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Climate Finance Strategy

Kenya Country Office
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Background: What is climate finance?

Climate finance means different things to different people. For some, it refers primarily to the funds that "developed" countries are supposed to provide "developing" countries under the various agreements that the UNFCCC process has spawned. For others, climate finance primarily refers to energy finance, much of which is private sector-led. Still others focus mainly at the local or sub-national level on the ways that communities can influence funding for community-led climate adaptation. The UNFCCC itself includes all of these ideas under its definition:

Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.[1]

Capacious definitions have value, but they are not always the best starting point for an organization looking to make a dent in the problem of massive global challenges. Because so many things "count" as climate finance, the definition offers little guidance on where an organization should focus to make a difference.

Identifying some meso-level objectives

The goal of an ambitious organization should be to identify objectives that are not too easy to achieve, but also not too difficult. They should be objectives that are unlikely to be realized without additional effort (thus the organization's role), but they should avoid objectives whose achievement requires many others to do work that they may not do and over which the organization has little influence.

This climate finance strategy is focused on IPF's Kenya country work, and its goals are therefore primarily national and subnational in scope. While IPF may also wish to engage in global climate discussions, this is not the Kenya office's principal focus in general and should not dominate its approach to climate finance either. However, if the Kenya team builds a credible national profile on climate finance work, this will also support any future efforts to engage in regional and international debates.

[1] See https://unfccc.int/topics/introduction-to-climate-finance

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With this in mind, we propose the following four objectives for IPF's Kenya-focused climate finance work over the next three years:

1. **Create a constituency for climate change policy and finance among a small, but well-organized and credible group of civil society organizations and citizens in Kenya.**
2. **Ensure that the relative share of climate finance allocated for climate adaptation continues to grow and is executed with enhanced transparency and oversight.**
3. **Kenya is able to finance, through both public and private investment, a fully green energy economy, while expanding clean energy access to the energy poor (who currently rely on dirtier fuels).**
4. **Counties have more consistent, integrated, transparent and effective funding for climate change adaptation, and communities participate actively in prioritizing the use of that funding.**

These objectives are explained and justified further below.

A deeper look at our objectives

1. **Create a constituency for climate change policy and finance among a small, but well-organized and credible group of civil society organizations and citizens in Kenya.** This constituency will regularly speak out on climate policy and try to hold the government to account for climate finance. There are currently at best a smattering of civil society organizations/think tanks that engage in climate policy in Kenya, and none that systematically track Kenya's climate finance.[2] Fixing this requires a mix of analysis, public education, better communications/framing of the links between climate finance and other issues (e.g., disasters), and mobilization.

Why this objective:

The 2024 launch of the joint IPF-Bajeti Hub paper, Budget Adaptation? on climate adaptation financing in Kenya revealed that there are few organizations with a consistent interest in following climate policy or finance. Broadly, while there are environmental

[2] Confirm the status of the TI Kenya climate finance tool.

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organizations in Kenya, such as the Greenbelt Movement, these bodies are mainly oriented toward projects, rather than focused on policy or budgets.

In Africa as a whole, climate change awareness remains low: recent Afrobarometer data suggests just 60 percent of Africans are aware of climate change. In Kenya, the figure is just above the regional average at 62 percent. Of those who are aware of climate change regionally, a majority recognize that it is making life worse, and a plurality assign more responsibility for limiting climate change to their governments than to the international community.[3] These figures suggest both that there is a need for greater awareness and understanding of climate change, and also that there is potential for more civic engagement to hold governments to account for climate policy.

Environmental concerns have often been considered "rich world" problems, perhaps because these concerns only became politically salient in the West in the 1970s, after more than a century of economic development. On this view, concerns about environmental degradation are a luxury poorer countries and populations cannot afford.

While there are no doubt serious trade-offs here, environmental damage and climate change can directly undermine development. Environmental consciousness also arose directly and independently in poorer countries in the 1970s: Wangari Maathai started the Greenbelt Movement in 1977. The Chipko movement, from which the term "tree-huggers" derives, also dates to the 1970s in rural India.

In fact, there is good evidence of an "environmentalism of the poor" dating back much further, to conflicts over the control of forests and land in the nineteenth century.[4] Many environmental scourges, such as air pollution, affect the poorest the most: WHO data shows that virtually the entire world lives in areas with significant air pollution.[5] Data published in The Lancet last year showed that nearly 18 percent of all deaths in India were attributable to air pollution.[6] The figure for Kenya (as of 2017) is around 7 percent.[7]

Climate change may not be understood as a major problem because it is not easy to see or understand. But to the extent that climate change is understood to be closely related to other public concerns, such as disaster management, agriculture performance, or

[3] https://www.afrobarometer.org/articles/earth-day-africans-say-climate-change-is-making-life-worse-believe-their-governments-and-rich-countries-bear-responsibility-for-reducing-its-impact/
[4] Silpa Satheesh, "Environmental movements in the Global South," in Karen Bell, ed., *Diversity and Inclusion in Environmentalism*, Routledge: London, 2021.
[5] https://www.who.int/health-topics/air-pollution#tab=tab_1
[6] https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(2030298-9/fulltext
[7] https://www.stateofglobalair.org/sites/default/files/2019-08/soga_fact_sheet_kenya.pdf

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health, then citizens may be more likely to engage with it. Little effort has been made to address the way climate change is framed in Kenya, however, leaving open opportunities for IPF.

Without more demand side pressure, the Government of Kenya is unlikely to invest heavily in climate change. While the current administration has been vocal about climate change, our analysis suggests that, at least on climate adaptation, Kenya is not reaching its targets.[8] It is true, as President Ruto has said in the past, that rich countries need to do more to support low- and middle-income countries to address climate change, but without strong domestic action, aid from richer countries will still not be enough to address the climate crisis, nor is it likely to be used effectively.[9] Without stronger domestic pressure from outside of government, however, we should not expect stronger domestic action.

Our strategy seeks to build a small network of organizations that work on climate policy and budgets. We will carry out analysis, and identify individuals and organizations at county and national level with an interest in climate finance. Where appropriate, staff from such organizations may also participate in TARIFA's climate financing course (under development). By providing them with research findings that are framed around core citizen concerns (such as access to services and protection from natural disasters), but also working with them to develop additional analysis, we will grow the field of climate finance in Kenya. We will work closely with our communications team to ensure that this analysis reaches a wider audience and helps shift the terms of debate about climate in Kenya. Among the core audiences for this work in government, we will target the National Treasury Climate Finance Unit, and the Parliamentary Committee on Environment, Forestry and Mining.

2. **Ensure that the relative share of climate finance allocated for climate adaptation continues to grow and is executed with enhanced transparency and oversight.** In recent years, the Government of Kenya (GOK) has recognized the importance of shifting the balance of finance from mitigation to adaptation. The Climate Policy Institute's joint landscaping exercise with the National Treasury in 2021 noted that nearly 80 percent of climate finance went to

[8] Budget Adaptation?

[9] The Africa Climate Summit, hosted in Nairobi and led by President Ruto, focused more on international action than domestic. See: https://media.africaclimatesummit.org/Final+declaration+1709-English.pdf?request-content-type=%22application/ force-download

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mitigation, rather than adaptation.[10] Kenya is a highly climate vulnerable country (rank 135 of 187 countries, where 187 is the most vulnerable), but contributes comparatively little to overall global emissions.[11] Moreover, the current energy mix in Kenya is already fairly clean: 90 percent comes from clean sources.[12] This does not obviate the need for mitigation, particularly as the economy grows, but it does suggest the need for a more balanced approach that puts more emphasis on adaptation.

Greater focus on adaptation also means homing in on financing for issues like disaster management, climate-resistant agriculture, and health that are also areas that are amenable to broader public interest in climate finance.

Why this objective:

The need to refocus Kenya's climate finance was reflected by a strong commitment to adaptation in the country's second (2020) NDC: the NDC estimated adaptation needs at just over 70% of the total, with the remainder for mitigation. That would nearly reverse the relative shares that the CPI report found in 2021, noted above (using 2018 data). In spite of these promises, however, it is not clear that the focus really has shifted. More recently, the 2025 NDC evinces a shift back toward mitigation, with adaptation taking just half the 2020-30 share (35%) for the 2031-2035 period, though the share of that adaptation commitment from domestic resources has increased.[13] Even if these numbers do in fact guide investment, our 2024 "Budget Adaptation?" paper showed that it is quite difficult to track budget commitments for climate due to inadequate classification systems. While some attempt has been made to introduce climate tagging in the IFMIS system, this is not yet operational.

Furthermore, Kenya has a plethora of different planning documents related to climate policy, including a National Adaptation Plan, the National Climate Change Action Plan, and the NDC itself. While there are significant overlaps, the actions are somewhat general or vague in many cases (see Table 1). Moreover, the new NDC, which covers

[10] https://www.climatepolicyinitiative.org/publication/the-landscape-of-climate-finance-in-kenya/

[11] On vulnerability, see https://gain-new.crc.nd.edu/ranking/vulnerability. On emissions, EDGAR data shows that Kenya contributed 0.2% of total global emissions in 2023 (based on data from https://edgar.jrc.ec.europa.eu/)

[12] https://climateknowledgeportal.worldbank.org/sites/default/files/2021-05/15724-WB_Kenya%20Country%20Profile-WEB.pdf

[13] The domestic commitment for adaptation rose from 10 to 19 percent between the 2020 and 2025 NDCs.

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2031-35, seems to have very similar activities to the old NDC up to 2030. There is little sense of progressing toward new ambitions. Part of improving budgeting for adaptation is clarifying what the country's adaptation goals actually are or should be, which requires public dialogue that turns vague commitments into practical, funded action.

Table 1: Comparing adaptation policies across key Kenyan documents using examples of agriculture and health

Sector	National Adaptation Plan 2015-30	Nationally Determined Contribution 2020-30	National Climate Change Action Plan 2023-27	NDC 2031-35
Number of Total Areas	13 sectors, 50 programs	13 sectors, 50 programs	8 priority areas	16 areas, 36 programs
Agriculture	"Agriculture"	"Agriculture (crops, livestock, and fisheries"	"Food and Nutrition Security"	Agriculture (crops and livestock)
Agriculture Actions	Long-term: promote climate-smart agriculture (CSA)	Mainstream climate smart agriculture (CSA), improve communications on CSA, build resilience	Enhance uptake of CSA	Implement CSA, increase sustainable access to food, communication systems on agricultural practices
Disaggregation of actions	1. Increase awareness of climate change 2. promotion of drought tolerant traditional	No further breakdown	1. Climate information services at county level 2. Crop insurance 3. Input subsidies 4. Irrigation	No further breakdown

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	high value crops 3. water harvesting 4. index-based weather insurance 5. Improved conservation and integrated soil fertility management		5. Clean energy-powered cold storage 6. Crop diversification 7. Better soil and water management	
Health	Health	Health	Health, Sanitation and Human Settlements	Health
Actions	Integrate climate change into health	Awareness, new programs, reduce malaria	Mainstream climate change into health	Risk assessment, improvement of health programs
Disaggregated	Assessment, awareness, monitoring of new diseases	No further	Management of climate-sensitive diseases, reduce malaria	No further

We will carry out analysis and advocacy that aims to inform such dialogue and push GOK toward more funding for and implementation of climate adaptation policies, working in tandem with organizations supported under the first goal. Through dialogue with stakeholders in government, civil society and the private sector, we will aim to clarify the highest priority adaptation actions and monitor funding for these.

While our focus will be on adaptation broadly, we will consider focusing on actions related to agriculture/forestry and health within that. Agriculture and forestry are Kenya's largest contributors to climate change, so they are areas where there is a need for both

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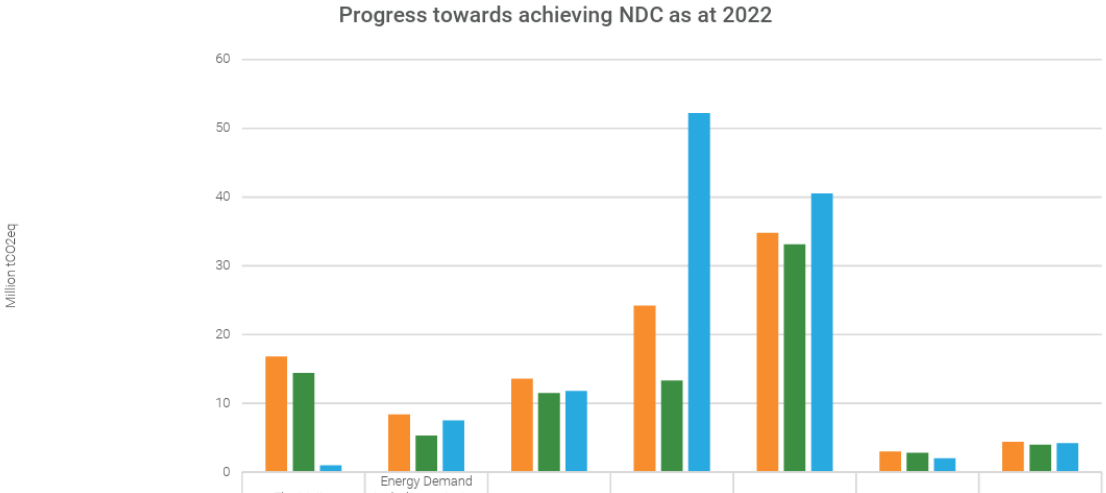
mitigation and adaptation (see Figure 1). IPF already works on health, a sector (including water and sanitation) that is expected to be heavily impacted by climate change. These are also sectors where it is possible to frame climate action as a response to service delivery needs and build larger constituencies for action. Finally, because disaster response is increasingly about responding to climate disasters, and because it is politically important to make clear the links between these two areas, we will also analyse the ways that disaster management is (or is not) aligned to climate finance.

Figure 1: In Kenya, agriculture and forestry are major drivers of emissions



	Electricity Generation	Energy Demand includingemission from charcoal production***	Transport	Forestry	Agriculture***	Waste***	IPPU
Reference emission (MtCO2eq)*	16.8	8.4	13.6	24.2	34.8	3	4.4
NDC target emission (MtCO2eq)*	14.4	5.3	11.5	13.4	33.1	2.8	4
Emission status by sector (MtCO2eq)**	1.0	6.8	11.8	52.3	49.6	2.7	4.2

Figure 9: Summary of the Level of Achievement in Emissions Reduction by 2022 in Six Mitigation Sectors

Source: MTAR 2023–2027.

3. **Kenya is able to finance, through both public and private investment, a fully green energy economy, while expanding clean energy access to the energy poor (who currently rely on dirtier fuels).** As noted, Kenya already obtains 90 percent of its energy from clean sources. However, it targets 100 percent by 2030.[14] Furthermore, as the economy grows, there will be a need to expand energy access. Moreover, many poor people in Kenya still rely on dirty energy, such as charcoal, which contributes to emissions as well as air pollution. Part of building political support for the clean energy transition is to ensure that the

[14] https://www.cif.org/news/project-spotlight-final-stretch-100-clean-power-kenya-leads-learns-and-clears-few-hurdles

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transition is inclusive, and leads to improved energy access for the population as a whole, whether on-grid or off. This objective also takes cognizance of the important role of the private sector in clean energy investment, and aims at supportive public policy for green investment by private actors.

Why this objective:

Kenya has significantly increased electricity distribution in the last decade, with nearly 80% of households accessing electricity in 2023. Kenya's reliance on charcoal in urban areas is also below that of other parts of Africa, though above Nigeria (see Figure 2).

Still, more than a quarter of urban households rely on charcoal, wood or biomass for energy.[15] In rural areas, nearly 70% of families rely on dirty fuels for cooking.[16] Energy demand has been growing rapidly: up by 60 percent between 2012 and 2013.[17] With increased demand comes pressure on existing sources, and the need to continue investing in clean energy, both on and off-grid.

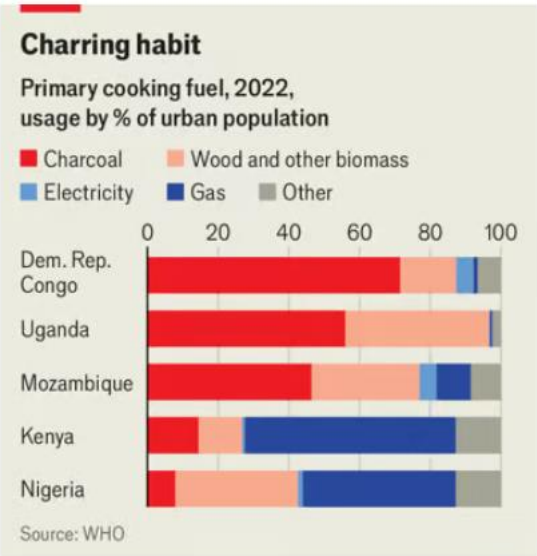

CHART: THE ECONOMIST

[15] https://www.economist.com/middle-east-and-africa/2025/05/01/africas-charcoal-economy

[16] IEA, Kenya 2024: Energy Policy Review, p. 9.

[17] Ibid., p. 15.

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The government has a number of policies designed to expand energy access, such as the Last Mile Connectivity Project.[18] In addition, the government has pursued a variety of policies to encourage private sector energy investment, including loan guarantees, power purchase agreements, feed-in tariffs (FITs), and subsidies.[19] However, ensuring the consistent implementation and expansion of policies, and budgeting for them, requires constant vigilance. Policy inconsistency around FITs and power purchase agreements, and challenges with land acquisition, have constrained green energy growth from meeting its potential. As a 2024 IEA report on Kenya's energy sector notes:

The IEA commends Kenya for consulting with non-governmental stakeholders when drafting government strategies, policies and plans, most recently and notably in the new Kenya National Cooking Transition Strategy 2024. Despite this, non-governmental stakeholders report inefficient and unstructured communication with ministries and sense a lack of co-ordination and harmonisation.... Further, in the absence of allocated budgetary resources, implementation schedules and administrative accountability, progress may fall short of stated goals and targets.[20]

Kenya has the opportunity to leapfrog the grid and expand decentralized energy solutions as well. There are already various small-scale hydropower projects in Kenya that operate off the grid. Kenya also has off-grid markets for pay as you go and residential solar.[21] Solar PV installed capacity grew by 20% in 2024. However, there may be room for even faster growth.[22] Residential solar has been growing exponentially in other parts of the world; Pakistan increased its installed energy capacity by 50% in 2024, mainly through decentralized solar.[23]

[18] https://inclusiveinfra.gihub.org/case-studies/last-mile-connectivity-program-kenya/; https://ict.go.ke/last-mile-county-connectivity-project-lmccp

[19] IPF, forthcoming.

[20] IEA, p. 20.

[21] Ibid., p. 39

[22] https://www.pvknowhow.com/news/kenya-solar-energy-growth-sector-2025/

[23] IRENA Statistics; Pakistan installed 22GW of solar compared to total energy capacity of 46 GW.

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Kenya should continue to pursue a muscular approach to supporting renewables, which still struggle with profitability in spite of falling costs.[24] This means creating or extending enabling policies, such as net metering, and continuing to derisk and subsidize private investment. Whenever the government subsidizes the private sector, however, there must also be transparency and effective monitoring to ensure that public goals are achieved efficiently.

4. **Counties have more consistent, integrated, transparent and effective funding for climate change adaptation, and communities participate actively in prioritizing the use of that funding.** Since 2018, there has been considerable discussion about the role of County Climate Change Funds. Initially, five counties created these funds, but the National Climate Change Action Plan (2023-2027) claims that they had been set up in 45 counties as of 2023, and were receiving at least 1.5 percent of the development budget in those counties.[25] A preliminary IPF review, however, suggests that either these funds do not exist in 45 counties, or if they do exist, then they are not transparent, they are not receiving or spending money consistently, and they are not reporting on their budget execution as per PFM regulations. If this is so, they must also not be meeting the ambitious participation goals that were set for them at the outset.[26]

Why this objective:

Climate adaptation is the part of climate finance that most directly affects most communities in Kenya. It is not possible for the national government to address climate adaptation on its own, because much adaptation policy is local in nature. Further, because adaptation is closely linked to community needs, it is essential that they are aware of what is being raised and spent on their behalf, and how it is being used to protect their livelihoods and ensure service continuity.

[24]Brett Christophers, The Price is Wrong: why capitalism won't save the planet, London: Verso Books, 2024.

[25] https://emsi.co.ke/wp-content/uploads/2024/08/Kenya-NCCAP-2023-2027-1.pdf

[26] See papers and presentations by ADA, for example: https://www.adaptation-fund.org/wp-content/uploads/2023/09/4.-NIE-Seminar-2023-AF-ADA-Presentation-14.09.2023.pdf

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We will research and investigate CCCFs across Kenya, and work with local networks, organizations and citizens to ensure that they are used properly in around five counties to begin. Where appropriate, we will also advocate for reforms to the way such funds are designed and operated to ensure that climate policy is properly integrated across county functions.

IPF's past research has suggested that counties have a range of public funds and budget lines for climate, disaster management, emergencies and contingencies. Not only are these various budgets opaque, but they are also poorly coordinated. Yet much of what constitutes disaster management in Kenya—droughts and floods—are also climate policy problems that should be addressed through adaptation. Government at both levels needs to think in a more holistic manner about these challenges to ensure that public funds are used effectively and efficiently. And when citizens understand the links between climate, disaster and other services, they are more likely to demand (and receive) better climate policy from their leaders: demand creates its own supply.