



**REPUBLIC OF KENYA
THE NATIONAL TREASURY & PLANNING
OFFICE OF THE CABINET SECRETARY**

**Webinar Notes for
Hon. (Amb.) Ukur Yatani, EGH**
Cabinet Secretary for the National Treasury & Planning

EU GREEN DIPLOMACY WEBINAR

11th May, 2021

in support of

**A GLOBAL TRANSITION TO A CLIMATE-NEUTRAL,
RESOURCE-EFFICIENT CIRCULAR ECONOMY**

and

**PREPARTIONS FOR THE MAJOR GLOBAL 2021-2022
MULTILATERAL EVENTS ON CLIMATE CHANGE AND
THE ENVIRONMENT**

-
- **H.E. Mr. Virginijus Sinkevicius**, EU Commissioner for the Environment, Oceans and Fisheries,
 - **Mr. Keriako Tobiko**, CS Ministry of Environment & Forestry
 - **Mr. Najib Balala**, CS Ministry of Tourism & Wildlife
 - **H.E. Ms. Katrina Hagemann**, EU Ambassador to Kenya
 - **Ambassadors,**
 - **Representatives from:**
 - **EU Member States with Diplomatic Missions in Nairobi**



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- **Development Partners**
- **The Private sector**
- **Academia**
- **Civil Society Organizations**

Ladies and Gentlemen,

Firstly, I would like to take this opportunity to thank the European Union for organizing this ***Green Diplomacy Webinar*** especially at a time when Kenya is facing many challenges as a result of COVID-19 pandemic and climate change.

The Government of Kenya considers Green Finance and Co-operation as critical to Kenya's full realization of its development goals as set out in the Sustainable Development Goals (SDGs), Vision 2030, the Big 4 Agenda, the Paris Accord and the African Union Agenda 2063 among others.

Ladies and Gentlemen,

In line with this, allow me to highlight six key milestones Kenya has achieved in the area of Green Finance and Co-operation:

1.0 Policies, Legislations and Strategies



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The first area of achievement has to do with **legislation, policy and strategies**: In the last ten years, over **11** policy documents and legislative instruments have been developed, including:

- the National Climate Finance Policy
- the draft Green Fiscal Incentive Framework Policy
- the Green Bond Initiative Programme
- the Green Bond Issuance Guidelines & Manual
- the Kenya Sovereign Green Bond Framework
- the Second Party Opinion on Kenya's Green Projects Pipeline and Assets
- the Climate Change Act
- the draft Climate Fund Regulations
- the updated National Determined Contributions (NDC)
- the Kenya Green Climate Finance Mobilization Strategy, and
- the Green Economy Strategy and Implementation Plan (GESIP (2016-2030)).

These developments have put Kenya ahead of its peers on matters green economy and climate finance, points to strong government and political support for climate finance, while creating the environment for the collaborations and partnerships necessary for the enhanced mobilization of adequate, sustainable and predictable green finances.



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We are confident that this framework will enable the private sector, development partners and government agencies to work together to deliver the optimal outcomes envisioned the deepening of green financing in Kenya.

2.0 National Green Finance Institutional Strengthening

The second area of achievement has to do with the **mainstreaming of green finance at the National Treasury and Planning**, as well as in line ministries and departments at both national and county levels providing an effective institutional framework for the coordination and management of green finance flows, through coding, tracking and reporting.

An example of this relates to the public financial management system which has played a key role in ensuring transparency and accountability for green finances from various sources. This has resulted in greater confidence from our partners, enabling us to tap into diverse green funding sources such as the Green Climate Fund, the Green Climate Investment Fund and Green Adaptation Fund among others.

3.0 Cooperation and Devolved Green Finances



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Thirdly, Kenya has put in place **elaborate collaboration and partnership mechanisms** with non-state actors including the private sector aimed at accelerating the mobilization of green financing from public, private, multi-lateral financial institutions and other players.

In this regard it worthy to note that Kenya is a founder-member of a number global and continental green finance institutions, coalitions, networks and partnerships, such as the *Coalition for Finance Ministers on Climate Action*, the *International Sustainable Finance Platform*, the *Partnership for Green Growth (P4G)* and the *Africa Green Finance Coalition Peer Review Mechanism*, through which Kenya has and continues to share her experiences and achievements while playing a leading role in shaping the global green finance agenda.

4.0 Financing Locally Led Climate Action Program (FLLoCA)

Fourthly, through the **Post COVID-19 Economic Recovery Strategy** under the theme: “Building Back Better: A Greener and Climate-Resilient Economy Kenya – Stronger Together” which has input from all 47 counties, Kenya continues to recognize the importance of inclusivity from the grassroots in driving the green economy and climate change agenda.

This will create opportunities to create the institutional linkages necessary to devolve funds from the national level to the county level to support climate change initiatives.



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The 10-Year Financing Locally Led Climate Action or FLLoCA programme under The National Treasury & Planning, seeks to mobilize **USD 1.05 billion** to support the update Nationally Determined Contributions (NDC). In this regard, over **50%** of all counties in Kenya have established County Climate Change Funds (CCCFs) and dedicated at least **2%** of their development budgets to climate adaptation actions and to building local climate resilience infrastructure.

5.0 Green Finances Mobilization Strategy

Fifthly, Kenya has made impressive progress in **mobilizing green finances** and developing a **system for monitoring, coding, tracking and reporting green finance** mobilization, expenditures, results and impact to enhance accountability and transparency in line with the Paris Agreement.

Kenya recently concluded a landmark study: “*The Landscape of Climate Finance in Kenya: On the Road to Implementing Kenya’s NDC, March 2021*”, which successfully tracked and placed Kenya’s green-related investments in FY 2017/18 at **KES 243.3 billion or USD 2.4 billion**. Notably, of this amount public resources from domestic and international providers accounted for KES 144.3 billion or 59.4% of green investments while the private sector accounted for the balance.



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To date, Kenya has attracted an ***estimated USD4.6 billion*** for green projects and programmes in various sectors, with the green energy sector accounting for 40% of those flows and related projects.

Several green financing windows remain open to Kenya, under the UN Framework Convention on Climate Change (UNFCCC), such as the Green Climate Fund (GCF), the Global Environment Facility (GEF) and Adaptation Funds. Outside the UNFCCC framework, a host of bilateral and multilateral finds exist alongside our national budget allocations and private investments by Kenyan companies.

In view of this, and the need to consolidate and ensure a faster transition to a Green Economy Net Zero-Carbon by 2050, Kenya intends to expedite the establishment of **Kenya Green Investment Bank** to accelerate the mobilization of additional, predictable and sustainable green finances to support the public and private sectors develop bankable green investment pipelines.

Additionally, Kenya will fully operationalize the **Nairobi International Financial Centre Authority** (NIFCA), to make Nairobi a formidable centre for attracting green investment and green private capital into the region.

6.0 New Innovative Mechanisms for Mobilizing Green Financing



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The sixth and final achievement has to do with the **new and innovative mechanisms** Kenya has developed for mobilizing green financing. Allow me to highlight a few here:

Under the **Green Manufacturing and Consumerism** initiative, Kenya has enhanced its fiscal space for savings, through the removal of subsidies counterproductive to the achievement of its Green Agenda.

Kenya also continues to support the **Green Debt Swap**, allowing for the re-directing such savings to financing low-emission-green investments and the restoration of forests, ecosystems, degraded land and seascapes.

We are also expanding and diversifying our donor base to include bilateral and multilateral funding under the UNFCCC framework, while introducing a Carbon Trading and Offset Scheme.

The government is at an advanced stage in establishing the **Kenya Emissions Trading System (KETS)** allowing companies and organizations to buy Emission Allowance and thereby enable Kenya to meet her commitments in limiting greenhouse emissions through this certification of emission credits. This system will be managed through the soon to be established **National Carbon Credits and Green Assets Registry**.

Other key innovative mechanism we are pursuing is the valuation of Kenya's natural resource capital, so as to establish a natural resource base



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for monetization and application of a **Nature Capital Asset** in the calculation of our GDP.

Additionally, and in relation to this Kenya will soon be launching its debut **Sovereign Green Bond** to finance green projects across the country in line with the country's green economy and climate change development agenda.

These six key achievements I have outlined, summarize Kenya's commitment to the Paris Accord and to a green and climate-resilient economy.

In concluding, therefore, I encourage you all to have candid deliberations during this two-day event and come up with clear and actionable approaches that will enable our countries to continue taking a leading role in realizing our ambitions towards transitioning to a **Net Zero-Carbon Neutral Economy By 2050**, with the support of the European Union and other like-minded partners of Kenya.

Thank you for your attention.

END