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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 1**

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Kenya for 2023-2024

**Action Document for Green Deal #TeamEuropeKenya - part II**

**MULTIANNUAL PLAN**

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	<b>Green Deal #TeamEuropeKenya - part II</b> OPSYS number: ACT-61897 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Team Europe Initiative</b>	Yes: Green Deal Team Europe Initiative, Kenya
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Kenya.
<b>4. Programming document</b>	Multi-annual Indicative Programme (MIP) for Kenya 2021-2027 <sup>1</sup>
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Specific objectives: 1.1 Sustainable and efficient management of natural capital and biodiversity conservation, including improved resilience of vulnerable populations in climate-affected areas 1.2 A stronger and more inclusive economic growth, built on practises which are climate resilient and preserves biodiversity 1.3 Strengthening the energy sector in Kenya towards being more sustainable, available to all citizens and as a contributor to wealth Expected results: 1.1a Kenya's natural capital and biodiversity are better conserved and managed 1.1b Vulnerable populations have improved preparedness and resilience to climate shocks and livelihood challenges 1.2 Businesses, exports and investments contribute increasingly to green growth and decent jobs

<sup>1</sup> Decision C(2021) 9088 Final, dated 14/12/2021, adopting a Multiannual Indicative Programme for the Republic of Kenya for the period 2021-2027

	1.3a Energy production and distribution systems are more resilient, stable, efficient and sustainable, including increased renewable energy sources			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>6. Priority Area(s), sectors</b>	MIP Priority Area 1: Green Transition - Environmental Sustainability and Resilience MIP sectors: 1.1: Natural capital and resilience 1.2: Green economy and sustainable business 1.3: Sustainable Energy			
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG 13 – Climate Action Other significant SDGs: SDG 1: No Poverty; SDG 7: Affordable and Green Energy; SDG 8: Decent Work and Economic Growth; SDG 9: Industry, Innovation and Infrastructure; SDG 12: Responsible Consumption and Production; SDG 15: Life on Land			
<b>8 a) DAC code(s)</b>	23210 Energy generation, renewable sources - multiple technologies (35%) 43010 Multisector aid (35%) 43060 Disaster risk reduction (10%) 16020 Employment creation (12%) 12240 Basic nutrition (8%)			
<b>8 b) Main Delivery Channel</b>	Government of Kenya – 248 Member State Agency – 11003			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2023-14.020121-C1-INTPA BGUE-B2024-14.020121-C1-INTPA  Total estimated cost: EUR 258 000 000 Total amount of EU budget contribution: EUR 43 000 000 The contribution is for an amount of EUR 20 000 000 from the general budget of the European Union for 2023 and for an amount of EUR 23 000 000 from the general budget of the European Union for 2024, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.  This action is co-financed in joint co-financing by: <ul style="list-style-type: none"> <li>- KfW for an amount of EUR 170 000 000</li> <li>- Other IFI for an amount of EUR 45 000 000</li> </ul>			

	<p>The expected contributions of EU partners to the Team Europe Initiative on Green Deal amount to EUR 3 448 700 000, with the following indicative contributions per Member States (in million EUR):</p> <table><tr><td>EU</td><td>DE</td><td>IT</td><td>FR</td><td>SE</td><td>PT</td><td>DK</td><td>NL</td><td>EIB</td><td>FI</td><td>SK</td><td>IE</td><td>AT</td></tr><tr><td>451</td><td>809</td><td>61</td><td>878</td><td>111</td><td>0.1</td><td>77</td><td>174</td><td>839</td><td>27</td><td>0.6</td><td>3</td><td>18</td></tr></table>	EU	DE	IT	FR	SE	PT	DK	NL	EIB	FI	SK	IE	AT	451	809	61	878	111	0.1	77	174	839	27	0.6	3	18
EU	DE	IT	FR	SE	PT	DK	NL	EIB	FI	SK	IE	AT															
451	809	61	878	111	0.1	77	174	839	27	0.6	3	18															
MANAGEMENT AND IMPLEMENTATION																											
13. Type of financing	<p><b>Direct management</b> through: Grants as set out in section 4.3.1.</p> <p><b>Indirect management</b> with an entrusted entity in accordance with the criteria set out in section 4.3.2</p>																										

## 1.2 Summary of the Action

Kenya's economy is nature based, and the country is severely affected by climate change. The EU and Kenya both work towards a transition into a green and sustainable economy. The proposed Action is part of the implementation of the Team Europe Initiative on the Green Deal, aiming at climate neutrality, conservancy of biodiversity, reduced pollution, resilience, sustainable and inclusive economic growth.

The Green Deal TEI takes departure in the country's vision for the green economy, which is contained in the Green Economy Strategy and Implementation Plan (GESIP) 2016 – 2030,<sup>2</sup> and specifically Kenya's Nationally Determined Contribution (NDC). The GESIP seeks to transform Kenya towards a low-carbon, resource efficient, equitable and inclusive socio-economic transformation, in line with the Sustainable Development Goals (SDG). Kenya's key policies and programmes are supportive of a green economy that includes investments in renewable energy, promotion of resource-efficient and cleaner production, enhanced resilience to economic and climatic shocks, pollution control and waste management, environmental planning and governance, restoration of forest ecosystems and biodiversity conservation.

The Action will accelerate the shift towards a circular and green economy, improving livelihoods and fostering sustainable socio-economic growth. It will support investments in affordable and reliable green energy, with additional renewable energy capacities accompanied by supporting grid improvement. It will enhance ecosystem services for the benefit of the local populations. This is done by supporting conservation and restoration of natural forests, degraded ecosystems and sustainable land use, focusing on environmental protection of watershed areas. Sustainable waste management and recycling will be targeted, along with green finance and access to finance measures. The Action will include capacity building for the Government of Kenya, county governments, local communities and the private sector.

The transition into a green and sustainable economy has geopolitical dimensions with bearing on economic cooperation, climate change, innovation, multilateralism, trade and investments. It will strengthen EU-Kenya strategic dialogue and contribute to the Global Gateway, including by boosting EU investments in access to renewable energy. The Action will promote girls' and women's role as societal and behaviour change makers, including their active participation and leadership, ensuring gender-responsive strategies to climate action<sup>3</sup>. It will support women entrepreneurship and women-led businesses, in the green, blue and circular economy.

The action is built on an integrated approach, articulated into 4 components:

- (i) The Green Resilient Electricity Systems will contribute to sustainable economic development by supporting Kenya in its ambitious targets of renewable energy. As a result of the intervention, it is expected that the power production, transmission and distribution systems shall be more efficient, stable and cleaner, with increased deployment of renewable energy sources and energy efficiency solutions, where suitable;
- (ii) The Climate-Resilient Watersheds initiative intends to restore and improve the landscape of the watershed area of Rising Lakes which will benefit the local communities directly to become more resilient and participative, while also tackling causes of the rising lake water levels;
- (iii) The support to Climate Change Directorate at the Ministry of Environment, Climate Change and Forestry aims to increase the capacity, establishing a measurement, verification and reporting (MRV) system, contributing to the monitoring of Kenya's NDC targets and enabling Kenya to continue its consistent leadership in global climate and biodiversity governance.
- (iv) The Switch Kenya Green will develop sustainable and circular businesses through fostering access to finance and improving businesses sustainability and performance leading to sustainment and creation of green jobs. Additionally, the component will improve Kenya's environmental efforts increasing the capacities to execute, monitor and enforce environmental regulations and more in general environmental governance.

The Green Resilient Electricity System is foreseen to be implemented jointly with one or more Development Finance Institutions. Possible stakeholders to jointly implement the Climate-Resilient Watersheds include national

<sup>2</sup> <https://repository.kippra.or.ke/handle/123456789/2797>

<sup>3</sup> [Country Level Implementation Plan \(CLIP\) for Kenya](#)

and county government agencies, NGOs, local communities and private sector. For the Switch Kenya Green, possible modalities include grants or Contribution agreement with a Member State Institution (Denmark, Germany, Sweden or the Netherlands are active members of the TEI Green Deal Circular Economy). All work flows offer opportunities for direct synergies and possible links with the EFSD+, pending final selection of PIPs and its implementation (connectivity, sustainable agriculture, biodiversity, forests and water management, SME support windows). The Action will promote digital technologies for regulation and monitoring as relevant. The Switch Kenya Green will support innovative and digital technologies for promoting the Circular Economy.

## 2 RATIONALE

### 2.1 Context

Climate change in Kenya is increasingly impacting the lives of Kenya's citizens and the environment; it has led to more frequent extreme weather events like droughts which last longer than usual, irregular and unpredictable rainfall, flooding and increasing temperatures. The increasing heat and recurrent droughts contribute to severe crop and livestock losses, leading to famine, displacement, and other threats to human health and wellbeing. The effects of climatic changes have made already existing challenges with water security, food security and economic growth even more difficult, and adversely affect the national economy, which is largely dependent on tourism and rainfed agriculture. All these factors impact at-risk populations like marginalised communities, women and the youth. Women's responsibility for environmental management hinges on a gendered division of labour, in which women are mainly responsible for providing subsistence such as food, water and fuel. If the country suffers the economic and infrastructure impacts of global warming, it could have significant consequences for neighbouring countries. An overall economic goal for Kenya is to become a Newly Industrialising Middle-Income Country by 2030.

The Kenyan policy seeks to promote an inclusive greening of the economy to achieve a cleaner and healthier environment for the population and a more efficient use of the natural resources. Kenya has set ambitious targets for reducing its GHG emissions under the Paris Agreement. The reduction target of 30% of GHG emissions by 2030 was increased to 32% with the update of Kenya's NDC in 2020. There is a need to further strengthen Kenya's follow up and monitoring of the NDC's, not least for purposes of planning and allocation of funds, but also to mobilise actors in all relevant sectors.

The Action contributes to Kenya's green transition, mitigating and adapting to the effects of climate change by increasing the capacity and flexibility of the power transmission and distribution systems allowing large deployment of variable renewable energy sources; by preserving and restoring watershed areas; and by fostering a new generation of MSME relevant to the circular economy, creating green jobs. The action will support the EU's geopolitical priorities, as reflected in the Global Gateway and the EU-Kenya Strategic Dialogue, with bearing on economic cooperation, climate change, innovation, multilateralism, trade and investments. Private sector investment will be an integral part of the partnership in the context of a circular economy.

The action will support Kenya to achieve its mitigation and adaptation commitments under its NDC, guided by Vision 2030, the Medium Term Plan 3 (and the MTP4 under elaboration), Kenya's Climate Act 2016 and Climate Change Action Plan and the Green Economy Strategy and Implementation Plan. The Action is aligned to Kenya's policies in respective sectors: For energy, notably the Energy Act 2019 and the National Energy Policy (2018). For circular economy, the Sustainable Waste Management Bill (2022), which is geared towards addressing the need to support the circular economy with concrete steps, as well as the National Climate Finance Policy (2017) will guide the action. For the Climate-Resilient Watersheds, the National Biodiversity Strategy and Action Plan, Agriculture Development Strategy, Kenya Agriculture Productivity and Sustainable Land Management investment strategy are relevant. The Action will strengthen Kenya's capacity to monitor the NDC's and to provide consistent leadership in environmental governance.

During the period 2021-27 the EU and Member States jointly implement the Team Europe Initiative (TEI) on the Green Deal, mobilising EUR 3.5 billion, supporting Circular and sustainable economy (including green finance); Climate-smart and sustainable agricultural value chains; Renewable and accessible energy; Natural capital and biodiversity; and Sustainable urbanisation and infrastructure. The TEI is a building block of EU-Kenya's Global

Gateway deliverables in the climate and energy as well as transport investment priority areas, including regional corridors. Private sector investment and blended finance is an integral part of the partnership. The Action will synergise with the EU's regional programmes on energy, as well as with biodiversity programmes such as NaturAfrica and with Regional Circular Economy programme in Eastern & Southern Africa, and the relevant EFSD+ windows.

## 2.2 Problem Analysis

**Access to affordable and reliable energy is a key factor for Kenya's socio-economic development, and has also direct bearing on Kenya's NDC's.** Power supply reliability is a major issue. Electricity transmission and distribution systems frequently suffer from outages and substantial technical losses, leading to severe challenges for SME's and industry, and a dependence on fossil energy. Wood for fuel and the other biomass account for 68% of overall primary energy usage in Kenya<sup>4</sup>, often in an unsustainable way. Therefore, sufficient generation capacities based on a balanced energy mix, energy efficiency measures to accompany the deployment of clean energy generation, as well as improved flexibility and reliability of the electricity system are needed. It is estimated that the system losses in the Kenyan grid are at approximately 25% (13% technical and 12% Commercial). In 2020, the energy distribution company KPLC lost correspondingly an estimated EUR 130 million. The development of the energy sector requires investments in additional power generation and transmission capacity. However, high levels of public debt and limited public finance options at the international capital market create a hurdle. The problem cannot be solved by the market alone: due to perceived high country and offtake risks, availability of private capital is limited and comes at high cost. As a result, creating additional power generation capacities by the private sector exclusively would lead to insufficient power supply at non-affordable tariffs. In the field of power transmission, there is no existing market mechanism or compensation system for private companies. In the electricity sector, significant programs are underway, supported by the EU and other TEI members, addressing, among the others, structured interventions for strengthening and modernizing the transmission network including construction of a national control centre and improving the last-mile connectivity. TEI partners are also financing various technical assistances and in particular EIB, through the EGRE programme, will provide technical assistance to the Government of Kenya to enhance the performance of the electricity sector. The present action complements and increases the impact of these ongoing programs with the key objective of adding new renewable energy capacities, as well improving the stability and efficiency of the electric grid. By achieving these results, the intervention aims, in the medium to long term, improve the access to sustainable energy, promote decent work and economic growth, develop industry, innovation and infrastructure and combat climate change.

**Inadequate watershed management in the Rift Valley region has destroyed properties and infrastructure, displaced communities, changed lake ecologies and subsequently affected terrestrial and aquatic biodiversity.** The consequences are soil erosion and sedimentation of water bodies across Kenya: over the years, the rising water levels in Lake Baringo claimed 140 km<sup>2</sup> of riparian land; in 2021 rising water levels affected approximately 3 000 households. Around lake Bogoria, the rising of the lake resulted in several settlements, schools, homes, shopping centres, wildlife centres being submerged and destroyed. The decade-long flooding of Kenya's lakes has caused significant displacement of inhabitants in affected areas. According to a report of an inter-ministerial and stakeholder taskforce, the rising water level phenomenon is due to: i) climate change leading to increased rainfall variability and distribution; ii) land use and land cover changes at landscape and farm scales resulting in soil erosion and sedimentation; iii) poor landscape management by local communities and/or smallholders; iv) lack of government support to sustainable climate resilient innovations; and v) ongoing plate tectonics and crustal movements. Above normal short rains have resulted in change in catchment of rainfall. Increased rainfall vis-à-vis ongoing deforestation and degradation of watersheds result in increased surface flows and sediments into the lakes. From the different watershed areas, Lake Baringo watershed was the most affected. Baringo is among the arid and semi-arid counties of Kenya and is severely degraded.

**Implementation of Kenya's NDC is cross-sectoral and coordinated by the Climate Change Directorate (CCD) of the Ministry of Environment, Climate Change & Forestry.** CCD is established via the Climate Change Act 2016 and coordinates operational response on climate change across different levels in government

<sup>4</sup> [sciencedirect.com/science/article/pii/S266605202100008X](https://www.sciencedirect.com/science/article/pii/S266605202100008X)

(both at national and county levels) and global climate change governance. As such, it is a key coordinator and interlocutor for international fora and of national-level climate action. **The CCD has limited resources to initiate and implement monitoring systems to achieve Kenya's NDC commitments.**

**Kenya adopted the Sustainable Waste Management Act in 2022 thus paving the way for further development of a circular economy (CE).** The act reinforces the polluter pays principle and changes Kenya's resource direction from a linear to a circular paradigm, as it makes segregation of waste at source mandatory. The legislation provides for a framework for the establishment of mandatory Extended Producer Responsibility (EPR), promoting schemes to stimulate resource use efficiency, promote recycling and reduce pollution and environmental degradation as well as the amount of waste in all phases of products' life cycle. In Kenya, CE-related developments are mostly driven by the national government, which has been very active during the last years in introducing policies to address waste-related problems and lately it is starting to develop a CE policy approach that goes also beyond waste, into a broader sustainable economy. Existing circular economy related activities in Kenya's private sector are concentrated in agriculture and waste management. Most of these initiatives make use of local waste streams, such as organic waste or packaging waste and turn these flows into valuable products. Positive impacts of existing circular economy initiatives include the creation of local economic development, employment creation (also in rural areas), ideally offering training and capacity building for employees and a wide range of environmental benefits ranging from reduced pollution to mitigation of greenhouse gas emissions and protection of local natural areas and habitats. With the EPR regulation as a new driver of circularity, the potential for green growth and job creation, eco-innovation driven by micro, small- and medium-sized enterprises (MSMEs) to offer opportunities for Kenya's transition to a green and inclusive economy has increased. MSMEs in general serve as the backbone of the formal and informal job market, with their growth and scale-up mainly hindered by a lack of business and management skills and a lack of access to finance. MSMEs, and specifically if at the early stage, are often not able to access business finance such as credit or equity, partly due to their internal lack of professional management systems, and partly due to obstacles such as collateralization, prohibitive risk ratings for young and small enterprises, and high interest rates.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

- Ministry of Energy and Petroleum (has the leading policy and coordinating role in the energy sector)
- Ministry of Environment and Forestry (has the leading policy and coordinating role in the environment polices, and notably the GESIP and the NDC)
- The National Treasury and Planning (has an overarching role for monitoring and oversight of state agencies and parastatals' budget allocations, investments and execution, and has also a role for mainstreaming key social policies in line with Kenya's development plans)
- Kenya Electricity Generating Company – KenGen (government enterprise in Kenya charged with the production of electricity, generating over 60% of the electricity in Kenya)
- Kenya Electricity Transmission Company Limited – KETRACO (parastatal of the Government of Kenya serving as the primary Transmission System Operator)
- Geothermal Development Company: GDC (fully government-owned company developing steam fields and selling geothermal steam for electricity generation to KenGen and private investors)
- Households, industries, SME's (beneficiaries of electric energy and circular economy)
- Population, communities, smallholders, enterprises and social services around rising lakes
- EU Member States implementing organisations (selected)
- Selected Small and Medium size Enterprises (SME) active in the Circular Economy
- Financial institutions and investors potentially providing finance for MSME's active in eco-innovation (selected)



### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The **Overall Objective** of this action is to support Kenya to advance towards climate neutrality, conservation of biodiversity, reduced pollution, resilience, and sustainable economic growth<sup>5</sup>.

The **Specific Objectives** of this action are:

1. The electricity system is more resilient and green  
*Outputs:*
  - 1.1 Electricity grid stability and efficiency is strengthened
  - 1.2 Increased power generation capacity from renewable sources
  - 1.3 Improved capacities of electric utilities
2. A more climate resilient watershed around lake Baringo is established  
*Output:*
  - 2.1 Improved sustainable management practices for watersheds, primarily around Lake Baringo
3. The Government of Kenya increasingly applies a measurement, reporting and verification (MRV) system to implement the National Determined Contribution  
*Output:*
  - 3.1 The Climate Change Directorate at the Ministry of Environment, Climate Change and Forestry has increased capacity to implement and monitor the NDC
4. Sustainable and circular businesses are developed  
*Outputs:*
  - 4.1 Improved business, managerial and technical capacities (including in green, circular, sustainable and inclusive economy) of MSMEs, out of which at least 40% benefit gender equality by complying to the 2XChallenge criteria<sup>6</sup>
  - 4.2 Increased access to finance for selected MSME's promoting eco-innovation and social inclusion

#### 3.2 Indicative Activities

##### *Output 1.1 Electricity grid stability and efficiency is strengthened*

Activities: Procurement, construction, supervision, and operationalization of the interventions foreseen: refurbishment, upgrading, and reinforcing the capacity of substations, mobile substations as well as various related accompanied investment measures to improve the grid operations and stability, dispatch automation, improved metering and communication systems of the Kenyan electrical transmission network, to promote a greater integration of variable renewables. The pre-assessed list of interventions is still indicative and subject to final appraisal.

##### *Output 1.2 Increased power generation capacity from renewable sources*

Activities: Procurement, construction, supervision, and operationalization of the intervention foreseen: construction, upgrading, and boosting the capacity of renewable power generation capacities. The concrete investments will encompass approximately three power plants based on geothermal, wind, solar or hydro energy. The integration of load control and energy storage solutions will also be evaluated, to increase the flexibility and the balancing service capacities of the national Kenyan power system. The existing and pre-assessed project pipeline is still indicative and subject to final appraisal.

<sup>5</sup> Same as in the Green Deal Team Europe Initiative in Kenya

<sup>6</sup> The 2X Challenge was launched at the G7 Summit 2018 as a commitment to inspire DFIs/IFIs and the broader private sector to invest in the world's women

#### *Output 1.3 Improved capacities of electric utilities*

**Activities:** Technical assistance to the national electric utilities / entities (among others Ketraco, GDC, KenGen) for developing investments and to ensure project execution according to international standards. This assistance contains consultancy support as well as capacity development in preparation and implementation of projects..

#### *Output 2.1 Improved sustainable management practices for watersheds, primarily around Lake Baringo.*

**Activities:** Restoration, replanting and protecting degraded forests in different eco-regions of the watershed; Germplasm and establishment of multi-purpose tree nurseries-this will be supported; Rainwater harvesting, installing water pans and check dams; Pasture restoration-reseeding landscapes; Desilting of Chemeron dam connected with irrigation scheme which will be rehabilitated; Promote alternative Income streams (beekeeping, eco-tourism, mango growing, aquaculture), including controlling and regulating the charcoal trade, organic farming and pest control; Review, update and implementation of the county's spatial plan; Protection of riparian areas and river banks

#### *Output 3.1 The Climate Change Directorate at the Ministry of Environment, Climate Change and Forestry has increased capacity to implement and monitor the NDC*

**Activities:** capacity building/support to the Climate Change Directorate (CCD) of the Ministry of Environment and Forestry to implement its mandate nationally, across sectors, at county level and globally. Supporting digital technologies, this will support the monitoring, reporting and verification (MRV), implementation of the NDC and enhancing its coordinative role within and across sectors and with county governments as specified in the Climate Act, 2016, including streamlining its working relationship with the Climate Finance and Green Economy unit at the National Treasury; strengthen implementation of Kenya's Long Term Low Emission Strategy; and build capacity on carbon credits and trading.

#### *Output: 4.1 Improved business, managerial and technical capacities (including in green, circular, sustainable and inclusive economy) of selected MSMEs, out of which at least 40% benefit gender equality by complying to the 2XChallenge criteria*

**Activities:** Targeted outreach and development of MSME pipeline; Screening and shortlisting of applicants; Selection of funding-ready MSMEs; Business management capacity building program for shortlisted enterprises to develop a comprehensive business plan and achieve funding readiness

#### *Output: 4.2 Increased access to finance for selected MSME's promoting eco-innovation and social inclusion*

**Activities:** Design the finance facilitation mechanism, contract Partner Financial Institutions, Funding facilitation and portfolio management

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from the EU, Member States and financial institutions in a Team Europe approach. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. The technical assistance support to CCD will be coordinated with the support to the same unit by Germany and other donors. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

#### **Environmental Protection and Climate Change**

**Outcomes of the EIA (Environmental Impact Assessment) screening:** EIA or its equivalent, will be implemented by implementing partners in the areas of Watersheds conservation/restoration, and energy transmission and production. For the Watersheds intervention, a study has been conducted on the "Ecologically Sustainable Climate Change Adaptation/Mitigation through an Integrated Landscape Approach in the Watershed(s) of the Rift Valley

Lakes in Kenya & Support to Climate Change Directorate in the Ministry of Environment and Forestry”. The study pointed at the need to address the loss of water storage capacities through land use change and land degradation by replacing the vegetation that had been lost, rehabilitating landscapes which lose a lot of water through runoff by gullies and loss of top-soils through erosion and rehabilitation of the buffer capacities of riparian areas, enforcing it through strengthening of respective legislation in this context and by supporting this through livelihood activities emerging from the land rehabilitation activities, with the target of reaching higher levels of productivity than before. Outstanding feasibility studies will collect more detailed information on cost-benefit analysis, socio-economic, environment, climate change, gender and human rights viability. Outcome of the CRA (Climate Risk Assessment) screening: CRA, or its equivalent, will be undertaken as relevant.

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### **Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. The Action is aligned with the EU Action Plan on Human Rights and Democracy 2020-2024,<sup>7</sup> and the EU Gender Action Plan 2021-2025 (GAP III)<sup>8</sup> and its thematic area “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”. The activities under the Action Document will affect women and men differently: women are often more affected by energy poverty and housing issues, access to water and sanitation, they bear a greater responsibility for the family’s food security, and have a stronger engagement in subsistence farming. Women tend to be receptive to circular economy behaviours, such as reuse and repair. Targeting gender roles and behavioural preferences in consumption, as well as waste generation and prevention, is a key pillar in transition to circular economy. In addition, the value of job creation, not least seeing to the trend of the growing number of female entrepreneurs, will be recognized in support schemes to SME’s. On the beneficiaries of MSME support schemes, their selection will follow a due diligence procedure, including how women leadership and participation and jobs for women could be created and corporate social responsibility. Considering Natural capital and Biodiversity involves identifying the influence of gender roles in the management and conservation of biodiversity, which imply different labour responsibilities, priorities and decision-making power. Women are more affected by energy poverty, not least connected to the household and to health issues. All programme components comprise an individual gender assessment which helps identifying relevant aspects to enhance gender equality and support especially women’s needs. In addition, youth involvement will be prioritised. The support of the implementation and follow up of the government’s objectives will require EU-supported actions to have its own set of specific gender relevant theories of change, and to provide for gender-disaggregated information. The EU is part of the Development Partners Group on Gender (DPGG), and of Gender Sector Working Group (GSWG), together with the State Department of Gender Ministry.

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### **Human Rights**

Climate resilient watersheds comes with several severe challenges for GoK to provide for a satisfactory living conditions for the population in affected areas. Apart from the human rights challenges emancipating from the deepened poverty that could come as a consequence of flooding, due to loss of property and livelihoods, areas like food security, safety and jobs are threatened. Social services, such as education and health facilities, could have challenges to operate and serve the population. People and families forced to relocate may suffer new risks of entering into less safe and constructive roles elsewhere. For support to electric production and transmission issues of respect for the property of affected population could come into question, making sure it is minimised and that negative impacts are limited. More specifically, it could imply areas needed for electric installations that are being used for production, agriculture, grazing or other purposes. Outstanding feasibility studies will collect more detailed information on cost-benefit analysis, socio-economic, environment, climate change, gender and human rights viability. Any negative implications shall be mitigated by establishing an environmental and social management plan, engaging the communities, livelihoods if necessary as well as monitoring health and safety measures, among others. This will be assured by applying international best practice as the World Bank safeguards at all individual projects under the intervention. Other implications are not known at this stage. Consistency with Do No Significant Harm principles will be ensured.

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### **Disability**

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<sup>7</sup> [https://international-partnerships.ec.europa.eu/news-and-events/news/human-rights-and-democracy-striving-dignity-and-equality-around-world-2020-03-25\\_en](https://international-partnerships.ec.europa.eu/news-and-events/news/human-rights-and-democracy-striving-dignity-and-equality-around-world-2020-03-25_en)

<sup>8</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_2184](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2184)

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. The national sustainable waste management policy aims at creating green economy jobs in the waste management, recycling and recovery industry especially for youth, women and persons with disability. The Action will ensure that rights of persons with disabilities will be respected, and the planned activities, evaluations and others are disability inclusive.

### **Reduction of inequalities**

The transition into a climate neutral economy requires measures to assure that burdens and opportunities are distributed in a reasonable equal way. Failing to do so could directly lead to increased inequalities, as each transition will result in groups and individuals gaining or losing power in an unforeseen way. Access to energy is a divider for creation or suppression of inequalities in so far that people living without access have lesser opportunities for education, health, safety and livelihoods. Also the pricing of energy is decisive, as high prices exclude those who don't have the means, while giving opportunities to the more wealthy part of the population. If the projects are not well-planned and executed, they may not provide benefits to all members of affected communities, exacerbating socio-economic inequalities. Kenyans are known as being entrepreneurial, and many groups have a low threshold to start their own business, for instance in agriculture, trading or services. To further support the MSME sectors is a relevant measure to address and reduce inequalities. However, many Kenyans are directly affected by climate change. Those living in areas affected by droughts or flooding risk losing properties and livelihoods, which easily lead to increased inequalities. Strengthening resilience of natural resources management, as well as energy and finance are therefore ways of addressing inequalities.

### **Democracy**

The action will strengthen the capacity of relevant bodies necessary for democratic governance of natural resources and energy. This will be done in capacity building efforts and technical assistance. In projects with an infrastructural dimension, the local population will be consulted using appropriate structures in the decentralised governments, civil society, communities, on a family basis or alike.

### **Conflict sensitivity, peace and resilience**

Land is traditionally a driver of conflict in Kenya. For this particular Action Document it will be crucial how land is used, protected and restored, both for infrastructural measures as well as for strengthening watersheds. In particular it is necessary to make sure how consultation mechanisms are set up and who is being consulted. When relevant, special measures may have to be established to mitigate conflict and build the necessary trust with stakeholders. On the energy side, projects can create jobs and stimulate local economic development. Coming along with these positive impacts, there is a risk that energy projects displace communities and disrupt traditional livelihoods. Additionally, there may be negative impacts on the environment and natural resources.

### **Disaster Risk Reduction**

Addressing rising lakes and watershed challenges is a direct way of mitigating disasters, as it could save a large amount of families, individuals and enterprises from losing their belongings, investments and livelihoods. The rehabilitation of the Lake Baringo could have positive impact on displaced communities. The approach will be to collaborate with relevant Kenyan bodies tasked to mitigate and resolve natural disasters. The County Disaster Risk Management Committees is obliged to increase gender-responsive affordable water harvesting-based livelihood resilience programmes, training on the climate change-gender nexus.

### **Other considerations if relevant**

N/A

## **3.4 Risks and Lessons Learnt**

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>

Political	1. Lack of domestic ownership	Low	Medium	1. Cooperation is anchored in Kenya's policy framework (MTP4, Vision 2030 and respective sector strategy) and in the EU-Kenya strategic dialogue The recently signed climate partnership between Germany and Kenya at the COP 27 strengthens the political commitment in the energy area. County Government of Baringo has shown a lot of support for the Watershed programme and works well with the Ministry of Environment, Climate Change and Forestry.
Economic	2. Limited policy space to take on additional debt financed projects	Medium	High	2. Focus on profitable projects and soft loans on advantageous terms
Financial	3. Use of funds for unauthorised purposes, risk of fraud or malpractice by the public and/or private actors	Medium	High	3. Stringent audit and monitoring, and support PFM improvements and accountability in parallel actions
Social	4. Delayed or failed land acquisition process  5. Insufficient acceptance by society, human rights challenges	Medium	Medium	4. Application of participatory environmental and social management plan  5. Integrate methodology for Free, Prior, and Informed Consent
Environmental	6. Negative environmental impact of projects	Medium	Medium	6. Implement relevant type of Environmental Impact Assessment as part of planning (including Strategic Environmental Assessment, Environmental Impact Assessment, Environmental and Social Management Plan etc. as relevant)
Gender Equality	7. Omitting relevant perspectives of gender equality and women's rights could reinforce existing gender inequalities and non-realization of human rights and hinder the efficiency and sustainability of the Action.	Medium	Medium	6. Knowledge and tools of gender mainstreaming are available. Gender-sensitive monitoring. Gender mainstreaming is applied in all phases of the support services .
Implementation	8.1 Risk of delays and lack of feasible implementation plans	Medium	Medium	8.1.1 General TA for implementing partners and management of projects.

	8.2 Insufficient number of enterprise applications for MSME part			<p>8.2.1 Intensely engage with relevant institutions to ensure timely roll-out.</p> <p>7.2.2 Extend and aptly use networks of relevant multipliers for dissemination and dedicated outreach campaign. In case of low interest and/or poor application quality engage additional multipliers.</p>
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#### Lessons Learnt:

It is crucial to invest in coordination of support to the relevant sectors, and the EU Delegation takes part in the formal sector working group on Environment Protection, Water & Natural Resources, at present coordinated by the US, in addition to the cooperation in the Green Deal TEI. In general, potential implementing units will be assessed including on the track record of successful project implementation and sufficient financial means. Deficiencies identified will be addressed by appropriate dialogue or technical assistance measures. The EU Delegation has a long term and successful relationship with main actors in the GoK as well as with main energy and transmission companies and relevant financial institutions, mitigating the risk of unrealistic expectations and underperformance in project implementation. In this regard, also the networks and experience of key partners in a Team Europe approach are valuable. When needed, additional studies will be done to collect more detailed information on cost-benefit analysis, socio-economic, environment, climate change, gender and human rights viability. On the energy side, as a lesson learnt is the need to provide substantial complementary technical assistance to the concrete investments to ensure project execution according to international standards. This assistance contains usually consultancy support in preparing and implementing projects as well as capacity development. A particular lesson was learnt during the implementation of the geothermal power project at Olkaria (jointly implemented with KfW, World Bank, AFD and EIB); following the successful settlement of a grievance case by the affected communities in 2014, it was important to emphasise adherence to social and environmental safeguards, and in particular livelihood restoration. The component on financing and capacity building to MSME's builds on the proven SEED methodology (Implemented under Switch Africa Green), with toolkits and expertise supporting green and inclusive enterprises, developed and refined during 15 years of experience in working on green economy topics using green and inclusive private sector approaches. From the former EU funded WaTER programme in Western Kenya, it is learnt that the design of landscaping oriented programmes has to be facts oriented, with a strong buy-in from benefiting communities and county governments.

### 3.5 The Intervention Logic

The EU and Kenya have strong joint interests in implementing the international commitments under Kenya's NDC, both on the mitigation and adaptation sides. This action will support the areas of sustainable energy, climate resilient watersheds and access to green finance and entrepreneurship for SME's in the area of circular economy. The intervention logic builds on a thorough alignment to Kenya's policy priorities in respective areas, including the Green Economy Strategy and Implementation Plan (GESIP 2016-2030). The results of this action contribute directly to the implementation of the **Team Europe Initiative on the Green Deal**, which is an inherent part of the EU-Kenya strategic dialogue, and offers opportunities for coordination and complementarity of actions necessary to transition into a green economy. The action should be seen towards the background of the complementarity between EU, its Member States and DFI's, and towards the background of the Green Deal Action Document Part I, which was part of the Annual Action Plan 2022.

**Making the electricity system more resilient and green**, the action will provide investment grants to selected projects financed by a Development Finance Institution, which will use the grants to ensure their financial viability by reducing the investment cost. The programme comprises multiple projects to increase the capacity of Kenya's electricity system. The proposed investments increase the renewable energy capacities and strengthen the grid. Additional power generation facilities will be available, complemented by an improvement of the transmission system and ancillary services, to ensure efficient wheeling and control of the generated power. In the medium-term those new generation and transmission capacities will lead to a more sustainable and resilient electricity system and a positive impact on end-user tariffs. The diversification of the generation capacities will mitigate climate change risks. In the long-term, more people have access to clean, affordable, and reliable energy. The

improved electricity system will affect all economic and social sectors, and have a positive impact on jobs, and will support Kenya's push towards a green transition and sustainable development. In the energy sector, Germany coordinates support in a Team Europe approach to the Policy and Regulatory Environment for Renewable Energy, as well as Electricity Access, Electricity Generation and Grid Resilience. Important assumptions for the successful implementation include that GoK remains committed to investing and fully transitioning towards green energy; that environmental safeguards can be implemented according to the Environmental and Social Impact Assessment; and that personnel of the electrical utilities involved actively supports the project implementation, and are available for training. In addition, the ability of GoK to invest and transition towards green energy is crucial. At the EU level, the smooth functioning of the EFSD+ may be key for implementation.

Supporting **climate resilient watersheds** around lake Baringo will respond to the rising lakes phenomenon, integrating ecologically sustainable and climate-resilient approaches in the restoration of degraded watersheds. Well-conserved watersheds will enhance infiltration/lateral flows and reduce sediment flow into Rift Valley lakes whose water levels have risen persistently over the years causing devastating human suffering. Conserved and pristine patches of the watersheds will provide ecosystems services to adjacent smallholders and beneficiaries further afield. Resultant micro-climate conditions for productive horticultural investments will enhance food security and incomes for smallholders and local communities. Sediment and carbon sinks will contribute to Kenya's mitigation and adaptation commitments as per Kenya's NDC. Well-protected and conserved watersheds contribute to biodiversity commitments spelt out in Kenya National Biodiversity Strategy and Action Plan, and to terrestrial and marine thresholds foreseen to be realised by 2030 in the forthcoming post 2020 Biodiversity framework. For the climate mitigation and adaptation, a range of activities are foreseen in the domain of reforestation, agroforestry, water harvesting, sediment control, desiltation, rehabilitation of irrigation schemes, alternative livelihoods and environmental policies. The implementation builds on the assumption that the County Government of Baringo is committed to implementing ecologically sustainable and climate resilient innovations, and that the stakeholders in the watershed are committed to sustainable management of the area to achieve the multiple objectives.

**Building the capacity of Kenya to implement its NDC**, a policy-action is foreseen with the Ministry of Environment, Climate Change and Forestry. This requires measuring, verifying and reporting (MRV) on emissions avoided through implementation of climate actions. In order to implement a robust MRV system, EU plan for long-term technical assistance support to the Climate Change Directorate (CCD) of the Ministry of Environment Climate Change and Forestry. The CCD will be supported to implement its measurement, reporting and verification (MRV) system, implementation of the NDC and enhancing its coordinative role within and across sectors and with county governments, including streamlining its working relationship with the Climate Finance and Green Economy unit at the National Treasury. The implementation builds on GoK's strong commitment to putting in place measures to implement its NDC, and the openness for coordination between the Ministry of Environment, Climate Change and Forestry with other Government Institutions crucial for the CCD to implement Kenya's NDC.

**To develop businesses in the area of circular economy**, the action will address the gap between business finance demand of MSMEs and financial products offered by financial institutions, which are not accessible for most small-scale enterprises. A facilitating mechanism for loan agreements will be co-developed and implemented with selected financial institutions addressing the main barriers to loan accessibility and tailored to the Kenyan market. Via a dedicated outreach campaign and targeted mobilization of multiplier partners, a pipeline of high-quality applications will be generated. MSMEs in general serve as the backbone of the formal and informal job market, with their growth and scale-up mainly hindered by lack of business and management skills and lack of access to finance. Several one-day pre-application workshops will be offered in order to support applicants to clarify their business concepts and submit comprehensive and consistent applications. The selection of business beneficiaries will follow a due diligence procedure with a set of criteria which will be based on the circular nature of the business, number of jobs created, women leadership and participation, youth involvement, ethics (including corporate social responsibility), synergies with other green actions, etc. The implementation will be in line with the regional Team Europe Initiative Investing in Young Businesses in Africa (IYBA), with Germany, France, Italy, Netherlands, Sweden, Finland and Belgium. Notably, Denmark and the Netherlands coordinate work in a Team Europe approach in the area of circular economy, and leads the support to regulation and policy, while Sweden and EIB support lines of credit and green finance to established enterprises. Assumptions include that the market demand for circularity approaches is present, and that the implementation will not suffer from abnormally lengthy

procedures for loan mobilization and permissions. Further, companies should have continued interest for engaging in circular economy, and have products coherent with circular economy policies (the Extended Producer Responsibility as example).



### 3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To support Kenya to advance towards climate neutrality, conservation of biodiversity, reduced pollution, resilience, and sustainable economic growth	<p>GERF 2.7 Greenhouse Gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq/year) with EU support</p> <p>Number of indirect jobs supported</p> <p>Renewable energy share in the total final energy consumption (%) (GERF 1.3)</p> <p>Number of people / communities benefiting from increased resilience to various types of risks and shocks, including climate-related ones, as a result of EU-support, disaggregated by sex</p> <p>Unemployment rate, by sex, age and persons with disabilities (GERF 1.11)</p>	<p>0 (2023)</p> <p>0 (2023)</p> <p>68 (2019)</p> <p>0 (2023)</p> <p>5.6% Females: 5,9% (2021)</p>	<p>160.000 (2030)</p> <p>12.000 (2030)</p> <p>tbd (2030)</p> <p>tbd (2030)</p> <p>tbd (2030)</p>	<p>Project Report</p> <p>Final evaluation</p> <p>EPRA Report</p> <p>Project report</p> <p>WB Data</p>	
Outcome 1	The electricity system is more resilient and green	<p>1.1: Additional electricity production from renewable sources (GWh/year)</p> <p>1.2: Frequency of power outages (SAIFI Index)</p>	<p>1.1: 0 (2023)</p> <p>1.2: 38,18 (2022)</p>	<p>1.1: tbd (2030)</p> <p>1.2: 28 (2030)</p>	<p>Targeted study</p> <p>EPRA Report</p>	GoK remains committed to investing and fully transitioning towards green energy

		1.3: Average Length (hours) of Power Outages (SAIDI Index)	1.3: 4,03 (2021)	1.3: 3,0 (2030)	Project Report	
		1.4: National power system losses including technical and commercial, % of output	1.4: 24,08% (2021)	1.4: 20% (2030)	Project Report	
<b>Outcome 2</b>	A more climate resilient watershed around lake Baringo is established	2.1: Areas of terrestrial and freshwater ecosystems under (a) protection, (b) sustainable management with EU support (km2) (GERF 2.9)	2.1: 0 (2023)	2.1: tbd (2030)	Project report	County Government of Baringo is committed to implementing ecologically sustainable and climate resilient innovations to achieve win-win solutions for climate, poverty alleviation and environmental sustainability.
<b>Outcome 3</b>	The Government of Kenya increasingly applies a measurement, reporting and verification (MRV) system to implement the National Determined Contribution	3.1: Extent to which the measurement, reporting and verification (MRV) system guides policy, investment and budget planning	3.1: Baseline to be set (2023)	3.1: tbd (2030)	Technical assistance report	GoK is committed to putting in place measures to implement its NDC.
<b>Outcome 4</b>	Sustainable and circular businesses are developed	4.1: Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support (GERF 2.6)	0 (2023)	200 (2030)	Project report	GoK continues to be committed to improving the overall business environment.
		4.2: Number of (a) job; (b) green jobs supported/sustained by the EU (GERF 2.13)	0 (2023)	500 (2030)	Project report	
<b>Output 1.1 relating to Outcome 1</b>	Electricity grid stability and efficiency is strengthened	1.1.1 Number of grid infrastructure systems and assets constructed or upgraded	1.1.1: 0 (2023)	1.1.1: tbd (2030)	Project report	No abnormally lengthy procedures (e.g. for loans mobilization and permissions) delay the works.
<b>Output 1.2 relating to Outcome 1</b>	Increased power generation capacity from renewable sources	1.2.1 Number of renewable power plants constructed or upgraded	1.2.1: 0 (2023)	1.2.1: 3 (2030)	Project report	Environmental safeguards are implemented according to the Environmental and Social Impact Assessment
		1.2.2 Renewable energy generation capacity installed (MW) with EU support (GERF 2.10)	1.2.2: 0 (2023)	1.2.2: 160 (2030)	Project report	

<b>Output 1.3</b>  <b>relating to Outcome 1</b>	Improved capacities of electric utilities	1.3.1 Number of organisations supported, disaggregated by type of organisation, type of strengthening and by served area	1.3.1: 0 (2023)	1.3.1: 3 (2030)	Project report	Management personnel of the electrical utilities actively supports the project implementation.
		1.3.2 Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the EU (GERF 2.15), disaggregated by women and disabilities	1.3.2: 0 (2023)	1.3.2: tbd (2030)	Project report	Counterparts' personnel are available for training
<b>Output 2.1</b>  <b>relating to Outcome 2</b>	Improved sustainable management practices for watersheds, primarily around Lake Baringo	2.1.1 Hectares of reforested area	2.1.1: 0 (2023)	2.1.1: 200 (2030)	Project report	All the stakeholders in the watershed are committed to sustainable management of the area to achieve multiple objectives
		2.1.2 Number of waterpans & check dams constructed	2.1.2: 0 (2023)	2.1.2: 10 (2030)	Project report	
		2.1.3 Level of charcoal regulation enforcement	2.1.3: 0 (2023)	2.1.3: Quantitative estimation (2030)	Project report	
		2.1.4 Degree of Chemical pollution in the lake	2.1.4: tbd (2023)	2.1.4 reduced by 50 % (2030)	Project report	
<b>Output 3.1</b>  <b>relating to Outcome 3</b>	The Climate Change Directorate at the Ministry of Environment, Climate Change and Forestry has increased capacity to implement and monitor the NDC	3.1.1 Level of development of the MRV system	3.1.1: Baseline tbd (2023)	3.1.1: tbd (2030)	Project report	Sufficient Staffing in the Climate Change Directorate

<b>Output 4.1</b> <b>relating to</b> <b>Outcome 4</b>	Improved business, managerial, technical capacities (including in green, circular, sustainable and inclusive economy) of selected MSMEs, out of which at least 40% benefit gender equality by complying to the 2XChallenge criteria <sup>9</sup>	4.1.1 Number supported MSMEs over a 4-year period disaggregated type of support, by sex and age of entrepreneur/leader, by area/sector of operation	4.1.1: 0 (2023)	4.1.1: 200 (2030)	Project report	Businesses remain interested in the capacity building offered by the project leading to a sufficient number of business applications.
		4.2.2 Number of bankable business plans developed by the supported actors disaggregated, whenever possible and relevant, by sector, sex and age of leader, area/ sector	4.1.2: 0 (2023)	4.1.2: tbd (2030)		
<b>Output 4.2</b> <b>relating to</b> <b>Outcome 4</b>	Increased access to finance for selected MSME's promoting eco-innovation and social inclusion.	4.2.1 Number of MSME's with access to financial services with EU support	4.2.1: 0	4.2.1: (a) 100	Project report	The economic situation, including the exchange rate fluctuation and the inflation rate, remains conducive for financial lending in Kenya.

<sup>9</sup> The 2X Challenge was launched at the G7 Summit 2018 as a commitment to inspire DFIs/IFIs and the broader private sector to invest in the world's women

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement part of this Action, it is not envisaged to conclude a financing agreement with the partner country.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 96 months from the date of the adoption by the Commission of this Financing Decision. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>10</sup>.

#### 4.3.1 Direct Management (Grants)

##### **(a) Purpose of the grant(s)**

Implementation of Output 2.1, 3.1, 4.1, 4.2

##### **(b) Type of applicants targeted**

For Output 2.1 the applicants targeted are public bodies, local authorities, international organisations, or non-profit organisations and non-governmental organisations.

For Output 3.1. the applicant targeted is a governmental body or international organisations, non-profit organisations or non-governmental organisations

For Outputs 4.1 and 4.2 the applicants targeted are non-profit organisations and non-governmental organizations.

#### 4.3.2 Contribution to the Africa Investment Platform

For Outputs 1.1, 1.2, 1.3, this contribution may be implemented under indirect management with the pillar-assessed entities, called Lead Finance Institutions, identified in the appendix to this Action Document.

The selection of the relevant LFIs will be based on the experience in the energy and specifically electricity sector, globally as well as in Kenya, and on their contribution towards the EU Kenya TEI on Green Deal.

#### 4.3.3 EFSD+ operations covered by budgetary guarantees

A part of this action may be implemented through budgetary guarantees under indirect management. The budgetary guarantees would fall within the following priority areas: Connectivity window or the Micro, Small and Medium Enterprises window.

<sup>10</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

This section 4.3.3 is included for information purposes only. A comprehensive action plan covering all EFSD+ budgetary guarantees and the financing decision for the entire annual commitment under the EFSD+ budget line are adopted separately.

#### 4.3.4 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity would be designated for receiving a grant without a call for proposals, be implemented in indirect management with a pillar-assessed entity, where the latter cannot be implemented due to circumstances outside of the Commission's control. The applicants targeted will be selected by the Commission's services using the following criteria:

Output 2.1: the selection criteria are experience in landscape management, experience in Kenya with implementation of natural resources programmes, and evidence of policy design, appraisal and implementation experience.

Output 3.1: the selection criteria are experience in climate change mitigation and adaptation planning, in-depth knowledge of the climate change institutional architecture, and extensive experience in cross-sectoral climate change coordination and capacity building.

Output 4.1 and 4.2: expertise in capacity building and access to finance facilitation

#### 4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR) Year 2023	EU contribution (amount in EUR) Year 2024	Third-party contribution (amount in EUR)
<b>Implementation modalities</b> – cf. section 4.3			
<b>Specific Objective 1</b> composed of	<b>20 000 000</b>		<b>215 000 000</b>
Indirect Management with Lead Finance Institutions (cfr section 4.3.2)	20 000 000		215 000 000
<b>Specific Objective 2</b> composed of	<b>0</b>	<b>14 000 000</b>	
Direct Management (Grants) (cfr section 4.3.1)	0	14 000 000	N/A
<b>Specific Objective 3</b> composed of	<b>0</b>	<b>4 000 000</b>	
Direct Management (Grants) (cfr section 4.3.1)	0	4 000 000	N/A
<b>Specific Objective 4</b> composed of	<b>0</b>	<b>5 000 000</b>	
Direct Management (Grants) (cfr section 4.3.1)	0	5 000 000	N/A

<b>Grants</b> – total envelope under section 4.3.1	<b>0</b>	<b>23 000 000</b>	N.A.
<b>Procurement</b>	<b>N.A.</b>	<b>N.A.</b>	N.A.
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	<i>To be covered by another Decision</i>	<i>To be covered by another Decision</i>	N.A.
<b>Totals</b>	<b>20 000 000</b>	<b>23 000 000</b>	<b>215 000 000</b>

#### 4.6 Organisational Set-up and Responsibilities

The progress of the action will be discussed at technical level with respective ministry, and when need be, in the EU-Kenya Strategic dialogue. Given the scale and specific nature of the different intended interventions under this Action, there will be four independent steering committees corresponding to four Specific Objectives. In addition, the EU Delegation take part in relevant working groups under the Green Deal TEI, as well as wider sector working groups in the joint donor coordination structure.

The EU Delegation ensure the meaningful participation of key stakeholders, including rights holders such as youth, women organisations and organisations representing those living in the most vulnerable and marginalised situations as well as allowing participation of persons with disabilities.

The Steering Committees should meet at least every six months. The work of the Steering Committees shall include, but not limited to, the following agenda items:

- review of the work plans
- monitoring of the risk factors
- ensuring that implemented activities have a direct positive impact towards achieving the Action's objectives
- ensure synergies be built and aligned with other development partners and /or programmes
- ensure the Action is in line with priorities established by the GoK and that it contributes to the intended objectives.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

#### 4.7 Pre-conditions

N/A

### 5 PERFORMANCE MEASUREMENT

#### 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix. When relevant, baseline and target values will be defined by the EU Delegation in dialogue with implementing partners during the first year of implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

*Roles and responsibilities for data collection, analysis and monitoring:*

While the implementing partners are ultimately responsible for data collection, analysis and monitoring, the EU Delegation, in its leadership role in coordinating the TEI, will ensure that the implementing partners regularly report to the Green Deal TEI Steering Committee. Learning and streamlining opportunities offered as part of the Green Deal TEI will be used across projects and sectors together with EU Member States and their financing institutions.

## 5.2 Evaluation

Having regard to the importance of the action, a final evaluation may be carried out for this action or its components, via independent consultants or through a joint mission, contracted by the Commission. It will be carried out for accountability and learning purposes at various levels, with a view to strengthen the EU's Member States' and financial institutions' impact as policy actors in a Team Europe approach.

The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. Evaluations shall assess to what extent the action is considering the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluations shall be covered by another measure constituting a financing decision

## 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

# 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources. The EU Delegation in Kenya is implementing a Communications strategy which entails a focus on the prioritized areas under the Global Gateway and in a Team Europe approach, and notably the Green Deal TEI. The communications and visibility is integrated in the Delegation's geopolitical approach, and in the EU-Kenya Strategic Dialogue, with a view to promote mutually reinforcing policy coherence including, political dialogue, trade policy and development cooperation.

In line with the 2022 "[Communicating and Raising EU Visibility: Guidance for External Actions](#)", it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.



## Appendix 1: REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters Operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

<b>Action level</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Group of actions level</b>		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
<b>Contract level</b>		
<input checked="" type="checkbox"/>	Single Contract 1	SO1 - Contribution Agreement with LFI (20 000 000 EUR)
<input checked="" type="checkbox"/>	Single Contract 2	SO2 - Grant (14 000 000 EUR)
<input checked="" type="checkbox"/>	Single Contract 3	SO3 - Grant (4 000 000 EUR)
<input checked="" type="checkbox"/>	Single Contract 4	SO4 - Grant (5 000 000 EUR)
<input type="checkbox"/>	Group of Contracts	

## Appendix 2: ELIGIBLE LEAD FINANCE INSTITUTIONS (LFIs)

### List of eligible LFIs in Kenya:

#### Multilateral Financial Institutions

European Investment Bank (EIB)

European Bank for Reconstruction and Development (EBRD)

World Bank - International Finance Corporation (WBG)

#### EU Bilateral Financial Institutions

*Kreditanstalt für Wiederaufbau* (KfW)

*Agence française de Développement* (AFD)

*Agencia Española de Cooperación Internacional para el Desarrollo* (AECID)

*Cassa di Depositi e Prestiti* (CDP)

*Compañía Española de Financiación del Desarrollo* (COFIDES)

Entrepreneurial Development Bank (FMO)

*Rijksdienst voor Ondernemend Nederland* (Netherlands Enterprise Agency, RVO)

Belgian Investment Company for Developing Countries (BIO)

European Development Finance Institutions (EDFI)<sup>11</sup>

#### Regional Development Finance Institutions

African Development Bank (AfDB)

Development Bank of Southern Africa (DBSA)

East African Development Bank (EADB)

The Eastern and Southern African Trade and Development Bank (TDB)

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<sup>11</sup> The EDFI is an association of 15 bilateral European development finance institutions with a private sector mandate. These institutions are the Belgian Investment Company for Developing Countries (BIO), the CDC Group, Compañía Española de Financiación del Desarrollo (COFIDES), the German Investment and Development Corporation (DEG), the Finnish Fund for Industrial Cooperation (FINNFUND), the Netherlands Development Finance Company (FMO), Denmark's Investment Fund for Developing (IFU), the Norwegian Investment Fund for Developing Countries (Norfund), the Development Bank of Austria (OeEB), France's Proparco, the Belgian Corporation for International Investment (SBI-BMI), the Swiss Investment Fund for Emerging Markets (SIFEM), Società Italiana per le Imprese all'Estero (SIMEST), Portugal's Sociedade para o Financiamento do Desenvolvimento (SOFID) and Swedfund International AB.