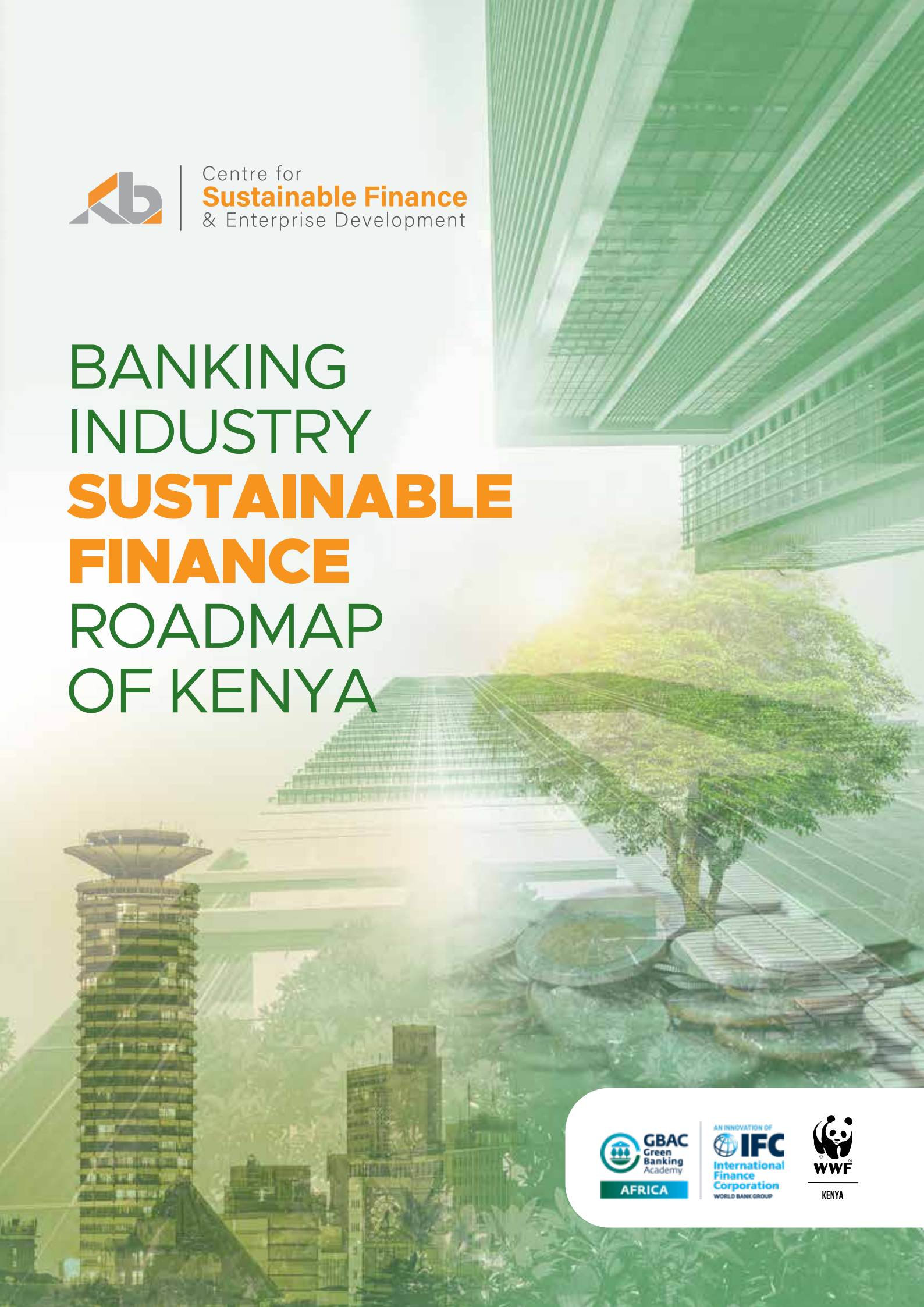
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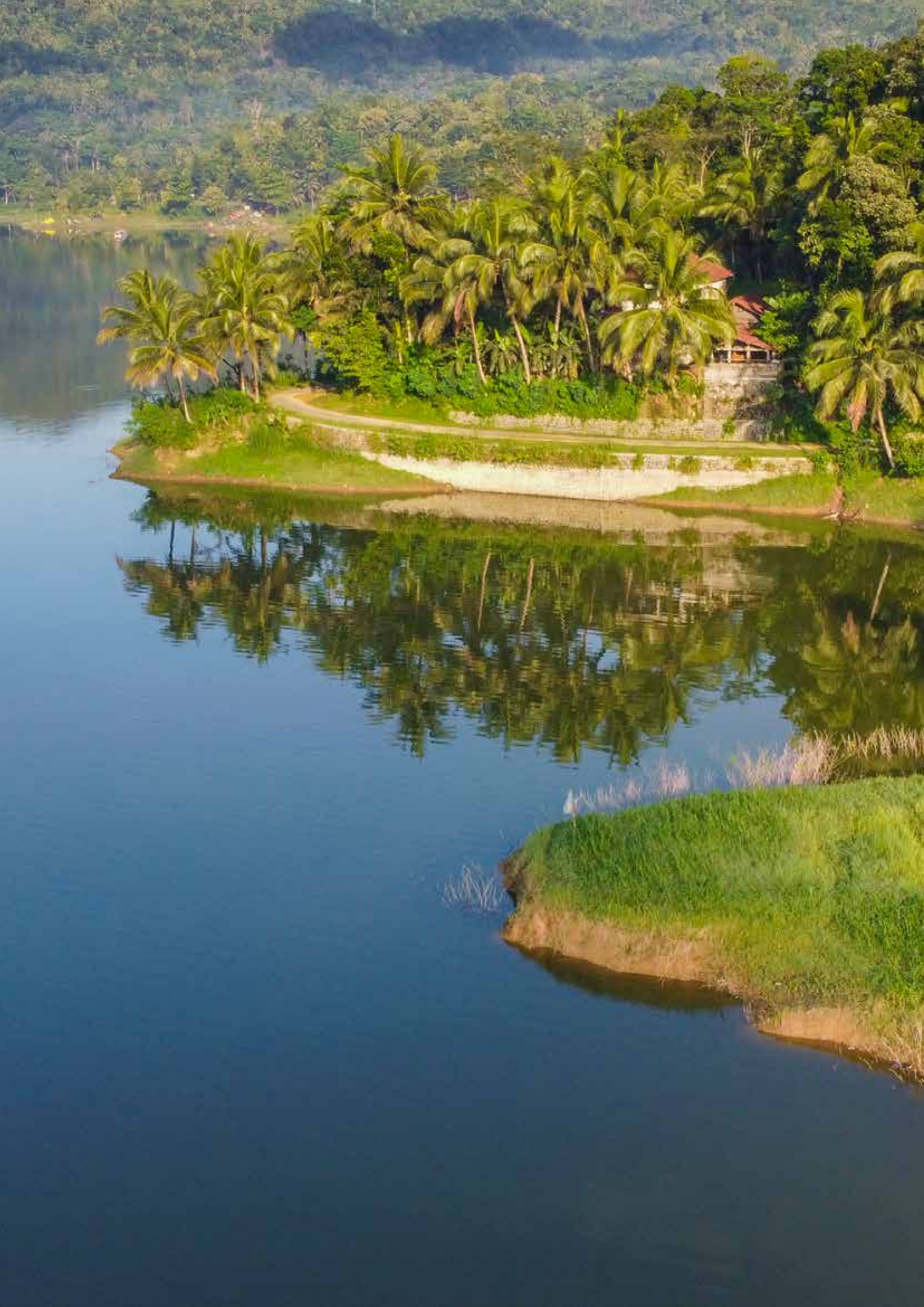
BANKING INDUSTRY SUSTAINABLE FINANCE ROADMAP OF KENYA



GBAC Green Banking Academy AFRICA

AN INNOVATION OF IFC International Finance Corporation WORLD BANK GROUP

WWF KENYA



KENYA BANKERS ASSOCIATION

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One Ecosystem, One Roadmap: Mobilising Sustainable Finance for Kenya's Development

KENYA HAS ESTABLISHED ITSELF as an important regional market for sustainable finance, supported by a relatively mature financial sector, progressive climate and sustainability policy architecture, growing regulatory expectations, and increasing interest from domestic and international capital providers. The financial system has a critical role to play in delivering Kenya's development ambitions by directing capital towards activities that strengthen economic resilience, support social inclusion, respond to climate and nature-related risks, and enable the transition to a more sustainable economy. While commercial banks account for more than 90% of financial sector assets, achieving this transition will require participation across the wider financial ecosystem, including insurers, pension funds, capital markets, SACCOs, microfinance institutions, fintechs, development finance institutions and public finance institutions.

This Banking Industry Sustainable Finance Roadmap builds on the progress already made in Kenya while responding to a central challenge: the country has significant sustainable development financing needs and a growing pool of sustainable finance activity, but the mechanisms for connecting capital to national priorities remain fragmented. Kenya's climate and development commitments demonstrate the scale of the financing requirement. Across major national frameworks, financing needs are estimated to range from approximately USD 29 billion to USD 170 billion over different periods and policy horizons. Kenya's Second Nationally Determined Contribution (NDC 3.0), submitted in 2025 for the period 2031–2035, estimates a requirement of about USD 56 billion, comprising USD 22.5 billion for mitigation, USD 17.7 billion for adaptation and loss and damage, and USD 15.8 billion for actions that deliver both. Kenya expects to mobilise about 19% of this domestically, leaving 81% dependent on international support and carbon markets. Closer to the Roadmap period, the third National Climate Change Action Plan (NCCAP III) is costed at about KES 4.18 trillion over 2023–2027, and the Government has begun preparing NCCAP



IV as the main vehicle for implementing NDC 3.0. The financing requirement extends beyond climate mitigation. Demand for sustainable finance arises from national and county governments seeking to fund resilient infrastructure and public services; businesses investing in renewable energy, resource efficiency and sustainable production; financial institutions responding to regulatory and investor expectations; households seeking affordable energy, housing, savings and insurance solutions; farmers requiring finance for climate-smart agriculture and resilience; and civil society organisations delivering community-level adaptation, biodiversity and livelihood programmes. This diversity reinforces the need to define sustainable finance in the Kenyan context not simply as "green finance", but as finance that supports environmental sustainability, social inclusion, resilience and sustainable economic development.

There is already a strong foundation on which to build. Kenyan banks have increasingly incorporated sustainability and climate considerations into their activities. A KBA and WWF-Kenya study cited in this paper found that 100% of commercial banks had adopted sustainable finance guiding principles, 83% were using TCFD-aligned disclosure templates developed by KBA, and 73% were complying with the Central Bank of Kenya's climate risk guidelines. Kenya has also introduced the Kenya Green Finance Taxonomy and is progressing towards mandatory IFRS S1 and S2 sustainability-related financial disclosures. The sustainable finance market is supported by an expanding range of instruments, including green loans, sustainability-linked loans, green bonds, private equity and impact funds, blended finance, guarantees, public-private partnerships and carbon finance.

However, progress in policy, disclosure and product development has not yet translated into sustainable finance at the scale required. Climate- and nature-aligned lending remains a relatively small share of financial sector portfolios, while the pipeline of bankable sustainable projects remains weak. The assessment identifies a series of structural gaps that constrain the further development of the market. These include the absence of a harmonised sector-by-sector assessment of sustainable finance needs; limited integration of private capital into national climate and SDG tracking; inadequate information on the volumes, pricing and performance of sustainable finance; fragmented ESG



and climate disclosure requirements; limited domestic sustainability assurance capacity; weak pipelines of bankable projects; limited technical capacity within financial institutions and regulators; and a mismatch between formal financial products and the needs of MSMEs, informal businesses and vulnerable communities. Perceived risk also remains a major constraint. Limited historical performance data, weak credit histories, technical complexity and policy uncertainty can result in higher required returns, shorter financing tenors and the exclusion of projects that could otherwise deliver significant climate, environmental and social impact.

The transition to IFRS S1 and S2 further strengthens the case for coordinated reform. Current sustainability reporting requirements across the CBK, NSE and other institutions can result in duplication, inconsistent reporting and increased costs for financial institutions. At the same time, the domestic market for credible sustainability and climate assurance remains underdeveloped. The Roadmap therefore creates an opportunity to move towards a "report once, use many" approach in which a harmonised national ESG disclosure framework supports regulatory supervision, investor information, national development tracking and sustainability reporting simultaneously.

Against this backdrop, the proposed Banking Industry Sustainable Finance Roadmap seeks to transform Kenya's financial system into one that is sustainable, inclusive and climate-resilient over the period 2027–2037. Rather than treating sustainable finance as the responsibility of individual financial institutions, the Roadmap adopts an ecosystem approach involving policymakers, regulators, financial institutions, investors, development partners, assurance providers, data providers and other market participants. This recognises that the principal barriers to scaling sustainable finance cannot be resolved by individual institutions acting independently.

Current sustainability reporting requirements across the CBK, NSE and other institutions can result in duplication, inconsistent reporting and increased costs for financial institutions.

The Roadmap is organised around four mutually reinforcing pillars: i) ESG Integration ii) Climate and Nature Risk Management iii) Financing Sustainability and iv) Emerging Issues. Across these pillars, five strategic objectives provide the organising framework for potential implementation. The Roadmap seeks to: strengthen policy and regulatory alignment across the financial ecosystem; align sustainable finance with Kenya's national development and climate objectives; drive inclusive and participatory financial product innovation; address risk perception

and mobilise sustainable capital; and establish a robust monitoring, evaluation and adaptive learning framework. Critically, the Roadmap also proposes stronger infrastructure for tracking where sustainable finance is flowing and what it is achieving. Better data would enable Kenya to move from measuring commitments and products towards understanding whether financial flows are actually closing priority financing gaps and contributing to national development outcomes.

Implementation will require strong coordination and clear institutional ownership. The Roadmap distinguishes between actions that the banking industry and the wider private sector can take forward on their own authority, joint public-private actions, and public policy actions that sit within the statutory mandates of the National Treasury, the Central Bank of Kenya and other authorities. The Kenya Bankers Association is well positioned to coordinate the Roadmap overall and to lead the industry-led actions, working with regulators, government ministries, financial institutions, development partners, industry associations, technical organisations and civil society. Recommendations that touch on fiscal policy (tax, public spending, sovereign borrowing and government guarantees), monetary policy or prudential regulation are put forward for the consideration of the mandated authorities. Their adoption depends on the concurrence of those authorities and on their own decision-making processes. The Roadmap development process therefore moves from inception through refinement and multi-stakeholder validation to implementation, accompanied by defined responsibilities, short-, medium- and long-term milestones, monitoring structures and a mechanism for continuous learning and adjustment.

Ultimately, Kenya does not lack sustainable finance ambition. The opportunity now is to build the market architecture required to translate ambition into capital at scale. A successful Banking Industry Sustainable Finance Roadmap can create a more coherent link between national priorities and financial sector decision-making, reduce fragmentation, improve market transparency, lower real and perceived risks, expand the range of investable opportunities and ensure that sustainable finance reaches the sectors, businesses and communities where it can generate the greatest economic, environmental and social value. In doing so, Kenya can deepen its domestic sustainable finance market while strengthening its position as a regional hub for green and sustainable finance.

PART 1

STATE OF SUSTAINABLE FINANCE IN KENYA

Introduction

SINCE GAINING INDEPENDENCE IN 1963, Kenya has championed the pursuit of sustainable development not just within its borders, but across East Africa and the African continent. This leadership stems from the recognition that national development must be pursued in a manner that protects the environment, enhances social inclusion, and ensures the ability of future generations to meet their own needs. As the impacts of climate change, biodiversity loss, and social inequality intensify, the imperative to align economic growth with sustainability principles has become even more urgent.

In June 2008, Kenya endorsed Vision 2030, which is a long-term development blueprint for the country. The primary goal of Vision 2030 is to transform Kenya into a "newly industrializing, middle-income country providing a high quality of life to all its citizens in a clean and secure environment". The financial system is a critical catalyst in delivering Kenya's sustainable development agenda. Financial institutions through their capital allocation decisions, risk assessments, and product innovation have the power to either accelerate or hinder the transition to a green, inclusive, and resilient economy. Beyond funding, their role includes shaping market behaviour, incentivizing sustainable business practices, and managing climate-related and environmental, social and governance (ESG) risks that threaten financial system stability.



While banks currently dominate Kenya's financial sector, accounting for over 90% of total financial assets, other actors such as pension funds, insurers, capital markets, SACCOs, and fintechs also have crucial roles to play. Particularly as sustainability challenges disproportionately affect vulnerable populations, who often lack the resources and resilience to absorb shocks or recover from disruptions. In Kenya, these vulnerable groups are frequently excluded from formal financial systems, leaving them without access to the credit, insurance, or savings tools needed to invest in adaptation, recover from loss, or build long-term resilience.

A 2024 study by KBA and WWF-Kenya provides a snapshot of the progress, opportunities, and challenges within Kenya's banking sector as it transitions towards sustainable finance. The recently concluded study found that Kenya's socio-economic landscape, presents a challenging yet opportune canvas for sustainable finance. The various pressing issues facing the country including severe hunger, biodiversity loss, stark inequality and vulnerability to climate change, underscore the need for a coordinated national effort to build an enabling ecosystem for sustainable finance.

The Kenya Bankers Association (KBA) defines sustainable finance as "financial flows that create long-term value for the environment, society, and the economy, while also considering the responsible utilization of capital to deliver value

> **Pressing issues facing the country including severe hunger, biodiversity loss, stark inequality and vulnerability to climate change, underscore the need for a coordinated national effort to build an enabling ecosystem for sustainable finance.**

to shareholders." This definition underscores the holistic nature of sustainable finance, which is not limited to climate mitigation, but also encompasses social inclusion, economic transformation, and responsible governance.

Building on this, this framework defines sustainable finance as **"the mobilization and allocation of capital, across lending, investment, insurance and capital markets, towards activities including mitigation, adaptation, resilience, nature-positive and inclusive transition activities, that deliver measurable environmental, social and economic value while managing climate, nature and ESG-related risks. It applies across the full financial ecosystem, recognizing the pivotal role financial institutions play in mobilizing capital, providing technical assistance, and collecting data to measure impact".**

Capital with a purpose



The development of a banking industry sustainable finance roadmap creates opportunities for a strategic, coordinated approach towards mobilizing resources for Kenya's priority sustainable development sectors. It will play a critical role in scaling Kenya's competitiveness as a regional hub for green and sustainable finance, while streamlining the integration of climate-related and ESG risks into supervisory and investment frameworks. Moreover, the roadmap supports inclusive growth by increasing access to finance for MSMEs, women-led enterprises, and underserved communities. Ultimately, it provides a clear and actionable pathway to align Kenya's financial ecosystem with its sustainability ambitions, leveraging policy reforms, market development, product innovation, and institutional capacity to deliver long-term impact.

This document builds on the landscape analysis done by KBA in 2024, providing a state of sustainable finance in Kenya, further contextualizing the state of sustainable finance based on demand and supply side drivers. It also proposes a strategic roadmap for Kenya to overcome the identified barriers to move to a sustainable financial system. The activities in this roadmap are categorized by four pillars (ESG Integration, Climate and Nature Risk Management, Financing Sustainability and Emerging Issues) and towards achieving five specific objectives. The roadmap actions in Part 2 are derived directly from the barriers and gaps identified in Part 1. Each action responds to one or more of those barriers, and the link is shown in a crosswalk table at the start of the Proposed Roadmap.

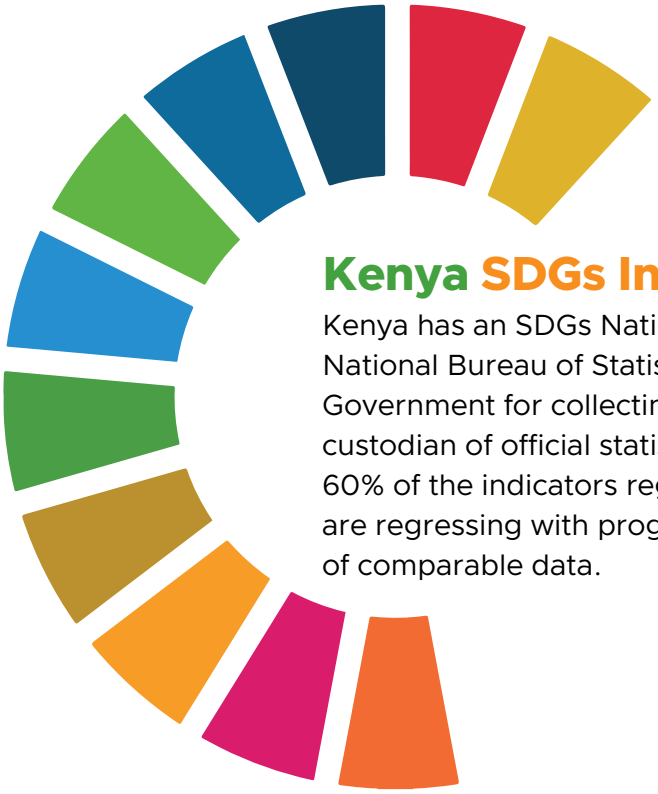
The Demand Side – Where Capital is Needed

What defines demand?

Kenya faces a distinct set of sustainability challenges shaped by its socio-economic dynamics, climate and nature vulnerability, and rapid urbanization. The country grapples with high levels of poverty and inequality, youth unemployment, environmental degradation, and growing exposure to climate-related risks such as droughts and floods. These challenges are compounded by pressures on natural resources, including deforestation, water scarcity, and biodiversity loss, which threaten both livelihoods and long-term development. While Kenya has made commendable progress in areas such as access to education, clean energy, and institutional reforms, its overall trajectory toward achieving the Sustainable Development Goals (SDGs) remains mixed. According to the 2024 SDG Index, Kenya is on track to meet only a few of the 17 goals, with significant acceleration needed in goals related to no poverty (SDG 1), zero hunger (SDG 2) and reduced inequalities (SDG 10).

Primarily, the demand side of sustainable finance in Kenya is driven by the country's urgent development and climate priorities, which require large-scale financing to implement. This is supplemented by the national development vision, policy goals, climate action targets, sectoral strategies, and social equity ambitions geared towards solving the nation's pressing development challenges.

Kenya has articulated its commitment to sustainable development through a series of strategic frameworks that collectively create significant financing demand across critical sectors. Kenya's evolving policy environment on sustainable finance reflects a deliberate national effort to align financial



Kenya SDGs Indicators Analysis 2015-2023

Kenya has an SDGs National Indicator Framework hosted by the Kenya National Bureau of Statistics (KNBS) which is the Principal agency of the Government for collecting, analysing and disseminating statistical data and the custodian of official statistics. The report indicates that out of the 168 indicators, 60% of the indicators registered positive progress, 12 % stalled/stagnated, 17% are regressing with progress on 11% of the indicators not discernible due to lack of comparable data.

systems with the country's sustainable development priorities. The cornerstone of this framework is the Climate Change Act (2016), which laid the foundation for coordinated climate governance and financing, followed by the Climate Finance Policy (2018) that operationalized the National Climate Change Fund to mobilize and channel resources toward mitigation and adaptation—particularly for vulnerable communities. Kenya's Updated NDC, submitted in 2020 for the period to 2030, commits to abating greenhouse gas emissions by 32% by 2030 relative to a business-as-usual scenario of 143 MtCO2e, at an estimated cost of about USD 62 billion, with 87% of the funding conditional on international support. Kenya's Second NDC (NDC 3.0), submitted in 2025 for the period 2031–2035, raises the ambition to a 35% reduction by 2035 relative to a business-as-usual projection of 215 MtCO2e, with an estimated requirement of about USD 56 billion, of which about 81% is expected from international support and carbon markets. In this document, 'Updated NDC' refers to the 2020 submission and 'NDC 3.0' to the 2025 submission. Complementing these is the third National Climate Change Action Plan (NCCAP III) 2023–2027, which sets out priority mitigation and adaptation actions and is costed at about KES 4.18 trillion over five years, an average of roughly KES 835 billion a year. NCCAP III comes to an end in 2027 and the Government has initiated the process of developing NCCAP IV, which will be the main implementation vehicle for NDC 3.0. The Proposed Roadmap period (2027–2037) has been set to run alongside NCCAP IV and the next Medium-Term Plan, so that its proposed financing actions can be aligned with their priorities as they are confirmed.

At the broader development level, Kenya has fully integrated the Sustainable Development Goals (SDGs) into its national planning and monitoring processes, including through the Fourth Medium-Term Plan (MTP IV) for 2023–2027. In addition, sector-specific strategies such as the Green Economy Strategy and Implementation Plan (GESIP), the Kenya Climate Smart Agriculture Strategy, and the National Energy Policy underscore the country's sustainability agenda across agriculture, energy, and infrastructure. Together, these national and sectoral commitments signal substantial and growing demand for sustainable finance—particularly in clean energy, climate-smart agriculture, water and sanitation, green transport, affordable housing, and nature-based solutions. These instruments support the implementation of Kenya's Nationally Determined Contributions (NDCs) and broader development goals by enabling targeted investment in climate-resilient infrastructure, agriculture, energy, and water systems.

Complementing these are recent financial sector-specific initiatives that embed sustainability principles into mainstream finance. The Central Bank of Kenya's Climate-Related Risk Guidelines (2021) require banks to integrate climate risk into governance, strategy, and risk management, creating a more transparent and resilient financial system. The development and upcoming rollout of the Kenya Green Finance Taxonomy further signal Kenya's intent to classify and incentivize environmentally beneficial investments, aligning public and private capital with green economic priorities. Meanwhile, industry-led efforts, such as the Centre for Sustainable Finance and Enterprise Development (CSFED) by the Kenya Bankers Association, have accelerated the voluntary integration of ESG risk management in banking practices, supporting policy implementation from the bottom up. Meanwhile, Kenya's

commitment to issuing sustainability-linked sovereign bonds and aligning with international reporting frameworks like the IFRS S1 and S2 standards reinforces the government's ambition to attract global capital for sustainable development. Together, these interconnected policy efforts demonstrate Kenya's holistic approach toward achieving the SDGs.

National Strategies, Policies, Voluntary Principles, Regulations & Guidelines that Provide an Enabling Framework for Sustainable Finance

1. Kenya's Updated Nationally Determined Contribution to the Paris Agreement 2031-2035 (NDC, 2025)
2. Kenya Green Finance Taxonomy (CBK, 2025)
3. Climate Change (Carbon Markets) Regulations, 2024
4. National Energy Policy 2025-2034 (Ministry of Energy & Petroleum, 2025)
5. Carbon Market Regulations (2024)
6. Climate Change (Amendment) Act (2023)
7. National Green Fiscal Incentives Policy Framework (National Treasury, 2023)
8. National Climate Change Action Plan 2023–2027 (NCCAP, 2023)
9. Kenya Energy Transition & Investment Plan ETIP (Ministry of Energy and Petroleum, 2023)
10. Kenya's Long-Term Low- Emission Development Strategy (LT-LEDS, 2023)
11. The National Climate Change Action Plan 2018-2022 (NCCAP, 2022)
12. Guidance on Climate-Related Risk Management (CBK, 2021)
13. ESG Disclosures Guidance Manual (NSE, 2021)
14. National Water Resource Strategy 2021 – 2025 (Ministry of Water, 2021)
15. Kenya's Nationally Determined Contribution to the Paris Agreement (NDC, 2020)
16. Policy Guidance Note on Green Bonds (CMA, 2019)
17. Green Bond Market Issuers Guide (NSE, 2019)
18. Kenya Climate Smart Agriculture Strategy 2017-2026 (Ministry of Agriculture, 2017)
19. National Policy on Climate Finance (Kenya National Treasury, 2016)
20. Green Economy Strategy and Implementation Plan (GESIP, 2016)
21. Kenya's National Adaptation Plan 2015-2030 (2015)
22. National Water Master Plan 2030 (Ministry of Water, 2014)
23. Kenya's National Biodiversity Strategy and Action Plan (NBSAP) (2019–2030)
24. Kenya Sovereign Sustainability Linked Financing Framework (National Treasury, 2026)
25. Kenya National Financial Inclusion Strategy 2025-2028, (CBK)



Additionally, Development Finance Institutions (DFIs) play a critical role in shaping the demand for sustainable finance in Kenya by setting clear expectations around environmental, social, and governance (ESG) standards as a condition for investment and partnership. As providers of catalytic capital, DFIs not only channel funding toward green and inclusive development projects but also influences market behavior by embedding sustainability requirements into due diligence, reporting, and risk assessment frameworks.



Additionally, the demand for sustainable finance in Kenya is driven by the demonstrated viability of sustainably financed projects in key sectors such as renewable energy, agriculture, manufacturing, and real estate. These sectors have shown that integrating environmental and social considerations not only reduces long-term risks but also enhances operational efficiency, attracts concessional and blended capital, and opens up access to international markets. The success of initiatives such as solar mini-grids, climate-smart agriculture, green buildings, and circular economy ventures has further strengthened investor and borrower confidence, reinforcing the business case for sustainable finance.

Acorn green bond 146% oversubscribed

On October 3, 2019 Acorn Holding Ltd. made history when it issued the first Green Bond in Kenya, and by extension, the East African region. The vertically integrated **real estate** company raised **KES 4.3 billion** for the development of environmentally friendly student accommodation. The security, a five-year project bond was to fund the construction of six purpose-built student accommodation properties in Nairobi. The projects were benchmarked against the **IFC EDGE platform** (Excellence in Design for Greater Efficiencies) for water use, energy efficiency and low embodied **energy in building materials,** with the aim of achieving low operational **utility costs** and low carbon impact to the environment in the long term.

Safaricom mobilises KES 30 billion through sustainability-linked loans

- Safaricom secured **KES 30 billion** in sustainability-linked financing through two successive KES 15 billion facilities in 2023 and 2024. The first facility, provided by a consortium comprising Standard Chartered Bank, Stanbic Bank, Absa Bank Kenya and KCB Bank, was the first Kenya Shilling-denominated sustainability-linked loan and, at the time, the largest ESG-linked loan in East Africa.
- The facilities link Safaricom's cost of borrowing to the achievement of predefined sustainability performance targets, creating a direct financial incentive for stronger ESG performance. The targets support priorities including decarbonisation, energy efficiency and network-site solarisation, gender diversity and social inclusion, and strengthened ESG accountability and reporting.
- Safaricom's progress against the sustainability targets associated with the first facility supported the subsequent KES 15 billion financing in 2024, demonstrating how credible sustainability performance can strengthen access to capital and deepen the domestic market for sustainability-linked finance.

15 billion

Amount of each of the two facilities that was secured successfully by Safaricom in 2023 and 2024

Finally, the demand for sustainable finance is also driven in part by Kenyan's financial health. According to a report (FSD, 2023) in 2021, only 17.1% of Kenyans were financially healthy (defined as being able to comfortably meet daily needs, cope with financial shocks, and invest in their future), a significant decline from 21.7% in 2019. This deterioration in financial well-being was accompanied by a sharp rise in food insecurity, with the proportion of individuals regularly running out of food increasing from 7.7% to 12.3%. These trends highlight a growing vulnerability within the population and point to a strong latent demand for financial solutions that can offer safety nets. Products such as micro-insurance, affordable credit, and accessible savings mechanisms are increasingly essential to help individuals and households manage risks and build resilience against economic and climate-related shocks.

Sustainable Finance Needs & Priorities

Despite the growing number of climate and sustainability policies in Kenya, a common limitation across these frameworks is the absence of a unified, comprehensive needs assessment to guide financing strategies. The figures currently cited such as the USD 62 billion required to implement Kenya's Updated NDC (2020), the USD 56 billion estimated in NDC 3.0, or the KES 4.18 trillion costed in NCCAP III (2023–2027) are largely drawn from proxy sources, including NDC investment plans, international modelling studies, and global benchmarks by institutions such as IFC, KBA and UNEP FI. While these estimates help signal the scale of capital required, they often lack sector-level granularity and contextual grounding, making it difficult to align domestic financial flows with actual investment needs. Across critical policy frameworks, Kenya estimates its finance needs to be between USD 29 Billion and USD 170 billion between 2022 and 2050.



Key Figures in Kenya's Sustainable Finance



17.1% Proportion of Kenyans financially healthy in 2021 (down from 21.7% in 2019)



12.3% Proportion of individuals regularly running out of food (up from 7.7%)



62 Billion (in USD) Required investment to implement Kenya's Updated NDC (2020)



844 Billion Annual financing requirement across priority sectors



4.18 Trillion Total cost required for NCCAP III implementation (2023–2027)

One such estimate, based on an analysis of the NCCAP III implementation matrices in the Landscape of Sustainable Finance in Kenya's Banking Industry 2025, indicates a requirement of about KES 844 billion a year across priority sectors including Disaster Risk Management, Food and Nutrition Security, Water, Fisheries and the Blue Economy, among others. This is an annual figure and should not be read as a five-year total. It is consistent with the NCCAP III total of about KES 4.18 trillion over 2023–2027 (roughly KES 835 billion a year). At an indicative exchange rate of KES 129 to the US dollar, KES 844 billion a year is equivalent to about USD 6.5 billion a year, or roughly USD 32 billion over the five-year plan period. These figures will need to be refreshed once NCCAP IV is costed.

> **"Despite the growing number of climate and sustainability policies in Kenya, a common limitation across these frameworks is the absence of a unified, comprehensive needs assessment to guide financing strategies.**

There is a need for cohesion across key policy frameworks in terms of financing needs, sectoral coverage and sectoral investment requirements. The lack of which, signals the need for a banking industry sustainable finance roadmap that clearly distinguishes the financing priorities across all key sectors. By adopting an integrated, needs-based approach, the roadmap would enhance coordination across sectors, improve the targeting of public and private capital, and strengthen Kenya's ability to engage investors with a unified and credible financing narrative. Ultimately, it would position the country to attract catalytic funding and align with global frameworks such as IFRS S2, SDG monitoring frameworks, and emerging climate finance taxonomies.

Where is the Demand for Sustainable Finance coming from?

To discuss who is demanding sustainable finance in Kenya, it is important to consider the diversity of actors, their underlying motivations, and the specific types of financing they seek to support sustainable outcomes.



Demand-side actors

Demand-side actors are motivated by needs: the need to build resilience, need to comply with ESG standards, need to increase productivity, or improve livelihoods.

The demand side can be broadly grouped into the following categories:

Actor	Drivers	Demand Characteristics
Public Sector: National Government	National development goals, climate commitments (e.g., NDCs), and service delivery needs.	The government requires financing for climate-resilient infrastructure, clean energy, social protection, and adaptation programs (e.g., drought management, food security). Financing demand is often for large-scale, blended finance projects or budget support from multilateral and bilateral partners.
Public Sector: County Government	Localized climate impacts, pressure to deliver public goods, and community resilience	Counties in Kenya are increasingly seeking sustainable finance for water, waste management, sustainable agriculture, and climate-resilient urban development. However, capacity to structure bankable projects remains a challenge County Climate Change Funds (CCCFs) with % of budget allocated to adaptation and resilience activities – see Kitui, Wajir, Makueni, Garissa, Isiolo
Private Sector: Corporates and SMEs	Regulatory pressure (e.g., climate-related disclosures), reputational considerations, access to ESG-linked capital, and market competitiveness.	Large corporates demand green bonds, ESG-linked loans, and sustainability-linked credit to finance renewable energy, energy efficiency, sustainable sourcing, and circular economy models SMEs particularly in agriculture, energy access (off-grid solar), and manufacturing, seek tailored financing solutions such as concessional loans, guarantees, and blended finance to adopt sustainable practices
Private Sector: Financial Institutions	Compliance with climate risk regulation (e.g., CBK guidelines), access to green capital, and pressure from DFIs and shareholders	Banks, insurance companies, and pension funds require technical assistance and capital to build sustainable finance portfolios—such as green lending lines, climate risk insurance, and ESG-screened investments
Households and Consumers	Rising cost of living, climate vulnerability, energy needs, and aspirations for improved quality of life.	Households seek affordable financing for clean energy (e.g., solar home systems, clean cookstoves), water solutions, climate-resilient housing, and microinsurance. Demand is often informal or unmet, requiring innovative products and inclusive delivery channels
Farmers and Cooperatives	Exposure to climate variability, degraded ecosystems, and need for productivity and market access.	Smallholder farmers and cooperatives demand finance for climate-smart agriculture, irrigation, sustainable inputs, and post-harvest infrastructure. However, demand is often latent or constrained by collateral and affordability
Civil Society and Non-Profits	Community resilience, inclusion, and rights-based approaches to development	NGOs and community-based organizations seek grants, concessional finance, or pooled funding for adaptation, biodiversity, and livelihood programs—often acting as intermediaries for hard-to-reach communities.

The uptake of sustainable finance in Kenya

The uptake of sustainable finance in Kenya is increasingly being evidenced through improved ESG and climate-related and nature-related disclosures, particularly among financial institutions and listed companies. Following the issuance of the Central Bank of Kenya's Climate-Related Risk Guidelines in 2021, the NSE's ESG Disclosures Guidance in 2021 and the introduction of Kenya's Green Finance Taxonomy, banks have begun integrating climate risk into governance, strategy, and risk management frameworks. A growing number of institutions are voluntarily aligning with international standards such as the Task Force on Nature-related Financial Disclosures, and the IFRS S1 and S2 frameworks, reflecting heightened awareness of sustainability risks and opportunities. While disclosure practices are still evolving, early adopters are demonstrating leadership through sustainability reports, climate statements, and ESG-linked financial products, signaling an emerging culture of transparency and accountability in Kenya's financial sector. This progress, though uneven, points to a positive trajectory toward mainstreaming sustainable finance.

A 2024 study by KBA and WWF-Kenya highlights:

100% of commercial banks have adopted sustainable finance guiding principles.

83% use TCFD-aligned disclosure templates developed by KBA; 73% comply with CBK's climate risk guidelines.

However, **climate and nature-aligned lending** remain a small fraction of total bank portfolios, and pipeline development for bankable projects is still weak.

Financial institutions require **support to develop green products,** improve ESG risk analytics, and mobilize blended capital for underserved sectors.

While there have been marked improvements in sustainability reporting by Kenyan banks, there are gaps in **quality, consistency and comprehensiveness**

Kenya's ESG and climate disclosure landscape is evolving rapidly but remains fragmented, with entities navigating a complex web of overlapping and sometimes conflicting frameworks. In addition, DFI's as suppliers of sustainable finance tend to have different reporting requirements as well as criteria, creating an additional layer of complexity for demand-side actors. For instance, between the NSE and the CBK, financial institutions are expected to navigate the Global Reporting Initiative (GRI) and the Climate Risk Disclosure Framework Task Force on Climate-related Financial Disclosures (TCFD) without clarity on synergy or enforcement mechanisms. The lack of harmonization between these frameworks creates confusion, reporting fatigue, and

inconsistent disclosures across sectors. The Institute of Certified Public Accountants (ICPAK) has made IFRS S1 and S2 mandatory from 2027 (for Public Interest Entities (PIE)); and from 2028 for all other reporting entities. IFRS S1 and S2 aim to unify disclosure standards, but transition support remains limited. Further, from 2028 PIEs are expected to provide external assurance of their S1 and S2 disclosures. However, Kenya concurrently lacks clear and consistent standards or processes for external assurance of ESG and climate disclosures, particularly in light of emerging global requirements.

Specific questions arise around:

- **The 'Who':** few local auditors or consultants are trained to provide credible ESG or climate assurance aligned to international standards such as ISAE 3000 or ISAE 3410 (GHG assurance). It is also not clear on what standard will guide assurance statements.
- **Unclear Mandates:** It is unclear whether sustainability assurance will fall under the purview of financial auditors (e.g., via ICPAK) or whether it will be led by sustainability-specific firms or regulators.
- **Inconsistent Practices:** some companies currently opt for limited assurance (e.g., data points in sustainability reports), others for verification of GHG inventories, and many report without any assurance at all.

A well-designed Banking Industry Sustainable Finance Roadmap for Kenya can play a pivotal role in addressing the challenges around ESG and climate and nature disclosures by providing structured guidance, regulatory alignment, and capacity-building mechanisms.

A significant characteristic of the demand side for sustainable finance in Kenya, and across much of Sub-Saharan Africa, is the high level of informality among potential actors. Many micro, small, and medium-sized enterprises (MSMEs), smallholder farmers, and community-led initiatives operate outside formal financial systems, lacking credit histories, audited financials, or formal registration. While these actors are critical to delivering climate adaptation, nature-based solutions, and inclusive economic growth, their informality limits their ability to access conventional finance. As a result, they are often excluded from traditional sustainability-linked financing instruments such as green loans or bonds. Bridging this gap requires targeted financial products, simplified due diligence mechanisms, technical assistance, and capacity building to formalize and de-risk these actors—enabling their participation in the sustainable finance ecosystem.



A well-designed Banking Industry Sustainable Finance Roadmap for Kenya can play a pivotal role in addressing the challenges around ESG and climate and nature disclosures by providing structured guidance, regulatory alignment, and capacity-building mechanisms.

Kenya Market Segmentation: A 7-segment typology

Research by FSD Kenya & CGAP identifies segments of the population whose financial needs are not being fully met by available strategies and devices offered by the formal financial sector. These segments offer opportunities for financial service providers to step in and close the gaps between financial needs and product usage. Each segment was profiled by the four basic financial needs: **Transfer of Value, Liquidity, Resilience and Goals.**

Understanding the various demand side segments and tailoring financial instruments to their unique contexts is critical for scaling sustainable finance. A robust roadmap should therefore segment the demand side clearly, assess absorptive capacity, and propose targeted mechanisms that match financial products to real needs.



The Supply Side – Where Capital is Coming From

On the supply side, we examine the institutions that mobilize, allocate, or intermediate capital toward ESG-aligned outcomes. These actors vary in their mandates, sources of capital, and risk-return expectations, but all contribute to directing financial resources toward sustainable development.

Who are the Supply-side Actors?

The effective mobilization and allocation of sustainable finance in Kenya hinges not only on demand from businesses, communities, and government initiatives, but critically on the availability, orientation, and responsiveness of supply-side actors. These are the institutions and mechanisms responsible for providing capital and ranges from commercial banks and development finance institutions (DFIs), to pension funds, insurance companies, philanthropic investors, and capital markets. Each plays a distinct role in shaping the volume, structure, and conditions under which sustainable finance flows into the economy.

These are the institutions or entities that provide financing:

1. **Commercial Banks** – offer loans, credit lines, trade finance, etc.
2. **Development Finance Institutions (DFIs)** – provide long-term capital for infrastructure, sustainability, and development goals.
3. **Capital Markets** – through issuance of bonds (e.g., green bonds), equities, REITs.
4. **Insurance Companies and Pension Funds** – typically invest in long-term, stable returns (e.g., infrastructure, sovereign bonds).
5. **Microfinance Institutions (MFIs)** – supply small-scale credit to underserved segments.
6. **Private Equity and Venture Capital** – invest in high-risk, high-reward opportunities.
7. **Philanthropic/Impact Investors** – prioritize social or environmental return along with financial gain.
8. **Collective Investment Schemes** - a professionally managed pool of funds from multiple investors who share common financial goals, allowing them to invest in diversified assets like shares, bonds, and money market instruments.
9. **SACCOs** - member-owned financial cooperatives that promotes regular savings and provide affordable credit to its members

The Kenyan banking industry's loan distribution reflects a significant engagement with various sectors of the economy, some of which are directly linked to sustainable growth and climate action initiatives.

Sectoral Distribution of Gross Loans as of December 2022

Sector	Gross Loans (KES Million)	% of Total
Personal and Household	984,116	27.1
Trade	652,574	18
Manufacturing	530,637.1	14.6
Real Estate	467,171.2	12.9
Transport and Communication	310,173.4	8.5
Agriculture	126,462.6	3.5
Financial Services	132,483.9	3.6
Building and Construction	144,795.7	4
Energy and Water	142,688.6	3.9
Tourism, Restaurant and Hotels	108,168.2	3
Mining and Quarrying	30,980.2	0.9
Total	**3,630,251**	**100**

An important insight into Kenya's sustainable finance landscape is the lack of sufficient and standardized data on the pricing and sectoral distribution of capital from supply-side actors. It isn't clear if the supply is accurately mapped to sectoral needs, priorities or even the right actors. While commercial banks, DFIs, and green bond issuers are actively supporting sustainability-linked finance, information on the actual cost of this capital such as interest rates on green loans or yield spreads on green bonds, remains fragmented and largely anecdotal. Existing reporting by banks through industry initiatives like the KBA CSFED provides some directional data, but not in a consistent or centralized manner.

Similarly, green bond issuances have demonstrated strong investor appetite, yet granular data on pricing advantages is not publicly tracked. This lack of transparency limits the ability of policymakers, investors, and businesses to assess the true incentives, risks, and opportunities within the sustainable finance ecosystem. Addressing this data gap will be critical to improving market efficiency, attracting investment, and scaling sustainable finance in line with Kenya's development priorities.

Green bond issuances have demonstrated strong investor appetite, yet granular data on pricing advantages is not publicly tracked.



Sustainable Finance Instruments

Sustainable finance is predominantly distributed through debt capital, equity capital and blended finance (a mix of concessional & commercial capital to de-risk investments). In addition, carbon finance is also playing an increasingly important role as an enabler and revenue mechanism within sustainable finance.

Type	Examples	Description
Debt	Green loans Sustainability Linked Loans (SLLs)	Major commercial banks have launched green loan portfolios targeting renewable energy, WASH, energy efficiency, and low-carbon infrastructure
	Green Bonds	Both private (e.g., Acorn Holdings' NSE and LSE-listed bond, KES 4.3 billion in 2020) and evolving sovereign issuances are financing projects like green housing and renewable energy
Equity	Private Equity and Impact Funds	Local and regional PE/VC funds are investing equity in climate-smart agriculture, clean energy, and circular economy startups. However, coverage remains niche and concentrated in select sectors (e.g., off-grid solar, agritech)
	Institutional Investors & Pension Funds	These bodies are gradually exploring ESG-aligned portfolios, including green bonds, but direct sustainability-linked equity investments remain limited and mostly confidential.
Blended Finance	Concessional Debt/ Equity & Grants	DFIs like FMO, Proparco, IFC and the World Bank provide concessional tranches to de-risk green loans and bonds
	Blended Funds & Specialized Vehicles	Tools like the Kenyan Output-Based Aid (OBA) Fund (water/sanitation), African Conservancies Fund, and GuarantCo-backed green student housing bond are catalyzing private finance
Public Finance	Budget allocation & grants	National and county governments allocate public resources and grants via the Climate Change Fund and programming under Kenya's Climate Change Act
	Public-Private Partnerships (PPPs)	Financing mechanisms combining public support and private participation are increasingly used—especially in energy, water, and transport.
Carbon Finance	Carbon Credits, Results-Based Finance and Carbon Revenue-Backed Structures	Through the generation and sale of verified carbon credits, projects access results-based finance from global buyers in both compliance and voluntary carbon markets. This finance is often structured through advance purchase agreements, results-based contracts, or as revenue streams that can be blended with grants or used to attract commercial capital.
Community & Complementary Finance	Community Currencies	These local currencies provide grassroots credit, mobilizing idle capacity within informal economies and facilitating transactions where formal finance is inaccessible.
Institutional & Pooled Investment Capital	REITs and other pooled real-asset vehicles Collective Investment Schemes (CIS) / Unit Trusts Pension Funds	Mobilise long-term and retail savings and allocate them across asset classes such as bonds, equities, property, infrastructure and alternative investments. These vehicles can channel significant pools of capital towards sustainable development priorities, including green infrastructure, renewable energy, affordable housing, climate-resilient assets and sustainability-focused investment products, while operating within fiduciary, regulatory and risk-return requirements.

Sustainability-Linked Loans

Safaricom's Sustainability-Linked Loan (SLL):

The company closed a monumental SLL deal of **KES 15 billion** (with an option to increase it to KES 20 billion), in partnership with a consortium of Kenyan banks, marking a significant step in advancing its **ESG agenda** and setting a new benchmark for sustainable finance in East Africa. The SLL is a first of its kind for Safaricom and the Kenyan market, and it serves as a catalyst for the company's ongoing efforts to promote sustainability across its operations.

Co-op Bank and Two Rivers Sustainability Loan



Another case of sustainable financing in the Banking Sector is the Co-operative Bank of Kenya which financed the Two Rivers Lifestyle Centre in Nairobi. The bank provided **USD 80 million** for the mall's construction, employing thorough risk management frameworks, economic viability assessments, and impact evaluations adhering to their environmental and social policies. The Co-operative Bank project's impact includes substantial **MSME growth, job creation** (particularly for women and youth), and environmental sustainability measures like a rooftop solar PV system and river conservation efforts.

NCBA Bank: Set up a fund of KES 2B to fund 5000 EVs



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Determinants of Capital Supply

As the landscape of sustainable finance continues to evolve, supply-side actors are increasingly adapting their investment strategies, risk assessment frameworks, and product offerings to align with ESG criteria. Regulatory reforms, global disclosure standards such as IFRS S1 and S2, and rising demand for green and inclusive financial products are also prompting these actors to shift capital towards sectors that support climate resilience, low-carbon development, and broader sustainable development goals.

The supply of sustainable finance is shaped by a range of interrelated factors that influence how much capital is available, to whom it is allocated, and under what terms. In the Kenyan context, these determinants play a critical role in either enabling or constraining the flow of finance into key sectors of the economy. How suppliers of sustainable finance perceive and assess risk is one of the most critical determinants of capital supply. In Kenya, the perceived risk of investing in emerging sectors such as climate-smart agriculture, nature-based solutions, or clean energy is often disproportionately high. This is due to factors such as the lack of long-term performance data or benchmarks, weak credit histories or formal registration among potential borrowers (especially MSMEs), political and regulatory uncertainty and the limited exit options or secondary markets for green investments. This perception of higher risk leads to higher required returns, shorter tenors, and in many cases, outright exclusion of high-impact but perceived "risky" sectors from financing. For sustainable finance, this has translated into limited uptake of green loans, higher cost of capital for impact ventures, and underinvestment in critical resilience-building sectors.

Capital naturally flows where the risk-adjusted return is attractive. In Kenya, sustainable projects often face difficulty meeting high return expectations set by financiers, especially given the higher cost of due diligence, technical complexity, or lack of scale. While green and impact investments may offer long-term value, the short-term return expectations, particularly from commercial banks and private equity funds can disqualify otherwise viable projects. Furthermore, where sustainability-linked incentives such as concessional finance, tax breaks, or carbon revenues are absent or unclear, the return profile remains less competitive compared to conventional investments.

Perceived risk is one of the key factors shaping both the cost and availability of sustainable finance. In many emerging and developing markets, activities such as climate-smart agriculture, nature-based solutions, renewable energy and other

In Kenya, the perceived risk of investing in emerging sectors such as climate-smart agriculture, nature-based solutions, or clean energy is often disproportionately high.

green investments are often perceived as riskier than their underlying fundamentals may warrant. This is driven by limited historical performance data, thin borrower credit histories, unfamiliar technologies and business models, evolving policy environments and shallow secondary or exit markets. Where risk cannot be measured with confidence, it is typically priced conservatively. This can result in higher required returns, shorter financing tenors, more stringent collateral requirements and, in some cases, exclusion from formal finance altogether. The challenge is therefore not always a lack of available capital, but also a lack of reliable information through which capital can be priced appropriately.

Closing this information gap does not imply that green or sustainable assets should automatically benefit from lower financing costs. A green label is not in itself a risk characteristic. Differentiated pricing is justified only where sustainability attributes demonstrably change the underlying financial risk of the borrower, project or asset. For example, a climate-resilient building may experience lower expected physical-risk losses; an energy-efficient business may have lower and less volatile operating costs; a climate-smart agricultural borrower may be less exposed to drought-related production losses; and a company with a credible transition plan may face lower medium-term transition risk. Where these characteristics can be shown to reduce probability of default, loss given default, asset impairment or earnings volatility, they can reasonably be reflected in credit pricing, investment return expectations, insurance premiums and capital allocation decisions.

Market Gaps, Mismatches & Opportunities

Despite growing momentum around sustainable finance in Kenya, significant gaps, mismatches, and untapped opportunities persist across both the demand and supply sides of the market. These misalignments hinder the efficient flow of capital to sectors most in need of climate and sustainability-aligned investments. Examining the challenges and opportunities from both the demand and supply side provides a holistic understanding of Kenya's sustainable finance landscape, revealing not only where capital is needed but also the systemic barriers and incentives that shape how, where, and to whom it flows. The barriers and gaps identified in the course of this assessment include the following:

1. **Fragmented Definition of Sustainable Finance Needs:** There is no cohesive sector-specific mapping of sustainable finance needs in Kenya. While frameworks like the NDC and the NCCAP articulate national climate goals, they do not clearly translate into quantified, sectoral financial needs aligned to sectoral strategic plans. This lack of alignment limits the ability of banks and investors to tailor products with confidence, contributing to a disconnect between national climate priorities and private sector financing flows.

Opportunity: Establish a harmonized, sector-by-sector sustainable finance needs assessment aligned with national priorities (e.g., NDC, NCCAP, SDGs) to guide private capital.

2. **Inadequate Integration of Private Finance into National Progress Tracking:** The contribution of private sector capital, especially through commercial banks, private equity, and impact investment is not systematically captured in national climate and SDG progress tracking. This results in an incomplete picture of total financing flows undermining accountability and coordination.

Opportunity: Develop frameworks and reporting mechanisms to integrate private capital flows into national SDG, NDC, and NCCAP monitoring systems.

3. **Lack of Transparency in Pricing of Sustainable Finance:** On the supply side, data on the pricing of green loans, sustainability-linked instruments, and concessional finance remains limited. Borrowers lack visibility into whether sustainable finance offers pricing advantages over conventional finance, weakening uptake and trust.

Opportunity: Create a central repository of sustainable finance pricing benchmarks to support comparability and market confidence.

4. **Fragmented Disclosure and Reporting Standards:** There is a lack of consensus on sustainable finance disclosures and reporting standards, resulting in inconsistencies, duplicative reporting, and confusion among market participants. Banks and listed companies face the burden of complying with overlapping requirements from NSE, CMA, CBK, and emerging IFRS S1/S2 frameworks.

Opportunity: Accelerate the development of a national ESG disclosure protocol aligned with IFRS and global standards to streamline reporting and reduce compliance burden.

5. **Duplication and Complexity in Reporting by Listed Banks:** Listed financial institutions face double or multiple reporting burdens, including ESG reports to the NSE, TCFD aligned reporting to CBK and now general sustainability and climate disclosures under IFRS S1 & S2. This increases costs and reduces clarity for both preparers and investors.

Opportunity: Standardize reporting requirements and adopt a “report-once, use-many” approach, anchored in IFRS-aligned disclosures

6. **Bias Toward Mitigation and Formal, Developed-Market-Oriented Standards:** Most global sustainable finance standards and taxonomies such as those developed by the EU, ISSB, and major ESG rating agencies, are shaped by the priorities and financial systems of developed economies. As a result, they tend to emphasize climate mitigation (e.g., renewable energy, electric vehicles, industrial decarbonization) and rely on formal financial systems, structured disclosures, and granular data often available in advanced markets. In Kenya, this global bias is reflected in financing patterns: approximately 79% of green finance flows go to mitigation-focused projects while critical adaptation sectors such as agriculture, water resource management, health, and community resilience remain underfunded. These sectors are often informal, lack standardized data, and operate outside the traditional banking system, making them incompatible with many existing sustainable finance frameworks.



Opportunity: Kenya can lead by adopting context-appropriate sustainable finance frameworks that:

- *Prioritize adaptation alongside mitigation,*
- *Recognize the legitimacy of informal actors and markets,*
- *Allow for alternative data and evidence sources (e.g., satellite data, community monitoring),*
- *Support community-led, locally-relevant solutions as eligible for sustainable finance.*

This shift would ensure that Kenya's sustainable finance ecosystem is both climate-responsive and socially inclusive, better aligned to national priorities and realities.

7. **Limited Technical Capacity Among Providers:** Financial institutions in Kenya often lack the technical knowledge and systems (e.g., MRV, risk assessment, taxonomy use) to structure and monitor sustainable finance products effectively. This hampers both product innovation and compliance.

Opportunity: *Invest in targeted training and infrastructure for climate and ESG risk analysis, data management, and monitoring, reporting, and verification (MRV) systems.*

8. **Mismatch Between Formal Financial Products and Informal Economy:** Most sustainable finance products are highly structured, formal instruments with complex documentation and disclosure requirements. However, Kenya's economy is dominated by SMEs and informal enterprises, which often lack the capacity or formality to access such finance.

Opportunity: *Design simplified, flexible, and digitally enabled sustainable finance products tailored to informal and SME segments, including microfinance, cooperatives, and pay-as-you-go models.*

9. **Low Awareness and Understanding of Sustainable Finance:** There is a limited understanding among firms, particularly SMEs, of what sustainable finance is, how it differs from conventional finance, and what benefits it offers in terms of cost, market access, and resilience. This information gap reduces demand and undermines product uptake.

Opportunity: *Launch coordinated awareness campaigns and technical assistance programs to build understanding and capacity for borrowers across sectors.*

10. **Weak Alignment Between Lending Practices and National Climate Plans:** There is insufficient alignment between commercial lending decisions and government climate policy objectives. This misalignment is due to a lack of clear guidance, risk frameworks, or incentives that would encourage financial institutions to finance projects aligned to Kenya's NDCs or NCCAP.

Opportunity: *Develop climate policy-linked lending guidelines and, for the consideration of CBK and the National Treasury, portfolio-level incentives (e.g., green asset ratio disclosure, concessional credit lines) to steer capital toward national climate goals.*

11. **High Issuance Costs for Green and Sustainability-Linked Bonds:** Despite rising interest in green and sustainability-linked bonds, issuance costs remain prohibitively high including verification, legal, structuring, and listing fees. This deters issuers, particularly in the SME and mid-cap segments.

Opportunity: Establish a green bond guarantee or subsidization facility to reduce upfront issuance costs, especially for first-time or smaller issuers. Where such a facility would draw on public funds or a government guarantee, it is a matter for the National Treasury's consideration; a facility funded by DFIs or development partners can proceed without a fiscal commitment.

12. **Unclear Use and Impact of Disclosures by Regulators:** Even as ESG and climate-related disclosure requirements expand, there is limited transparency on how submitted information is used by regulators such as the Central Bank of Kenya (CBK), the Capital Markets Authority (CMA), and the Nairobi Securities Exchange (NSE). Reporting entities often do not receive feedback, guidance, or evidence that their disclosures are being meaningfully analyzed or used to shape supervisory decisions, policy development, or market signals. Without clear regulatory feedback loops or demonstrated impact, disclosures risk becoming a box-ticking exercise rather than a strategic enabler of sustainable finance. This erodes the incentive for companies to invest in high-quality data and integrated reporting.

Opportunity: Establish clear regulatory feedback mechanisms such as disclosure benchmarking, sector scorecards, or policy dialogues, so that reporting entities understand how their disclosures inform regulatory priorities and national sustainability goals. This would strengthen data quality, build trust, and reinforce the role of ESG reporting as a driver of meaningful change.

13. The sustainable finance ecosystem faces a s**ignificant constraint in the availability and affordability of credible sustainability assurance services.** ESG verification, climate assurance, and impact validation are largely provided by a small number of international firms, resulting in high costs that are prohibitive for SMEs, local financial institutions, and project developers. In parallel, domestic assurance capacity—particularly for IFRS S1/S2, climate risk assurance, and impact measurement—remains underdeveloped. This limits the credibility, comparability, and scalability of sustainable finance products, constrains access to concessional and international capital, and slows the transition from voluntary disclosures to mandatory, decision-useful reporting

Opportunity: *Create a pooled 'Assurance Capacity Program' to accredit local providers for IFRS S1/S2 aligned sustainability assurance.*

14. **Sustainable finance implementation is constrained by misalignment** between long-term climate and development objectives and five-year political and electoral cycles. Policy priorities, institutional leadership, and implementation momentum often shift with changes in administration, leading to discontinuity in regulatory reforms, financing frameworks, and incentive structures. This uncertainty weakens investor confidence, delays the maturation of green finance markets, and limits the ability of financial institutions and project developers to commit to long-term investments required for climate mitigation, adaptation, and just transition outcomes.

Opportunity: *Encourage reporting entities to include a 'policy alignment statement' in annual ESG reports mapping KPIs to NDC 3.0 targets, which regulators may consider making a disclosure expectation. Align scenario analysis with Kenya's Climate Risk Atlas and prioritise financing for NCCAP flagship projects, including those to be confirmed under NCCAP IV. Embed sustainability principles into national planning through long-term policy frameworks that extend beyond electoral cycles.*

15. **Gaps in Prudential and Fiscal Enablers:** Climate scenario analysis and stress testing are not yet embedded in prudential supervision, and there are few fiscal incentives targeted at verified green instruments. (Reporting fatigue from overlapping NSE, CBK and IFRS requirements is addressed under items 4 and 5.)

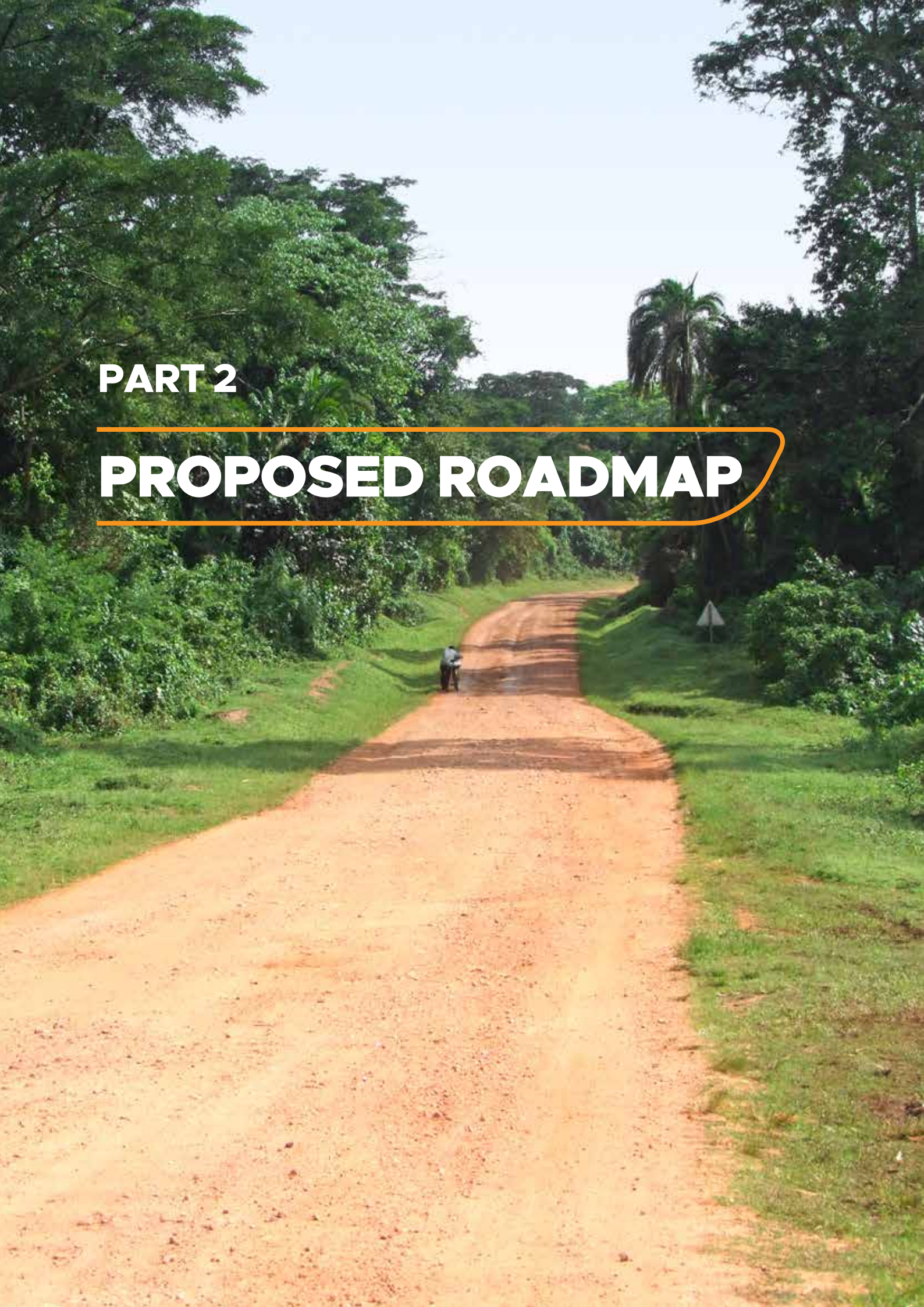
Opportunity: *For the consideration of the mandated authorities, CBK could phase climate stress testing into supervisory practice and assess, on the basis of risk evidence, whether taxonomy-aligned assets warrant any differentiated prudential treatment; the National Treasury could assess, through its tax policy process, the case for tax treatment of verified green instruments.*

16. **High Perceived Risk and a Weak Pipeline of Bankable Projects:** As set out under the determinants of capital supply, limited performance data, thin credit histories, unfamiliar business models and shallow exit markets lead financiers to price sustainable investments conservatively, while high preparation costs limit the number of investment-ready projects. The result is higher required returns, shorter tenors and the exclusion of viable adaptation, nature and MSME projects.

Opportunity: *Build shared risk and performance data, scale de-risking instruments funded in the first instance by DFIs and development partners, and invest in project preparation so that capital can be priced on evidence rather than perception. Additionally, encourage financial institutions to roll-out financial literacy trainings as an intervention to de-risk MSMEs in order to enhance their capacity to access bank finance.*

> **The Banking Industry Sustainable Finance Roadmap will serve as a critical tool to guide this coordination. It will establish a shared vision, align standards and policies, strengthen market infrastructure, and build capacity across the ecosystem.**

Addressing these challenges will require systemic coordination across government, financial institutions, regulators, and the private sector to ensure that financial flows are aligned with national climate and development priorities. The Banking Industry Sustainable Finance Roadmap will serve as a critical tool to guide this coordination. It will establish a shared vision, align standards and policies, strengthen market infrastructure, and build capacity across the ecosystem.



PART 2

PROPOSED ROADMAP

Sustainable Finance and Banking Network (SBFN) Context

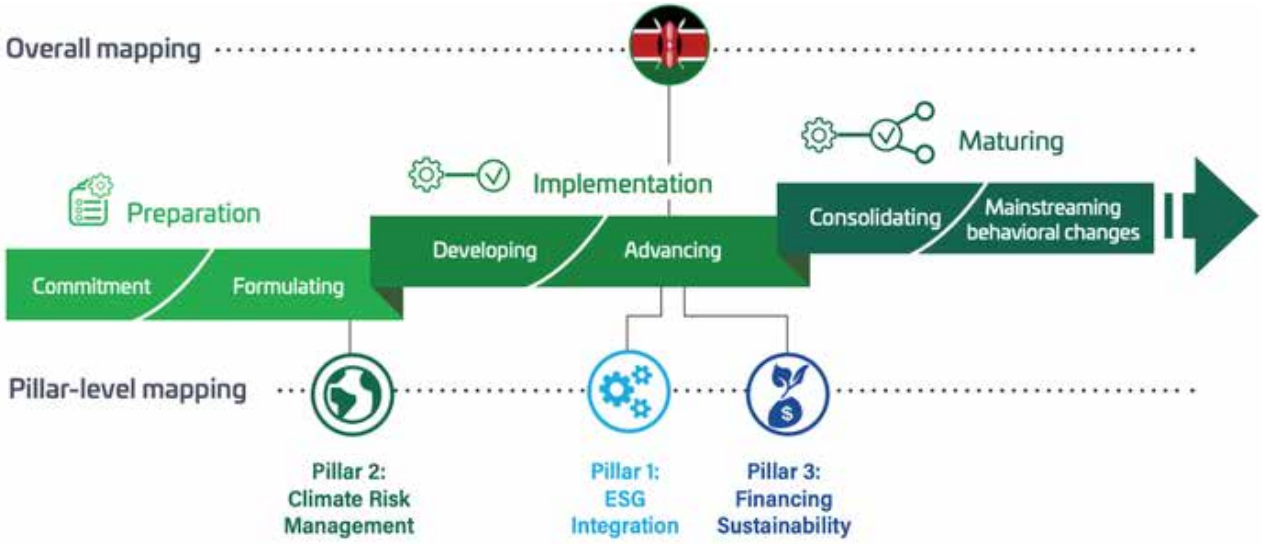
The Sustainable Banking and Finance Network (SBFN) is a global platform hosted by the International Finance Corporation (IFC), to accelerate sustainable finance in emerging markets and developing economies. The SBFN Progression Matrix is a benchmarking tool developed by SBFN to assess and compare how financial sector regulators and industry associations in emerging markets are progressing in their development and implementation of sustainable finance frameworks. The Measurement Framework is based on three intersecting themes in sustainable finance. For each theme, it assesses regulatory guidance, supervision strategies, disclosure requirements, and voluntary industry approaches.

These themes include:

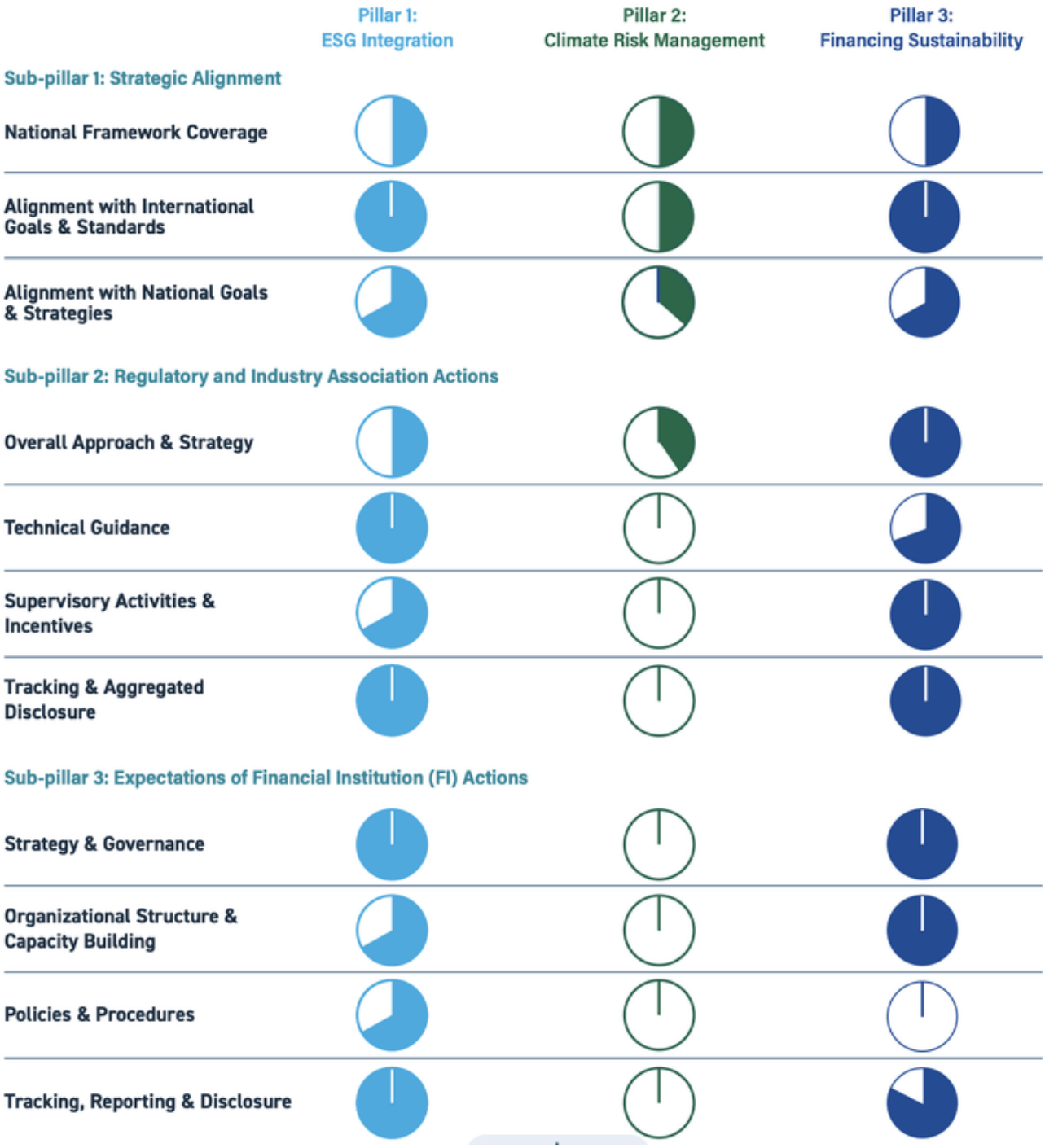
- *ESG Integration*
- *Climate Risk Management*
- *Financing Sustainability*

Kenya has continued to make progress in the "Advancing" sub-stage of the "Implementation" stage of the SBFN Progression Matrix. Kenya's sustainable finance framework has been implemented for a number of years, and it has a series of implementation tools in place, in particular through the Kenya Banking Association-led (KBA) Sustainable Finance Initiative (SFI), including guidance/guidelines, templates (for example reporting), training, online tools, and supervision guidance on how to do all this in practice. Also, financial institutions (FIs) have started sustainable finance reporting on implementation using consistent reporting templates. In 2021, KBA published the 2020 Report on the State of Sustainable Finance in Kenya's Banking Industry, sharing the progress and some key performance indicators of sustainable finance development in the banking sector.

Mapping of Overall Country progress and Individual Pillar progress



As of 2020 – Kenya progress against this framework can be summarized as follows:



Pathway to Kenya's Banking Industry Sustainable Finance Roadmap

Approach: The journey to Kenya's Banking Industry Sustainable Finance Roadmap can be summarized as follows:

Inception Phase → **Refine Phase** → **Validate Phase** → **Roll Out Phase**

Inception Phase:

This phase initiates the roadmap development process and sets the foundation for collaboration, alignment, and shared understanding across key institutions. Key Activities:

- **Constitution of a Cross-Functional Working Group:** A multi-stakeholder working group is established, bringing together representatives from regulatory bodies (e.g., CBK, CMA, IRA),



financial institutions, government ministries, development partners, private sector actors, and technical experts. A full list of members is annexed to this document.

- **Capacity Building and Orientation Training:** Members of the working group receive targeted training on sustainable finance principles, international frameworks (e.g., ISSB, SBFN, NGFS), Kenya's policy context (NDC, NCCAP), and key technical elements (e.g., green taxonomies, ESG disclosure, climate risk).
- **Kick-off Session:** A formal launch of the working group is held to agree on objectives, roles, responsibilities, and timelines. This session initiates the collaborative process and aligns stakeholders on the roadmap vision.
- **Problem Definition to Draft Roadmap Framing:** Through facilitated discussions, the working group defines core challenges and gaps from both demand and supply-side perspectives. These problem statements are then translated into a series of research questions and priority themes.
- Technical ex**pert leads the** collation of findings and inputs into a first draft roadmap structure.

Refine Phase

This phase involves collaborative drafting, review, and internal consolidation of the roadmap. Key Activities:

- **Circulation of Draft Document to Working Group:** A preliminary draft of the roadmap is shared with the full working group for review and detailed feedback. This includes proposed objectives, recommended measures, timelines, and institutional roles.
- **Collaborative Revisions:** Feedback from the working group is discussed and incorporated through working sessions, expert input, and targeted consultation. Drafting is iterative and facilitated by a technical lead or consultant.
- **Refinement of Prioritization and Sequencing:** Measures are ranked and grouped based on agreed criteria—urgency, impact, feasibility, cost, and dependencies—to ensure the roadmap is practical, context-specific, and aligned with national priorities.

Validate Phase

This phase broadens stakeholder engagement and secures validation of the roadmap content before finalization. It will entail deployment of the draft SFR and targeted work-shops with actors mapped out in the stakeholder mapping section of this document. Key Activities:

- **Stakeholder Dissemination of Refined Draft:** The updated draft roadmap is shared with a wider group of stakeholders, including financial sector actors, civil society, ministries, private sector players, and development partners.
- **Multi-Stakeholder Validation Workshop:** A validation session is held to present the roadmap, solicit final input, and build consensus around the action plan. Key feedback is captured to ensure relevance, practicality, and cross-sector buy-in.

Roll-Out Phase

This phase operationalizes the roadmap and transitions from planning to implementation. Key Activities:

- **Official Launch and Public Dissemination:** The final roadmap is launched through a high-level event and made publicly accessible. Key messages are tailored for various audiences (e.g., policymakers, financiers, media, international partners).
- **Generate timelines and map stakeholders** to each activity, with milestones in short, medium and long term.
- **Definition of Key Action Steps:** Stakeholders collaboratively define priority short-term actions, institutional responsibilities, and timelines to kick-start implementation. Champions or lead entities may be identified per thematic area.
- **Formation of Implementation and Monitoring Structures:** A steering or implementation committee is established (possibly evolving from the working group), with a secretariat to coordinate progress tracking, resource mobilization, and inter-agency alignment.
- **Initiation of Quick-Win Activities:** Immediate, high-impact actions such as training programs, pilot projects, or development of disclosure tools are prioritized to demonstrate early progress and momentum.
- **Development of a Monitoring, Evaluation & Learning Framework:** KPIs, reporting mechanisms, and periodic review cycles are defined to ensure the roadmap remains dynamic, responsive, and continuously improved.

Note: inception to validate phase completed as of October, 2026 with the Roll out phase scheduled to start from November, 2026.

Proposed Roadmap

BISFR 'NorthStar':

By 2037, Kenya's financial system will consistently direct capital towards activities that strengthen economic resilience, advance inclusion, reduce climate- and nature-related risks, and contribute measurably to national development, climate, biodiversity, restoration and land-degradation priorities. The North Star is a financial system in which capital allocation is increasingly aligned with Kenya's sustainable development priorities, risk and pricing reflect actual sustainability performance, and climate, nature, social and economic outcomes can be credibly measured and tracked.

Objectives and guiding principles

Kenya's sustainable finance landscape faces a complex set of barriers that hinder its full uptake and integration across the financial sector. Institutionally, coordination remains fragmented, with overlapping mandates and limited alignment between key regulators including the Central Bank, Capital Markets Authority, NSE, and National Treasury, resulting in gaps in supervision,

disclosure harmonization, and policy coherence. From a policy perspective, the absence of targeted fiscal incentives (such as tax breaks or subsidized issuance costs), and the lack of a comprehensive sustainable finance strategy aligned with Kenya's NDCs and NCCAP, limits the integration of private finance into national climate goals. Market barriers include the underdevelopment of sustainable finance pipelines, particularly for adaptation sectors and informal enterprises, and high issuance costs for green and sustainability-linked bonds, which deter private sector participation. Addressing these interconnected barriers will require a coordinated and context-specific roadmap supported by clear mandates, regulatory clarity, and strategic public-private collaboration.



The objective of **Kenya's Banking Industry Sustainable Finance Roadmap** is to adopt a strategic, ecosystem-based approach to transform Kenya's financial system into one that is sustainable, inclusive, and climate-resilient over the period 2027–2037. This transformation will be aligned with the country's national sustainable development priorities and climate commitments.

Specifically, Kenya's Banking Industry Sustainable Finance Roadmap would seek to achieve the following objectives:

1. **Strengthen Policy and Regulatory Alignment Across the Financial Ecosystem:** Encourage coherence, clarity, and consistency in sustainable finance-related regulations, disclosure requirements, and supervisory expectations across all relevant actors including regulators, financial institutions, and market infrastructure entities. This includes building institutional capacity and enabling conditions to support compliance with evolving global standards such as IFRS S1 and S2, the Kenya Green Finance Taxonomy, and other ESG-related mandates.
2. **Align Sustainable Finance with National Development and Climate Objectives:** Establish robust mechanisms to connect financial flows with Kenya's national climate and sustainable development goals (particularly the NDCs, NCCAP and SDGs). This includes improving data systems, establishing clear measurement frameworks, and enabling integrated reporting to track and verify green and sustainable finance flows across public and private sectors.
3. **Drive Inclusive and Participatory Financial Product Innovation:** Foster innovation in financial products and services that are demand-driven, inclusive, and tailored to the needs of Kenya's diverse economy including MSMEs, the informal sector, women, and climate-vulnerable communities. This involves translating market needs into fit-for-purpose instruments and closing the supply-demand gap in sustainable finance. Further, pilot climate-indexed insurance and rainfall-triggered loans. Establish a sustainability sandbox for digital finance and mobile-based carbon credit trading. Include simplified covenants and ESG-by-design product guidance for MSMEs, as well as build capacity

of MSMEs to optimize their operations, ensure they are financially literate to reduce the existing information asymmetry that exists to enhance their ability to access bank finance.

4. **Address Risk Perception and Mobilize Sustainable Capital Supply:** Tackle systemic risk perception challenges that inhibit capital flows into sustainable investments by strengthening ecosystem-wide de-risking mechanisms, enhancing the creditworthiness and bankability of green and transition projects, and improving transparency and data availability. Particular emphasis will be placed on addressing the under-financing of nature-based solutions, which remain underserved due to weak monetisation pathways and limited risk mitigation instruments. The objective further seeks to better align domestic sustainable finance frameworks with global capital flows by expanding the use of blended finance, guarantees, and concessional instruments that effectively crowd in private capital. Collectively, these measures aim to reduce the cost of capital and catalyse scaled private sector participation in sustainable finance.
5. **Establish a Robust Monitoring, Evaluation, and Adaptive Learning Framework:** Create systems to regularly monitor implementation progress, evaluate the effectiveness and impact of roadmap measures, and support continuous improvement through stakeholder feedback, knowledge sharing, and policy adjustment. This could also include a 'Sustainable Finance Pricing & Volumes Dashboard' to track green loan volumes and pricing. Publish a map of policy incentives linked to demand drivers to improve market absorptive capacity and institutionalize data gap analysis. This ensures that the roadmap remains responsive, evidence-based, and adaptive to Kenya's evolving sustainable finance landscape.

In achieving each of these specific objectives, Kenya will move from an 'advanced' stage of the SBFN Progression Matrix to 'maturing' across all three pillars by the end of the Roadmap period in 2037. The Roadmap runs from 2027 to 2037 in three phases: Phase 1, Foundation (2027–2032); Phase 2, Scale-up (2032–2035); and Phase 3, Consolidation and review (2035–2037).



Scope

The structure of the proposed roadmap was designed based on the recommendations of the SBFN Measurement Framework, and the recognition of the need for an ecosystem-led approach to transformation. While the SBFN Progression Matrix addresses three pillars namely: i) Climate risk management ii) ESG integration and iii) Financing Sustainability, Kenya's SFR introduces a fourth pillar, iv) Emerging issues.

As Kenya accelerates efforts to build a sustainable financial system, it is essential that the roadmap is not only responsive to current gaps and priorities but also forward-looking, anticipating and preparing for global and national developments that will shape the future of finance. The Emerging Issues pillar provides the necessary flexibility to adapt to new risks, opportunities, and innovations that may not yet be fully integrated into the existing regulatory or market framework. This pillar recognizes that the sustainable finance landscape is dynamic and is driven by rapidly evolving global standards, technological innovations, climate science, market expectations, and geo-political shifts. Without a dedicated space in the roadmap to monitor and respond to these trends, Kenya risks locking in outdated practices or missing transformative opportunities. **This could include but is not limited to:**

- Carbon markets and scaling the voluntary carbon market (VCM)
- Transition finance
- Nature-related risks and finance for nature
- Global taxonomies and Trade-related standards (such as the CBAM, EU Green Deal) that could impact Kenyan exports and investment flows

Why ecosystem?

The challenges identified in preliminary assessments, point to systemic barriers that go far beyond the scope of individual banks or financial institutions. These include fragmented regulatory mandates, inconsistent disclosure standards, weak coordination between public and private actors, limited data infrastructure, and the need to strengthen an enabling environment to support sustainable finance innovation within the banking industry (particularly for adaptation, SMEs, and the informal economy).

From barriers to actions: how the Roadmap was built

The Roadmap follows a single method: every action proposed in Part 2 responds to one or more of the barriers and gaps identified in Part 1. The barriers were identified through the landscape assessment and working group consultations; each barrier was then paired with an opportunity, and the opportunities were translated into actions organised by objective and pillar. The table below makes this link explicit, so that any reader can trace each action back to the problem it is meant to solve and, conversely, confirm that every barrier is addressed.

Table: Crosswalk from Part 1 barriers to Roadmap actions

Barrier identified in Part 1	Roadmap response	Actions in the Implementation Matrix
1. Fragmented definition of sustainable finance needs	Sector-by-sector needs assessment aligned with NDC 3.0, NCCAP IV and the SDGs	1.7, 2.5, 3.1, 4.7
2. Private finance not integrated into national progress tracking	Reporting mechanisms that bring private flows into national tracking	1.7, 2.1, 2.2, 2.4, 2.6, 5.2, 5.5
3. Lack of transparency in pricing of sustainable finance	Pricing and performance benchmarks	2.2, 2.4, 3.5, 4.1, 4.3, 4.11
4. Fragmented disclosure and reporting standards	National ESG disclosure protocol aligned with IFRS	1.1, 1.2
5. Duplication and complexity in reporting by listed banks	'Report once, use many' reporting	1.1, 5.2
6. Bias toward mitigation and formal, developed-market-oriented standards	Context-appropriate frameworks that prioritise adaptation and informal actors	1.5, 1.6, 3.2, 3.6
7. Limited technical capacity among providers and regulators	Targeted training, tools and MRV systems	1.3, 1.4, 1.5, 4.2, 5.4, 5.8
8. Mismatch between formal financial products and the informal economy	Simplified, digitally enabled products for informal and SME segments	1.14, 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 3.8, 4.8
9. Low awareness and understanding of sustainable finance	Awareness and technical assistance programmes	3.5, 3.7, 3.9, 5.8
10. Weak alignment between lending practices and national climate plans	Policy-linked lending guidance and, for authorities' consideration, portfolio incentives	1.4, 1.7, 1.10, 2.1, 2.3, 2.7, 4.4
11. High issuance costs for green and sustainability-linked bonds	Issuance guidance, cost support and pooled issuance	1.8, 1.9, 4.5, 4.8, 4.12
12. Unclear use and impact of disclosures by regulators	Regulatory feedback loops and public reporting	1.2, 5.1, 5.3
13. Limited, costly sustainability assurance capacity	Domestic assurance capacity and a clear assurance standard	1.11
14. Policy discontinuity across electoral cycles	Alignment with long-term national frameworks and a standing review mechanism	1.10, 2.1, 5.1, 5.3, 5.7
15. Gaps in prudential and fiscal enablers	For authorities' consideration: stress testing, evidence-based prudential treatment, fiscal incentives	1.9, 1.12, 1.13, 4.2, 5.4, 5.6
16. High perceived risk and a weak pipeline of bankable projects	Risk data, de-risking instruments and project preparation	1.9, 1.13, 1.14, 2.3, 2.5, 3.3, 3.4, 4.1, 4.3, 4.4, 4.5, 4.6, 4.7, 4.9, 4.10, 4.11, 4.12

Who Acts: Public And Private Roles, And The Limits Of An Industry-Led Process

This Roadmap has been developed through a process convened by the Kenya Bankers Association. Many of the barriers it addresses can be resolved by the banking industry and the wider private sector acting together. Others can only be addressed by public authorities using powers that the law gives to them alone. An industry-led process can identify and recommend these public policy actions, and can supply evidence for them, but it cannot commit the National Treasury, the Central Bank of Kenya or any other authority to take them.

Each action in this Roadmap is therefore classified in two ways. The first is whether it is industry-led (private), joint, or public. The second, for public actions, is the policy domain it falls in. The distinction between fiscal and monetary policy matters here. Fiscal policy covers taxation, public spending, government borrowing (including any sovereign green, social or sustainability-linked bond) and government guarantees and other contingent liabilities; these are the responsibility of the National Treasury and, where legislation or borrowing limits are involved, Parliament. Monetary policy covers the policy rate, reserve requirements and central bank liquidity facilities, and is the responsibility of CBK through its Monetary Policy Committee, with price stability as the primary objective. Prudential regulation, which covers how banks and other institutions hold capital against risk, provision for losses and manage climate risk, is a third and separate domain; it also sits with CBK for banks, and with IRA, RBA, SASRA and CMA for their sectors, but under different laws and processes from monetary policy.

Where an action falls within a public authority's mandate, it is presented as a recommendation to that authority for its consideration. The Roadmap names the authority best placed to lead, describes the evidence and support the industry can provide, and leaves the decision, its timing and its design to the authority concerned. Implementation of these actions depends on the concurrence of the mandated authorities.

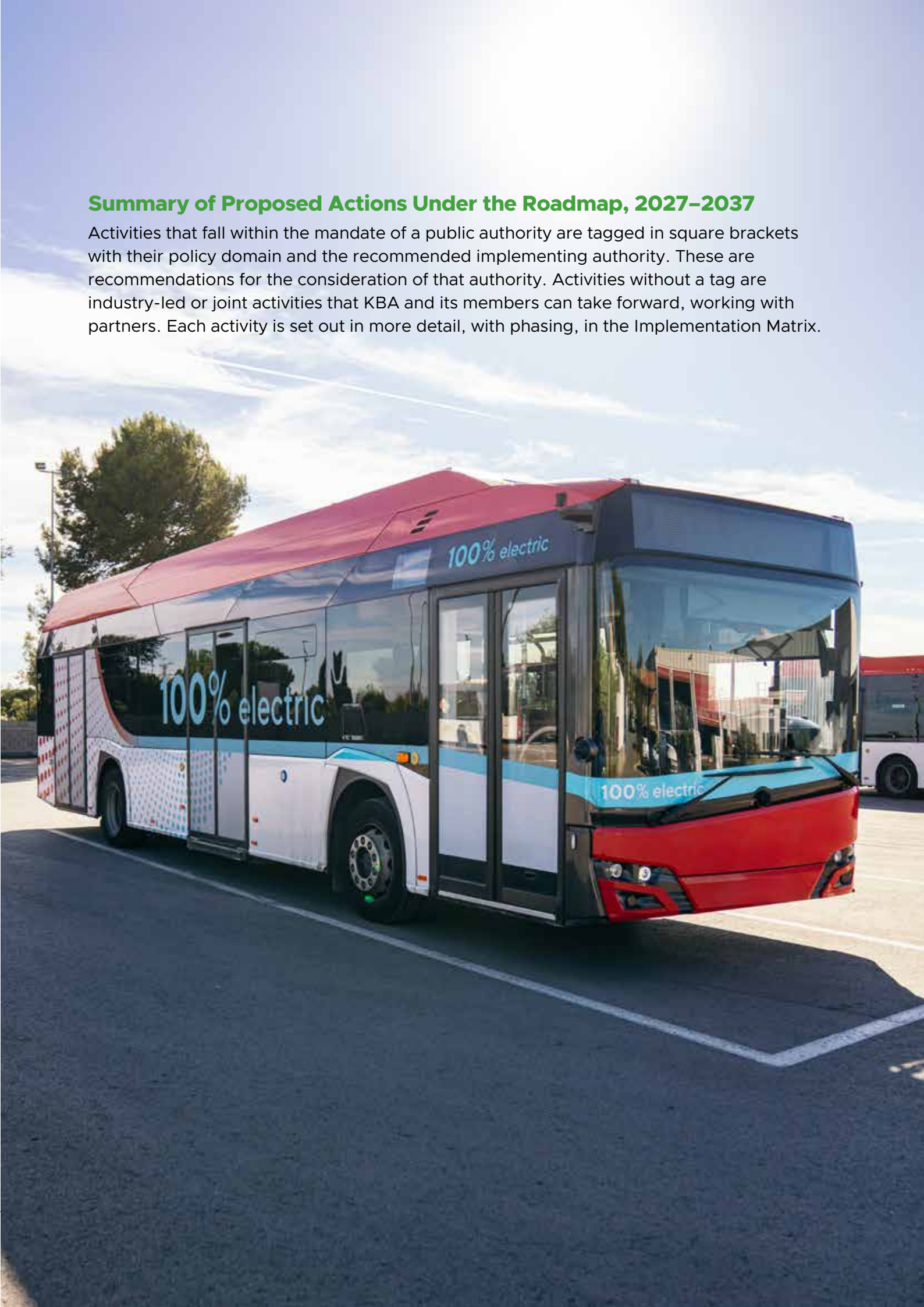
> **Monetary policy covers the policy rate, reserve requirements and central bank liquidity facilities, and is the responsibility of CBK through its Monetary Policy Committee, with price stability as the primary objective.**

Table: Classification of Roadmap actions by actor and policy domain

Category	What it covers	Mandated authority and legal basis	Role of KBA and industry
Industry-led (private)	Voluntary standards, templates, training, product design, data pooling, research and knowledge-sharing among financial institutions	KBA, its members and other industry associations	Leads and delivers
Joint (public-private)	Actions that need both regulatory endorsement and industry delivery, or that pool public, DFI and private resources	Shared, with a named public co-lead where regulation or public funds are involved	Co-designs, co-funds and implements
Public: prudential, regulatory and disclosure	Supervisory guidance, prudential treatment of assets, disclosure and assurance standards, market regulation, consumer protection	CBK (Banking Act, Microfinance Act); CMA (Capital Markets Act); IRA (Insurance Act); RBA (Retirement Benefits Act); SASRA (Sacco Societies Act); ICPAK (Accountants Act, 2008)	Provides evidence, consults members and pilots; decisions rest with the regulator
Public: monetary	Policy rate, cash reserve ratio, liquidity and refinancing facilities, collateral framework	CBK through the Monetary Policy Committee (Article 231 of the Constitution; Central Bank of Kenya Act)	Provides data on request only; any decision rests with CBK and must be consistent with price stability
Public: fiscal	Tax policy and tax expenditures; budget allocations and subsidies; sovereign borrowing, including green, social and sustainability-linked bonds; government guarantees and other contingent liabilities; PPPs	National Treasury (PFM Act, 2012, including the Public Debt Management Office; PPP Act, 2021); KRA for tax administration; Parliament for tax legislation, borrowing limits and guarantees (Articles 210 and 213 of the Constitution)	Submits costed, evidence-based proposals through the budget and Finance Bill processes; inclusion in this Roadmap implies no commitment by the National Treasury
Public: climate and development policy	NCCAP and NDC implementation and tracking, carbon markets and the carbon registry, national planning and statistics	Ministry of Environment, Climate Change and Forestry and the Climate Change Directorate (Climate Change Act, 2016, as amended in 2023); State Department for Economic Planning; KNBS	Aligns financial-sector data and products; contributes to NCCAP IV preparation

Summary of Proposed Actions Under the Roadmap, 2027–2037

Activities that fall within the mandate of a public authority are tagged in square brackets with their policy domain and the recommended implementing authority. These are recommendations for the consideration of that authority. Activities without a tag are industry-led or joint activities that KBA and its members can take forward, working with partners. Each activity is set out in more detail, with phasing, in the Implementation Matrix.



	Summary Activities			
	ESG Integration	**Climate and Nature Risk Management**	**Financing Sustainability**	**Emerging Issues**
Specific Objective 1: Strengthen Policy and Regulatory Alignment Across the Financial Ecosystem	• Develop a National ESG Disclosure Protocol aligned with IFRS S1 and S2, GRI and the NSE guidelines, for adoption by the relevant standard setters and regulators. [Disclosure standards | Recommended lead: ICPAK, with CMA, NSE, CBK, IRA, RBA] • Invite the financial-sector regulators (CBK, CMA, IRA, RBA, SASRA) to harmonise their ESG disclosure expectations. [Regulatory | Recommended lead: financial-sector regulators] • Develop ESG integration guidance for pension funds, SACCOs, and insurance providers. [Regulatory | Recommended lead: RBA, SASRA, IRA] •	• Climate • Recommend that CBK consider extending its climate-related risk guidance to all CBK-regulated deposit-taking institutions, and that SASRA consider equivalent guidance for deposit-taking SACCOs, by 2028. [Prudential | Recommended lead: CBK; SASRA] • Develop sector-specific climate risk guidance for high-impact industries (e.g., agriculture, real estate, manufacturing). [Prudential | Recommended lead: CBK and sector regulators] • Build regulator capacity to conduct and disseminate regular macroprudential analysis of systemic climate risks [Prudential | Recommended lead: CBK] • Recommend that CBK consider collaborating with the EAC and African central banks to develop regional climate risk benchmarks. [Prudential | Recommended lead: CBK] • Nature • Identify gaps affecting TNFD voluntary adoption through research. •	• Support the operationalisation of the Kenya Green Finance Taxonomy, including implementation guidance for banks. [Regulatory | Recommended lead: CBK] • Establish regulatory guidance for green, social, and sustainability-linked bond issuances. [Market regulation | Recommended lead: CMA, with CBK] • Recommend that the mandated authorities assess the case for policy incentives, such as: • Differentiated capital treatment for green assets, where risk evidence supports it, [Prudential | Recommended lead: CBK] • Tax relief on certified green instruments, [Fiscal: tax | Recommended lead: National Treasury and KRA; Parliament] • Lower reserve requirements for sustainable MSME lending. [Monetary | Recommended lead: CBK Monetary Policy Committee] • Based on the KGFT, define green loan and investment reporting templates for banks and capital markets.	• Financial Inclusion • Establish the financing gap for MSMEs in various sectors. • Set a realistic industry target annually to close the financing gap for underserved MSMEs i.e women, youth, persons with disability and refugees. • Develop a national strategy to advance financial inclusion (include financial literacy national programs as an intervention to ensure bankability of MSMEs) [Public policy | Recommended lead: National Treasury and CBK] • Scale de-risking instruments to enhance the ability of underserved MSMEs to access finance. [Joint; fiscal where public funds are used | National Treasury, DFIs] • Carbon Market • Recommend that CBK and CMA develop a regulatory approach for transition finance, including brown-to-green eligibility criteria and safeguards. [Regulatory | Recommended lead: CBK, CMA] • Design a national framework to integrate carbon market participation (including benefit-sharing and safeguards) into financial system oversight. [Climate policy | Recommended lead: Ministry of Environment, Climate Change and Forestry,

	• Establish a central ESG disclosure repository to support transparency and comparability. • Conduct joint regulator training on ESG integration in supervision and policy enforcement. [Regulatory capacity | Recommended lead: financial-sector regulators] • Integrate ESG into prudential reporting templates for financial institutions. [Prudential | Recommended lead: CBK, IRA, RBA, SASRA]	• Build board and senior management capacity to identify and act on nature related risks, opportunities, impact, and dependency. • Establish bankable nature positive projects to promote financing. • Engage Central Bank of Kenya to include nature related issues into the taxonomy. [Regulatory | Recommended lead: CBK] • Design, improvement or expansion of mechanisms to collect, track or regularly publish data on nature and climate finance flows both from private and public sectors, establishment of a Finance flows dashboard for green and nature aligned projects. [Public finance data | Recommended lead: National Treasury, with regulators] • Develop mechanisms to support banks to develop TNFD aligned LEAP Assessment. Establish technical assistance for banks to develop nature transition plans.	• Create a national sustainable finance certification scheme for institutions and products. • Recommend that CBK consider green asset ratio disclosure for banks, building on taxonomy-based reporting. [Prudential disclosure | Recommended lead: CBK] • Encourage institutions to set voluntary, portfolio-level sustainable lending targets.	• with CBK and CMA] • Define clear roles for financial institutions in the carbon market ecosystem (e.g., as project financiers, aggregators, traders, or carbon credit custodians) • Establish a regulatory interface between the carbon registry and financial regulators (CBK, CMA) to enable visibility and traceability of carbon-linked financial products. [Climate policy and regulatory | Recommended lead: Climate Change Directorate, CBK, CMA] • Enable financial institutions to access carbon registry data to support: • Verification of carbon revenue-backed loans, • Risk assessment for carbon project financing, • Sustainability-linked bond issuance backed by emissions reductions. • Develop carbon finance reporting templates for financial institutions, integrated into ESG disclosure protocols. • Build capacity for financial institutions and regulators to assess and value carbon credits, including how to reflect them in portfolios and disclosures. • Explore integration of the carbon registry with credit information infrastructure and collateral registries, to support innovation in climate-positive lending. • Pilot integration of select carbon projects into the financial system through blended finance facilities or sustainability-linked instruments. • Include carbon finance indicators and use of registry data in roadmap monitoring and evaluation systems. • Pilot and develop guidelines for climate- and nature-linked fintech products and digital finance models. • Develop guidance for financial institutions on supporting a just transition, including community and workforce inclusion. • Recommend that CMA and CBK consider using their regulatory sandbox arrangements for sustainability-linked fintech innovations. [Regulatory | Recommended lead: CMA, CBK] • Issue a periodic Emerging Issues Brief to inform financial institutions of upcoming regulatory changes and trends.

Specific Objective 2: Align Sustainable Finance with National Development and Climate Objectives	• Map Kenya's NDC, NCCAP & SDG targets against ESG disclosure frameworks (IFRS S1 & S2) to ensure alignment in reporting. • Develop a guidance note to help financial institutions link ESG KPIs and disclosures to specific SDGs and national indicators. • Recommend that the State Department for Economic Planning and the financial-sector regulators agree a mechanism for sharing aggregated ESG disclosure data for national planning. [Development planning | Recommended lead: State Department for Economic Planning] • Encourage ESG disclosures to include a narrative on alignment with national policy outcomes (e.g., contribution to NDC 3.0 adaptation and mitigation goals); regulators may consider making this an expectation. [Regulatory | Recommended lead: CMA, CBK] • Integrate SDG tagging and sectoral alignment into public ESG reporting templates and taxonomies. • Build regulator capacity to assess the alignment between disclosed ESG impacts and national development priorities. [Regulatory capacity | Recommended lead: financial-sector regulators]	• Align climate and nature risk assessments (e.g., scenario analysis, risk mapping) with Kenya's NCCAP and sectoral climate and nature vulnerability data. • Develop cross-sectoral risk indicators (e.g., drought, flood, and temperature stress exposure) that reflect national climate risk priorities. • Encourage banks and insurers to integrate climate and nature risk data into asset allocation and underwriting in climate-sensitive sectors like agriculture, water, and infrastructure. • Include indicators from Kenya's Climate Risk Atlas in financial risk models. • Recommend that regulators consider requiring financial institutions to identify and disclose how climate and nature-related risks affect their financing of national priority sectors (e.g., water, food security, energy access). [Prudential disclosure | Recommended lead: CBK, IRA, CMA]	• Map priority investment areas outlined in the NDC/NCCAP and SDGs and link them to financial instruments (e.g., green bonds, concessional lending, blended finance). • Develop national guidelines for financial institutions on SDG/NDC-aligned lending and investment strategies. [Joint | Recommended lead: National Treasury, with CBK and KBA] • Create a Green Finance Flow Tracker in collaboration with the National Treasury to monitor volumes and types of sustainable finance aligned with national goals. [Public finance data | Recommended lead: National Treasury] • Recommend that CBK and CMA consider requiring annual reporting by banks and capital market issuers on the proportion of financing aligned with national targets (e.g., % of green lending aligned with NDC 3.0 targets). [Regulatory | Recommended lead: CBK, CMA] • Recommend that the National Treasury and the Climate Change Directorate consider a public-private climate finance coordination platform, building on existing structures, to monitor alignment with NCCAP implementation. [Public policy | Recommended lead: National Treasury, Climate Change Directorate] • Develop standard tagging of loans, bonds, and insurance products against national policy objectives. [Regulatory | Recommended lead: CBK, with National Treasury] • Recommend that the National Treasury assess fiscal incentives or concessional windows for NDC-aligned investment (e.g., adaptation loan incentives). [Fiscal: expenditure | Recommended lead: National Treasury]	• Integrate the national carbon registry with climate finance tracking tools and policy dashboards. [Climate policy | Recommended lead: Climate Change Directorate] • Develop a framework to monitor how carbon credit revenues and projects contribute to Kenya's NDC targets and carbon markets roadmap. [Climate policy | Recommended lead: Climate Change Directorate] • Recommend that CMA and CBK consider requiring transition finance instruments to demonstrate consistency with national decarbonisation pathways (e.g., low-emission transport, clean cooking, industrial efficiency). [Regulatory | Recommended lead: CMA, CBK] • Link nature-related financial disclosures (e.g., TNFD) to biodiversity and land restoration commitments in national plans (e.g., Kenya's Restoration Initiative, AFR100). • Encourage fintech and digital climate finance platforms to align with national inclusion and resilience goals. • Encourage innovation in financing for just transition measures, including social protection, workforce reskilling, and equitable access to green infrastructure. • Design and pilot a national platform to collect and share case studies of innovative finance aligned with NDC/NCCAP priorities.

Specific Objective 3: Drive Inclusive and Participatory Financial Product Innovation	• Develop ESG product design guidance to support financial institutions in embedding ESG principles into MSME and community-level finance. • Create tools for translating ESG criteria into product innovation—e.g., loan covenants linked to social impact, biodiversity, or gender indicators. • Support the development of ESG-compliant cooperative finance and SACCO products for rural and informal markets. • Encourage ESG-aligned savings, insurance, and microcredit products that meet the needs of underserved groups. • Embed ESG impact metrics into new products through standard KPIs (e.g., smallholder income, women reached, hectares restored). • Facilitate stakeholder consultations with borrowers, communities, and civil society to co-design financial products that reflect local priorities.	• Develop and promote risk-sharing financial products (e.g., climate-indexed insurance, rainfall-triggered loans) for farmers and informal businesses. • Co-create adaptation finance tools tailored for low-income communities and MSMEs in high-risk areas. • Support banks and insurers in bundling climate and nature risk data into loan/insurance underwriting for vulnerable sectors. • Pilot community-based lending models that include climate and nature screening and resilience scoring. • Develop simplified loan application and approval processes for small-scale adaptation and resilience investments (e.g., solar irrigation, flood barriers). • Introduce mobile-based tools to assess and communicate climate risk exposure to borrowers.	• Establish innovation challenge funds to support development of inclusive green finance products (e.g., clean cooking loans, waste-to-value financing). • Incentivize financial institutions to design sustainability-linked microfinance and SME loan products with flexible terms and social/environmental targets. • Support the rollout of sustainability-linked credit lines, guarantee schemes, and digital microloans for climate-smart entrepreneurship. [Joint; contingent liability if government-backed | National Treasury] • Partner with SACCOs and MFIs to pilot green savings and lending products for women and youth. • Facilitate blended finance structures that support local product innovation by derisking first-mover models. • Introduce a national green product registry that tracks and showcases inclusive financial products developed and deployed and relative impacts. • Build capacity for inclusive product development within financial institutions through innovation labs and technical support.	• Support development of digital platforms (e.g., mobile wallets, blockchain) for disbursing and tracking small-scale green loans. • Integrate Kenya's carbon registry into financial products e.g., carbon-backed community savings plans or carbon revenue-sharing models for project developers. • Pilot use of alternative credit scoring (e.g., mobile usage, utility payments, satellite imagery) to expand access to climate-linked finance for informal borrowers. • Explore tokenization and fractional ownership models to enable community investment in sustainable infrastructure (e.g., microgrids, mini-hydro). • Promote digital solutions that bundle financing with technical assistance, market access, and ESG performance tracking. • Ensure all fintech-enabled financial innovations incorporate safeguards for inclusion, data privacy, and alignment with climate and development outcomes. [Market conduct | Recommended lead: CBK, CMA, ODPC] • Encourage co-creation of just transition products e.g., reskilling finance, social safety net-linked loans for workers in high-carbon sectors.

Specific Objective 4: Address Risk Perception and Mobilize Sustainable Capital Supply	• Standardize ESG data collection and reporting templates to enable investors to assess ESG risks and opportunities more reliably. • Create credible, local ESG risk ratings or scoring tools to help investors distinguish between low- and high-risk sustainability-linked investments. • Promote the development of a local ecosystem for independent third-party assurance of ESG and climate-related disclosures. This includes building capacity among audit firms and sustainability service providers to conduct assurance in line with international standards (e.g., ISAE 3000, ISAE 3410), and providing clear regulatory guidance on when and how external assurance should be applied. Strengthening assurance practices will enhance data credibility, reduce information asymmetry, and build investor confidence in the quality and integrity of disclosed ESG information. [Assurance standards | Recommended lead: ICPAK, with CMA] • Establish an ESG performance registry to track institution-level and project-level ESG performance for risk analysis. • Incentivize ESG certification for sustainable SMEs to enhance their attractiveness to financiers and investors.	• Develop standardized climate and nature risk metrics and stress-testing tools for banks, investors, and regulators. [Prudential | Recommended lead: CBK, with industry] • Train credit officers and underwriters in climate and nature risk assessment methodologies and adaptation finance modeling. • Build a centralized climate risk mapping tool (linked to Kenya's Climate Risk Atlas) to inform financial risk profiling. • Embed climate and nature risk-adjusted pricing guidelines into sector-specific lending strategies (e.g., agri-finance, infrastructure, housing). • Recommend that CBK assess, on the basis of risk evidence from the Risk and Performance Data Facility, whether capital or provisioning treatment should reflect demonstrated differences in climate risk. [Prudential | Recommended lead: CBK]	• Design and operationalise a Green Finance Guarantee Facility to de-risk private sector lending in high-impact sectors (e.g., adaptation, nature-based solutions), capitalised in the first instance by DFIs and development partners. [Contingent liability only if government-backed | Recommended lead: DFIs; National Treasury and Parliament for any government guarantee] • Promote blended finance structures that combine concessional funds with commercial capital to lower cost of capital and enhance risk-sharing. • Establish a results-based finance fund to reward delivery of climate or ESG outcomes (e.g., verified emissions reductions, inclusion targets). [Fiscal where public funds are used | Recommended lead: National Treasury, development partners] • Partner with development partners to create first-loss capital layers in national green bond and SME green loan programs. [Fiscal: public debt and contingent liabilities | Recommended lead: National Treasury (Public Debt Management Office)] • Develop a pipeline of bankable sustainable projects across key sectors, with de-risking elements pre-structured (e.g., land tenure risk mitigation, FX risk insurance). [Public investment and PPPs | Recommended lead: National Treasury (PPP Directorate), sector ministries, counties] • Create risk-sharing arrangements between government, DFIs, and private investors in underserved regions and sectors. [Fiscal: contingent liabilities | Recommended lead: National Treasury; Parliament for guarantees] • Enable access to credit enhancements (e.g., partial risk guarantees, political risk insurance) through a centralized support platform. [Contingent liability where a sovereign counter-guarantee is required | National Treasury]	• Develop a framework to assess and manage risks in carbon finance projects, including methodologies for evaluating future carbon revenue. • Integrate Kenya's carbon registry into credit assessments and due diligence for carbon-linked financial products. • Pilot de-risked transition finance instruments for hard-to-abate sectors with clear brown-to-green pathways. • Encourage financial institutions to participate in digital innovation sandboxes to test and refine fintech-enabled climate and ESG risk solutions. • Support development of nature-related risk tools in alignment with TNFD to inform investment in biodiversity, land use, and water management. • Publish periodic "Market Risk Perception Reports" to track investor sentiment, identify barriers, and inform policy adjustments. • Promote knowledge-sharing platforms to disseminate success stories, risk mitigation case studies, and blended finance blueprints.

Specific Objective 5: Establish a Robust Monitoring, Evaluation, and Adaptive Learning Framework	• Develop a national ESG monitoring framework aligned with IFRS S1 and other relevant standards. [Regulatory | Recommended lead: financial-sector regulators] • Establish a centralized platform for collecting, analyzing, and benchmarking ESG disclosures from regulated entities. • Create annual ESG performance scorecards for financial institutions to track progress on integration and compliance. • Conduct regular ESG audits or assessments to evaluate disclosure quality and effectiveness of integration into governance and strategy. • Invite regulators (e.g., CBK, CMA) to consider publishing annual reports on ESG implementation status across their respective sectors. [Regulatory | Recommended lead: CBK, CMA, IRA, RBA, SASRA] • Enable public access to ESG performance data to promote transparency and stakeholder accountability.	• Develop indicators to assess how financial institutions are incorporating climate and nature risk into governance, risk management, and strategy (aligned with IFRS S2, TCFD and TNFD). • Establish periodic review of scenario analysis, stress testing results, and exposure to climate-sensitive sectors. [Prudential | Recommended lead: CBK] • Monitor uptake and usage of climate and nature risk tools, datasets, and capacity-building resources across institutions. • Create a national database for sectoral climate-financial risk trends and vulnerabilities to inform future regulatory updates.	• Develop a sustainable finance tracking system (e.g., "Green Finance Flow Tracker") linked to the taxonomy and tagged against NCCAP, NDC, and SDG indicators. [Public finance data | Recommended lead: National Treasury] • Establish key indicators such as the share of green lending, green bonds issued, adaptation finance deployed, and inclusion-focused products offered. • Collect and publish annual reports on sustainable finance volumes by sector, geography, and financial instrument. • Monitor the deployment and effectiveness of fiscal incentives, guarantee schemes, and blended finance instruments. [Fiscal evaluation | Recommended lead: National Treasury] • Conduct periodic pipeline analysis to assess the availability and bankability of sustainable investment opportunities. • Evaluate the additionality and impact of sustainable finance instruments (e.g., emissions reduced, people reached, land restored).	• Develop an adaptive learning mechanism that allows for periodic roadmap updates based on emerging trends (e.g., TNFD, carbon markets, just transition). • Establish a registry of innovation pilots and emerging instruments, with built-in learning and feedback mechanisms. • Monitor uptake and performance of digital sustainability tools and fintech-enabled solutions across sectors. • Track alignment of carbon credit projects and registry use with national MRV systems and financial sector disclosures. [Climate policy | Recommended lead: Climate Change Directorate] • Build a knowledge hub to document lessons learned, publish case studies, and disseminate insights from implementation. • Convene annual or biennial stakeholder learning forums to share progress, validate data, and co-design roadmap adjustments.

Recommendations Requiring the Concurrence of Mandated Authorities

The table below gathers in one place the Roadmap recommendations that touch on monetary policy, tax policy, public spending, sovereign debt issuance, contingent liabilities and prudential regulation. For each, it identifies the implementing entity with the legal mandate, the basis of that mandate, and what concurrence would be needed. These recommendations are offered to the National Treasury, the Central Bank of Kenya and the other authorities named for their consideration, and are not commitments on their behalf.

Recommendation (Roadmap reference)	Policy domain	Implementing entity (mandated authority)
Tax treatment of verified green, social and sustainability-linked instruments (1.9; Barrier 15)	Fiscal: tax	National Treasury (tax policy); KRA (administration); Parliament (legislation)
Budget-funded incentives for NDC-aligned and adaptation investment, including concessional windows or interest subsidies (1.9; Objective 2)	Fiscal: expenditure	National Treasury; Climate Change Directorate for the Climate Change Fund; county governments for county funds
Support for green bond issuance costs (Barrier 11)	Fiscal only if budget-funded; otherwise market regulation	National Treasury (if budget-funded); CMA and NSE (fee measures)
Sovereign green, social or sustainability-linked bond issuance (4.12)	Fiscal: public debt	National Treasury through the Public Debt Management Office
Government-backed guarantees, first-loss layers and risk-sharing arrangements (4.5, 4.6; Objective 4)	Fiscal: contingent liabilities	National Treasury; Parliament
Results-based finance fund (Objective 4)	Fiscal only where public funds are used	National Treasury; development partners
Project preparation and PPP-structured sustainable infrastructure (4.7)	Fiscal: public investment and PPPs	National Treasury (PPP Directorate), sector ministries, county governments
Differentiated reserve requirement for verified sustainable MSME lending (1.14)	Monetary	CBK Monetary Policy Committee
Differentiated capital or provisioning treatment for sustainable assets (1.13)	Prudential	CBK; IRA, RBA and SASRA for their sectors
Climate scenario analysis and stress testing; extension of climate risk guidance; sector guidance; green asset ratio and alignment disclosure (1.2, 1.4, 1.12; Objective 2)	Prudential and supervisory	CBK; SASRA for deposit-taking SACCOs; IRA, RBA and CMA for their sectors
National ESG disclosure protocol and sustainability assurance framework (1.1, 1.11)	Disclosure and assurance standards	ICPAK, with CMA, NSE, CBK, IRA, RBA and SASRA
Guidance for green, social, sustainability-linked and transition instruments; sandbox use (1.8, 2.7, 3.8)	Market regulation and conduct	CMA; CBK; ODPC for data protection
Carbon-market integration into financial oversight and the registry interface (1.10, 2.6, 4.10)	Climate policy and market regulation	Ministry of Environment, Climate Change and Forestry (Climate Change Directorate), with CBK and CMA
National alignment framework and sharing of ESG data for planning (2.1)	Development planning and statistics	State Department for Economic Planning; KNBS
National financial inclusion strategy (Objective 1, Emerging Issues)	Public policy	National Treasury and CBK

Legal and policy basis	Concurrence required	Industry (KBA) contribution
Article 210 of the Constitution; Income Tax Act; annual Finance Act	National Treasury assessment of revenue cost and additionality through the budget and Finance Bill cycle	Costed proposal with market data on issuance, pricing and investor base; time-bound design
PFM Act, 2012; Climate Change Act, 2016	Allocation through the Medium-Term Expenditure Framework	On-lending channels, pipeline and impact data
PFM Act, 2012; Capital Markets Act	National Treasury only where public funds are proposed	Issuer pipeline; DFI-funded technical assistance as the first option
PFM Act, 2012; Medium-Term Debt Management Strategy; Parliament-approved borrowing limits	National Treasury decision on whether, when and in what form to issue	Evidence on investor demand; banks as primary dealers and investors
Article 213 of the Constitution; PFM Act, 2012; fiscal risk reporting	National Treasury approval, Parliamentary approval of guarantees, and recording as a contingent liability	Design facilities to be capitalised by DFIs and development partners first; seek a government guarantee only where a clear market failure remains
PFM Act, 2012	National Treasury only where budget resources are proposed	Outcome metrics and verification approach
PPP Act, 2021; PFM Act, 2012	Inclusion in public investment and PPP pipelines	Early bankability review; co-financing appetite
Article 231 of the Constitution; Central Bank of Kenya Act	Entirely at CBK's discretion and subject to its price-stability mandate	Lending and performance data on request only
Banking Act; Microfinance Act; Insurance Act; Retirement Benefits Act; Sacco Societies Act	Regulator's own assessment on prudential grounds	Portfolio performance evidence through the Risk and Performance Data Facility (4.1)
Banking Act and CBK prudential guidelines; sector laws	Regulator's supervisory planning and consultation processes	Voluntary industry pilots and feedback on draft guidance
Accountants Act, 2008; Capital Markets Act; sector laws	Adoption by the standard setter and each regulator	Draft 'report once' template; pooled assurance training
Capital Markets Act; Banking Act; Data Protection Act, 2019	Regulator issuance of guidance and sandbox admission	Issuer and investor feedback; industry code of practice
Climate Change Act, 2016 (as amended in 2023); Climate Change (Carbon Markets) Regulations, 2024	Ministry-led framework, with regulators for financial-sector rules	Definition of bank roles; due-diligence methodology
National planning framework; Statistics Act, 2006	Agreement on data-sharing arrangements with regulators	Mapping of member reporting to national indicators
Financial sector policy	Inclusion in national financial-sector policy	MSME financing-gap data (3.1)

Preliminary Stakeholder Mapping and Proposed Governance

The Roadmap proposes a two-track governance arrangement that reflects the distinction drawn above between industry-led and public actions.

Under the industry track, KBA acts as the overall coordinator and secretariat of the Roadmap. It convenes stakeholders, leads the industry-led actions, coordinates joint actions with its partners, consolidates progress reporting and runs the review mechanism. KBA does not take decisions on matters within the mandate of a public authority.

Under the public policy track, each recommendation that falls within a public mandate is submitted to the responsible authority for its consideration, and is taken forward, if at all, through that authority's own processes: the budget and Finance Bill cycle and the Medium-Term Debt Management Strategy for the National Treasury, the Monetary Policy Committee and supervisory planning for CBK, and the equivalent processes of CMA, IRA, RBA, SASRA, ICPAK and the Climate Change Directorate. Progress on these actions is reported by the authorities themselves, where they agree to do so.

A Roadmap Steering Committee, constituted with the agreement of the participating authorities and with KBA as secretariat, is proposed to bring the two tracks together, oversee sequencing and review progress annually. Its composition and chairing are for the participating institutions to agree. Where existing statutory coordination structures already serve this purpose, the Roadmap should use them rather than create new ones.



Coordinating body: convening, secretariat, coordination of industry-led and joint actions, and progress reporting		
Kenya Bankers Association (KBA)		
Public Policy, Regulatory and Fiscal Authorities (lead on actions within their statutory mandates)	Market Standards and Implementation	
Fiscal policy, public debt, guarantees and PPPs • National Treasury and Economic Planning (including the Public Debt Management Office and PPP Directorate) • Kenya Revenue Authority (tax administration) • Parliament (tax legislation, borrowing limits and guarantees) • Monetary policy and prudential regulation of banks • Central Bank of Kenya **Other financial-sector regulators and standard setters** • Capital Markets Authority • Insurance Regulatory Authority • Retirement Benefits Authority • Sacco Societies Regulatory Authority • Nairobi Securities Exchange • ICPAK **Climate, environment and development policy** • Ministry of Environment, Climate Change and Forestry (Climate Change Directorate); NEMA • State Department for Economic Planning • Kenya National Bureau of Statistics • Sector ministries (e.g., Energy, Agriculture) • County governments	**Financiers & Investors** • Banks • Development Banks • Non-Banks • Collective Investment Schemes • Insurance Companies • SACCOs • Microfinance • Investment Funds • State Funds • Fintech • Institutional Investors • Foreign Investors	Industry Associations and Networks KEPSA KAM
Technical & Funding Support	**Capacity Building, Awareness & Research**	
Key International Organisations • UN Agencies (UNEP, UNDP, UNITAR, UNISDR) • IFC • World Bank • FMO • GCF • JICA • OECD • ADB • AfDB • GIZ • SIDA • AIIB • IFU	**International Networks** • SBN • UNEP FI • Global Compact • Sustainable Stock Exchange Initiative (SSEI) • Climate Bonds Initiative (CBI) • NDC Partnership • PRI • Regional Networks • EAC	**Training & Research Institutions** • Universities • Innovation Hubs • Civil Society & NGOs • PACJA • ADA Consortium • FSD Kenya, Africa • Media

Action	Public / private and policy domain	Recommended lead (mandated authority)	Supporting institution role
Objective 1: Strengthen Policy and Regulatory Alignment Across the Financial Ecosystem			
1.1 Develop a harmonised national ESG and sustainability disclosure protocol aligned with IFRS S1/S2, relevant NSE requirements and sectoral regulatory requirements Responds to Barriers 4, 5	Public Disclosure standards and regulation	ICPAK (standard setter) with CMA, CBK, IRA, RBA and SASRA for their sectors	NSE, industry associatio convene preparers, dra once' template for regu consider
1.2 Integrate ESG into sectoral supervision and prudential reporting Responds to Barriers 4, 12	Public Prudential and supervisory	CBK, CMA, IRA, RBA, SASRA (each within its own sector)	ICPAK, NSE, industry as KBA: pilot templates wit banks and share feedba
1.3 Strengthen regulatory capacity for ESG, climate and nature supervision Responds to Barriers 7	Joint Regulatory capacity	Financial-sector regulators (CBK, CMA, IRA, RBA, SASRA)	ICPAK, universities, dev partners. KBA: co-desig host joint training where
1.4 Develop sector-specific climate and nature risk guidance for high-impact sectors Responds to Barriers 7, 10	Public Prudential and supervisory	CBK, with IRA, RBA and SASRA for their sectors	Ministry of Environment Change and Forestry, N sector ministries, acade sector working groups t guidance
1.5 Develop a phased nature-risk assessment and disclosure pathway, including TNFD/LEAP-aligned approaches Responds to Barriers 6, 7	Joint Prudential guidance and industry practice	CBK, CMA, IRA, RBA (guidance); KBA (industry pilots)	Ministry of Environment Change and Forestry, N TNFD practitioners. KBA untary LEAP pilots with banks
1.6 Progressively incorporate nature, biodiversity, restoration, water and land objectives into the Kenya Green Finance Taxonomy Responds to Barriers 6	Public Regulatory (taxonomy)	CBK (taxonomy owner)	Ministry of Environment Change and Forestry, N tor ministries, CMA. KBA input and market testing
1.7 Operationalise the Kenya Green Finance Taxonomy and associated sustainable-finance reporting templates Responds to Barriers 1, 2, 10	Joint Regulatory, with industry implementation	CBK (regulatory returns); KBA (industry templates and implementation support)	CMA, NSE, financial inst

s and KBA	Phase	Baseline	Target	Indicator	Means of verification
ons. KBA: ft a 'report lators to	Phase 1 (2027–2032)	Multiple disclosure frameworks and regulatory requirements; limited harmonisation across sectors	Protocol issued by 2028 and applied across regulated sectors by 2030	Protocol adopted; % relevant institutions reporting using aligned requirements	Published protocol; regulatory circulars; annual reporting reviews
ssociations. th member ack	Phases 1–2 (2027–2035)	ESG integration differs across financial-sector regulators	ESG factors incorporated into relevant supervisory and reporting templates across key regulated sectors by 2030	Number of regulators with ESG-integrated supervisory tools; % supervised institutions covered	Prudential templates; supervisory manuals; regulator implementation reports
velopment gn and co- e invited	All phases (2027–2037)	Uneven technical capacity across regulators	Structured joint regulator capacity programme operational by end-2027 and maintained to 2037	Regulators trained; joint guidance/technical notes issued	Training records; competency assessments; regulatory publications
t, Climate NEMA, mia. KBA: o test draft	Phases 1–2 (2027–2035)	General climate-risk guidance exists, but sector-specific approaches remain limited	Guidance available for priority climate- and nature-sensitive sectors by 2029	Number of sectors covered; % relevant institutions applying guidance	Regulatory guidance; supervisory reviews; institutional risk policies
t, Climate NEMA, A: run vol- member	Phases 2–3 (2032–2037)	Nature-risk assessment and disclosure at an early stage	Priority financial institutions assessing material nature dependencies, impacts, risks and opportunities by 2031	% priority institutions conducting nature-risk assessments; number making disclosures	Sustainability disclosures; supervisory submissions; sector reviews
t, Climate NEMA, sec- A: technical g	Phase 2 (2032–2035)	Taxonomy primarily focused on green and climate objectives	Nature-related criteria and safeguards progressively incorporated by 2030	Number of taxonomy categories incorporating nature criteria	Revised taxonomy; accompanying technical guidance
titutions	Phase 1 (2027–2032)	Taxonomy established but implementation and reporting require further operationalisation	Consistent taxonomy-based tagging and reporting across relevant financial institutions by 2028	% relevant portfolios taxonomy-tagged; volume reported	Regulatory returns; taxonomy reports; institutional disclosures

1.8 Develop regulatory guidance for green, social, sustainability and sustainability-linked instruments Responds to Barriers 11	Public Market regulation	CMA, with CBK for bank-issued instruments	NSE, issuers, investors, issuer feedback and pip
1.9 Assess the case for a coordinated framework of fiscal incentives for sustainable finance (e.g., tax treatment of verified green instruments, budget-funded concessional windows) Responds to Barriers 11, 15, 16	Public Fiscal (tax and expenditure)	National Treasury (tax policy and budget); KRA (tax administration); Parliament (tax legislation)	CBK, CMA, RBA, IRA, d ment partners. KBA: sul costed, evidence-based through the budget and Bill process
1.10 Develop a financial-sector framework for carbon and transition finance Responds to Barriers 10, 14	Public Climate policy and market regulation	Ministry of Environment, Climate Change and Forestry (Climate Change Directorate) for carbon markets; CBK and CMA for financial-sector rules	Carbon registry, NEMA, al Treasury. KBA: define banks as financiers, agg and custodians
1.11 Build domestic sustainability assurance capacity and clarify the assurance standard and mandate for IFRS S1/S2 disclosures Responds to Barriers 13	Public Disclosure and assurance standards	ICPAK (assurance standards and practitioner requirements), with CMA for listed entities	Audit and assurance firn sities, CBK. KBA: aggre ber demand and co-fun training programme
1.12 Phase climate scenario analysis and stress testing into supervisory practice Responds to Barriers 15	Public Prudential and supervisory	CBK, with IRA and RBA for their sectors	Kenya Meteorological D research institutions. KB dinate a voluntary indus exercise
1.13 Assess, on the basis of risk evidence, whether prudential treatment (capital or provisioning) should reflect demonstrated differences in climate risk Responds to Barriers 15, 16	Public Prudential	CBK (Banking Act and prudential guidelines); IRA, RBA and SASRA for their sectors	KBA: supply portfolio pe data through the Risk an mance Data Facility (act
1.14 Consider whether any monetary policy instrument (e.g., cash reserve ratio treatment of verified sustainable MSME lending) could support sustainable lending without compromising price stability Responds to Barriers 8, 16	Public Monetary	CBK Monetary Policy Committee (sole discretion)	KBA: provide lending an mance data on request

DFIs. KBA: eline data	Phase 1 (2027–2032)	Sustainable debt instruments remain relatively limited and issuance practices vary	Standard guidance available and used by market participants by 2028	Number/value of instruments issued under guidance	CMA/NSE issuance records; offering documents
levelop- bmit a d proposal d Finance	Phases 1–2 (2027–2035)	Limited and fragmented incentives	National Treasury assessment completed by 2028; any incentives it approves introduced through the Finance Act cycle	Assessment completed; number of approved incentives; capital mobilised; additionality demonstrated	Budget/policy documents; Finance Act; programme evaluations
, Nation- e roles of regators	Phases 1–2 (2027–2035)	Emerging carbon market with limited integration into mainstream financial regulation	Roles, eligibility criteria, safeguards, due diligence and reporting requirements defined by 2029	Framework issued; number of compliant transactions/products	Regulations; registry data; transaction reviews
ms, univer- gate mem- d a pooled	Phase 1 (2027–2032)	Few local providers; assurance standard and mandate not yet clear	Assurance standard and practitioner framework clarified ahead of mandatory assurance for PIEs; accredited local capacity expanding through 2030	Number of accredited local assurance providers; % PIE disclosures externally assured	ICPAK guidance; practitioner register; assurance statements
Department, BA: co-or- try pilot	Phases 2–3 (2032–2037)	Climate scenario analysis and stress testing not yet embedded in prudential supervision	Exploratory system-wide climate scenario exercise by 2030; supervisory expectations set by 2032	Exercise completed; number of institutions participating; supervisory expectations issued	CBK publications; supervisory reports
erformance nd Perfor- ion 4.1)	Phases 2–3 (2032–2037)	No differentiated prudential treatment of sustainable assets	Evidence review completed by 2031 using data from action 4.1; any change decided by CBK on prudential grounds	Evidence review published; decision recorded	CBK publications
nd perfor- only	Phases 2–3 (2032–2037)	Monetary policy instruments are not differentiated by sustainability characteristics	Matter considered by CBK at its discretion; no target set by this Roadmap	Not applicable (CBK decision)	CBK publications, if any

Objective 2: Align Sustainable Finance with National Development, Climate and Nature Objectives				
2.1 Develop a national alignment framework linking financial-sector reporting to NDC 3.0, NCCAP IV, MTP V, the SDGs and biodiversity, restoration and land priorities Responds to Barriers 2, 10, 14	Public Development planning	State Department for Economic Planning, with the Climate Change Directorate	National Treasury, CBK, CMA, IRA, RBA. KBA: map member reporting to national indicators and test the framework	Ph (20
2.2 Establish standard tagging of loans, bonds, insurance and investments against national priorities Responds to Barriers 2, 3	Joint Regulatory reporting and statistics	CBK (with CMA, IRA, RBA for their sectors), with National Treasury	KNBS. KBA: build tagging into member reporting systems	Ph (20
2.3 Align financial-sector climate and nature risk assessments with national vulnerability and spatial data Responds to Barriers 10, 16	Joint Prudential and climate data	CBK and relevant regulators, with the Ministry of Environment, Climate Change and Forestry	Counties, KNBS, NEMA, research institutions. KBA: integrate national datasets into member risk models	Ph (20
2.4 Develop a national Green and Nature-Positive Finance Flow Tracker Responds to Barriers 2, 3	Public Public finance data and statistics	National Treasury, with the State Department for Economic Planning	CBK, CMA, IRA, RBA, KNBS, Ministry of Environment, Climate Change and Forestry. KBA: supply aggregated private-flow data	Ph (20
2.5 Map national investment priorities to appropriate financing instruments and pathways Responds to Barriers 1, 16	Public Fiscal and development planning	National Treasury, with sector ministries and the Climate Change Directorate (as part of NCCAP IV investment planning)	Counties, DFIs, private sector. KBA: indicate which priorities are bankable at market rates	Ph (20
2.6 Integrate carbon-market revenues and projects into national climate-finance tracking Responds to Barriers 2	Public Climate policy	Ministry of Environment, Climate Change and Forestry (Climate Change Directorate; carbon registry)	National Treasury, CBK, CMA, counties. KBA: report carbon-linked lending	Ph (20
2.7 Develop alignment requirements for transition finance Responds to Barriers 10	Public Market and prudential regulation	CMA and CBK, with National Treasury	Ministries of Energy, Transport and Industry. KBA: draft voluntary transition-finance principles for members in the interim	Ph (20

hase 1 027–2032)	Financial-sector ESG reporting is not systematically mapped to national development and environmental priorities	Common national alignment framework operational by 2028, aligned with NCCAP IV	Framework adopted; % relevant reporting templates mapped to national indicators	Published framework; reporting templates
hases 1–2 027–2035)	No consistent national tagging system	Standardised tagging methodology applied across relevant financial products by 2029	% sustainable finance tagged; KES value tagged by priority	Regulatory returns; Finance Flow Tracker
hase 2 032–2035)	National risk information and financial-sector risk assessment remain weakly connected	Priority national climate/nature risk datasets incorporated into financial risk analysis by 2030	Number of institutions using national datasets; portfolio exposure mapped	Supervisory reviews; scenario analysis; risk maps
hases 1–2 027–2035)	Sustainable finance flows are fragmented across institutions and data sources	Pilot tracker by 2028; integrated annual tracking by sector, geography, instrument and beneficiary by 2030	KES sustainable finance flows; sector/geography/instrument distribution; % aligned to national priorities	Public dashboard; annual finance-flow report
hase 1 027–2032)	National priorities are not systematically linked to appropriate financial instruments	Priority investment needs matched to market-rate, blended/concessional or public finance pathways by 2028	% priority pipeline mapped by financing pathway; financing gap by category	National financing-needs assessment; investment pipeline
hase 2 032–2035)	Carbon-finance information is not fully integrated with national finance tracking	Carbon-finance flows and contribution to national targets reported annually from 2030	Carbon finance mobilised; projects aligned with NDC 3.0; beneficiaries	Carbon registry; Finance Flow Tracker; MRV systems
hase 2 032–2035)	No consistent framework demonstrating whether transition finance aligns with national decarbonisation pathways	Transition-finance instruments demonstrate credible alignment with sector transition pathways by 2030	Value of transition finance meeting criteria; number of compliant instruments	Issuance documentation; transition plans; regulator reviews

Objective 3: Drive Inclusive and Participatory Financial Product Innovation				
3.1 Establish the sustainable-finance gap for MSMEs and underserved groups **Responds to Barriers 1, 8**	Joint Data and research	CBK and KNBS (building on FinAccess), with KBA for bank lending data	National Treasury, SACCOs, MFIs, counties, FSD Kenya, development partners	Phase (2027-
3.2 Develop inclusive sustainable-finance product-design guidance **Responds to Barriers 6, 8**	Private Industry practice	KBA, with other industry associations	SACCOs, MFIs, insurers, fintechs, consumer groups; CBK and IRA consulted	Phase (2027-
3.3 Expand risk-sharing products for climate-vulnerable households, farmers and MSMEs **Responds to Barriers 8, 16**	Joint Industry practice; insurance regulation; fiscal only where premiums are subsidised	Insurers and banks; IRA (product approval); National Treasury only where public premium support is proposed	SACCOs, MFIs, DFIs, counties. KBA: coordinate bank-insurer product pilots	Phase (2035-
3.4 Establish innovation and blended-finance mechanisms for inclusive green products **Responds to Barriers 8, 16**	Joint Blended finance; fiscal only where public funds are used	DFIs and development partners with participating institutions; National Treasury only where budget resources are committed	Banks, MFIs, SACCOs, fintechs. KBA: structure challenge-fund windows with partners	Phase (2032-
3.5 Develop a national sustainable financial product registry **Responds to Barriers 3, 9**	Private Industry practice	KBA	Banks, insurers, SACCOs, MFIs; CMA and RBA invited to contribute	Phase (2027-
3.6 Scale alternative credit assessment for informal and underserved borrowers **Responds to Barriers 6, 8**	Joint Industry practice under market-conduct and data-protection rules	Financial institutions, within CBK credit-reporting rules and ODPC data-protection requirements	Fintechs, telecoms, SACCOs, MFIs, data providers. KBA: shared pilot design and evaluation	Phase (2032-
3.7 Establish product co-design and stakeholder consultation mechanisms **Responds to Barriers 8, 9**	Private Industry practice	Financial institutions and industry associations (KBA coordinating)	Communities, civil society, MSMEs, counties	All pha (2027-
3.8 Establish environmental, social, consumer and data safeguards for digital sustainable finance **Responds to Barriers 8**	Public Market conduct and consumer protection	CBK and CMA (including their regulatory sandboxes), with ODPC	Fintechs, consumer bodies. KBA: industry code of practice	Phase (2027-
3.9 Run a coordinated borrower awareness and technical assistance programme on sustainable finance **Responds to Barriers 9**	Private Industry practice	KBA, with KEPSA and KAM	Counties, MSME associations, development partners	All pha (2027-

1 –2032)	Financing gaps are recognised but insufficiently quantified by sector and beneficiary group	Baseline financing gap established by 2028 and updated in 2030 and 2037	Financing gap by sector, geography, gender and beneficiary type	Published needs assessment; financial-access datasets
s 1–2 –2035)	Limited common guidance for ESG-integrated products for MSMEs and communities	Product-design guidance adopted and used across priority financial segments by 2029	Number of institutions using guidance; products launched	Product registry; institutional reports
s 2–3 –2037)	Limited penetration of climate-indexed and resilience-linked financial products	Increased availability and uptake of risk-sharing products by 2031	Number/value of products; beneficiaries; loss/default performance	Regulatory data; insurer/bank reporting
2 –2035)	High first-mover risk constrains product innovation	Dedicated challenge funds, guarantees or concessional windows operational by 2030	Number of pilots; private capital mobilised; products scaled	Programme reports; transaction data
1 –2032)	No consolidated view of sustainable products and their performance	Registry operational by 2028 and updated annually	Number/value of products; uptake; beneficiary reach; performance	Public registry; institutional reporting
2 –2035)	Traditional collateral and documentation limit access	Responsible alternative credit assessment piloted by 2029 and scaled by 2031	Approval rates; borrowers reached; repayment/default performance	Pilot evaluations; credit portfolio data
ases –2037)	Users are not consistently involved in sustainable product design	Co-design embedded into priority inclusive finance initiatives	Number of consultations/products co-designed; customer satisfaction/use	Consultation records; product evaluation reports
1 –2032)	Rapid digital innovation may outpace sustainability and consumer safeguards	All regulated pilots subject to inclusion, privacy and sustainability safeguards	% relevant products assessed; complaints/ incidents	Sandbox reports; supervisory reviews
ases –2037)	Limited understanding among firms, particularly SMEs, of sustainable finance and its benefits	Programme reaching priority MSME segments in every phase	Number of firms reached; uptake of sustainable products among participants	Programme reports

Objective 4: Address Risk Perception and Mobilise Sustainable Capital Supply				
4.1 Establish a Sustainable Finance Risk and Performance Data Facility Responds to Barriers 3, 16	Joint Industry data, with supervisory use	KBA (data pool), with CBK	CMA, IRA, RBA, banks, insurers, pension funds, CIS managers, DFIs, KNBS	Phase (2027 2032)
4.2 Develop standardised climate, nature and ESG risk metrics Responds to Barriers 7, 15	Public Prudential and supervisory	CBK and other financial-sector regulators	Universities, technical partners. KBA: test metrics on member portfolios	Phase 1–2 (2 2035)
4.3 Develop sustainability-informed risk-based pricing guidance Responds to Barriers 3, 16	Joint Industry practice under prudential oversight	CBK (risk-based pricing oversight), with KBA	IRA, CMA, lenders, investors, academia	Phase (2032 2035)
4.4 Establish a central climate and nature risk mapping capability Responds to Barriers 10, 16	Public Climate data	Ministry of Environment, Climate Change and Forestry and Kenya Meteorological Department, with CBK	Counties, KNBS, NEMA, financial institutions. KBA: define user requirements	Phase (2032 2035)
4.5 Establish a Green Finance Guarantee / Risk-Sharing Facility Responds to Barriers 11, 16	Joint Blended finance; fiscal (contingent liability) only if government-backed	DFIs and development partners with participating banks; National Treasury and Parliament only if a government guarantee is sought	Guarantee institutions. KBA: facility design, pipeline and member participation	Phase 1–2 (2 2035)

e 1 7–)	Limited comparable performance data for sustainable versus conventional assets	Anonymised market-wide performance dataset operational by 2028	Portfolio coverage; contributing institutions; availability of default, recovery, claims, returns and pricing data	Annual Sustainable Finance Risk & Performance Report; data repository
es 2027–)	Risk methodologies vary significantly between institutions	Common minimum risk metrics available for priority sectors by 2029	Number of metrics adopted; % institutions applying them	Regulatory guidance; supervisory reviews
e 2 2–)	Green/sustainability attributes are not consistently incorporated into financial risk models	Institutions able to reflect demonstrated risk-reduction characteristics in pricing by 2030	% participating institutions incorporating sustainability variables into risk models	Credit-model documentation; supervisory reviews; portfolio pricing analysis
e 2 2–)	Risk data is fragmented and not consistently integrated into financial decisions	Shared risk-mapping tools available to financial institutions by 2030	Geographic/sectoral coverage; institutions using data	Risk platform usage; institutional models; supervisory evidence
es 2027–)	High perceived risk constrains lending to adaptation, nature and emerging sustainable sectors	Facility designed by 2028 and mobilising private capital by 2029	KES guaranteed; leverage ratio; beneficiaries; defaults/ losses; reduction in financing cost	Facility reports; transaction data

Objective 3: Drive Inclusive and Participatory Financial Product Innovation				
4.6 Develop blended-finance and first-loss mechanisms for priority sustainable sectors Responds to Barriers 16	Joint Blended finance; fiscal only where public funds or guarantees are used	DFIs and development partners; National Treasury where public resources are proposed	Banks, institutional investors. KBA: standard term sheets	Phase 2 (2032–2035)
4.7 Establish a sustainable project-preparation pipeline Responds to Barriers 1, 16	Public Fiscal (public investment and PPPs)	National Treasury (including the PPP Directorate), sector ministries and counties	DFIs, investors, development partners. KBA: early-stage bankability review of pipeline projects	All phases (2027–2037)
4.8 Develop aggregation and pooled issuance mechanisms Responds to Barriers 8, 11	Joint Market regulation and industry practice	CMA (approval framework), with arrangers and issuers	Banks, pension funds, insurers, CIS, DFIs. KBA: identify aggregable loan pools	Phases 2–3 (2032-2037)
4.9 Mobilise long-term local-currency institutional capital Responds to Barriers 16	Public Investment regulation	RBA, IRA and CMA (investment rules for their sectors)	Pension funds, insurers, CIS, issuers, DFIs, National Treasury	Phases 2–3 (2032-2037)
4.10 Develop a framework for assessing carbon-finance risk Responds to Barriers 16	Joint Climate policy and prudential	Ministry of Environment, Climate Change and Forestry (carbon registry), with CBK and CMA	Banks, investors, insurers. KBA: industry due-diligence methodology	Phase 2 (2032–2035)
4.11 Publish periodic Sustainable Finance Risk Perception Reports Responds to Barriers 3, 16	Private Industry research	KBA	CBK, National Treasury (invited), investors, DFIs, rating agencies, academia	All phases (2027–2037)
4.12 Consider sovereign green, social or sustainability-linked bond issuance to deepen the domestic pricing benchmark Responds to Barriers 11, 16	Public Fiscal (public debt)	National Treasury through the Public Debt Management Office, within the Medium-Term Debt Management Strategy and Parliament-approved borrowing limits	CMA, NSE, CBK (as fiscal agent). KBA: evidence on investor demand; banks as primary dealers and investors	Phases 2–3 (2032-2037)

	Limited availability of structured de-risking instruments	Repeatable blended structures available across priority sectors by 2030	Commercial capital mobilised per KES concessional capital; number/value of transactions	Facility and transaction reports
	Weak pipeline and high preparation costs	Investment-ready pipeline established across priority sectors by 2029 and growing to 2037	Number/value of projects prepared; % achieving financial close	Project-preparation reports; investment approvals
	Small transactions are fragmented and expensive to finance individually	Several scalable pooled structures operational by 2031	Number/value aggregated; tenor; financing-cost differential; investors participating	Offering documents; pricing reports
	Limited institutional allocation to long-duration sustainable assets	Progressive increase in institutional allocation, subject to fiduciary requirements	KES invested; average tenor; number of investable sustainable products	RBA/CMA/IRA statistics; fund disclosures
	Carbon revenues and credits can be difficult to value and carry legal, delivery and price risks	Standard due-diligence and risk assessment methodology operational by 2030	Number of institutions applying methodology; carbon-linked transactions assessed	Credit files; regulator guidance; transaction reviews
	Investor perception is not systematically measured against realised performance	Report every two years from 2028	Investor risk perception indicators; risk-premium trends; realised performance	Published market report; investor surveys; Risk & Performance Data Facility
	Limited domestic benchmark for pricing green, social and sustainability-linked debt	Decision by National Treasury on whether and when to issue; no target set by this Roadmap	Not applicable (National Treasury decision)	Medium-Term Debt Management Strategy; issuance records

Objective 5: Establish Monitoring, Evaluation and Adaptive Learning					
5.1 Establish a single Roadmap monitoring framework **Responds to Barriers 12, 14**	Joint Roadmap governance	Roadmap Steering Committee, with KBA as secretariat	National Treasury, CBK, CMA, IRA, RBA, ministries (each reporting on its own actions)	Phase 1 (2027–2032)	Multiple proposed monitoring system with potential overlap
5.2 Consolidate sustainable-finance flow, ESG, risk and outcome data into interoperable national systems **Responds to Barriers 2, 5**	Public Public finance data and statistics	National Treasury and financial-sector regulators	KNBS, Ministry of Environment, Climate Change and Forestry. KBA: align industry data standards	Phases 1–2 (2027–2032)	Data held in separa institutional system
5.3 Publish annual Banking Industry Sustainable Finance Roadmap progress reports **Responds to Barriers 12, 14**	Joint Roadmap governance	Roadmap Secretariat (KBA) compiles; each lead institution reports on its own actions	Regulators, ministries, private sector	All phases (2027–2037)	No national annual implementation report
5.4 Monitor integration of climate and nature risk into financial institutions **Responds to Barriers 7, 15**	Public Prudential and supervisory	Financial-sector regulators	KBA, industry associations	Phases 2–3 (2032–2037)	Uneven integration of climate/nature i governance, risk a strategy
5.5 Measure additionality and verified sustainability outcomes **Responds to Barriers 2**	Joint Climate policy and MRV	Climate Change Directorate (national MRV), with sector authorities	Regulators, financial institutions. KBA: outcome reporting standards for members	Phases 2–3 (2032 –2037)	Finance volumes frequently used as proxy for impact
5.6 Monitor effectiveness of guarantees, incentives and blended-finance mechanisms **Responds to Barriers 15**	Public Fiscal evaluation	National Treasury (for public mechanisms); DFIs (for their own facilities)	Regulators, development partners. KBA: transaction data	Phases 2–3 (2032 –2037)	Limited systematic evaluation of public concessional interventions
5.7 Establish an adaptive-learning and Roadmap review mechanism **Responds to Barriers 14**	Joint Roadmap governance	Roadmap Steering Committee	All Roadmap stakeholders	All phases (2027–2037)	No formal adaptive review mechanism
5.8 Establish a Sustainable Finance Knowledge Hub **Responds to Barriers 7, 9**	Private Industry practice	KBA (Roadmap Secretariat)	Regulators, universities, DFIs, private sector	Phase 1 (2027–2032)	Sustainable-finance learning and case studies are dispers

s -	One common Roadmap results framework adopted by 2027	% actions with baseline, target, lead and indicator	Approved M&E framework; Roadmap implementation report
ate ns	Interoperable reporting architecture operational by 2029	Number of participating systems/ institutions; reporting completeness	Data platform; public dashboards
	Annual public report from 2028	% actions on track; targets achieved; financing mobilised	Published annual implementation report
n nto nd	Progressive increase in institutions meeting defined integration benchmarks	% institutions meeting benchmark; scenario/stress testing undertaken	Supervisory assessments; institutional disclosures
a	Sustainable-finance reporting distinguishes financial inputs from verified outcomes by 2031	Emissions avoided/reduced; people reached; resilience outcomes; land restored; other verified metrics	MRV systems; independent verification; impact evaluations
c/	All major mechanisms periodically evaluated for additionality and value for money	Private capital leverage; financing-cost reduction; losses; additionality	Programme evaluations; transaction data
e	Annual learning cycle; mid-term review in 2029 and final review in 2037	Actions revised based on evidence; emerging issues incorporated	Review reports; updated Roadmap
e ed	Central repository of Kenyan case studies, tools and implementation lessons by 2028	Number of resources/case studies; usage by institutions	Knowledge platform; annual learning forum reports

Roll-Out and Next Steps

The completion of the Banking Industry Sustainable Finance Roadmap marks the transition from framework development to implementation. The roll-out phase should therefore focus on institutional ownership, sequencing, early delivery and accountability, ensuring that the Roadmap moves from a statement of ambition to a coordinated programme of action. Implementation runs from 2027 to 2037, with a mid-term review in 2033 and a final review in 2037 that should also take account of NCCAP IV and NDC 3.0 implementation.

C 3.0 implementation.

Roll-out step	Key actions	Output
1. Endorse and launch the Roadmap **(scheduled for Nov 2026)**	Secure endorsement of the industry-led actions by KBA's governance organs and members; submit the policy recommendations to the National Treasury, CBK and other mandated authorities for their consideration; launch through a high-level national event; publish the final Roadmap and implementation framework; tailor communication for policymakers, financial institutions, investors, development partners, MSMEs and the public.	Formally endorsed and publicly accessible Roadmap with clear market signal (LIVE DOCUMENT)
2. Validate the implementation plan	Seek the concurrence of the mandated authorities on the public policy actions recommended to them, and confirm lead and supporting institutions for industry-led and joint actions; validate proposed baselines, targets, indicators, financing pathways, dependencies and resource requirements; agree short-, medium- and long-term milestones.	Final implementation matrix with institutional accountability and sequencing
3. Establish implementation governance	Establish or designate an implementation/steering mechanism; confirm KBA as the coordinating secretariat and lead for industry-led actions, with public policy actions led by the mandated authorities through their own processes; define decision-making, reporting and escalation arrangements; align implementation with existing statutory and policy coordination structures.	Governance structure, Terms of Reference and implementation secretariat
4. Prioritise and initiate early actions	Identify actions that are both foundational and capable of generating early momentum; develop detailed workplans for Phase 1 (2027–2028); identify institutional champions and technical working groups where required.	Prioritised first-phase workplan and portfolio of early actions
5. Mobilise financing and technical resources	Cost priority activities; identify public, private, concessional and development-partner resources; establish technical-assistance requirements; package appropriate activities for funding and partnership.	Costed implementation and resource mobilisation plan
6. Activate monitoring, learning and periodic review	Establish the Roadmap results framework, reporting cadence and data systems; agree annual implementation reporting and periodic review; use evidence and stakeholder learning to revise actions as the market evolves.	Operational MEL framework, annual progress reporting and adaptive review cycle

ANNEX

A structured guide to define the scope of the ecosystem approach in Kenya's Banking Industry Sustainable Finance Roadmap

Accessibility and Reach: Are Commercial Banks the primary channel?

- Given where sustainable finance is most urgently needed such as agriculture, informal enterprises, microbusinesses, and adaptation-focused sectors - commercial banks should innovate to increase lending.
- Other actors (e.g., SACCOs, MFIs, fintechs, development finance institutions) could play a complementary role in mobilizing and delivering sustainable finance.

Role Clarity: Who Does What in a Complex, Shifting Landscape?

- With multiple policy shifts and a growing number of actors (from regulators and banks to fintechs, DFIs, external assurers, and data providers) how well understood are the roles, responsibilities, and interdependencies across the sustainable finance ecosystem?
- Who leads on tracking the implementation of IFRS S1/S2, ESG disclosure assurance, and taxonomy compliance?
- What platforms or mechanisms exist (or should be created) to collaboratively define roles, build accountability, and avoid duplication?

Shared Learning: How Can the Ecosystem Adapt to Fast-Moving Regulations?

- With regulations (e.g., CBK climate risk guidelines, IFRS S2 mandates, green taxonomy) evolving faster than institutional capabilities, what systems of shared learning, technical assistance, and knowledge exchange are needed to support timely and effective implementation?
- How can the roadmap institutionalize peer learning, joint training, and resource-sharing to prevent fragmentation and uneven progress?



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