KEPSA
KENYA PRIVATE SECTOR ALLIANCE

PRIVATE SECTOR STRATEGY ON CLIMATE CHANGE SOLUTIONS IN KENYA

2022 - 2030

REPUBLIC OF KENYA

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GREEN CLIMATE FUND

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W. Grace Digital Solutions Ltd

For further information, please contact:
The Kenya Private Sector Alliance (KEPSA)
Email: info@kepsa.or.ke

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The private sector engagement strategy is intended to guide the implementation of climate change solutions and to improve, enhance and strengthen private sector engagement in climate change mitigation and adaptation in Kenya.

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Carole Kariuki

EBS, MBS, HSC

KEPSA championed green business environment reforms for sustainable development and institutionalized it in the Third National Business Agenda (NBA- III-2022-2030) The Green NBA-III is a strategic guide for public-private dialogue and engagement with the government to create a conducive environment for sustainable and resilient investments. Our goal is to constantly re-evaluate intervention strategies through concerted efforts to enhance the competitiveness and status of the country as envisioned in Vision 2030. As a cross-sectorial phenomenon, climate change impacts the gains made towards competitiveness, calling for urgent action, intervention, leadership at the highest level, and commitment by all to support and contribute to fighting the vagaries of climate change.

The Private Sector Strategy on Climate Change (2022- 2030) has thus been developed as a national guide for the private sector to invest and implement climate change solutions at national and county levels in line with the reviewed Kenya's Nationally Determined Contribution (NDC). The strategy prioritizes private enterprises vulnerable to the impacts of climate change including MSMEs and is anchored on four pillars as follows:

a) Climate change mitigation ambition
b) Climate change adaptation and resilience
c) Climate information and capacity building
d) Public Private Partnerships (PPPs) for climate solutions

Engaging the private sector in climate action as implementers is essential if we are to accelerate the transformation to a low-carbon development pathway. Private entities dominate many decisions key to adaptation, for example, the location and design of roads, buildings, and other infrastructure investments, agricultural research on drought-resistant seeds), waste and water management infrastructure and technologies, model of financing, development of adaptive technologies in all sectors and dissemination of adaptation products and services.

The private sector is keen on implementing business climate actions. We are however faced with many challenges in our quest. Some of these limitations include:

a) Technical capacity in climate science nexus and business modelling,
b) Awareness of opportunities for investment in climate change-related issues, and
c) Access to financing options to create low-carbon and climate-resilient development pathways.
d) Community engagement & alignment

KEPSA as an implementing partner of the GCF NAP Readiness Support Project on "Enhancing Capacity for Planning and Effective Implementation of Climate Change Adaptation in Kenya," is proud to have led the development of the private sector strategy on climate solutions in Kenya (2022- 2030). This strategy will guide climate business action priorities as implementers and

financiers of solutions for achieving low-carbon, climate-resilient development pathways. This strategy demonstrates private sector commitment to engagement, investment, and creative climate change solutions that will be strengthened and institutionalized dubbed Business Commitment to Climate Action (B2CA).

The private sector in Kenya is ready for action! KEPSA will consolidate efforts by the private sector in contributing to the achievement of climate action and sustainable development. The strategy lays the foundation for Business Commitment to Climate Action in Kenya (B2-CAK) comprising of Corporate Commitment to Climate Change in Kenya (4CK) and SME Commitment to Climate Action in Kenya. The strategy will guide the design of climate SMART business models and strategies, create awareness and capacity amongst private sector members, pool resources towards climate change investment and green recovery from the COVID-19 pandemic, as well as inform the design and implementation of climate change solutions in Kenya.

Chief Executive Officer
Kenya Private Sector Alliance

Dr. Chris Kiptoo

CBS

The Kenyan economy is dependent on climate-sensitive sectors such as rain-fed agriculture, tourism, water, energy, wildlife, and health. Eighty-four per cent of the country is classified as arid and semi-arid, which leaves only sixteen per cent of the country's land area as the source of food and livelihood for a population of over 48 million. This strategy was prepared by the private sector in collaboration with the Food and Agriculture Organization (FAO) of the United Nations with support of the Green Climate Fund (GCF) through the NAP Readiness Project on "Enhancing Capacity for Planning and Effective Implementation of Climate Change Adaptation in Kenya." The strategy is part of the Government of Kenya's strategic intervention to encourage non-state actors to design and implement sector-driven actions on climate change.

The economic impacts of climate change – and its effect on development– in Kenya are significant mainly because the economy is highly dependent on natural resources. The Kenya National Climate Change Action Plan (NCCAP) 2018-2022 estimates the economic liability of floods, which are linked to climate change, to be equivalent to 5.5% of Gross Domestic Product every seven years, while that of droughts, also linked to climate change, is equivalent to 8% of Gross Domestic Product every five years. Climate change adaptation can reduce these economic costs, but adaptation has a cost. Kenya's Nationally Determined Contribution (NDC), 2020 estimated the country's cost of adaptation to be US$ 43.93 billion in the period between 2020 to 2030, which is an average of US$4.4 billion per year. The cost for mitigation is estimated at US$ 17.73 billion - an average of US$1.8 billion per year- within the same period.

In Kenya, like in many developing countries, where State provision of social services is constrained, the private sector complements the public sector and is an important provider and consumer of essential services and basic amenities such as food, environmental goods and services, transport, housing, health, and education services. This makes it critical for the private sector to create sustainable solutions to the effects of climate change. The country's transition to a low-carbon and climate-resilient economy will affect all economic sectors and industries, and presents significant risks to private-sector business value chains. It's important to note that this also creates significant opportunities for investment in climate change mitigation and adaptation solutions.

Dealing with the impacts of climate change necessitates a concerted effort from state and non-state actors. The strategy will therefore not only enhance investment in climate adaptation and mitigation actions but will also promote coordination and communication with the government on the progress and effectiveness of the private sector's response to climate change per the country's plans, policies, strategies, and programmes. Further, the strategy is a step forward in meeting the climate change targets set by the government.

Principal Secretary
Ministry of Environment and Forestry

Dr. Julius Muia

PhD, CBS

Foreword

National Treasury and Planning

The Kenyan economy is dependent on climate-sensitive sectors such as rain-fed agriculture, tourism, water, energy, wildlife, and health. All these sectors are vulnerable to climate change. Eighty four percent of the country is classified as arid and semi-arid, that leaves only sixteen percent of the country's land area as the source of food and livelihoods for the population of over 48 million. This strategy was prepared by the private sector in collaboration with the Food and Agriculture Organization (FAO) of the United Nations with support of the Green Climate Fund (GCF) through the NAP Readiness Support Project on "Enhancing Capacity for Planning and Effective Implementation of Climate Change Adaptation in Kenya." The strategy is part of the Government of Kenya's strategic intervention to encourage non-state actors to design and implement sector-driven actions on climate change. The economic impacts of climate change – and its effect on development– in Kenya are significant mainly because the economy is highly dependent on natural resources.

The Kenya National Climate Change Action Plan (NCCAP) 2018-2022 estimates the economic cost of floods and drought create a long-term fiscal liability equivalent to between 2% and 2.8% of the country's Gross Domestic Product (GDP) every year. Specifically, the costs of floods estimated to be about 5.5% of the GDP every seven years while that of droughts account for 8% of the GDP every five years. Climate change adaptation can reduce these economic costs, but adaptation has a cost. The Kenya's Nationally Determined Contribution (NDC), 2020 estimated the country's cost of adaptation to be US$ 44 billion in the period between 2020 to 2030, which is an average of US$4.4 billion per year. The cost for mitigation is estimated at US$ 18 billion - an average of US$1.8 billion per year- within the same period.

In Kenya, like in many developing countries, where State provision of social services is constrained, the private sector compliments public sector and is an important provider and consumer of essential services and basic amenities such as food, environmental goods and services, transport, housing, health, and education services. This makes it critical for the private sector to create sustainable solutions to the effects of climate change. The country's transition to a low-carbon, climate-resilient economy will affect all economic sectors and industries, presents significant risks to private sector business value chains but also create significant opportunities for investment in climate change mitigation and adaptation solutions.

Dealing with the impacts of climate change necessitates a concerted effort from state and non-state actors. The strategy will therefore not only enhance investment in climate adaptation and

mitigation actions but will also promote coordination and effectiveness of private sector's response to climate change in accordance with the country's plans, policies, strategies, and programmes. Further, the strategy is a step forward in meeting the climate change targets set by the government

Principal Secretary
National Treasury and Planning

Amb. Carla Mucavi

The Government of Kenya and the UN have agreed on three long-term strategic priorities towards the realization of Sustainable Development Goals, Kenya's Vision 2030, and the Big Four agenda. These goals are (i) Transformative governance for an empowered nation, (ii) Equitable social and human capital development for a healthy nation, and (iii) Inclusive and sustainable growth for a productive nation. The Food and Agriculture Organization of the United Nations provides technical leadership in the implementation of the third strategic priority. This priority envisages the Sustainable Development Agenda 2030 and FAO strategic Framework 2022-2031, which promotes better production, better nutrition, better environment, better life and the overarching principle of "leaving no one behind", made possible through structural transformation of the Kenyan economy to attain sustainable and inclusive growth that is increasingly resilient, green, diversified, competitive and creating decent jobs and providing quality livelihoods for all.

Internationally, governments are developing strategies to engage the private sector in national adaptation planning. The private sector across the globe has also identified and is working on the market opportunities of climate change and investing; for instance, in clean and renewable energy, wastewater management, green and climate financing, and developing and marketing new varieties of climate resilient seeds for sustainable food security. The private sector must engage more fully in climate change adaptation and mitigation actions as a major economic opportunity and sustainability goal.

In Kenya, the Green Climate Fund through the Kenya National Designated Authority- National Treasury and Planning - in collaboration with the FAO and The Kenya Private Sector Alliance is implementing a National Adaptation Plan (NAP) Readiness Support Project on "Enhancing Capacity for Planning and Effective Implementation of Climate Change Adaptation in Kenya." The project is implemented by FAO as an Accredited Entity under the Resilient Food and Livelihood Systems Sub-Programme. The outcome of the private sector component of the NAP readiness programme is to strengthen and institutionalize private sector commitment, participation, investment, and innovative solutions for combating climate change in Kenya.

It is under this support that the private sector led by KEPSA has developed "The Private Sector Strategy on Climate Change" to guide the implementation of climate change solutions and to improve, enhance and strengthen private sector engagement in climate change mitigation and adaptation in Kenya. This strategy is a major step towards promoting the coordinated and inclusive implementation of climate change solutions among the private sector actors in Kenya. It is an apt time for the private sector to implement the strategy, and create sustainable businesses, and supply chains while contributing to the achievement of the country's climate change and development goals.

Carla Mucavi

FAO Representative in Kenya
The Food and Agriculture Organization of the United Nations

Executive Summary

The Kenyan economy is dependent on climate-sensitive sectors such as rain-fed agriculture, tourism, water, energy, wildlife, and health whose vulnerability is exacerbated by climate change. The economic costs of climate change are widespread across all the economic sectors in Kenya. Some of the costs are threats to coastal zones and ecosystems through sea-level rise, habitat and biodiversity loss, risks to socio-cultural intellectual stocks of environment-saving-knowledge, cost of treating animals, and human diseases and ailments caused by air and water pollution. Additionally, there is increased demand for energy, infrastructure, water resources, and grazing and agricultural land. Explicitly, the Kenya National Climate Change Action Plan 2018-2022 estimate the fiscal liability of floods linked to climate change is 5.5% while that of droughts is 8% of Gross Domestic Product every seven and five years, respectively.

These climate change risks are opportunities for business investment and policy development for the private and public sectors respectively through investment in resilient infrastructure, clean energy and energy conservation, integration of resource efficiency in commercial construction, investment in sustainable and resilient agriculture, and policy development in all sectors of the economy. Although Kenya is considered a leader in green and blue economy development anchored on national policy and government investment, all sectors are expected to do more in the transition to a low-carbon, climate-resilient economy. This situation necessitated the development of a private sector strategy on climate change solutions to guide the sector in climate-proofing of business investments and integrating climate solutions into policies, plans, and models.

The private sector in Kenya has faced the effects of climate variability and has suffered negative impacts of droughts and flood risks including operational, supply chain and raw materials risks, water and energy supply priorities, financial and market risks, agriculture, food security and rural development, ecosystem threats, poor infrastructure, unreliable weather information, and public health. The sector faces significant exposure to climate risk through its assets, operations, and supply chains, and thus has considerable reason to invest in climate risk management, both to protect itself and also to harness new business opportunities arising from a changing climate.

Given this, it is the private sector that must engage fully in climate change adaptation and mitigation actions as a major economic opportunity and sustainability goal. The sector can mobilize financial resources and technical capabilities, leverage the efforts of national and county governments, engage the development sector, civil society, and communities, and develop innovative climate mitigation and adaptation technologies. The sector is faced with numerous barriers that constrain widespread investment in climate-proofing and creating solutions for climate mitigation and adaptation. The main constraints include financial, institutional, informational, political and regulatory, technological, and social and cultural barriers.

The private sector strategy is aligned with Kenya's plans and policies on climate change and has identified and focused on four key strategic challenges (technical and technological capacity, informational, financial, and policy and regulatory) to private sector engagement in the

implementation of climate change adaptation and mitigation solutions in Kenya. Social and cultural barriers have been treated as cross-cutting issues and subsumed within the four challenges. The goal of the private sector strategy is to integrate climate change adaptation and mitigation into private sector investments, policies, and programmes. The strategy will guide the sector on the implementation of climate change solutions and strengthen engagement in climate change mitigation and adaptation in Kenya.

The private sector strategy aims to promote coordinated and inclusive implementation of business climate change solutions anchored in four pillars: Climate change mitigation ambition, Climate change adaptation and resilience ambition, Climate information and capacity building and Public-Private Partnerships for climate change. The core approach for implementation is the Institutionalization of the Climate Business Information Network- Kenya as the entity in charge of the strategy implementation, technical support and monitoring and reporting progress.

The strategy will also enhance communication, coordination and tracking of resources while promoting investments in climate change actions by the private sector. The sector will seek to expand the climate-related portfolio by seeking resources and funding from within the sector, international private sector, international public sector, local and international financial institutions, development partners, global funds, and bilateral and multilateral institutions to finance climate change activities, investments, and capacity building.

Stakeholder engagement for this strategy will involve seeking out key associations, organizations, and individuals within the private sector, public sector, and other stakeholders to offer benefits in exchange for their involvement in providing data, insights, and resources. Stakeholders will be engaged through existing forums, private sector events, and workshops. Various stakeholders will be engaged in decision-making, investments and partnerships to provide the link to the wider impacts of climate action and the integration of climate action within the private sector for the achievement of strategic objectives.

01 | Introduction

The Kenyan economy is dependent on climate-sensitive sectors such as rain-fed agriculture, tourism, water, energy, wildlife, and health whose vulnerability is exacerbated by climate change. Eighty-four per cent (84%) of the country is classified as arid and semi-arid, which implies 16% of the country's land area is the source of food and livelihood for the population of over 48 million[1]. The agricultural sector accounts for over 65% of exports, provides about 75% of total employment and supports over 80% of the rural population[2]. Sixty-three per cent of the food produced in Kenya is produced by smallholder farmers[3], whose vulnerability to climate change is exacerbated by their lack of the resources to cope with climate change.

This, therefore, means that the food security of the country, as well as the mainstay of the majority of the citizens, is highly vulnerable to climate change. Climate variability has significant economic costs in Kenya, especially arising from extreme climatic events such as floods and droughts affecting the above sectors. The adverse climatic events cause major socio-economic impacts which affect the whole country and reduce economic growth.

Kenya National Adaptation Plan (NAP 2015 – 2016), is the country's first adaptation plan for addressing its vulnerability to climate change. It sets out Kenya's national circumstances, focusing on current and future climate trends and demonstrates a commitment to main-streaming adaptation across all sectors of the economy. This commitment is further articulated in the national climate change action plans and identifies priority actions in twenty planning sectors for the short-term, medium-term, and long-term. The private sector is impacted by climate variability and has suffered negative impacts arising from droughts and flood risks, operational and supply chain challenges, raw materials risks, water and energy supply priorities, financial and market risks, agriculture, food security and rural development, ecosystem threats, poor infrastructure, unreliable weather information and public health. However, the technical interpretation of climate change issues and in particular, climate change adaptation is not clear to the sector. The plan recognizes the critical role of the private sector in combating the effects of climate change and recommends the need to develop a business case and strategy for private sector involvement and investment in adaptation.

The involvement of the private sector including Small and Medium Enterprises (SMEs) and women-owned businesses is imperative to the resilience, low carbon pathway and sustainability. The active involvement of the private sector is aligned with the overarching guiding principles and goals of enhanced adaptation action as set out by the Conference of the Parties to the UNFCCC. It is important, when engaging private sector actors, that they are not only considered as a source of funding but also as valuable implementing bodies for adaptation options and priorities. Private sector enterprises can invest in increasing the resilience of their operations and their supply chains to climate risks (Crawford, A., Church, C., & Ledwell, C. (2020).

1 Government of Kenya, Ministry of Environment & Forestry, 2020 Kenya's Updated NDC
2 Government of Kenya, 2017. Kenya Climate Smart Agriculture Strategy (2017- 2026)
3 FAO of the UN Rome, 2015. The economic lives of smallholder farmers

02 | Situation Analysis

The economic costs of climate change are widespread across all the economic sectors in Kenya. Some of these costs include threats to coastal zones through continued sea-level rise, threats to ecosystems through habitat loss to agriculture and biodiversity loss through extractive trade in wildlife resources, ecosystem loss through trade in geological resources, threats to socio-cultural intellectual stocks of environment-saving-knowledge through intellectual property theft or socio-chauvinistic manipulations, cost of treating animal and human diseases and ailments caused by air and water pollution among other health hazards, increased demand for energy, infrastructure, water resources, grazing land, agriculture, disruption of various value chains, and loss of ecosystem.

Kenya National Climate Change Action Plan (NCCAP) 2018-2022 estimate the fiscal liability of floods, which are linked to climate change in Kenya, is equivalent to 5.5% of Gross Domestic Product (GDP) every seven years[4], while that of droughts, also linked to climate change, is equivalent to 8% of GDP every five years. Climate change adaptation can reduce these economic costs, but adaptation has a cost. The Government of Kenya estimates the cost of adaptation to be US$ 43.93 billion in the period between 2020 to 2030 (an average of US$4.4 billion per year). The cost for mitigation is estimated at US$ 17.73 billion (an average of US$1.8 billion per year) within the same period.

Kenya is considered a leader in green and blue economy development anchored on national policy and government investment. Climate Action Tracker rates Kenya's policies and actions as 1.5°C compatible when compared to its fair contribution. However, action should go beyond Kenya's fair share with the help of international support[5]. The climate change risks noted above are opportunities for business investment and policy development for the private and public sectors, respectively. For instance, investment in resilient infrastructure, clean energy and energy conservation, integration of resource efficiency in commercial construction, investment in sustainable and resilient agriculture, and policy development in all sectors of the economy.

4 Government of Kenya,2018. The second National Climate Change Action Plan (NCCAP) 2018-2022
5 Climate Action Tracker (CAT), 2021. Kenya Country Summary

03 | Rationale and Business Case

The private sector has faced the effects of climate variability and has suffered negative impacts of droughts and flood risks including operational, supply chain and raw material risks, water and energy supply priorities, financial and market risks, agriculture, food security and rural development, ecosystem threats, poor infrastructure, unreliable weather information and public health[6]. The sector faces significant exposure to climate risk through its assets, operations, and supply chains, and thus has considerable reason to invest in climate risk management, both to protect itself and also to harness new business opportunities arising from a changing climate.

The rationale for engaging the private sector in climate change solutions is three-fold. On one hand, the sector can support the public sector which is faced with constrained budgets and rising costs of managing climate change to achieve the climate resilience goals set, by providing skills and financial resources from the businesses and financial sector. On the other hand, the sector itself can through awareness creation and understanding of the risks and opportunities arising from climate change develop solutions to alleviate the risks and take up the opportunities[7]. Thirdly, the public sector can provide a conducive policy environment for the private sector to support the public sector goods and the private goods of the citizenry.

Additionally, it is important to engage the private sector not only as a source of funding but also as a valuable implementer of climate change options and priorities. Many actors in the sector are already involved in climate adaptation efforts more so in the management of business risks, however, they do not report these efforts as such. For instance, private sector enterprises work in corporate social responsibility, sustainability, the resilience of operations and supply chains and climate change could all potentially serve adaptation goals. The sector could also design, provide and use new products or services that help communities better adapt and increase their resilience such as seeds for climate-resilient crops, mobile phone applications for distribution and documentation of climate information and equipment for early warning systems. Micro, Small, and Medium Enterprises (MSMEs) are important in the implementation of adaptation options identified in the Kenya NAP since they account for approximately 90% of all businesses in developing countries, and many of them operate in climate-dependent sectors like water, agriculture, and fisheries[8].

The rationale for investing in climate change action cannot be disputed because the transition to a low-carbon and climate-resilient economy will affect all economic sectors and industries, presents significant risks and also create significant opportunities for private sector organisations focused on climate change mitigation and adaptation solutions. In 2015, the International Energy Agency (IEA)[9] estimated that the expected transition to a lower-carbon economy globally is estimated to require around US$1 trillion of investments every year for the foreseeable future, generating

6 Kenya National Adaptation Plan: 2015-2030, Government of Kenya, July 2016
7 Fayolle, V., Fouvet, C., Soundarajan, V., Nath, V., Acharya, S., Gupta, N., Petrarulo, R., 2019. Engaging the private sector in financing adaptation to climate change: Learning from practice. ACT
8 Crawford, A., Church, C., & Ledwell, C. (2020). Toolkit for Engaging the Private Sector in National Adaptation Plans (NAPs): Supplement to the UNFCCC Technical Guidelines for the NAP process. NAP Global Network & United Nations Framework Convention on Climate Change Adaptation Committee. International Institute for Sustainable Development.
9 International Energy Agency, 2015. World Energy Outlook Special Briefing for COP21

new investment opportunities. This investment must transcend the terrestrial scope into the aquatic/marine scope, given their interconnectedness between the two, e.g., evidence shows that overexploitation of whales in the ocean disrupts the carbon cycle and the food chains that have an impact on marine tourism as well as fisheries. In 2009, Stockholm Environment Institute (SEI) study[10] on the economics of climate change in Kenya, concluded that periodic floods and droughts like what was witnessed between the years 1998 and 2000 were estimated to have economic costs of US$2.8 billion from loss of crops and livestock, forest fires, damage to fisheries, reduced hydro-power generation, reduced industrial production and reduced water supply. The report estimated the continued annual burden of extreme weather events in the country would lead to large economic costs possibly as much as $0.5 billion per year and equivalent to around 2% of GDP. The report estimated the cost of adaptation by 2030 to be in the range of US$1 to 2 billion per year.

The National Adaptation Plan (NAP 2015-2030) estimated the budget needed to implement the adaptation actions prioritized in NCCAP till the year 2030 to be US$ 38.3 billion (KES 3.9 trillion). The NAP noted gaps such as awareness, capacity building, and financing. The responsibility for the implementation of NAP lies with the Government, research institutions and academia, civil society, and the private sector. Kenya's updated Nationally Determined Contribution (NDC)[11] indicates that the cost of implementing mitigation and adaptation actions across sectors up to 2030 is US$ 62 billion, with the country committing to raise 13% (US$ 8.06) of this budget from domestic sources while 87% (US$ 53.94) is expected from international support. The budget is shared between adaptation and mitigation actions, with adaptation taking 71% (US$ 43,927 million) from the year 2020 to 2030. The government intends to mobilize 10% of the adaptation budget from domestic sources while 90% of the cost will require international support. These projections indicate the need for extensive investment to support adaptation in Kenya and which has to be taken up by the public and private sectors among other stakeholders.

According to the landscape of climate finance in Kenya study[12], around 79% of climate finance in Kenya is directed to the implementation of climate mitigation measures which is in contrast with the country's adaptation-focused NDC. This presents an economic risk due to the cost of climate events such as drought and flooding. Only 11.7% (KES 28.4 billion) of climate finance in Kenya was directed to adaptation in 2018 vis-à-vis the significant investment accounting for 79.8% (KES 194.2 billion) that went to mitigation measures, which disproportionally target the renewable energy sector. The study notes there is a huge financing gap in meeting Kenya's NDC. This is especially in the water and blue economy, forestry and disaster-risk management sectors which are vital for Kenya to achieve its NDC, build Kenya's resilience against drought and flooding and adequately adapt to climate change. These sectors, among others, require sustained investment.

10 Stockholm Environment Institute (SEI), 2009. Economics of Climate Change Kenya
11 Government of Kenya, Ministry of Environment & Forestry, 2020 Kenya's Updated NDC
12 Government of Kenya, Climate Policy Initiative (CPI), The Global NDC Implementation Partners (GNI plus), Kenya Climate Innovation Centre (KCIC), 2021. The Landscape of Climate Finance in Kenya on the road to implementing Kenya's NDC

The are many risks arising from changing climate that threaten the operations of private sector enterprises, and ultimately affect financial performance. The risks are mainly classified into physical, legal and regulatory, financial, reputational, and competitive. Physical risks emanate from the changing climate itself, for instance, damage to property from extreme weather events. Vulnerable sectors include agriculture, fisheries, forestry, tourism, water, real estate and insurance. Legal risks may arise when enterprises fail to comply with regulatory requirements (such as laws limiting greenhouse gas emissions), expose them to litigation risks related to injuries that may have been prevented with proper consideration of climate change-related harms or fail to disclose material climate risks to their investors. Enterprises are exposed to financial risks because climate change is driving increases in the cost of energy, raw materials, insurance premiums and capital expenditures.

There are additional operational costs as businesses adapt to mitigate the impacts of climate change. Revenues are impacted by the inability to pass these costs onto consumers while exploiting new market opportunities and maintaining market share. Significant emissions in industries' supply chains result in increased upstream costs or reduced sales. Carbon taxes or emissions trading schemes imposed as payment for emissions and increased energy prices would increase a firm's financial liability[13]. Businesses that contribute to climate change or actively reject it risk being the target of campaigns that ultimately influence profitability. The reputational risk may also affect a firm's ability to recruit and retain qualified and skilled workers.

Climate change is creating competitive risk, as changes in prices, technologies and demand patterns disrupt traditional business models. Businesses that do not address climate change are at risk of lagging behind their competitors in innovation and new product development. If competitors move first and appeal to the market, an enterprise will be left to catch up or become irrelevant. Consumer expectations and needs are changing as they become more aware of the impacts of climate change. Demands for more climate-compatible goods and services are increasing at the expense of those goods and/or services that are perceived otherwise. Should any company provide a product or service that fits a low greenhouse gas intensity market appeal, it may have a significant competitive advantage. The above risks provide a rationale for private sector actors to identify and address them through the design and implementation of climate change solutions and investment in mitigation, adaptation and resilience.

Equally important as risks, climate change presents opportunities to the private sector upon which the sector can capitalize to solve climate change challenges while at the same time expanding markets and satisfying shifting demands and customer needs. The sector could contribute to regulatory development such as drafting laws, participation in working groups, lobbying efforts, advice or research, and the promotion of a legislative agenda. This would ensure the sector reaps the benefits of improving a business' perception and perceived accountability as well as the ability to operate initiatives ahead of competitors, conduct risk assessments and act on recommendations ahead of time.

13 Klar, D. & Rotchild, L., 2017. Climate Change Guide for Business 2.0" Canadian perspectives for a changing business climate

Additionally, businesses that get involved in climate change discourse can create government partnerships and access funds for research & development for instance through Public Private Partnerships. The International Finance Corporation estimated that Kenya's climate-smart investment potential in selected sectors is US$81 billion[14] from 2016 to 2030. Agriculture has the highest potential for climate and/or green investments at US$59.6 billion followed by transport at US$11 billion and geothermal at US$ 7 billion. Small hydro projects were projected to have a potential for US$1 billion. Some of the risks and opportunities mentioned above are summarised in Figure 1 below

Figure 1: Opportunities and Risks

Private sector assets, operations and supply chains are at significant risk from climate change. Climate change is exacerbating the existing risks and creating new ones[15], hence integrating climate risk management within existing corporate risk management practices makes good business sense, both to protect against potential risks, but also to harness new business opportunities arising from climate change. The private sector is an important source of finance, innovation, technology, and risk management expertise that remains virtually untapped by the public sector in climate change. Given the significant risks that climate change poses to economic growth in Kenya, it is critical to have the private sector involved in managing these risks.

14 International Finance Corporation, 2016. Climate Investment Opportunities in Emerging Markets
15 Acclimatise, 2016. Building Readiness of the Private Sector in Bangladesh for GCF Accreditation

Internationally, governments are developing strategies to engage the private sector in national adaptation planning[16]. The private sector across the globe has identified and is working on the market opportunities of climate change and investing; for instance, in clean and renewable energy such as wind and solar, energy efficiency within industries, wastewater management, green and climate financing, insurance, and developing and marketing new varieties of climate resilient seeds. In addition, the sector is exploring more options for engagement. Given the above, it is the private sector that must engage fully in climate change adaptation and mitigation actions as a major economic opportunity and sustainability goal. In Kenya, the Green Climate Fund (GCF) through the Kenya National Designated Authority (National Treasury and Planning) in collaboration with the Food and Agriculture Organization of the United Nations (FAO) and The Kenya Private Sector Alliance (KEPSA) is implementing a Readiness Support Project on "Enhancing Capacity for Planning and Effective Implementation of Climate Change Adaptation in Kenya." The project's outcome on the private sector is to strengthen and institutionalize the private sector to participate and invest in climate change adaptation through the Climate Business Information Network CBIN(K).

The private sector can mobilise financial resources and technical capabilities, leverage the efforts of national and county governments, engage the development sector, civil society, and communities, and develop innovative climate mitigation and adaptation technologies. Private entities dominate many investments that are critical to adaptation and mitigation. The model where businesses create value for investors without regard for environmental and social impacts is coming to an end[17]. In this case therefore the private sector will have to explore nature positive economy model that is regenerative, collaborative, and where growth is only valued where it contributes to social progress and environmental protection.

16 Examples include Ghana, Vietnam, Saint Lucia and Bangladesh, among others
17 United Nations Environment Programme,2021. Adapt to Survive: Business transformation in a time of uncertainty

04 | Strategic Challenges

In the process of developing the strategy, a survey on the state of play on climate change investments in the private sector was conducted accompanied by an extensive review of literature. The findings indicate that numerous barriers constrain widespread investment in climate-proofing and creating solutions for climate mitigation and adaptation in the private sector. The main constraints include financial, institutional, informational, political and regulatory, technological, and social and cultural barriers. Informed by the primary and secondary data the strategy has identified and focused on four key strategic challenges (technical and technological capacity, informational, financial, and policy and regulatory) to private sector engagement in the implementation of climate change adaptation and mitigation solutions in Kenya. Social and cultural barriers have been treated as crosscutting issues and subsumed within the four challenges.

Strategic Challenge 1
Capacity Constraints

Survey of the private sector in Kenya, conducted as a precursor to this strategy indicated that 73.1% of the actors lack adequate technical capacities needed to integrate climate risks into business models and operations. The sector will require continuous skills building on how to adapt to climate change and develop business models needed to commercialize adaptation products and services. The sector will need to be capacitated on how to build and implement strategies to mitigate climate risks, as well as seek or extend the financing for adaptation investments. There is an increasing focus on the roles that private sector actors can play in mitigating the effects of climate change. The development partners especially have funded capacity-building initiatives for the private sector.

The public sector has also tried to ensure that the private sector is part of the climate debate for instance, through consultations during policy-making Despite these efforts the capacity constraints in the sector remain substantial- more so amongst MSMEs. The private sector, therefore, remains exposed and largely unable to adapt to climate shocks. In addition to understanding climate risks and available adaptation options, MSMEs must also have the technical capacity to implement adaptation options that will climate-proof their operations. Adopting new business processes, developing new products or services, and implementing new practices and technologies for increased resilience often involve technical skills that require an upfront investment. Capacity

constraints can discourage MSMEs from adopting new climate-resilient practices and technologies in their business. For instance, technological options in the agriculture sector have been shown to improve productivity. However, without capacity building and proof-of-concept, MSMEs will not be willing to invest or indeed may not even know that such investments are possible.

The private sector actors are at the centre of market systems approaches because of their ability to facilitate innovation, access to producers, and provide continuity. However, the sector lacks robust business models for instance, for investing in climate-smart agriculture (CSA) such as how investing in CSA will be more profitable than business-as-usual practices or how such investment would be less expensive or commercially viable for the sector. The private sector will need business models for climate-smart agriculture practices. There is also a need for granular data to assist in risk management of specific supply chains, tools and resources, and in making the business case for CSA investment. The sector also needs to explore the use of market-based instruments (MBIs) such as price-based instruments (taxes/charges, subsidies deposit refund systems, feed-in-tariffs, etc.), quantity-based instruments (tradable permits/emissions trading schemes) and voluntary instruments such as sustainability reporting.

Strategic Challenge 2
Information Gaps

There are numerous knowledge gaps about the different forms of private sector involvement in climate change actions in Kenya. Lack of information is a common barrier to climate change actions as confirmed by 42.3% of private sector actors in the survey and is also extensively discussed in research as a major obstacle in private sector engagement in climate change. There is limited or no access to information or tools to assess risks and opportunities related to climate change amongst many private sector actors. Although large enterprises and multinational corporations are increasingly aware of threats posed by climate change, the MSMEs are less-informed about the climate risks.

This is because information on climate risks and uncertainties is unavailable and/or inaccessible to MSMEs, making it difficult for such enterprises to incorporate climate risks in business models, planning, and decision-making. The survey findings showed that 69.2% of the private sector actors do not understand the impacts of climate change on their businesses. The three main informational barriers identified in this strategy are understanding climate change, how climate change will impact businesses; and how best to mitigate and adapt. There is a need to capacitate the private

sector on climate information systems to enable the sector to provide climate-relevant goods and services such as weather-index-based insurance products with effective risk management solutions.

Strategic Challenge 3

Access to Finance and Weak Financial Markets

Inability to access finance due to high-interest rates, lack of incentives and lack of capacity within the private sector to seek financing for climate projects and develop bankable proposals for raising funding from elsewhere, limits the level of investments in climate change solutions. Seventy-three per cent (73%) of private sector actors indicated that they lack access to climate finance while 69.2% do not have the wherewithal to raise climate funds. Many of the private enterprises that are most vulnerable to the impacts of climate change—including MSMEs—are among those with the least access to finance. The Kenyan financial market a major private sector actor is also considered weak. Fifty per cent (50%) of the private sector actors indicated that the market lacks financial instruments that would encourage investments in climate change solutions.

Analysis and decomposition of the high-interest rate spreads and margins in Kenya show structural impediments that drive the high cost of and low access to financial services and hinder the development of the financial system, reducing spreads and widening access. The financial sector is also noted to be vulnerable to the fragility of global and domestic economies emanating from financial market uncertainties, trade and geopolitical tensions, corruption, money laundering and financing of terrorism and rapid adoption of financial technology and innovations.[18]

Investment in products, services, programmes and activities to alleviate climate change ordinarily have long-term returns which are not aligned with the short-term lending cycles of many products offered by financial institutions in the country. In some cases, financial institutions do not understand the business models for enterprises in the green space. An underdeveloped financial system in areas crucial for climate investment is a major challenge.

Crucial areas in which the financial system should come through for climate change investments include structuring major projects and providing credit and insurance to enable all businesses and households to make investments and manage the risks they face. The Landscape study of climate finance in Kenya found that in 2018, the private sector contributed 14% of total climate finance in

18 Kenya Financial Sector regulators (CBK, CMA, IRA, RBA and SASRA), 2019. The Kenya Financial Market Stability Report, 2018

Kenya amounting to KES 243.3 billion. Kenyan banks contributed KES 27.4 billion representing 81% compared to the other private sector actors who invested KES 6.6 billion[19]. These numbers indicate a need to provide incentives to the sector and promote more green investments particularly to catalyse adaptation projects.

Strategic Challenge 4
Policy and Regulatory Constraints

Kenya has a robust policy, legal and regulatory framework on climate change that is adequate to deliver intended outcomes on climate change. The country has developed what, on paper at least appears to be an elaborate national climate change action plan and adaptation plan and a complex web of legal and policy instruments to guide the implementation of climate change actions. Although Kenya's targets and policies are rated as almost sufficient[20], implementation is perceived to be weak.

For instance, the climate finance fund and the Nairobi international financial centre among others are yet to be operationalized as a means to attract climate investment. The country also needs policy coherence across all levels of government – national, county and ward- and across the ministries and regulators. Additionally, the monitoring, reporting and evaluation framework is weak partly contributing to the lack of proper coordination between the various government bodies with climate change mandates at the Ministries of Finance and Environment.

The survey of the private sector showed that 80.8% of the private sector enterprises felt that there is a lack of consistent government incentives to encourage climate investment. Due to this, the private sector's involvement, and contributions to the delivery of climate goals are hindered. There is a need therefore to clarify the role of the private sector in the effectiveness of the policy, regulatory, governance, and planning frameworks relevant to climate adaptation and mitigation.

The sector is therefore called upon to act to surmount the challenge of weak enforcement and monitoring of policies. Weak implementation of policies takes away the potential of government regulation as a tool to enhance climate resilience. Conceivably it would be important to improvise incentives for proactive compliance by those who would otherwise resist

19 Government of Kenya and Climate Policy Initiative, 2021. The Landscape of Climate Finance in Kenya
20 Climate Action Tracker (CAT), 2021. Kenya Country Summary

05 | Strategy Objectives

5.1 Strategy Goal

The goal of the private sector strategy is to integrate climate change adaptation and mitigation into private sector investments, policies and programs. The strategy will guide the sector on the implementation of climate change solutions and strengthen engagement in climate change mitigation and adaptation in Kenya.

The private sector's ambition for climate change is informed by statements drawn from multiple sources including National plans and international climate and sustainable goals coupled with consultations with private sector actors and other stakeholders. The strategy is aligned with government policies and plans on climate change. Implementation of the strategy will be achieved through an institutionalized Climate Business Information Network Kenya (CBIN (K).

The network will form a key platform for dialogue to connect and align the private sector action on climate change with the national priorities identified in NDC, NAP, NCCAP, etc. The network will continue to enhance awareness and capacity of the private sector on resilience and adaptation and strengthen the business case for private sector investment in climate solutions in Kenya. The strategy sets out targets for private sector actions and is guided by four main pillars explained under 4.3 below and as shown in Figure 2.

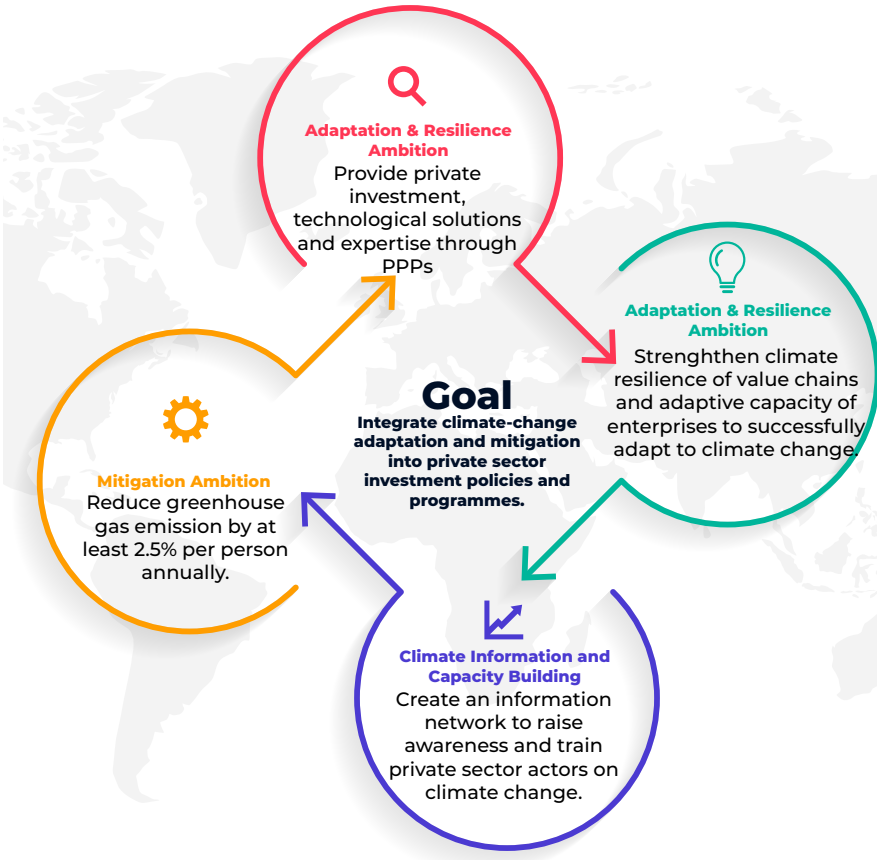

Figure 2: Strategy Goal and Pillars

5.2 Principles

To achieve the objectives, the private sector strategy will be guided by the following principles.

- **Responsiveness**: Ensuring that measures are taken to respond to adaptation and mitigation needs of the private sector and that those measures reduce the adverse effects of climate change on value chains and businesses.
- **Consultation and cooperation:** Safeguarding the precepts of consultation and cooperation in the implementation of climate change actions through reaching out to and collaborating with other sectors for instance the public, development and civil society
- **Prioritizing MSMEs in the private sector:** Ensuring that the adaptation and mitigation needs of private enterprises that are most vulnerable to the impacts of climate change especially the MSMEs are prioritized.
- **Equity and fairness:** Ensuring that the climate actions are inclusive of the needs of all sub-sectors and actors and that the actions do not create a competitive disadvantage for any of the sectors or enterprises relative to others.
- **Inclusion:** Ensuring that climate actions adopt gender-responsive approaches and that the actions examine and actively address gender norms, roles and inequalities. That the climate actions actively seek to promote gender equality through specific actions in the planning processes.

These principles are in line with what is espoused by NCCAP[21] i.e., responsiveness, equity and social inclusion, consultation and cooperation, and fairness.

21 Government of Kenya,2018. The second National Climate Change Action Plan (NCCAP) 2018-2022

5.3 Strategy Pillars

The strategy is anchored on four pillars namely, climate change mitigation ambition, climate change adaptation and resilience ambition, climate information and capacity building, and public private partnerships as explained here under.

Climate change mitigation ambition

PILLAR 1

Reduce greenhouse gas (GHG) emissions by at least 2.5% per person annually consistent with globally recognized reduction commitments (Kenya's per-capita emissions are less than 2.06 metric tonnes of carbon dioxide equivalent (MtCO2eq) compared to the global average of 4.92 MtCO2eq.) (this target is aligned with Kenya's ambition to abate 32% by 2030 relative to the business-as-usual scenario of 143 MtCO2eq and global 1.6 gigatonnes of carbon dioxide equivalent per year (GtCO2e/yr.) reduction by 2030). Kenya's main source of emissions is the land use, land-use change and forestry (LULUCF) sector and therefore the national mitigation focus is towards this sector.

A substantial portion of GHG emissions reductions will be achieved through increased use of renewable energy, energy efficiency, low-carbon technologies, use of clean, efficient and sustainable energy technologies to reduce over-reliance on fossil and non-sustainable biomass fuels, and sustainable waste management, CSA, growing trees and managing forests, and curbing deforestation, among others. It would also help to curb the over-exploitation of natural live carbon sinks such as huge animals (whales, elephants, gigantic trees, etc.) and huge communities of organisms – e.g., phytoplankton and vegetation). Further, the private sector will bear the related mitigation cost notwithstanding Government and international support in form of capacity development, finance, technology development and transfer.

Climate change adaptation and resilience ambition

PILLAR 2

Strengthen the climate resilience of value chains and the adaptive capacity of enterprises to successfully adapt to climate change. This will be achieved through integrating climate change adaptation into all value chains, strategic and business plans, investing in adaptation technologies, and the transfer of skills and knowledge and implementing adaptation actions in all sub-sectors.

Additionally, private sector actors can enhance adaptation investments in operations and value chains by all private sector actors and activities that reduce water consumption or increase water use efficiency and wastewater management, early warning and emergency response systems, and overall production efficiency, among others, in line with the national adaptation priorities. Moreover, enhance public-private partnerships that promote private-sector responses to climate change. It would also be useful to promote investments that do not destroy natural water catchment resources such as water towers and wetlands. Further, the private sector will bear the related adaptation cost notwithstanding government and international support in form of capacity development, finance, incentives, technology development and transfer.

Climate Information and Capacity Building

PILLAR 3

Awareness raising amongst the private sector actors on climate change and building sufficient technical capacities to design and implement climate change response measures. The capacities needed in the sector include capacities for both private enterprises and financiers. Raise awareness of private sector actors on investment opportunities in climate change mitigation and adaptation. The capacity building will focus on how to; finance and invest in climate change actions, mitigate against climate change risks to private sector operations and supply chains, build resilient value chains, and business opportunities for financiers and enterprises such as new products and services designed to enhance adaptation to climate change and increase resilience.

Enhance technology and innovation to empower the private sector to respond adequately to climate change shocks. This will be achieved through the creation of an information network mandated to raise awareness among stakeholders and organize sector-wise forums to train private sector actors on climate change. The sector will seek to build technological, socio-economic, institutional, and education capacities of the actors all of which together will lead to the strengthening of the adaptive capacity of private sector enterprises to successfully adapt to climate change. The private sector will bear the related awareness and capacity building cost notwithstanding government and international support in form of capacity development, finance, incentives, technology development and transfer.

Public-Private Partnerships

PILLAR 4

Invest in low-carbon and climate-resilient PPPs to ensure that changing climate conditions and potential climate change mitigation and adaptation measures are considered during the development, design and implementation of investment projects. Public-private partnerships can support adaptation and mitigation actions, especially for large-scale investments for instance dams and roads which either the government or private sector would not be able to proceed alone. The PPPs will allow investment requirements and risks to be shared between the parties.

The private sector will seek useful PPPs under which to pool resources and coordinate financial and technological resources more efficiently. This will be achieved through providing private investment, technological solutions, and expertise including infrastructure finance through PPPs. Public-private partnerships will be essential for the delivery of climate-smart infrastructure in all sectors of the economy. The private sector will bear the related cost of creating awareness and capacity building of the actors on PPPs notwithstanding Government and international support in form of capacity development, finance, incentives, technology development, and transfer.

5.4 Enabling Environment

Several factors can play role in creating an enabling environment for the private sector to provide solutions and overcome the constraints identified in the sections above. Some of the factors are shown in Figure 3.

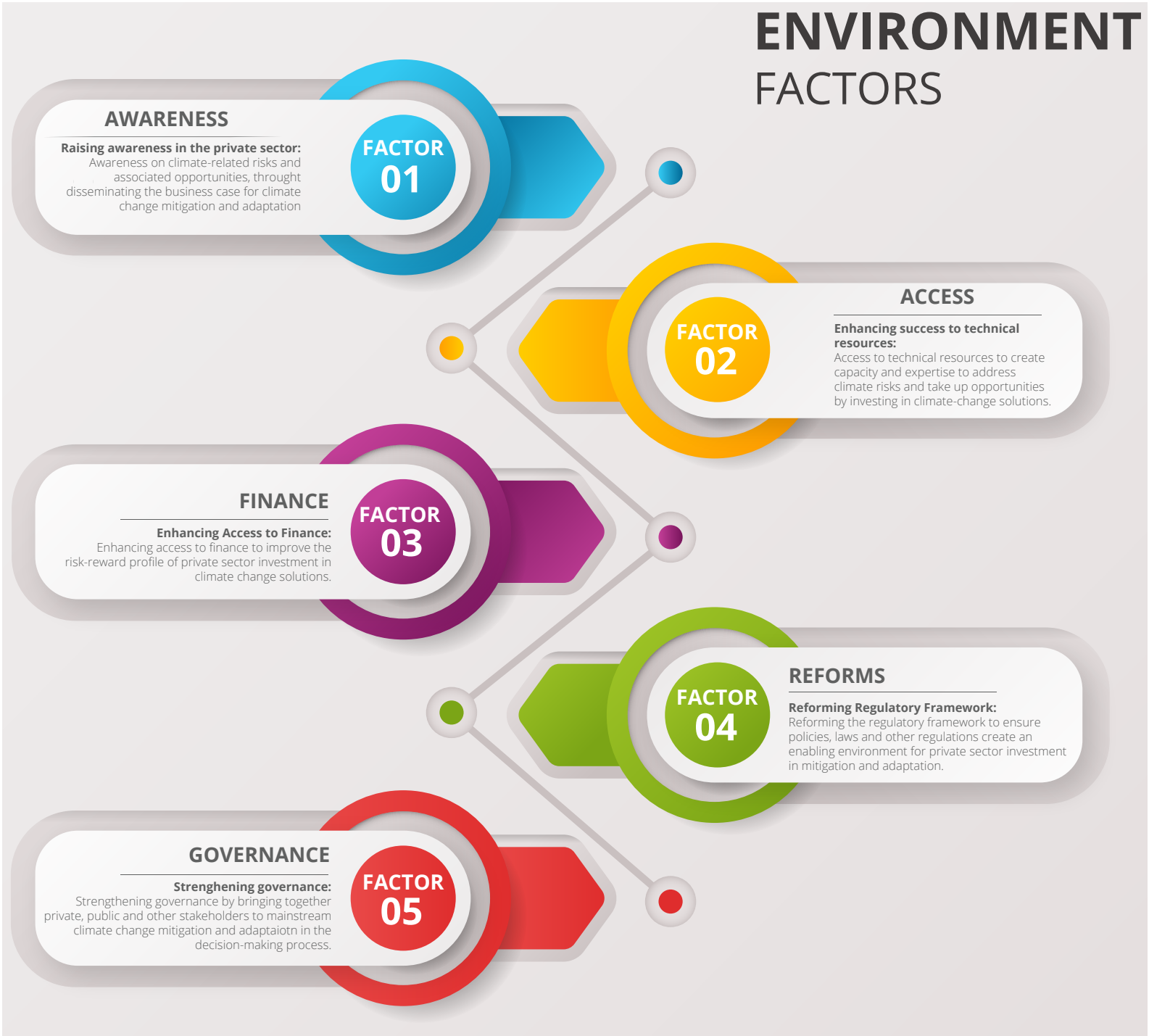

Figure 3: Enabling factors for investing in climate change solutions

5.5 Objectives

The private sector strategy aims to promote the coordinated and inclusive implementation of climate change solutions. The strategy has identified eight objectives to focus on and orient the private sector in developing climate change solutions which can be integrated and synthesised to address climate change impacts. The objectives and/or outcomes are the pathway of change in the intermediate and long-term horizons. The strategy has categorised the objectives into intermediate and long-term objectives. The intermediate objectives can be achieved within 3 years while the long-term objectives will require more than three years to achieve.

5.5.1 INTERMEDIATE OBJECTIVES/OUTCOMES

STRATEGY OBJECTIVE 1

Together with partners, the Kenya Private Sector improves capacities to adapt to existing, design new, and implement climate change solutions.

Many private enterprises in Kenya including large corporates have limited capacity to adapt to climate shocks. This challenge is acute for MSMEs who have fewer internal resources from which to draw for more resilient, longer-term investments. They also lack access to finance from external sources. There is a mixed understanding of the impacts of climate change and potential measures that can be taken to respond, as well as the opportunities that climate change has for the private sector.

Many private sector actors do not have sufficient technical capacities to design and implement climate change response measures. For instance, very few actors have the knowledge of or capacity to access international climate finance and/or opportunities or sources and methods for accessing such finance. Few enterprises can be able to put together strong project concepts and proposals that would lead to financing for climate change actions.

This is despite the opportunities availed globally for instance through the various climate funds like Green Climate Fund (GCF), Global Environmental Facility (GEF), and funds provided by development partners and international and local financial institutions. Easing access to these funds may serve as an incentive for proactive compliance with climate change mitigation policies and legislations, especially where access to the funds is based on a precondition of evidence of compliance. A primary objective of this strategy is to develop the capacity needed to adapt to existing and design new climate change solutions for the private sector.

STRATEGY OBJECTIVE 2

Together with partners, the Kenya Private Sector creates awareness of climate challenges to value chains and knowledge sharing of adaptation and mitigation solutions for business sustainability and overall sustainable development.

International literature acknowledges the importance of the private sector in delivering climate goals, typically based on partnership or collaborative approaches involving all players and emphasizing the role of public entities, development partners, and civil society. Although the private sector has been involved in climate change debates there are few practical choices around sustainability-related knowledge and the potential relevance of shared information bases using agreed methods and approaches to allow bottom-up local and national action, monitoring, and assessments.

There is limited understanding of investment opportunities in climate change mitigation and adaptation by the private sector which continues to negatively impact the mobilization of finance and sustenance of climate investment. For instance, many financial sector actors such as banks, microfinance institutions, credit societies, insurance, capital markets and even pension funds have limited technical climate change capacities. The providers of finance, in general, do not fully understand climate change financing and therefore avoid financing such actions or when they do, they charge significant risk premiums which discourage investment. Lack of climate information accompanied by the inability to interpret the available information into tangible actions is a barrier faced by the private sector in adopting and financing climate actions. In other instances, the available information is unevenly distributed thereby hindering decision-making and investments.

The private sector has lessons to be learned from efforts by some of the members in the sector. The exchange of this information within the sector and between the public and private sectors can encourage the utilization and diffusion of good practices. Implementation of awareness-raising on climate challenges and adaptation solutions will need the involvement and collaboration of the public sector.

The objective of this strategy is to develop information, collate data needed to sharpen qualitative and quantitative understanding of the effects of climate change on value chains and disseminate that knowledge through interconnected channels of communication. The country needs to strengthen the coordination, networks and information flows between ministries, different levels of government, civil society, academia, and the private sector to have a more efficient integration of climate change variables into poverty reduction and development strategies.

STRATEGY OBJECTIVE 3

Together with partners, the Kenya Private Sector provide green finance products and services for climate change mitigation, adaptation and resilience.

One common barrier to financing climate change adaptation and mitigation actions is that either the project or borrower is viewed as risky. The government can help de-risk the perceived risks through the provision of partial credit guarantees (where the creditworthiness of the borrower is that which is being guaranteed) or partial performance guarantees (where the technology/ project is the subject of the guarantee). Political risk guarantees can also be obtained, where a lender is guaranteed in the case of certain political outcomes that change the policy or regulatory landscape in which the project is operating.

The other solution is blended finance which involves developing financial products that combine, or "blend," public concessional finance with private financing at market rates and maturities. This can "crowd in" private financing of climate change actions by allowing private sector financiers to finance the less risky components of mitigation and/or adaptation-related projects, while some of the riskier components are covered by public sector finance[22].

Governments can create conditions for financial institutions to meet requirements to access blended finance, for instance achieving certain environmental and social safeguards. Engaging the private sector in this way can provide a bridge for engagement with key financiers and can help build the sector's understanding of climate change mitigation and adaptation.

Additionally, concessional finance for climate change mitigation and adaptation offered at more attractive rates than what is available on the market and/or with longer loan tenors would be useful in cases where investment capital is difficult to access, short-term (while benefits from adaptation, for instance, are more likely to appear over a longer period), or at a higher cost. This type of finance will ordinarily come from the public sector, donor agencies, or from bilateral and multilateral international development finance institutions such as the African Development Bank and the World Bank.

22 Crawford & Church, 2019

STRATEGY OBJECTIVE 4

Together with partners, the Kenya Private Sector improves technical interpretation of climate change issues, participation, and monitoring of policy formulation and implementation by the public sector.

The creation of enabling environments, including through fiscal measures, regulatory policies, legislative changes, national capacity-building and environmental impact assessments must be paired with the actual implementation of adaptation activities on the ground. Policies in and of themselves will not resolve practical climate change needs[23].

There is a need for coherence of business targets and goals which are aligned with ambitious environmental goals and based on scientific evidence and indicators. One of the objectives of the Kenya national adaptation plan is to enhance the resilience of private sector investment in the national transformation. The plan notes that the technical interpretation of climate change issues is not clear to the private sector.

There is a need to develop products and services that will catalyse private sector investment for climate adaptation. This can be achieved through assessing barriers and risks to private sector (with emphasis on MSMEs) investment in climate resilience[24]. Additionally, there is a need to identify and provide public support instruments to de-risk and remove barriers to investment in climate change actions such as clear and reliable incentives in form of price premiums, tax breaks such as production tax credits and proceeds from carbon offsets.

5.5.2 LONG-TERM OBJECTIVES

The above intermediate objectives/outcomes will lead to long-term objectives. The strategy has identified the following four long-term objectives which are the pathway of change in the long-term horizon and towards achieving the overall purpose of the strategy.

1. Enhanced adaptive capacities and resilient systems.
2. Accelerate the transition toward a regenerative and circular economy with a focus on resilience, and green recovery /growth.
3. Sustainable and resilient value chains.
4. Increased green assets and investments at all levels, from local to national.

23 Alliance of Small Island States (AOSIS)
24 UNDP, 2021. Engaging the Private Sector https://www.adaptation-undp.org/privatesector/

STRATEGY OBJECTIVE 1:

Enhanced adaptive capacities and resilient systems

One of the long-term objectives of this strategy is to increase the adaptive capacity to achieve resilience of business systems in the face of climate change and climate variability impacts. Research shows that building resilience (the capacity of systems to prevent, mitigate or cope with risk and recover from shocks) starts with reducing vulnerabilities - a system is more resilient if it is less vulnerable - however, this is not considered enough[25]. The reason is that resilience adds the dimension of time and the need to deal with uncertainties and that is where adaptive capacity is key.

In this case, the private sector will devote substantial resources to building capacities of members towards the attainment of adaptive capacities to be less vulnerable to climate shocks (coping ability) and change. Ultimately adaptation within the sector will be the manifestation of adaptive capacity. Additionally, resilience will be achieved by reducing vulnerabilities and increasing adaptive capacity.

The scientific community, public and private sectors have developed a variety of products and tools to support the management of risks and opportunities related to climate variability and change and which the private sector will need to apply to reduce exposure, sensitivity increase adaptive capacity for every type of risk and in every sub-sector. These tools will be employed in decision-support processes within the sector.

STRATEGY OBJECTIVE 2

Accelerate the transition toward a regenerative and circular economy with a focus on resilience and green recovery/growth

The world is moving towards industrial systems that are regenerative by intention and design. Many organizations across the globe have proven the business case for circularity by adopting circular business models and leveraging disruptive technologies. However, these efforts have

25 Vincent Gitz and Alexandre Meybeck, 2012. Risks, vulnerabilities, and resilience in the context of climate change Agriculture and Consumer Protection Department, FAO, Rome

generally focused on small-scale initiatives or programs that can be retrofitted into business-as-usual environments, limiting their transformative impact and scalability.[26] Most governments barely consider circular economy measures in policies aimed at meeting the UN target of limiting global warming to 1.5°C. Transitioning to a circular economy will not only amount to adjustments aimed at reducing the negative impacts of the linear economy but also represents a systemic shift that builds long-term resilience, generates business and economic opportunities, and provides environmental and societal benefits.[27]

One long-term objective of this strategy is to accelerate the private sector's transition to a circular economy in which resource input and waste, emission, and energy leakage are minimized by slowing, closing, and narrowing energy and material loops[28].The private sector has a role to play in efforts to reduce greenhouse gas emissions by applying circular principles - re-use, re-manufacturing, and re-cycling - to key sectors such as the built environment. Responsibility for sustainability falls on the private sector; it will also likely rest with producers to create a greater market for ethically produced goods, and for architectural and engineering firms, infrastructure developers and construction companies to implement principles of circular design. However, overall, the transformation of energy supply, circular housing, mobility, and sustainable food systems needs more attention and speed and requires significant investment into infrastructure, policy, and behavioural change, beyond the functional capacities of the private sector.

STRATEGY OBJECTIVE 3

Sustainable and resilient value chains

One of the long-term objectives of this strategy is to build sustainable and resilient value chains in the face of climate change and climate variability impacts, for example, droughts and flood risks including operational, supply chain and raw materials risk, water and energy supply priorities, financial and market risks, agriculture, food security and rural development, ecosystem threats, poor infrastructure, unreliable weather information and public health.

For instance, cost-benefit analyses (CBAs) prove that investments in sustainability can be highly profitable, especially in the long run. Various value chain actors both public and private have considerable innovation and drive to make the shift towards environmentally sustainable and resilient value chains. Cost-benefit analysis of climate change adaptation strategies on crop production such as the introduction of drought-resistant varieties, switching crops, irrigation, crop rotation, early planting and inter-cropping, among others have shown that the internal rate of

26 World Economic Forum
27 The Ellen MacArthur Foundation
28 The Circularity Gap Report 2021

return increase substantially among farmers who adopt drought-tolerant crops.

STRATEGY OBJECTIVE 4

Increased green assets and investments at all levels, from local to national

Access to finance is critical if the private sector in Kenya will achieve coordinated and inclusive implementation of climate change solutions. For instance, many adaptation sectors such as agricultural value chains are exposed to various risks, including weather variability, pests and diseases and price volatility, which makes investment less appealing. The agriculture sector which is a key contributor to the GDP and source of employment lack access to resilient, hybrid seeds, organic fertilizers, and new technologies. The private sector has a role to play in terms of enabling access to finance from banks, investors, or other types of financial services. Together with the public sector, the private sector can play a key role in de-risking agriculture using loan guarantees, value chain financing, and insurance schemes[29].

The sector can also generate market information through targeted actions that foster value chain resilience. Furthermore, the sector can lobby the public sector to create policies and a regulatory environment and provide the required incentives.

Kenya's climate change plans and strategies expect a significant contribution from the private sector in greening the economy. However, at the current, the extent of the private sector's contribution to financing green is not known due to challenges of reporting, the lack of a national database for private green finance, and the lack of a green taxonomy.

The long-term objective of this strategy, therefore, is to enable the private sector to increase investments in green assets, projects, and activities at all levels from local to national, within and without, and create systems for reporting and sharing information for cross-learning.

This is achievable through partnerships with the public sector, development partners, and other stakeholders to ensure funding flows at scale to capacity-building activities on inclusive green initiatives, awareness creation and lobbying with various public and private sector stakeholders for the creation of an enabling environment for green investments.

29 Knaepen, H. Rampa, F., Torres, C., Bizzotto Molina, P. 2017. Options and opportunities to make food value chains more environmentally sustainable and resilient in Sub-Saharan Africa. New York: UNDP.

06 | Core Approaches

The private sector will employ four core approaches in working toward its goal, including:

1. *Institutionalize CBIN (K) as the entity in charge of the strategy implementation and for monitoring and reporting progress.* The CBIN(K) will be the link between the government and the private sector as well as the local network through which accreditation to GCF Private Sector Facility (PSF) will be achieved.
2. *Create awareness and build capacities of the private sector.* Plan, sponsor and promote awareness of climate change in the private sector and build capacities of enterprises on the existing and potential impacts of climate change and the business case for climate adaptation and mitigation.
3. *Research and knowledge sharing.* Plan, sponsor, and conduct research on changes in climate and related systems, conduct assessments of business opportunities, share knowledge and disseminate information to the private sector through established structures such as through BMOs, public and private sector forums, information networks, and media.
4. *Develop green financial products and services to aid access to finance for private sector investments in climate change solutions including de-risking climate investments.*
5. *Plan, and organize multi-stakeholder policy dialogues and lobby for private sector-friendly climate change policies and regulations that will support private sector engagement in climate change at all levels.*

APPROACH 1

Institutionalise CBIN (K) as an entity in charge of strategy implementation, monitoring and reporting progress.

Institutionalize CBIN (K) as the entity in charge of the strategy implementation and for monitoring and reporting progress. The CBIN(K) will be the link between the government and the private sector as well as the local network through which accreditation to GCF Private Sector Facility (PSF) will be achieved.

APPROACH 2

Create awareness and build capacities of private sector.

The private sector will create awareness and build capacity which will assist enterprises to measure the real returns from investing in climate change resilience. The sector will employ several methods to ensure that climate change knowledge is widely disseminated and that the capacities of businesses to adapt are significantly raised. The focus of the training will be on project concepts and proposal development, bilateral engagement with associations on implementing sectoral solutions and certification of sectoral adaptation and mitigation practice trainers.

The concepts and proposals shall enable private sector actors to access funding from international financial institutions, global climate funds such as GCF and GEF, and their accredited entities, and local financial institutions. Sectoral adaptation and mitigation solutions training workshops for businesses will enhance capacities. The financial sector is critical in providing finance for investment in climate change solutions, to this end, the private sector will prioritise capacity-building for finance sector actors and engagement through banking sector forums, presentations at trade fairs and other sectoral events. Sector-focused training should also involve media actors as well as conduct training for reporters.

APPROACH 3

Plan, sponsor, and conduct research on changes in climate and related systems.

The private sector has a responsibility to create a system of collating data and information from within and from the government for dissemination to the sector actors and members. The sector will enhance observations and data management systems to generate a comprehensive set of variables needed for climate-related research. The private sector also has a responsibility together with partners to disseminate information on climate impacts on the different sectors including market and non-market impacts, such as health and energy demand, and climate risks, which

should prompt the instigation of climate adaptation and mitigation measures.

The NAP Global Network[30] recommends that information, both on current and future climate conditions and on corresponding adaptation options, can be generated and shared broadly with private sector actors. Development partners can also support the generation and dissemination of climate information to private sector actors and invest in building their capacities to act upon this information

APPROACH 4

Develop green financial products and services to aid access to finance for private sector investments in climate change solutions.

The potential solutions to overcoming financing barriers to adaptation and mitigation actions in the private sector should be industry and sector-based to address their unique challenges. The solutions can be found using the effective use of a mix of instruments, the availability of financing, and the capacity of the relevant institutions including national and county governments to administer the instruments. The sector together with partners will need to deliberately pursue risk guarantees and develop weather-based insurance products and use green financial instruments such as green bonds to raise capital for investment in mitigation and adaptation activities.

The private sector will create partnerships with development partners, including bilateral and multilateral agencies and development banks, who have an important role to play in supporting climate change actions. The development sector can engage the private sector in several ways which include, direct support for financing mitigation and adaptation initiatives through instruments such as grants, blended financing, green credit lines, or challenge funds. They can also encourage the development of green, climate-resilient value chains and markets for green products and services and facilitate and encourage partnerships on strengthening climate resilience between private sector actors in their own countries with private sector actors in Kenya.

30 NAP Global Network & United Nations Framework Convention on Climate Change. (2020). Toolkit for Engaging the Private Sector in National Adaptation Plans (NAPs). Crawford, A., Church, C., & Ledwell, C. (lead authors). International Institute for Sustainable Development

The NAP Global Network[31] recommends that capital markets and the allocation of financing can be made more efficient, while the risks associated with adaptation investments can be reduced. Such arrangements include concessional finance for climate change mitigation and adaptation actions, blended finance instruments, fiscal incentives for instance tax breaks, risk guarantees (partial credit guarantees, performance guarantees, and political risk guarantees), and public procurement contracts.

APPROACH 5

Plan, organise policy dialogues, and lobby for climate change policies and regulations that support private sector engagement at all levels and strengthen monitoring and evaluation.

Institutional arrangements required to ensure active collaboration on adaptation planning and design among government, private enterprises and financiers can be established, with a strong foundation of policies and regulations that support private engagement in climate adaptation in place. The private sector will lobby for inclusion in sectoral committees and inclusion in public sector institutional strengthening programmes.

There is a need to advocate for better coordination among climate change implementing agencies in the public sector and other stakeholders. To achieve this, collective action is needed to drive transformation from within the private sector, while at the same time engaging with policymakers, leaders from other sectors, and consumers. The sector will also need to participate in strengthening monitoring and evaluation systems and developing a periodic, timely, and transparent process for the revision of legislative instruments around supporting mitigation and adaptation.

31 NAP Global Network & United Nations Framework Convention on Climate Change. (2020). Toolkit for Engaging the Private Sector in National Adaptation Plans (NAPs). Crawford, A., Church, C., & Ledwell, C. (lead authors). International Institute for Sustainable Development

07 | Capabilities

The private sector has competencies which can make a unique contribution to climate change mitigation and adaptation, for example by availing financial resources for investing in climate change actions, financial risk management such as weather-based insurance, innovative technology, design of resilient infrastructure, development, and implementation of improved information systems through research, and management skills for major and complex climate change projects intended to deliver low carbon development pathway.

08 | Business Climate Actions Strategy Prioritisation

8.1 Criteria for Prioritisation

The goal of climate change mitigation and adaptation in Kenya is to ensure a climate-resilient society. Kenya has already indicated the priority sectors that the country will focus on in addressing climate change. As the information on climate change percolates within the private sector there is a need to align mitigation and adaptation priorities with the overall national and climate change priorities. National Climate Change Action Plan[32] prioritized adaptation actions in agriculture, livestock, water, environment, infrastructure, sustainable livelihoods, energy infrastructure and tourism sectors.

The country's climate change adaptation priorities include food and nutrition, security, water and blue economy, housing, health and sanitation, manufacturing, transport, energy, wildlife, forestry and tourism, and disaster risk reduction[33]. The national plans of action provide guidelines and indicate that the opportunities for the involvement of the private sector should be sought to ensure the successful implementation of the national adaptation programme of action priorities. Many of the needs and priorities identified in the climate policies and plans are for products and services that could be provided most efficiently and sustainably through collaboration with the private sector.

Figure 4 indicates the various adaptation and mitigation sectors. Some products, services and activities in the sectors will generate cross-cutting benefits.

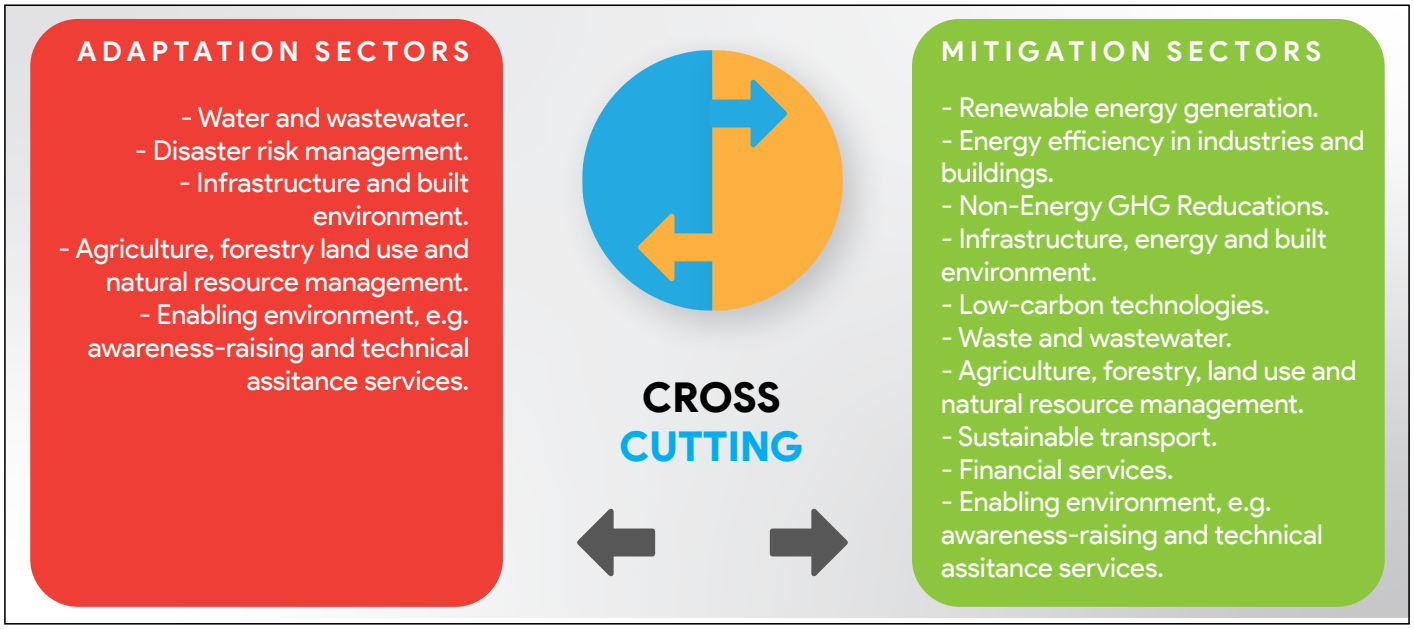

Figure 4: Mitigation and Adaptation Sectors

32 Government of Kenya, 2018. National Climate Change Action Plan (Kenya) 2018-2022
33 Kenya National Adaptation Plan: 2015-2030, Government of Kenya, July 2016

8.2 Priorities for Action

- Prioritize mitigation and adaptation actions in all sectors for instance agriculture, livestock, water, and environment, infrastructure, sustainable livelihoods, health, energy infrastructure, tourism, and wildlife, among other sectors.
- Aim to reduce greenhouse gas emissions by an average of 2.5% per person annually, consistent with globally recognized reduction commitments (Kenya's per-capita emissions are less than 2.06 MtCO2eq compared to the global average of 4.92 MtCO2eq.)[34].
- Aim to develop wastewater initiatives to maximize resource use and benefits, and improve efficiency.
- Support and equip the private sector actors with knowledge and capacities to manage climate change disruptions through awareness-raising and technical assistance activities.
- Create an enabling environment for climate change mitigation and adaptation through awareness-raising and technical assistance activities.
- Create an enabling environment for climate change mitigation and adaptation at national and sub-national levels and integrate the role of Indigenous Peoples and Local Communities (IPLC) in climate change actions.
- Mainstream gender and youth in all climate change solutions and actions.

Additionally, in line with NCCAP and NAP, the private sector shall prioritise the following actions as per priority sectors identified in the plans.

- **In Disaster and Risk Management (Floods and Drought Management) -** increase the safety net drought and early warning systems and construct dams in Arid and Semi-arid Lands (ASAL) regions.
- **In Food and Nutrition -** seek the implementation of the Climate Smart Agriculture Strategy - 2017-2026 – which aims to enhance the adaptive capacity and resilience of farmers, pastoralists and fisher-folk; and minimize food loss and GHG emissions from agricultural production systems (agricultural trading and practices).
- **In Water and Blue Economy -** increase annual per capita water availability through the development of water infrastructure (mega dams, small dams, water pans, untapped aquifers), climate-proof water harvesting and water storage infrastructure and improve flood control and promote water efficiency (monitor, reduce, re-use, recycle and model).
- **In Forestry Ecosystems and Wildlife -** implement reduction of emissions from deforestation and forest degradation and implement conservation such as reducing emissions from deforestation and forest degradation (REDD+) initiatives, promote sustainable timber

34 Kenya has committed to cut emissions by 32% by 2030 relative to the business-as-usual scenario of 143 MtCO2eq and mainstream climate change adaptation through various mitigation and adaptation actions.

production, and increase tree cover.

- **In Health Sanitation and Human Settlements -** design, construct and operate green buildings to reduce or eliminate negative impacts and create positive impacts on climate and environment and enhance circular waste management, promote recycling to divert collected waste away from disposal sites, climate-proof landfill sites and control flooding in human settlements.

- **In Energy (excluding transport and industry) -** increase renewable energy for electricity generation that is climate resilient and accounts for the needs of rural areas, increase captive renewable energy generation capacity through direct use of geothermal energy, improve energy efficiency and energy conservation including reducing transmission losses and climate-proof energy infrastructure.

- **In Transport -** develop and invest in affordable, safe and efficient public transport for example through PPPs, reduce fossil fuel consumption for instance through financing sustainable transport, climate-proofing transportation infrastructure and cutting back on investment in carbon-intensive infrastructure.

- **In Manufacturing -** promote a green manufacturing sector –implement Green Economy Strategy and Implementation Plan (GESIP 2016-2030) through the adoption of green economy technologies and practices in a self-sustaining way, develop and provide innovative products and services that support green economy such as debt financing, direct capital to sustainable infrastructure, enhance the flow of capital towards sustainable infrastructure through capacity building, legal and fiscal measures and raise awareness on green economy amidst private sector actors, ensure resource efficiency in water, energy and other product efficiencies, install and enhance sustainable production systems and manage waste as a resource to create new product lines from waste recovery and re-use.

09 | Complementarity of Business Climate Actions

Private sector actions and initiatives will not substitute but complement public sector climate change mitigation and adaptation plans and efforts. The sector is dependent on the public sector to an extent for (i) information, (ii) supportive policies and regulations, and (iii) other support in form of enabling environment. (iv) inclusion in the national and international adaptation efforts.

Private sector actors have noted that there are frequently conflicting messages emerging from different sections of the public sector, implying a lack of consistency within processes for the development of policy on climate change. This could present a challenge for the effective implementation of private sector strategy, which seeks to avoid adding to the engagement burden of private sector actors by seeking synergies with other existing processes. The above-listed priority actions should form the core work of the private sector to overcome any inconsistency in policies.

10 | Assumptions

The following assumptions obtain for this strategy

- Private sector actors will take and honour their roles earnestly.
- Climate Business Information Network – Kenya will be institutionalized to coordinate the implementation of the strategy and to monitor progress.
- The diversity and heterogeneity of the private sector will be a strength during the implementation of the strategy.
- Government will continuously create enabling environment for implementation.
- Private sector actors will avail available internal resources, for instance, people, skills, and finances for the implementation of the strategy.
- Adequate resources will be mobilized.

11 | Pathway of Change

The pathway of change below depicts the preconditions (in this case, constraints and challenges, approaches, and intermediate objectives) to the long-term objectives and the overall goal to strengthen private sector investment and engagement in climate change mitigation and adaptation in Kenya. The pathway of change is the roadmap towards the achievement of the strategic goal

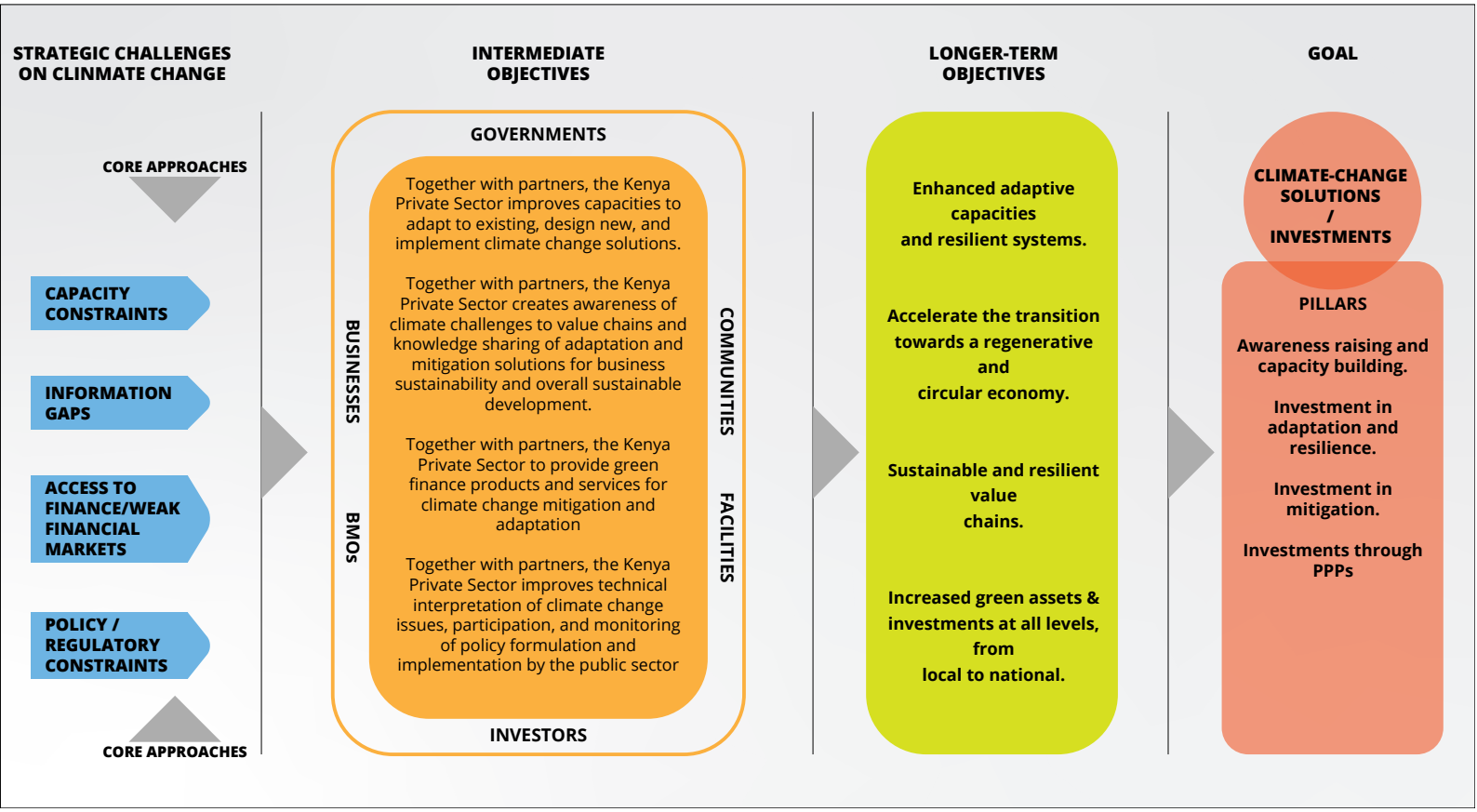

Figure 5: Pathway of Change

12 | Financing and Resource Mobilisation

The engagement strategy will enhance communication, coordination and tracking of resources while promoting investments in climate change actions by the private sector. The sector will seek to expand the climate-related portfolio by seeking resources and funding from within the sector [by integrating climate change into actors' business models, investment portfolios, and programmes], international private sector, international public sector, local and international financial institutions, development partners, global funds such as GCF and GEF and other bilateral and multilateral institutions to finance climate change activities, investments, and capacity building. To this end, the private sector shall develop an organisational plan and a resource mobilisation strategy. However, at the onset, the sector will make use of existing in-house resources such as skills, people, networks, and forums.

13 | Results Framework

A results and implementation framework for tracking the progress and success of this strategy is presented in Annexe 3. In line with the overall approach of the strategy, the framework seeks to embed climate-related issues appropriately across the Kenyan private sector results-based measurement systems.

The success of the strategy will be assessed through several proxy measurements largely related to portfolio performance and activities implementation. This includes the number of climate adaptation investments and the amount of finance directed towards adaptation, mitigation and dual benefits actions. Given the heterogeneity of the private sector and the cross-cutting nature of climate change, specific sectoral indicators are not used as an indicator of success. The success of this strategy is largely hinged on internal and external collaboration and partnerships.

Additionally, the private sector will seek to incorporate the following measures as enablers of success of the strategy.

- Showcasing the impacts of climate events on the sector to stimulate more actors to be engaged in climate change matters.
- Reporting and sharing lessons learnt and best practices by private sector enterprises for cross-learning and benchmarking.
- Engagement of the sector at all levels in the development and implementation of climate change policies
- Promoting dialogue and building a shared vision between the private and public sectors to encourage as many private sector actors as possible to work with the government on climate change issues.
- Making available resources, expertise, and network to support the private sector actors in engaging in mitigation and adaptation.
- Using business language through framing climate change messages around revenue, profitability, and market share amid environmental focus.

14 | Monitoring, Reporting and Verification

The sector will align its monitoring, reporting and evaluation (MRV) to the government MRV process that will track the implementation progress of climate actions and measure the level of achievement as per the reporting requirements for each sector. The sector will also enhance the use of sustainability reporting as well as environmental and social safeguards (ESG) amongst the actors for improved corporate reputation, improvement of risk management, consumer confidence and increased innovation.

15 | Stakeholder Engagement

Collating data and making use of the outputs requires stakeholder engagement, including the public, local governments and communities, businesses, and other decision-makers. The greater the engagement the more effective the system will be for evidence-based decision-making and the production of reports. Stakeholder engagement for this strategy will involve seeking out key associations, organisations, and individuals within the private sector, public sector and other stakeholders to offer benefits in exchange for their involvement, for instance, providing data, insights, and resources with the system. Various stakeholders will be engaged in decision-making to provide the link to the wider impacts of climate action and the integration of climate action within the private sector for the achievement of strategic objectives.

Strong stakeholder engagement will ensure that the system that the private sector will put in place will reach a broad range of stakeholders, including those from the national government, county governments, the private sector (including the unreached actors amongst the MSMEs), academia, NGOs, the media and the public so that data can be gathered from the most reliable and relevant sources and the outputs can inform their decision- making processes. Engagement should include stakeholders involved in the implementation of the strategy actions, as well as stakeholders who will provide data and advice on understanding the data[35].

15.1 Engaging Key Private Sector Actors

The various private sector actors will have a variety of roles throughout the implementation of the strategy. The roles taken up will depend on the type of the private sector actor for example private enterprise or private financier, and the interests of the enterprise, for instance, some actors may be interested in greening their supply chain while others may be focusing on providing climate-relevant goods and services. Some of the roles include

- **Convening stakeholders.** The private sector alliances, associations, networks, and organisations will convene their members and other stakeholders when the sector or other stakeholders seek to organise training, workshops, and other forms of engagement.
- **Information sharing, awareness-raising, and communications.** Due to limited information and understanding of climate change impacts and measures to reduce climate change risks in the private sector, the associations and networks will be useful in disseminating information and raising awareness and communications.

35 UNFCCC Secretariat, 2020. Handbook on institutional arrangements to support MRV/transparency of climate action and support

- **Capacity building.** Private sector associations in collaboration with public sector and development partners will engage in training and building capacities among their membership on climate change mitigation and adaptation, preferably using "train the trainers" models, through which capacities built among associations will then be transferred and cascade to the members.

- **Establishment of sectoral context and identification of challenges.** Private sector actors are well placed to understand the types of threats that their sub-sectors face. Similarly, when climate-related impacts are presented to them, the sub-sectors are well placed to determine which of these impacts pose the greatest threat to their businesses, supply chains, and employees.

- **Identification of measures to overcome vulnerability.** The private sector actors can highlight which climate impacts pose the greatest threats to their sub-sectors and where opportunities might lie for goods and services in mitigation and adaptation. This will be helpful in the identification and prioritisation of mitigation and adaptation projects and activities and assess the feasibility of proposed measures and how realistic they are, considering barriers to implementation and/or financing.

- **Financing climate change solutions.** Private sector capital could be instrumental in mitigation and adaptation actions. The financial sector actors can create incentives for investing in climate resilience activities for the private sector. Private financiers can blend their financing with that of international funds such as the GCF, GEF or the World Bank where appropriate. Private sector actors can likewise access and channel climate finance, such as through the GCF's Private Sector Facility.

- **Sharing results, lessons learnt and best practices within the private sector and with the public sector and other stakeholders.** As private sector actors engage in efforts to climate-proof their operations or provide climate resilience products and services to other actors, they can, as appropriate, relay best practices to the relevant associations and to the public to create an iterative process of monitoring and improvement of the efforts at resilience-building. Successful examples of climate mitigation and adaptation can also serve to promote crowding in, as other enterprises seek to follow the good examples set by first movers and champions.

15.2 Modalities of Engaging the Private Sector

Engagement through existing forums. Utilise existing structures wherever possible and appropriate. Several engagement opportunities exist, including, but not limited to platforms and forums such as the Presidential Roundtable, Ministerial Stakeholders forums, Chief Justice forum, Speaker's roundtable, Council of Governor's forum, Development Partners' roundtable, National budget sector working groups (SWGs), platforms with selected state agencies, regional forums, trade fairs, BMOs forums and other private sector forums.

Awareness-raising through private sector events. The organisation of sectoral events, such as

workshops, trade fairs, and conferences will be important in the engagement process. However, in the interest of both efficiency and effectiveness, efforts should be made to ensure engagement is sector or industry-focused.

Purpose-driven technical training workshops. Organise workshops to build the capacity of private sector actors and address identified capacity gaps. These should largely be sector focused and conducted at the lowest administrative units for example at counties, sub-counties, or wards. Examples of relevant topics for such forums could include.

1. Climate impact projections, climate risks, and potential measures for addressing them in the agricultural sector, energy sector, and tourism among other sectors.
2. Approaches for assessing climate risks for the financial sector.
3. Green building methods that enhance climate resilience, among many others.

These technical workshops will provide opportunities for identifying solutions relevant to the local context. In cases where internal capacities are limited to facilitate such workshops, the private sector should work with partners in the public sector, civil society, development partners, and experts in various climate change thematic areas to design and deliver the training workshops.

15.3 Summary of Roles of Private Sector Associations

The private sector in Kenya is diverse and mainly categorised into formal and informal sectors. The formal sector comprises medium to large corporates and the informal sector is populated with micro, small, and medium enterprises. The sector has formed industry- and sector-based business membership organisations (BMOs). The BMOs provide the best channel to reach the private sector actors and could be used to target the members with climate change messages, awareness, capacity building and financing.

Some of the large business membership organisations represent the broad interests of the business community, for example, KEPSA, KCCI, KAM, KBA, Kenya Renewable Energy Association (KEREA), Federation of Kenya Employers (FKE), farmers' networks and associations, professional bodies, and several associations in the built environment, among many other private sector associations.

The various roles the BMOs can play in the implementation of private sector strategy on climate change are summarised in Table 1.

Table 1: Roles of Private Sector Associations in Implementation

Organisation/ Association	Convening	Sectoral context and Reporting	Review/ identify measures	Provide capacity building	Implement projects (with funding)	Provide mitigation and adaptation services to Members	Finance measures (own or external resources)	Coordinate Strategy Progress Reports
KEPSA	•	•	•	•	•	•	•	• (Overall Report)
KBA	•	•	•	•	•	•	•	• (Sector)
KNCCI	•	•	•	•	•		•	• (Sector)
KEREA	•	•	•	•		•	•	• (Sector)
FKE	•	•	•	•			•	
AKI	•	•		•	•	•	•	
KAM	•	•	•	•	•	•	•	• (Sector)
KCB[36]	•	•		•	•	•	•	
AAK	•	•	•	•	•		•	
ACEK	•	•	•	•			•	
ASNET	•	•	•	•	•	•	•	• (Sector)
Farmers Associations & Networks	•	•	•	•	•	•	•	
KABCEC	•	•	•	•	•	•	•	
KGBS	•	•	•	•	•	•	•	• (Sector)
Others[37]	•	•	•	•		•	•	

36 Highlighted because it is a GCF accredited entity
37 Includes other BMOs or associations who are not members of the umbrella bodies

16 | Implementation Plan

Goal:
To integrate climate change adaptation and mitigation actions into private sector investments, products and services, policies and programmes.

Table 2: Implementation Strategy

Strategic Challenges	Intermediate Objectives	Long-term Objectives	Core Approaches/Activities	Implementation Timelines 2022-2030
Capacity Constraints	Together with partners, the Kenya Private Sector shall develop programs to improve capacities that link business models and climate change and to adapt existing, design new and implement climate change solutions	Enhanced adaptive capacities and resilient systems	Create awareness and build capacities of private sector. Plan, sponsor and promote awareness of climate change in the private sector and build capacities of enterprises on the existing and potential impacts of climate change and the business case for climate adaptation and mitigation.	Within 3 years for intermediate and more than 3 years for long-term objectives
Information gaps	Together with partners, CBIN will support the private sector creates awareness of climate challenges to value chains and knowledge sharing of adaptation and mitigation solutions for business sustainability and overall sustainable development.	Accelerate the transition toward a regenerative and circular economy with a focus on resilience and green recovery/growth.	Plan, sponsor, and conduct research on changes in climate and related systems and disseminate information to the private sector through established structures such as BMOs, government.	Within 3 years for intermediate and more than 3 years for long-term objectives
Access to finance and weak financial markets	Together with partners, the Kenya Private Sector financial sector develops parameters to provide green finance products and services for climate change mitigation and adaptation.	Sustainable and resilient value chains	Develop green financial products and services to aid access to finance for private sector investments in climate change solutions.	Within 3 years for intermediate and more than 3 years for long-term objectives
Policy/regulatory constraints	Together with partners, the Kenya Private Sector led by KEPSA will support the improvement of technical interpretation of climate change issues, participation, and monitoring of policy formulation and implementation by the public sector.	Increased green assets at all levels, from local to national	Plan, seek and lobby for climate change policies and regulations that support private sector engagement at all levels	Within 3 years for intermediate and more than 3 years for long-term objectives

Abbreviations

AAK	Architectural Association of Kenya
ACEK	Association of Consulting Engineers of Kenya
AKI	Association of Kenya Insurers
ASALs	Arid and Semi-arid Lands
ASNET	Agriculture Sector Network
BMO	Business Membership Organisations
B2CA	Businesss Commitmet to Climate Action
CAT	Climate Action Tracker
CBA	Cost Benefit Analysis
CBIN	Climate Business Information Network
CBIN-K	Climate Business Information Network – Kenya.
CBK	Central Bank of Kenya
CMA	Capital Markets Authority
COP	Conference of the Parties
CSA	Climate Smart Agriculture.
ESG	Environmental and Social Safeguards
FAO	Food and Agriculture Organisation of the United Nations
GCF	Green Climate Fund
GDP	Gross Domestic Product.
GEF	Global Environmental Facility
GESIP	Green Economy Strategy and Implementation Plan
GFDRR	Global Facility for Disaster Reduction and Recovery
GHG	Greenhouse Gas
GtCO2e/yr.	Carbon Dioxide Equivalent Per Year.
IEA	International Energy Agency
IISD	International Institute for Sustainable Development.
IPLC	Indigenous Peoples and Local Communities
IRA	Insurance Regulatory Authority
KABCEC	Kenya Association of Building & Civil Engineering Contractors
KAM	Kenya Association of Manufacturers
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank Group
KCIC	Kenya Climate Innovation Centre
KEPSA	Kenya Private Sector Alliance
KEREA	Kenya Renewable Energy Association
KGBS	Kenya Green Building Society
KNCCI	Kenya National Chamber of Commerce & Industry
LULUCF	Land Use, Land-use Change, and Forestry
MBIs	Market-based Instruments
MRV	Monitoring, Reporting, and Evaluation
MSMEs	Micro, Small and Medium Enterprises
MtCO2eq	Metric Tonnes Carbon Dioxide Equivalent

NAP	National Adaptation Plan
NBA - III	Third National Business Agenda
NbS	Nature-based Solutions
NCCAP	National Climate Change Action Plan
NDA	National Designated Authority
NDC	Nationally Determined Contribution
PSF	Private Sector Facility.
RBA	Retirements Benefit Authority
REDD	Reducing Emissions from Deforestation and Forest Degradation
SASRA	Sacco Societies Regulatory Authority
SDG	Sustainable Development Goals.
SEI	Stockholm Environment Institute.
SMEs	Small and Medium Enterprises.
TCFD	Task Force on Climate-Related Financial Disclosures
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Facility
UNFCCC	United Nations Framework Convention on Climate Change

Annexe 1: Business Climate Actions

The business climate actions per sector are presented in the tables below. The actions below will enable the private sector to invest in climate change solutions, adapt to climate change, support adaptation and mitigation through products and services, and support climate change actions through finance.

Table 3: Sectoral Business Climate Actions (Source: NCCAP, NAP priority climate actions)

SECTOR OBJECTIVE	BUSINESS CLIMATE	ACTIONS EXPECTED	IMPACT
Disaster and Risk Management (Floods and Drought Management)	• Reduce risk of women and men to climate-related disasters (such as floods and drought). • Reduce risks to communities and infrastructure.	• Increasing the safety net • Drought and early warning systems • Construction of dams in ASAL regions • Early warning / emergency response systems to adapt to increased occurrence of extreme events by improving disaster prevention, management and reducing potentially related losses and damage • Construction or improvement of drainage systems or barriers to adapt to an increase in the frequency or severity of floods • Preparation of organisation-wide climate change vulnerability assessment	• Climate resilient value chains • Climate resilient infrastructure
Food and Nutrition	Increase food and nutrition security through enhanced productivity and resilience of the agricultural sector	The implementation of the Climate Smart Agriculture Strategy, 2017-2026 – which aims to enhance the adaptive capacity and resilience of farmers, pastoralists and fisher-folk; and minimise food losses and GHG emissions from agricultural production systems;	• Food and nutrition security • Climate resilient food and nutrition value chains
Water and waste water and Blue Economy	Enhance resilience of the water sector by ensuring access to and efficient use of water for agriculture, manufacturing, domestic, wildlife and other uses	• Increase annual per capita water availability through the development of water infrastructure (mega dams, small dams, water pans, untapped aquifers). • Climate proof water harvesting and water storage infrastructure and improve flood control. • Promote water efficiency (monitor, reduce, re-use, recycle and modelling). • Demand side management activities that reduce water consumption or increase water use efficiency and supply side management activities that enable, for example, the expansion of supplies, reduce water losses, or improve cooperation on shared water resources. • Installation of rainwater harvesting equipment and water storage where water supply is negatively affected by climate change • Treatment of wastewater, including wastewater collection networks that reduces GHG emissions • Waste management that reduces methane emissions (e.g., waste incineration, landfill gas capture and flaring/power production, etc.) • Waste recycling measures with a demonstrated net mitigation benefit	• Sustainable water resource • Sufficient water for use in industrial processes and other uses in all areas. • Climate resilient value chains

SECTOR OBJECTIVE	BUSINESS CLIMATE	ACTIONS EXPECTED	IMPACT
Agriculture, Forestry, Land use and natural resource management and Wildlife	Increase forest cover to over 10% of total land area; rehabilitate degraded lands, including rangelands; increase resilience of the wildlife and tourism sector.	• Implement Reducing emissions from deforestation and forest degradation and conservation (REDD+) Initiatives. • Promote sustainable timber production on privately grown forests • Introduction of agricultural adaptation practices, including crop diversification, planting of drought resistant crops, efficient irrigation, soil conservation measures that conserve soil moisture. • Agriculture practices that improve existing carbon pools (reduction in fertilizer use, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, low tillage techniques that increase carbon contents of soil, etc.) • Rehabilitation of degraded lands • Reduction in energy use in traction (for example, efficient tillage), irrigation, and other agricultural processes • Livestock projects that reduce GHG emissions (such as, manure management with biodigesters producing biogas for heating or cooking) • Afforestation and reforestation of lands; sustainable forest management and conservation • Other sustainable agriculture practices	• Sustainable forestry and wildlife resources • Climate resilient value chains
Health Sanitation and Human Settlements	• Reduce incidence of malaria and other diseases expected to increase because of climate change. • Promote climate resilient buildings and settlements, including urban centres, encourage climate-resilient solid waste management- Sustainable human settlements and sanitation services essential for human health	• Green buildings • Circular waste management • Promote recycling to divert collected waste away from disposal sites. • Climate proof landfill sites. • Control flooding in human settlements.	• Reduction in environmental-related illnesses • Sustainable livelihoods • Climate resilient value chains

SECTOR OBJECTIVE	BUSINESS CLIMATE	ACTIONS EXPECTED	IMPACT
Energy	Climate-proof energy and transport infrastructure; develop renewable energy development; increase uptake of clean cooking solutions; and develop environmentally sustainable transport systems.	• Increase renewable energy for electricity generation that is climate resilient and accounts for needs of urban and rural areas. • Increase captive renewable energy generation capacity-direct use of geothermal energy. • Improve energy efficiency and energy conservation including transmission losses. • Climate proof energy infrastructure • Reduction of greenhouse gases emissions resulting from industrial process improvements, and cleaner production (e.g., cement, chemical, etc), reduction of heat losses and/or increased waste- heat recovery and/or resource efficiency • Retrofit existing industrial, commercial, and residential air-conditioning and refrigeration systems to switch to cooling agent with lower potential for global warming • Installation of solar PV systems • Installation of solar heating systems • Biofuels (including bioethanol) • Biogas and biomass power generation • Geothermal power generation • Production of power from wind • Other renewable technologies • Production of components, equipment, or infrastructure dedicated for the renewable and energy efficiency sectors	• Sustainable and climate resilient energy • Climate resilient value chains
Transport	Establish efficient, safe world-class transportation systems and logistic services that can withstand the expected impacts of climate	• Develop an affordable, safe and efficient public transport. • Reduce fossil fuel consumption. • Climate proof transportation infrastructure. • Retrofit or replacement of existing industrial vehicles, achieving a substantial increase in energy efficiency (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)	• Affordable, safe and efficient transport • Climate resilient value chains
Infrastructure and built environment	Improve resilience of infrastructure	• Adaptation components to improve the vulnerability to extremes caused by climatic changes in existing infrastructure. • Adaptation components in energy projects only: to improve the climate resilience of existing infrastructure for example, transport infrastructure, energy infrastructure, riverine infrastructure (including built flood protection) and human settlements (for instance, housing – if not part of a wider disaster risk management strategy). • Building resilience into infrastructure such as protection systems for dams to reduce vulnerability to extremes caused by climatic changes	• Climate resilient infrastructure • Climate resilient value chains

SECTOR OBJECTIVE	BUSINESS CLIMATE	ACTIONS EXPECTED	IMPACT
Manufacturing	Improve energy and resource efficiency in manufacturing sector	• Promote a green manufacturing sector for instance through adoption of green economy technologies and practices in a self-sustaining way, ensure resource efficiency in water, energy and other product efficiency, install and enhance sustainable production systems and manage waste as a resource to create new product lines from waste recovery and re-use. • Resource efficiency (water and energy). • Sustainable production systems. • Managing waste as a resource to create new product lines from waste recovery and re-use. • Reduction of greenhouse gas emissions resulting from industrial process improvements and cleaner production (for example, cement, chemical, etc.) • Air conditioning and refrigeration: Retrofitting of existing industrial, commercial, and residential infrastructure to switch to cooling agents with lower global warming potential • Fugitive emissions: Reduction of gas flaring or methane fugitive emissions in the oil and gas industry, coal mine methane capture and storage, etc.	• Sustainable manufacturing • Climate resilient value chains
Financial Services	Increase green and climate-related financial products and services Support climate change actions through finance	• Provision of dedicated finance or credit lines for renewable energy generation • Provision of dedicated finance or credit lines for energy efficiency improvements • Provision of dedicated finance or credit lines for sustainable land-use and agricultural practices • Provision of dedicated finance, credit lines or risk mitigation instruments for any of the other above mentioned climate mitigation activities • evelop and provide innovative products and services that support green economy such as debt financing, direct capital to sustainable infrastructure, enhance flow of capital towards sustainable infrastructure through capacity building, legal and fiscal measures and raise awareness on green economy amidst private sector actors.	• Green financial sector • Climate resilient value chains

Table 4: Climate Adaptation and Resilience Actions by Sector (Source: The World Bank Group and the Global Facility for Disaster Reduction and Recovery (GFDRR), 2021)

SECTOR	CLIMATE ADAPTATION CHALLENGES	EXAMPLES OF INCREMENTAL ADAPTATION AND RESILIENCE INVESTMENTS NEEDED	EXAMPLES OF BUSINESS OPPORTUNITIES
Agriculture	Rising temperatures shifts in seasonal patterns, droughts, and unpredictable precipitation can all affect crop yields and may make some crops and varieties inviable, while extreme weather events, floods and other disasters can destroy crops. Climate change may also increase the incidence of pests and diseases.	Switch to crop varieties that are resistant to heat, drought and/or floods, diversify crops, install irrigation, adopt water management practices, adopt climate-smart agriculture and regenerative farming techniques and practices, purchase crop insurance	• Create equity funds to invest in agri-producers to strengthen their climate-resilient practices • Develop lending products tailored to smallholder and larger-scale agri-producers to invest in climate-resilient farming practices • Provide index-based crop insurance • Provide technological solutions to farmers
Education	Increasing intensity and frequency of floods, droughts, tropical cyclones, and other storms have the potential to disrupt education as students lose their ability to access school facilities and communities take time to recover from such events (e.g., facilities may be significantly damaged and need to be rebuilt entirely)	Incorporate climate-resilient design measures in the construction of school facilities (e.g., use of weather-resistant material or solar panels to create efficiency and independence from power shortages)	• Sell services for data recovery and backup systems to prevent data loss in the event of climate-related disasters • Design and build climate resilience education facilities • Provide distance education technologies to minimize disruptions from extreme weather
Energy	Energy infrastructure is vulnerable to climate change impacts, especially extreme events. Disruptions in the energy supply can harm economic development, and acute events can mean the loss of essential services for the broader public	Construct weather-proof lines/ underground cables to protect against climate risks; elevate substations or add drainage to reduce risk of flooding and use higher design standards for transformers to withstand climate-related hazards	Design and provide energy storage equipment and systems to increase capacity to store energy from renewable sources and thereby ensure a consistent supply
Health	Climate change is increasing and shifting the incidence of vector-borne diseases, including malaria and dengue fever, and is leading to higher incidence of heat-related illnesses and water-borne illnesses alike. It is also leading to increased malnutrition and under-nutrition, as food security is further threatened. Mental health may also be affected by extreme events, large societal challenges, and threats to livelihoods	Incorporate climate-resilient design measures in construction and/or rehabilitation of health facilities and invest in/improve the use of datasets on changes in disease incidences and vectors under climate change scenarios, meteorological/environmental conditions, etc.	Develop early warning and monitoring systems to predict and track the spread of diseases linked to climate change
Infrastructure	Infrastructure designed for historical conditions can no longer withstand the stress and intensity of current climate conditions. Creating climate-resilient infrastructure is one of the most critical and pressing adaptation challenges and requires shifting engineering standards and incentives to enable firms to design in a resilient manner and remain competitive	Incorporate climate projections in design standards and use climate-resilient materials for roads, bridges, wind turbines, mobile phone towers and transmission and distribution systems, protect and restore ecosystems that provide critical services, including water purification, erosion prevention, and coastal protection	Design and provide climate-resilient practices and materials for new buildings, and retrofitting of old ones

SECTOR	CLIMATE ADAPTATION CHALLENGES	EXAMPLES OF INCREMENTAL ADAPTATION AND RESILIENCE INVESTMENTS NEEDED	EXAMPLES OF BUSINESS OPPORTUNITIES
Transport	Transportation systems have largely been designed based on historical climate conditions that no longer match the current climate. Extreme events are hampering, damaging, or destroying critical infrastructure. System-based assessments and planning are needed to develop reliable, low-carbon, and resilient ways to transport people and goods.	Adapt the design and location of roads, railways, bridges, and other key infrastructure to reduce exposure to climate-related hazards, avoiding landslide-prone slopes, e.g., elevating infrastructure as needed, using materials and structures that can better withstand extreme events, and improving drainage	• Develop designs, materials, and technologies to meet the transportation sector's resilience-building needs • Finance climate resilient transport systems (buses, railways, roads, etc.) and incorporate climate resilient standards within procurement and PPP requirements.
Urban Resilience	As cities become more populous and urbanization continues to accelerate, the impacts of climate change and natural disasters increase. Those living in informal settlements are at much higher risk, with little in the way of protective infrastructure or climate resilient housing; often settlements are also in flood zones, on steep slopes, or in other hazard-prone areas.	Improve drainage and wastewater systems (including through the application of nature-based solutions); establish early warning and emergency response systems for climate related disasters; integrate climate resilience in land use planning	• Develop green bonds for city resilience and continued municipal service delivery during climate-related disruptions (floods, storms, droughts, etc.) • Public-private partnerships to make infrastructure investments more resilient
Water	The water sector faces significant impacts as a result of climate change, including increasing frequency and intensity of floods and droughts, increased water scarcity, coastal erosion, sea level rise, and worsening water quality. Adaptation in the water sector is particularly challenging because of the transboundary nature of water resources, which necessitates transboundary coordination and planning.	Build or upgrade dams, dikes, levees, and irrigation infrastructure to enhance resilience to climate impacts; undertake climate-smart design/ rehabilitation of sewerage and wastewater treatment and incorporate flood-risk considerations while constructing water supply infrastructure; protect and restore ecosystems that provide water purification services; improve long-term planning of water resources based on forecast availability.	Develop and invest in desalination facilities to cope with decreases in precipitation for domestic and agricultural use
Cross-sector interventions	Of paramount importance to successful adaptation are interventions that cut across sectors to provide key synergies for successful adaptation action. These include nexus approaches as well as transboundary projects.	• Regional coastal resilience investments • Food-energy-water nexus investments and landscape management and resilience projects (e.g., watershed, river basin, ecosystem level interventions) • Nature-based solutions (NbS) • Establish cross-ministerial coordination committees for climate and disaster risk management that link early warnings with early action	• Equity funds to invest in coastline tourist developments and fight erosion • Develop remote sensing, drone technologies and software for producing and using climate intelligence to plan and invest for climate resilience.

Annexe 2: Business Commitment on Climate Action (B2CA) 10 Point Charter

The Business Commitment to Climate Action (B2CA) comprising Corporate Commitments and SME Commitments' draws from Private Sector Strategy on Climate Change Solutions in Kenya (2022-2030). On 10th November 2021 during the Private Sector Conference, held alongside CoP26 in Kenya, over 50 private sector organizations declared their commitment to combat the effects of climate change and embrace green actions in their business models and strategies by signing a 10-point charter on Corporate Commitment on Climate Change and Sustainability in Kenya(4CK). The B2CA Charter is the business climate action results framework for tracking progress on the implementation of this strategy. It is annexed in this strategic plan as follows:

Private Sector Commits to:

1. Reduce GHG emissions by at least 5% per person annually consistent with Kenya's ambition to abate 32% by 2030. Key interventions include increasing the use of renewable energy, energy efficiency, low-carbon technologies, use of clean, efficient, and sustainable energy technologies to reduce over-reliance on fossil and non-sustainable biomass fuels and sustainable waste management, climate-smart agriculture, growing trees and managing forests, and curbing deforestation.

2. Integrate climate change mitigation and adaptation actions into strategic business plans and value chains and invest in adaptation technologies.

3. Enhance adaptation investments in operations and value chains by investing in actions such as reduction of water consumption, increase in water use efficiency, wastewater management, early warning and emergency response systems, and overall production efficiency in line with the priorities espoused in the Kenya National Adaptation Plan.

4. Raise awareness amongst the staff, design and develop training modules on climate change to build technical capacities.

5. Invest in low-carbon and climate-resilient public-private partnerships to ensure that changing climate conditions and potential climate change mitigation and adaptation measures are considered during the development, design, and implementation of investment projects.

6. Develop innovative green financial products and services to increase access to finance for enterprises and encourage partnerships on strengthening climate resilience between the local, regional, and international private sectors.

7. Integrate gender equality considerations within the climate change planning processes to enhance climate change mitigation and adaptation outcomes through the promotion of gender-responsive climate technologies and innovation in the private sector as well as the provision of financing and capacities targeting youth and women.

8. Promote sustainability reporting and adoption of sustainability strategies for business including Net Zero Strategies

9. Develop ESMS policy for the company and ensure its implementation and periodic review.

10. Participate in local, national, regional and global forums to provide insights, and perspectives on business climate actions and influence policy and climate change discourse.

Annexe 3: Results Management Framework

SL. NO	OUTCOME	OUTPUTS	INDICATOR	TARGET
Aim: Integrating climate change adaptation and mitigation into private sector investments, policies, and programs				
Objective: To actively engage the private sector to implement, finance, and offer technical support for reporting the private sector progress in the implementation and innovation of solutions for enhancing the long-term resilience and adaptive capacity of the country.				
1	Reduced GHG emissions	1.1 The private sector commits to reducing GHG emissions and developing net zero plans and strategies. 1.2. Promote sustainability and ESG reporting in the private sector	1.2.1. The private sector progressively increases the use of renewable energy, energy efficiency, low-carbon technologies, and clean, efficient, and sustainable energy technologies. 1.2.2. Number private sector experts in mapping and reporting on GHG emissions hotspots. 1.2.3. Progressively increase of private sector undertaking sustainability reporting.	Reduce GHG emissions by at least 5% per annum. Progressive increase in Private Sector Sustainability and ESG reports
2	Enhanced investments and mobilized private capital.	2.1. Private capital mobilized in operations and value chains	2.1.1. No private sector entities investing in actions resulting circular economy in reduced water consumption, increased water use efficiency, wastewater management, early warning, emergency response systems, and overall production efficiency in line with the priorities espoused in the Kenya NAP.	• At least USD 20 million mobilized for the private sector business climate action. • At least USD 20 million in green financing mobilized for private sector strategy implementation coordination support.

SL. NO	OUTCOME	OUTPUTS	INDICATOR	TARGET
3	Raise awareness and build capacity building private sector to map out their GHG emissions	3.1. Enhanced capacity to adapt to design new, and implement sustainable climate change solutions including green goods, products and services.	3.1.1. Number of private sector workshops and training held.	Four workshops/training held per year.
			3.1.2. %age of private sector entities developed implementable climate project concepts and proposals.	65% of trained entities within five years
		3.2. Improved research and awareness creation on private sector climate challenges, adaptation, and mitigation solutions	3.2.1. %age of the target audience who report increased awareness of climate change challenges, adaptation and mitigation solutions.	50% of trained entities and submit climate related report through various platforms
			3.2.2. Research and Assessments conducted on climate-related systems and business opportunities.	In collaboration with partners, at least develop one report and disseminate on the impact of climate change on value chains and opportunities for private in climate-related themes.
		3.3. Information and Knowledge sharing to value chains for enhanced business sustainability and overall sustainable development	3.4. Information reaches private sector entities	3.5. At least one climate change conference held annually to share best practices and industry trends.
		3.6. Training of negotiators	3.7. Increase pool of private sector negotiators by Collaborating with AGNES and other related institutional for training of climate negotiators	3.8. At least 3 negotiators annually
4	Spur Investment in low-carbon and climate-resilient projects	4.1. The private sector implements projects to ensure mitigation and adaptation measures are considered during investment projects' development, design, and implementation.	4.1.1. No. of private sector companies provided technical assistance.	At least two firms / associations engage in climate finance

SL. NO	OUTCOME	OUTPUTS	INDICATOR	TARGET
5	Develop green, goods, products and services that are climate-sensitive products and services for strengthening climate resilience, circular economy at local, regional, and international market.	5.1. The private sector identifies and implements mechanisms to reduce emissions.	5.2.1. The number of green products and services developed.	One intervention, green goods and products services developed per year.
		5.2. Market development for green goods, products and services	5.2.2. The number of bilateral and multilateral trade agreements to spur green and circular economy trade	Increased investment in green goods, products and services.
6	Integrate gender equity considerations in business climate actions	6.1. MSMEs, Jua Kali, and private sector firms are integrating climate change planning processes to enhance mitigation and adaptation outcomes and promote gender-responsive climate technologies and innovations.	6.1.1. No. of women-led/owned firms, and *Jua Kali* provided support 6.1.2. Data collection on gender considerations	At least seven firms per year Collect and publish gender-disaggregated data annually.
7	Develop sustainability strategies for Business Enterprises, including decarbonisation and Net Zero plans, implementation, monitoring the emission reduction progress, and sustainability reporting.	7.1. Integrate climate change mitigation and adaptation actions into business models, strategic business plans, and value chains and invest in adaptation technologies.	7.1.1. No. of private sector firms developing their sustainability strategy	At least one entity from CBIN-K develop ESG and sustainability framework.
8	Develop standards and policies to enable organizations to integrate climate change and other sustainability-related matters.	8.1. Private sector firms developing environmental standards and policies.	8.1.1. No. of firms' development ESMS and other related environmental policies.	At least two entities in CBIN-K commit to green and sustainable environmental policies at top leadership level.
9	Advocate for enabling climate change policy, legislative and regulatory environment.	9.1. Harmonising and alignment of climate change policy, legislative and regulatory instruments at national and subnational level.	9.2.1. Number of enabling climate change policy legislative regulatory instruments. 9.2.2. Climate change public private dialogue held at national and subnational levels. 9.2.3. Build capacity of private sector to engage in climate change policy dialogues.	At least one Policy and regulatory win for climate change per year.

SL. NO	OUTCOME	OUTPUTS	INDICATOR	TARGET
10	Participation and convening in local, regional and global climate change forums	10.1. Participate 10.2. Convene	10.2.1. Number of meetings and forums 10.2.2. Number of events convenes 10.2.3. Participation in CoP	Private sector participates in climate change in at least one regional or global climate change forum.

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