



Institute For Economic Justice Renewable Energy Localisation Factsheet



FINANCING RENEWABLE ENERGY MANUFACTURING IN KENYA

In Brief

- ✓ Kenya's renewable energy market is growing, but most high-value components are imported.
- ✓ Commercial loans are too costly, short-term, and collateral-intensive for manufacturing SMMEs.
- ✓ Patient finance offers longer-term concessional loans, grace periods, guarantees, equipment finance, and targeted grants.
- ✓ Finance must be combined with technical support to help firms meet standards and build skills.
- ✓ Firms must have equitable access to reliable markets.

Kenya is investing heavily in renewable energy. Will that investment also build domestic productive capacity?



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.¹

Renewable energy is expanding — but local manufacturing remains limited

81%

Renewables share of Kenya's grid electricity in 2025²



48 280

Direct jobs supported by decentralised renewables (2021)



African renewable-energy demand is expected to grow the fastest globally up to 2050.

Yet Kenyan opportunities remain concentrated in downstream, lower-value activities, including installation, maintenance, repair, and basic assembly. Meanwhile, most advanced components are manufactured abroad.

So renewable energy growth has not produced local manufacturing.³

Conventional finance does not fit manufacturing

Kenyan manufacturers depend heavily for finance on their own funds and commercial-bank debt. But manufacturing requires large upfront investment and long working-capital cycles.

The high interest rates, short repayment periods, collateral requirements, and risk aversion of commercial finance are not suitable. They prevent capable firms from upgrading.

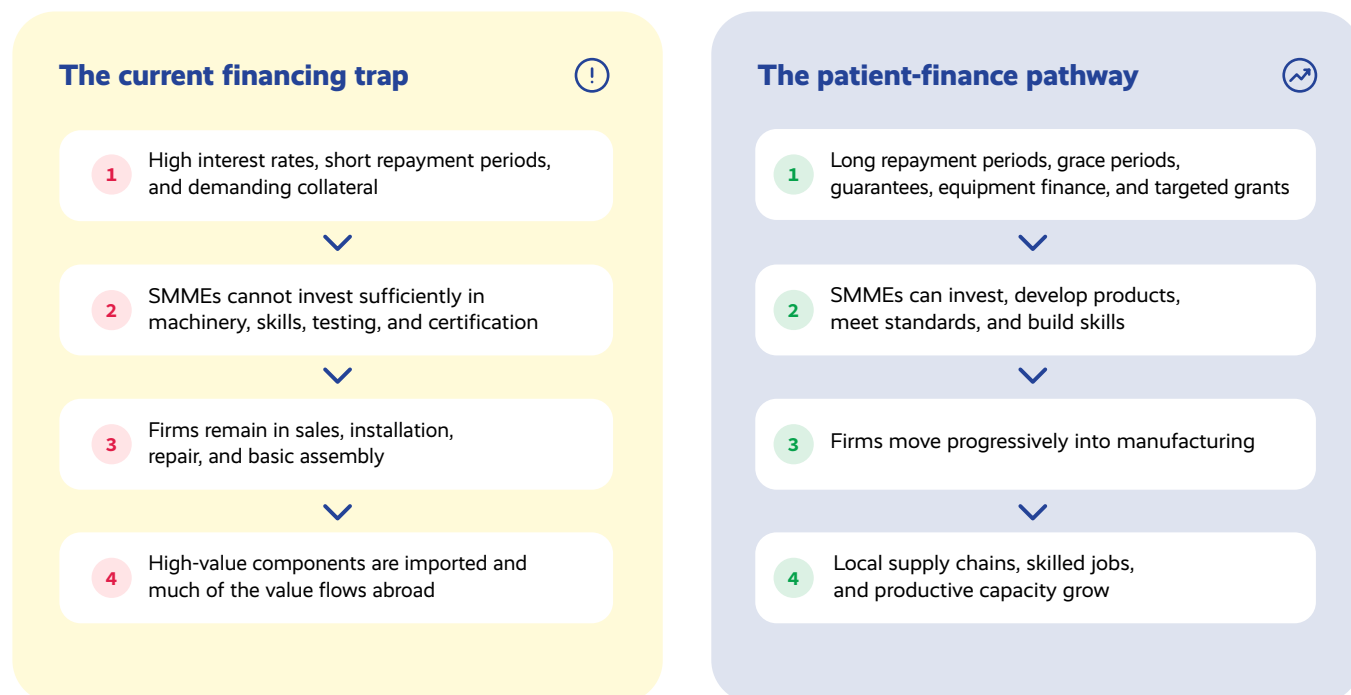
Larger and foreign-owned firms are better placed to obtain capital and secure contracts.

Kenya has measures supporting localisation but no coordinated pathway combining affordable long-term capital, equipment and working-capital finance, guarantees, certification support, and reliable markets.

Manufacturing firms need finance that is patient.⁴

The role of patient capital

From a financing trap to a manufacturing pathway



Patient capital could come from pension funds, development finance institutions, climate funds, banks, and other institutional investors. Public resources can reduce risk through guarantees, absorbing initial losses, diversification, and technical assistance.

**€8
BILLION**

**Wind-manufacturing investment
expected to be supported in 2025**

Unlocked by €500 million in
European Investment Bank
(EIB) guarantees to
participating banks.



Initial support should target components Kenya can feasibly manufacture,⁵ such as mounting structures, frames, enclosures, cables, and batteries.

Finance alone is not enough

Finance must be combined with production, research, skills, testing, and certification support;⁶ equipment and working-capital finance; and reliable markets.

Access must be widened: Coastal firms reported the greatest exclusion from financial assistance, while Central Kenyan firms are closer to the capital city Nairobi, and thus closer to finance, markets, and national agencies. Eligibility and outreach should take account of firm size, location, ownership, and gender.⁷

South Africa's Atlantis Special Economic Zone and Morocco's Noor Ouarzazate programme show the value of this combined approach.

What are the policy options?

Recommended: establish a patient-finance and enterprise-upgrading facility combining

concessional loans, guarantees, equipment finance, and targeted grants with certification, skills, procurement, and technical support.

There are three weaker alternatives:



The status quo: leaves unsuitable loans unchanged.



General concessional credit line: leaves collateral and non-financial barriers unchanged.



Grants alone: cannot fund major equipment or recurring working capital.



Connect industrial support:

Kenya Industrial Research and Development Institute (KIRDI) should support production; Kenya Bureau of Standards (KEBS), certification; National Industrial Training Authority (NITA) and Technical and Vocational Education and Training (TVET) institutions, training; and public agencies, procurement



Ensure equitable, accountable access: the facility should simplify applications, conduct regional outreach, support proposal preparation, and report on beneficiaries by firm size, ownership, gender, and location.

What needs to change?



Establish a dedicated patient-finance facility: the Treasury and relevant ministries should design it within 12 months and pilot it within 18 months.



Tailor financing to SMME needs: the facility should offer lower rates, longer repayment and grace periods, lighter collateral, equipment finance, and targeted grants.

The choice facing Kenya

PATH 1

Kenya can continue importing most renewable-energy equipment, leaving local firms in low-margin activities and value flowing abroad.

PATH 2

Or patient finance and public procurement can build Kenyan manufacturing, supply chains, and skilled jobs.

A just energy transition should not only increase renewable energy supply. It should also build Kenya's productive capacity.

Endnotes

1. Andega, J., Magale, E., Kemunto, F., and Onyango, J. 2026. *Financing Kenya's renewable energy manufacturing ambition: Unlocking patient capital for local SMMEs*. Advancing a Just Energy Transition: Localisation, Decent Work, and Sustainable Livelihoods Series. Johannesburg, South Africa: Institute for Economic Justice.
2. Energy and Petroleum Regulatory Authority (EPRA). 2026. [Biannual energy and petroleum statistics report 2025/2026](#). Nairobi, Kenya: EPRA.
3. Andega, J., Achieng, G., Onyango, J., and Magale, E. 2026. [Kenya solar and wind manufacturing in the renewable energy transition: Global production networks and local realities](#); 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*; Onyango, J., Owano, S., and Andega, J. 2026. Firm-level dynamics, employment quality, and inclusive growth in the solar and wind energy sector in Kenya. All published in the Advancing a Just Energy Transition: Localisation, Decent Work, and Sustainable Livelihoods Series. Johannesburg, South Africa: Institute for Economic Justice.
4. Kemunto et al. (2026).
5. [Andega et al. \(2026\)](#); Achieng, G. F., Onyango, J., Magale, E., and Atieno, E. 2026. [Just energy transition: Kenya renewable energy policy scan](#). Advancing a Just Energy Transition: Localisation, Decent Work, and Sustainable Livelihoods Series. Johannesburg, South Africa: Institute for Economic Justice.
6. Kemunto et al. (2026).
7. [Andega et al. \(2026\)](#).
8. Lan, T., and Lin, B. 2026. '[Managing resilient renewable supply chains: Based on the information of patient capital in post-subsidy China](#)'. *Journal of Global Information Management*, 34(1), pp. 1–24; and Li, Y., Huang, X., and Luo, H. 2025. '[Patient capital and green total factor productivity: Evidence from Chinese listed companies](#)'. *PLOS ONE*, 20(9), article e0331262.

