



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

Keynote Address by the Principal Secretary National Treasury

At the Inaugural Africa PPP Units Forum – “Developing and Implementing Climate-Resilient PPPs”

Nairobi, Kenya | 17-18 September 2024

Honorable Ministers, Distinguished Guests, Colleagues, Ladies and Gentlemen,

It is a great honour to be here with you today at the **Inaugural Africa Public-Private Partnerships (PPP) Units Forum**. I extend my gratitude to the African Legal Support Facility (ALSF) for organizing this important event, and I warmly welcome all of you to Nairobi, the heart of Africa’s innovation and infrastructure development.

We gather here today because Africa stands at a critical juncture. Over the recent decades, our nations have made remarkable strides in establishing PPP frameworks to support infrastructure growth. Yet, while we have laid solid foundations, the challenge now lies in ensuring that these frameworks effectively facilitate the structuring and implementation of viable and sustainable projects—projects that are not only bankable but also **climate-resilient**, ensuring they withstand the climate related challenges of our times.

The Climate Challenge and PPPs

The Climate Context in Africa:

The theme of this Forum, “**Developing and Implementing Climate-Resilient PPPs,**” is timely and crucial. Africa, though responsible for a modest share of global greenhouse gas (GHG) emissions, is disproportionately affected by climate change. Our economies, environments, and societies are highly vulnerable to climate-induced shocks such as droughts, floods, and rising temperatures. These phenomena not only affect our agriculture and ecosystems but also our infrastructure, thus increasing the need for **climate-resilient projects** that can withstand and or adapt to these conditions.

The Climate Context in Kenya:

Currently, 70% of natural disasters in Kenya are attributable to extreme climatic events, with a considerable portion of public infrastructure vulnerable to hazard risks. About 37% of affected households reduce food consumption and 33% seek additional income sources to cope with climate and other shocks, impacting Kenya's human capital¹. Inaction could result in up to 1.1 million additional poor households in 2050, and this would significantly impact Kenya's poverty reduction gains and increase inequality².

¹ Ibid.

² World Bank. (2023, November 30). Kenya - Country Climate and Development Report: Digital Sector Background Note (Report No. 185755, Volume No. 1). Retrieved from.

The Role of PPP Units: A Call for Contextualized Approaches

Public-Private Partnerships have a vital role to play in this regard. They are essential vehicles for mobilizing the private sector's expertise and capital to address Africa's infrastructure needs while promoting sustainable development. As we delve into the discussions over the next two days, it is essential to recognize that **African PPP Units** and government agencies drive the structuring and implementation of PPP projects. In our deliberations on how to create climate-resilient PPPs, we must pay attention to several critical areas; mainly **Feasibility, Risk, and Regulatory Support**.

1. **Feasibility Assessments** – Climate-resilient PPPs require in-depth feasibility studies that not only assess financial viability, but also incorporate climate risk assessments. Governments must take a lead role in mobilizing financing and technical support for Feasibility Studies to ensure projects that progress to the stage of procurement of private parties, are commercially attractive and feasible.
2. **Risk Profiling and Allocation** – One of the major challenges in the structuring of climate-resilient PPPs is the effective identification and appropriate allocation of risks between the private and public sectors. PPPs inherently involve complex risk structures, but when combined with the uncertainties of climate change, the complexity increases. We must develop innovative solutions for **climate risk allocation**, ensuring that the public and private sectors share the burdens and benefits equitably.
3. **Policy and Regulatory Support** – Governments play a vital role in crafting **policies and regulations** that enable climate-resilient infrastructure. Effective legal frameworks can foster an environment where PPPs thrive, thus helping to align national development goals with the global imperative of achieving the **Net Zero emissions target**.

The Importance of Climate Adaptation Finance:

We must recognize that addressing climate change adaptation in Africa requires that we address the glaring financial gap. The United Nations estimates that Africa will need \$50 billion annually by 2050 for climate adaptation, yet current funding is minimal. To bridge this gap, we must unlock resources from both the public and private sectors. Private investment, multilateral financial institutions, and green bonds are essential in scaling up the financing of adaptation projects. Financial institutions—both local and international—must step up and facilitate investments in climate-resilient infrastructure, climate-smart agriculture, renewable energy, and more.

The Role of the African Adaptation Acceleration Program (AAAP):

The AAAP, a joint initiative of the African Development Bank and the Global Center on Adaptation (GCA), which aims to mobilize \$25 Billion over 5 years, to accelerate and scale climate adaptation action across the continent, exemplifies Africa's potential for climate resilience through collaborative efforts. By leveraging climate finance and public-private partnerships, it will accelerate adaptation across the continent, with Kenya leading the way in demonstrating the power of unified action for a sustainable future.

Kenya's Leadership in Climate Adaptation Finance through PPP frameworks:

Despite the climate financing challenges, Kenya, has made strides to mobilize innovative financing solutions that supports climate adaptation efforts. Some examples include: -

- **Sosian and Globeleq Geothermal Menengai Power Plants (35MW each):**
Implemented under Public-Private Partnership (PPP) in Menengai. Contribute to Kenya's

renewable energy goals, reduce carbon emissions, and enhance climate resilience under the African Adaptation Acceleration Program (AAAP).

- **Public-Private Partnerships for Climate-Resilient Infrastructure:** Nairobi Expressway incorporates flood control and sustainable materials. Thwake Multi-Purpose Dam improves water access and drought resilience through PPP frameworks.

The Path Forward for Africa:

As we look ahead, there are several key areas where Africa requires to focus on:

1. **Innovative Financial Mechanisms:**
Africa needs to expand access to innovative financing tools, such as green bonds, blended finance, and results-based financing to fund adaptation projects. These mechanisms can bridge the financial gap by attracting private sector participation while leveraging public funds.
2. **Capacity Building and Knowledge Sharing:**
Forums like this are essential for sharing best practices and building the technical capacities needed to strengthen financial readiness. Through initiatives like the AAAP, we can collectively unlock more adaptation funding and drive the continent-wide action that is so urgently needed.
3. **Leveraging Multilateral Finance:**
Continued partnerships with multi-lateral partners institutions such as the African Development Bank and the Green Climate Fund, which are crucial in scaling up climate adaptation projects. These partners have the expertise and resources that can support our nations in achieving our adaptation goals.

Conclusion

It is my belief that the **breakout sessions** and **discussions** to be held in this Forum will result in concrete recommendations, actionable solutions, and a **roadmap** that ensures the advancement of **climate-resilient PPPs** across the continent, supported by aligned policies, strong political will, and capable institutions. In closing, I would like to express my appreciation once again to the African Legal Support Facility for its technical assistance to Kenya and also for convening this Forum. If we are to build resilient, sustainable infrastructure, it will require the concerted effort of all stakeholders in the development value chain.

Thank you.