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Infrastructure Sector

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Infrastructure and Public-Private Partnerships

As Kenya increasingly pursues ambitious infrastructure and energy development goals, particularly the Fourth Medium Term Plan and Kenya's larger Vision 2030, innovative financing mechanisms and investment opportunities are becoming more relevant than ever.

In this edition, we explore key developments shaping the infrastructure sector, including the establishment of the National Infrastructure Fund, the anticipated proliferation of charging stations for electric vehicles by Kenya Power across the country, growing opportunities in green finance as well as the transformative role of Public-Private Partnerships (PPPs) in energy infrastructure development.

Together, these developments demonstrate a broader shift toward alternative capital mobilisation and sourcing strategies, sustainable development, and greater private sector participation in realizing Kenya's infrastructure development goals.

We examine the implications and key highlights of these trends, interrogating what they mean for investors, developers, financiers, and other stakeholders operating within the energy and infrastructure landscape.

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1. National Infrastructure Fund

On 26th March 2026, the President of Kenya assented to the proposed National Infrastructure Fund Bill.

The new law, the National Infrastructure Fund Act, establishes the National Infrastructure Fund (NIF) as a body corporate, with a two-tier governance structure comprising a Governance Council and a Board of Directors to manage it.

The NIF is a financial vehicle aimed at transforming Kenya's infrastructure sector by changing financing strategies from the traditional debt-financing model to modes of financing primarily driven by private investments.

> *The NIF is set to be operationalized in July 2026, with the seed capital estimated to be KES 310 billion, with KES 106 billion sourced from the government's recent initial public offering of its 65% stake in Kenya Pipeline Company, as well as an additional KES 204 billion injection into the fund from the sale of the government's 15% stake in Safaricom.*

Highlights

The Fund aims to scale up and accelerate development of national infrastructure by mobilizing private capital and non-traditional sources of infrastructure finance, including domestic pension funds, collective investment schemes, sovereign wealth funds and climate finance.

By pooling capital from private investments, the Fund aims to reduce reliance on traditional sovereign borrowing and taxation in the financing of commercially viable infrastructure investments as well as to strengthen the national capacity for origination, structuring and execution of large and complex infrastructure projects.

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- The Cabinet Secretary for National Treasury and Economic Planning
- Governor of the CBK; and
- Four independent members in line with the requirements of the National Infrastructure Fund Act.

Implications

- **Reduced Reliance on Public Debt for the Financing of Commercially Viable Infrastructure Investments:** The primary objective of the NIF is to create a dedicated source of financing for infrastructure projects. Projects such as roads, railways, ports, water systems and infrastructure assets, including transmission lines, require upfront investment and long repayment periods. The Fund could, in that regard, provide a more sustainable source of capital for such projects in contrast to the traditional sovereign borrowing and taxation model.
- **Inclusion in Infrastructure Development:** The NIF allows the private sector to participate in national infrastructure development projects, an initiative that, since time immemorial, has been considered solely a government responsibility. Private investors can, through the NIF, work with the government to transform Kenya's infrastructure sector and profit from the same in the long run. By leveraging public capital to attract private investment, the NIF would in effect potentially reduce the need for direct sovereign borrowing, effectively quelling the pressure on sovereign debt.

- **Increased Investment Opportunities:** The Fund presents new investment opportunities for private investors, project developers and sponsors, lenders and financiers, government entities as well as foreign investors. Additionally, said investment opportunities allow for the sharing of financial risk between the government and the private parties. This is particularly relevant because it demonstrates a shift from the traditional debt-financed model, where the government bore the entire financial risk, to a new model in which the risk is shared among investors, developers, and the government. This means that investors should be more diligent and prudent in assessing commercial and legal risk as well as regulatory and compliance risks, within the new legal framework under the NIF.

2. Toward an Electric Kenya?

The Kenya Power Lighting Company announced a robust plan to install 45 electric vehicle chargers across different counties, including Nairobi, Nyeri, Kisumu, Eldoret, Nakuru, Mombasa, and Taita Taveta.

The proposed roll-out is consistent with the policy objectives underpinning the National E-mobility Policy and the Kenya Power Strategic Plan 2023/24 - 2027/28, its primary aim being to promote the uptake of electric mobility through expansion of charging infrastructure.

This further demonstrates commitment to the country's transition to e-mobility to catalyse the reduction of carbon emissions and achieve its Net-Zero target by 2050 pursuant to the Kenya Energy Transition and Investment Plan (ETIP).

The ETIP outlines clean transport and e-mobility in particular as a key mechanism in facilitating the transition away from fuel-dependent transport infrastructure.

Out of the 45 EV chargers, 6 were proposed to be located at strategic locations within the JKIA, with 3 EV chargers already installed within Nairobi. Presently, there are approximately over 35,000 electric vehicles registered in the country, with the number anticipated to continuously increase over the next couple of years.

Out of these electric vehicles, the electric two-wheelers account for the greater majority, with their sales surging in contrast to electric motor vehicles. Additionally, charging stations in Kenya number around 200, with the majority concentrated in Nairobi.

The KPLC owns about 5 charging stations across Nairobi, with these numbers anticipated to increase through this initiative and their phased rollout of the same. TotalEnergies has now installed about 30 EV charging stations in Kenya, including 28 charging and battery-swapping points for electric motorbikes as well as two charging stations dedicated to electric vehicles.

This spur of e-mobility vehicles has been incentivized by the various initiatives that have been undertaken to create an enabling environment and support the e-mobility sector, including the introduction of the e-mobility tariff.

Key Implications

The future is electric. The transition may be gradual, but it is most certainly inevitable. In that light, only those that are adaptable, flexible and prepared stand a chance in the future market.

Almost like Darwinism, only the fittest will survive.

- **Transition Away from Fuel-Dependent Transport Infrastructure:** The installation of more electric vehicle charging stations signals a continuous and increased shift to and preference for electric vehicles from fuel-dependent vehicles. Particularly in light of the precarious fuel prices, going electric seems to be the

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best alternative for operators within the transport sector as electricity prices are much more stable and affordable. Investment in e-mobility infrastructure by Kenya Power further creates an enabling environment to facilitate and incentivize this transition.

- **Increase in Electricity Demand:** EV charging effectively increases electricity demand, which ultimately affects grid infrastructure, power distribution and electricity supply planning. While Kenya currently benefits greatly from significant renewable energy generation capacity, sustained growth in EV adoption may necessitate grid upgrades, network expansion, additional transmission investments and potential smart charging systems.
- **Potential Opportunities in Infrastructure Investment :** Charging stations require land, construction, permits, grid connections as well as operational agreements. Infrastructure developers such as Kenya Power in this case could benefit greatly from inviting private and public investments to support the initiative. As EV infrastructure is capital-intensive, it creates opportunities in project finance, green finance as well as overall infrastructure investment. A pooled capital investment would essentially catalyse the project and its anticipated benefits.
- **Real Estate Development and Planning:** The implications of the transition to e-mobility are not limited to operators within the transport sector alone. Commercial buildings such as malls may increasingly need EV charging facilities, smart parking systems and charging integration to support facilitate the transition to e-mobility.
- **Transport and Logistics:** Fleet electrification is currently a real trend. Delivery companies, ride-hailing operators, logistics businesses and public transport operators are increasingly incorporating e-mobility in their daily operations, effectively adapting to the inevitable transition.

Kenya Power's planned deployment of 45 EV charging stations represents more than simply an infrastructure rollout. Rather, it signals the gradual institutionalisation of e-mobility in Kenya. As charging infrastructure expands, stakeholders across the energy, transport, real estate and investment sectors may find new opportunities arising from the country's transition toward a cleaner and more electrified transport system.

3. Unlocking Opportunities through Green Finance

Kenya is increasingly positioning itself as a regional hub for green finance through an integration of policy reforms, investment vehicles as well as project development initiatives. As the effects of climate change continue to permeate and reshape economies and investment considerations, green finance is emerging as a vital tool for mobilizing capital toward environmentally sustainable projects and developments.

In that regard, green finance can broadly be described as the financial products and investments that support projects with positive environmental impact. Such projects include renewable energy, clean transport, climate-smart agriculture, green buildings, as well as water infrastructure.

Green finance instruments are the financial tools which are designed to channel and direct capital toward environmentally sustainable projects. They include green bonds, sustainability-linked loans, blended finance structures, carbon markets, green investment funds, guarantees, as climate-focused equity investments. Several developments have emerged following the increased traction gained within the green finance sector.

For instance, through initiatives such as the County Green Investment Facility, county governments are continuously identifying and packaging projects in sectors such as renewable energy, water infrastructure, climate-smart agriculture, and green housing into bankable opportunities capable of attracting private investment and capital. In essence, such initiatives effectively reduce project preparation barriers and transaction costs, further creating clearer re-entry points for lenders, investors and DFIs.

Kenya has also taken significant measures to ensure an elaborate and robust regulatory framework behind green finance to improve market confidence and promote private investment in the sector. Frameworks such as the Kenya Green Finance Taxonomy and climate risk disclosure requirements have helped provide greater clarity on what qualifies as a green investment, effectively mitigating the risk of greenwashing while simultaneously enhancing transparency and investor confidence.

Novel opportunities are manifest across multiple sectors including renewable energy projects, sustainable agriculture initiatives, green industrial development, clean transport solutions as well as nature-based climate projects.

These present an enabling environment that continues to attract increasing interest from both domestic and international financiers. Additionally, carbon markets and green bonds are also creating new avenues for mobilization of capital, ultimately allowing investors to support climate-positive projects while pursuing financial returns.

The launch of the Green Investment Fund has generated more momentum within the green finance sector. The Fund is a private-sector-led vehicle primarily intended to mobilize both domestic and international capital for environmentally sustainable and climate-resilient projects. Supported by the World Bank through the Kenya Jobs and Economic Transformation (KJET), the Fund aims to catalyze long-term financing for sectors such as sustainable transport, agriculture, and waste management, all of which are key pillars of Kenya's green growth and job creation strategy.

The government has committed an initial seed investment of USD 40 million, anticipating to leverage the same to attract an additional USD 160 million from institutional investors and development finance institutions.

With this initial government-backed commitment and plans to leverage significantly larger pools of private investment, the Fund is anticipated to support sectors such as agriculture, clean transport, waste management, as well as industrial efficiency.

Additionally, the Fund is in alignment with various national frameworks including Kenya's Vision 2030, the Green Economy Strategy and Implementation Plan (2016 - 2030), the Climate Change Act as well as the Kenya Green Finance Taxonomy that was launched by the Central Bank earlier on in the year. These frameworks are particularly relevant as they incentivize investors and provide the assurance they need to commit to sustainable investments.

Key Implications

Doubtlessly, the foundation for green finance in Kenya is steadily taking shape. For investors, financial institutions, and project developers, these developments present a growing range of opportunities to participate in Kenya's green transition through equity investments, debt-financing, blended finance structures, carbon market participation, as well as sustainable infrastructure development.

- **Access to New Sources of Capital:** Green finance introduces additional funding and financing opportunities in addition to traditional capital mobilisation sources and vehicles, through such instruments as green bonds, green loans, blended finance structures, climate funds, and carbon markets. Investors, lenders, DFIs and even project developers are better positioned to benefit from returns and profits while simultaneously promoting and contributing to environmental sustainability initiatives.
- **Greater Focus on ESG Compliance:** With the growth of green finance initiatives, investors and lenders are increasingly assessing environmental, social, and governance performance in their financing and investment deliberations and consequent decisions.
- **Increased Infrastructure Investment Opportunities:** Green finance initiatives are continuously being directed toward infrastructure development particularly in renewable energy, clean transport, water infrastructure, climate-resilient and waste management projects.
- **Growth of Carbon Market Opportunities:** Businesses may benefit significantly from participating in carbon markets through the generation, trading or purchase of carbon credits as part of broader sustainability strategies.

It follows, therefore, that organisations as well as businesses that deliberately and strategically integrate sustainability and climate-resilient initiatives into their operations may be better positioned to access capital attract investors, and even respond appropriately to evolving stakeholder expectations effectively acquiring a cutting edge within the market.

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