



Institute For Economic Justice POLICY BRIEF



STRENGTHENING POLICY COHERENCE FOR KENYA'S JUST ENERGY TRANSITION: ALIGNING NATIONAL AMBITION WITH COUNTY-LEVEL IMPLEMENTATION

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Executive summary

Kenya has established a comprehensive renewable energy policy framework through the Energy Act 2019, the Integrated National Energy Plan (INEP) Regulations 2025 and the Kenya National Energy Compact 2025–2030 (the Compact). However, weak coordination between national and county governments limits implementation of County Energy Plans (CEPs) and their integration into county planning and budgeting, constraining progress towards Kenya's just energy transition.

Research by the African Centre for Technology Studies (ACTS) under the just energy transition (JET) project identifies significant weaknesses in

policy implementation, coordination, and domestic supply-chain integration. The early 2026 JET firm-level survey of five renewable energy firms found that four firms considered existing policies ineffective in supporting local manufacturers, the same number reported that policies favoured imported finished products over domestic manufacturing, and two sourced less than 25% of their key inputs locally. These findings are reinforced by the *National Policy Dialogue on Advancing a Just Energy Transition in Kenya*. Together with the Draft National Energy Policy (2025–2034), this evidence supports stronger intergovernmental coordination, accountability and integration of renewable energy priorities into county planning and budgeting.

This policy brief examines why a comprehensive legal framework has not yet translated into consistent county-level implementation, and sets out how stronger national–county coordination can close that gap. We make the following recommendations:

- Formalise an intergovernmental coordination framework, jointly led by the Ministry of Energy and Petroleum and the Council of Governors.
- Issue national implementation guidelines requiring County Energy Plans to be integrated into County Annual Development Plans (CADPs) and county budgets.
- Strengthen county capacity and accountability through technical

training, standardised planning templates, digital planning tools, and a national monitoring and reporting framework.

The single reform on which the other two depend is the coordination framework itself: without a binding mechanism linking the Ministry of Energy and Petroleum and the Council of Governors, national implementation guidelines and county capacity investments will continue to operate in parallel rather than in concert, and CEPs will remain weakly connected to the budgets that could fund them.

1. Introduction

Kenya's 2010 Constitution devolved energy planning responsibilities to 47 county governments, and the Energy Act 2019 gave this legal effect by requiring each county to prepare a County Energy Plan (CEP) for integration into the national Integrated National Energy Plan (INEP). More than a decade into devolution, however, recent research shows that this transfer of responsibility has not been matched by a transfer of capability. Fields et al. developed county-resolution energy demand models for all 47 counties and found that, while multi-level governance dialogues between national and county planners are becoming more frequent, most counties still lack the data, modelling tools, and institutional routines needed to translate national renewable energy targets into county-specific plans.¹ This leaves national and county planning processes only loosely coupled in practice.

This is consistent with earlier findings that Kenya's devolved electrification governance remains fragmented, with national-level actors continuing to plan and implement most energy investment despite the formal devolution of authority.² The coordination gap examined in this brief is therefore not a temporary

implementation lag but a structural feature of how devolved energy governance has been operationalised to date — one that recent, county-resolution evidence suggests is becoming more, not less, visible as county-level demand and investment grow.

The remainder of this policy brief is structured in four sections. Section 2 sets out Kenya's renewable energy policy framework and the coordination gap in more detail. Section 3 reviews firm-level, policy-dialogue and comparative evidence on the coordination gap. Section 4 examines the policy options available for strengthening coordination. Section 5 sets out recommendations for closing the gap between national ambition and county-level delivery.

2. The Energy Act 2019, the INEP Regulations 2025, and Kenya's national–county coordination gap

Kenya has established a comprehensive legal and policy framework to support renewable energy through the Energy Act 2019, the INEP Regulations 2025, and the Kenya National Energy Compact 2025–2030 (the Compact). The Energy Act requires all 47 county governments to prepare CEPs for integration into the INEP and established the Renewable Energy Resource Advisory Committee (RERAC) to provide technical advice to counties. The Compact further commits government to operationalising the INEP framework to strengthen governance and intergovernmental coordination.

Despite these provisions, coordination between national and county governments remains inconsistent, limiting the alignment of CEPs with County Annual Development Plans (CADPs), county budgets, and renewable energy implementation. This is a priority because implementation of the Compact is at an early stage, creating a timely opportunity to institutionalise effective coordination before current practices become entrenched.

The coordination gap affects all 47 county governments, particularly those with limited technical capacity and financial resources and without dedicated energy departments. Renewable energy firms face an uncertain policy environment that constrains investment, local manufacturing, and supplier development, while communities — especially in underserved and marginalised counties — experience slower access to the economic opportunities associated with the renewable energy transition. The African Centre for Technology Studies (ACTS) conducted research through dialogues, firm-level surveys, and case-study analysis; this showed that fragmented coordination limits localisation, decent work, and inclusive participation in renewable energy value chains, reducing opportunities for local enterprises, women, and young people to benefit from the transition.

This coordination gap has taken on new urgency with the Local Content Bill, 2025, published in November 2025 and now before Parliament's Departmental Committee on Trade, Industry and Cooperatives, which would require foreign-owned firms operating in Kenya — including in the energy sector — to source at least 60% of goods and services from Kenyan firms.³ Enforcement would depend on a proposed Local Content Compliance Office. However, county governments have no formal role in monitoring or reporting on compliance within their jurisdictions. Without the national–county coordination mechanism recommended in this brief, county governments risk being unable to translate this significant new national-level instrument into local monitoring, enforcement, or economic opportunity.

The Draft National Energy Policy (2025–2034) identifies inadequate consultation between national and county governments, weak county institutional capacity, insufficient financing, limited technical expertise, and the absence of clear mechanisms to guide devolved energy functions as major barriers to integrated energy planning. ACTS research arrives at similar findings: weak institutional coordination and inconsistent policy implementation constrain the integration of CEPs into county planning and budgeting processes, limiting renewable energy investment, localisation and domestic value addition.⁴ The most critical gaps are the absence of a formal

intergovernmental coordination framework, weak reporting and accountability systems, and the lack of mandatory alignment between CEPs, CADPs, and county budgets.

Without stronger national–county coordination, CEPs will continue to have limited influence on planning, budgeting, and investment decisions, resulting in fragmented implementation across counties.⁵ Economically, this will slow renewable energy deployment, discourage private investment, increase reliance on imported technologies, and reduce opportunities for local enterprise development and decent job creation. Socially, underserved and marginalised counties will continue to experience unequal access to renewable energy infrastructure and its economic benefits, while women and young people will face fewer opportunities to participate in emerging value chains. Over the long term, weak coordination and accountability will undermine investor confidence, reduce the efficiency of public spending, entrench regional inequalities, and weaken Kenya's ability to meet its renewable energy, climate, and just energy transition commitments.

3. Firm-level, policy-dialogue, and comparative evidence on the coordination gap

Our research found that weak policy implementation, fragmented institutional coordination, continued import dependence, and limited domestic manufacturing capacity are constraining the localisation of renewable energy value chains. The firm-level survey, conducted in January–February 2026 and covering five renewable energy firms, found that four of the surveyed firms considered existing policies ineffective in supporting local manufacturers, while four also reported that existing industrial and energy policies favoured imported finished products over domestic manufacturing. Two of the firms sourced less than 25% of their key inputs locally, indicating weak domestic supply-chain integration; firms also identified finance constraints, skills shortages, policy

inconsistency, and technology gaps as significant barriers to growth.⁶ Because the sample was small, these findings should be read as indicative of the experiences of surveyed firms rather than representative of the entire sector.

The 2025 National Policy Dialogue, which brought together stakeholders from government, industry, labour, academia, and civil society, identified weak policy implementation and enforcement, fragmented institutional coordination, import dependence, and limited domestic manufacturing capacity as key barriers to localising renewable energy value chains, alongside gaps in skills alignment.⁷

Together, these findings support the brief's central argument: Kenya's challenge is not primarily the formulation of national renewable energy and just-transition policy, but its coordinated implementation and translation into county-level planning, budgeting, and local economic development. This is consistent with the wider literature: Newell and Phillips find that Kenya's broader energy-sector reforms have been shaped more by how well new arrangements serve existing political and institutional interests than by formal policy design itself.⁸ This reinforces the case for a binding coordination mechanism rather than further guidance documents.

International experience shows that renewable energy transitions are more effective when national targets are linked to sub-national implementation through clear institutional roles, coordinated planning, predictable financing, and accountability mechanisms.⁹

- South Africa's Renewable Energy Independent Power Producer Procurement Programme, alongside initiatives such as the Atlantis Special Economic Zone, illustrates how coordinated procurement and industrial policy can support renewable energy deployment, local supplier development, and skills investment.
- Morocco's Noor Ouarzazate Solar Complex similarly demonstrates the value of long-term planning, strong institutional coordination, and targeted public investment.

Kenya-specific research, however, offers a more direct basis for understanding the country’s coordination challenge. Drawing on a literature review and 24 expert interviews, Volkert and Klagge found that devolved electrification governance remains fragmented and complex, with electrification still largely planned and implemented by national-level actors.¹⁰ The study identifies limited county capability, overlapping responsibilities, weak transparency and information-sharing, accountability challenges, and insufficient local participation as key barriers. It concludes that effective devolved energy governance requires stronger coordination, information-sharing, and capacity-building at decentralised levels.

Stakeholder consultations conducted through the ACTS just energy transition dialogues indicate broad agreement that weak coordination and accountability, rather than the absence of policy, are the main barriers to effective renewable energy implementation. County

officials, affected communities, civil society partners, and energy-sector experts highlighted limited technical capacity, inadequate financing, weak integration of CEPs into budgeting processes, and the need for stronger monitoring and reporting mechanisms.

4. Policy options for a national–county coordination framework

The evidence set out above establishes a clear research-to-policy chain. Firm- and stakeholder-level research shows that Kenya’s binding constraint is coordination and implementation rather than an absence of legislation. This points directly to a formal coordination framework as the key policy response, creating the basis for a more predictable planning and budgeting environment that de-risks renewable energy investment at county level.

Policy option	Key features	Advantages	Disadvantages	Feasibility
Status quo (no change)	Continue implementing existing laws and policies without additional coordination mechanisms.	No additional administrative costs; relies on existing institutions.	Fragmented implementation, weak accountability, and continued misalignment between CEPs, CADPs, and county budgets.	High
Recommended option: formal national–county coordination framework	Adopt a formal coordination mechanism with clear roles, reporting requirements, accountability measures, and implementation guidance.	Improves policy coherence, strengthens accountability, aligns planning and budgeting, and builds on existing legislation without creating new institutions.	Requires political commitment, intergovernmental cooperation, and targeted capacity building.	High

Policy option	Key features	Advantages	Disadvantages	Feasibility
Alternative 1: voluntary national coordination guidelines	Issue non-binding guidelines for county energy planning, reporting, and budget alignment.	Quick to implement and relatively low cost; provides planning direction and standard templates.	Not legally enforceable; implementation may remain inconsistent across counties.	High
Alternative 2: county capacity-building programme	Provide technical training, digital planning tools, and financial support to county energy departments.	Strengthens county technical capacity and improves the quality of planning and reporting.	Does not by itself resolve coordination and accountability gaps; requires sustained funding.	Medium

The status quo would leave counties with uneven implementation capacity and CEPs weakly connected to budgeting and investment decisions. This would undermine the objectives of the Compact. Voluntary guidelines offer a low-cost improvement and could help standardise planning templates and reporting formats, but because counties would not be required to comply, this approach is unlikely to resolve the accountability and coordination challenges identified by the Draft National Energy Policy and ACTS research.

The recommended option — a formal national–county coordination framework — is the most effective and practical approach. It operationalises existing provisions under the Energy Act 2019 and the INEP Regulations by establishing clear institutional responsibilities, reporting obligations, and alignment procedures for CEPs, CADPs, and county budgets. Because it strengthens existing governance arrangements rather than creating new institutions, it is both administratively feasible and cost-effective, while providing the strongest basis for improved implementation, accountability, and investment confidence.

4. Towards change in policy and practice

5.1 Formalise an intergovernmental co-ordination framework. The Ministry of

5.2 Align county planning and budgeting with national priorities. The Ministry of Energy and Petroleum, working with county governments and the Council of Governors, should issue national implementation guidelines requiring CEPs to be integrated into CADPs and county budgets, supported by technical assistance for counties, planning templates, capacity-building workshops, and digital planning tools.

5.3 Strengthen county capacity and accountability. The Ministry of Energy and Petroleum, county governments, EPRA and RERAC — with development-

partner support — should strengthen county institutional capacity through technical training, knowledge-sharing platforms, and a national monitoring and reporting framework, with measurable performance indicators and annual, publicly reported performance reviews.

These reforms strengthen existing governance and coordination mechanisms rather than creating new institutions, making implementation relatively cost-effective. Initial investment in coordination mechanisms, implementation guidelines, technical assistance, capacity building, and monitoring systems can be integrated into the existing planning and administrative processes of the Ministry of Energy and Petroleum and county governments, while yielding a more predictable environment for renewable energy investment, reduced duplication of planning processes, and a more inclusive just energy transition.

Endnotes

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