the government in international climate change meetings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ KEPSA’s high-level engagement with the government is likely best served through representation on the National Climate Change Council that will be established with the enactment of the Climate Change Bill.</li> <li>▪ If the bill is not passed, high-level engagement would be through the over-arching body on climate change formed by the government.</li> <li>▪ KEPSA input to the government and Council or overarching body to be informed by policy research (through development of position papers) and input from membership (gained through the KEPSA-hosted conference, and the communication processes in Output 2.)</li> </ul>
<b>Output 2: Appropriate and effective processes established for two-way communication flow with KEPSA membership.</b>		
<ul style="list-style-type: none"> <li>▪ Establish a climate information repository and advisory service unit for the private sector to support awareness raising programmes for businesses, and to enable response to member requests for information on climate change.</li> <li>▪ Develop webpage on climate change for the KEPSA website.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate information repository and advisory service unit established.</li> <li>▪ Webpage on climate change established on KEPSA website.</li> <li>▪ Initial climate change communication products</li> </ul>	<ul style="list-style-type: none"> <li>• KEPSA responses and advice to members may be to direct them to other experts. While the activity will aim to make KEPSA the “go to” repository of climate change information,</li> </ul>

Year One Activities	Deliverables	Notes
<ul style="list-style-type: none"> <li>▪ Finalize and disseminate (through the website and a KEPSA climate change email list) briefing notes, case studies and reports on climate risk assessment, policy and regulatory barriers and climate finance opportunities to membership developed under the Communicating Climate Change to the Private Sector project.</li> <li>▪ Disseminate an executive summary with key messages of the three policy papers (output 1) to membership through email and make full report publically available through the website.</li> <li>▪ Attend meetings of relevant KEPSA sector boards to brief on the climate change program, gain input on climate change priorities, and learn of on-going actions (to inform engagement platforms with government [output 1] and future programming in KEPSA).</li> <li>▪ Attend meetings of members to brief on the climate change program, gain input on climate change priorities, and learn of on-going actions (to inform engagement platforms with government [output 1] and future programming in KEPSA).</li> <li>▪ Establish a database of member actions on climate change.</li> <li>▪ Engage with KEPSA members active on climate change, such as KAM, to develop complementary activities and shared positions to present to government (output 1) and members.</li> </ul>	<p>delivered to membership.</p> <ul style="list-style-type: none"> <li>▪ Three executive summaries of policy papers distributed to members.</li> <li>▪ Presentation at five sector board meetings and reports on input from sector boards.</li> <li>▪ Presentation at five member meetings and reports on input received at the meetings.</li> <li>▪ Database of member actions on climate change.</li> <li>▪ Five meetings with KEPSA members active on climate change, including KAM and CIC.</li> <li>▪ Response to queries from at least 15 members.</li> </ul>	<p>KEPSA is not expected to be an expert in all areas and sectors, but instead to understand where to direct members to attain the needed advice and information. For example, the KCIC has information on technologies, and KAM on energy efficiency.</p> <ul style="list-style-type: none"> <li>• KEPSA should aim to work in a complementary manner with member organizations that are active on climate change to prevent duplication of work. Climate change is a cross sectoral economic issue that requires specific expertise in various sectors.</li> </ul>
<b>Output 3: Competency on climate risk and climate resilience established in KEPSA.</b>		
<ul style="list-style-type: none"> <li>▪ Distribute package of information on climate risk assessment developed through the Communicating CCD project to KEPSA's membership, including the: <ul style="list-style-type: none"> <li>– Case studies on the KTDA and EABL (including obtaining permission to distribute from the latter).</li> <li>– Briefing note on climate proofing your business.</li> <li>– <i>Tools and Frameworks to Assess Climate Risks.</i></li> </ul> </li> <li>▪ Produce a compendium of climate vulnerability analysis of various economic sectors.</li> <li>▪ Undertake a climate risk and vulnerability assessment (including economic assessment to</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate risk assessment materials delivered as a package to membership.</li> <li>▪ Climate risk and vulnerability assessment in one sector.</li> <li>▪ Tool for climate risk assessment in one sector.</li> <li>▪ Presentation at five member meetings and reports on input received at the meetings.</li> <li>▪ Three case studies.</li> <li>▪ Response to queries from at least 10 members.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate risk assessment and climate proofing businesses is identified as a gap in the climate change services offered to the private sector. Establishing this expertise in KEPSA would enable the organization to provide leadership on specific aspect of climate change.</li> <li>▪ One sector should be selected for focus in the first year of activities.</li> <li>▪ As noted above, KEPSA</li> </ul>

Year One Activities	Deliverables	Notes
<p>build the business case) in one sector, which is determined by level of interest of sector boards and experience of members.</p> <ul style="list-style-type: none"> <li>▪ Develop and provide a “how to tool” for climate risk assessments in the specific sector.</li> <li>▪ Engage with KEPSA members to promote tools and identify potential case studies (link to output 2 activities of meeting with sector boards and members).</li> <li>▪ Document and share information on the response strategies of select members through the development of case studies.</li> <li>▪ Disseminate assessment, tools and case studies to membership (link to webpage and email lists in output 2)</li> <li>▪ Respond to member requests for information on climate change.</li> </ul>		<p>may opt to develop this component of its climate change programme in later years, depending on the level of resource mobilisation.</p>

## 6.0 Resource Mobilisation

The total estimated level of effort to enable KEPSA to engage effectively with government, maintain a research and communication role, and develop a competency on climate risk assessment includes:

- ¾ high-level position: to lead KEPSA’s climate change work, represent KEPSA on engagement platforms with the government, represent KEPSA climate change positions at meetings with members, articulate climate change concerns with sector boards, develop KEPSA positions building on input from membership.
- Full-time project officer position (policy and communications): working under the guidance of the high-level official, assemble climate change information for the climate information repository and advisory service unit, develop position papers and communication products; guide consultants; coordinate conference; and manage membership information requests.
- Full-time project officer position (climate risk and assessment): working under the guidance of the high-level official, develop compendium of vulnerability assessments, develop case studies, guide consultants in developing a climate risk and vulnerability assessment and climate risk tool in a select sector, and engage with membership.
- Half-time administrative assistant to provide support to the program.

The experience with the CBIN demonstrates the challenges in mobilizing resources for a climate change programme in KEPSA. An important starting point for KEPSA is the allocation of internal resources to demonstrate commitment to a climate change programme, including commitment to effective participation in platforms of engagement with the government. The budget above indicates



the level of effort and resources for the first year of a climate change programme that will lay the groundwork to build capacity in KEPSA and demonstrate that that climate change is a priority for KEPSA.

The review of funding opportunities undertaken under the Communicating Climate Compatible Development Project, *Climate Financing Options for the Private Sector*, identified potential sources of financing for private sector action on climate change, and explored options for funding to assist KEPSA in engaging with the government and its membership on climate change. Most of the funds aim to support private sector innovation in regard to technologies that can help to reduce emissions. Few funds support adaptation actions or assessments of climate risk for business. Only one fund was identified as potentially appropriate for KEPSA's work to establish a platform for engagement on climate change: the Business Advocacy Fund. KEPSA has already received one year of funding from this program and would need a compelling argument for continued funding.

Moving forward on the work plan would likely require the raising of funds through interested businesses or bilateral development partners. Attracting funding from businesses/members would likely require the provision of services and products, which could be developed after year one, particularly in the areas of assessing climate risk and climate proofing business investments. Attracting funding from bilateral donors would require the development of proposals and actively reaching out to donors to solicit support. KEPSA would need to provide internal allocations of resources because most donors expect co-funding as a requirement of support.

## 7.0 Next Steps

Moving forward on climate change and implementing this work plan will require that KEPSA take steps in the short term:

1. Review and validate the climate change strategy and the work plan with the KEPSA Board.
2. Demonstrate high-level commitment to a climate change programme through the allocation of internal resources, including the time of an officer to take next steps in proposal development and resource mobilisation.
3. Disseminate existing climate change communication products to KEPSA members, government and other parties as a demonstration of KEPSA's expertise on climate change.
4. Develop a proposal for funding to present to potential bilateral donors, and meet with donors to present KEPSA's climate change programme and one-year work plan.
5. Appoint a board member or respected KEPSA member to promote climate change and lead resource mobilisation, and provide with adequate resources and support to approach potential funders.