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Green finance Kenya 2025 roundtable

Scaling Kenya's green economy: Accelerating sustainable investments for a resilient future

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2nd September 2025

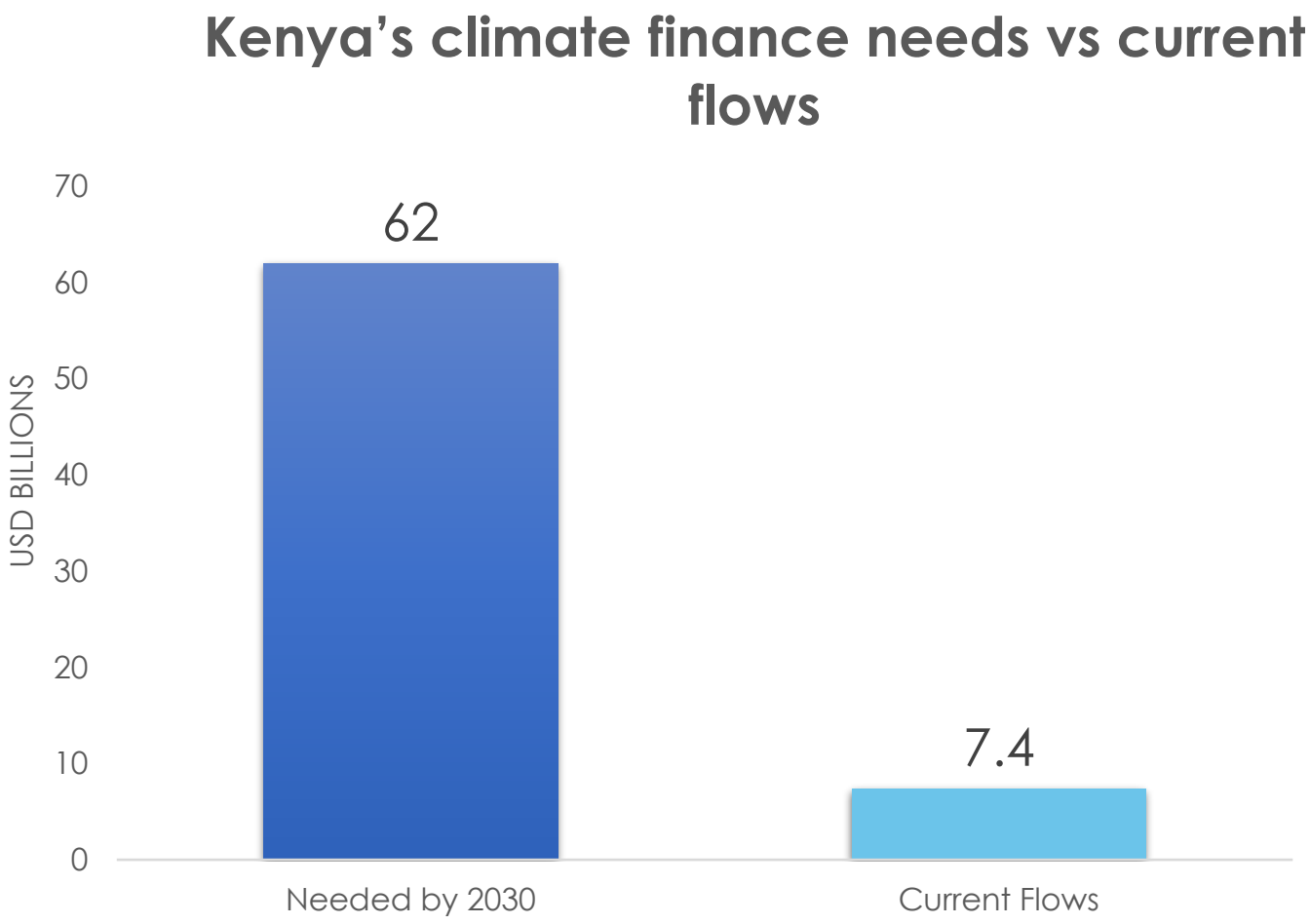
FSD Kenya

- Financial Sector Deepening Kenya (FSD Kenya) is an independent trust dedicated to the achievement of a **financial system that delivers value for a green and inclusive digital economy while improving financial health and capability for women and micro and small enterprises (MSEs)**.

- FSD Kenya works closely with the public sector, the financial services industry, and other partners to develop financial solutions that better address the real-world challenges that low-income households, micro and small enterprises, and underserved groups such as women and youth face.

- FSD Kenya has a Green Finance Project dedicated to supporting the development of a **green finance ecosystem** and a greener real economy that is resilient to climatic and other environmental shocks, resource efficient and generates green investment, employment, and income generation opportunities for low-income Kenyans.

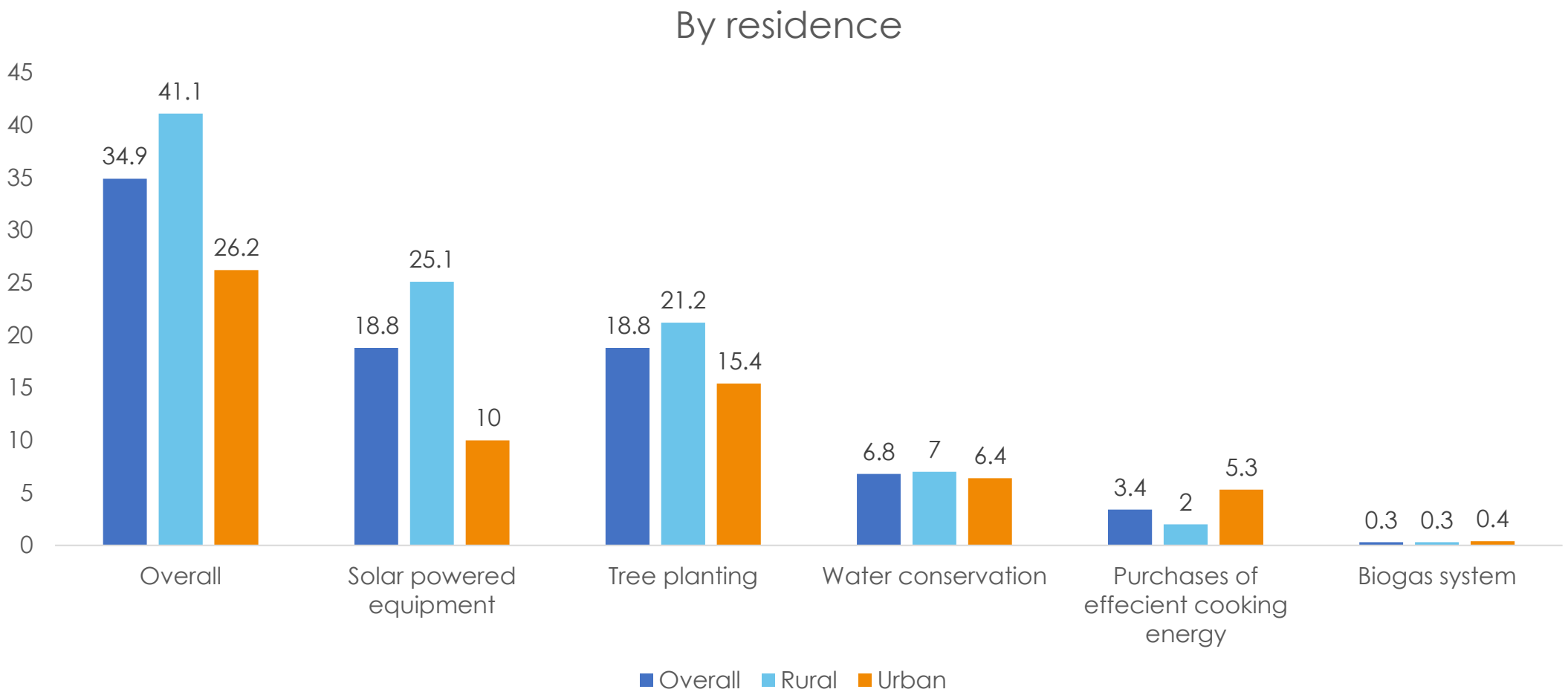
Why does green finance matter



There is a current gap of about **USD 55B** in green financing for Kenya

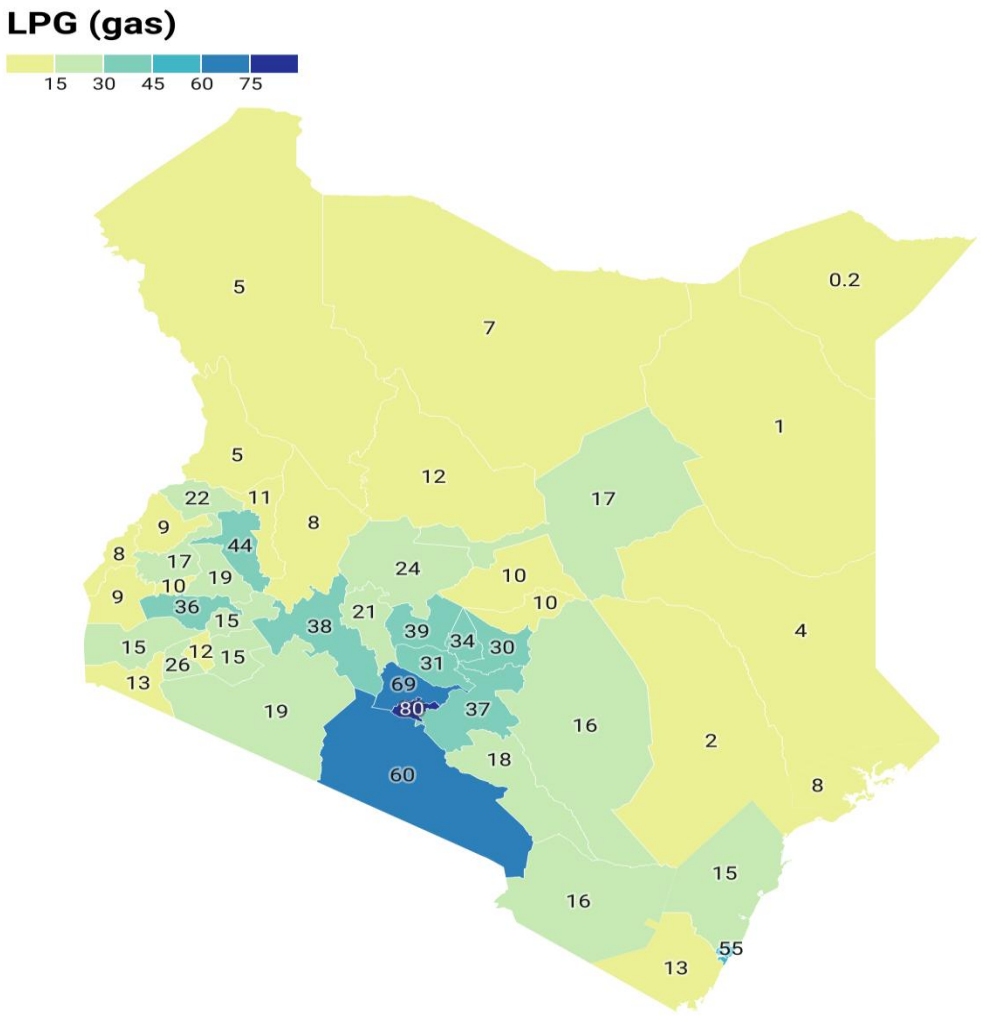
Analysis based on the updated Nationally Determined Contributions (NDCs), IMF assessment & World Bank reports of green finance in Kenya

Climate investments in Kenya by residence



FinAccess 2024
Population=28, 072,864; *Rural population = 16,416,851, Urban population= 11,725,218;*
Solar powered equipment = 5,280,787; Tree planting = 5,264,857; Water conservation = 1,900,445; Purchases of efficient cooking = 946,536; Biogas system =92,490

Most Kenyan households, still rely on firewood for cooking, highlighting the need for green finance to expand access to clean cooking energy



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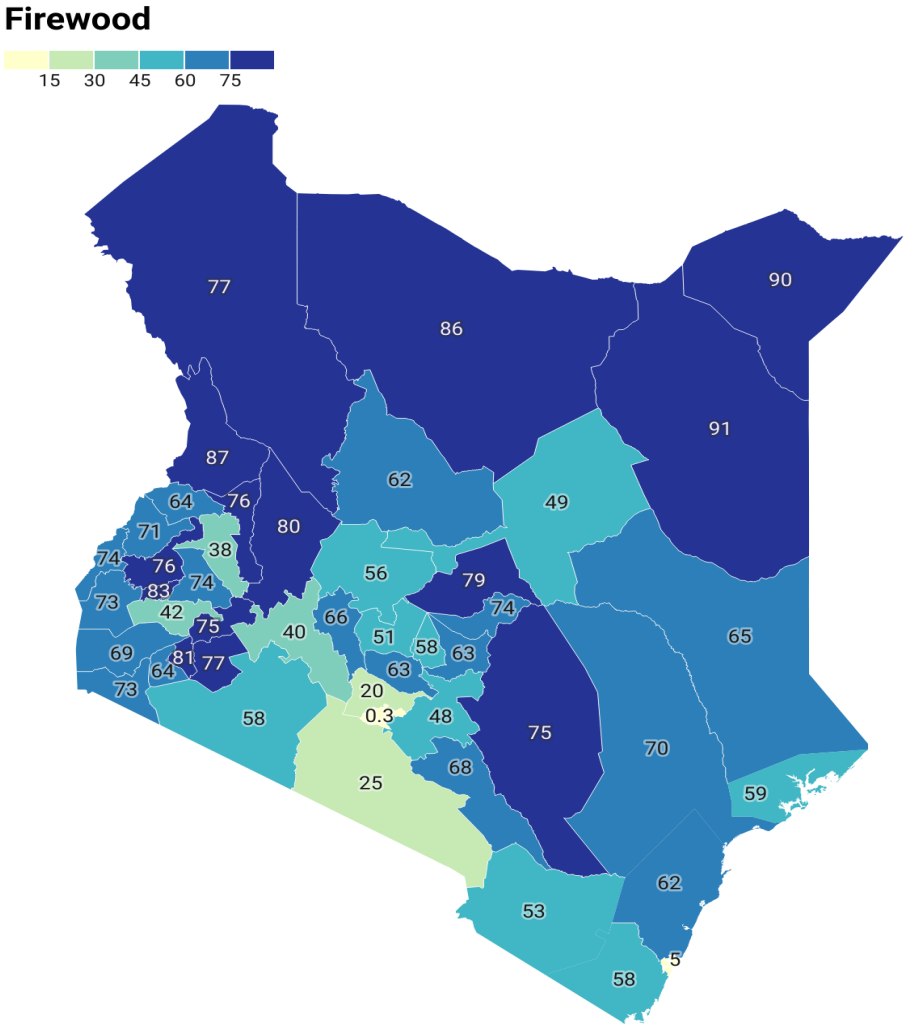

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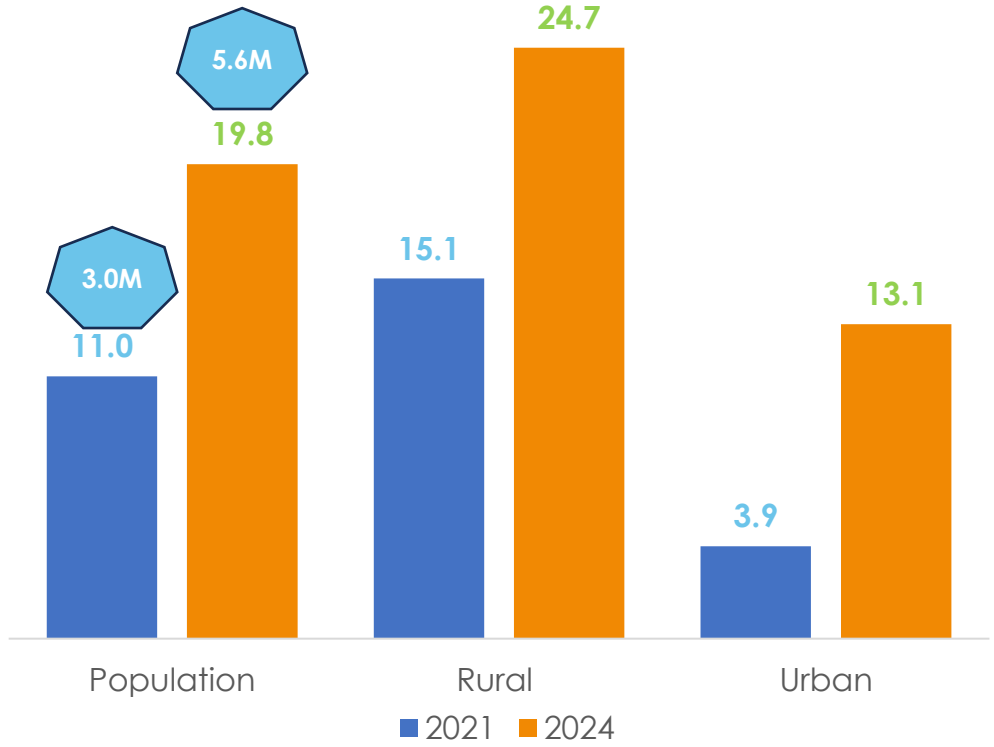
Kenyans experiencing climate related shocks in 2024 almost doubled since 2021

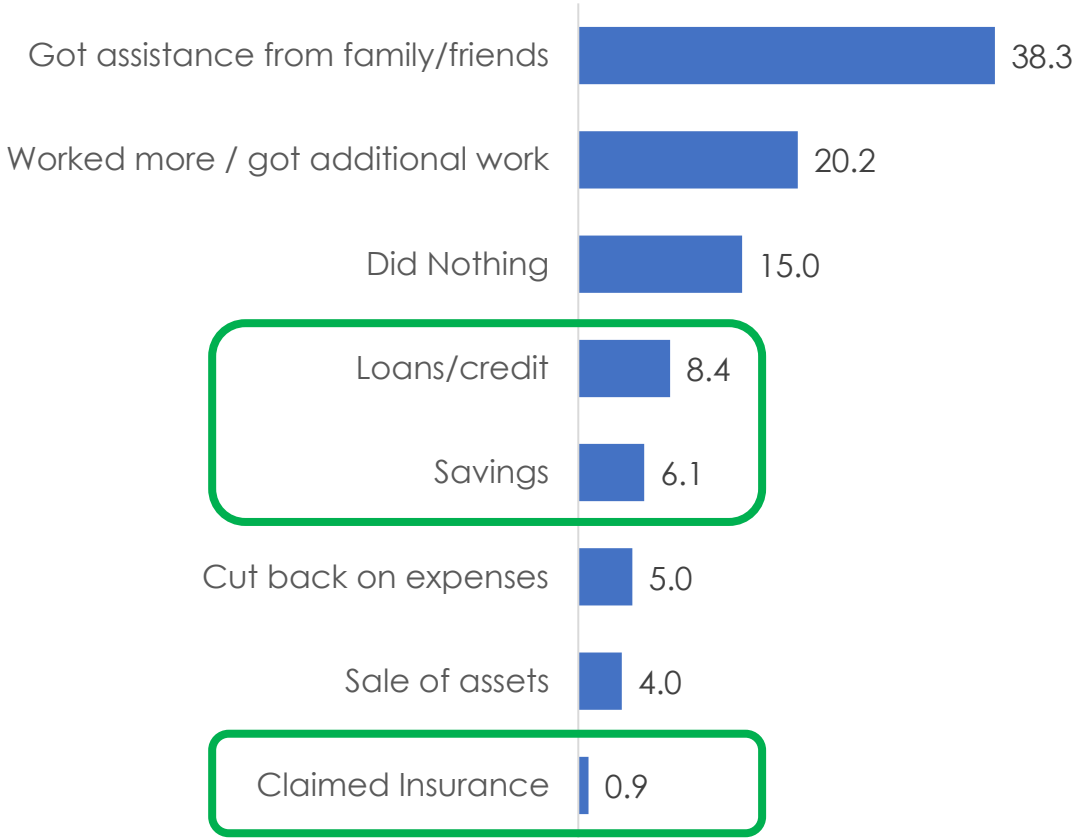
What is the role of finance in mitigating & dealing with these shocks?

% of population that experienced climate related shocks*



*Climate related shocks include; drought, high rainfall, flooding, pests and diseases

How they dealt with climate related shocks (2024)



Base population 18+:
Total population 2024 = 28,142,069; Rural = 16,290,978; Urban = 11,851,090
Total population 2021 = 17,330,221; Rural = 16,290,978; Urban = 9,977,457

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FSD Kenya approach to green finance

Three main pillars

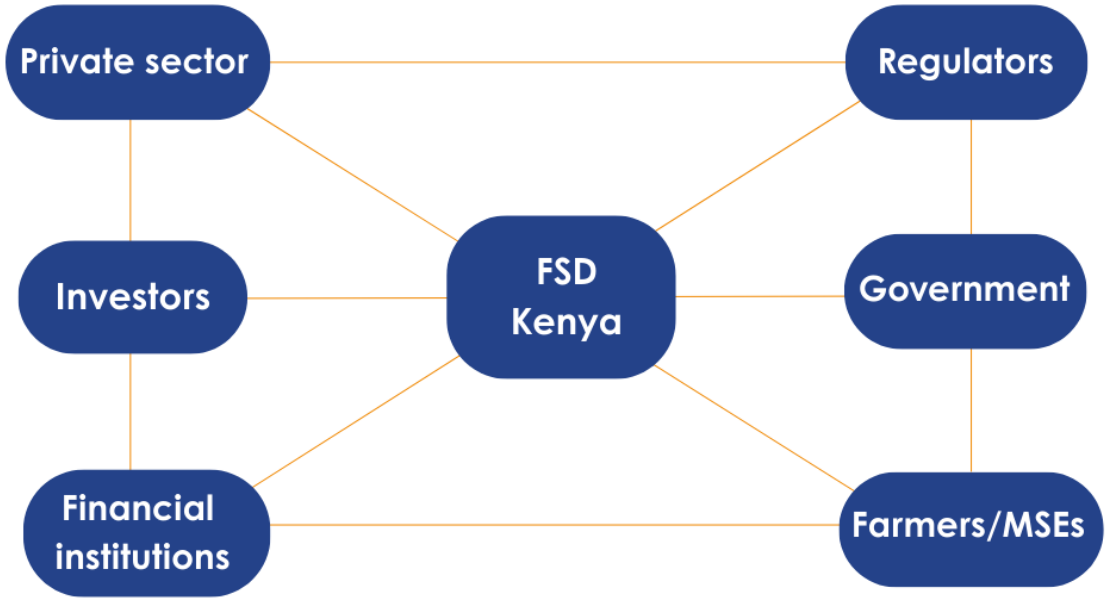
Policy, regulation & public sector engagement

Market driven engagement

Knowledge, data, research & thought leadership

Policy, regulation & public sector engagement

Collaborating with regulators and both National and County Governments to create an enabling environment and establish a clear pathway for financial investment in green projects



Sample project:
County green preparation facility that's looking into addressing gaps in the financial architecture that prevents green projects with strong commercial viability from aligning with the financing requirements of the green finance market.

Nanyuki Bulk water project

Nanyuki Bulk Water Project: Economic, social & resilience impacts

Partnership between **Laikipia County Government and the Nanyuki Water and Sewerage Company (NAWASCO)**

Transformative **$50 m investment** in a dam on the Likii Central River with a capacity of **47 million cubic meters**, a water treatment plant, **50 km** of distribution mains and storage tanks to secure water for **23,000 households**, farmers, & businesses. 85,000 people will gain access to safe, reliable water.

Next step: updated feasibility studies, Environmental and Social Impact Assessments (ESIAs), and financial models.

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County Green preparation facility Opportunities

Agriculture food baskets

Dominant & productive agriculture sector with a highly rural population

Climate resilient agriculture, water resource management, green agri- processing facilities

ASAL ecosystems with high renewable energy potential

Water strained counties vulnerable to perennial drought but hold high solar & wind energy potential.

Solar & wind energy generation, ecosystem rehabilitation

Cities & urban centres

Vibrant cities with high population densities

Green affordable low-cost housing

Rapidly urbanising counties

Rapid urbanisation where the agriculture sector still dominates, but with strong emerging sectors.

Climate resilient agriculture, ecotourism, water infrastructure development

Private sector engagement

Partnering with financial institutions

Support to FIs for the design and scaling of green finance products **(Partnership with KBA)**

Innovative financial models

Carbon markets pilots
Capital markets instruments
(NSE Sustainability Centre of excellence)

Transparency & accountability

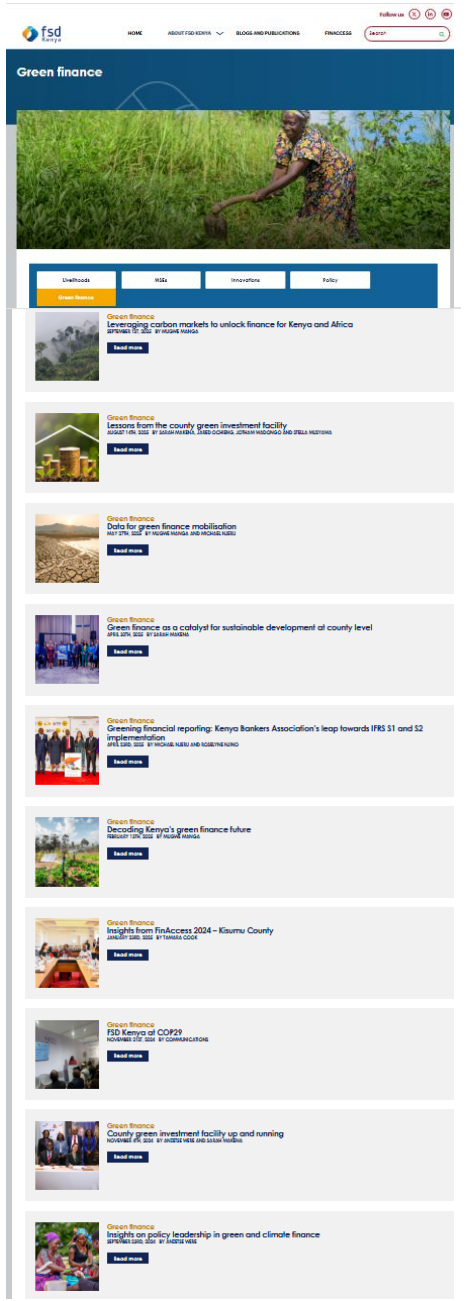
Building capacity for green finance reporting & disclosures. **IFRS S1 & S2**

Knowledge, data, research & thought leadership

Building evidence
- Research on green finance
- Demand-side insights
- FinAccess data integration

Sharing insights
- Publications
- Speaking engagements

Outcomes
- Better decision making
- Informed stakeholders
- Stronger credibility



Creating value through **inclusive finance**

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