

FINANCING GREEN TECHNOLOGIES WITH FOCUS IN AGRICULTURE & WATER

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THE NATIONAL TREASURY-KENYA

BACKGROUND

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Location of Kenya



Main Features of the country

- Kenya covers a total area of 582,646 km²:
- Land surface constitutes 581,679km²
- Water 11,230km² representing 1.9%.
- Land of high and medium potential suitable for arable agriculture is 16%.
- The rest 84%, constitutes the arid and semi-arid lands (ASALs) suitable only for extensive livestock production,

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Agriculture and Water Sectors

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Agriculture

- Agriculture is the backbone of the Country's economy
- It is central to Kenya's development strategy.
- The sector employs more than 75 percent of the workforce
- It accounts both directly and indirectly for approximately 51 percent of Kenya's gross domestic product (GDP).

Agric. Cont''

- Kenya's population is growing by approximately a million people per year.
- Combined with stagnant agricultural productivity and limited arable land, this demographic growth poses critical challenges to food security.
- 2-4 million people receive food aid annually

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Agric

- Only about 20 percent of Kenyan land is arable
- Most farmers work without basic Agricultural inputs or updated technology and lack adequate financial
- Persistent crises, e.g. drought, in Kenya's arid lands exacerbate the
- vulnerability of basic livelihoods

Water Harvesting Technologies

- Kenya's economic performance and poverty reduction are dependent on the country's water resources.
- The main problems facing water services delivery have tended to revolve around:
 - Lack of effective institutional framework, and
 - Inadequate financing.

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FOUNDATION OF GREEN ECONOMY

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□ Sustainable Infrastructure Development

- Energy, Transport, **Water Supply** and Sanitation, Public Health and Social Protection, Waste Management, ICTs.

□ Natural Resources Management

- Forests, Water resources, Fisheries, Land use, Fossil fuel extraction.

□ Resilience building

- Human capital, Gender equity, Disaster Risk Management, Education, Ecosystems management.

□ Promoting Resource Efficiency

- Manufacturing, Agriculture, Mining, Tourism, Buildings.

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Financing Options for Green Tech in Agric & Water Sectors

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Global Landscape of Climate Finance

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- **Global climate finance increased by 18% in 2014**

- 2011 \$364 billion

- 2012 \$359 billion

- 2013 \$331 billion

- **Total Climate Finance in 2014 \$391 billion**

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Where and What was that Money Spent?

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□ What ? :

- More money than ever before was invested in **low-carbon and climate-resilient** growth areas in 2014.

□ Type of the money:

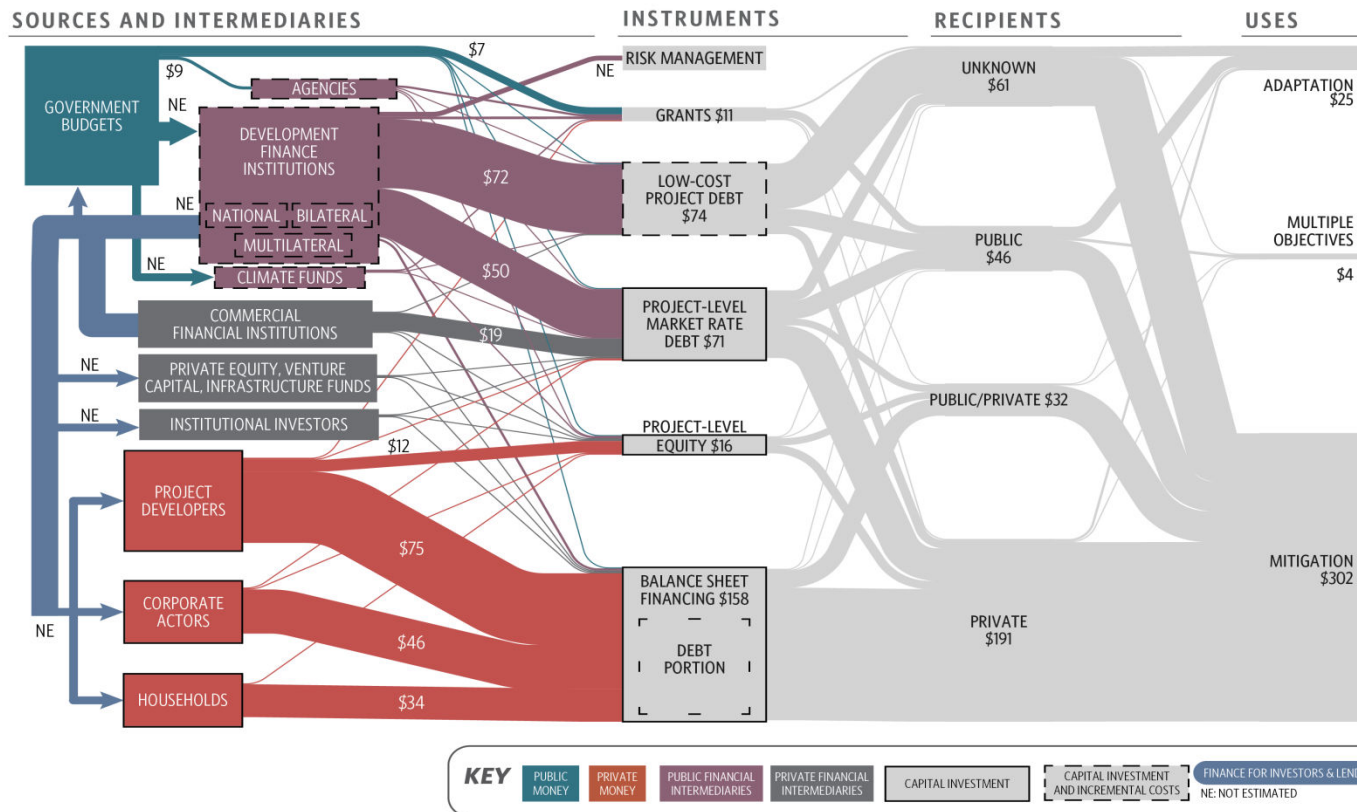
□ **Public** \$1 48 billion (38%)

□ **Private** \$243 billion (62%)

Climate Finance Landscape

LANDSCAPE OF CLIMATE FINANCE 2014 USD 331 BN TOTAL

Landscape of Climate Finance 2014 illustrates climate finance flows along their life cycle for the latest year available, mostly 2013



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- East Asia and the Pacific remained the largest destination for climate finance, accounting for 31% of the total or USD 119 billion, up 22% on 2013
- China alone accounted for 22% of total finance. With 24% of the total or USD 93 billion,
- Western Europe was the second major destination.

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Major Sources

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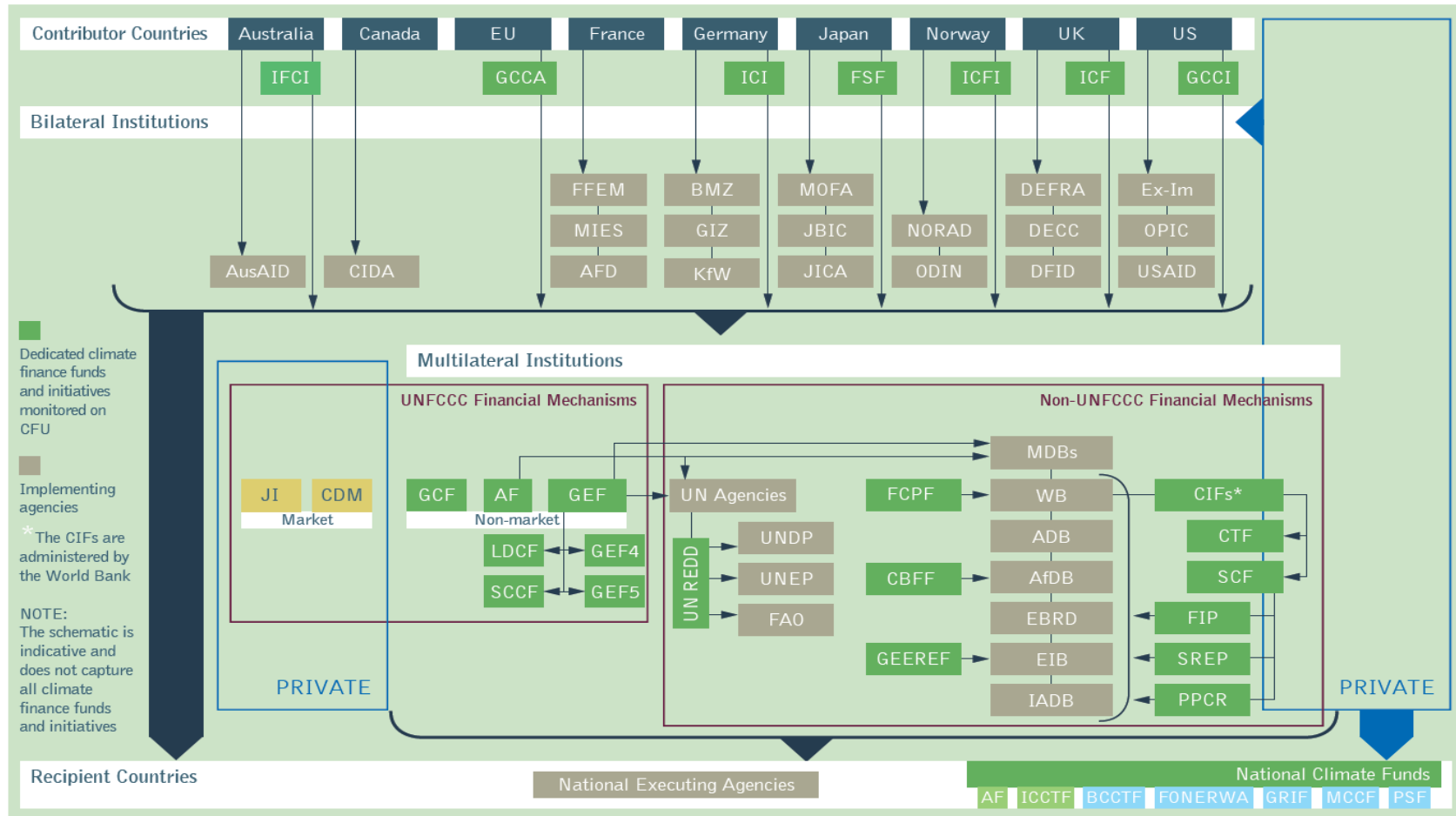
- **Public finance:-** continues to drive private investment and grew steadily;
- Large portion came from ***development finance institutions*** which provided 33% of total climate finance flows.
- **Private investment** surged 26% and remained the largest source of global climate finance.
- Note:

Cont.”

Note:

- Public support is significant but totals less than a third of government subsidies for fossil fuel consumption which reached around \$490 billion in 2014.¹
- Countries around the world are investing in climate actions to protect and build their long-term prosperity.
- The majority of finance was raised and spent in the same country. Because domestic investment dominates, it is vital to get national policies right.

Architecture of Green Financing



Mechanisms for Easy Access

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- The geographic distribution of climate finance is skewed although, UNFCCC parties agreed to give priority to the *most vulnerable countries for adaptation finance*.
- There is need to target specific climate sensitive sectors such as agriculture, energy and water where:
 - ▣ it can most effectively achieve adaptation and mitigation goals,

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Imperatives for Financing Green Technologies

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- Strong Public-private partnerships;
- Tax incentives for green Tech investments;
- Education/professionalism/experience;
- Access to information by the public
- Stronger green procurement processes

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- Transparent and publicly available information on financing green technology investments.

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- Policy-makers pro active policies aimed at removing fiscal and trade barriers
- Develop modern instruments for mobilization of adequate resources;
- Policy-makers and business leaders need accurate information to inform national budget making process
- Continuous awareness creation

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- Identify climate resilience and low carbon priority interventions
- Foster faster scale up of climate finance through targeted strategic partnerships with bilateral partners in areas of priority
- A framework for measures for overcoming barriers in green investments
- Undertake green readiness and for 'direct access modalities

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- Adopt and implement sector specific anti-corruption, transparency, accountability and integrity mechanisms to safeguard financing of green tech
- Develop financial instruments (e.g. risk sharing, Standards, PPP) to support and leverage private sector investment and particularly institutional investors
- Develop a legal and regulatory framework

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- Develop sectoral market based and non-market based financing mechanism (commitments framed in such areas as penetration rate of green technologies)
- Explore introduction of environmental pricing, market based green taxation;
- Promote investor confidence

SMART AGRICULTURAL TECHNOLOGIES

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- Smart farming technology is a green technology which includes:-
- research in precision farming,
- agricultural automation and robotics,
- irrigation and drainage technology that will ensure sustainable agricultural production without harming the environment.

Technologies

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EQUIPMENTS

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Irrigation

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ICT TECHNOLOGY

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