



REPUBLIC OF KENYA

MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY

STATE DEPARTMENT FOR TRADE

TALKING NOTES

Purpose:

For use during the sensitization of Country Directors of Trade on the promotion of climate-smart business opportunities and climate-friendly investments and industrialization option in Kisumu City: 6th – 9th May 2025

Salutations

- Ms. Mary Mwiti, EBS, the CEO, CoG;
 - Hon. Benson Ndegwa, the CECM, Trade and Investment Caucus Chairperson;
 - Representative of the Principal Secretary, The National Treasury
 - Ms. Esther Ngari, the MD, KEBS
 - The Private Sector Representative
 - Distinguished Participants;
 - Ladies and Gentlemen.
1. I am indeed delighted to join you at this Lakeside City of Kisumu to participate with you during this *Sensitization on the Promotion of Climate-Smart business Opportunities and Climate-Friendly Investment and Industrialization Options*.
 2. Allow me also to express my gratitude to Council of Governors for acknowledging the role played by the State Department for Trade in developing and adopting policies aimed at mitigating climate change and promoting environmental protection, while addressing the technical barriers to trade (TBT) and extending an invitation for our participation in this program.
 3. The Forum's objective is to equip the County Directors with the necessary tools and knowledge to integrate climate adaptation and mitigation strategies into local economic activities. But before I address myself to the topic at hand,

please permit to speak a little bit about the State Department for Trade.

4. The State Department for Trade is part of wider Ministry responsible for Investments, Trade and Industry, which holds the levers for this country economic growth and development. The Department is charged with the mandate “*to facilitate domestic and external trade, private sector development and regional integration by championing an enabling environment for trade to thrive*”.
5. Specifically, the functions of State Department for Trade include: Trade Policy; Export Development and Promotion; Promote E-Commerce; trade negotiations and implementation of agreements and advisory services; champion trade integration in the EAC, COMESA, TFTA, and AfCFTA.
6. Liaising and coordinating with UNTAD, International Trade Centre and WTO on trade matters; enforcement of international trade laws, trade negotiations and implementation of agreements; protection of Kenyan goods against Dumping and subsidized imports and recommending of countervailing measures; coordination of multi-agency task force on the elimination of illicit trade and counterfeits; liaison with international trade bodies for national development; management of weights and measurement in trade; promotion and regulation of the wholesale and retail trade;

and promotion of fair-trade practices and consumer protection.

7. Facilitating trade sector forums between the National and County Governments to streamline trade development and promotion; capacity building to County Governments on trade related policies and legislation, and management of priority value chains among other functions.
8. This mandate and functions are delivered through four Directorates namely Domestic Trade Directorate; International Trade Directorate; Trade Policy and Research; and Weights and Measures, five SAGA namely Kenya Export Promotion and Branding Agency; Kenya National Trading Corporation; Kenya Trade Remedies Agency; Kenya Multi-Commodities Exchange; and Warehouse Receipt System Council, and one Committee which Kenya Consumer Protection Advisory Committee.
9. Within the framework of the Kenya Constitution 2010, County Governments are handling matters pertaining to domestic trade, while the National Government provides policy oversight. It is important to understand that domestic trade sector comes second to agriculture in terms employment with 60% of all informal employment and contributed about 9% to the GDP. Distributive trade covering distribution, wholesale, retail, catering, services, etc. which all play a critical role in distribution value chain by connecting producers to

final consumers. Domestic trade is therefore a shared responsibility to ensure that this sector expands, thrives and its contribution to the Gross Domestic Product

10. On the other hand, International Trade is under the purview of the National Government and covers market promotion and access, negotiating and overseeing implementation of trade agreements, and other international trade matters. This is where we have the various trade agreements – the EPAs with the UK, EU, UAE, EAC, TFTA, AfCFTA, COMESA and AGOA.

Ladies and gentlemen,

11. Climate change constitutes a major environmental issue bearing a heavy impact in various aspects of human life and other organisms. In order to comply with climate change impacts, we have enhanced negotiations with trading partners such as the European Union which now requires that bilateral agreements with their trading partners like the **Kenya - EU Economic Partnership Agreement (EPA)** have chapters on *Trade and Sustainable Development* included.
12. The Trade and Sustainable Development chapter touches of environment and climate change where the Agreement purposes to strengthen cooperation on policies and measures that *supports trade without damaging the environment, and trade which helps to mitigate or adapt to climate change*. The Parties have committed to promoting initiatives that encourage;

- a. A shift to a circular economy, with sustainable production, consumption and proper management of waste.
 - b. Trade and investment in climate-resilient and environmental goods and services, e.g. renewable energy and energy efficient products and services, low-carbon technologies,
 - c. Pollution reduction, e.g. through sustainable transport
 - d. Preparation and adoption of carbon pricing action including Emission Trading Systems,
 - e. Green and climate smart growth including: combating illegal logging, expansion and conservation of forests, trade in products from supply chains that are deforestation-free, and sustainable trade in timber products.
- On trade, responsible business conduct and investment supporting sustainable development, the agreement seeks to promote social corporate responsibility including responsible supply chain management and governance e.g. of minerals from conflict-affected and high-risk areas, forestry products, fisheries, agriculture and food systems.
 - There is also an elaborate chapter on environment in the Kenya – US Strategic Trade and Investment Partnership Agreement currently under negotiation.

13. Multi-lateral Trade Negotiations under the WTO

Under the Multi-lateral Trade Negotiations, we have enhanced negotiations bordering on promotion of Climate-Smart business Opportunities and Climate-Friendly Investment and Industrialization Options which include: -

I. WTO Agreement on Fisheries Subsidies

- Kenya is a signatory to the WTO Agreement on Fisheries Subsidies. This Agreement was concluded and adopted on 17th June 2022, delivers on the Sustainable Development Goal (SDG) 14 which is about conserving and sustainably using the world's ocean, seas and marine resources.
- The main objective of the Agreement is to safeguard the world's seas, oceans and marine resources for posterity by promoting sustainable and responsible fishing practices through preventing overfishing and overcapacity. The Agreement may contribute to organic waste reduction and re-use through:
 - a. **Reduction of Waste along the Supply Chain** - Reducing overfishing and use of more efficient processing methods will lead to fewer fish being left to spoil due to oversupply, thus decreasing organic waste.
 - b. **Waste and Bycatch Reduction** - Encouraging more selective fishing practices will reduce unintended catch of non-target species, which often results in organic waste when discarded at sea.

- c. **Promotion of Circular Economy** - Restrictions on harmful subsidies will incentivize resource efficiency and waste reduction. There will be need to develop aquaculture systems and innovations in re-using fish waste through e.g. organic composting, bioenergy or animal feed and thus circular economy.

II. **WTO Committee on Trade and Environment**

A significant amount of work being undertaken with the WTO regarding trade and environment including **Circular Economy Model** based on three principles:

- i. Eliminate waste and pollution.
- ii. Keep products and materials in use.
- iii. Regenerate nature/natural systems.

III. **WTO – Trade Facilitation Agreement Perspective**

The WTO Trade Facilitation Agreement (TFA) primarily aims to simplify and streamline international trade processes. While its direct focus is on trade efficiency, it also contributes to reduction of waste through: -

- i. Accelerating the sustainable green initiative
- ii. Improved Supply Chain Efficiency
- iii. Promotion of Circular Economy

14. Owing to the growing climate concerns, and businesses are shifting from traditional models to ones that prioritize environmental responsibility. What was once a niche market

for climate conscious consumers in western Europe, the US and other beyond Africa is now a major force behind innovation, attracting investors, customers, and policymakers who see sustainability as the foundation of long-term success.

15. To entrepreneurs in Africa and Kenya in particular, this shift is a lot more than mere obligation; it is to create businesses that generate revenue while addressing environmental issues. From renewable energy, sustainable agriculture and mobility, waste management, to green infrastructure, the opportunities to merge profit with sustainable environment requirements are expanding rapidly. Who knew, a few decades or so ago that we could talking about cage fish farming in L. Victoria, solar street lighting in our cities and towns, etc.? Indeed, in the past, companies treated sustainability as an option, some kind of corporate social responsibility.

16. In today's landscape, investors are prioritizing green businesses, with funds flowing to businesses that incorporate sustainability into their core strategy; consumers particularly in Europe and the US, and the young generation are demanding ethical products and businesses ignoring these trends risk losing market share; and governments are offering incentives for eco-friendly businesses, introducing policies supporting green innovation and as well offering tax breaks and grants to starts that tackle environmental problems. Now words like wind farm, solar farm, solar car parks are becoming common place.

17. One recent study by the International Finance Corporate, the private sector lending arm of the World Bank shows a **\$29.4 trillion** climate investment opportunity in emerging markets cities by 2030 in six urban sectors: green buildings, public transport infrastructure, electric vehicles, improved management of water resources, renewable energy, and better handling of waste.

18. **Some of the climate-smart business opportunities include:**

- **Renewable energy** - With sunshine in abundance and wind resources, Kenya and Africa in general has the potential to lead in clean energy production. Entrepreneurs are developing affordable solar mini-grids, wind farms, and bioenergy solutions that provide reliable power while reducing dependence on fossil fuels. Here we can talk about the Lake Turkana wind farm producing cleaning energy to supply up to one million homes and the Garissa Solar Energy Power station able to supply 625,000 homes.
- **Sustainable agriculture** - Climate change is putting pressure on traditional farming methods, requiring we respond by developing precision agriculture technologies, drought-resistant crops, and organic fertilizers that improve productivity while preserving soil health. As food security becomes a priority, these innovations are gaining attention from both investors and policymakers. Most of our flower growers are now using solar energy for temperature control

of greenhouses in compliance with export destination market requirements to reduce their carbon footprint.

- **Circular economy and waste management** -Kenya cities and towns produce vast amounts of waste, much of which is not properly managed. Entrepreneurs are turning this into a business opportunity by recycling plastics, converting organic waste into biofuels, and creating upcycled products that meet consumer demand for sustainability.
- **Water conservation and purification** - Access to clean water is a growing concern. Start-ups are addressing this by developing water recycling systems, desalination technologies, and smart irrigation solutions that help communities and industries use water more efficiently.
- **Eco-friendly transportation and urban development (smart cities)** - As cities expand, the demand for electric vehicles, energy-efficient buildings, and smart urban planning is rising. Entrepreneurs are stepping up with innovations in sustainable transport, green construction materials, and urban mobility solutions that make cities more liveable and less reliant on outdated infrastructure.

19. How entrepreneurs can integrate sustainability into their business strategy

Businesses need not transform their businesses overnight to make them more environmentally responsible but they can take gradual, practical steps such as:

- **Build sustainability into the business model** - Rather than treating environmental responsibility as a separate initiative, integrate it into the core of the business. This could mean using eco-friendly packaging, reducing energy consumption, or sourcing raw materials responsibly.
- **Focus on long-term profitability, not just immediate gains** - Sustainable businesses may require upfront investment, but they often have lower operational costs and greater resilience in the long run. Energy-efficient systems, waste reduction, and ethical sourcing can improve profitability over time.
- **Use technology for green innovation** -Technology is a key driver of sustainable business. Entrepreneurs are using AI to optimize energy use, blockchain to ensure supply chain transparency, and data analytics to track environmental impact.
- **Collaborate and build strong networks** - No business thrives in isolation. The most successful climate-focused start-ups partner with research institutions, government bodies, and other businesses to accelerate their impact.

20. Conclusion

In closing, allow me to reiterate that: -

- The need for continuous and enhanced consultation, coordination, information sharing and capacity building among the County Governments, the Council of Governors and the Development Partners in exploiting the business and investment opportunities and at the same time addressing the threats arising from environment and climate change factors may not be overemphasized.
- The State Department for Trade is alive to the threats caused by the ecological factors leading to *new environmental regulations impacting trade operations and the climate change impacting production and other trade processes*. Our focus in the bilateral and multi-lateral trade negotiations and new policy dispensations are to ensure win-win outcomes.
- In the same vein, we are cognizant of the fact that the growing emphasis on sustainable practices, has equally *created opportunities for eco-friendly exports* that all stakeholders should endeavor to exploit.

Thank you very much for your audience