



Africa Renewable Energy  
Manufacturing Initiative



KENYA

# GREEN MANUFACTURING POLICY & INVESTMENT GUIDE

APRIL 2025

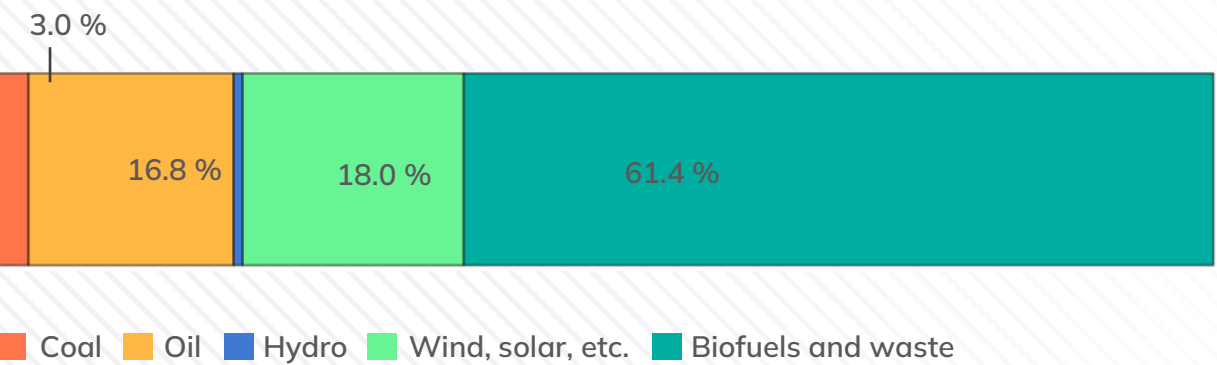
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Kenya's energy consumption is rapidly increasing, fuelled by expanding energy access, industrialization, and growing demand.

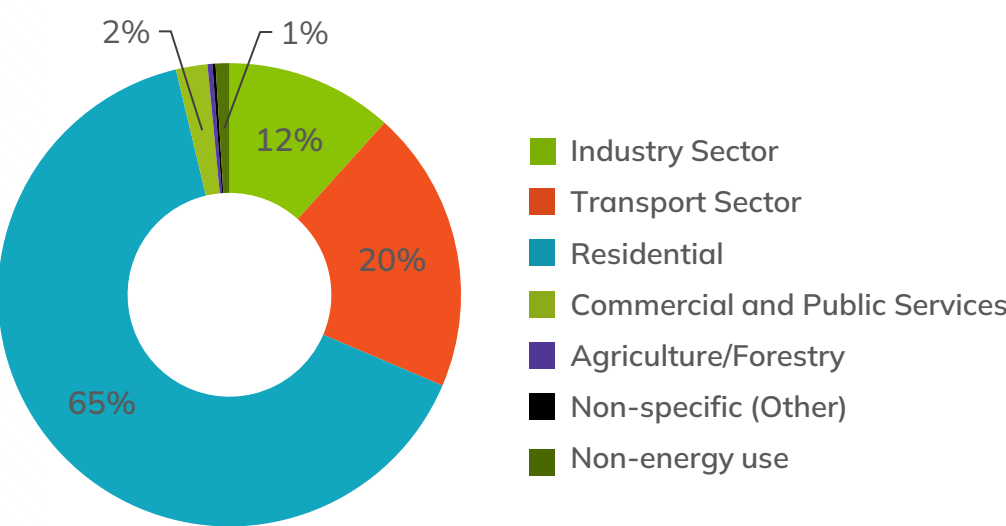
- Power demand will grow 20x to 2050, from 9 TWh in 2020 to 190 TWh in 2050<sup>1</sup>
- Renewable energy installed capacity has grown from 1.6 GW in 2015 to 2.8 GW in 2024, led by geothermal and hydropower.<sup>2</sup>
- Kenya is committed to achieving Net Zero by 2050 and using energy transition as a key to accelerate the country’s already growing economy as USD 600 billion of near-term investment opportunities are projected<sup>1</sup>.

TOTAL ENERGY SUPPLY, KENYA, 2023



Source: International Energy Agency. Licence: CC BY 4.0

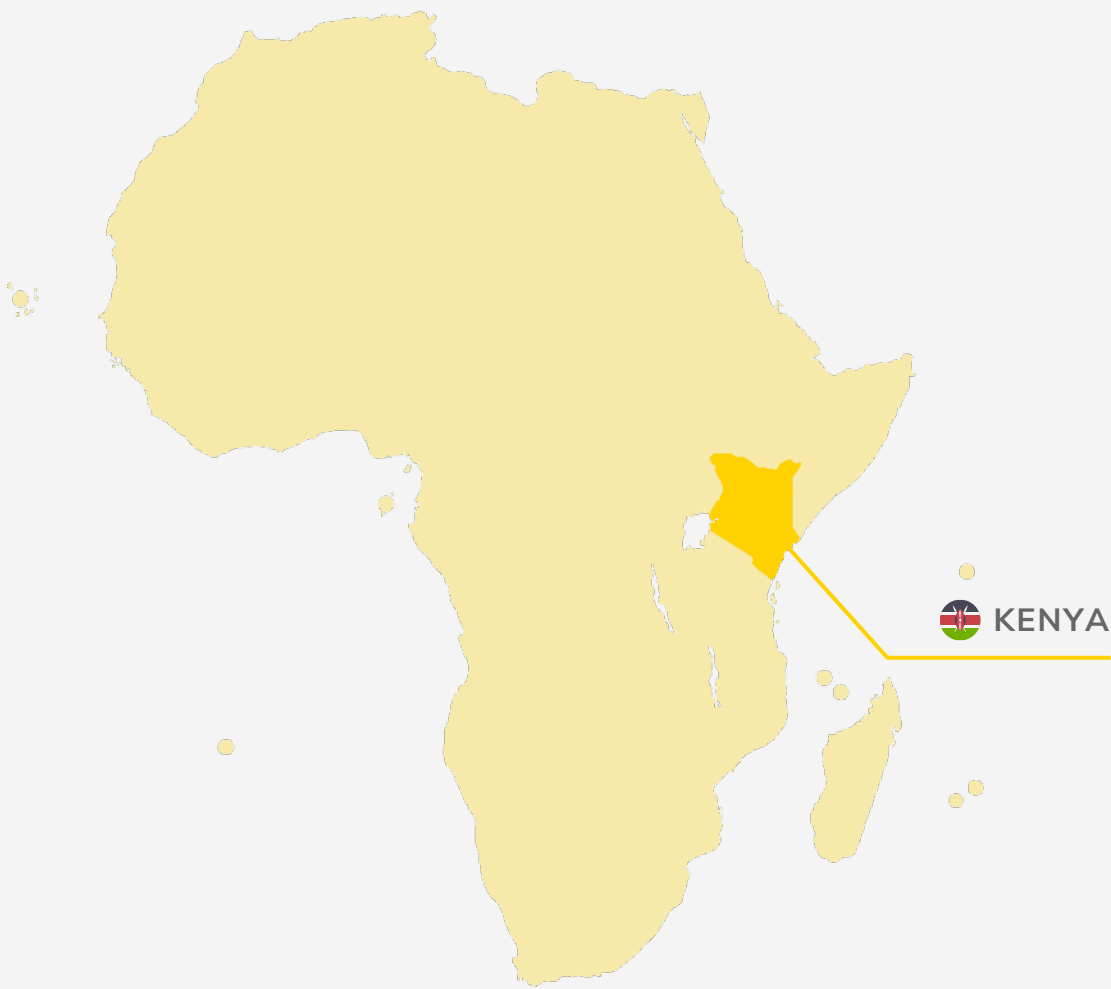
TOTAL FINAL CONSUMPTION BY SECTOR, KENYA, 2023<sup>3</sup>



<sup>1</sup> Ministry of Energy and Petroleum (2023). Kenya Energy Transition & Investment Plan 2023-2025. Available at: <https://energy.go.ke/sites/default/files/KAWI/Kenya-ETIP-2050%202.pdf>

<sup>2</sup> IRENA (2025). Renewable energy statistics 2024. Available at: <https://www.seforall.org/publications/ghana-green-manufacturing-and-policy-guide>

<sup>3</sup> IEA (2023). World Energy Balances. Available at: <https://www.iea.org/countries/kenya/energy-mix>








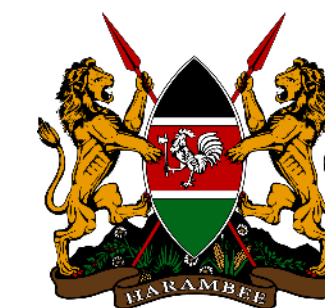
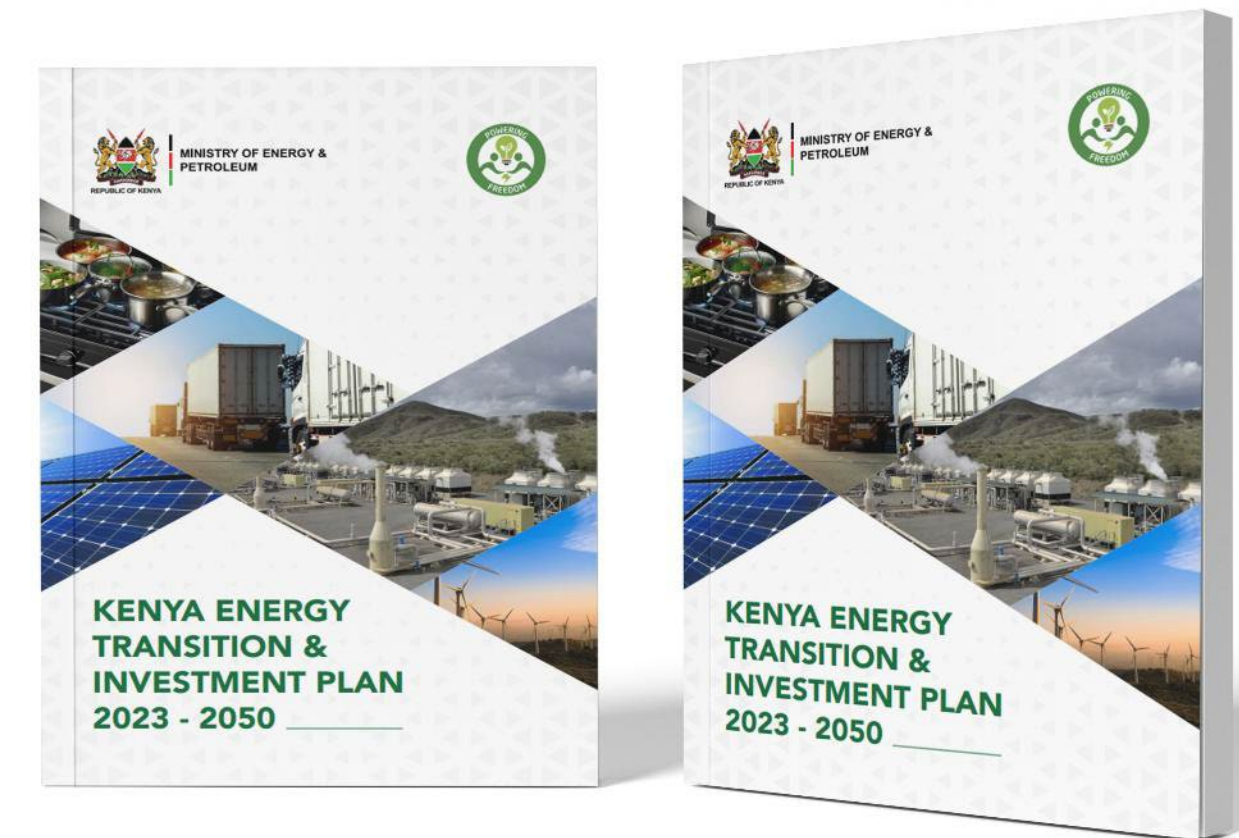
LOCATION	POPULATION 2023
East Africa	55 M
GDP 2023	GDP GROWTH 2023
USD 108 B	5.6 %
ACCESS TO ELECTRICITY 2022	76%
SHARE OF MODERN RENEWABLES IN FINAL ENERGY CONSUMPTION 2021	6%

Sources: [World Bank](#); [IEA](#)

**Kenya's Energy Transition and Investment Plan (ETIP), ratified in 2023, offers a pathway to achieve net zero by 2050 while meeting the country's energy needs and balancing socio-economic development objectives.**

Key highlights of a net-zero aligned pathway include:

-  Six main decarbonization technologies anchor an orderly transition. Together, electrification, energy efficiency, renewables, low-carbon hydrogen, battery electric technologies and clean cookstoves cover 89% of CO2 abatement under net zero vs business as usual in 2050 and beyond.
-  Decarbonisation in Kenya will shift fuel mix for industries, with strong roles for electricity, hydrogen, and a small role for biomass.
-  Power demand grows around 20x to 2050, driven by rising population and GDP/capita with strong consumption coming from buildings and industry sectors. New solar PV and wind will meet the majority of growth in power.
-  By 2050 electric vehicles dominate the fleet and are practically the only actively sold new cars in the country.
-  Localized cleantech manufacturing is highly attractive and competitive to drive the domestic demand and create high-skilled jobs, for which further capacity building is necessary.

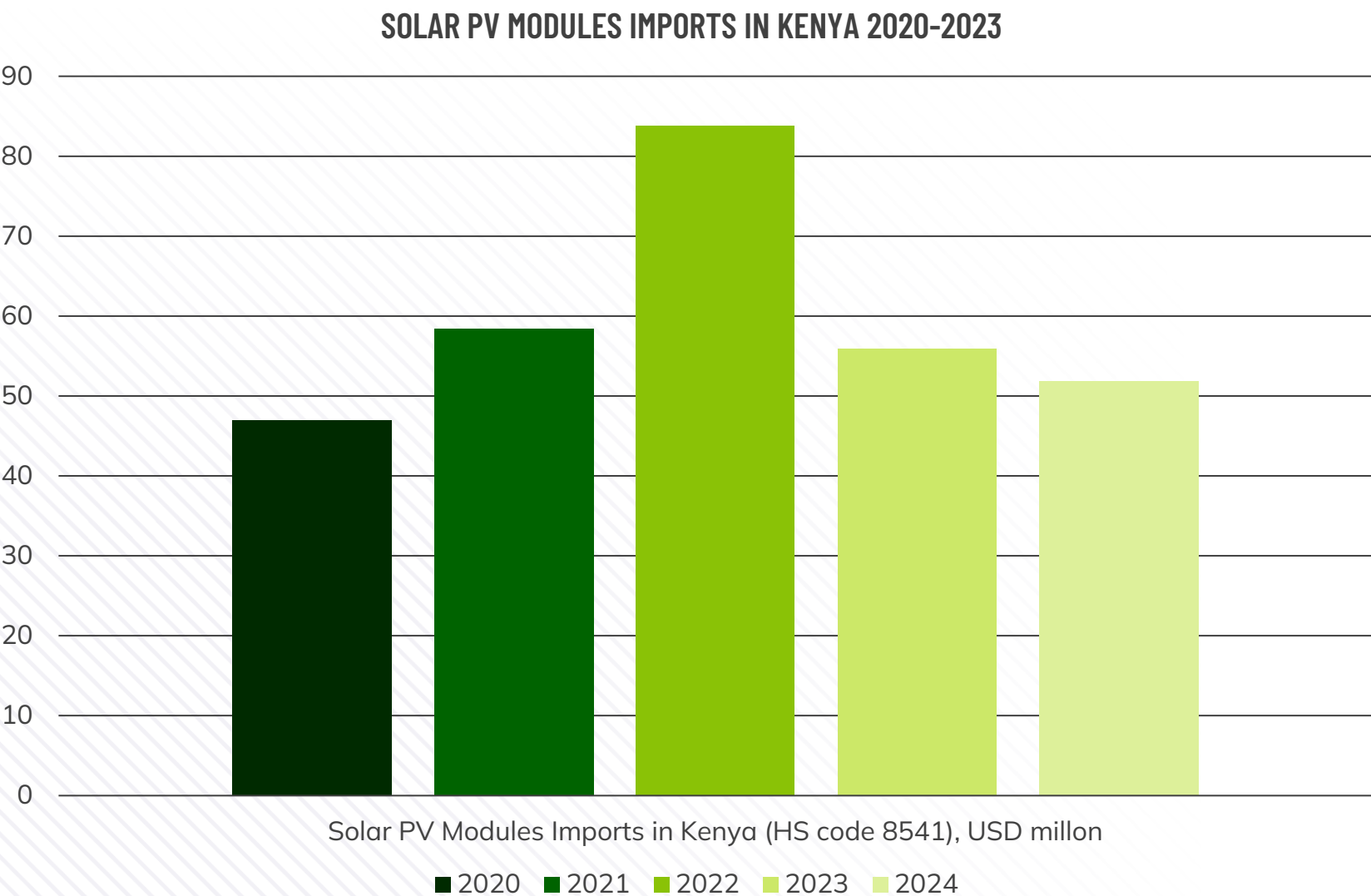


**Kenya's Energy  
Transition Plan**

[VIEW ONLINE](#)



Local manufacturing and value chain development is a key opportunity for the government to maximize the socio-economic benefits of the energy transition.



Source: UN Comtrade, exports to Kenya as reported by exporting countries; General Administration of Customs People's Republic of China



Imports of energy transition technologies are expected to rise as Kenya seeks to reduce fossil fuels dependency. Between 2020 and 2024, over \$296 million of solar PV modules were imported alone.



The [Draft National Energy Policy 2025-2034](#) lays a strong emphasis on establishing an enabling environment to spur local manufacturing hubs for renewable energy technologies and ancillary components with backward linkages to critical minerals to reduce import reliance.



In the 2022 version of the National Automotive Policy, Kenyan government expresses its strong support the country's motor vehicle and motorcycle assembling, standards harmonization, market access facilitation, as well as prioritization of local component/parts manufacturing.<sup>1</sup>



Kenya has extensive trade links within the East African Community and the wider African continent, providing a strong base for greater south-south cooperation and trade in the areas of green value chains.

<sup>1</sup> National Automotive Policy (2022). Available at: <http://www.parliament.go.ke/sites/default/files/2022-05/Sessional%20paper%20no%201%20of%202022%20on%20National%20Automotive%20policy%20Feb%202022.pdf>



To aid the private sector, investors and other stakeholders in navigating the manufacturing policy and regulatory landscape in Kenya, this guide offers insights on two key areas:

- **Considerations for Original Equipment Manufacturers (OEMs) in establishing a renewable energy (RE) manufacturing company:** applicable laws, processes and institutions to engage.
- **Overview of the domestic green manufacturing policy landscape:** available incentives, stakeholders and governance.

This guide is not designed to be an exhaustive resource but rather offers a preliminary understanding of the sector landscape. It forms part of a series of country-specific guides for each of Africa Renewable Energy Manufacturing Initiative's (Africa REMI) focus countries.



LEARN MORE ABOUT THE RENEWABLE  
ENERGY MANUFACTURING INITIATIVE





# Outline

## **1. Establishing a Renewable Energy Manufacturing Company in Kenya**

What is an original equipment manufacturer (OEM)?

Key steps in establishing a RE manufacturing company

Options of available legal entity structures

Strategic locations for a RE manufacturing facility

Permits and approvals

Applicable intellectual property rights

Investment promotion and associated benefits

## **2. Policy landscape and incentives for RE manufacturing in Kenya**

Enabling policies and incentives for RE technologies

Stakeholder landscape for RE manufacturers

Key Actions to Facilitate Local Value Chain Development

## **3. Annex**



# **Establishing a Renewable Energy Manufacturing Company in Kenya**




An original equipment manufacturer (OEM) is a company that designs, engineers, and assembles a final product using components sourced from various suppliers. In sectors like aviation, automotive, and renewable energy, OEMs play a key role in ensuring quality, system integration, and compliance, even when they outsource most manufacturing to third parties.

OEMs have a multi-fold impact on the economy and are critical for the growth. Their contributions include:

- 1. Employment Generation:** Creating diverse and high-income jobs in manufacturing, engineering, and supply chain sectors.
- 2. Supply Stability:** Ensuring consistent component supply, mitigating market and price volatility risks.
- 3. Value Chain Enhancement:** Significantly adding to the value chain, driving innovation, and bolstering industry competitiveness.
- 4. Cost-Effective Quality:** Focusing on specialized parts, they achieve economies of scale and uphold stringent quality standards.
- 5. Customization and Technological Innovation:** OEMs offer bespoke solutions with advanced technology, crucial for product functionality and integrity.







## Key steps in establishing **a Renewable Energy manufacturing company**

- 1 Incorporate a legal entity in Kenya.
- 2 Assess availability of business districts and zones that provide incentives to manufacturers along with strong transport links.
- 3 Obtain requisite approvals and registrations for manufacturing operations with relevant regulators.
- 4 Procure registration of intellectual rights where applicable.
- 5 Apply for and obtain relevant tax and fiscal incentives.



In Kenya, the Companies Act, 2015 is the primary legislation that governs the formation and management of companies and other legal entities. Under the Act, various types of companies and legal structures can be registered and established:

1. **Companies limited by shares:** The liability of the company's members is limited to any unpaid amount on the shares they hold, as specified in the company's articles.
2. **Companies limited by guarantee:** The company does not have a share capital, and the liability of its members is limited to a specific amount they agree to contribute if the company is liquidated.
3. **Unlimited companies:** There is no limit on the liability of its members, and its certificate of incorporation states that their liability is unlimited.
4. **Private companies:** The company's articles restrict a member's right to transfer shares, limit the number of members to fifty, prohibit public invitations to subscribe for shares or debentures, and require the consent of all members to add a new member. Additionally, it is not a company limited by guarantee, and its certificate of incorporation states that it is a private company.
5. **Public companies:** A company is considered a public company if its articles allow members to transfer their shares, do not prohibit public invitations to subscribe for shares or debentures, and its certificate of incorporation states that it is a public company.





Land use and planning in Kenya are governed by [the Physical and Land Use Planning Act, 2019](#), which is supported by additional legislation at the county, urban, and rural levels. These legal frameworks regulate and manage land use planning and are overseen by the [National Land Commission \(NLC\)](#), which is the primary authority with independent oversight powers. The NLC's work is further supported by the Ministry of Lands, Housing, and Urban Development.

Other relevant laws and regulations include the [National Land Commission Act, 2012](#); [the Land Act, 2012](#); [Land Laws \(Amendment\) Act No. 28, 2016](#); [Physical Planning Act, 2010](#); [County Government Act, 2012](#); [Land Registration Act, 2012](#); and [Community Land Act, 2016](#).

The Physical and Land Use Planning Act establishes overarching regulations and entrusts **county governments** with the responsibility of developing local plans for zoning, infrastructure development, land use, and other specifications. As such, it is **important to consult local county legislation** to understand the specific regulations that may apply in a county of interest.

These legal provisions manage land ownership, stipulate zoning regulations, oversee building permits, and mandate environmental assessments. The overall goal of these laws is to ensure safe, sustainable, and environmentally conscious development throughout Kenya while allowing for policy adjustments to meet the specific needs of each county.



**A Special Economic Zone (SEZ) is a designated economic zone where business and trade laws differ from the rest of the nation. These zones are established to attract investment, boost industrial growth, and promote exports by offering favorable conditions to businesses.**

The [Kenya Special Economic Zones Act No. 16 of 2015](#) provides the legal and institutional basis for the development of SEZs and established [The Kenya Special Economic Zones Authority \(SEZA\)](#). The latter permits setting up not only public SEZs but also private SEZs, a number of which is already commissioned and operational.

SEZA indicates the following zones in Kenya: (a) free trade zones; (b) industrial parks; (c) free ports; (d) information communication technology parks; (e) science and technology parks; (f) agricultural zones; (g) tourist and recreational zones; (h) business service parks; (i) livestock zones.

The SEZ firms in Kenya benefit from various incentives, including VAT exemption on imported goods, preferential rates of corporate tax for the first ten years, and the subsequent 10 years, local government fees exemptions, 100% allowance on capital expenditure on building machinery and much more.





## The Kenya Special Economic Zones Authority (SEZA) was first established in 2015 through the Special Economic Zones Act No. 16 of 2015.

SEZA provides a “one stop approval service” to investors to assist them in completing formalities for the establishment of special economic zone projects. It issues four types of licenses for SEZs:

- **Declaration and Gazettment of Land** – this This process transforms a land plot into a designated SEZ, which includes obtaining both developer and operator licenses along the way.
- **Developer License** - issued to a corporate entity engaged in the development or management of integrated infrastructure facilities on a public, private, or public-private partnership basis of a Gazetted SEZ.
- **Operator License** - This license is issued to a corporate entity engaged in the management of a special economic zone.
- **Enterprise License** - This license is issued to a corporate entity carrying out business in a special economic zone.

Source: [SEZA, 2024](#)

## Provisions under Special Economic Zones Scheme (Fiscal and Administrative)

- Full exemption from tax, duties and fees on imported goods
- Zero-rated VAT on goods from local suppliers
- Preferential corporate tax rates (10% - first 10 years; 15% next 10 years; 30% in subsequent years)
- Full exemption from local government fees
- 100% Allowance on capital expenditure on building and machinery
- Tax exemption for dividends, gains on transfer of property for non-resident persons from SEZ companies with tax exemption on royalties, interest and service fees for the first 10 years
- Onsite customs documentation and inspection by Customs Staff
- Unrestricted investment by foreigners
- Rapid project approval and licensing
- No Exchange Controls
- Work permits entitlement for up to twenty (20) percent of SEZ full-time employees with a possibility of additional permits allowance upon the recommendation of SEZA



## Gazetted Public SEZs

### Dongo Kundu Special Economic Zone

**Focus industries:** Manufacturing, assembly

The Dongo Kundu is situated adjacent to Mombasa Port in Likoni Subcounty, Mombasa County. The zone benefits from its close proximity to key transport links, including Mombasa Port, the Mombasa Southern Bypass, the Standard Gauge Railway (SGR), and Moi International Airport.

### Naivasha Special Economic Zone

**Focus industries:** Green Energy sector

The Naivasha SEZ is strategically positioned along the Nairobi-Naivasha SGR line. It features advanced trans-shipment facilities for seamless cargo transfers between the SGR and Meter Gauge Railways (MGR), catering to goods bound for East African and Central African countries. The zone includes an inland container depot, logistics hub, railway marshalling area, and industrial parks.

### Mombasa Industrial Park

**Focus Industries:** Automotive

The Mombasa Industrial Park offers strategic advantages, with the flexibility to serve local, East African Community, and international markets. Its prime location near one of Africa's largest ports positions it as a gateway to the rapidly growing East African region, while being adjacent to the Northern Corridor Special Economic Zone.

### Konza Technopolis

**Focus Industries:** Green Energy Engineering

Konza Technopolis is a key flagship project of Kenya's Vision 2030 economic development portfolio. Konza will be a world-class city, powered by a thriving information, communications and technology (ICT) sector, superior reliable infrastructure and business friendly governance systems. This will be a super cluster for engineering that encompasses energy, water, material sciences, electronics and related activities.



## Gazetted Private SEZs

### Compact FTZ

**Focus industries:** Automotive

The compact Free Trade Zone (FTZ) supports businesses in manufacturing, processing, and trade, focusing on exporting locally produced goods. With a skilled workforce and secure operations, the FTZ provides a competitive market edge.

### Africa Economic Zone

**Focus industries:** Manufacturing

Eldoret's location along the Mombasa-Kampala highway, favorable climate, and abundant, affordable land make it a hub for trade and industry in western Kenya. The town's growing population, and political stability provide a solid foundation for business growth.

### Nairobi Gate Industrial Park (ex. Northlands) SEZ

**Focus Industries:** Manufacturing

Nairobi Gate is located along the Eastern Bypass, just 30 minutes from JKIA. Phase 1 spans 100 acres and features modern logistics, warehousing, and distribution centers, with flexible "build-to-suit" options. The park provides efficient volumetric space, stable utilities, and easy access to major roads. Additional amenities include customs gatehouses, warehouses, weighbridges, ample parking, and a secure, monitored perimeter.

Source: [SEZA, Private SEZs 2024](#)

### Tatu City SEZ

**Focus industries:** Light Industry

Tatu City is being developed by Rendeavour, Africa's largest urban land developer with over 30,000 acres of projects in the growth trajectories of large cities in Kenya, Ghana, Nigeria, Zambia and Democratic Republic of Congo. It's the country's first operational mixed-use SEZ. The city is located in direct proximity to Nairobi, just 35km from JKIA Airport. It provides space for light industrial & logistics park as well as offices with a primary focus on residential area and powering by solar PV.

### Two Rivers International Finance and Innovation Centre SEZ

**Focus industries:** Corporate HQ, Innovation hubs

TRIFIC is the first and only business services-focused SEZ in Kenya, offering new and exciting prospects for global, African, regional, and Kenyan service-oriented enterprises and investment-focused entities seeking a next-frontier gateway base to competitively access regional and international markets.

### SBM SEZ

**Focus Industries:** Manufacturing

Offers 11,000 acres of land located at Kwale County.



## Steps for securing an Enterprise License to **Operate in a SEZ**

1. Submit the Letter of Interest & SEZ Investment Project Proposal Form to SEZA.
2. Submit a formal SEZ Enterprise License Application Form and all the supporting documents indicated on the form in case a proposal is approved.
3. Get an Approval in Principle Letter from SEZA, fulfilling individually determined conditions (e.g. Incorporation of an SEZ Company and submission of an Incorporation Certificate, CR 12 Form and KRA PIN of the newly incorporated SEZ company, Submission of a NEMA Permit supported by a Report, etc).
4. Incorporate a new SEZ entity. It is issued by the Business Registration Service (BRS)/ Registrar of Companies but is granted automatically based on SEZA's letter of No Objection .
5. Submit payment receipt and newly incorporated company incorporation documents to SEZA.
6. The license is issued to the newly Incorporated SEZ Company after payment of Annual License fee at US\$ 1,000 and fulfilling the approval letter conditions.





**Apart from SEZ, in Kenya there are also export processing zones (EPZs) that are designed for facilitating exports of manufactured goods.**

EPZs are managed by Export Processing Zones Authority (EPZA), operating under the Ministry of trade Investment and Industry. It was established in 1990, by the [\*\*EPZ Act CAP 517\*\*](#).

The EPZA's mandate is to promote and facilitate export-oriented investments and to develop an enabling environment for such investments. EPZA under the EPZ program offer a range of attractive fiscal, physical and procedural incentives to ensure low-cost operations, fast set up and smooth operations for export-oriented businesses.

EPZA provides both pre-investment services, providing advise and information and procedures, obtaining necessary documentation and issuing EPZ licences as well as post-investment services, liasing with Kenya Revenue Authority (KRA) and Kenya Ports Authority (KPA), promoting client's investments globally and locally, as well as providing policy lobbying in order to achieve favourable policies for EPZAs.



## EPZs background and licenses:

Similarly to SEZs, EPZs can be both public and private, in case a company obtains an EPZ Developer/Operator License. Currently, there are 5 public zones owned and operated by EPZA.

EPZA Issues three types of Licenses:

- ✓ **EPZ Developer/Operator License** – Issued to those engaged in developing infrastructure and buildings on EPZ gazetted land to be occupied by themselves or other EPZ enterprises
- ✓ **EPZ Enterprise License** – issued to companies directly involved in export-oriented business activities, including: (1) Manufacturing or Processing; (2) Commercial Activities (breaking bulk, repackaging, re-labelling and trading); (3) Export-oriented services (including brokerage, information, consultancy and repair services)
- ✓ **EPZ Business Service Permit** – issued to companies providing services to EPZ companies and are located within EPZs.

## Incentives under EPZs include:

- ✓ 10-year Corporate Tax Holiday
- ✓ 10-year Withholding Tax Holiday
- ✓ 100% investment deduction on new investment
- ✓ Perpetual exemption from payment of stamp duty on legal instruments
- ✓ Perpetual exemption from VAT and customs import duty on inputs
- ✓ Operation under essentially one license issued by EPZA
- ✓ Rapid Project approval and licensing
- ✓ No Exchange Controls – liberalized foreign exchange regime
- ✓ Onsite customs documentation and inspection by Customs Staff
- ✓ Unrestricted investment by foreigners
- ✓ One-Stop-Shop service for facilitation and aftercare
- ✓ Quality infrastructure for lease



Key permits and documents required to set up a manufacturing facility

- Certificate of incorporation: Submit your company registration documents to the Registrar of Companies through the Governmental [Business Registration Service](#).
- Business Permit: This is a general permit required for any business operating in Kenya. It is obtained from the County Government where the business is located. To complete this, you will require a certificate of incorporation, a PIN certificate and an ID card.
- Obtain a PIN: Kenya Revenue Authority manages tax collection, and you shall get a unique PIN number for the company upon registration (you may learn more about requirements for registration for international investors on [Kenya Revenue Authority \(KRA\) website](#)).
- Environmental Impact Assessment (EIA) License: For any industrial estate, an EIA license from the National Environment Management Authority (NEMA) is mandatory. Only experts and firms registered by NEMA are authorized to carry out this work and the project proponent bears all the associated costs, including a NEMA fee of 0.05% of the project cost ([NEMA website](#))

Industry-Specific Permits:

- Manufacturing License: This license is issued by the relevant industry regulatory authority. For manufacturing solar PV systems and their assembly, Energy and Petroleum Regulatory Authority (EPRA) issues a [Solar Photovoltaic License](#). In case solar panels are imported, EPRA issues [a solar components approval permit](#).
- Import/Export Licenses: If your business involves international trade, you will need import and export licenses from KRA.
- Product quality certifications from [the Kenya Bureau of Standards](#), such as quality management systems, environmental management systems, Good Manufacturing Practice Certification, Energy Management Systems and others.



# Environmental Permits

The permits are categorized into:

- 1 Wetland Regulations
- 2 Environmental Regulations (EIA/EA)
- 3 Water quality Regulations
- 4 Controlled Substances
- 5 Biodiversity Regulations
- 6 Air Quality Regulations
- 7 Noise Regulations
- 8 Waste Management Regulations

For more information on environmental permits in Kenya visit the [National Environment Management Authority](#) website.





## Environmental Impact Regulations

Kenya mandates that every project proponent submits an Environmental Impact Assessment (EIA), prepare a detailed report, and submit it to the National Environment Management Authority (NEMA). The assessment must be conducted by a licensed expert registered with NEMA, and it must take place before the project begins.

In addition to an EIA, Kenya also mandates an Environmental Audit (EA), which is a systematic, periodic, and objective evaluation of the activities and processes of an ongoing project. Its goal is to assess whether these activities align with the approved environmental management plan. Both an initial environmental audit and subsequent control audits are conducted by qualified environmental auditors or inspectors registered with NEMA. For ongoing projects, NEMA requires an initial environmental audit to establish baseline data for future audits. The proponent will receive an acknowledgment letter and, if necessary, an improvement order based on the audit results.

The main documents guiding EIA regulation are the [Environmental Management and Coordination Act - EMCA \(Amendment\), 2015](#) and the [Environment \(Impact Assessment and Audit\) \(Amendment\) Regulations, 2019.](#)

In case there are gaps with local standards, international safeguard requirements are applicable (e.g. IFC's Performance Standards on Environmental and Social Sustainability).



**National Environment  
Management Authority**



**The National Intellectual Property Policy and Strategy (NIPPS) is currently in discussion stage, while it is aiming to lay the groundwork for Kenya's national IP policy and strategy for the period 2023-2027.**

The Kenya Industrial Property Institute (KIPI), manages the registration of patents, trademarks, utility models and industrial designs in the country.

The Intellectual property rights are also promoted and safeguarded by the Anti Counterfeit Authority, established by the [Anti-counterfeit Act No. 13 of 2008](#).



**Patents:** The [Industrial Property Act No. 3 of 2001](#) safeguards inventions and technological advancements. Patents are valid for 20 years from the day of filing the application. A patent application is submitted to the Kenya Industrial Property Institute (KIPI) along with a request on Form IP 3; a detailed description of the invention; one or more claims; one or more drawings (where necessary); and an abstract.



**Trademarks:** The [Trade Marks Act, 2007 \(Act 506\)](#) protects brand identities, logos, and distinguishes the goods and services of different undertakings. A trademark application is made through KIPI. A trademark is valid for 10 years and can be renewed for another 10 years.



**Copyright:** The [Copyright Act No. 12 of 2001](#) protects original works to enable creators receive financial reward and recognition for their efforts. In Kenya, copyrights are administered by the [Kenya Copyright Board](#) (KECOBO).



**Industrial Designs:** The [Industrial Property Act No. 3 of 2001](#) also covers provisions for the industrial design, which is the unique aesthetic design features of industrial products.



**Utility Model:** In addition to patents [Industrial Property Act No. 3 of 2001](#) further allows for registering a utility model. It is a more affordable and accessible option compared to patents, especially for smaller businesses or individual inventors, although it is valid for 10 years only and cannot be renewed.



**Protection Against Unfair Competition:** The [Competition Act, No. 12 of 2010](#) seeks to protect businesses and consumers against unfair business practices and is safeguarded by the [Competition Authority of Kenya](#).



The Ministry of Investments, Trade and Industry (MITI) is the primary agency responsible for attracting and promoting investment in Kenya.

MITI's State Department for Investment Promotion, which is responsible for investment promotion, was established by the Executive Order No.1 of January 2023. It develops and implements the country's investment policy and strategy. The State Department for Industry is overseeing the country's Industrial Policy Planning, as well as growth, development and regulation of the Manufacturing and Industrial sectors.

## State Department for Industry's areas of responsibilities relevant to RE manufacturing include:

- Promotion and Facilitation of Domestic and Foreign Investments
- Industrial Policy and Planning
- Buy Kenya - Build Kenya Policy and Strategy
- Promotion of Standardization in Industry and Quality Control
- Promotion and Oversight of the Development of Special Economic Zones and Industrial Parks.
- Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovation)
- Industrial Training and Capacity Development
- Combating Counterfeiting, Trade, and Other Dealings in Counterfeit Goods
- Oversight, Administration, and Enforcement of the Local Content Policy



Ministry of Investments, Trade  
and Industry  
State Department for Investment Promotion



Ministry of Investments, Trade and Industry  
State Department for Industry



Kenya Investment Authority (KenInvest) is a non-ministerial agency responsible for attracting and promoting investment in Kenya. It was established in 2004 and regulated by an Investment Promotion Act No. 6 of 2004. KenInvest provides support both for incoming investors as well as existing ones to contribute to the country's economic growth and create employment opportunities.



## KenInvest facilitates investment by:

- Providing information on investment opportunities and sources of capital;
- Providing information to investors on the business climate, operating rules, investment opportunities and sources of capital;
- Ensure expeditious and quality facilitation of projects for prompt implementation;
- Assisting investors in obtaining licenses, permits, incentives and exemptions;
- Liaison with other government agencies for the issuance of additional licenses and approvals not directly handled by the Authority;
- Provision of effective post implementation (AfterCare) Services;
- Following up with investors at regular intervals to assist in smooth project implementation and address any concerns.
- Any foreign investor must apply for an Investment Certificate that enables entering the country with a proposal of investment starting at USD 100,000 or the equivalent in another currency. KenInvest issues these and can help a proponent obtain this certificate.



# **Policy Landscape and Incentives for Renewable Energy Manufacturing in Kenya**



The Kenyan [Least Cost Power Development Plan 2021-2030](#) highlights expansion of Geothermal, Wind and Solar as crucial for the development of affordable energy in Kenya to meet the growing demand. The country is committed to the rapid electrification of its unconnected populace as well as transitioning towards clean energy systems to support economic growth and development. The country is also keen to realize the catalytic opportunities in the energy transition and aims to do so by playing a key role in the RE manufacturing value chain. Kenya is receptive to the growth of green manufacturing businesses and sustainable energy, as can be seen from various policy implementation and announcements.

This guide will highlight enabling policies and incentives that support the deployment of specific renewable energy technologies across Kenya.

These include the following:



Solar photovoltaic modules and associated assembly components



Batteries



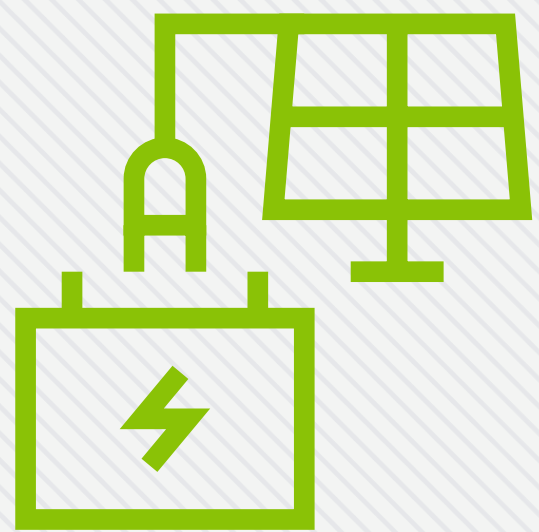
Components or assembly of electric vehicles





Kenya is actively supporting the local manufacturing and assembly of solar PV as part of its Energy Transition and Investment Plan. The plan highlights solar PV and wind energy as key drivers for meeting growing power demand and decarbonising the energy sector. By the mid-2020s, solar PV is expected to become the most cost-competitive power generation technology. However, achieving deep decarbonisation through solar will require energy storage, which increases costs and necessitates public support. While solar PV is likely to dominate Kenya's future energy mix, onshore wind will play a complementary role, with the final balance depending on cost reductions in both technologies.

To accelerate solar deployment, Kenya is looking to address key technical, financial, and policy challenges to streamline project development.



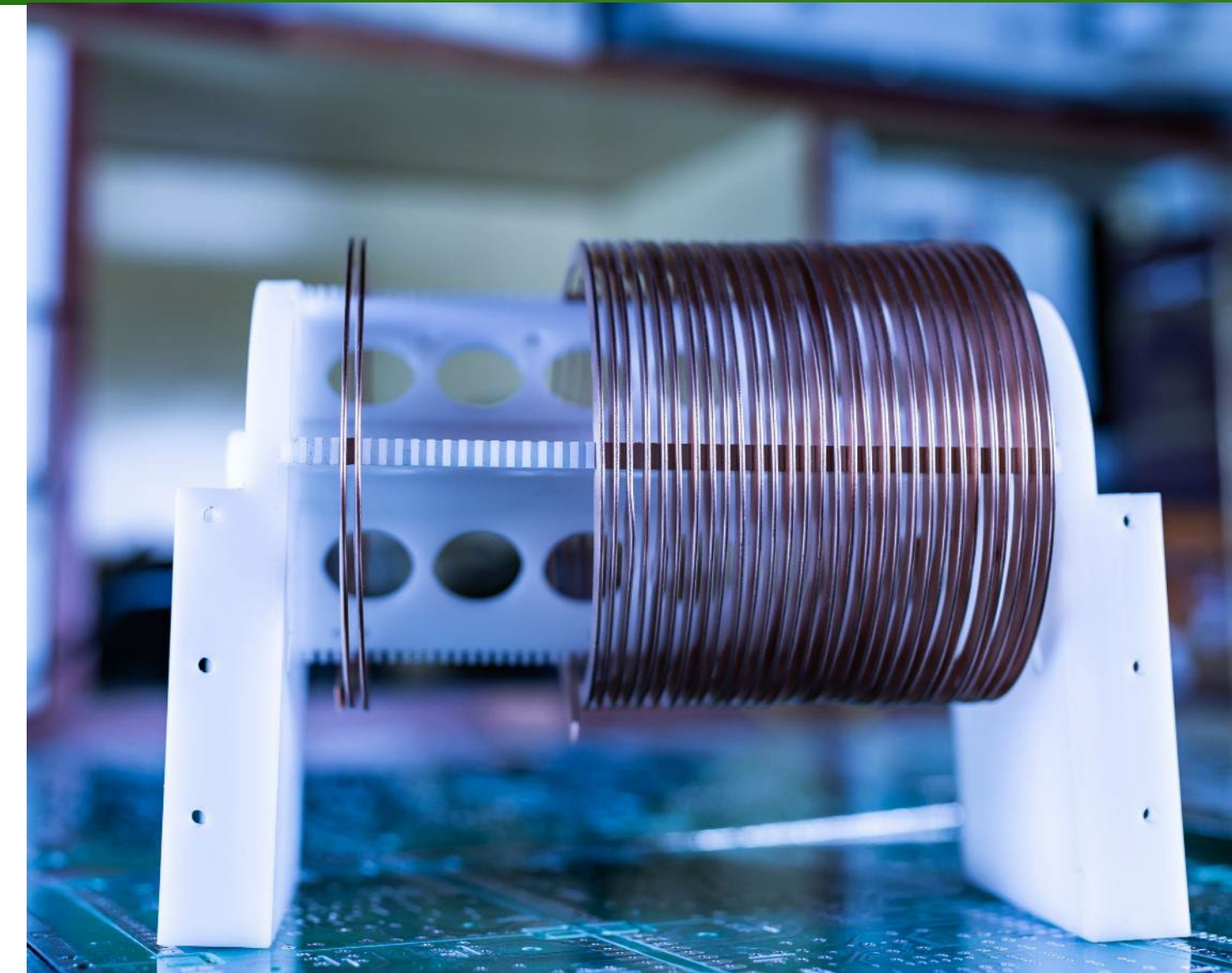
## Key incentives applicable for solar PV manufacturers:

- **VAT exemption** on specialised equipment for the development and generation of solar and wind energy, including photovoltaic modules, direct current charge controllers, direct current inverters and deep cycle batteries.
- **Zero-rated VAT** on supply of solar and lithium-ion batteries.
- **VAT exemption** on inputs or raw materials supplied to solar equipment manufacturers for manufacture of solar equipment or deep cycle-sealed batteries.



The key policy-setting actor in the sector is the Ministry of Mining, Blue Economy and Maritime Affairs - State Department For Mining. It is actively working on reforming the country's mining sector to address the rising demand for critical minerals to fuel the energy transition. The National Mining Corporation was instructed to embark on sustainable exploitation of strategic minerals including Coltan, REE, Graphite, Copper, and Manganese.

Among the Ministry's key priorities in the sector, are the focus on mineral value addition and beneficiation, strategic minerals differentiation with more details available in the [status report](#) from the Ministry.



## Key incentives applicable for critical minerals and batteries:

- **VAT exemption** on inputs or raw materials supplied to deep cycle-sealed batteries.
- **VAT exemption** on specialized equipment for the development and generation of solar and wind energy, including photovoltaic modules, **direct current charge controllers**, **direct current inverters** and **deep cycle batteries**.
- **Zero-rated VAT** on supply of solar and lithium-ion batteries.



The Kenya National Automotive Policy (NAP) was developed in 2019. NAP emphasizes government support to promote investments in research and development of commercially viable technologies such as electric powered cars including the batteries and charging stations, although more elaborate tax measures are yet to be established.

Additionally, Kenya is working on promoting electric vehicles (EVs) specifically. While the legislation is not yet in place, in March 2024, the Ministry of Roads and Transport issued [Draft National E-Mobility Policy](#).



## Current incentives for local EV manufacturers include:

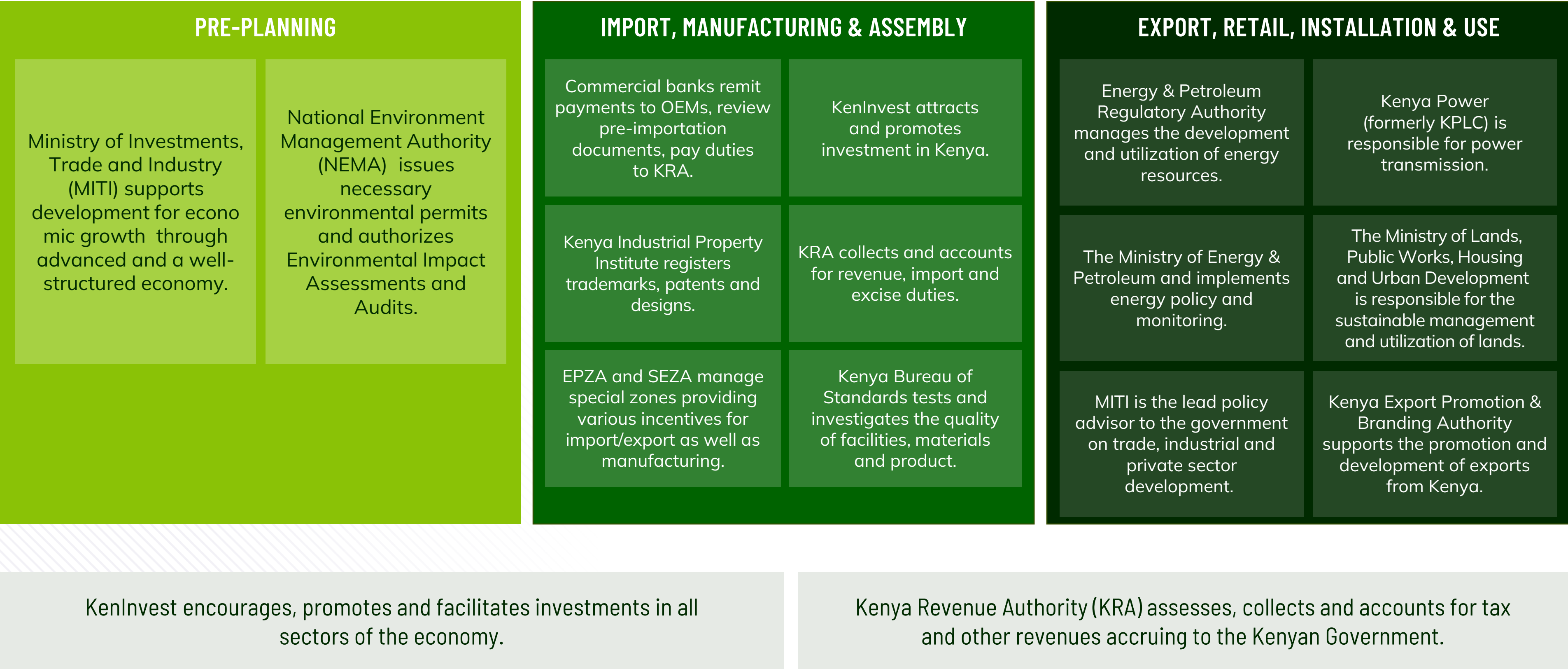
- Excise duties for all EVs are set at a preferential rate of 10%
- Electric motorcycles are exempt from \$100 excise duty per unit
- The corporate tax rate from 30% to 15% for the initial 5 years of operation for companies setting up new assembly plants using CKD parts. Companies can extend the benefit for an additional five years by increasing their local value addition to 50%
- VAT exemption for locally assembled or manufactured passenger motor vehicles and associated inputs and raw materials (applicable for FBUs and SKDs)

Sources: Sessional paper no 1 of 2022 on National Automotive policy, AfEMA (2023)



Auto assembly categorized into Semi-Knocked-Down (SKD), Enhanced SKD and Completely-Knocked-Down (CKD), and MFG which has a progressive local content of 40-70%, based on the qualifying list of local or foreign assembly, and Fully-Built-Units (FBUs).







- **Target demand stimulation** – Strengthen implementation of national targets for renewable energy and electric mobility adoption, as well as complementary infrastructure (e.g. charging stations) to accelerate adoption of technologies and drive economies of scale in domestic market
- **Integrate long-term local content ambitions** – Introduce long-term (5+ years), stable and progressive industrial policy framework for achieving higher local content accompanied by measures to support building firm-level capabilities leveraging existing production capacities in allied sectors
- **Align fiscal incentives** – Adjust, and periodically review, import duties to support local assembly and manufacturing of renewable energy and e-mobility technologies, including components, vis-à-vis imports of finished goods balancing market creation and long-term value chain development priorities. Furthermore, adjust tax revenue systems (e.g. HS codes) to better target incentives at component-level relative to fully-finished goods
- **Address regulatory and legal barriers** – Effectively update and implement existing legal frameworks, including assembler licenses, to reduce delays and enable local industry to operate and scale with the goal of achieving higher localization through local suppliers
- **Mobilize early-stage funding for project preparation** – Deploy public/philanthropic funding to support the development of pre-feasibility studies and up-to-date market data to support early-stage projects related to local assembly of renewable energy technologies, including solar PV and batteries, as well as upstream segments
- **Establish dedicated funding facilities to support green technology manufacturing** – Engage local financing institutions to deliver concessional loans, blended finance, and investment incentives, to de-risk and attract capital for local manufacturing
- **Plan for skills for renewable energy manufacturing** – Strengthen curriculum development covering technical and non-technical skills specific to manufacturing roles, including quality and assurance, testing infrastructure, diagnostics and maintenance, assembly and safety in partnership with industry and educational and training institutions
- **Assess regional approach to value chain development** – Leverage the EAC and AfCFTA to assess opportunities to develop regional supply chains, including harmonization of standards and developing strategic free trade agreements
- **Leverage SEZs for investment promotion** – Strengthen engagement between SEZs, development finance institutions and private investors to attract investments in renewable energy manufacturing, including transboundary SEZs



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**Africa Renewable Energy  
Manufacturing Initiative**

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## ABOUT SEforALL

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Sustainable Energy for All (SEforALL) is an independent international organization that works in partnership with the United Nations and leaders in government, the private sector, financial institutions, civil society and philanthropies to drive faster action on Sustainable Development Goal 7 (SDG7) – access to affordable, reliable, sustainable and modern energy for all by 2030 – in line with the Paris Agreement on climate change.

SEforALL works to ensure a clean energy transition that leaves no one behind and brings new opportunities for everyone to fulfil their potential. Learn more about our work at [www.SEforALL.org](http://www.SEforALL.org).





# ANNEX





Directorate of Occupational Safety  
and Health Services

Kenya's Occupational Safety and Health Act No. 15 of 2007, requires factories, offices, and shops to meet certain health, safety, and building standards.

The Directorate of Occupational Safety and Health Services (DOSHS) plays a crucial role in managing occupational safety and health in the country.

It gives inspectors powers to enter and inspect premises to ensure compliance.

The Act builds on the currently repealed Factories and Other Places of Work Act of 1951. The general fire prevention obligations and safety regulations are also outlined in this currently enforced act.







## Ministry of Investments, Trade and Industry State Department for Industry

### Ministry of Investments, Trade and Industry (MITI)

The Ministry is mandated to initiate and formulate policies on Investments, Trade and Industry, as well as coordinate, monitor and evaluate the implementation of plans, programmes, and performance of the sector for national development.

More information:

<https://www.industrialization.go.ke/>

Its responsibilities include:

- Promote and Facilitate Domestic and Foreign Investments;
- Investment policy and attraction;
- Industrial Policy and Planning;
- Buy Kenya - Build Kenya Policy and Strategy;
- Promote Standardization in Industry and Quality Control;
- Promotion and Oversight of the Development of Special Economic Zones and Industrial Parks;
- Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovation);
- Promotion of Value Addition and Agro-Processing;
- Textile Sector Development;
- Leather Sector Development and Promotion of Value Chain;
- Oversight and Regulation of the Scrap Metal Industry;
- Industrial Training and Capacity Development;
- To Combat Counterfeiting, Trade and Other Dealings in Counterfeit Goods;
- Oversight, Administration, and Enforcement of the Local Content Policy.





## Ministry of Energy and Petroleum State Department for Energy

### Ministry of Energy and Petroleum

The State Department is in charged with the mandate to develop and implement policies that create an enabling environment for efficient operation and growth of Kenya's energy sector. The Ministry sets strategic directions to facilitate the growth of the sector while providing long term vision for all sector players.

More information:

<https://www.energy.go.ke/>

The core functions of the Ministry are derived from the President's Executive Order No.1 of 2018 (Revised June, 2018). The functions are:

- National Energy Policy Development and Management
- Thermal Power Development
- Rural Electrification Programme
- Energy Regulation, Security and Conservation
- Hydropower Development
- Geothermal Exploration and Development
- Promotion of Renewable Energy





## Kenya Association of Manufacturers (KAM)

Established in 1959, Kenya Association of Manufacturers (KAM) is a representative of manufacturing and value-add industries in Kenya. The Association has grown into a dynamic, vibrant, credible Association that unites industrialists and offers a common voice for businesses. KAM has been front and centre in driving fact-based policy advocacy towards the formation of industrial policies to strengthen and support the country's economic development. Through fact-based advocacy, KAM partners with Government and its associated agencies to ensure a dynamic and flourishing manufacturing sector in Kenya, to realize a double-digit contribution to GDP.

More information:

<https://kam.co.ke/>

In 2024, KAM issued Manufacturing Priority Agenda (MPA), where the organization advocates for:

- Increasing global competitiveness
- Following export-led industrialization
- Developing SMEs
- Promoting agro-industry value chains





**KEBS is the National Statutory Body responsible for developing, publishing, and promoting standards. It achieves this through metrology, standardization and conformity assessment (Testing, Inspection and Certification).**

A robust quality infrastructure ensures that goods and services meet acceptable standards, thereby stimulating industrial growth.

The Authority is legally mandated to undertake:

- Testing and calibration of precision instruments, gauges, and scientific apparatus, and issuing certificates to verify accuracy against approved standards.
- Examination and testing of commodities and materials to determine their compliance with specified manufacturing, production, processing, or treatment standards.
- Regulation of standardization marks and distinctive marks as per the provisions of the Act. Development, modification, and amendment of specifications and codes of practice.
- Promotion of educational initiatives related to standardization.
- Assistance to the Government, local authorities, and public bodies in preparing specifications and codes of practice.
- Facilitation of cooperation with the Government, industry representatives, local authorities, and public bodies for the adoption and application of standards.
- Testing of locally manufactured and imported commodities at the Minister's request to ensure compliance with relevant provisions of the Act.





## National Environment Management Authority

### National Environmental Management Authority (NEMA)

The Environmental Protection Agency is the leading public body for protecting and improving the environment in Kenya. NEMA is mandated to:

#### Policy, Planning, and Coordination

- Coordinate various environmental management activities being undertaken by the lead agencies;
- Promote the integration of environmental considerations into development policies, plans, programmes, and projects, to ensure proper management and rational utilization of environmental resources on a sustainable yield basis;
- Take stock of the natural resources in Kenya and their utilization and conservation;
- Establish and review land use guidelines;

#### Permitting, Monitoring, and Enforcement

- Identify projects and programmes for which environmental audit or environmental monitoring must be conducted;
- Monitor and assess activities, including those carried out by relevant lead agencies, to ensure the environment is not degraded by such activities;
- Initiate and evolve procedures and safeguards for the prevention of accidents, such as floods, landslides, and oil spills, that may cause environmental degradation;

#### Public Awareness and Education

- Enhance environmental education and public awareness about the need for sound environmental management and encourage public support and the efforts of other entities in that regard;
- Publish and disseminate manual codes or guidelines relating to environmental management and prevention or abatement of environmental degradation;

#### International Cooperation

- Advise the Government on regional and international conventions, treaties, and agreements to which Kenya should be a party, and follow up the implementation of such agreements;

#### General Management

- Carry out surveys that assist in the proper management and conservation of the environment;
- Undertake and coordinate research, investigation, and surveys, and collect, collate, and disseminate information on the findings of such research, investigations, or surveys;
- Render advice and technical support to entities engaged in natural resources management and environmental protection, enabling them to carry out their responsibilities satisfactorily.





## Kenya Investment Authority (KenInvest)

KenInvest, established by the Investment Promotion Act No. 6 of 2004, seeks to attract investment into Kenya.

Its responsibilities include:

- Investment promotion by providing information on investment opportunities, sources of capital, operating rules, business climate and opportunities;
- Facilitate investment by assisting investors in obtaining licenses, permits, incentives and exemptions;
- Liaison with other government agencies for the issuance of additional licenses and approvals not directly handled by the Authority;
- Provision of effective post implementation (AfterCare) Services.

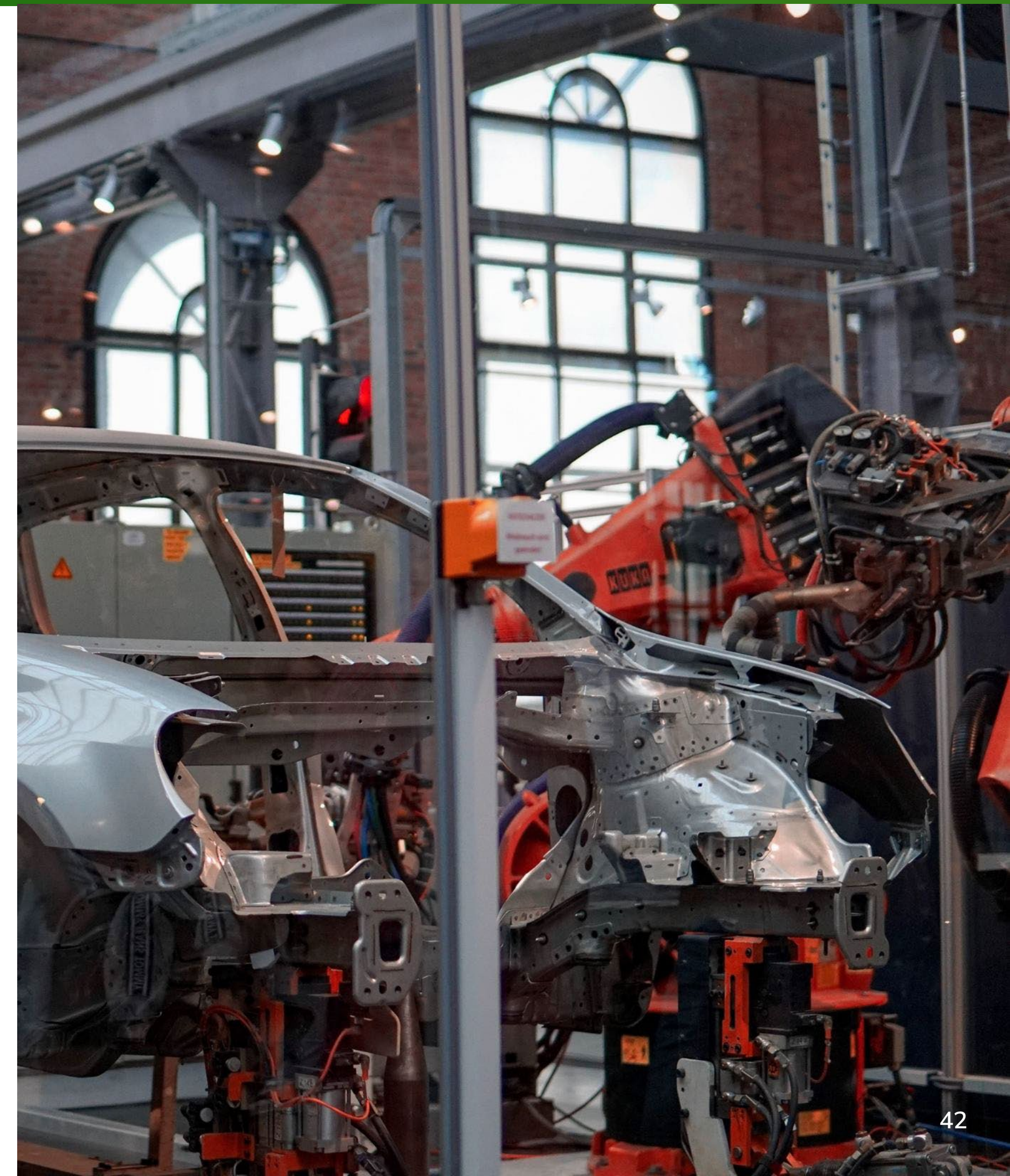




**KENYA INDUSTRIAL RESEARCH  
& DEVELOPMENT INSTITUTE**

**KIRDI, a public research institution under the Ministry of Trade, Investment, and Industry. In 1979, KIRDI was formally established under the Science and Technology Act. The 2013 Science, Technology and Innovation Act did not re-establish it as a corporate entity, an omission corrected by the Kenya Industrial Research and Development Institute Act, 2022.**

The Kenya Industrial Research and Development Institute (KIRDI) drives industrial research, innovation, and technology development in Kenya. It conducts R&D in various fields, including engineering, chemistry, textiles, food, mining, and emerging technologies. KIRDI facilitates the commercialization of research findings and the establishment of technology transfer centers. Additionally, it advises the government on industrial research, innovation, and policy while collaborating with academic institutions, industry, and research bodies.







## Energy and Petroleum Regulatory Authority (EPRA)

EPRA is a regulatory body in charge of the development and utilization of resources in the energy sector.

The Authority's mandate includes:

- Regulation of:
  - Generation, importation, exportation, transmission, distribution, supply and use of electrical energy with the exception of licensing of nuclear facilities;
  - Importation, refining, exportation, transportation, storage and sale of petroleum and petroleum products with the exception of crude oil;
  - **Production, conversion, distribution, supply, marketing and use of renewable energy;**
  - Exploration, extraction, production, processing, transportation, storage exportation, importation and sale of coal bed methane gas and other energy forms;
- Regulation, monitoring and supervision of upstream petroleum operations in Kenya in accordance with the law relating to petroleum;
- Provision of information and statistics in relation to upstream petroleum operations in Kenya to the Cabinet Secretary responsible for matters relating to petroleum as may be required from time to time;
- Collection, maintenance and management of upstream petroleum data;
- Receive, review and grant an application for a nonexclusive exploration;



**Ministry of Energy and Petroleum**  
State Department for Energy

## Ministry of Energy and Petroleum, State Department for Energy

The MOE supervises energy sector agencies, develops and executes the energy policy, while monitoring and evaluating its effectiveness.

MOE's responsibilities include:

- Developing and implementing policies that create an enabling environment for efficient operation and growth of Kenya's energy sector
- Set strategic directions to facilitate the growth of the sector
- Provide long-term vision for all sector players





## Kenya National Innovation Agency (KeNIA)

KeNIA is responsible for co-ordination, promotion and regulation of the National Innovation System through innovation and enterprise development out of research and ideas. It is a State Corporation established under the Science, Technology and Innovation (STI) Act, No. 28 of 2013 under the Ministry of Education.

## Kenya Export Promotion & Branding Authority (KEPROBA)

KEPROBA implements export promotion and nation branding initiatives and policies to promote Kenya’s export of goods and services. It does this by advocating, coordinating, harmonizing and implementing export promotion and nation branding initiatives and policies, while promoting export trade diversification.

## Special Economic Zones Authority (SEZA)

SEZA is responsible for attracting, facilitating and retaining Domestic and Foreign Direct Investments in Special Economic Zones (SEZs). The Authority serves as the regulator of both public and private SEZs in Kenya and exists to create an enabling environment for investors through the development of integrated infrastructure facilities, as well as the creation of incentives that eliminate the barriers to doing business in Kenya.



## Kenya Power (formerly Kenya Power and Lighting Company)

Kenya Power is the main agency that is responsible power transmission and distribution to end users, serving around 9.6 million Kenyans.

## Ministry of Lands, Public Works, Housing and Urban Development, State Department for Lands and Physical Planning

The State Department for Lands and Physical Planning is responsible for developing the national lands policy and management, as well as physical planning and land use. It accounts for all the land transactions, conducts surveys and mapping, land adjudication and settlement matters. It is also responsible for land registration, public lands administration, and maintaining land information systems.

## Export Processing Zones Authority (EPZA)

EPZA is a State Corporation under the Ministry of Investments, Trade & Industry, established in 1990 by the EPZ Act CAP 517, Laws of Kenya. The Authority develops all aspects of the Export Processing Zones (EPZ) with particular emphasis on the provision of advice on the removal of impediments to, and creation of incentives for, export-oriented production in areas designated as export processing zones.



## Commercial Banks

Commercial banks in Kenya play a crucial role in facilitating the importation process by providing trade finance services. Their responsibilities include remitting payments to the original equipment manufacturers (OEM) or exporting parties, processing Letters of Credit, and handling other international payments. Banks may assist in reviewing pre-importation documents for compliance with payment terms and regulations, but they do not directly liaise with the Kenya Revenue Authority (KRA) for customs clearance. However, they facilitate the payment of duties and taxes to KRA on behalf of importers. Additionally, commercial banks offer financial advisory services to manufacturing companies to support their trade and importation activities.



## Kenya Development Corporation (KDC)

Kenya Development Corporation Ltd (KDC) is a Development Finance Institution formed in 2020 through the merger of the Industrial and Commercial Development Corporation (ICDC), Tourism Finance Corporation (TFC), and IDB Capital Limited. KDC's mandate is to drive Kenya's socio-economic development by offering long-term financing, alongside financial, investment, and business advisory services. As such, KDC plays a crucial role in bridging the gap for long-term funding that commercial banks are unable to provide, particularly in key sectors within Kenya and

## Kenya Industrial Property Institute (KIPI)

KIPI is in charge of the registration of trademarks, patents and designs. The work done by the Institute seeks to allow businesses to acquire legal protection over the use of their intellectual property. There exist different requirements for registration of each of these intellectual properties.

## Nairobi Securities Exchange (NSE)

NSE regulates the assignment of shares and investment for companies in Kenya. It encourages savings and investment, as well as helping local and international companies access cost-effective capital.



## Kenya Revenue Authority (KRA)

KRA supervises the assessment, collection and accounting of tax and other revenues accruing to the Government of Kenya. Companies are required to register for tax and file their audited accounts and tax computations with KRA.