



ASPEN NETWORK
OF DEVELOPMENT
ENTREPRENEURS

EAST AFRICA

ENTREPRENEURIAL ECOSYSTEM SNAPSHOT

Green Entrepreneurship in Kenya



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About ANDE

The **Aspen Network of Development Entrepreneurs (ANDE)** is a global network of organizations that propel entrepreneurship in developing economies. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs create jobs, stimulate long-term economic growth, and produce environmental and social benefits.

As the leading global voice of the SGB sector, ANDE believes that SGBs are a powerful yet underleveraged tool in addressing social and environmental challenges. Since 2009, we have grown into a trusted network of more than 250 collaborative members that operate in nearly every developing economy. ANDE grows the body of knowledge, mobilizes resources, and connects the institutions that support the small business entrepreneurs who build inclusive prosperity in the developing world. ANDE is part of the Aspen Institute, a global nonprofit organization committed to realizing a free, just, and equitable society.

ANDE's East Africa chapter, headquartered in Nairobi, Kenya, was launched in 2012 with the aim of creating a platform that supports all stakeholders in the local SGB ecosystem through training, knowledge sharing, facilitating introductions, and fostering collaboration.

About the IKEA Foundation

This snapshot report was produced with support from the **IKEA Foundation**. The IKEA Foundation is a strategic philanthropy that focuses its grant making efforts on tackling the two biggest threats to children's futures: poverty and climate change. It currently grants more than €200 million per year to help improve family incomes and quality of life while protecting the planet from climate change. Since 2009, the IKEA Foundation has granted more than €1.5 billion to create a better future for children and their families.

In 2021 the Board of the IKEA Foundation decided to make an additional €1 billion available over the next five years to accelerate the reduction of Greenhouse Gas emissions.

Learn more at: www.ikeafoundation.org or by following them on [LinkedIn](#) or [Twitter](#).



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About this Snapshot

ANDE's Entrepreneurial Ecosystem Snapshots are designed to collect basic information about the support available for small and growing businesses in a specific city, region, or country. This information acts as a census of the local actors and represents a specific moment in time. The information is collected through both a survey and desk research, led primarily by local teams who engage practitioners throughout the process.

More detail on the methodology can be found at <https://ecosystems.andeglobal.org/about>

For readers interested in the green entrepreneurial ecosystem in Kenya, this snapshot can be used to:

- 1/ Identify gaps in the support available to green entrepreneurs in the ecosystem;**
- 2/ Connect with other actors in the ecosystem that have similar goals/missions; and**
- 3/ Initiate informed conversations and collaborations with other players in the ecosystem.**

In addition to the specific analyses in this snapshot report, users can extract their own insights using the information publicly available on the snapshot website at <https://www.kenya-ecosystem.tech>. The intent is for this snapshot to serve as both a marker of the ecosystem at this particular time as well as a starting point for ecosystem actors to work together using a common knowledge base.

This snapshot report is part of a larger effort to study the green entrepreneurial ecosystem in Kenya with support from the IKEA Foundation. To learn more, please visit:

- ▶ Kenya Green Entrepreneurial Ecosystem Snapshot Website**
Contains a filterable directory of all 176 organizations identified in this snapshot report, as well as interactive visualizations.
- ▶ Building the Green Economy: Opportunities and Trends for Green Entrepreneurship in Kenya**
The primary research study developed from this partnership which covers trends in green entrepreneurship in Kenya, case studies of successful ventures, market size projections, and deep dives into specific green sectors.

Green Entrepreneurship in Kenya

Climate change and environmental degradation pose a significant threat to Kenya's economy. The country is already experiencing extreme weather events and varying temperatures resulting from climate change,¹ and droughts, increased flooding, and landslides will continue to significantly affect the economy, infrastructure, and public health nationwide.²

To combat these climate change-induced challenges, Kenya has supported a green economic transition through various government policies and initiatives.³ Green entrepreneurs play an important role in helping the country reach these climate and environmental targets by meeting consumer needs in a sustainable manner. Green enterprises, as defined by the International Labour Organization (ILO), address climate change and/or have positive environmental values by providing products or services in a green sector (e.g., waste management) or engaging in the value chain (e.g., clean technologies). The ILO also notes that green entrepreneurs often consider both aspects, creating decent jobs via eco-friendly processes and making positive environmental impacts.⁴

While climate change is threatening the environment, public health, and livelihoods in Kenya, the green economy presents new opportunities for the country. According to a 2018 study by Kenya Bankers Association and WWF Kenya, Kenya's green investment and financing opportunities in the major sectors, namely transport, agriculture, and manufacturing, in the next 5-10 years are worth approximately US \$704 million (87 billion Kenyan shillings).^{5 6} Furthermore, Kenya is anticipated to achieve sustained economic growth of 10% per annum through investment in the green economy and focusing on sustainable development, which would double the per capita income of Kenya by 2030. To achieve this goal, Kenya requires US \$17.7 billion for climate mitigation and US \$43.9 billion for adaptation, totaling US \$62 billion from 2020 to 2030.⁷

This report evaluates the current support ecosystem for green entrepreneurs in Kenya. The Kenyan green entrepreneurial ecosystem has attracted diverse interventions and investments from financiers and capacity-building organizations to date. The ecosystem is characterized by the presence of both private and public sector actors, including capacity development providers, research institutions, government agencies, sector associations, and investors.⁸ However, surveyed organizations shared the need for more financial resources, commercially viable green business models, and investor-ready entrepreneurs. Overcoming these challenges is hampered by decentralized and uncoordinated policies and limited research and data on green investment opportunities in the country.⁹

1 [Kenya: Climate Vulnerability Profile](#). 2012. USAID; [Country-level: Climate fact sheet - Kenya](#). 2021. Climate Centre; [Disaster Risk Profile: Kenya](#). 2019. World Bank.

2 [Kenya Climate Risk Profile: Kenya](#). 2021. GIZ.

3 Please see the following documents for [sustainable waste management](#), [sustainable agriculture](#), [forestry](#), [transport](#), [eco-tourism](#), [green buildings](#), [disaster management](#), [clean fuels](#), and [electrification with renewables](#)

4 [Green entrepreneurship: Creating green jobs through sustainable enterprise development](#). International Labour Organization.

5 Exchange rate used is US \$ 1 = 123.6 Kenyan shillings as at January 10, 2023.

6 [Assessment of Green Investment Opportunities in the Manufacturing Sector in Kenya](#). 2018. Green Bonds Programme Kenya; [Assessment of Green Investment Opportunities in the Transport Sector in Kenya](#). 2018. Green Bonds Programme Kenya; [Assessment of Green Investment Opportunities in the Agriculture, Livestock and Forestry Sector in Kenya](#). 2018. Green Bonds Programme Kenya.

7 [The Landscape of Climate Finance in Kenya on the Road to Implementing Kenya's Nationally Determined Contributions \(NDCs\)](#). 2021. The National Treasury and Planning, Republic of Kenya,

8 [National Climate Change Action Plan \(NCCAP\) 2018-2022 Volume I](#). 2018. Ministry of Kenya.

9 Andersen, M. M., Ogallo, E., & Faria, L. G. D., 2021. [Green Economic Change in Africa-green and Circular Innovation Trends, Conditions and Dynamics in Kenyan Companies](#). Innovation and Development, 1-27.

Green Entrepreneurship in Kenya

The following sections offer insights into the set of organizations supporting green entrepreneurs that aim to address climate change mitigation, adaptation, and other environmental protection challenges. The data used for analyses are collected via surveys and desk research and include organizations that support green entrepreneurs. With this data, this snapshot report identifies important challenges and opportunities for green entrepreneurship to bridge the knowledge gap amongst stakeholders in the ecosystem and better support the development of Kenya's green economy.

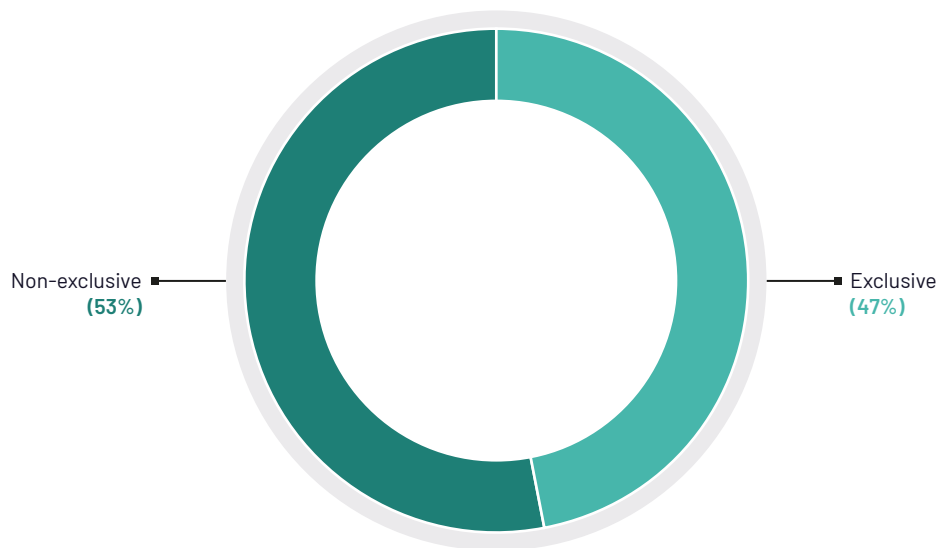


Ecosystem Data

Characterization of Support Organizations

ANDE identified 176 organizations that offer programs, initiatives, research, or investment targeted to green entrepreneurship in Kenya. About half of the organizations exclusively support green entrepreneurship, such as [Kenya Climate Ventures](#), an impact investment fund that provides tailored financial, technical assistance, and business growth support to innovative early and growth-stage enterprises working in agribusiness, commercial forestry, renewable energy, water management, and waste management. The other half historically provided more generalist support and have more recently added targeted programming for green entrepreneurs, an example being [Pangea Trust](#), an accelerator and investment readiness provider which has supported social and environmental ventures broadly but more recently created programming dedicated to the green economy.

Figure 1: Percent of organizations that support green entrepreneurship exclusively or as part of broader scope

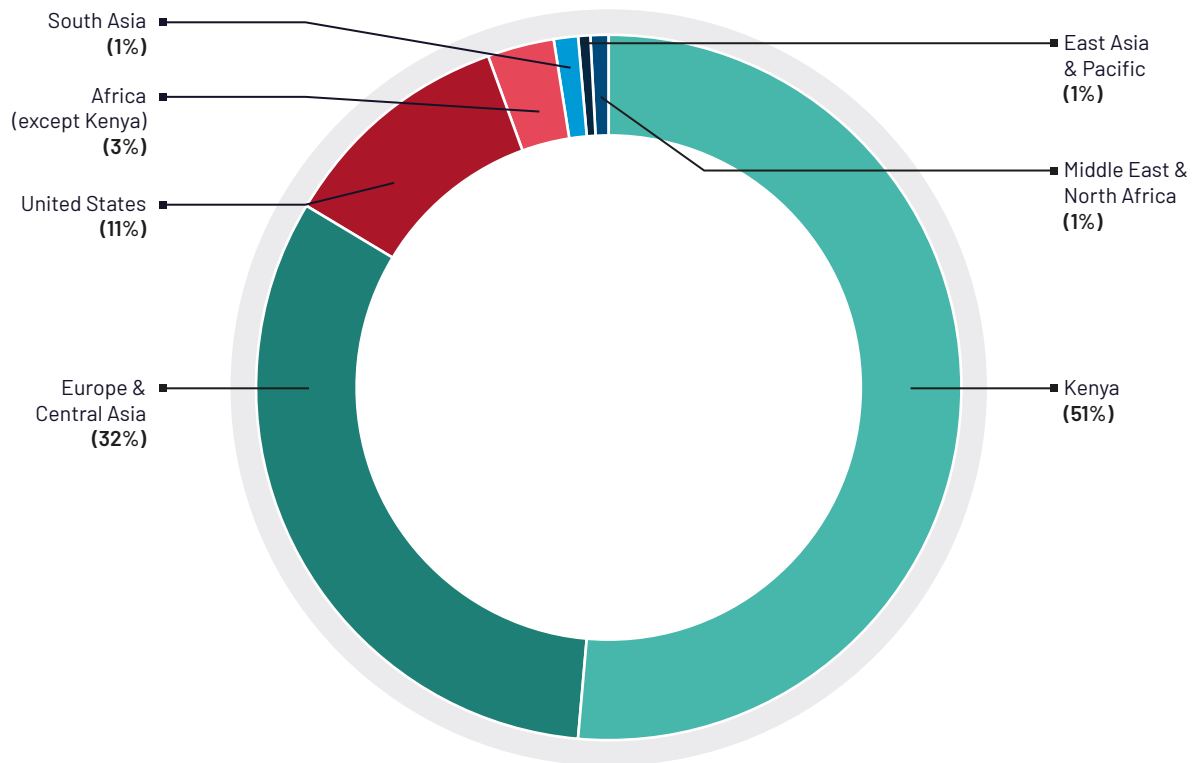


N (number of observations) = 176 organizations

Ecosystem Data

The entrepreneurship support ecosystem in Kenya is heavily influenced by international players. Just over half (51%) of organizations supporting green entrepreneurship are headquartered in the country, while 32% are based in Europe, 11% in the United States, and only 3% in other African nations. Most are fairly young, with 90% of the organizations having started focusing on the green economy in the last ten years.

Figure 2: Headquarters country of support organizations

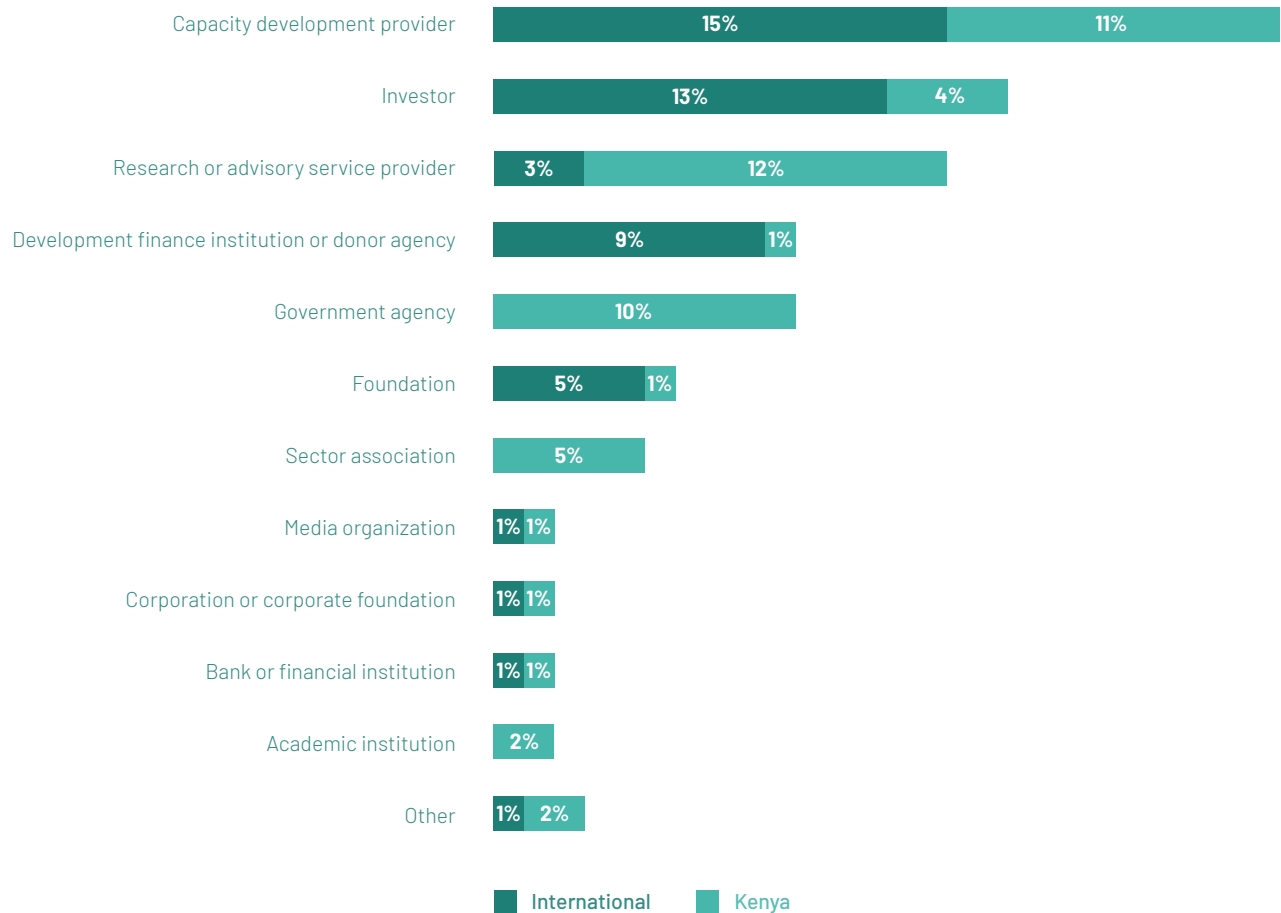


N = 165 organizations

The most common types of organizations supporting green entrepreneurs in Kenya are capacity development providers, followed by investors. Interestingly, the majority of organizations offering direct technical and financial support (e.g., capacity development providers, investors, donor agencies, and foundations) are headquartered internationally.

Ecosystem Data

Figure 3: Organization type headquarters location



N = 165 organizations

Sector and Stage Focus

Most organizations do not limit their support to a single sector, with over half working in two or more green sectors. Sustainable agriculture and aquaculture¹⁰ is most common, followed by energy efficiency and storage, clean fuels, and electrification with renewables. This is attributed to agriculture being the backbone of Kenya’s economy, having contributed up to 22% of Kenya’s GDP in 2021.¹¹ On the other hand, the disaster management, green buildings, and ecotourism sectors receive the least amount of support from entrepreneur support organizations in Kenya. Entrepreneurial activities in the disaster management sector are scarce by the sector’s nature. Pre- and

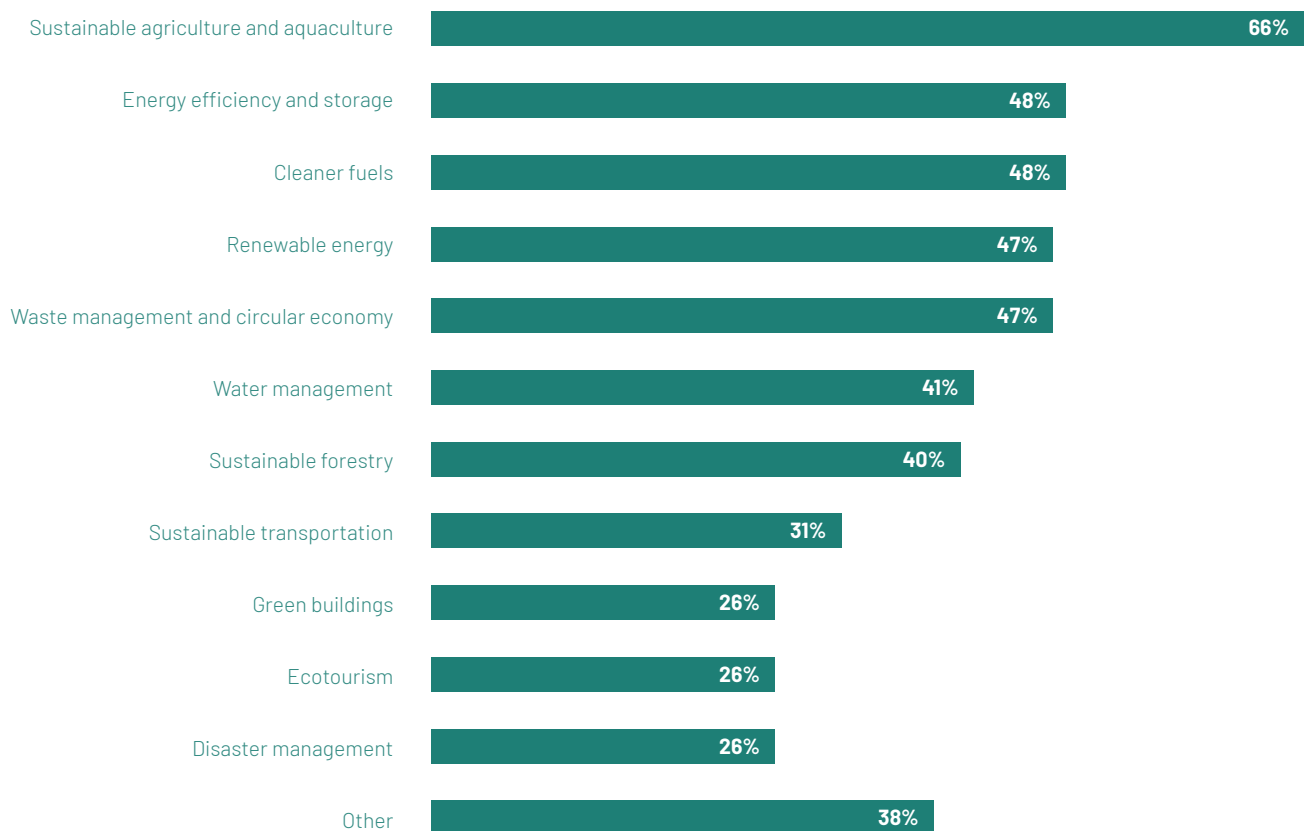
¹⁰ The sustainable agriculture and aquaculture sector was identified as one since the framing easily applies to a different context beyond Kenya. However, the stakeholder meeting that ANDE hosted for data validation purposes on September 7, 2022 revealed the need for separating agriculture and aquaculture as it would shed a better light on how broad the agriculture sector is in Kenya’s economy.

¹¹ [Kenya Economic Survey 2022](#). 2022. Kenya National Bureau of Statistics (KNBS).

Ecosystem Data

post-disaster actions, such as disaster prevention, preparedness, and response, require central government control for the efficient use of information and swift responses. Thus, the entrepreneurial activities in this sector are typically limited to the provision of technology and consulting services. Ecotourism does not need central government control, but the lack of clear government targets, policies, or incentives makes the sector less appealing to potential investors.¹²

Figure 4: Percent of organizations by target green sector



N = 176 organizations (respondents could select more than one)

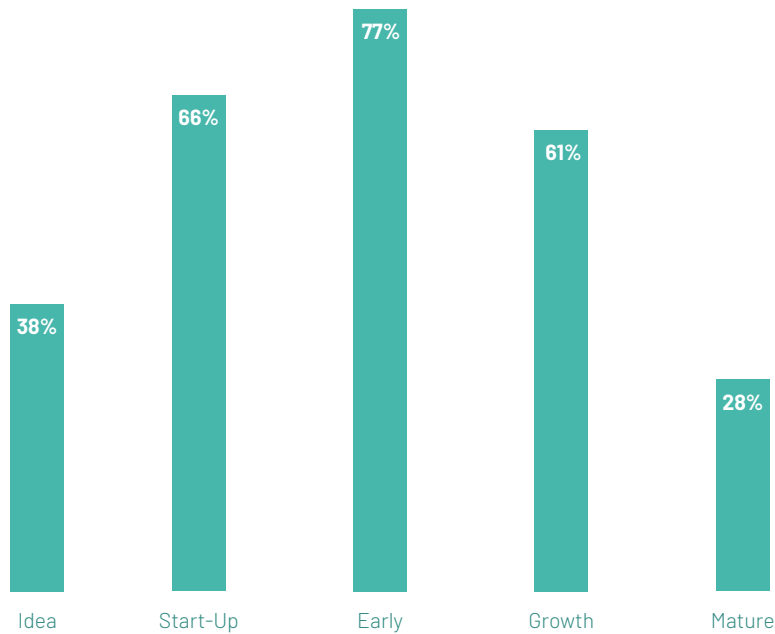
Organizations most commonly support entrepreneurs in the start-up, early, and growth stages of their business, with less support for idea and mature-stage ventures. The lack of support for idea-stage ventures is notable since research has shown that interventions targeting ventures in their initial stages substantially boost their survival rate.¹³

¹² Kim, S. et al. 2023. *Building the Green Economy: Opportunities and Trends for Green Entrepreneurship in Kenya*. Aspen Network of Development Entrepreneurs.

¹³ J. Chrisman and W. McMullan. 2004. "Outsider Assistance as a Knowledge Resource for New Venture Survival." *Journal of Small Business Management*.

Ecosystem Data

Figure 5: Percent of organizations by target stage



N = 176 organizations (respondents could select more than one)

Table 1: Stages of enterprises

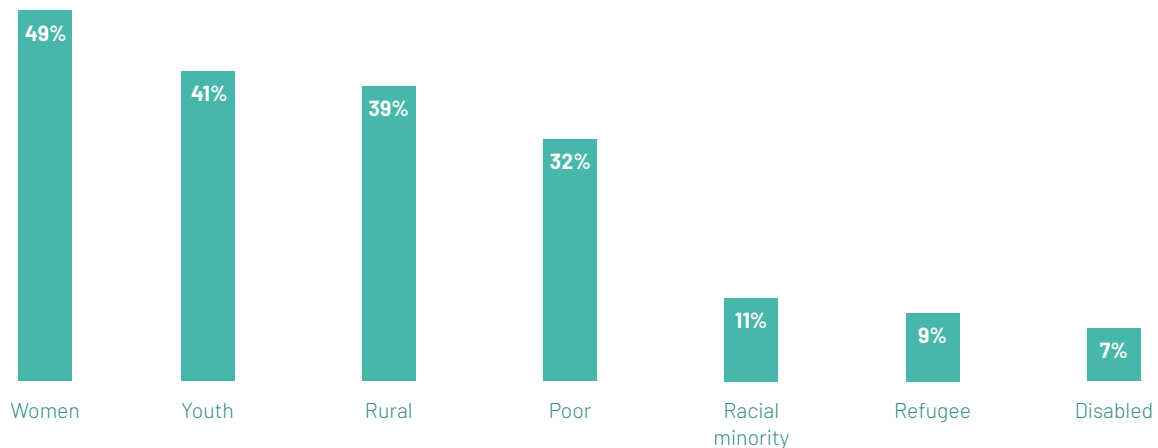
STAGE		DESCRIPTION
1	Idea	Entrepreneurs have little more than an unproven idea, so the focus is on testing the idea and identifying a product-market fit
2	Start-up	Company is in the process of being set up
3	Early	May have initial market traction but require further funding and will likely not yet be generating profits
4	Growth	Demonstrate steady growth or scaling, and likely profitability
5	Mature	Company has likely reached stable profits; growth may have slowed

Ecosystem Data

Target Population

Roughly 60% of surveyed support organizations indicated that they specifically and intentionally target one or more underrepresented populations. The most common focus is on women entrepreneurs (49%), followed by youth (41%), those in rural/periphery areas (39%), and those living below the poverty line (32%). Less support is targeted to refugees and internally displaced entrepreneurs, entrepreneurs from minority backgrounds (e.g., race/ethnicity, and sexual orientation), and disabled entrepreneurs.

Figure 6: Percent of organizations that target entrepreneurs from underrepresented backgrounds



N = 176 organizations (respondents could select more than one)

Services Offered

The majority (94%) of organizations supporting green entrepreneurship provide non-financial support to entrepreneurs, whereas only about half (52%) provide financial support.

Figure 7: Percent of organizations that offer financial support vs. non-financial support

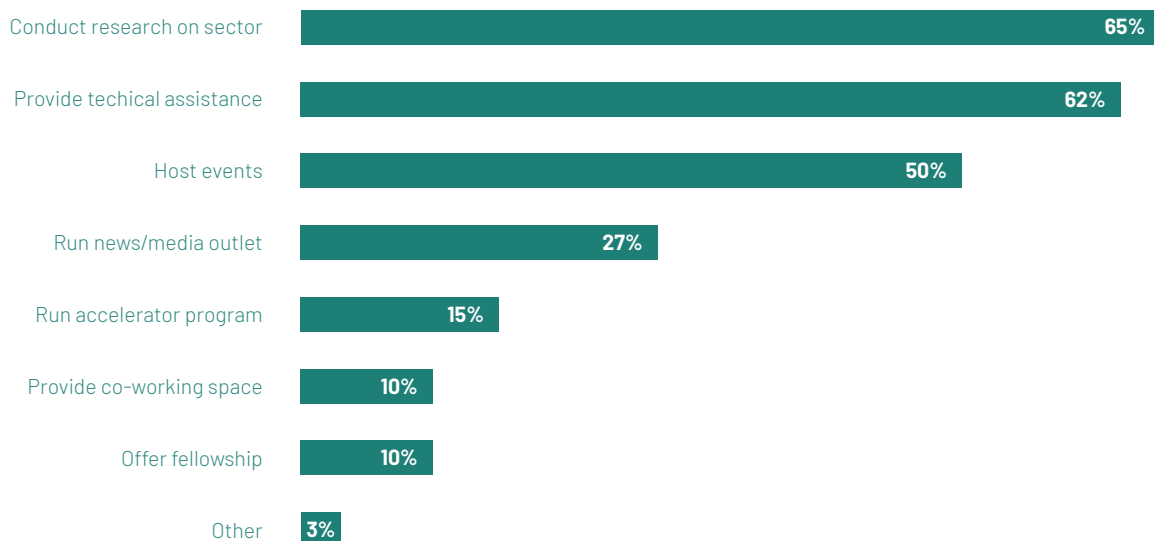


Ecosystem Data

Non-financial Support Services

Non-financial support is most commonly delivered in the form of research on the sector (65%), providing technical assistance (62%), and hosting events (50%). Despite research being the most common type of non-financial support, acquiring reliable data sources to inform green entrepreneurship activities in Kenya is reported to be a challenge.¹⁴ Participants of green ecosystem stakeholder meetings hosted by ANDE in Kenya called for creating centralized repositories of data and information to provide better technical support to green entrepreneurs. Stakeholders in the same meeting also emphasized the need to host events, conferences, and networking sessions for knowledge sharing and dissemination. However, with the snapshot data indicating 50% of non-financial support is in the form of hosting events in the Kenyan green entrepreneurial ecosystem, there is a likelihood the events may have been a success in facilitating networking but not as productive in knowledge sharing.

Figure 8: Percent of organizations by non-financial support type



N = 176 organizations (respondents could select more than one)

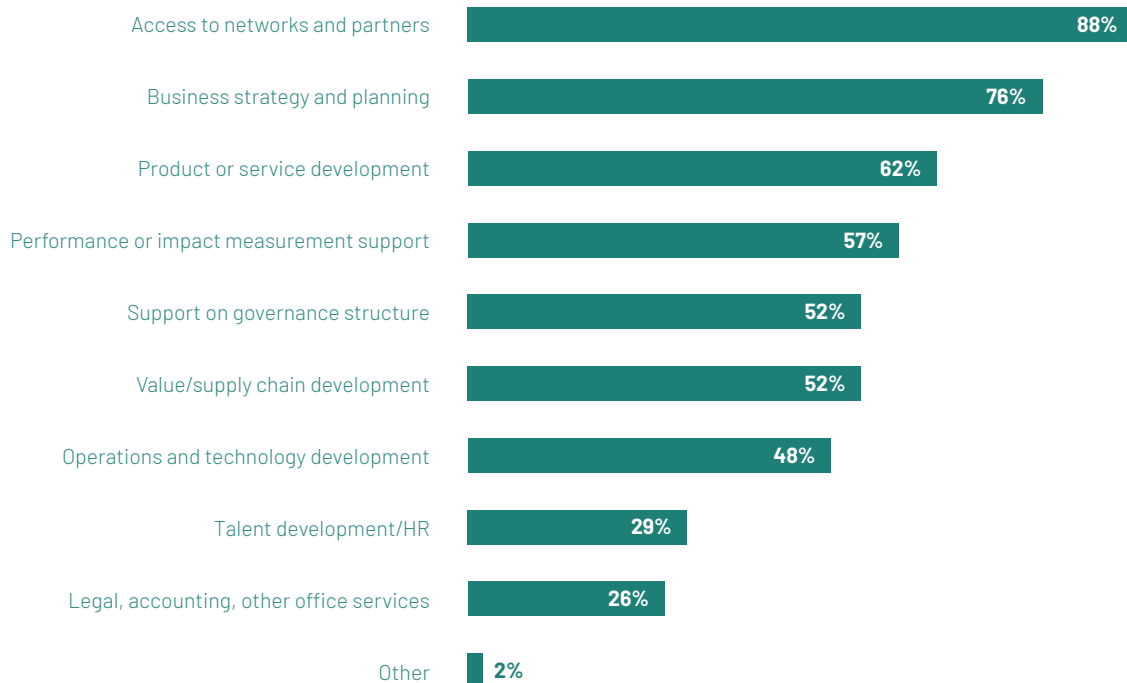
Further narrowing the scope of analysis to the types of capacity development support organizations provide, most focus on access to networks (88%) and business strategy and planning (76%). Less than 30% offer support regarding legal, accounting, and other office services (26%) and talent development (29%). However, entrepreneurs in green sectors that utilize state-of-the-art technology (e.g., sustainable transportation, disaster management) reported finding qualified employees to serve in high-skill positions as one of their primary challenges.¹⁵

¹⁴ Andersen, M. M., Ogallo, E., & Faria, L. G. D., 2021. [Green Economic Change in Africa—green and Circular Innovation Trends, Conditions and Dynamics in Kenyan Companies](#). Innovation and Development, 1-27.

¹⁵ Based on stakeholder feedback collected through interviews.

Ecosystem Data

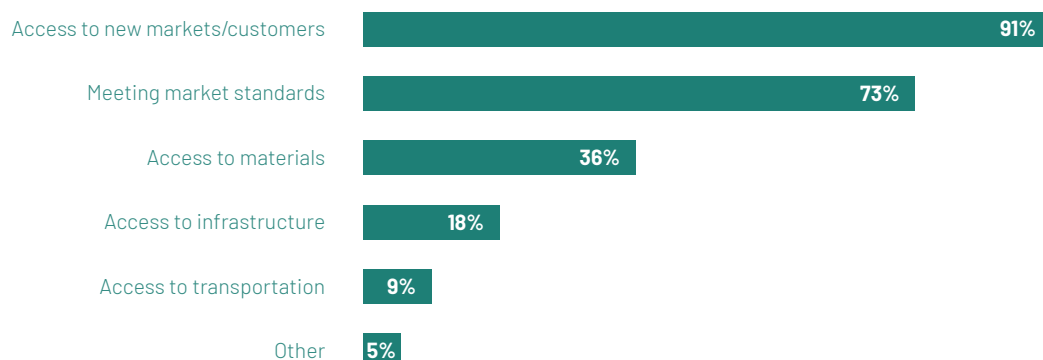
Figure 9: Percent of organizations by capacity development support type



N = 42 organizations (respondents could select more than one)

Among the organizations that provide market linkage support, nearly all (91%) focus on helping entrepreneurs access new markets and customers, followed by assisting them in meeting product standards in the market (73%). Feedback from stakeholders revealed that the green market in Kenya is characterized by small entrepreneurial enterprises providing mostly raw goods or component parts in local markets, leaving room to move into more finished goods, including tapping the larger export market. This shows a need to explore more opportunities and help entrepreneurs produce finished or near-finished products while linking them with both international and local markets.

Figure 10: Percent of organizations by market linkage support offered

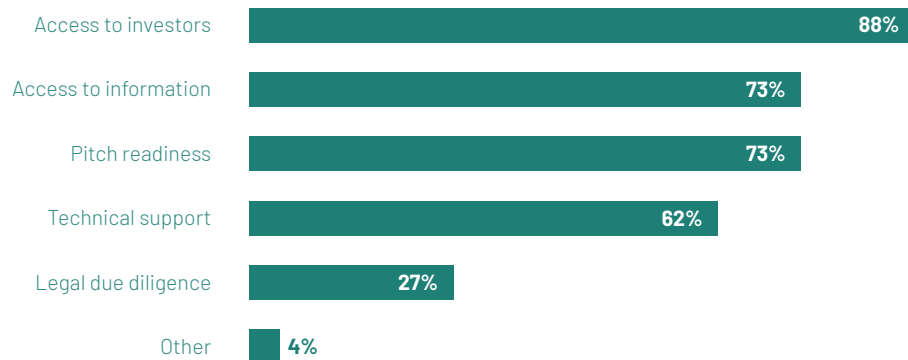


N = 22 organizations (respondents could select more than one)

Ecosystem Data

Among the small number of support organizations that provide investment linkage support to green entrepreneurs, most provide direct access to investors, access to information and research, and/or support in improving their investment pitch.

Figure 11: Percent of organizations by investment linkage support offered

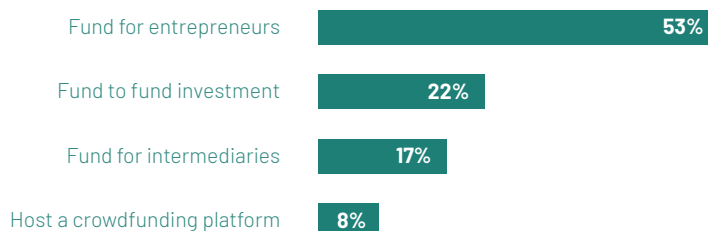


N = 26 organizations (respondents could select more than one)

Financial Services

As mentioned previously, just over half (52%) of support organizations in Kenya provide financial support for green entrepreneurship. A little over 50% of them make direct investments in entrepreneurs, while the remainder invest into funds, provide financial support to other support organizations, or host a crowdfunding platform. Notably, donor agencies tend to support other organizations financially, while capacity development providers provide financial support to entrepreneurs and support organizations alike.

Figure 12: Percent of organizations by target recipient of financial support

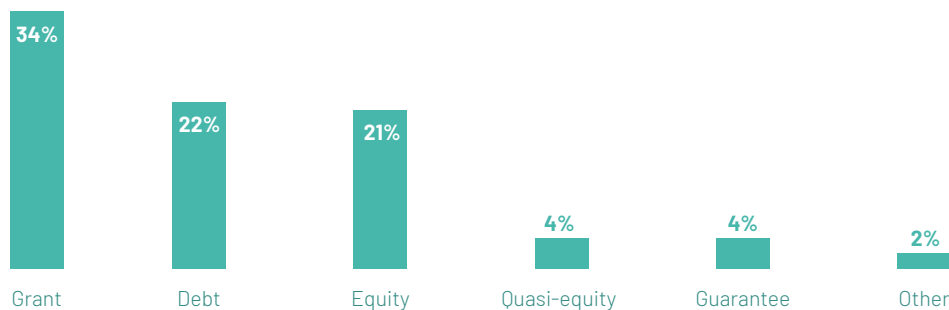


N = 176 organizations (respondents could select more than one)

Ecosystem Data

The financial instruments most commonly available to entrepreneurs include grants (34%), followed by debt (22%) and equity (21%). Investors most commonly provide debt and equity (45% and 54%, respectively), while grants are made available by capacity development providers (29%) and donor agencies (22%). The high proportion of grants relative to other financial instruments might be attributable to the fact that most green ventures in Kenya tend to be small enterprises and have not achieved profitability; their business models are more equipped to utilize grants. As noted by stakeholders, early-stage ventures struggle to access early-stage commercial capital needed to grow beyond the initial stages. Thus, the ecosystem needs other forms of patient capital for green ventures in their initial stages.

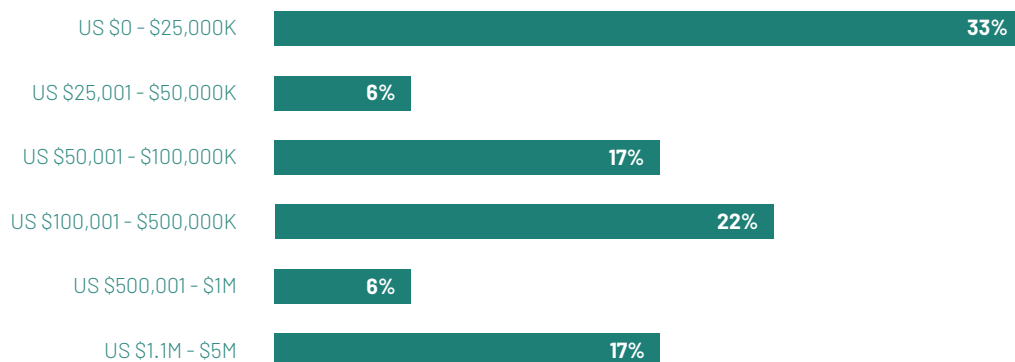
Figure 13: Percent of organizations by financial instrument offered



N = 176 organizations (respondents could select more than one)

Likely reflecting the prevalence of grants over commercial capital, financial support providers' most common ticket size is US \$0 – 25,000. In the stakeholder meeting, intermediaries noted that small ticket sizes might limit green entrepreneurs' chances to scale their operations, while echoing the need for larger ticket sizes. However, the causal direction might be the other way around, as stakeholders also noted that green ventures in the ecosystem might not be able to absorb large ticket sizes since the majority are in their early stages.

Figure 14: Percent of organizations by ticket size offered



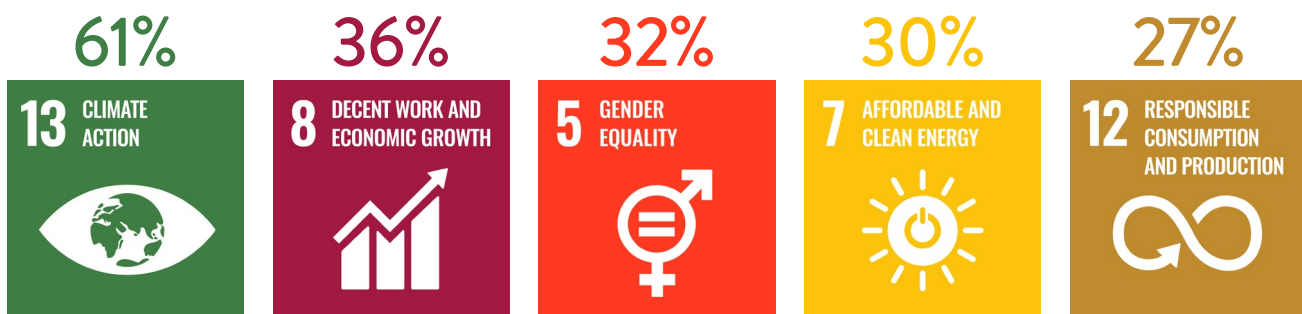
N = 18 organizations

Ecosystem Data

Development Goals and Impact Measurement

Measuring the effects of green initiatives on the climate and environment, such as input consumption, waste generation, and emissions and effluent discharge, benefits green entrepreneurs and contributes to enhancing entrepreneurial performance and promotion of policies that create an enabling environment for green growth as a whole.¹⁶ A quarter of support organizations reported that their programs or activities explicitly and intentionally align with at least one of the United Nations Sustainable Development Goals (SDGs). As expected, SDG 13 on climate action is the most commonly aligned goal (61%), followed by decent work (36%), gender equality (32%), and affordable and clean energy (30%).

Figure 15: Top five SDGs with which organizations align



N = 44 (respondents could select more than one)

In terms of impact measurement and management (IMM), most support organizations (74%) reported tracking the climate/environmental impact of supported entrepreneurs, with 43% monitoring the impacts of every entrepreneur that they work with, 32% tracking only a subset of entrepreneurs, and 26% not conducting IMM at all. Among those who monitor enterprises' climate/environment impacts, 40% receive the impact data from the entrepreneurs but occasionally audit the data. Nearly 31% of support organizations conduct the impact measurement themselves to oversee the impacts of entrepreneurs, while the remaining 29% rely on entrepreneurs' self-reported data without any further review.

When asked who pays for IMM expenses, about 46% of organizations pull finances for IMM from multiple entities. Most reported that they fully or partly rely on donors (45%), followed by support organizations that pay for the expenses themselves (32%) and those who expect entrepreneurs to cover the costs (24%). Support organizations attributed the challenges around IMM to their lack of knowledge of best practices for collecting and analyzing impact data (70%) and to insufficient capacity to conduct such work (61%). Merely 18% of respondents indicated that the cost of IMM was an inhibiting factor.

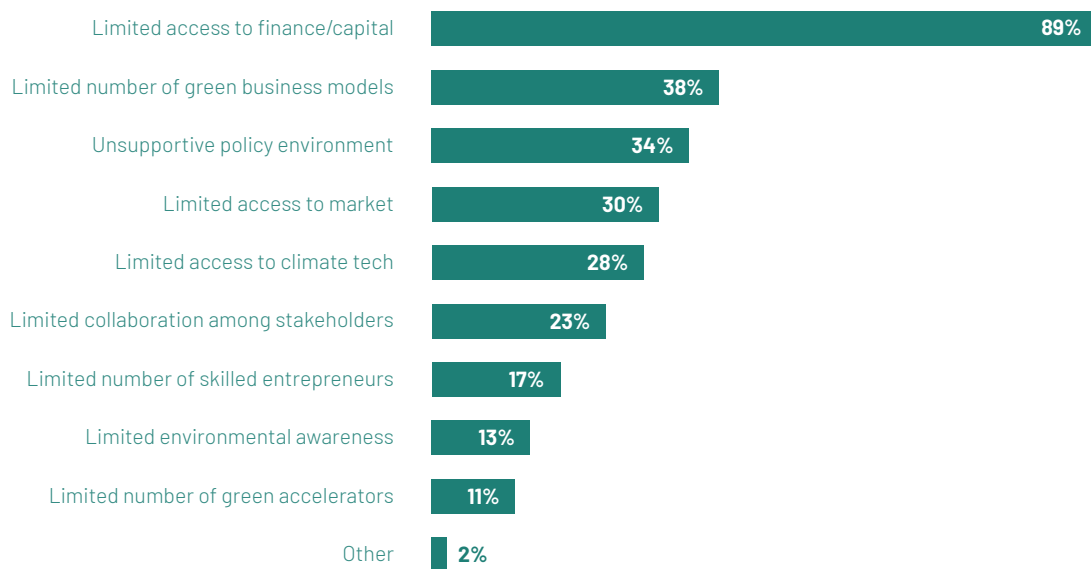
¹⁶ Organization for Economic Co-operation and Development (OECD), 2011, *Towards Green Growth: Monitoring Progress OECD Indicators*.

Ecosystem Data

Challenges, Opportunities, and Areas for Collaboration

An overwhelmingly high number of surveyed support organizations (90%) reported limited access to finance and capital as the most crucial challenge for the green entrepreneurial ecosystem in the country. As shown earlier in this report, the number of financial support providers is almost half of the number of non-financial support providers, with grants being the most common form of financing available to green enterprises. Stakeholders also pointed to investors' risk aversion when investing in green ventures and entrepreneurs' lack of financial knowledge as contributors to the limited access to finance.

Figure 16: Top challenges faced by green entrepreneurs in Kenya

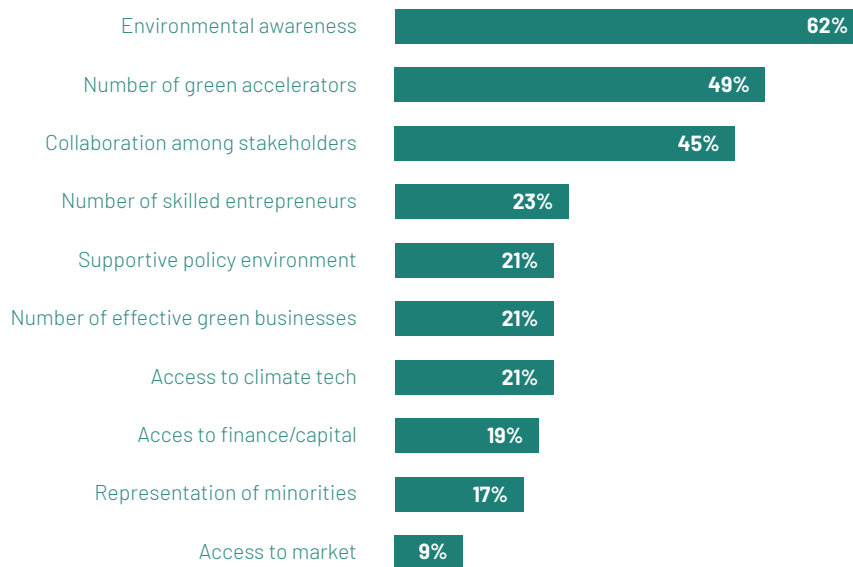


N = 47 (respondents could select more than one)

Ecosystem Data

The most improved areas in the last three years reported by surveyed support organizations include environmental awareness (62%), the number of green accelerators (49%), and collaboration among stakeholders (45%). In contrast, access to markets (9%), representation of minority entrepreneurs (17%), and access to finance/capital (19%) are not seen as areas with significant improvement.

Figure 17: Most significant improvements in the green entrepreneurial ecosystem in the past three years

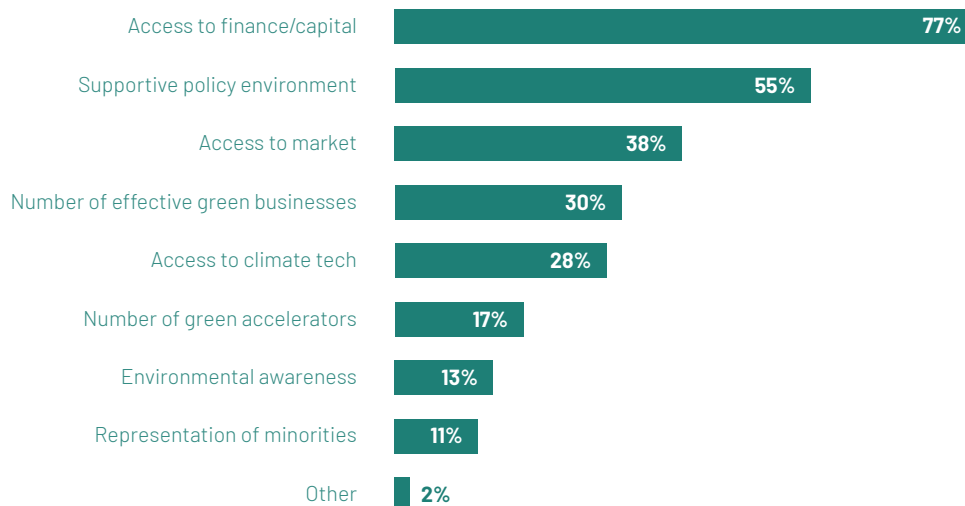


N = 47 organizations (respondents could select more than one)

Ecosystem Data

When asked about the areas in need of collaborative action, more than three-quarters of support organizations pointed to access to finance, followed by a more supportive policy environment (55%) and access to markets (38%). Regarding financing, stakeholders highlighted that building collaborations among financiers and entrepreneur support organizations can help to de-risk investments and increase trusted partnerships. The stakeholders also noted that operating and capital expenses associated with running green businesses need the support of national and sub-national (public and private) funds to provide blended finance. Furthermore, local green start-ups tend not to be as attractive as other ventures when it comes to private financing as they are considered risky and not commercially viable. However, limited financial knowledge was stated as causative to limited financing, which can be improved through collaborations to offer investment readiness training and other programs to support startups in their financial planning. The need for the Kenyan government's active and effective support for the private sector to improve the policy environment resonated with participants of ANDE's stakeholder meeting.

Figure 18: Top areas for collaboration in Kenya's green entrepreneurial ecosystem



N = 47 organizations (respondents could select more than one)

Insights and Implications

Based on the data presented in this report and from stakeholder conversations, several key areas emerge for further investigation and collaborative action:



Insight 1:

Access to finance is a pervasive challenge, and the solution requires action from multiple stakeholder groups. Many private investors view investing in green start-ups as risky. Hence, ventures in many green sectors rely on grants from donors and support programs. However, the amount of such grants is limited, and green entrepreneurship needs to attract commercial capital in larger amounts in order to advance beyond the idea and start-up stages. Participants of ANDE's stakeholder meeting suggested adopting more diversified and innovative financing approaches, such as joint financing between donor agencies and private investors. At the same time, support organizations also point to a lack of investment readiness among early-stage green ventures, noting that the scalability and return profile of many startups is unclear to investors. Clearer information for investors regarding profitable green business models, increased sources of patient capital, and better financial preparation among entrepreneurs seeking investment are all required to see significant improvements in the financial landscape.



Insight 2:

Public-private collaboration is necessary for shaping governmental action to better address the role of green businesses. Existing green policies and strategy documents in Kenya, while extensive, lack specific incentives or support schemes for small and medium-sized enterprises.¹⁷ Over a third of support organizations cited an unsupportive policy environment as a key challenge, and over half see this as an area where collaborative action can have a meaningful impact. Public-private collaboration is necessary to establish institutional structures geared towards supporting green initiatives and increasing available financing.¹⁸ In order to elicit such change, key players in the private sector need to work hand-in-hand with government bodies, point out loopholes in current policies and regulations, and assist the government in creating a favorable environment for green entrepreneurship in Kenya.¹⁹ Support organizations have a key role to play; however, there is currently no coordinated strategic approach to engagement.



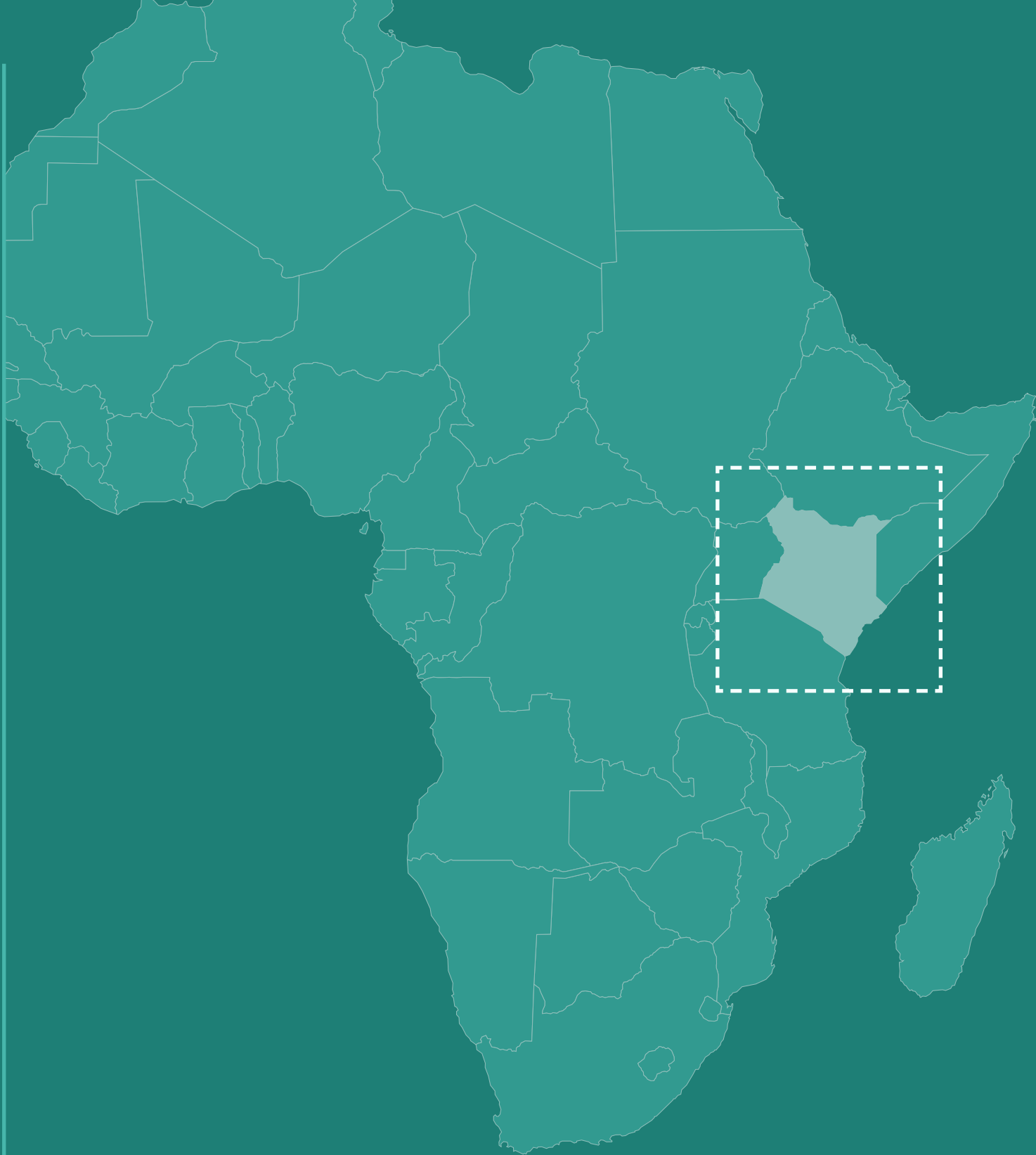
Insight 3:

The ecosystem would benefit from improved information sharing and joint learning opportunities among support organizations. Stakeholders have stressed that there are information gaps in the Kenyan green entrepreneurial ecosystem, with decentralized and scattered information regarding best practices, tools, and case studies. Standardized and vetted knowledge repositories can help to avoid any confusion caused by conflicting information and reduce duplication of efforts, especially by incubators and accelerators. In addition, training and networking platforms can create an environment for more effective collaboration and peer learning among support organizations and entrepreneurs alike.

17 [SDGs Readiness Report: A Policy, Legislative and Institutional Review of the 17 SDGs in Kenya. 2020.](#) Kenya Association of Manufacturers (KAM).

18 Kiremu et al., 2022. [Climate Finance Readiness: A Review of Institutional Frameworks and Policies in Kenya.](#) Sustainable Environment, Vol 8, Iss. 1.

19 [SDGs Readiness Report: A Policy, Legislative and Institutional Review of the 17 SDGs in Kenya. 2020.](#) Kenya Association of Manufacturers (KAM).



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