



The county green investment facility

Creating a pipeline of bankable green projects in Kenya

October 2024



About 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.



The National Treasury
& Economic Planning
The National Treasury



Background



- Between October 2022 and April 2024, FSD Kenya commissioned the **county green finance assessment** which provided the first-ever analysis on the green assets and potential at county level.
- The assessment covered 10 counties Embu, Kirinyaga, Kisumu, Laikipia, Nairobi City, Makueni, Nandi, Taita-Taveta, Vihiga, and Wajir
- The assessment was done with the approval of the National Treasury and Economic Planning and led by **Agusto & Co.** in partnership with The Capital Markets Authority, the Nairobi Securities Exchange, ADA Consortium, and the 10 County Governments.
- The assessment reports were launched in April 2024.

Examples of county green projects

Embu County

Affordable Low-cost Green Housing Scheme in Embu (Majengo, Majimbo, Blue Valley & Spring Valley), Runyenjes, Siakago and Kiritiri

Kirinyaga County

Development of a climate-smart agro-industrial park at Sagana for Agro-processing of key agricultural products

Kisumu County

Upscaling of Public Infrastructure (upgrade of Kadinda – Soko road in Nyakach, existing markets & 200km rural access roads and connecting bridges)

Laikipia County

Development of Wind Mill (Laikipia North & West) and Solar Farms (Rumuruti) to generate electricity

Makueni County

Development of 20 mega watts solar farm along Wote-Makindu road.

Nairobi City County

Affordable Green Housing Schemes in Bahati, Jericho, Lumumba, Embakasi North, Ziwani, Maringo, Woodley, and Kariobangi North Estates

Nandi County

Construction of an Eco-Tea Factory at Nandi Hills and Aldai, completion of the Coffee Processing Plant at Tinderet

Vihiga County

Upgrade of water schemes (Maseno, Lunyerere & Kaimosi)

Taita-Taveta County

Refurbish and expand water harvesting and distribution networks (Mzima Springs, Njoro Kubwa Springs, Lake Chala and Kitopo Spring)

Wajir County

Development of renewable energy solutions - Solar and Wind Farms at Diff, Tarbaj, Hadado, Bute and Eldas

From the assessment, the potential of green investment opportunities at county level became clear. Each county has several green priority projects, many of which can be brought to market.

County green asset and investment clusters

Further, county projects can be clustered by theme or by the green assets in the counties. For example, there are **4 clusters** that counties fall into regarding the green assets they possess and the type of green finance opportunities that represent low hanging fruit.

Agriculture food baskets

- Dominant and productive agriculture sector with a highly rural population.
- Low hanging fruit for green investment: Climate-resilient agriculture, water resource management, green agro-processing facilities.

ASAL ecosystems with high RE potential

- Water strained counties vulnerable to perennial drought but hold high solar and wind energy potential.
- Low hanging fruit for green investment: Solar and wind energy generation; water infrastructure development, ecosystem rehabilitation.

Cities and urban centres

- Vibrant cities with high population densities.
- Low hanging fruit for green investment: Water and sewerage infrastructure; waste management; green low-cost housing; green urban transport infrastructure.

Rapidly urbanising counties

- Rapid urbanisation where the agriculture sector still dominates, but with strong emerging sectors.
- Low hanging fruit for green investment: Climate-resilient agriculture; eco-tourism; green agro-processing; green low-cost housing; water and sewerage infrastructure.

Why a county green investment facility?

The county green investment facility addresses gaps in the financial architecture that prevents green projects with strong commercial viability from aligning with the financing requirements of the green finance market.

- There is an untapped reservoir of green projects that can be prepared and financed to not only strengthen the welfare and resilience of communities, but also match green finance to real and transformative projects.
- However, county governments need support to develop and prepare projects.
- Further, the preparation process needs to be cognisant of and manage risks present at global, macroeconomic, national and county government levels, and within the green projects themselves.
- To address these challenges and deliver much needed green finance to communities, experts need to collaborate to develop **a pipeline of investable projects** that meet investor appetite and addresses any concerns.
- FSD Kenya created the **county green investment facility** to address these challenges and work with the 10 county governments that were assessed to deliver much needed finance to community green development priorities.

The county green investment facility

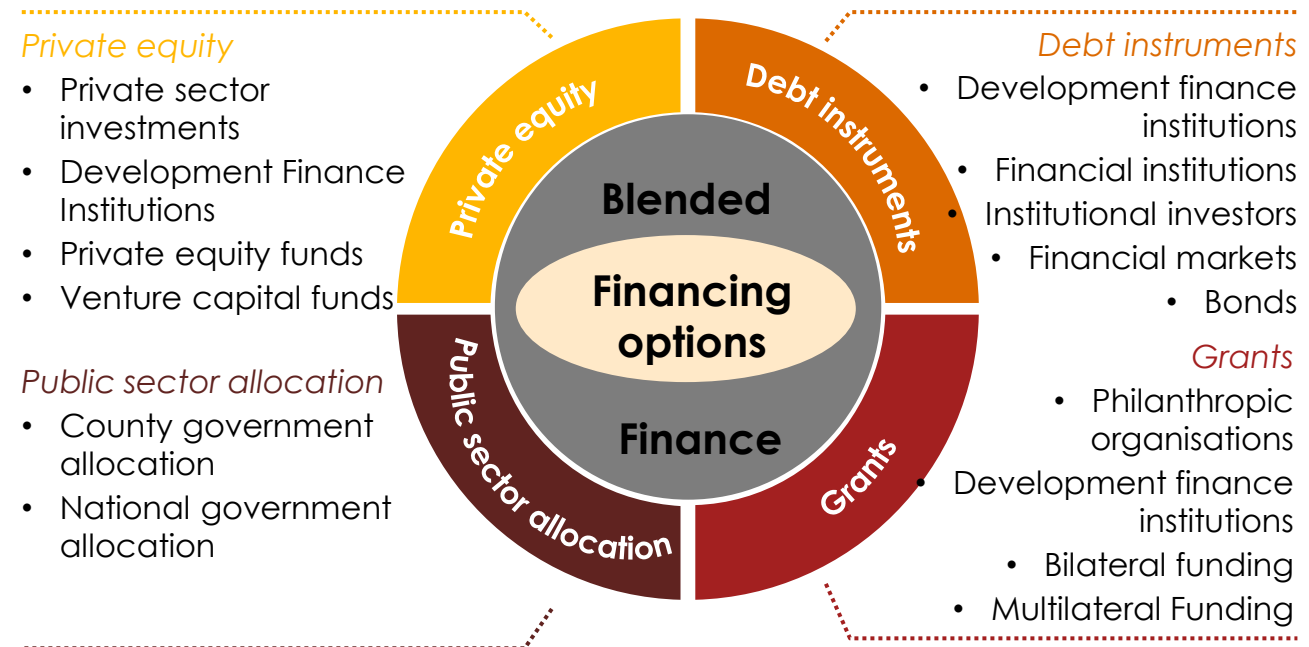
- In April 2024, FSD Kenya announced the county green investment facility and selected **PwC Kenya** as the facility manager. FSD Kenya is fully funding all firms and activities related to The facility and leading its supervision and performance.
- Through the facility, the **10 county governments** that were assessed will be supported to develop their priority green projects into investment proposals that can be shared with investors.
- The 10 County governments have created **green investment committees**/working groups to identify, select and prepare up-to 50 green projects that will be matched to green financing options through appropriate financial vehicles.
- **ADA Consortium** supports county governments in terms of mobilisation and the County Investment Working Groups.
- The **National Treasury** remains a core partner in the facility and provides the supervisory oversight and support required to bring the county green projects to market.

What will the county green investment facility do?

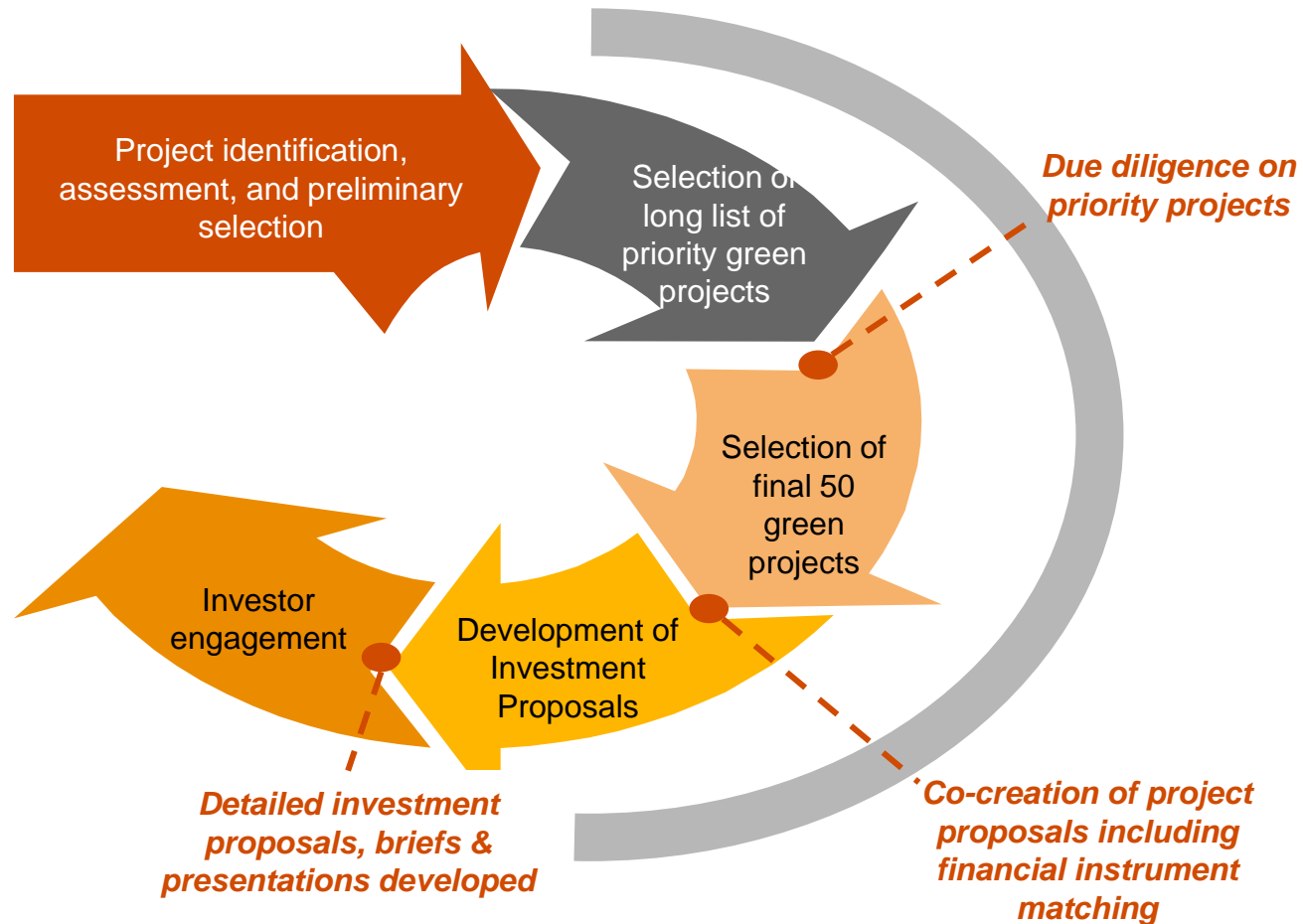
FSD Kenya and PwC Kenya will work with the 10 counties to develop their green projects into investment proposals. The Facility will:

- Develop a list of viable green priority projects approved by each County Government.
- Perform due diligence and analyse the viability of county green projects.
- Develop up to 50 green project investment proposals (5 per county).
- Match green priority projects with appropriate financial instruments and investors.
- Proceed to commercial and financial close where possible.
- Share lessons and insights on the process and outcomes.

Examples of financial instrument options that will be used to match green county projects with investors



The county green investment facility: How it works



- The county green investment facility will consist of a project cycle that is collaborative and cumulative as outlined here.
- FSD Kenya, PwC Kenya, ADA Consortium, the 10 county governments, and the National Treasury will be the main actors in the process.
- While participating in the county green investment facility does not guarantee access to financing and investment, it will strongly position projects from the 10 counties to develop and showcase their most attractive green projects to local and global investors.

The county green investment facility: What it does and doesn't do

What The county green investment facility does

- Provides technical support, led by PwC Kenya, to county governments to identify and prepare 5 priority green projects per county.
- Prepares 50 investment proposals based on the approved projects, including supporting documentation.
- Proceeds to commercial and financial close where possible.

What The county green investment facility does not do

- Does not provide direct financing to priority county green projects.
- Does not finance county government activities linked to the green project preparation facility.
- Does not guarantee acceptance of investment proposals by investors.
- Does not guarantee access to funds.

• The county green investment facility: Progress so far

The facility team has already met with several county governments and started the processes of determining the green projects that will be prepared through The Facility.



Meeting with the Laikipia County Government Leadership led by Governor, H.E. Joshua Irungu, EGH.



Meeting with the Embu County Government Leadership led by Governor, H.E. Hon. Cecily Mbarire and Deputy Governor, H.E Justus Kinywa Mugo.

Steps of the county green investment facility

The county green investment facility consists of key milestones that will ensure deep collaboration with county governments, provide expert project preparation, and present high-quality projects to the green finance market.



The county green investment facility: Picture gallery



Contact information



For more information contact:

Sarah Makena

Senior green finance specialist, FSD Kenya
e: sarah.makena@fsdkenya.org

Jotham Wadongo

Manager - Government and Public Sector
Consulting, PwC
e: jotham.w.wadongo@pwc.com