KENYA

The Business & Investment Climate

Kenya is one of the most attractive investment destinations in SSA due to its improving macro-economic fundamentals. Key drivers for investment include:

- Diversified economic activities, a growing middle class, established transport, logistics, and communication infrastructure, developed financial systems, favorable investment policies.

Areas of Future Growth:

- FDP investment initiatives in Kenya are primarily grant-focused with little commercial and impact capital flowing into the space. The coverage and gaps of existing investment initiatives can be better understood by assessing available support at each stage of the FDP business development.

Sources of FDP Financing in Kenya

Grants

- Development partner and NGO financing directly to businesses and individuals or indirectly through technical assistance programs e.g., the Kakuma Kalobeyi Challenge Fund

Equity

- Donor backed concessional capital financing through funds such as the Kenya Climate Ventures

- Remittances from resettled refugees, contributions from friends and family, or sale of personal belongings

Debt

- Donor backed concessional financing e.g., Africa Entrepreneur Collective

- Village Savings and Loan Associations

- Borrowings from friends and family

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Forcibly Displaced People

800,828

Refugees and asylum seekers’ countries of origin, 2021

Kenya has hosted forcibly displaced persons (FDPs) since the 1960s, with civil unrest, political instability and natural disasters being the main drivers, resulting in 540,068 refugees and 394,000 internally displaced persons (IDPs) as of 2021. The number of refugees in Kenya is likely to be higher because many refugees fail to register due to fear of repatriation or encampment.

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There are different pathways to refugee lens investing that could occur in tandem or sequentially to attract the right capital into the FDP space. Select approaches to accelerate RLI in Kenya include:

**01 Stakeholder Coordination**
There is an opportunity for collaborative effort to ensure that stakeholders are addressing observed gaps in FDP needs such as access to growth capital to achieve self-reliance and sustainability.

**02 FDP Coordination**
FDPs maintain individual and small-scale operations across multiple sectors to secure household income primarily. There is an opportunity to coordinate FDP activities within similar value chains to help them achieve scale and bargaining power.

**03 Market Awareness**
FDP challenges are mostly communicated from a crisis perspective thereby attracting more philanthropic actors and donors as opposed to private sector actors. Demonstrating existing economic opportunities in FDP forums, publications, and media engagement would reconstruct the FDP narratives and illuminate opportunities for private sector engagement.

**04 Tailored Technical Assistance:**
Financing needs among businesses that engage with FDPs are often not well equipped to raise and absorb third-party capital. Tailored technical assistance to address the demonstrated business development needs would help attract impact and commercial capital into the space.

**05 Strengthening Supply Chains:**
Improving access to inputs and markets for refugee hosting areas can improve trade potential and boost performance of FDP focused businesses.

Scan the QR for Details on Additional Pipeline Opportunities

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**Pawame**
Pawame sells off-grid solar home systems across Kenya and to refugees in Kakuma who are already paying for dirty and expensive kerosene or diesel. Pawame is working to provide energy access and finance to communities throughout sub-Saharan Africa while maintaining a commitment for those in greatest need including refugees and internally displaced persons. Pawame has created a digital payments system through their PAYGO platform for customers to pay for their product easily and securely.

**Potential refugee impact:**
Pawame employs refugees as sales agents and is planning to serve 300 refugee households with improved solar energy. With requisite funding, Pawame can serve these geographically removed camps and establish sustainable operations there.

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**Sanivation**
Sanivation partners with local governments to transform human feces into solid fuel, creating a profit by removing waste from the environment. The fuel they produce saves 88 trees per ton, which helps curb deforestation. Sanivation develops and implements cost-effective sanitation systems for local governments in secondary cities that improve the environment and well-being of residents.

**Refugee impact:**
Sanivation licenses their model to refugee camps to help meet the demand for rapidly and locally deployable sanitation services. Sanivation’s approach lowers costs and improves health outcomes for refugees. Currently they have operations in Kakuma Refugee Camp.