



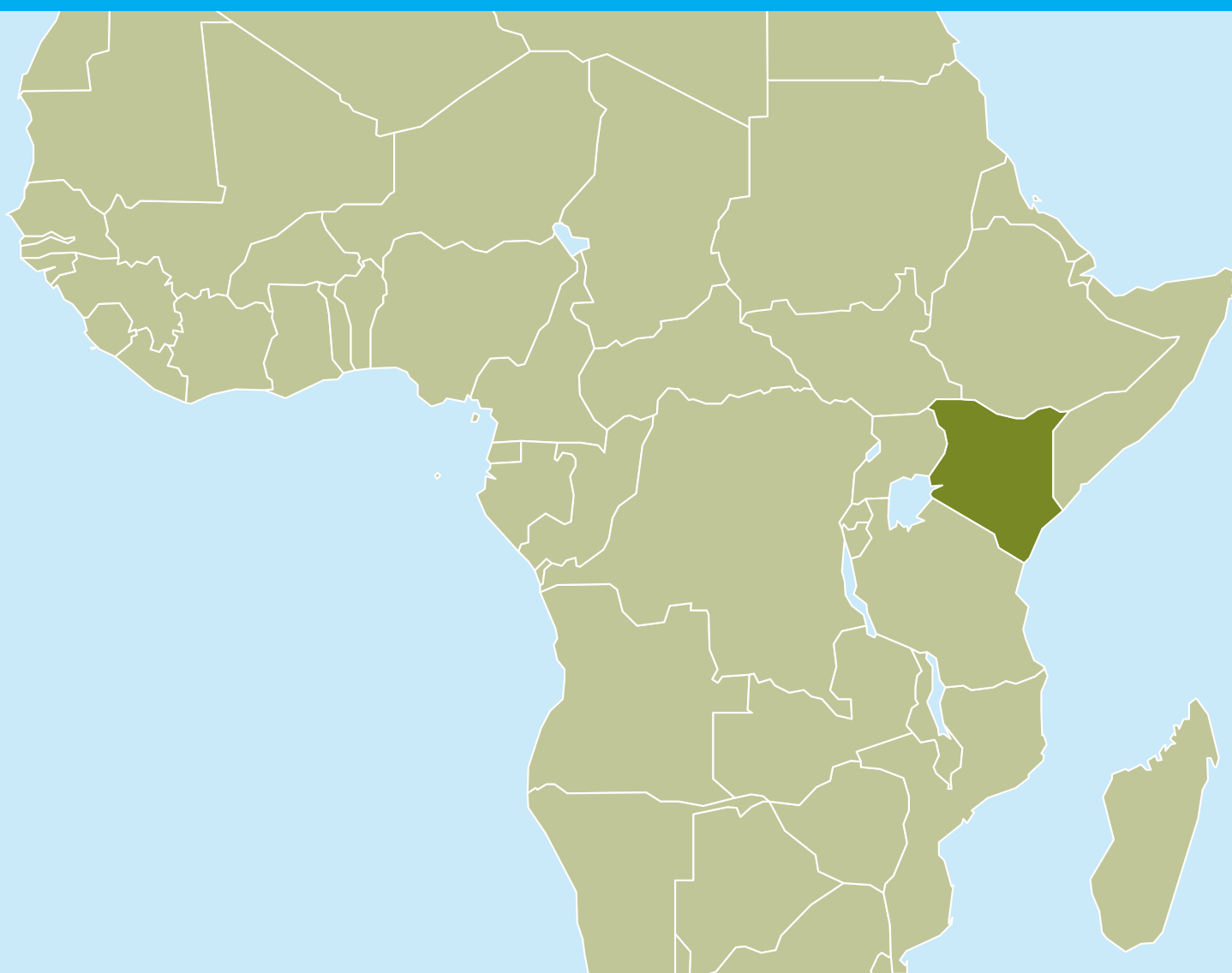
Kingdom of the Netherlands

# Multi-Annual Strategic Plan

2014 - 2017

## Kenya

Mali Benin Ghana Ethiopia Horn of Africa South Sudan Kenya Rwanda Burundi Uganda Grote meren Mozambique Palestinian Territory Yemen Afghanistan Bangladesh



# Shifting Horizons

Investing in innovative partnerships



Multi Annual Strategic Plan 2014-2017  
Embassy of the Kingdom of the Netherlands in Kenya

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*In this revised Multi-Annual Strategic Plan (MASP), the principles of the policy paper "A world to gain: a new agenda for aid, trade and investments" have been elaborated. The MASP applies for a period of four years (2014-2017), but interim adjustments are possible: for example, in the case of major political or other changes, or to improve alignment of Dutch initiatives with the EU Joint Programming.*

# CHAPTER 1: SUMMARY

This Multi Annual Strategic Plan (MASP) sets out the priorities for the Netherlands embassy in Nairobi in the period 2014-2017, focused on but not limited to development cooperation. It builds on the previous MASP (2012-2015), which has been updated and partly amended due to a new governmental and economic reality in the Netherlands. Based on lessons learned and an analysis of the current situation in Kenya and the East-African region, it sketches the embassy's aims and expected outputs.

Kenya has the largest economy of the region and its economic growth has been steady in the past decade, which has resulted in a growing and vibrant middle class and has attracted many foreign investors (including from the Netherlands). Economic prospects for the medium term are equally good. The donor landscape in Kenya has changed fundamentally; many new actors and modalities have emerged. The time has come to further look beyond development cooperation and to enter the transition from aid to trade.

The embassy envisages 2021 to be the first year without a bilateral development cooperation programme in Kenya. In the run up to that the Netherlands will act as a public investor rather than a donor, as the programme will focus on investing public funds with the aim of leveraging private investments (or investments from international financial institutions) in the water and food security sectors. Involvement of Dutch water and agricultural companies, knowledge institutions and other stakeholders in the programmes will be promoted, as has been the case in the past years.

Opportunities for Dutch companies in other sectors of the Kenyan economy as well as the need for economic diplomacy and use of business instruments to take advantage of those opportunities will be addressed further. It is clear that the general enabling environment for Dutch business, including a level playing field, requires building a stronger intergovernmental network.

The embassy's security and rule of law programme will be phased out during this MASP period, but in its last years it will continue to support critical governance interventions. Despite all progress, governance continues to demonstrate many weaknesses that pose risks to the stability of the country and as such a risk for Dutch public and private investments. But there are also other risks that might affect Kenya's stability: lack of inclusive growth, strong urbanization that is not matched by the creation of employment opportunities for the youth, the vulnerability of (small holder) agriculture to climate shocks, to name a few. Last but not least, security risks exist, resulting from its interconnectedness to Somalia. Therefore, in 2017 the Netherlands will take stock of the situation to assess whether the timeline for the transition can be implemented as foreseen now.

The budget for the development cooperation programme will steadily decline from 25,4 million euros in 2014 to 14,7 million euros in 2017. In the years after 2017 this budget will be reduced further, resulting in a zero budget in 2021. The embassy's development cooperation staff will be phased out gradually as well. At the same time, the regional role that the embassy already plays, with several attachés accredited for the region, will become more prominent.

## **CHAPTER 2: RETROSPECTIVE VIEW**

In 2012 the embassy started the implementation of the MASP 2012-2015. Since then, investments in the area of water and food security have started, involving Dutch companies and knowledge institutions in private/public partnerships. Special focus of the security and rule of law portfolio in this period has been on a free, transparent and peaceful election process in March 2013 and on implementation of the 2007 Constitution.

This chapter takes stock of developments in Kenya and in the programmes and activities of the embassy in the first half of the MASP 2012-2015-period.

### *Security and rule of law*

The elections of 2013 brought former adversaries Kenyatta and Ruto together in a coalition and were largely peaceful. Stability in the country was maintained which is important for the investment climate. The embassy contributed to this by supporting civic education both through civil society and the electoral commission. Furthermore, programmes enhancing citizen participation in the elections with a focus on the participation of women and the youth and conflict mitigation were supported.

In the area of impunity and justice for post-election violence the ICC prosecution of three indicted persons including President Kenyatta and Deputy President Ruto is ongoing. The embassy has successfully managed its host-country responsibilities such as the facilitation of large numbers of urgent visa applications.

Reform of the police and judiciary has been a key area of support in the fight against impunity, but progress is slow especially with regard to police reforms. The judiciary on the other hand has made considerable progress in speeding up the determination of cases and instituting inclusive mechanisms to support the better functioning of the courts. The Commercial Division of the Judiciary is now fully functional with the requisite number of Judges appointed and the Registry reformed. The embassy has supported the vetting of judges and magistrates, the work of the Kenya National Commission for Human Rights (KNCHR,) and the implementation of the Judicial Transformation Framework, which focusses on improved access to justice and speedier conclusion of cases.

The implementation of the Constitution to achieve political and economic inclusiveness continues to show a mixed picture. There has been progress in the legal frameworks, but implementation lags behind and there are recent examples of adoption of bills that some say are contradictory to the Constitution. The embassy has supported activities that have sustained the lobby for the implementation of the letter and the spirit of the Constitution. The embassy has engaged both with independent commissions and civil society to these effects; civil society is playing an important role in the reform processes, both as a watch-dog in relation to duty bearers and as a promoter of policy reform. Some independent government institutions have played a positive role.

The human rights situation remains fragile with a high incidence of serious abuses reportedly stemming from the security sector. The space for civil society and human rights defenders has come under increased pressure. The embassy is closely monitoring the situation and has continued to partner with civil society. Although financial interventions are not very large, the support has provided the embassy with a strong network. This also enables it to play an active role in this area.

### *Economic governance*

The new government composition and structure offer opportunities and threats. Ministries are led by professionals, many with a corporate background, and without political constituencies. This may lead to a change in the administrative culture. Failure to restrain the parliamentarians' salaries has led to an increase of the overall wage bill, reducing the public funds available for investments in infrastructure. A further risk to economic growth is posed by recent changes in the tax law and cumbersome tax administration.

The devolution of power to county level may lead to a more equitable geographic distribution of national resources. Governors are active in attracting investments into their counties. A risk exists, if this will lead to extra local taxes and levies to stifle economic growth.

Both grand and petty corruption continue to be pervasive parts of Kenyan governance. There have been a great number of big corruption cases investigated, and since the introduction of the new Constitution several officials including ministers have stepped aside for investigations, but high profile

corruption cases rarely lead to convictions. Devolution may create new incentives for corrupt behaviour, while weak capacities in local government may reinforce impunity.

Non-transparent and cumbersome tax, licence and tender processes are perceived by Dutch businesses as major barriers to doing business in Kenya. The embassy has been supporting projects that aim to address these barriers (Transparency International, WB).

### *Food security and private sector development*

Kenya remains a net importer of food, compensated by the export of agricultural commodities, such as tea, coffee and horticultural products. Serious problems with food security endure due to distorted markets and land use problems. Agricultural production is characterised by either large scale (often foreign owned or managed) plantations or smallholder production, characterised by decreasing plot sizes, sub-optimal productivity and lack of willingness to invest in or adopt new technologies. The agricultural sector still suffers from over-regulation or political interference (with the notable exception of the export oriented horticulture sector) although reforms in recent years have created new opportunities to revive certain sectors, such as the dairy sector.

The new investments by the embassy in the food security sector have resulted in several promising public private partnerships linking farmers to local and international markets in dairy and horticulture (both from delegated funds and through PPP FDOV). Local Dutch entrepreneurs and responsive Dutch NGOs (SNV, Solidaridad) have been essential to shaping activities linking trade and development.

Lack of agricultural entrepreneurship and commercial producers organisations (beyond dairy, coffee and tea) have been bottlenecks for promoting the uptake of Dutch goods and services and for the sustainable supply of quality produce (mainly vegetables) for export into the Netherlands and for local processors.

### *Water and environment*

Water was identified as a crucial sector for social and economic development in the 2012-15 MASP. Kenya continues to face serious problems with regard to water security; massive investments are needed as water security is vital for social and economic development in sectors like agriculture and livestock, energy, manufacturing, and tourism that are directly dependent on a reliable and adequate supply of good quality water.

Since 2012, five new activities for the water spearhead were identified and started up, three on urban WASH and two on water resources management. At the time of writing, all but one of these have been contracted. For one activity (Sustainable Water Management Mara River Basin) submissions of proposals by PPP consortia are currently under review. All new activities are implemented as PPPs and are co-financed to varying degree by the implementing partners. A broad range of Dutch organisations are involved in the execution of the activities: Vitens Evides International, Aquanet, SNV, Water Governance Centre, Dutch Water Management Boards, and knowledge institutes (ITC – TUTwente; Deltares).

Partner organisations in the arid and semi-arid lands (AWF, LWF, ACC) were granted a new phase of funding under new project proposals in 2012. In addition, the Northern Rangeland Trust came on board as a new partner. The support in this area combines sound natural resources management (including water and biodiversity) with alternative livelihoods (including tourism) and improved security (conservancies).

### *Economic Diplomacy*

Kenya has already attracted considerable Dutch investments. Next to multinationals such as Phillips, Unilever, Shell, KLM, Boskalis en Heineken, more than 100 Dutch SME companies have established a presence, with an important focus on the flower sector. Given the logistical hub function of Schiphol Airport and the flower auctions, the Netherlands ranks as the 4<sup>th</sup> export destination for Kenyan goods.

In 2012 and 2013 the embassy has further strengthened economic diplomacy for Dutch investors and companies active in Kenya and those exploring opportunities for trade and investment. Next to the usual trade inquiries, several market scans have been performed to map opportunities in the Kenyan market for a specific product. Several consultations with Kenyan authorities have been necessary in order to ensure a level playing field for Dutch companies, mainly in the area of tax and customs. The Dutch Business Group that meets six times annually at the initiative of the embassy has proven to be a useful platform to discuss relevant developments and possible actions by the private sector and/or

embassy. Corporate social responsibility has been part of the dialogue between the embassy and Dutch companies, especially those in the flower sector.

Brokering activities for the benefit of Dutch companies have had a strong focus on the agricultural and water sectors. Dutch companies have also been supported in the areas of infrastructure and logistics (Port of Mombasa), energy (Lake Turkana Wind Energy), education (ORET-Devotra). Proactive identification of concrete opportunities for Dutch companies in other sectors of the Kenyan economy has been limited due to capacity restraints.

### *Women*

The gender dimension is reflected in all thematic areas covered by this embassy. From the angle of food security, water and sanitation, women benefit from more equitable access to resources, more sustainable livelihoods and better drought resilience. From the perspective of security and the rule of law, women benefit from better access to justice, and more women leadership: a positive indicator is the increased female representation in elected office since the elections of 2013. The promotion of safe abortion has been supported under the security and rule of law programme.

### *MFS and other centrally funded activities*

The number of centrally funded programmes for Kenya has further increased. Some have direct links with the embassy's portfolio (business instruments, PP FDOV, PPP water, HR Fund), others target areas that are not directly prioritized by the embassy but contribute to the enabling environment for businesses, like Trade Mark East Africa, and yet others are outside of scope of the embassy's activities and network. Within limits of capacity, the embassy has been promoting synergy between its own portfolio and related central programmes.

## **Relevant regional developments**

### **Somalia**

Kenya's armed incursion into southern Somalia in October 2011, in pursuit of Islamist rebels fighting under the banner of Al Shabab with links to Al-Qaida, has been broadly successful. In alliance with AMISOM, Kenya seized Kismayu port, Al Shabab's main stronghold, in late 2012. AMISOM troops managed to drive the Islamist rebels out of Mogadishu. The position of the Federal Government of Somalia has been strengthened as a result.

Since, Al Shabab has increasingly reverted to guerrilla tactics. The launch of further terrorist attacks on Kenyan soil remains a risk, exacerbated by the large number of Somali's, resident in Kenya. Recently, it has demonstrated that it also is capable of more complex and larger operations, like the attack on the UN compound in Mogadishu and the major attack on the Westgate Mall in Nairobi and it therefore will remain a major destabilizing factor for the security in the region.

Kenya is still hosting around 500.000 refugees from Somalia and there is no durable solution in sight yet. There are increasing voices including from political leaders in Kenya that call for the repatriation of the Somali refugees.

### **Seychelles**

In addition to consular services that the embassy has been providing, cooperation with the Government of the Seychelles has proven important in the fight against piracy (interfering the business cycle/financing of piracy, pre-trial detention and prosecution of piracy suspects and trials).

## **Other instruments of foreign policy**

The Royal Netherlands Navy's role in the region has been significant, including counter-piracy operations in the Somali Basin and Indian Ocean, capacity building of the Somali security sector through EUTM Uganda, and financial and personnel support to the ACOTA programme.

Preventing illegal immigration is the main task of the Immigration Liaison Officer (ILO) who is closely working together with the ILO's of other embassies in the Nairobi Liaison team (NAIL-team). 2012 and 2013 have seen relatively low numbers of inadequately documented arrivals (IDA's) in the Netherlands. However, there still are a number of risks in this area that require special attention. Corruption among officials and agencies involved in screening of documents at the airport continues to be reported. The improvised location after parts of the international airport in Nairobi burnt down on 7 August 2013 forms an additional risk.

## CHAPTER 3: COUNTRY ANALYSIS

Many elements of the country analysis in the MASP 2012-2015 continue to be relevant including the binding constraints and enabling factors for poverty reduction, inclusive growth and the business climate. In this chapter the analysis will be updated with new developments and likely future trends.

The largely peaceful elections (4 March 2013) have been important for the investment climate. The Jubilee coalition brought together politicians representing communities that fought each other in the 2007 elections. However tensions on the ground remain and form a potential source of instability. The ICC process has strained relations between Kenya and its Western partners. Developments around the ICC case could potentially further complicate relationships in Kenya with the West and its business, NGO and other representatives. The embassy will closely monitor this. At the same time the Kenyan government seeks closer relations with non-western countries, such as China and some AU countries. President Kenyatta's 2013 trip to China that resulted in big financial commitments illustrates this.

The Westgate Mall attack has reaffirmed Kenya's role as partner in the fight against international terrorism. This could be an opportunity to strengthen ties with the West, but so far the cooperation remains at tactical/operational level.

Macro-economic management can be expected to continue as sound as before. Under the current government a pro-market approach will remain the basis for economic policy making. The EIU forecasts economic growth to be between 5-6 % in the period 2014-2017. Kenya is the gateway to East and Central Africa, a regional business hub and a major tourist destination. Investments are attracted by Kenya's capacities in relation to innovation (in for example its telecom sector), a relatively well-educated workforce and a growing and increasingly inclusive financial market. In the urban areas young professionals are creating a dynamic climate for investment and growth. The future exploration of oil and gas might give a further boost to the economy. The Medium Term Plan 2 for 2013-2017 that underpins the Kenya Vision 2030 foresees further investments in new roads, power projects, ICT infrastructure, and port and airport expansions. However, these plans are quite ambitious and raise questions about full financing; expectations of Kenya becoming an 'African tiger' should not be exaggerated.

While prospects for macro-economic growth are good, those for improvement of economic governance and the rule of law seem less positive. The constitution provides a good basis for reform and the cabinet appointments have promising elements (see chapter 2). However, the prevailing problems in the political economy have proven persistent - weak institutions with poor accountability and deeply rooted corruption practices, a strong impact of personal motives and ethnic agendas on government, and an entrenched culture of impunity. If not tackled, these will continue to have a negative influence on the implementation of reforms which also could jeopardize stability. Furthermore, tourism may suffer because of a perception of deteriorated security by potential visitors. The rise in wildlife poaching implies a further risk to this important sector of the economy.

Economic growth has not been inclusive. Deep rooted poverty continues to exist with no significant improvement in overall poverty: latest estimates by the World Bank show that national poverty has declined from 47 % cent in 2005 to somewhere in the range of 34-42 % in 2011; poverty rates are highest in the arid and semi-arid regions in the north and north east.

The root causes of poverty in Kenya are complex and related to access to financial, land and water resources, basic services, power and livelihood choice. Inequality is pronounced and linked to geography, ethnicity and gender. Elites have largely captured the benefits of the continuous good economic growth. Both rural and urban poverty are associated with capacities to deal with converging livelihood shocks. In rural areas these may be climatic and manifested in food insecurity. Urban poverty is more linked to access to wage labour, health and sanitation and exposure to violence. At over 4 %, Kenya's urbanization rate is among the world's highest. Between 1989 and 2009, the urban population outside Nairobi grew from 2.2 to 8.9 million people. Nairobi's population grew from about 1.2 to 3.1 million in that period. By 2030 the majority of Kenyans will live in urban areas. While cities are providing an important foundation for an emergent and dynamic middle class of entrepreneurs as well as a burgeoning civil society, urbanization also contains risks: already about half of all urban residents live in insecure and overcrowded slums.



## *Water*

Water insecurity and poor water management still provide a bottle neck for economic and social development in and outside the cities. It is clear that urbanization will lead to increased demand for water and sanitation services in the urban centres, while needs in rural areas remain high. Sustainable development of groundwater will be relevant to resolve water security issues.

## *Agriculture and food security*

Agriculture remains an important sector in terms of its share of GDP (averaging 20-25% in recent years, contribution to export earnings (65%) and employment (45%). Commercial agriculture is important for economic development and job creation, while smallholder farming remains an important source of food security and a potential avenue out of poverty for millions of households.

## *Women's rights*

The constitution enshrines the landmark principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender. The Supreme Court ruled in favour of progressive realization of this principle, and it remains to be decided how this will be taken up. The elections of 2013 showed a remarkable increase in the number of elected and nominated women legislators (now more than 20%), creating a momentum for enhanced women's political participation.

While the situation in the political arena has improved, issues of gender based violence, child marriages, Female Genital Mutilation and constraints in Sexual Health and Reproductive Services have however not received adequate government attention. Teenage pregnancy and unsafe abortion remain a widespread problem. Female entrepreneurship is disadvantaged by the relative lack of land and other assets essential for business capitalization. Gender equity goals therefore remain relevant to Kenya and to the MASP.

## *Environment and Climate*

Climate change and other environmental changes constitute serious threats to overall economic development and may hinder Kenya from reaching its development aspirations. The recent National Climate Change Response Strategy (NCCRS) (2010), national climate change implementation framework (2012) and the National Climate Change Action Plan (NCCAP 2013) illustrate Kenya's increasing awareness and concern over climate change. Both the NCCRS and the NCCAP recognize agriculture as the most weather-dependent sector of the Kenyan economy, which will 'bear the brunt' of climate change and variability. Climate change is seen as a stressor threatening food security through increases in droughts and floods, and increased dry spells during the rainy season. The projected economic costs of recurrent droughts and floods are potentially massive.

## *Regional developments*

Smooth functioning of the common East African Community market (150 million people including a growing middle class) is not only of interest to local entrepreneurs and consumers, but also to foreign investors. Kenya usually is the entry point in the market, as Kenyan entrepreneurs have experience in taking advantage of these opportunities. The common market however is still facing challenges like multiple bureaucracies, harmonisation of standards and the lack of a good regional infrastructure. The Netherlands will support the functioning of the EAC through Trade Mark East Africa and business instruments (ORIO for infrastructure). The embassy will closely monitor this, also to identify possible opportunities for Dutch companies, in cooperation with Dutch embassies in other EAC countries.

Kenya continues to face regional security challenges, resulting from instability in the countries in the Horn of Africa. Specifically the situation in Somalia continues to have an enormous spill-over effect into Kenya. Challenges include illegal migration, terrorism and cross-border crime, including illegal arms trade and piracy. Terrorism and crime will negatively influence tourism as a key sector of the economy.

Illegal migration and human trafficking also remain major problems, compounded by Kenya's role as major international travel hub. Falsified identity and travel documents can be obtained easily. Kenya is vulnerable to crime syndicates and infiltration of those with terrorist links.

## *EU joint programming*

Planning of EU joint programming is in an initial stage. Mapping of EU and Member States' (MS) interventions shows that it is probably not realistic to expect EU joint programming to take off in the short run: the aid, projected to be a total amount of around € 850 million in 2014 that makes the EU+MS the third donor after US and WB, is very fragmented (380 programmes and projects); some

sectors are very crowded (like for example water and environment) and there is no clear division of labour between the donors, not even within the EU group in those sectors; opinions on modalities are diverging, some MS channel money through the government (like Denmark) while others like the Netherlands do not see this as an option given accountability problems.

Furthermore, there is the practical issue of diverging programming cycles: most MS strategies for Kenya are already fairly advanced in their formulation and implementation which allows for only limited synchronisation and harmonisation of the programmes.

Steps towards joint programming can therefore only happen gradually over the coming years as new country programmes are formulated and initiated: there could be wider harmonisation of the EU programmes in connection with the next programming cycle related to the Kenyan Mid Term Plan 3 (that will come into effect in 2018).

## **CHAPTER 4: OBJECTIVES, RESULTS, ACTIVITIES AND RISKS**

From the previous chapter it can be concluded that Kenya, although more developed than other countries in the region, still shows important constraints for poverty reduction and inclusive growth as well as risks with regard to (economic) governance. Both could undermine Dutch public and private investments.

The embassy's approach under the current MASP has comprehensively targeted critical conditions for (economic) governance - and through this for stability - while contributing to economic and social development by supporting programmes in the area of water and food security, involving Dutch companies and knowledge institutions.

In essence, this approach will be continued while aiming to further increase the involvement of the Dutch private sector in the embassy's development programmes and in other sectors, in order to prepare for a transition from aid to trade. The policy not to channel funds through the Kenyan government will be continued, although capacity building and technical assistance might be considered in targeted areas relevant for the embassies program. In line with the policy guidelines for transition countries, an exit for the delegated bilateral programme will be prepared. In the paragraphs below a medium term perspective for the transition as well as the approach for the spearheads for 2014-2017 will be described.

### *Medium term perspective for the transition from aid to trade*

The ODA landscape in Kenya has changed fundamentally over the past years, a trend that is likely to accelerate in the coming years. New donors, private players, international NGOs, foundations and philanthropists are responsible for an increasing share of ODA; new modalities have come into place like guarantees and credit facilities for private investment; commercial opportunities have become increasingly important. At the same time its continued growth puts Kenya on track to become a lower middle income country. Kenya aspires to reach that status in 2030, as laid down in the Kenya Vision 2030.

In this light it is a good moment to review the Netherlands' role as a traditional donor and in line with new Dutch policies laid down in "A World to Gain", to formulate a time line for the transition from aid to trade. Central to this MASP is the presentation of the Netherlands as an investor rather than a donor. The delegated development cooperation programme will focus on investing public funds with the aim of leveraging private investments (or investments from international financial institutions).

The embassy envisages 2020 to be the last year for delegated development cooperation. This timing would give the opportunity to sustain the development impact of interventions in the water and food security areas (only recently started up), while at the same time bringing Dutch companies and institutions from top sectors and beyond in a favourable position to trade with and invest in Kenya through the application of PPP's, Good Growth Fund and other business instruments in the coming years.

However, the embassy intends to review this transition date in 2017, given the political, economic and security risks with regard to Kenya's stability. In 2017, positive or negative development of trends in these areas will be assessed in order to confirm whether the time path for the exit is still opportune. 2017 is a relevant moment for this: a new round of elections is being prepared (or might have taken place) and the next five year plan is known (the Medium Term Plan 3 for 2018-2023). At that point in time it will also be possible to take stock of progress in the transition from aid to trade in the spearheads.

In the best case scenario (of progressive stable development), it is envisaged that relations between Kenya and the Netherlands beyond 2020 are broad, and are characterized by a vibrant mutually beneficial economic relationship, facilitated by strong government to government relations and selective use of business support instruments. The political, economic and military role that Kenya plays in the region will be central to the relationship as well.

### *Spearheads planning for 2014-2017*

#### **Security and Rule of Law (SRL)**

Political, social and economic stability are necessary conditions for further development of a vibrant economic relationship between Kenya and the Netherlands and for effective implementation of the development cooperation programme. As such the SRL investments also contribute to the trade and

development cooperation agenda of the Netherlands in Kenya, as it has been to addressing some of the inherent causes and triggers of instability in the Kenyan socio-political and economic system: impunity, corruption, slow legal and institutional reforms, unequal access to justice, and challenges in the democratic process.

This approach of the MASP for 2012-2015 will be continued, though budget cuts will make it necessary to strengthen the programme's focus. The output of the SRL programme with regard to the electoral cycle will be dropped. In the other areas, the embassy will work towards consolidating gains made in the first phase of implementation with the intention to phase out financial support for SRL interventions in this MASP-period.

The programme will focus on sustaining the push for accountability in order to break cycles of impunity, promote effective implementation of the Constitution, and a stronger focus on inclusive access to justice through judiciary and security sector reforms. NGOs and independent commissions will remain strategic partners of the embassy for the implementation. Objectives are:

Objective 1: Authorities are held more accountable for corruption and human rights violations

- Given the Judiciary's significant impact on human rights protection and the fight against impunity, support to the reform of the Judiciary will be continued. Both the Judiciary Transformation Framework and civil society initiatives will be supported through UNDP basket funds. The support will aim for improved service delivery by the Judiciary, including commercial courts which should have a direct bearing on the business climate.
- The embassy will further support civil society initiatives to ensure that police reforms adhere to the Constitution and international human rights standards.
- The fight against corruption is supported through Transparency International. The programme has an emphasis on actual service delivery, including in the water sector.

Objective 2: The 2010 Constitution is implemented in letter and spirit

- The Embassy will continue its engagement with NGOs and the Commission on Implementation of the Constitution (CIC) to strengthen their capacity to effectively monitor and safeguard implementation of the Constitution as well as to shape and influence its implementation. Human Rights Defenders protection will remain a priority in the programme.
- The embassy continues to support increased opportunities for maternal health including safe abortion in line with the constitution.

Next to financial interventions the embassy will use political dialogue, bilateral or through EU or in the broader Development Partners Group (DPG) to achieve these objectives. Even as the SRL programming will be phased out, this dimension of the embassy's activities will continue with priority. The current chairmanship of the Human Rights Defenders Group offers a good venue for interventions parallel to the programming.

Space for civil society and media will be monitored and acted upon if necessary. Pressure on NGO's has increased, particularly in relation to the ICC, human rights and the anti-corruption agenda. Bilateral and joint monitoring of the human rights situation will remain high on the embassy's agenda as well. The embassy will maintain close relationships with human rights defenders (HRDs), continue to monitor their situation, and refer to relevant institutions for assistance where appropriate.

SRHR and women's rights will continue to be addressed in the framework of the implementation of the Constitution and SRHR specifically until 2015. Given the limited financial space for this spearhead no new activities will be financed by the embassy in this area. Under the centrally funded SRHR tender six activities are being implemented in Kenya. Furthermore, gender is mainstreamed in the basket fund supporting civil society, the judiciary and security sector reform programme.

The embassy will actively monitor and try to create synergies with centrally funded programmes in the area of human rights, SRHR and LGBTI.

*Risks, mitigating measures and modality mix*

On an overall level risks for the programme are Kenya's lack of success in the fight against impunity, forces opposing full implementation the Constitution as well as the shrinking space for countervailing powers. The rationale of the SRL programme lies in addressing and closely monitoring these risks.

Corruption is a serious risk in the implementation of all programmes in Kenya. For the SRL programme the risk of corruption is mitigated by making use of basket funds of UNDP for several

programmes. UNDP has good monitoring capacity and a policy to fight corruption in place. Basket funds also help to reduce work load and facilitate united positioning vis-à-vis developments in Kenya.

The embassy will continue to engage in bilateral activities when these are considered strategic and complementary. The embassy requires NGO-partners to have a sound and credible anti-corruption policy in place. Risks in this regard will also be mitigated by intensive monitoring.

## **Agriculture and food security**

In agriculture and food security, the embassy will continue to integrate trade and development cooperation by building on the food security programme started under the previous MASP. Activities focussing on the creation of an enabling environment and level playing field for Netherlands investors and entrepreneurs in Kenya will be intensified.

With the exception of objective 5 (support to ASAL areas will be phased out, as it was integrated into the environmental portfolio) the bilateral programme will continue to focus on the objectives identified in the MASP 2012-2015. These have been regrouped as follows 1) increased sustainable agricultural production, 2) better access to local and international markets, and 3) improved business climate including access to finance and 4) increased Dutch trade and investments. Sustainable agricultural production will be 'climate smart' by increasing productivity and resilience (adaptation) while enhancing food security. Specific cross cutting objectives have been formulated to link these food security objectives to bottle-necks encountered by Dutch companies in the relevant top sectors willing to trade with and invest in the Kenyan agricultural and agro-processing sectors. These are 1) to invest in sustainable value chains for produce into the Netherlands and the EU, and 2) to invest in creating a market for Dutch knowledge, goods and investments in the Kenyan agro-food sector.

### Objectives 1 and 2: Increased agricultural productivity and better access to local and international markets

The focus on the value chains chosen in the last MASP will broadly remain, taking into account lessons learned. Whereas nutrition security is not an explicit objective for the embassy programme, the choice of value chains is justified from the perspective of human nutrition. Also, ongoing activities provide a basis for integrating activities under the Amsterdam Initiative for Malnutrition. Activities will be monitored to ensure that environmental impact (e.g. downstream impact of fertilizer and pesticides, siltation) is identified and mitigated. Under horticulture the programme will build on the ongoing innovative business cases linking smallholders to markets (facilitated by Solidaridad, SNV, and HIVOS). The existing seed potato project will continue to have benefits for Dutch exporters, potato producers and ultimately consumers;

In dairy the current Kenya Market Led Dairy Programme (KMDP) will continue into the implementation phase and will remain the basis for integrating various public private partnerships in the Kenyan dairy sector (including with Friesland Campina, the Friesian and other Dutch Dairy Development Partners). Practical skills development will be a specific area of attention.

In aquaculture the work undertaken under the Market Access Programme will continue. The embassy will actively support FoodTechAfrica, bringing a consortium of Dutch companies to the Kenyan market.

#### *New activities*

In horticulture a new programme will be developed to invest in cooperative business development, market access issues, and practical skills development (including Good Agricultural Practice, Integrated Pest Management (IPM) and sustainable use of inputs). This will focus on sustainable production for both local and international value chains and will where possible be connected to regional initiatives (such as on IPM). The programme will link to the seed potato project by promoting potato production as part of a sustainable rotation schedule of horticultural crops. Furthermore, additional attention will be given to the marketing and possible export of (seed) potatoes to neighbouring countries.

In dairy the KMDP will be linked to regional dairy initiatives building on SNV Kenya's strength as a public private partnership facilitator. Opportunities will be explored for further improving the quality of Kenyan livestock e.g. vaccine development and storage of semen using Dutch knowledge and technology.

In aquaculture, the embassy will respond to opportunities unlocked by FoodTechAfrica, which may require action in the area of economic diplomacy or G2G activities.

A new area of attention cutting across value chains is the issue of food spillage and post-harvest losses (including food crops, dairy, poultry and red meat). Following analysis, activities will be

developed and where appropriate make use of Netherlands technology and know-how to reduce these losses. Business development instruments will provide opportunities to support such activities.

### Objective 3: Improved business climate

Regulatory issues are being dealt with by IFC, with a specific focus on agri-business. Anti-corruption is supported through Transparency International.

In agri-finance, the embassy supports Finance for Agriculture (F4A) a PPP with Dutch companies Financial Access and Scope Insight, Kenyan banks and partners in other embassy programmes.

#### *New activities*

To address the need to invest in sustainable value chains and the market for Dutch expertise, goods and investments, agricultural entrepreneurship has been chosen as a new focus area. This is based on lessons learned under the previous MASP. The aim in this area is to invest in the missing middle between semi-subsistence farmers – who are loath to invest in the adoption of new technologies – and large scale plantations, often owned or managed by foreigners. To this end a project will be started with the Equity Group Foundation. Also an innovative project will be developed to unlock the potential of farms owned by absentee farmers.

To further enhance the enabling business environment, policy dialogue with relevant government agencies and ministries will be intensified: it will be considered to set up a regular bilateral high level coordination meeting as of 2014 focussing on both trade and development issues in the area of agriculture/food security. This will provide extra opportunities for dialogue on issues related to the enabling environment include tax and trade policies. The development of a G2G project, focussing on improving the business environment for specific areas (flower, seed and livestock production) will be explored. Also, the Double Taxation Agreement under negotiation may provide entry points for G2G activities in the area of tax and customs administration.

### Objective 4: Expanded Dutch trade and investments

Trade and investment enquiries from Dutch and Kenyan companies in the agricultural area will be responded to using the most up to date information and systems; the number of enquiries is expected to increase in the coming years. All bottlenecks to doing business raised by Dutch companies will be dealt with through our economic diplomacy when they affect the level playing field. Further activities to enhance Dutch trade and investment include activities related to Holland Branding for instance through various trade fairs (where the focus will go beyond the established flower sector, but also take in other subsectors such as dairy, livestock, aquaculture). Traditional and social media will be employed to further promote Dutch agribusiness activities in Kenya.

The embassy will continue to look for synergies between its business promotion work and available financial instruments. This needs an integrated approach to the various instruments the Netherlands government has at its disposal, such as ORIO, DGGF, FMO, and CBI. This also involves engagement with centrally funded programmes such as 2Scale, TMEA and others.

Priorities in the area of economic diplomacy will be informed by the priorities and bottlenecks formulated by the relevant top sectors. Where appropriate, regional cooperation/coordination will be supported in the areas of logistics, financing, agriculture and livestock/dairy.

The agriculture and food security programme will not take a specific geographical focus, but rather support activities with commercial agricultural potential. The environmental portfolio supporting sustainable livelihoods in arid and semi-arid (ASAL) areas (objective 5 of the former MASP) is being phased out, in line with the decision to discontinue the environmental budget. Through the Market Access Programme commercial farming and livestock keeping in ASALs will be promoted. The centrally funded 2Scale and ICRAF programmes will also support food security and climate resilience in the ASAL areas.

Gender will be an important attention point through-out the programme. Balanced representation of men and women in the governance of projects (as per the constitution) and among beneficiaries is required. Specific targeting of women to ensure access to agricultural inputs, training, markets, and credit is included in activities and will be monitored by gender disaggregated reporting. The food security programme will invest in the economic sustainability and commercial resilience of Kenyan farming systems. This, combined with climate smart activities will enable Kenyan farmers to better respond to external shocks including climate change and weather related disasters. The contribution of food security activities to climate change adaptation will be assessed and reported in accordance

with the policy markers. Governance is an important point of emphasis. This will be addressed through economic diplomacy complementary to projects, as well as the advocacy role of project partners. Corporate Social and Environmental Responsibility is an important topic for dialogue with the private sector. Activities will be assessed on their social, economic and ecological sustainability.

#### *Risks, mitigating measures and modality mix*

In order to mitigate political-economic risks and strive for economic sustainability, the programme aims to employ a private sector development approach and will prefer public private partnerships, involving Dutch and Kenyan private partners – both for profit and not for profit. The embassy's contribution will in all cases be a limited public investment with the aim of leveraging either private investments or investments from international funds and financial institution. This approach will allow a gradual phasing out between 2017 and 2020.

In order to increase acceptability and sustainability of activities, Kenyan institutes and authorities will be more actively informed about ongoing projects than previously.

G2G projects might be considered, when there is mutual interest from Dutch line-ministries or agencies and their Kenyan counterparts, though Kenyan government institutes will not be considered as direct contract partners.

Corruption in the implementation of all programmes will be a risk explicitly addressed in the assessment. Partners need to have a clear and credible anti-corruption policy in place and programmes will be intensively monitored.

## **Water and environment**

In water, the embassy will continue to integrate trade and development cooperation by building on the programme started under the previous MASP. Three objectives will be pursued:

### Objective 1: To improve sustainable development and management of water resources

Support to the two river basins (Lake Naivasha basin and Mara River basin) will be continued. Goal is to have water management plans in 2017 that are operational and funded sustainably. The plans involve private sector, public entities and communities and will improve water quantity and water quality to users, contributing to economic development, food security and sustained biodiversity within the basins. It also will ensure that stakeholders in the basin will be resilient to the effects of climate change. Water and sanitation facilities in the basins will be improved. Dutch actors will contribute significantly to the outcome.

As mentioned above, the environmental programme in ASAL areas that also targets this objective will be phased out in 2015.

*New activity:* In the period 2014-2017 a new activity will be identified and funded that aims to increase water efficiency in agriculture (more crop per drop) or industry, strengthening the link with the food security objectives 1, 2 and 4. The activity will seek co-investment from beneficiaries and bring in Dutch expertise.

### Objective 2: To improve and promote sustainable/affordable access to safe water and sanitation

The UNICEF WASH project will not be extended and will close in the course of 2014; by then the project will have provided access to safe water to 720.000 persons and acceptable sanitation to 1.25 million people in rural areas in Kenya, including the ASAL areas. The ongoing water operation partnerships (WOPs) between Kenyan and Dutch water utilities will be continued until 2017 and will ensure financially sustainable water utilities in at least two counties, viz. Naivasha and Mombasa.

*New activities:* In the period 2014-2017 the Embassy will establish a facility with the objective to develop new forms of financing and cooperation in water that go beyond traditional Public-Private Partnerships. The facility aims to include innovative financing, such as guarantees and venture capital and thus create financing opportunities through 'financial engineering'. The facility does not intend to provide investments, but will finance the preparatory work on project engineering and financial engineering and generate investments by third parties. The facility may in part be linked to the Dasuda PIB initiative on urban development and will facilitate and seek investment by Dutch water actors. The facility ideally runs from 2015-2019 with a budget of about €2 million per year. Links with similar programmes by the IFIs, such as e.g. the World Bank's Kenya Water Security and Climate Resilience, will be actively sought.

### Objective 3: Facilitating bilateral investments in the water sector

The embassy will continue to actively promote involvement of Dutch water expertise (government, private sector, knowledge institutes and civil society) in providing solutions for Kenya's water sector problems, including innovative financial solutions through the facility established under water objective 2. The embassy will actively broker partnerships and linkages between Kenyan and Dutch business and know-how.

With regards to large investments in the water sector currently envisaged by the IFIs, the embassy will actively pursue a level playing field for Dutch water sector actors when competing for projects. Special attention will be given to possibilities in the framework of the top sector Water, which has identified the maritime subsector as a high potential field.

The embassy will actively monitor and, where possible, create synergy with centrally funded programmes, such as: ORIO, PSI, Sustainable Water Fund, MFS2 schemes in the water sector, Partners for Water, IDH and regional programmes on water and food security. The embassy will also monitor progress of activities of Dutch water sector knowledge institutes, such as NCEA (commissie MER), Deltares, ITC/ TU Twente, IVM/ VUA, Africa Study Centre/Radboud University and others. Dutch water expertise is highly valued and stronger links between knowledge institutes will contribute to the broad relationship the Netherlands is aiming at. NICHE will be used to achieve this.

Gender will be a key principle for all objectives. By insisting on gender disaggregated reporting, this will be monitored. The new initiative on urban WASH under objective 2 will focus specifically on sanitation and women in slums. With regards to climate, the activities under objective 1 will contribute to increased resilience and climate change adaptation of local populations, mainly by insuring improved access to productive and domestic uses of water for all stakeholders. The activities will also lessen the effects of climate change. The contribution of water and environment activities to climate change adaptation will be assessed and reported in accordance with the policy markers.

All initiatives under the water spearhead aim at strengthening governance mechanisms. This is achieved by strengthening government agencies in water (objective 1, 2), improving local and national regulations (objective 1 and through policy dialogue) and improving sustainable financing mechanisms (all objectives).

#### *Risks, mitigating measures and modalities*

A major risk in this sector is that gains made as a result of reforms since 2002, might be lost due to the devolution process. This may affect water resources management as well as water services and could lead to a significant reduction in investment by government, donors and private sector in the sector, endangering possibilities for trade and economic cooperation. This risk will be mitigated by continuing a pro-active policy dialogue, mainly through the joint donor-government sector working group for water. If needed also bilateral G2G dialogue will be initiated. The policy dialogue will seek to safeguard gains made in the reforms and initiate further reforms allowing more private investment in the water sector. The water sector reform agenda will have to be cemented in the new Water Act and revised Water Services Regulations.

To counter the risk of misuse of funds in programmes, the preferred modality is to fund partnerships of public, private and NGO partners that have a credible anti-corruption policy in place. Intensive monitoring by the embassy is another risk mitigating measure.

### **Transitional support for other sectors**

Other sectors offer promising opportunities in the area of trade and investment that at the same time will contribute to (the enabling environment for) poverty reduction and inclusive growth. A first inventory has been made on the basis of received trade and investment inquiries, consultations with the Dutch Business Group in Kenya, the interest expressed by the top sectors and the profile of companies participating in the trade mission with minister Ploumen of October 2013. It shows that (maritime) infrastructure and logistics, energy, urban planning, vocational training, health and SME financing are sectors that hold (further) potential for Dutch companies in Kenya.

#### *Infrastructure and logistics*

The Port of Mombasa and the related transport corridor are essential not only for Kenya, but also Uganda, Rwanda and South-Sudan. Through Trade Mark East Africa, the Netherlands is investing in addressing bottlenecks and expanding the capacity and efficiency of this hub. This provides opportunities for Dutch investments or the provision of services. Other opportunities may in the longer term lie in development of the port of Lamu and the related transport corridor.



### *Energy*

The discoveries of oil in Turkana and gas along the coast may equally offer opportunities; a regional approach/platform may be considered as other countries in the region have discovered oil as well. The price and the shortage of energy currently are great bottlenecks for economic development. Investments in renewable energy are promising as is shown by the € 600 million Lake Turkana Wind-power Project, initiated by Dutch entrepreneurs, supported by economic diplomacy, partially funded through FMO, and potentially taxpayers and private investors (through Triodos).

### *Others*

A Partners in International Business-project will bring a consortium of companies with expertise in urban spatial planning to Kenya. In view of devolution and new regulations on public private partnerships, this could develop real opportunities, as well as cater to a real need.

In health there are ORET and ORIO projects both under implementation and in development. This makes the Netherlands a major investor in this sector. Based on a successful trade mission in 2012, the top sector Life Sciences has identified Kenya as a promising market. Similar investments and opportunities exist in the area of vocational training.

SME financing is a growing sector in Kenya, currently nine private investment facilities (with Dutch partners and capital) are active in this area in Kenya. The Dutch Good Growth Facility will add to this market. Capacity building of SMEs seems an area where public funds could complement these facilities, beyond the investments in agricultural entrepreneurship under the food security programme.

With more capacity in the economic and commercial field, the embassy could deepen the knowledge of these sectors and build strong networks. The embassy therefore proposes to use (part of) 2014 as an inception year to further develop an approach for these sectors (and other areas that might offer interesting opportunities but currently are out of the embassy's scope). This would include an analysis of the bottlenecks and concrete opportunities in sectors as well as research and networking to identify the interests and needs among the Dutch business community in the Netherlands.

On the basis of the analysis, strategies will be formulated for several sectors that would address necessary economic diplomacy measures (building up of networks within specific Kenyan institutions/ministries for example) and the use of (standard or tailor-made) business instruments. The feasibility of a private/public Dutch Business Hub would also be assessed in the coming year as an overall tool to facilitate transition from aid to trade.

The interim output for inception year 2014 could be formulation of at least three sector strategies to position Dutch companies on the basis of studies implemented for each sector, including a results chain for trade and development cooperation. This however can only be achieved if extra capacity will be made available for the embassy, as well as a budget for tailor made instruments to support the transition.

## **CHAPTER 5: OTHER INSTRUMENTS OF FOREIGN POLICY**

The strategic interests of the Netherlands in Kenya and the region are not only being served by the instruments of development cooperation and economic diplomacy. Given Kenya's economic development and the presence of Dutch investors, its interconnectedness with Somalia (shared border, hosting around 500.000 refugees, military involvement), the resulting terrorist threat and Kenya's function as a logistical hub for Central and East Africa with negative side effects for illegal migration and criminality, the involvement of the Dutch government has increased in the past years. Several other ministries and agencies contribute actively to the Dutch strategic agenda in Kenya (and Somalia), notably the Ministries of Economic Affairs; of Defence, of Security and Justice; of the Interior and Kingdom Relations, and the Immigration and Naturalisation Service. These ministries are represented by attachés at the embassy.

The embassy will continue its integral approach with different instruments of foreign policy. In chapters 2 and 3 the contributions of attachés have been included. Those of the agricultural counsellor form an integral part of the Agriculture and Food Security agenda. Focus areas for the activities of the other ministries in the coming years are described below.

The Royal Netherland Navy's role in the region is significant including counter-piracy operations in the Somali Basin and Indian Ocean. As operations at sea have been largely successful, it seems opportune to take the operations to the next level and contribute to capacity building in Somalia. Development efforts of the Netherlands for Somalia will focus on maritime security in a broad sense (see the MASP for the Horn of Africa).

To contribute to stabilization and state-building of the war torn country capacity building and reforming the Somali security sector through EU programmes (EUTM and EUCAP Nestor) will also be supported.

Countries in East-Africa are increasingly active in peace support operations in and outside their region. The Netherlands supports a number of initiatives and activities to support this regional effort. Through enhanced contributions of the Africa Contingency Operations Training and Assistance (ACOTA) programme the Netherlands directly contributes to peace-keeping missions such as AMISOM and UNAMID. Options for support to the International Peace Support Training Centre in Nairobi are being considered. This institute is an AU Centre of Excellence in East Africa.

As far as Kenya is concerned, enhanced bilateral military cooperation is not foreseen. Nevertheless the Netherlands could support capacity building in the Kenyan Defense Forces (KDF) in niche capacities, such as support to knowledge institutes in Kenya. A pilot programme seeks to support the KDF knowledge institutes.

In line with the Dutch migration policy, the focus of the Immigration Liaison Officer (ILO) at the embassy will be on prevention of illegal migration, on curbing abuse of legal procedures and, on behalf of the Repatriation and Departure Service (RDS), on facilitation of voluntary and forced repatriation both to the region and to Kenya. His activities will include capacity building projects for the Immigration services in the East and Central African region (Somalia, Ethiopia, Sudan, Uganda, Tanzania, Rwanda, Burundi, Democratic Republic of Congo and Kenya).

For Kenya the ILO will continue to advise airline companies and the consular section of the embassy. Furthermore, specific projects for capacity building within the Kenya Immigration Services will be implemented. One of them is the rebuilding of the Kenyan Fraud Detection Laboratory. Also foreseen is a document examination course for selected Kenya Immigration officers and a twinning project between IND/RDS and the Kenya Immigration Services.

The ILO and Police Liaison posted at the embassy will closely cooperate on the issue of repatriation of Somali nationals to Mogadishu; the ILO is involved in voluntary repatriation of Somali nationals and the police liaison in cases of forced repatriation of Somalis.

Cooperation with Kenya and other countries in the region on fighting cross border crime (drugs, terrorism, human trafficking and financial crime) between continues to be relevant. The security situation in Kenya and the ongoing threat of terrorist attacks by Al Shabab on Kenyan soil will be

subject of monitoring, also in relation to the large Dutch community in Kenya, business interests, as well as tourists and other visitors.

#### Consular Affairs

Due to the growing business ties and other reasons for travel (including ICC related), the number of visa applications has grown by more than 20% yearly over the last two years. This trend is expected to continue. In the course of 2014 the consular back office will be transferred to the Regional Support Office in Pretoria as part of the accelerated regionalisation efforts.

The number of consular assistance cases has risen substantially over the last few years, partly as a result of high crime in Nairobi. Some are linked to Somalia: forced-marriage and 're-education' cases. The Embassy continues to play an active role in the review of the applicants for family reunification with Somali refugees in the Netherlands.

The embassy will continue its proactive approach in informing Dutch visitors and residents about potential security risks through its website (travel advice) and social media.

The Police Liaison and ILO will continue to use their network and knowledge to assist in consular work.

#### Sports/Culture/Public Diplomacy

Historic ties between sports organisations and professionals in the Netherlands and Kenya have evolved into various forms of cooperation. The Netherlands government supports some of these through the Kenya Sports for Development Partnership, which takes sports as an entry point for reconciliation and conflict prevention activities. Similarly, the embassy supports activities that combine sports with activities relevant to our development programme, both at the grassroots level (empowering girls and young women, in relation to their SRHR) and at the national level (promoting accountable sports governance).

To a limited extent the embassy will continue to engage on culture, both to disseminate a social message, as well as engaging with arts for the sake of the arts. Where possible, the sports and culture programme will also serve as a public diplomacy tool.

A Public Diplomacy (PD) strategy will be used to strengthen the image of the Netherlands as an investor rather than a donor. The strategy will build on positive perceptions of Dutch business in horticulture and sports. Social media (Twitter, FB) will be used for PD as well as for information to the Dutch community, residents and visitors alike.

## **CHAPTER 6: SOMALIA, SEYCHELLES AND THE UN IN NAIROBI**

### *Somalia*

Somalia falls under the new MASP for the Horn of Africa; both MASPs have been formulated jointly given the close link that exists between Somalia and Kenya. The embassy will be responsible for the delegated budget for Somalia in an efficient and effective way. The embassy hosts several regional attachés that are accredited to Somalia as well. Their regional activities were highlighted in the previous chapter. Synergies between the two MASPs shall be further exploited during implementation.

### *Seychelles*

In addition to consular services, cooperation with the Government of the Seychelles in the fight against piracy (interfering in the business cycle/financing of piracy, pre-trial detention and prosecution of piracy suspects and trials) will continue to be pursued.

### *UNEP and UN Habitat*

The Rio+20 Conference in 2012 decided, among other things, that UNEP will be strengthened and upgraded. As a result, it matters more what UNEP does and hence the organisation merits closer scrutiny from its member states. Minister Ploumen, in a letter to Parliament of 1 October 2013, underlined UNEP's importance. The main objective for the Permanent Mission (PM), as part of the embassy, is to ensure that concerns and interests of various stakeholders in the Netherlands, notably the Ministries of Foreign Affairs, of Infrastructure and Environment and of Economic Affairs are well represented. Dutch businesses and NGOs also take interest in the work of UNEP, like the work on 'green economy'. The PM plays an important role in collecting information within UNEP that can feed into policy formulation on issues of specific concern to the Netherlands.

In addition to this, from a development cooperation perspective, the PM promotes that UNEP implements its mandate effectively and efficiently. The Netherlands continues to be one of UNEP's main donors. There are many synergies between the work of UNEP and three of the focus areas of our development policy, notably security & rule of law, water and food security as well as the cross-cutting issue of climate change. Moreover, the PM promotes general multilateral policy principles within UNEP, including the need for better interagency cooperation and adequate Netherlands representation (candidatures).

Objectives for and expectations from UNEP are, like for other UN agencies, documented in the annually updated 'framework instruction' of the Ministry of Foreign Affairs. Of special strategic importance will be the role of UNEP and the environment in the post-2015 agenda. The PM will focus on synergy with and between the Multilateral Environmental Agreements; on operationalization of the Green Economy concept; on environmental financing; and on UNEP's country level delivery.

UN Habitat: the need for clear choices and the need to reduce fragmentation of Dutch support is still valid, which make it less obvious for the Netherlands to resume funding of UN Habitat any time soon. In the coming years, urbanisation is expected to become a more prominent international issue, culminating in Habitat III, a major international meeting planned for 2016, at which an appropriate Netherlands presence would be likely. The PM will continue to act as a broker for interested parties in the Netherlands.

## CHAPTER 7: Financial implications

Financial ODA implications 2014-2017 in € (budget-code, description of the policy area)

Budget 2014-2017		
1.3	Stronger private sector and better investment climate in developing countries	16.000.000
2.1	Improved food security	16.048.000
2.2	Improvements in water management, drinking water and sanitation	26.000.000
2.3	Sustainable use of natural resources, combating climate change, increasing population's resilience to unavoidable climate change in developing countries	9.660.000
3.1	Sexual and reproductive health and rights for all; stopping the spread of HIV/AIDS	1.500.000
4.3	Developing the rule of law, reconstruction, peacebuilding, strengthening the legitimacy of democratic structures and combating corruption	8.000.000
<b>Total</b>		<b>77.208.000</b>