



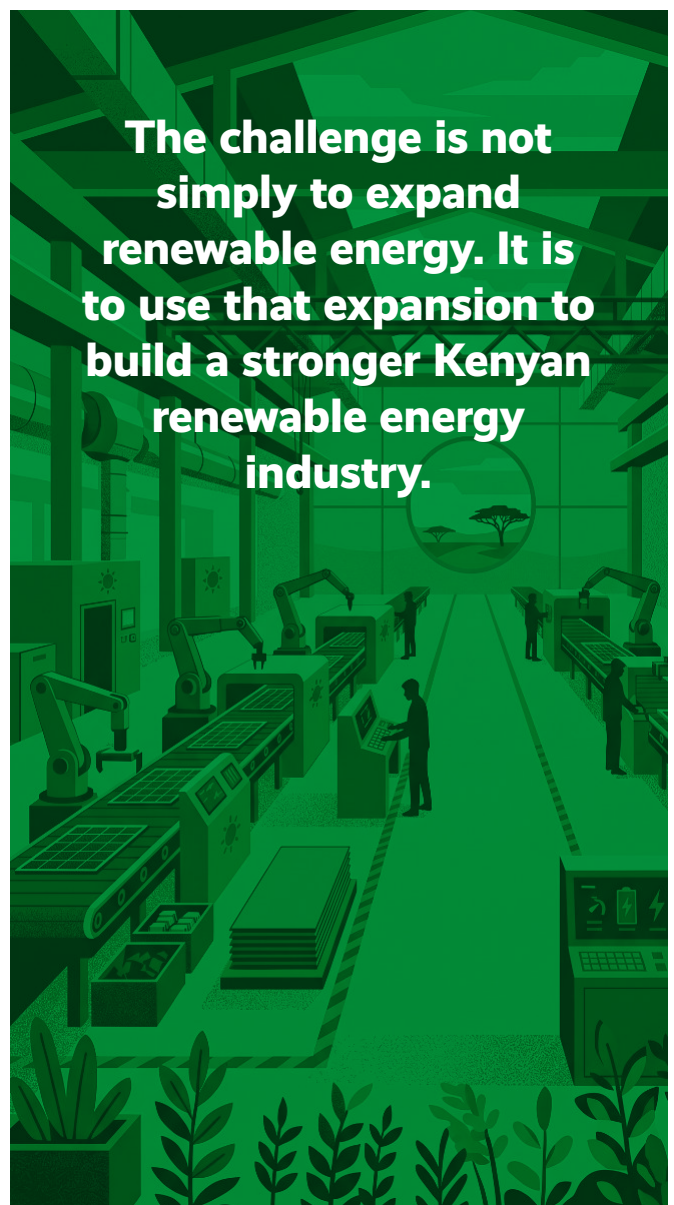
Institute For Economic Justice Renewable Energy Localisation Factsheet



BUILDING RENEWABLE ENERGY MANUFACTURING THROUGH KENYA'S COUNTIES

In Brief

- ✓ Kenya gets 81% of its electricity from renewable sources,¹ but most renewable energy technologies and components are still imported.
- ✓ Local firms remain concentrated in distribution, installation, maintenance, and lower-value assembly, with limited participation in higher-value manufacturing.
- ✓ Local firms struggle to move into manufacturing because they lack both the resources and the capabilities to expand.
- ✓ A county-led strategy could use renewable energy demand to build domestic manufacturing rather than deepen dependence on imports.



This factsheet is based on The African Centre for Technology Studies (ACTS) research under the Just Energy Transition (JET) project and the accompanying policy brief.²

Renewable energy growth is not building local industry

Kenya's renewable energy sector is growing rapidly, but domestic manufacturing has not kept pace.³ Most technologies and components are imported, so much of the economic benefit from renewable energy investment, including manufacturing and skilled jobs, goes elsewhere.

Counties with high renewable energy potential therefore capture relatively little industrial value. Women and young people are especially likely to miss out on higher-value manufacturing opportunities.

Closing this gap is now a national priority. Growing renewable energy investment creates a time-sensitive opportunity to build local industries; without targeted localisation policies, counties will continue to miss out.

What the firm-level evidence shows

A 2026 ACTS survey of five solar, wind, and related firms shows how limited local manufacturing remains.⁴



Three were concentrated in low-skill assembly or basic materials.



Only one was involved in manufacturing and assembly of final products, and one in design, research, and development.



Four said existing policies were largely ineffective in supporting their businesses.



Two sourced less than a quarter of their key inputs locally.

While not a representative sample, these responses corroborate other findings.

What is holding localisation back?

- 01 The first obstacle is practical:** manufacturing SMMEs struggle to finance expansion, and many lack the industrial facilities needed to produce at scale.
- 02 The second is capability:** firms face shortages of specialised skills and have limited access to the technologies and know-how needed to move into higher-value activities.
- 03 The third is institutional:** Kenya already has policy commitments on renewable energy and broader industrialisation, but no dedicated local-content instrument. Existing local-content provisions are weakly implemented, and national and county institutions do not collaborate to connect renewable energy deployment to industrial development.

Broad consultation in Kenya found strong support for localisation and highlighted the same barriers as the firm survey.

Local-content rules are not enough on their own

International experience shows that local-content requirements can help build domestic manufacturing, but only when they are backed by finance, technology transfer, supplier development, skills, and strong institutions. Clear enforcement also matters.

A firm's position in a value chain depends not on policy intent alone but also on how lead firms organise production, whether local suppliers have the skills and capacity required, and how easily production requirements can be standardised.

South Africa, Morocco, Ghana, and India have all been cited as examples indicating that renewable energy investment can support domestic manufacturing when governments link deployment to industrial development. Predictable policy, support for local firms, and enforcement are essential.

The Local Content Bill creates a new opportunity

The Local Content Bill, 2025⁵ is currently (as of March 2026) before Parliament's Departmental Committee on Trade, Industry and Cooperatives. It would require foreign-owned firms across sectors, including energy, to

source at least

60%

of goods and services
from Kenyan firms.



help local suppliers meet international standards through technology transfer and capacity-building.



For renewable energy, this could open opportunities in areas such as foundation construction, tower assembly, and component fabrication. Monitoring and enforcement would be through a national Local Content Compliance Office.

But the Bill fails to define a role for county governments, leaving unresolved how county-led manufacturing clusters would connect to national monitoring and enforcement.

Factsheet 3, Making Kenya's energy transition work at county level, explains in more detail why a formal national-county coordination system is needed to connect county plans, budgets, implementation, and accountability.

A county-led localisation strategy

Our central recommendation is a county-led localisation strategy that uses Kenya's devolved system to build renewable energy assembly and manufacturing capacity across counties.



At the centre of the strategy would be county manufacturing clusters where firms can share infrastructure, develop supplier relationships, and build production capabilities. Local-content rules would provide a more predictable market.



SMMEs would need active support to move beyond installation and basic assembly. The clusters must also connect to national policy, so that county industrial development and national renewable energy procurement reinforce each other.

This strategy brings the other measures together. National hubs could achieve economies of scale but would concentrate benefits in a few regions. Private investment will be essential, but relying on it alone would provide weak incentives for localisation and SMME participation.

What needs to change?



Create county renewable energy manufacturing clusters: embed localisation targets in County Integrated Development Plans, county industrial strategies, and procurement frameworks. The Lake Turkana experience shows that local jobs and contracts do not automatically produce local ownership or fair benefit-sharing, so the strategy should include both.



Strengthen local content and SMME competitiveness: phase in local-content requirements for publicly funded projects, while giving SMMEs the finance and technical support needed to respond to that demand.



Build skills and transfer technology: use partnerships between training institutions, research bodies, government, and industry to develop the manufacturing capabilities local firms actually need.



Coordinate national and county policy: create a formal mechanism that makes county

plans part of national renewable energy and industrial policy, with clear responsibility for monitoring progress.

The choice facing Kenya

PATH 1

Kenya can continue expanding renewable energy while importing most technologies and components. That would increase clean energy supply but would fail to capture much of the transition's industrial value.

PATH 2

Or it can use renewable energy investment deliberately to build domestic manufacturing and spread industrial opportunities across the counties.

The result of taking the second path would be stronger local industries, more skilled jobs, and greater economic benefits for communities across the country.

Endnotes

1. Energy and Petroleum Regulatory Authority (EPRA). 2026. [Biannual Energy and Petroleum Statistics Report 2025/2026](#). Nairobi, Kenya: EPRA.
2. Kemunto, F., Onyango, J., Magale, E., and Andega, J. 2026. *Localising renewable energy value chains: County-level pathways to spur renewable energy assembly and manufacturing in Kenya*. Advancing a Just Energy Transition: Localisation, Decent Work, and Sustainable Livelihoods Series. Johannesburg, South Africa: Institute for Economic Justice.

3. Fields, N., Ryves, D., Yeganyan, R., Cannone, C., Tan, N., and Howells, M. 2023. '[Evidence-based policymaking: Insights and recommendations for the implementation of clean energy transition pathways for Kenya's power sector](#)'. *Energies*, 16(23), article 7904.
4. Kemunto, F., Andega, J., and Magale, E. 2026. *Kenya JET firm survey report: Just energy transition: Localisation of renewable energy manufacturing, SMME capability development, and gender equity*. Advancing a Just Energy Transition: Localisation, Decent Work, and Sustainable Livelihoods Series. Johannesburg, South Africa: Institute for Economic Justice.
5. Republic of Kenya. 2025. [The Local Content Bill, 2025](#). Nairobi, Kenya: National Assembly of Kenya.

