Food Security and Youth Employment in Western Kenya through Local Climate Resilience Projects

Improving drought resilience and food security by harnessing youth employment in the agri-business sector

At a Glance

This Financial Cooperation (FC) module encompasses investments in climate resilience projects and government capacities at the national and local levels to ensure valorisation of productive resources and adaptation of agriculture to climate change. This contributes to improved food security and youth employment in 16 counties in Western Kenya. The FC contribution co-finances the World Bank’s FLLoCA programme.

Project name	**Food Security and Youth Employment in Western Kenya through Local Climate Resilience Projects (FLLoCA)**
Commissioned by	**German Federal Ministry for Economic Cooperation and Development (BMZ)**
Implemented by	**KfW Development Bank**
Country/Refion	**Kenya**
Lead executing agencies	**National Treasury and State Department for Economic Planning; World Bank**
Implementation period	**2022–2026**
Funding	**EUR 31 million loan**

Challenges and Opportunities

Although agriculture plays a critical role in Kenya's economy, large parts of the country (80%) are characterised by arid or semi-arid conditions, where the production potential is limited.

In Western Kenya, the effects of climate change are particularly noticeable as droughts and heavy rains increasingly affect the local agricultural sector and thus, the livelihoods of people. With 40% of the Kenyan population being employed in the agricultural sector, it is a key economic pillar in need of protection. As climate change progresses, the need for climate finance has grown in Kenya. Between 2020 and 2030, the cost of mitigation and adaptation is estimated at USD 65 billion by the Kenyan Ministry of Finance. In terms of the agricultural sector in Western Kenya, the impact of global warming is seen in a decline in productivity resulting in increased food insecurity.

In particular, vulnerable and marginalised people, such as those experiencing poverty, women, and children, are most directly dependent on the ecosystem and hence, most severely affected by the consequences of climate change. In addition, the above-described effects result in unemployment among the youth, especially.

Agricultural sector as main employment opportunity in Western Kenya among the youth. Source: MESHA; Joyn Coop

Project Design and Approach

The FC module is a parallel co-financing of the FLLoCA programme of the World Bank, and G-FLLoCA of the Kenyan government. FLLoCA consists of two complementary components: 1) a Programme for Results (PforR) instrument, and 2) a technical assistance component using the Investment Project Financing (IPF) instrument.

The project makes use of a participatory bottom-up approach. Starting from the national level, a decentralised concept is adopted to mobilise climate finance through enhanced technical capacity building in institutions. At the county level, a Programme for Results (PforR) approach enables counties to participate directly in decision-making processes. This performance-based concept intends to provide an effective incentive mechanism for improved governance at the local level. Incentives and conditions for communities to invest in the climate resilience of the agricultural sector are created through the results-based provision of funding and capacity building at the national level.

Hence, the bottom-up approach allows for the identification and implementation of climate protection measures that specifically address local climate risks. Moreover, the participatory structures enable resilience measures that are specially tailored to the needs of the target group.

Participatory Climate Risk Vulnerability Assessment session in Western Kenya. Source: FLLoCA Unit; No idea

The FC financing share of the total estimated cost of the project amounts to EUR 31 million. IDA/MDTF funding contribute about USD 171.4 million, and the Government of Kenya (GoK) contributes about USD 80 million to the FLLoCA programme.

Most of the financing (EUR 27.14 million) is allocated to the counties through climate funds (CCCF) to reimburse the costs resulting from investments in climate resilience measures. These financial transfers are subject to prerequisites, the so-called Minimum Performance Conditions (MPC). These include the establishment of a County Climate Change Unit, a participatory risk assessment, and the preparation of a Climate Change Action Plan. Counties are assessed annually by an independent consultant based on their performance against the requirements and criteria.

Financial transfers amount to an average of EUR 0.6 million per year per county, with an additional EUR 1.25 million financed by the World Bank. The specific amount per county is determined by an allocation formula.

Impact

The main objective of the project is to strengthen the climate resilience of the rural population and enhance food security and youth employment at the local level. Specifically, the project aims to improve the enabling environment, institutional capacity, and knowledge of the affected population by financing local activities to enhance the climate resilience of the agricultural sector. The measures are expected to reduce degradation of productive resources, improve agricultural adaption to climate change and increase agricultural production in the long term. Hence, positive spillover effects between climate resilience, food security and youth employment are generated. As a complement, via the IPF component, capacities at the national and county level and general programme management are supported. The objective is to design capacities and structures that will last in the long term. The project contributes directly to the implementation of SDG 1 “No poverty”, SDG 2 “Zero Hunger”, SDG 13 “Climate protection measures” and SDG 15 “Life on Land”.

The 16 project counties in Western Kenya Agro Ecological Zone: Trans Nzoia, Elgeyo Marakwet, Bungoma, Uasin Gishu, Busia, Kakamega, Nandi, Siaya, Vihiga, Kisumu, Kericho, Homa Bay, Nyamira, Migori, Kisii, Bomet. Source: KfW

The structural capacity building at the national level consists of three steps. Firstly, the operational and technical capacities of national authorities are strengthened. Secondly, a social risk management system is established and institutionalized. Thirdly, the project intends to support programme management, monitoring and evaluation by financing specialists for the Project Implementation Unit.

Expected Outputs:

- Locally identified agricultural investments are financed to enhance climate resilience with a particular focus on youth.
- Increased capacity building within the county institutions to plan and implement resilience measures in agriculture.
- Strengthened inter-institutional coordination and national government capacity to implement a decentralised nationwide mechanism for climate finance.

Implementation and Outlook

The loan agreement was signed in December 2022. The expected duration of the project is 54 months. The World Bank’s overarching programme has been running since early 2022. All 16 counties in Western Kenya have met the minimum criteria for qualification for the first and second investment cycles.

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