
**Kenya Country Programme
2016-2020**

**Thematic Programme for
Green Growth and Employment**

**Development Engagement
Document**

**Creating an Enabling
Environment for Green Growth**

**(Ministry of Environment,
Natural Resources & Regional
Development Authorities –
MENR&RDA)**

Dev. Engagement GGE 6	Outcome	Outputs
Creating an enabling environment for green growth	Enhanced enabling environment for green growth and sustainable natural resources management	<ul style="list-style-type: none"> • Improved public policy environment for private sector engagement in green growth, sustainable environment and natural resources management • Green procurement of goods and services undertaken by public entities • Green growth integrated into County Integrated Development Plans (CIDPs) by counties • Improved use of weather and climate data in economic planning and disaster risk mitigation
Budget	Partner	
The Danish contribution is DKK 20 million and the Kenyan Government will provide 10% of the Danish contribution in counterpart funding.	The Ministry of Environment, Natural Resources & Regional Development Authorities (MENR&RDA)	
Management arrangements		
Denmark will contribute funds for activities that are part of the ministry's Strategic Plan for 2013–17. A programme manager, other staff and overheads shall be provided by MENR&RDA. The activities will be implemented by MENR&RDA through existing organisational arrangements. The oversight role will rest with the Principal Secretary in MENR&RDA.		
Description		
The Danish contribution will support the Ministry to enable implementation of the normative green growth framework. MENR&RDA will build the capacity of counties to integrate green growth into CIDPs. It will engage the private sector to reach, through dialogue, green growth relevant policy decisions such as tax rebates for less polluting industries. Such dialogue will be complemented by media awareness and campaigns for wider outreach and uptake. An engagement with the Public Procurement Oversight Authority will result in green procurement guidelines that will inform the public sector's procurement of green products and services. Lastly, acquisition of additional weather monitoring equipment will enhance the provision of accurate weather and climate information to various end users, thereby enabling knowledge based decision-making.		

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Abbreviations

AfDB	African Development Bank
AIA	Appropriation in Aid
AIDS	Acquired Immune Deficiency Syndrome
AIE	Authority to Incur Expenditure
CEC	County Executive Committee
CIDP	County Integrated Development Plan
CoC	Council of Governors
CS	Cabinet Secretary
CSO	Civil Society Organisation
Danida	Danish International Development Assistance
DED	Development Engagement Document
DFID	Department for International Development (UK)
DKK	Danish Kroner
DP	Development Partner
EC	European Commission
EMCA	Environment Management and Coordination Act of 1999
EPS	Environment Programme Support
EU	European Union
GDP	Gross Domestic Product
GEF	Global Environment Facility
GESIP	Green Economy Strategy and Implementation Plan
GoK	Government of Kenya
ICZM	Integrated Coastal Zone Management
KAM	Kenya Association of Manufacturers
KEPSA	Kenya Private Sector Alliance
KJAS	Kenya Joint Assistance Strategy
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MENR&R DA	Ministry of Environment, Natural Resources and Regional Development Authorities
MRV	Measurement, Reporting and Verification
MTP	Medium Term Plan
NCCAP	National Climate Change Action Plan
NCCRS	National Climate Change Response Strategy
NEMA	National Environment Management Authority
NRMP	Natural Resource Management Programme
OFAG	Office of the Auditor General
PPOA	Public Procurement and Oversight Authority
PS	Principal Secretary
RDE	Royal Danish Embassy
ToC	Theory of Change
UN	United Nations
USAID	United States of America International Development
WRMA	Water Resources Management Authority

Development Engagement Document: Creating Enabling Environment for Green Growth (Ministry of Environment, Natural Resources and Regional Development Authorities)

1. Introduction

- 1.1 The present development engagement document details the objectives, expected results, implementation framework and management arrangements for the development cooperation concerning the Ministry of Environment, Natural Resources and Regional Development Authorities (2016–2020) as agreed between the parties specified below. The development engagement document is annexed to the *Bilateral Agreement with Implementing Partner* and constitutes an integrated part hereof together with the documentation specified below. The Danish support is provided within the framework of the thematic programme on Green Growth and Employment, one of three thematic programmes under the Danish country programme for Kenya 2016–2020. This engagement document is also available to the External Grant Committee of Danida.
- 1.2 The development engagement entails Danish support in the form of earmarked funding and technical assistance to the Ministry of Environment, Natural Resources and Regional Development Authorities (MENR&RDA) of DKK 20 million for the implementation of the activities specified in the present document. The support covers the period January 2016 to June 2020.

2. Parties

- 2.1 The Danish Embassy, Nairobi and the Ministry of Environment, Natural Resources and Regional Development Authorities.
- 2.2 Signatories will be the Danish Ambassador representing the Government of Denmark, and the Principal Secretary in the Ministry of Environment, Natural Resources and Regional Development Authorities.

3. Documentation

- 3.1 Draft MENR&RDA Strategic Plan 2013–2017
- Other reference documents:
- 3.2 Draft National Environment Policy
 - 3.3 National Climate Change Action Plan 2013–17
 - 3.4 Draft Green Economy Strategy and Implementation Plan (GESIP)

4. Brief description of the Ministry of Environment, Natural Resources and Regional Development Authorities

The Ministry of Environment, Natural Resources and Regional Development Authorities was established by Executive Order No. 2/2013 of May 2013 and mandated to undertake protection, conservation and development of environment and natural resources for sustainable development. In 2013, the government, in line with the Constitution of 2010, rationalized the portfolio, responsibilities

and functions of all ministries and government agencies. Consequently, the Ministries of Environment and Mineral Resources, Forestry and Wildlife, Water and Irrigation and Regional Development were merged to form the Ministry of Environment, Water and Natural Resources. In July 2015, the Ministry was further reorganised by Presidential dictate and streamlined so that a separate Ministry handles matters of water and irrigation. The Ministry is now known as the Ministry of Environment, Natural Resources and Regional Development Authorities (MENR&RDA). The Ministry is headed by a Cabinet Secretary (CS). Its mandate and functions are developing and implementing policies, strategies and development plans for conservation, protection and management of environment and natural resources. These functions are being implemented in line with the Government's key policies as envisioned in the Constitution of Kenya 2010, Vision 2030 and the Second Medium Term Plan. These key policies emphasize the need for efficiency in the utilisation and better management of natural resources to enable the Government achieve its strategic objectives of growth, productivity, efficiency and improvement in service delivery.

Based on its mandate, the Ministry has defined the following vision, mission and objectives to guide its operations:

Vision: A clean, healthy, safe and sustainably managed environment, water and natural resources.

Mission: To facilitate good governance in the protection, restoration, conservation, development and management of environment, water and natural resources for equitable and sustainable development.

Objectives:

The objectives of MENR&RDA, which align with this Programme's objectives, are to:

- 1) Provide policy, legal and integrated planning framework for sustainable management of environment, water and natural resources;
- 2) Protect and reclaim the environment in order to establish a durable and sustainable system of development and resilience to climate change and climate variability;
- 3) Enhance access to safe water and sanitation in order to improve health, and to spur socio-economic growth and development;
- 4) Create and coordinate partnerships and collaboration for resource mobilization, capacity development and devolvement necessary for sustainable management of environment, water and natural resources;
- 5) Promote research, development and the adoption of appropriate technology for the management of environment, water and natural resources;
- 6) Enhance management of water resources in a sustainable manner, protect and conserve water and ensure increased water quality and availability for socio-economic development;
- 7) Enhance conservation and management of forests, wildlife and biodiversity resources for green growth and sustainable development; and
- 8) Promote basin based sustainable integrated regional development and national food security.

In line with the above obligations, the Ministry of Environment, Natural Resources and Regional Development Authorities facilitates the creation of policy, legal and regulatory reforms for the management of the environment, water and natural resources. The Ministry faces an enormous task in ensuring that it continues to increasingly support and contribute to the country's sustainable socio-economic development within the Vision 2030 framework. The overall objective of all these initiatives is the sustainable utilisation of the environment and natural resources while at the same time mitigating the effects of climate change.

5. Background and Theory of Change

5.1 Context

Kenya desires to shift to a green and sustainable development path. This vision of sustainable economic growth is entrenched in key several planning documents such as Vision 2030, the National Climate Change Action Plan (NCCAP) 2013–17 and the draft Green Economy and Strategy and Implementation Plan (GESIP).

Vision 2030 aims to transform the country into “a middle income economy, providing high quality of life to all citizens”. The Constitution of 2010 further elaborates the quality of life as envisaged in the Vision 2030 to include “a clean and healthy environment”. The Constitution provides this as a fundamental human right in its Article 4.

Kenya has taken certain actions to operationalise the provisions of Vision 2030 and Constitution. Recognising that climate change poses perhaps the most significant challenge to its sustainable socio-economic development, Kenya developed a National Climate Change Response Strategy (NCCRS) in 2009, followed by a National Climate Change Action Plan in 2013. The NCCAP, an implementation instrument of the NCCRS, is currently under implementation, providing for a low carbon and climate resilient development pathway, with identifiable sustainable development benefits over the business as usual (BAU) pathway. These include reduction in the consumption of energy and raw materials, limiting GHGs generation, minimisation of wastes and pollution with local health benefits, protection and restoration of ecosystems, and building of adaptive capacity, among others.

Implementation of the Vision 2030 is through Medium Term Plans (MTPs). The second MTP (2013–2017) will coincide with the first two years of this programme. Kenya undertook deliberate steps to mainstream climate change actions in MTP II, taking advantage of the fact that the two were developed concurrently. Climate smart agriculture, non-motorised transport, involving the youth and marginalised groups in the agricultural sector, establishment of the Kenya Climate Change Fund, and forest resources protection, are among the climate related actions that have been integrated into MTP II. Building on the expected gains, Kenya will continue to mainstream green growth and climate change actions in the next MTP III (2018–2022). This programme will therefore be fully aligned with Kenya’s sustainable development aspirations. Mainstreaming of green growth into MTP III will also ensure sustainability of MENR&RDA’s initiatives similar to those that this programme will support when it (the programme) ends in 2020.

At the institutional level, the programme’s outputs are aligned with MENR&RDA’s Strategic Plan 2013–2017. The proposed work with counties for instance, responds to the constitutional requirement that national institutions build the capacities of counties in devolved functions, but also aligns with the Ministry’s own Strategic Objective 6 of the Strategic Plan 2013–17 on sustainable management of biodiversity and other natural resources, in which counties are seen to play a critical role. Similarly, the weather and climate data and information generation and dissemination proposition aims to enhance the country’s capacity to respond to climate change, and is fully aligned with Objective 5 of the Strategic Plan 2013-17. The programme will also support implementation of GESIP’s policy and capacity/knowledge framework.

The programme also aligns with Denmark’s international development cooperation objectives and aspirations on green growth. Denmark’s “A Greener World for all: Strategic Framework for Natural Resources, Energy and Climate Change” that has informed the development of this development engagement, indicates that “Danish development cooperation will support the transition towards a greener economy and promote a more inclusive green growth”. For this particular development

engagement, focus will be on working with government institutions, the private sector and civil society in line with the recommendations of the referenced strategy, to create frameworks that decouple economic growth from environmental degradation.

5.2 Justification including lessons learnt

Kenya is facing a myriad of challenges with the environmental dimension of sustainable development. Key issues include the country's expanding population, which places immense pressure on the natural and built systems. Consequences include destruction of forests and other natural resources for livelihoods; constrained urban infrastructure and proliferation of informal settlements with no or poor sanitation systems; disregard to environment and natural resources management laws and policies; indiscriminate destruction of ecosystems for short term economic activities; pollution of built and natural environment with effluent discharges and solid wastes; and general lack of understanding of the importance of environment and natural resources on the economy. The country's economic growth over the last decade has unfortunately, come at the expense of its environment and natural resources. These continue to deteriorate at an alarming rate and threaten to undermine the country's long-term development objective of a middle-income economy providing high quality life to all its citizens.

The Government realizes that if the targeted economic growth is to be realised, it must begin a transition to a green economic pathway. This desire is captured, as alluded to earlier, in the NCCAP 2013–17, MTP II and GESIP, where certain actions that aim to put Kenya on a greener development trajectory have been proposed and initiated. This development engagement therefore meets Kenya's own national green growth objectives.

Green growth as a pathway to sustainable development envisages economic development that alleviates poverty and creates prosperity while minimising pollution and natural resource depletion by taking a holistic approach to development. For MENR&RDA, whose mandate is the "protection, conservation and development of environment and natural resources for sustainable development", this basically implies sustainably managed and utilised environment and natural resources.

Under the Natural Resource Management Programme (NRMP) 2010–2014 supported by Danida, the Ministry led the development of several environment and natural resource related policies, strategies and laws. These included the National Environment Policy (which also received support from the Environment Programme Support (EPS) 2006–2009); the Wetlands Policy; the Integrated Coastal Zone Management Policy (ICZM); Sustainable Education Policy; review and adoption of the EMCA and the Wildlife Conservation and Management Act and Policy (2013).

While the Ministry will continue to spearhead the development of additional policies and laws, as that is its main mandate, and there continues to be a need to harmonise the environment and natural resource management policy landscape brought about by devolution, there is also a realisation that the institution must lead the implementation of the various laws, policies and strategies it has developed in the recent past. This is the thrust of this development engagement. The Ministry will in this regard, establish engagement platforms with various stakeholders, namely, government institutions, the private sector, counties and civil society to influence decisions and actions that support green growth based on a number of policy frameworks that the country has developed. This approach has been informed by a key lesson learnt during the NRMP that stakeholders ought to be engaged in a policy setting framework that enables adopting the policies in their own operations, since it is the effective adoption and implementation of the relevant policies and laws that will create the desired change.

This DED will uphold human rights and will be guided by the Constitution of Kenya, international statutes on human rights and human rights policies, among others. An example is the Kenya National

Gender Policy, which is being adhered to by the Ministry. The government has seconded a Youth and Gender Officer to the Ministry, who provides guidance on gender mainstreaming in the Ministry, including statutory provisions for targeting of at least 30% of procurement to women and youth and persons with disabilities in line with the Strategic Plan 2013–17. The DED will address these HRBA requirements through two avenues as expounded on in the next section.

5.3 Narrative for Theory of Change

The overall objective of this engagement framework is to have different relevant stakeholders, i.e. government institutions, civil society, and the private sector leading the transition to green development trajectory under the policy guidance of the Ministry of Environment, Natural Resources and Regional Development Authorities as the lead environmental and natural resources policy setting institution in Kenya.

The expected outcome is “*enhanced enabling environment for green growth and sustainable environment and natural resource management.*” The following outputs have been designed to lead to the outcome:

- Improved public policy environment for the private sector’s engagement in green growth and sustainable environment and natural resource management;
- Green procurement of goods and services undertaken by public entities;
- Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs);
- Improved use of climate data in economic planning and disaster risk mitigation.

For the output on “improved public policy environment for the private sector’s engagement in green growth and sustainable environment and natural resource management”, the Ministry will create a platform to engage with the private sector. This platform will build on the gazetted Interagency Committee on Green Growth with a limited mandate of leading the development of the Green Economy Strategy and Implementation Plan (GESIP), and a dialogue platform between the Ministry and the Kenya Private Sector Alliance (KEPSA) which is still in its nascent stages of development. The platform will be used to interact with private sector players, namely KEPSA and the Kenya Association of Manufacturers (KAM) on actions that both the private sector and the government (actions by removing bottlenecks) could undertake to enable private sector participation in green growth, sustainable environment and natural resources management and green jobs creation. The anticipated result will be that the government has created an enabling public policy environment for the private sector to engage in green growth and sustainable environment and natural resources management. There is an opportunity for the Ministry to contribute to green growth and green jobs through this engagement with the private sector, if the enabling environment will lead to adoption of new technologies, processes and skills by the private sector. However, these will be indirect jobs, which would not be easily attributable to this engagement.

MENR&RDA will work in close collaboration with two other Danida partners in the Green Growth and Employment thematic programme in the engagement with the private sector; these are NEMA and KAM. On the one hand, NEMA will work through KAM to establish partnerships with firms (mostly in the manufacturing sector) on cleaner production processes. KAM will, on the other hand, work with its members to undertake resource audits. For these two initiatives, there could be policy level interventions with the government that the Ministry could support. In addition, the engagement will

provide an opportunity for the Ministry to translate the Authority to Authority Initiative¹ with the Danish Ministry of Environment into implementable strategic sector cooperation projects involving the private sector. This new initiative provides the Ministry with an opportunity to contribute to the creation of new green jobs. An engagement framework on the latter will be developed between the two ministries in the last quarter of 2015. In addition, MENR&RDA will provide linkages with the Government for the Business Advocacy Fund (BAF) advocacy with the Government that aims at creating a conducive environment for private sector participation in economic growth including in green growth and employment creation.

A number of green goods and services are presently available in Kenya but the public's knowledge and awareness of these is limited. Working with the Public Procurement and Oversight Authority (PPOA) and building on the recent Government initiative to institute e-procurement in public institutions, a particular output on green procurement will be delivered. The Ministry will build the capacity of the PPOA to understand green procurement principles and provide a contextualised definition of green goods and services, with an aim of producing circulars that can inform and direct public institutions to undertake green procurement. The expected result will be green procurement of goods and services by public entities, which in turn will lead to sustainable production and consumption. Given the large volumes of public procurement transactions undertaken, this has the potential to generate a major impact on sustainable production and consumption, not to mention the positive signal it will likely have on the private sector.

The Ministry will also support counties with the greening of CIDPs; an engagement that will be carried out on the basis of an engagement framework, which is currently being developed. The main expected output will be mainstreamed green growth and sustainable natural resources management in CIDPs and other plans that are the basis of county development funding. This will then contribute to the outcome on *“enhanced enabling environment for green growth and sustainable environment and natural resource management”*. The output assumes a positive working environment between the National and County Governments and will also provide an opportunity to engage civil society organisations (CSOs) in county level implementation of national policies and strategies as well as to access resources from the Authority to Authority Initiative. The Ministry will work with its agencies such as the National Environment Management Authority (NEMA)², Kenya Meteorological Services, Kenya Forest Service, Kenya Water Towers Authority, Kenya Wildlife Service, Kenya Forestry Research Institute and other partners including civil society in delivering this output. In building the capacity of counties in green growth, HRBA issues will be considered, as required by various laws including the Kenyan constitution, particularly with respect to the selection of stakeholders for capacity building, where priority will be on women, youth, the physically challenged and other marginalised groups.

The last output on *“improved use of climate data in economic planning and disaster risk mitigation”* supports the implementation of the National Climate Change Action Plan 2013–2017 with respect to climate change data generation, archival and usage by end users for a host of functions including economic planning and disaster risk mitigation. For example, whereas NEMA is responsible for developing and enforcing regulation, data collection and monitoring is the mandate of the Kenya Meteorological Service (KMS). The two agencies of the Ministry will collaborate to develop Air Quality Regulations and to undertake air quality studies as well as spot checks. In this regard, the capacity at KMS will be enhanced by the acquisition of additional mobile air quality laboratories (building on

¹This was launched by the Danish Government in mid-2014 with the objective of supporting priority development issues in a specific country within specific areas and sectors, where Denmark has public and private sector know-how, technologies and products, which can contribute to the sector development. The underlying principle is that a longer term and expanded cooperation between the private and public sectors in the two countries will contribute to a joint goal for sustainable growth and prosperity, given that private sector development and investments are key drivers for development.

² Taking into consideration NEMA's role with respect to devolved environmental functions

previous support from the NRM Programme), equipping of fixed pollution monitoring stations at pre-determined sites and installation of additional automatic weather stations. In addition, a climate information database system will be installed and used to provide a high storage facility for the large volumes of data generated through enhanced monitoring at land, sea and air.

The computing platform for data management, retrieval and long term archival will be the source of data for enforcement (air quality standards), climate modelling and prediction to inform policy making decisions, in tandem with the Threshold 21 Model that has been installed at the Ministry of Development and Planning to assist with climate-proofing the national budget. The platform will also provide real time weather information to various end-users such as small scale farmers through the Radio and Internet Network (RANET) stations. By providing weather and climate information to inform economic decision making, this output will help create an enabling environment for sustainable economic growth and employment. Provision of weather and climate information to public health planners to enable mitigation of weather and climate induced or related diseases as well as to small scale farmers also introduces an HRBA element, as the beneficiaries will be the poor at the bottom of the pyramid, who are the most affected by climate change and climate variability. This will also apply to the case of enforcement of air quality standards, as the most affected by air pollution are those in informal settlements that are proximal to polluting industries.

6. Development Engagement Objectives

- 6.1 The overall vision for the partnership is to support the Government and people of Kenya in implementing their *Vision 2030* to create ‘**a globally competitive and prosperous country with a high quality of life by 2030**’.
- 6.2 The Thematic Green Growth and Employment thematic programme objective is to contribute to ‘**inclusive greener growth and higher employment in Kenya**’.
- 6.3 The expected outcome from the engagement between the Ministry of Environment, Natural Resources and Regional Development Authorities and the Royal Danish Embassy is ‘**enhanced enabling environment for green growth and sustainable environment and natural resources management**.’
- 6.4 In realising the above outcome, the following outputs will be generated:
 - 1) Improved public policy environment for the private sector’s engagement in green growth and sustainable environment and natural resource management
 - 2) Green procurement of goods and services undertaken by public entities
 - 3) Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs)
 - 4) Improved use of climate data in economic planning and disaster risk mitigation

7. Results Framework

- 7.1 The Ministry of Environment, Natural Resources and Regional Development Authorities is responsible for monitoring and reporting on the progress and achievements of the development engagement using its own results framework and M&E system as detailed in Section 12 below. The parties have, however, agreed that the Danish Embassy will use the results framework presented in the following table, with a limited number of outcome and output indicators, for reporting to the Danish constituency. Data to inform the reporting will be supplied by MENR&RDA as part of the routine monitoring of the engagement.
- 7.2 The parties have agreed to measure progress and performance by the following key outcome and output indicators. Within the first ½ year of implementation, the Ministry of Environment,

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Natural Resources and Regional Development Authorities will establish annual targets for these indicators.

Outcome		Enhanced enabling environment for green growth and sustainable natural resource management	
Outcome indicator		Environmental Performance Index (EPI) ³	
Baseline	Year	2014	36.99
Target	Year	2020	50.00
Output1		Improved public policy environment for the private sector's engagement in green growth and sustainable environment and natural resources management	
Output 1 indicator		No. of decisions(such as tax exemptions on green products, energy efficiency use, media coverage on green growth, and use/manufacture of environmental friendly products) implemented	
Baseline	Year	2014	<ul style="list-style-type: none"> • Discussion on double taxation (by both NEMA and WRMA) of industries on effluent discharge • Discussions on single license fee for drilling of boreholes • Discussions on alignment of County and National policies
Target	Year	2020	8 green growth related decisions implemented
Output2		Green procurement of goods and services undertaken by public entities (through an engagement with the Public Procurement and Oversight Authority-PPOA-2 Green Procurement Circulars produced)	
Output 2 indicator		No. of public entities undertaking green procurement (<i>Criteria for green procurement defined</i>)**	
Baseline	Year	2014	0
Target	Year	2020	50
Output3		Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs) and other county plans	
Output 3 indicator		No. of county level projects informed by national level policies	
Baseline	Year	2014	0 (initial steps towards understanding green growth opportunities undertaken by some counties)
Target	Year	2020	24 county level projects
Output 4		Improved use of climate data in economic planning and disaster risk mitigation	
Output 4 indicator		No. and type of end-users such as small scale farmers and health policy planners applying climate data and information in their operations	
Baseline	Year	2014	<ul style="list-style-type: none"> • Small scale farmers- <i>No. to be determined</i> • Health surveillance systems related to climate change-<i>No. to be determined</i>
Target	Year	2020	<ul style="list-style-type: none"> • Small scale farmers- <i>No. to be determined</i> • Health surveillance systems related to climate change-<i>No. to be determined</i>

³ The Environmental Performance Indicator (EPI) is an environmental performance or quality measure that tracks how well a country performs on environmental management against two overriding issues or objectives: Environmental Health (measures the protection of human health from environmental harm) and Ecosystem Vitality (measures ecosystem protection and resource management). These two objectives are further divided into nine issue categories that span high-priority environmental policy issues, including air quality, forests, fisheries, and climate and energy, among others. See <http://epi.yale.edu/epi> for more details

8. Risk Management

A summary of critical risks to the programme’s implementation is the provided in the table below:

Programmatic Risks

Risk Factor	Likelihood	Background to assessment of likelihood	Impact	Background to assessment of potential impact	Risk response	Residual risk
Continuing conflict over devolved environmental functions	Likely	Devolution has had its fair amount of challenges particularly on issues of devolved functions	Major	Counties are in charge of the high priority green sectors for Kenya such as agriculture, livestock, and natural resource management	Continued dialogue between counties and the national government through the Constitution Implementation Committee Closer working relationship with counties of interest	Gradually declining to minor
Emerging challenges with the evolving green growth as a concept	Likely	Emerging concepts and issues green growth that require mainstreaming during programme implementation	Significant	Inadequate capacity to keep abreast with the latest thinking in green growth	Short term technical assistance to support programme implementation particularly on complex and emerging challenges and/or concepts	Minor
Slower uptake of green growth practices by the Private Sector	Likely	Green growth likely perceived by the private sector as a costly option	Significant	The immense importance the private sector plays in Kenya’s growth	Involving the Private Sector in green growth policy dialogue, with emphasis on the economic/financial benefits to the sector	Minor

Institutional Risks

Risk Factor	Likelihood	Background to assessment of likelihood	Impact	Background to assessment of potential impact	Risk response	Residual risk
Unanticipated capacity constraints	Likely	Low levels of awareness and knowledge of green growth within many of the institutions the programme will work	Major	Green growth is of paramount importance to Kenya yet it is little understood by the most important sectors and actors	Training Needs Assessment to provide leadership in championing and mainstreaming green growth. Continuous Capacity development for the programme coordinating team members	Minor

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Risk Factor	Likelihood	Background to assessment of likelihood	Impact	Background to assessment of potential impact	Risk response	Residual risk
Unanticipated re-structuring of the Ministries	Likely	The creation of new Ministries such as the newly created Ministry of Water and Irrigation is likely to bring on new members who will require sensitization on Green Growth	Minor	It is likely to slow down pace of implementation due to the need to allow key new members to come on board with Green Growth	Consultation with new in key strategic sensitization workshops and dialogue meetings	Gradually declining to minor

9. Inputs

For this engagement, a total budget of 20 million DKK shall be provided to MENR&RDA for the implementation of the proposed programme activities for the five years of its duration. The Government of Kenya shall also provide counterpart funding, currently estimated at about 10% of the total Danish contribution, to support the implementation of programme activities.

In addition, the Ministry will undertake mapping of other potential donors to leverage further programme support. Currently, the Ministry is coordinating the Sector Development Partners Forum. In addition, several programmes are receiving support from various development partners such as the World Bank, EU, USAID; DFID, AfDB, UN and the GEF. These will be mapped to determine opportunities for synergies and collaboration to optimise results — some opportunities for integrating the programme with those of other partners have been identified and presented in the annualised budget provided below.

	Budget in DKK million
Development engagement: Creating an enabling environment for green growth	
Output 1: Improved public policy environment for the private sector's engagement in green growth and sustainable environment and natural resource management	2,5
Output 2: Green procurement of goods and services undertaken by public entities	1,5
Output 3: Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs)	8,0
Output 4: Improved use of climate data in economic planning and disaster risk mitigation	6,0
Short term TA services	2,0
Grand total	20,0

Annualised Budget and Other Donor Contributions based on GoK Fiscal Year

	2016/17	2017/18	2018/19	2019/20	Total (million DKK)
Output 1: Improved public policy environment for the private sector's engagement in green growth and sustainable environment and natural resource management					
Denmark	0,5	1,0	0,5	0,5	2,5
Other DPs	-	-	-	-	0
GoK	0,05	0,1	0,05	0,05	0,025
Subtotal	0,55	1,1	0,55	0,55	2,53
Output 2: Green procurement of goods and services undertaken by public entities					
Denmark	0,2	0,3	0,5	0,5	1,5
Other DPA	-	-	-	-	0
GoK	0,02	0,03	0,05	0,05	0,15
Subtotal	0,22	0,33	0,55	0,55	1,65
Output 3: Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs)					
Denmark	2,0	3,0	2,0	1,0	8,0
UNEP	0,5	0,5	0,5	0,5	13,38
GIZ	6,69	6,69	0	0	13,38
GoK	0,02	0,03	0,02	0,05	0,08
Subtotal	9,21	10,22	2,52	1,55	34,84
Output 4: Improved use of climate data in economic planning and disaster risk mitigation					
Denmark	1,0	2,0	2,0	1,0	6,0

UNDP	13,38	20,08	6,69	3,35	46,85
DfID	3,35	3,35	3,35	3,35	13,40
GoK	0,03	0,05	0,03	0,01	0,13
Subtotal	17,76	25,48	12,07	7,71	66,38
Technical assistance					
Denmark	0,4	0,6	0,6	0,4	2,0
Others	-	-	-	-	-
Subtotal	0,4	0,6	0,6	0,4	2,0
Grand Totals	27,92	37,40	15,74	10,21	107,40

Denmark's contribution towards the expected outcome of *enhanced enabling environment for green growth and sustainable environment and natural resource management* represents about 18% of the total contributions from the Government and other donors towards the same.

10. Management Arrangements

- 10.1** The overall principles for management of the present development engagement are described in the implementing Partner Agreement to which this Development Engagement Document is annexed.
- 10.2** The daily management of the present engagement is undertaken by the Ministry of Environment, Natural Resources and Regional Development Authorities.
- 10.3** MENR&RDA will be responsible for the implementation of the activities, directly reporting to the Royal Danish Embassy (RDE). The coordination of the implementation activities of the programme will be based in Nairobi. The activities will be implemented by the organisation (MENR&RDA) through its regular organisational set-up. The oversight role of the programme will rest the Principal Secretary (PS), State Department of Environment and Natural Resources in the Ministry of Environment, Natural Resources and Regional Development Authorities. In his or her oversight function of the programme, the PS will approve work plans and budgets as well as provide overall strategic guidance.
- 10.4** A programme coordinator and other human and structural resources required to run the programme shall be provided by MENR&RDA. The personnel will be drawn from MENR&RDA core staff (not recruited for the purposes of the programme). Implementation of the programme activities shall constitute appraisal targets for the personnel who will implement the programme as the programme will be aligned with the institution's own Strategic Plan.
- 10.5** Short term technical assistance (TA) facility: Short term technical advisory services will be required to support the implementation of the programme, particularly with respect to mainstreaming of complex emerging green growth issues or concepts. The short term advisors or experts will work closely with the programme team, ensuring that capacity is built on their area of expertise in green growth and wealth creation to ensure sustainability upon their exit. The funds allocated for TA (2 million DKK) will be directly managed by the RDE.

11. Financial Management and Audit

- 11.1** Both parties will strive for full alignment of the Danish support to the implementing partner rules and procedures.
- 11.2** Accounting and yearly auditing of the Danish funds for the earmarked activities will be undertaken by the Ministry of Environment, Natural Resources and Regional Development

Authorities in accordance with “General Guidelines for Accounting and Auditing”.
<http://amg.um.dk/en/technical-guidelines/financial-management/accounting-and-auditing/>

- 11.3 Accounting records shall be available for control by the Embassy of Denmark, by a representative appointed by the Embassy, or by the Danish Auditor General.
- 11.4 Funds will be on-budget and are to be channelled to the Ministry of Environment, Natural Resources and Regional Development Authorities through arrangements agreed upon with the National Treasury. A special project account will be set up and be operational throughout the life of the project. All financial management systems operational in MENR&RDA shall be deployed in the programme including robust enterprise resource planning (ERP) and knowledge management systems.
- 11.5 The grant will be provided in semi-annual tranches. The semi-annual transfer is based on the projections drawn from the annual work plan and budget, less the balance rolled over from the previous fiscal year. Re-allocation of funds within an approved work plan must receive express authorization from the Embassy.
- 11.6 MENR&RDA will prepare an annual work plan and budget for the activities for approval by the PS, State Department of Environment and Natural Resources, MENR&RDA, and forwarded to the embassy of Denmark for approval and concurrence. The transfer of funds to MENR&RDA is on the basis of a written request to the RDE with information on the amount and the bank account into which the money is to be deposited.
- 11.7 All procurement will adhere to the current Government of Kenya’s laws on Public Procurement and Disposal in accordance with the Joint Procurement Policy and Guideline⁴, which forms part of the Danish Aid Management Guidelines. As MENR&RDA has built some appropriate procurement capacity they will undertake and be accountable for all procurement activities according to their own regulations and procedures. Furthermore, the Public Procurement Oversight Authority may undertake periodic assessments in order to ensure compliance and monitoring improvements. MEWR&RDA will consult with RDE on procurement of technical consultancy services for RDE’s input.
- 11.8 The auditing of the Green Growth Programme funds will be done as part of the auditing of the accounts of MENR&RDA. The audits will be carried out by the Office of the Auditor General (OFAG), but external audits can be commissioned if required. OFAG audits will be carried out in accordance with the provisions in the Kenya National Audit Act 2003 and any other relevant laws in place, and must comply with international auditing best practices. A copy of the audit report will be made available to the Danish Embassy not later than six months after end of the fiscal year. The accounting for Green Growth Programme funds will be coded specifically in MENR&RDA’s financial management system thereby allowing for special audit reports for the application and utilization of these funds. Should OFAG audits be delayed, the Royal Danish Embassy has the provision to conduct compliance monitoring audits. This will ensure that disbursements are not delayed from the Royal Danish Embassy. Failure to both the OFAG and compliance audits being undertaken six months after the closure of a financial year or should any of them reveal irregularities, the Embassy will not disburse funds to MENR&RDA until necessary corrective measures have been undertaken.

⁴ <http://amg.um.dk/en/menu/PoliciesAndStrategies/Procurement/Joint+Procurement+Policy/>

12. Monitoring and Evaluation

- 12.1 The Ministry of Environment, Natural Resources and Regional Development Authorities is responsible for monitoring and reporting on the progress and achievements of the development engagement using its own results framework and M&E system.
- 12.2 Progress will be measured through MENR&RDA’s monitoring framework that has verifiable indicators and outcomes.
- 12.3 The Danish Embassy shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme.
- 12.4 The Danish Embassy will contract a strategic monitoring support for the entire country programme and all DED partners including the Ministry of Environment, Natural Resources and Regional Development Authorities will provide data needed to measure progress.
- 12.5 Danida Copenhagen will carry out Real Time Evaluation during the implementation period covered by this agreement and Danida will also, after the termination of the programme support, reserve the right to carry out additional evaluation in accordance with this article.

13. Prerequisites

Not applicable

14. Signatures

On behalf of

Ministry of Environment and
Natural Resources and Regional
Development Authorities

Signature

PS, Ministry of Environment,
Natural Resources and Regional
Development Authorities

Date

On behalf of

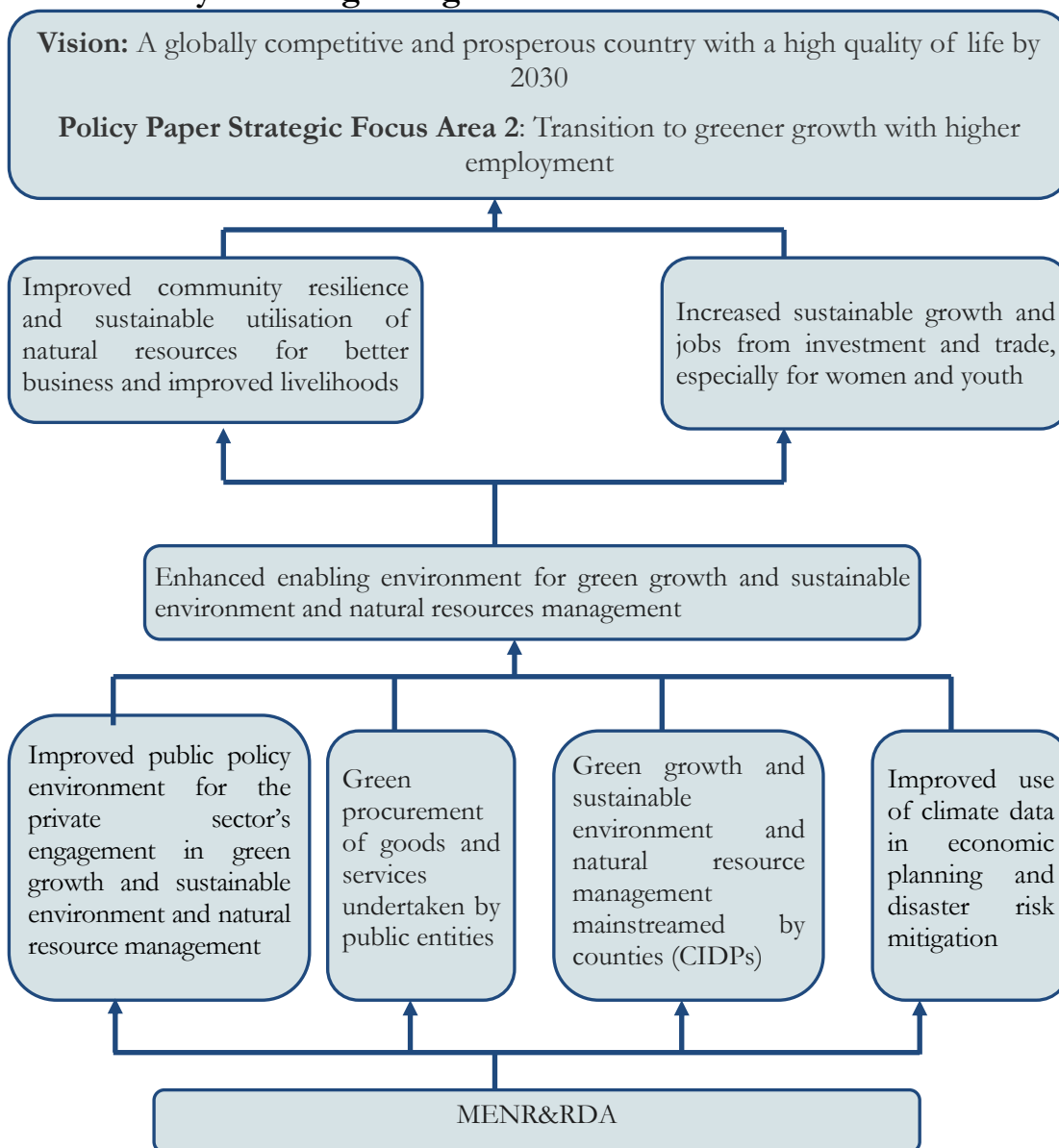
The Danish Embassy, Nairobi

Signature

Ambassador

Date

Annex One: Theory of Change Diagram



This **Theory of Change model** provides a simplified overview of the contribution of the Ministry of Environment, Natural Resources and Regional Development Authorities as a partner in the Danida Green Growth and Employment thematic programme, and the linkages between the Programme and Kenya’s Vision 2030

The box below identifies key assumptions for the Programme

- Assumption 1:** The political situation in Kenya allows for improvement of business policy and regulation, and a credible legal system ensures proper implementation of new and revised policy and regulation
- Assumption 2:** Devolution mechanisms are in place to support effective roll out of policies and strategies at county level and counties play an active role in implementing national policies at county level
- Assumption 3:** Government demonstrates a high level of political will and drive in measures against corruption. This allows business to count on support from Government and increase the rate of economic growth

Annex Two: Strategic Plan 2013 to 2016

Attached under separate cover