

Prosperous Land, Prosperous People:

Scaling finance for Nature-based Solutions in Kenya

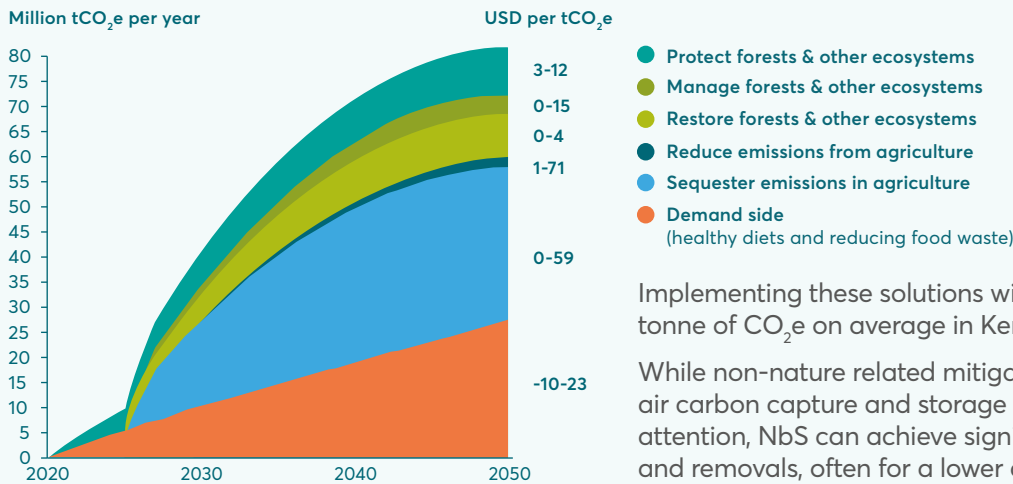
Summary for corporates

Nature-based Solutions (NbS) are a critical part of the transformation agenda for food and land use systems to deliver better prosperity for people and planet.¹ NbS are actions to protect, sustainably manage and restore natural or modified ecosystems that deliver emissions reductions, help corporates achieve Science Based Targets for carbon, address societal challenges and provide human well-being and biodiversity benefits.²

In Kenya, Nature-based Solutions provide cost-effective emissions reduction with many co-benefits

In Kenya, implementation of NbS could provide climate mitigation of approximately 80 million tCO₂e per year by 2050³, equivalent to the annual emissions of Kenya in 2019.⁴ In addition they could deliver significant benefits for biodiversity protection, local livelihoods and food and nutrition security.

Growth of annual mitigation potential by NbS per measure from 2020-2050

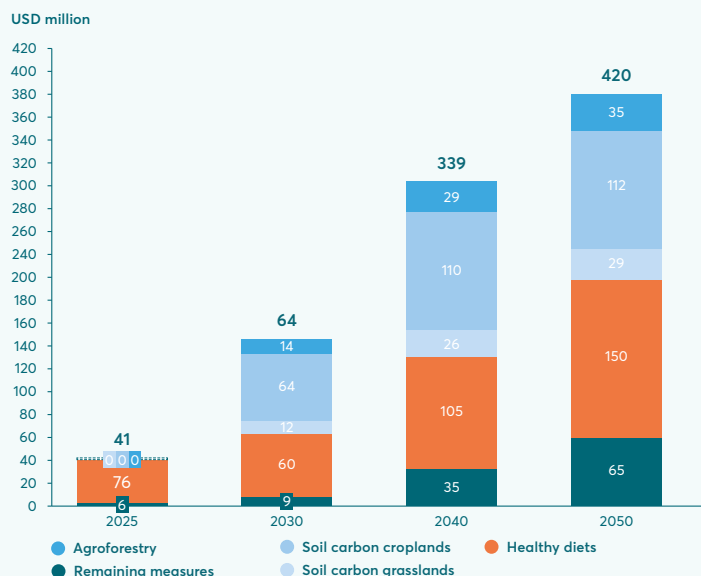


Implementing these solutions will cost less than USD 70 per tonne of CO₂e on average in Kenya.

While non-nature related mitigation solutions such as direct air carbon capture and storage (DACCS) can attract a lot of attention, NbS can achieve significant emissions reductions and removals, often for a lower cost per tonne of CO₂e.

Corporates can invest in a range of Nature-based Solutions in Kenya to finance USD400 million a year of initiatives by 2050

Annual within value chain investment by FLAG sector corporates



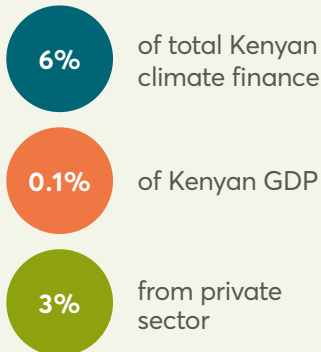
This study finds that domestic and international corporates could finance USD 400 million of NbS initiatives in Kenya.

This includes international and domestic corporates whose operations, supply chains and customers form part of the forestry, land, food and agriculture sector in Kenya, who will need to deliver emissions reductions and biodiversity benefits as part of achieving Science Based Targets for carbon and nature.

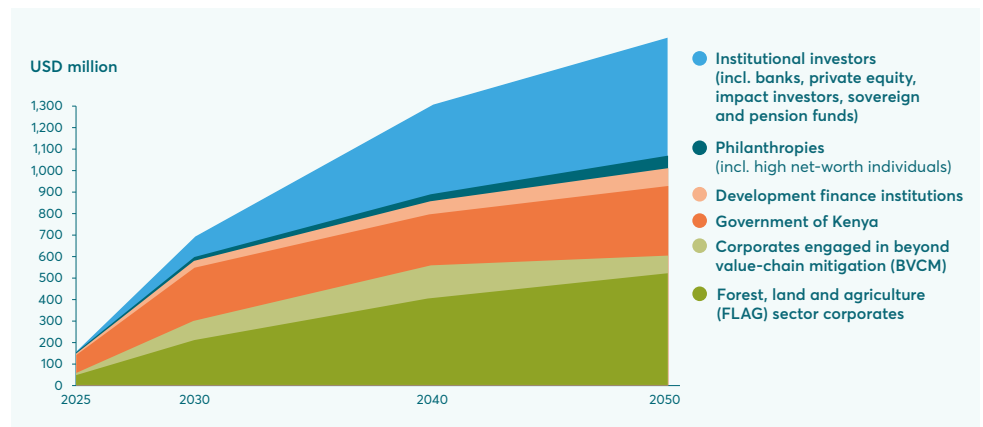
For example, these could include investments in agroforestry, forms of no-till agriculture or rotational grazing that sequester carbon in croplands and grasslands, or promoting consumption of healthy diets.

Nature-based Solutions require a 13-fold increase in investment by 2050, of which 40% must come from corporates

Less than USD 90 million per year is currently spent on land-based NbS in Kenya.⁵ This represents:

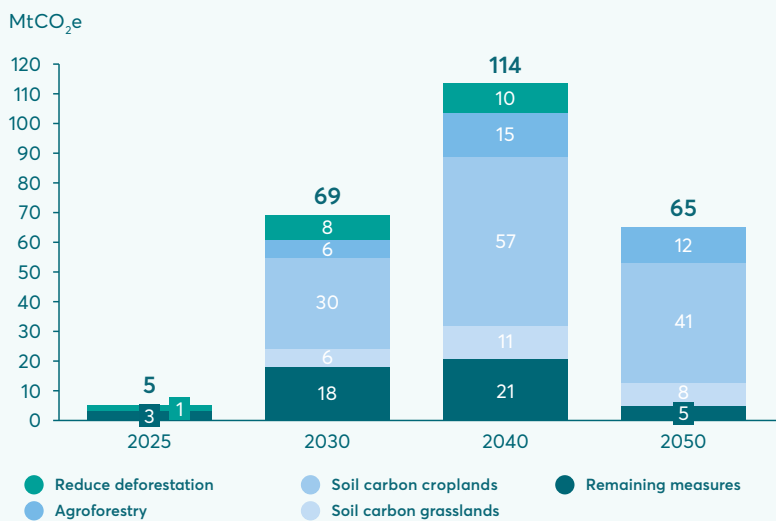


This study estimates that Kenya would require USD 1.2 billion of investment per year by 2050 to unlock the potential of NbS, of which 40% should come from corporates. This is ~13 times larger than the total annual finance for NbS in 2019.



The role of beyond value chain mitigation (BVCM)

Investment flows by all sectors into climate mitigation in Kenya outside of their value chains to 2050



The analysis finds that Kenya could attract over USD 110 million per year in carbon finance from companies investing in beyond value-chain mitigation (BVCM) including, but not limited to, the purchase of carbon credits on the voluntary carbon market (VCM).ⁱⁱⁱ

- The SBTi recommends that all corporate sectors, invest in BVCM to support delivery of global net zero targets.
- BVCM could be important in the early to mid-term, reaching 15% of the total finance in 2030 before decreasing to just 5% by 2050.
- It is a useful mechanism to support NbS business models which otherwise may not generate returns.
- Kenya could feasibly increase the investment potential of BVCM by growing its presence on the VCM.

¹ Food and Land Use Coalition (FOLU). 2019. Growing Better.

² International Union for the Conservation of Nature (IUCN). 2020. 'IUCN Global Standard for NbS'. Press release, 24 July. <https://www.iucn.org/news/europe/202007/iucn-global-standard-nbs>

³ Roe, S. et al. 2021. 'Land-based Measures to Mitigate Climate Change: Potential and Feasibility by Country'. Global Change Biology, 27 (23). <https://doi.org/10.1111/gcb.15873>

⁴ Worldbank. 2022. <https://data.worldbank.org/indicator/EN.ATM.CO2E.KT?locations=KE> Accessed 2 November 2022.

⁵ Mazza, F., Balm, A., Van Caenegem, H. 2021. 'The Landscape of Climate Finance in Kenya'. Climate Policy Initiative. [https://www.climatepolicyinitiative.org/publication/the-landscape-of-climate-finance-in-kenya/#:~:text=Kenya%20is%20highly%20vulnerable%20to,product%20\(GDP\)%20every%20year.](https://www.climatepolicyinitiative.org/publication/the-landscape-of-climate-finance-in-kenya/#:~:text=Kenya%20is%20highly%20vulnerable%20to,product%20(GDP)%20every%20year.)

ⁱ This calculation is based on the proportion of mitigation potential which sits within the value chains of companies and modelling based on the Science Based Targets initiative (SBTi) FLAG sector guidance which requires FLAG companies to deliver emissions reductions and removals totalling 72% of their land-based emissions footprint by 2050 (note these corporates will also need to pay for the permanent storage and removal of any residual emissions to achieve net zero).

ⁱⁱ It must be noted that if other investors finance mitigation within a corporate supply chain, the mitigation achieved can only be claimed by one entity for the purpose of delivering SBTs.

ⁱⁱⁱ The BVCM financing is calculated by modelling the science-based emission reduction trajectories of all corporates and making assumptions about the proportion of remaining emissions in a given year compensated for by BVCM investments, starting at 20% and increasing over time.

Please see the methodology document for more information on these approaches.