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MISSION REPORT

following the ad-hoc delegation to Kenya

Committee on Development

Members of the mission:

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Introduction and short elements of context

A six-Member ad hoc delegation of the Committee on Development travelled to Kenya from 3 to 5 April 2023. Pierrette Herzberger-Fofana, DEVE first Vice-Chair, led the mission. Kenya is a lower middle-income country with persistent development challenges and a high level of inequality. The purpose of the mission was to better understand the consequences of the severe, sixth consecutive drought affecting the country and to review the EU development portfolio there, particularly in the areas of agriculture and resilience to climate change. Another aim of the mission was to look at the role of the European Investment Bank (EIB), which recently opened its first regional hub in Nairobi and which is actively promoting the Global Gateway initiative. It was a timely mission as it followed the visit of President Ruto to Brussels, allowing for immediate follow-up on key topics with the Kenyan authorities.

The presidential inauguration of William Ruto took place in September 2022 following his narrow victory over five-time challenger Raila Odinga, who contested the results. At the beginning of March 2023, Mr Odinga announced the start of nationwide protests against the new leadership. Following an appeal for dialogue launched by President Ruto, the fourth march, foreseen to take place on the first day of the DEVE ad-hoc delegation on 3 April was called off. This enabled the mission to take place in a peaceful environment, as the first marches had been marred by violence.

Summary account of meetings on key topics

• EU-Kenya relations and overall situation in Kenya

Discussion of overall EU-Kenya relations took place with different interlocutors, notably with the Minister of Foreign and Diaspora Affairs and representatives of the National Assembly. Kenya is a major partner with long-standing relations with the EU on trade, investment, and development cooperation. In January 2022, political relations were further enhanced with the launching of a strategic dialogue between the EU and Kenya based on three clusters: (1) peace and security, (2) sustainable development; and (3) trade and investment. Kenya is a like-minded partner at the multilateral level with the country voting in favour of the UNGA resolutions condemning the Russian invasion of Ukraine.

During the mission, Kenyan officials emphasised the role that the country plays in the stabilisation of the entire region. It is involved in a number of mediation efforts (e.g. in Somalia, South Sudan, Sudan, Ethiopia) and provides troops to the African Union peacekeeping missions in Somalia and to the East Africa regional force in Congo DRC.

In terms of economic relations, the EU is the largest destination for Kenyan exports, with a value of EUR 1.3 billion in 2021 and sustaining around 500 000 jobs. At the time of the mission, negotiations on the bilateral interim Economic Partnership Agreement (EPA) between the EU and Kenya were still ongoing, with outstanding issues remaining on the rules of origin and the Trade and Sustainable Development chapter¹. Negotiations began following the absence of progress in the signature of the EPA with the entire East African Community. This agreement is of utmost importance for Kenya, as it will provide duty-free and quota-free on all exports from Kenya, combined with the partial and gradual opening of the Kenyan market to imports from the EU.

¹ The negotiations were concluded in June 2023

The EU and its Member States are key development partners, next to the UK and the US. The priorities of the Multi-Annual Indicative Programme (MIP) for the period 2021-2024 for a total of EUR 324 million focus on: 1) the green transition; 2) human development and inclusive growth; and 3) democratic governance. During the mission, there was praise for EU development and humanitarian support, but many interlocutors pleaded for a move away from traditional development assistance to providing more EU investments, notably in the field of clean energy infrastructure.

The talks in the Kenyan parliament focused on drought, climate change and the political situation in the country. The necessity of enhancing the inter-parliamentary dialogue was also emphasised as a means of promoting mutual understanding between both continents. The members of the Kenyan Young Parliamentarians Association underlined the specific challenges faced by young people (and notably women) in accessing education, the job market and opportunities in the public sphere. Female Genital Mutilation was also part of the discussions. Even if progress has been made towards the elimination of FGM, it is estimated that 21 % of girls aged between 15 and 49 years old have been subjected to this practice in the country.

The drought situation and its impact on food insecurity and the environment

Discussions on the drought situation took place throughout the mission with various actors, including ECHO, the UN, Kenyan officials and representatives of civil society. Like the rest of the Horn of Africa, Kenya is experiencing the longest and most severe drought on record, mainly in the Arid and Semi-Arid Lands (ASAL). Its magnitude clearly demonstrates the devastating effects of climate change, with wide-ranging consequences on biodiversity, the environment, local livelihoods and food insecurity.

Due to the prolonged drought and failed rainy seasons, over 4.4 million people were experiencing high levels of acute food insecurity in March 2023 in the ASAL, with estimations showing that this could rise to 5.4 million by May 2023. It was clear from the exchanges, in particular with various UN representatives and the NGO community, that the response by the international community was insufficient to cover all humanitarian needs. In 2022, DG ECHO allocated EUR 4 million for the drought response and food insecurity in the ASAL, supporting nutrition interventions and food security through multipurpose cash assistance. In a bilateral meeting with the DEVE ad-hoc delegation, the WFP Regional Director for Eastern Africa made a strong appeal for more humanitarian funds to be devoted to the hunger crisis in the region.

MEPs were invited as special guests to attend the launch of the EU project in support of the National Drought Management Authority (EUR 13 million grant). ‘*Dryland Climate Action for Community Drought Resilience*’ is a four-year project, which builds on the experiences and achievements of previous EU support to drought risk management in Kenya. At the launch event, which received a lot of media attention, Kenyan officials expressed their deep appreciation for the EU, which has been the largest and most consistent partner in building resilience efforts. It was stressed that the response to the drought was costly, weighing heavily on the Kenyan national budget.

A specific meeting was organised with CSOs to discuss in more detail the issues of access to land, the rights of indigenous peoples, agriculture practices and the increased use of pesticides in the country. Agriculture is key to Kenya's economy, accounting for about 22 percent of overall GDP in 2021. The sector employs over 40 % of the total population, with a high

percentage of women working on farms. Most food, produced in a conventional farming system, relies heavily on pesticides. According to recent data, pesticide imports to Kenya have increased rapidly from 6,400 tonnes in 2015 to 15,600 tonnes in 2018, with a large proportion of them containing ingredients categorised as Highly Hazardous Pesticides. Members stressed the importance of moving towards a more sustainable agriculture model, less reliant on dangerous external outputs and which pose a risk to human health and the environment.

- **The specific situation of refugees**

The drought also affects the living conditions of the refugees hosted in Kenya, which has been hosting over half a million refugees for decades, coming mainly from Somalia, South Sudan and the Democratic Republic of Congo. Many of these refugees live in the Kakuma and Dadaab camps, both of which rank among the five largest camps in the world. In the camps and beyond, the EU provides basic life-saving aid such as food assistance, healthcare, nutritional assistance and water (DG ECHO allocated EUR 13 million in 2022 for this purpose and EUR 12.5 million is foreseen for 2023 under the humanitarian implementation plan). Due to regional instability, Kenya recorded the arrival of 27,800 newcomers in the first two months of 2023 alone and over 130,000 new arrivals are expected to arrive in 2023.

Kenyan authorities are currently looking into changing their approach towards the refugees by moving from an encampment policy towards an integrated settlement scheme in order to enable the refugees to better integrate and to be allowed to work. During the mission, Members of Parliament were able to discuss the so-called ‘Marshall Plan’ and to encourage the Kenyan authorities to operationalise it as soon as possible. The plan includes provisions for safe returns, alternative stay options in Kenya and departures to third countries. Since the mission took place in April 2023, an Intergovernmental Steering Committee has been set-up to develop further the plan, now referred to as the ‘Shirika Plan’.

- **The EIB and the Global Gateway**

The EIB has been present in Kenya since 1976 with the signature of more than 60 operations and investments amounting to EUR 1.5 billion, primarily in the areas of infrastructure (energy, water and transport), the financial sector and support to micro and SMEs. The EIB representation to Kenya opened in 2005 and was selected to become the first EIB Global regional hub serving 11 countries. One of the purposes of the mission was to learn more about EIB Global, the bank’s external action branch set up at the beginning of 2022. EIB Global is part of the efforts to revamp the European Financial Architecture for Development to make it more effective.

As explained by the head of the EIB regional hub, the bank is collaborating closely with the other EU institutions for the operationalisation of the Global Gateway initiative, which was the topic of a working dinner organised with the European Business Council and a number of private companies involved in agriculture, agri-processing and renewable energy. At the dinner, various actors assessed positively the business climate and emphasized the important contribution of SMEs in the economic development of the country. Nevertheless, it was explained that they face particular challenges, such as the lack of adequate finance and limited access to credit. As evidenced during the discussions, there is a real willingness on the Kenyan side to innovate and rely less on development assistance and more on export opportunities in the region and to the EU.

EU investments in Kenya already represent more than 30% of the country's total foreign direct investment, but this could be further expanded given the potential and the success of the first ever EU-Kenya Business Forum which was organised in February 2023. The role of Kenya as a world leader when it comes to both digitalisation and the use of renewable energy was also highlighted several times. Kenya's share of renewable energy is relatively high at over 70% in power generation, with an ambitious target of 100 % by 2030. However, Kenya will not achieve this target without significant external support. The potential of the Global Gateway in Kenya (with priorities on the green economy, digitalisation economy and green mobility) was mentioned a number of times in that context. The first Global Gateway selected project in Kenya includes funding for the Nairobi Clean Bus Rapid Transit Line 3, which will establish East Africa's first dedicated electric bus line with an investment of up to EUR 350 million.

Accompanied by the Governor of Machakos, the DEVE ad hoc delegation visited a **mango factory**, which specializes in the export of dried mangoes to Europe. The Vert company has received a grant of EUR 398 000, under the EU's AgriFI Kenya challenge fund, which was complemented by a loan from the EIB credit line to Equity Bank. The purpose of the AgriFI (Agricultural Finance Initiative) is to help Kenya's smallholder farmers and pastoralists supply Kenyan and export markets with high-value products. The company has established long-term relationships with over 3,000 small holder farmers that are key to sourcing quality fresh mangos for its pulping and drying business. DEVE Members were able to visit the premises and to interact with the managers and employees of the company. This site visit offered a concrete example of blending facilities and Team Europe cooperation on the ground. This support seeks to address access to finance challenges for underserved sectors such as agriculture.

On the same day, MEPs visited the **Kenyan Climate Innovation Centre (KCIC)**, which promotes SMEs developing innovations to address the challenges of climate change. In March 2022, through the AgriBiz programme, a business incubation hub was launched in Machakos to provide expert advice, guidance and support to youth and women enterprises in agriculture. Around 10 SMEs, which have received support, were present at the meeting to showcase their products and interact with the Members. The AgriBiz programme is an agribusiness empowerment programme co-funded by the EU and Denmark and implemented by KCIC.

Conclusion and follow-up

The information gathered during the mission will feed into ongoing DEVE work and in particular into the DEVE hearing on the follow-up to the 2022 EU-Africa summit (foreseen for November 2023) as well as into the on-going own-initiative report on humanitarian crises by standing rapporteur Carlos Zorrinho, who participated in the mission.

This was a rich, informative mission. The varied programme included a number of topics related to the drought, adaptation to climate change, food insecurity and agriculture. Members could assess the relevance of the EU support provided to Kenya in the humanitarian and development fields. Moreover, the mission served to exemplify how the Global Gateway could accompany the development trajectory of the country. The initiative also matches the ambition of the country to be seen as an equal partner able to attract more EU investments for joint benefit.

Annex:

- Final Programme

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Monday 3 April	
9.00 - 10:00	Courtesy Call with Dr Alfred N. Mutua, Cabinet Secretary Ministry of Foreign and Diaspora Affairs
11.00 - 12.15	Briefing on development cooperation portfolio and humanitarian situation in Kenya
12.15 - 13.00	Meeting with Ed Claessen, Head of EIB regional hub
13.15-14.15	Lunch with Speaker and Member of the East African Legislative Assembly in the presence of the EU Head of Delegation
14.15 - 15.30	Meeting with EU Heads of Missions
16.15-18.00	Roundtable with UN agencies <u>In the presence of</u> <ul style="list-style-type: none"> Stephen Jackson: UN resident coordinator <p>And country representatives from FAO, IOM, UNDP, UNICEF, UNHCR, UN Habitat, OCHA and WFP</p>
19.30-21.30	Official dinner ‘Global Gateway and Kenya’ with representatives from civil society
Tuesday 4 April	
08.00-10.30	Signing of National Drought Management Authority Contract (NDMA)
11.30 - 14.00	Visit VERT Ltd/ (EIB and AgriFi Challenge Fund)
14.15 - 14.45	Lunch
15.00 - 17.30	Visit to the Kenya Climate Innovation Center (KCIC)
20.00-22.00	Restricted dinner at EU Residence (Members only)
Wednesday 5 April	
09.00 - 10.30	Meeting with the RT. Hon. Moses Wetangula, Speaker of the National Assembly of Kenya. In the presence of : <ul style="list-style-type: none"> Hon. Nelson Koech, chair of the defence, intelligence and foreign relations affairs committee

10.30 - 12.15	Meeting with the Kenyan Young Parliamentarians Association
12.45 - 14.30	<p>Meeting with Kenyan based CSOs for a discussion on climate change, food security, access to land and environment</p> <p>The following organisations have been invited: Law Society of Kenya, Community Land Action Now, Reconcile, Kenya Land Alliance, Amnesty, Defenders Coalition, WeEffect, WWF, Wildlife Direct, Northern Rangelands Trust, Sylvia's Basket, Biodiversity and Biosafety Organisation of Kenya</p>
14.30-15.00	Lunch
15.00-16.30	<p>Meeting with EU NGOs active in humanitarian sector</p> <p>In the presence of representatives from Terre des Hommes, Acted, Action contre la Faim, Danish Refugee Council, International Rescue Committee, FilmAid, Norwegian Refugee Council, Oxfam, Concern, Humanity and Inclusion, Diakonie.</p>
16.30 - 17.15	Meeting with Michael Dunford, Regional Director for Eastern Africa, WFP
18.00 -20.00	High level panel discussion and screening of film on Female Genital Mutilation (15 minutes) hosted by Head of Delegation
END OF THE MISSION	