

# Climate and Development Outlook

Stories of change from CDKN



## Kenya Special Edition

### **KENYA'S PLANS FOR A GREENER ECONOMY**

Kenya reached a key milestone in its response to climate change when its Climate Change Act passed into law in May 2016. The Act adds further momentum behind the National Climate Change Action Plan (NCCAP), one of the first and most comprehensive economy-wide climate action plans in Africa. The NCCAP, supported by CDKN and launched in March 2013, is the foundation for all climate change action in Kenya.

The Act provides a further strong enabling policy and regulatory framework for climate action in the country. It strengthens the institutional and governance framework for climate change, and mainstreaming of climate change into sectoral planning and budgeting. It has helped steer Kenya's Nationally Determined Contribution (NDC) – the commitment on climate action that the country made to the United Nations Framework Convention on Climate Change (UNFCCC) at the historic Paris Summit

in 2015. The Act has also guided several sectoral policies, and has resulted in the formation of the National Climate Change Council and the Climate Change Directorate to coordinate national climate change decision-making.

### **Kenya's national action plan**

The NCCAP identified six 'big wins' that combine development and adaptation, and together account for two thirds of Kenya's identified mitigation potential:

- geothermal power generation
- distributed clean energy solutions
- improved water resource management
- restoration of forests on degraded lands
- climate-smart agriculture and agroforestry
- infrastructure.

While there has been significant progress in all these areas, geothermal power generation and climate-smart agriculture have expanded in particular. For example,

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### **Climate and Development Knowledge Network**

Helping developing countries to design and deliver climate compatible development

### **Kenya's climate and development at a glance**

Kenya has experienced droughts, floods and other extreme climate events with increased frequency in recent years. This is reflected in the scientific literature, and noticed by Kenya's people, who have become increasingly alarmed by the impacts of climate change on their livelihoods.

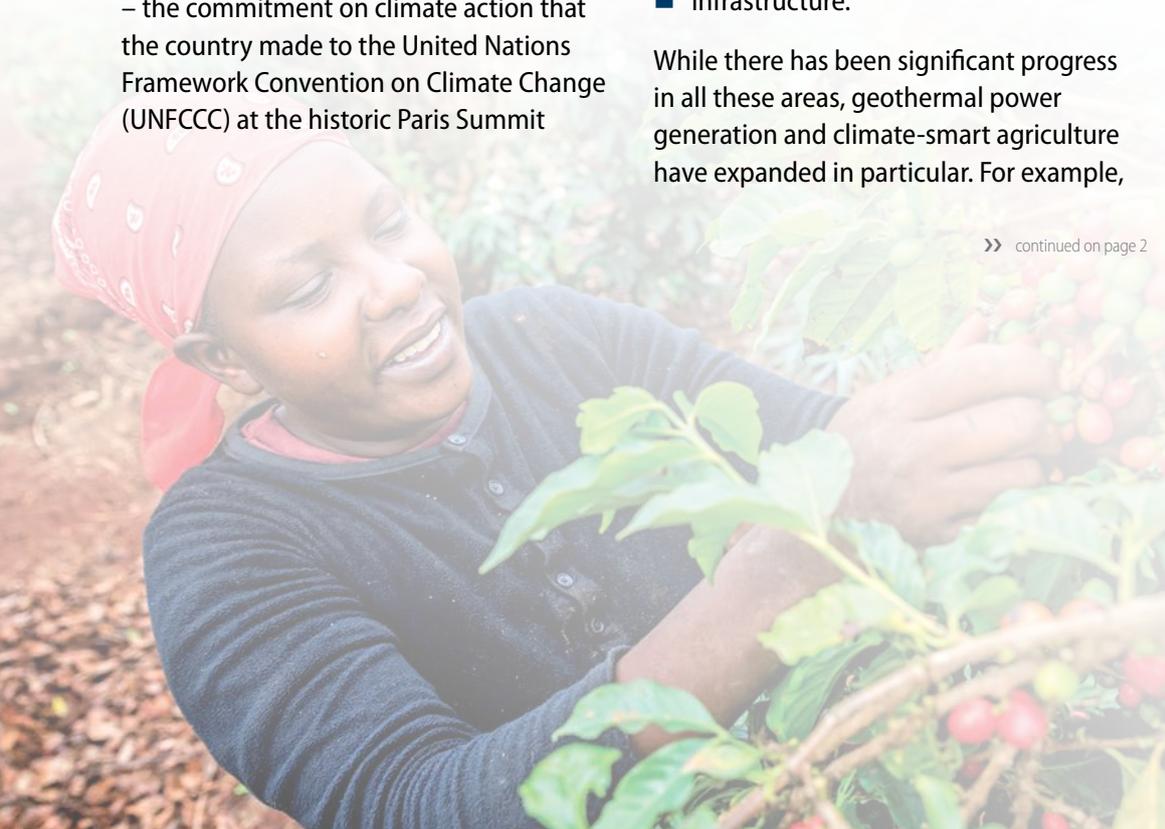
Kenya's second Medium Term Plan 2013-2017 expressly recognises the importance of adopting a low-carbon growth pathway, while climate change is a permanent standing item for the National Economic and Social Council. The next Medium Term Plan (MTPIII, 2018-2022) is currently in preparation, and it is hoped that climate change will be further integrated into national planning processes.

County governments have prepared their County Integrated Development Plans (CIDPs), key five-year county-level planning documents, with climate change captured as a cross-cutting issue. Despite this, however, articulation of climate change issues in county plans remains poor.

This edition of Outlook explores how CDKN has supported climate compatible development in Kenya.

### **INSIDE »**

- *Guide to state-of-the-art climate science*
- *Mobilising finance for climate action*
- *Working with Kenya's private sector*



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there was a 140 megawatt (MW) increase in geothermal energy production in 2015, which has resulted in improved power supply and lower electricity tariffs for energy users.

Advances have also been made in implementing the NCCAP's specific actions for each sector at both national and subnational levels, and through the actions of government and non-state actors. The Action Plan also makes provision for a national financing mechanism that will support national budget allocations for climate action. As a result of the NCCAP, Kenya's second Medium Term Plan (2013-2017) recognises the importance of climate change.

### NDC implementation

The consultancy firm Ricardo Energy & Environment and CDKN developed an NDC Quick-Start Guide ([www.cdkn.org/ndc-guide](http://www.cdkn.org/ndc-guide)) in 2016 to provide a framework for countries to coordinate and plan for NDC implementation, in light of the current climate and development policy context. Building on NDC sectoral analysis undertaken in Kenya supported by the Strengthening Adaptation and Resilience to Climate Change in Kenya (StARCK) programme (funded by the UK Department for International Development, DFID), CDKN supported the application of the Guide in Kenya. It identified the practical steps that Kenya could take to start to operationalise its NDC, including a stocktake of current capabilities for implementation, and identification of priority actions for moving forward. The 'Monitoring, reporting and verification' module of the Guide has been road-tested in Kenya – this is a specific area of interest identified by the Government.



### NEW GUIDE TO STATE-OF-THE-ART CLIMATE SCIENCE FOR AFRICA

CDKN was part of the 'Raising Risk Awareness' initiative, which brings together scientists from World Weather Attribution – an effort led by Climate Central with the Red Cross Red Crescent Climate Centre, University of Oxford, University of Melbourne and the Royal Netherlands Meteorological Institute. It applies the emerging science of extreme event attribution to assess if and to what extent climate change has contributed to past and current extreme weather events in several countries across East Africa and South Asia, and consequently the risk of these events occurring today. In Kenya, the initiative studied the 2016-2017 drought and looked at opportunities for policy-makers, scientists and communicators to deal with extreme weather events.

Find out more at: <http://cdkn.org/climaterisk>



## WORKING WITH KENYA'S PRIVATE SECTOR

Kenya's flower sector accounts for over 35% of all cut flower sales within the European Union (EU). Heightened awareness of climate change among EU consumers is increasing the demand for sustainably sourced, carbon-efficient horticultural produce. In response to this demand, the Horticultural Crops Development Authority and the Kenya Flower Council developed a sectoral greenhouse gas management tool, the Carbon Reduction, Resources and Opportunities Toolkit (CaRROT).

The tool integrates energy and water trackers with a carbon calculator. The features have been designed with the local context in mind, providing disaggregated tracking for various sources of energy and water, including grid electricity, diesel and kerosene (paraffin) usage, municipal water, boreholes, lakes and water-harvesting.

To download the toolkit and voluntary standards, please visit the CaRROT project page at: [www.cdkn.org/regions/kenya](http://www.cdkn.org/regions/kenya).

### Geothermal expansion in Kenya

A 5,000 MW geothermal expansion was identified as central to Kenya's vision of becoming a middle-income country by 2030. Geothermal power expansion has also been identified in the NCCAP as a mitigation option with large greenhouse gas reduction potential.

CDKN funded two projects to support the expansion of Kenya's geothermal energy capacity. The first sought to bring Kenya's geothermal Nationally Appropriate Mitigation Actions (NAMA) to the financing stage through the involvement of the private sector. The project, with support from the Energy Research Centre of the Netherlands, took the NAMA from a fully developed concept to a point where implementation is possible.



Although the NAMA application was unsuccessful, it was subsequently developed into a prospectus to market Kenya's geothermal sector to other potential investors.

The second project addressed the development of a geothermal drilling risk insurance product for the Kenyan and Ethiopian markets. CDKN collaborated with Parhelion Underwriting to support the piloting of a novel insurance product for geothermal project development. Geothermal developers, particularly in the early stages of developing a field, face high development costs and the high risks of resource exploration and appraisal drilling. These are a significant barrier to private sector financing of geothermal projects. The project

involved training local stakeholders to increase their understanding of geothermal risk insurance in the Kenyan and Ethiopian markets. The training programme built an evidence base for the specific market and established a foundation for sustainable private sector risk finance solutions that includes domestic insurers and brokers. In Kenya, one project was selected for further technical support to apply for development drilling insurance, but did not take full advantage of this support. The project demonstrated that there is interest in risk-mitigation mechanisms among project developers, especially in the high-risk area of geothermal drilling. However, further work is required to raise awareness and encourage uptake of insurance products in both the Kenyan and Ethiopian markets.





## GUEST COLUMN

# REFLECTIONS ON CDKN'S KENYA PROGRAMME

**EMMA BAKER, CDKN AFRICA**

At the start of this year, CDKN established an office in Kenya for the first time. Shared with South Consulting, the office is home to Margaret Kamau, CDKN Country Engagement Lead, and Zablon Owiti, Future Climate for Africa Research Fellow.

Ms Kamau has been at the forefront of CDKN's work in Kenya – having worked on the Kenya programme since 2013. Highlights over the last five years have included working with government on the National Climate Change Action Plan and NDC, and supporting government with preparing and writing proposals to the Green Climate Fund (GCF).

CDKN's ability to remain flexible to challenges as they arise, and the benefit of sharing lessons and experience from the region, have been instrumental in the programme's success in Kenya, says Ms Kamau. For CDKN, the focus has been very much on building relationships with the government, increasing capacity and producing outputs of which the government has full ownership. The NDC process, in particular, was important for maintaining the momentum of the Paris Conference of the Parties from 2015 into 2016.

The establishment of the new Kenya office is a continuation of this momentum, according to Ms Kamau, as it gives CDKN an increased presence in Kenya and allows for better coordination between different programmes, such as the Future Climate for Africa (FCFA) programme, through greater opportunities to meet and work together. Dr Owiti, the new Research Fellow for FCFA, agrees, citing the 'Raising Risk Awareness' project as one instance in which they have been able to collaborate and share expertise and relevant contacts.

Based in the Kenya office, Dr Owiti is looking forward to contributing beyond his immediate work with FCFA, by making introductions and spotting synergies between CDKN, national institutions and related programmes. As a climate scientist, Dr Owiti is particularly interested in making links between research and its practical application in the region, especially climate services – an emerging field that requires significant coordination.

***"We've seen Kenya lead the way in climate change action, continuing to make great strides in meeting its global obligations through its commitment to implement its Nationally Determined Contribution and Climate Change Act. It has been a great privilege for us to be part of Kenya's journey, working with the country over the last seven years and establishing CDKN as a trusted, reliable partner on climate compatible development."***

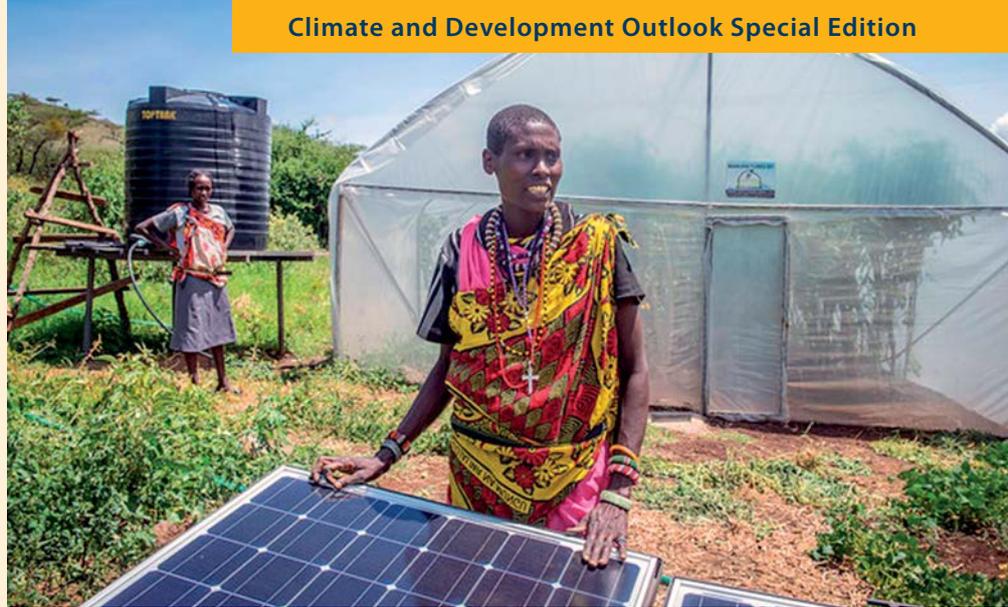
**MARGARET KAMAU,**  
CDKN KENYA



## ENHANCING INSTITUTIONAL ARRANGEMENTS FOR INTEGRATED WATER, ENERGY AND FOOD SECURITY

There is stiff competition for Kenya's water resources. Rural communities (80% of Kenya's population) face severe water scarcity challenges, especially in arid and semi-arid lands. Prolonged droughts and floods have led to significant reductions in crop and animal yields, with consequent impacts on food security. Continued deforestation also impacts on water resources, resulting in significant land degradation. In a bid to address these challenges, the Pegasys Institute, Losai Management and the Institute of Development Studies examined the issue of integrated approaches to water, energy and food (WEF) in three counties in Kenya. The project was based on the understanding that siloed approaches to governance of natural resources are no longer sustainable in the country. Instead, integrated planning through a nexus approach better manages trade-offs between sectors. This integrated approach leads to a better understanding of the opportunities for sustainable growth and development.

The project brought together county and national officials, as well as representatives from civil society, in a series of workshops and policy dialogues culminating in a training workshop on integrated WEF planning.



It was clear that there are significant challenges in implementing the devolved governance arrangements of the 2010 Constitution and that lack of budget and capacity are hampering the ability of counties to contribute effectively to sustainable growth in the country. It was equally clear that there are significant challenges in the implementation of an integrated WEF approach, not least because of the tensions over budgets and functions between county and national levels. There are examples where good cooperation between WEF players is taking place, and the commitment of county-level officials and stakeholders to adopting a WEF approach is extremely positive. However, if Kenya is to be able to use its limited water resources most effectively in support of sustainable development, enhanced vertical coordination between national and county-level departments or agencies and lateral coordination across sectors at county and national level are needed to

achieve an integrated WEF planning and implementation approach.

"Further work is also needed to support government officials with practical tools and mechanisms for adopting an integrated approach to planning and implementation", says Barbara Schreiner of the Pegasys Institute.

### ACCESSING FINANCE TO SUPPORT CLIMATE ACTION

In 2016, CDKN supported the National Environmental Management Authority, the Ministry of Environment and Natural Resources and the National Treasury in their resource mobilisation efforts. This was through a project on 'Enhancing Direct Access to the Green Climate Fund' for adaptation finance, delivered by LTS International. The project provided an opportunity to gain in-depth understanding of the capacity needed to mobilise climate finance and to offer technical support to enhance the skills of government officials.

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***"Green Climate Fund proposal development is not an easy process, especially when engaging multiple stakeholders. Therefore, it is essential that the NDA and the NIE<sup>1</sup> drive the process, as they did in this project. Building the capacity of Executing Entities on GCF proposal requirements is also important, as they provide the data and evidence required to justify the proposal. Overall, a multi-stakeholder engagement process is time consuming, and we had to devote a significant amount of additional human and financial resources for the process to be successful."***

**IRENE KARANI, LTS INTERNATIONAL**

<sup>1</sup> The Nationally Designated Authority (NDA) receives international climate finance and the National Implementing Entity (NIE) is an organisation accredited by international climate funds to disburse climate finance.

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The project sought to develop funding proposals for adaptation targeting the GCF, the largest global climate fund (established by the UNFCCC). Priority investment areas were identified from key policy documents such as the NCCAP, the NDC and the NAP. Technical and financial appraisals were used to prioritise project concepts and develop sound proposals that meet the GCF investment criteria. The process developed detailed, credible proposals, led by proposal development teams comprised of government officials, which allowed for stronger capacity-strengthening and broad stakeholder engagement.

The submission of four proposals to the GCF demonstrates Kenya's commitment to climate action. It is hoped that once the proposals are accepted and funded, they will result in enhanced adaptive capacity and changes in the lives of some of Kenya's most vulnerable communities.

Through this project, the capacity of 30 government officials has been enhanced by training them on climate finance, investment analysis and GCF modalities, including proposal development.

As part of the project, the Treasury (as the GCF National Designated Authority, NDA)

requested support to develop a national climate finance strategy after attending a GCF Secretariat meeting on 'Enhanced Direct Access to Climate Finance' in South Korea in April 2016. In response to this request, a National Climate Finance Strategy briefing was developed for the Government of Kenya. It is hoped that the findings will guide the development and implementation of a broader climate finance strategy.

While CDKN engaged mainly at the national level, progress has also been made in delivering climate finance at the county level, supported by other actors. Work has progressed in developing Kenya's County Adaptation Fund through a DFID-funded project delivered by the Adaptation Consortium ([www.adaconsortium.org](http://www.adaconsortium.org)). The County Adaptation Fund aims to help five counties access climate finance through a devolved governance system of Adaptation Planning Committees that prioritises local communities' funding requests. As a result, two counties have developed legislation related to climate finance (County Climate Change Fund Regulations), thus putting in place mechanisms to enable direct access to climate finance from the national government, the county government budget and international funds such as the GCF.

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**(CDKN)** aims to help decision-makers in developing countries design and deliver climate compatible development. We do this by providing demand-led research and technical assistance, and channeling the best available knowledge on climate change and development to support policy processes at the country and international levels. CDKN is managed by an alliance of five organisations that brings together a wide range of expertise and experience.

Explore the full range of CDKN project resources, publications and stories about climate compatible development in Kenya at:

[www.cdkn.org/regions/kenya](http://www.cdkn.org/regions/kenya)

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