

# Kenya

**98%** of business leaders say that electrifying their operations would help their business grow

**Reliable access to clean, affordable electricity is seen as stimulating business growth due to the help it offers in lowering operating costs, increasing productivity and improving access to export markets.**

## What Business Needs

Business leaders stress the need for government grants or subsidies to help cover the upfront costs of switching to electric equipment.

Senior executives agree, with the vast majority saying that electrifying their operations would help their businesses to grow (98%) and become more competitive (96%).

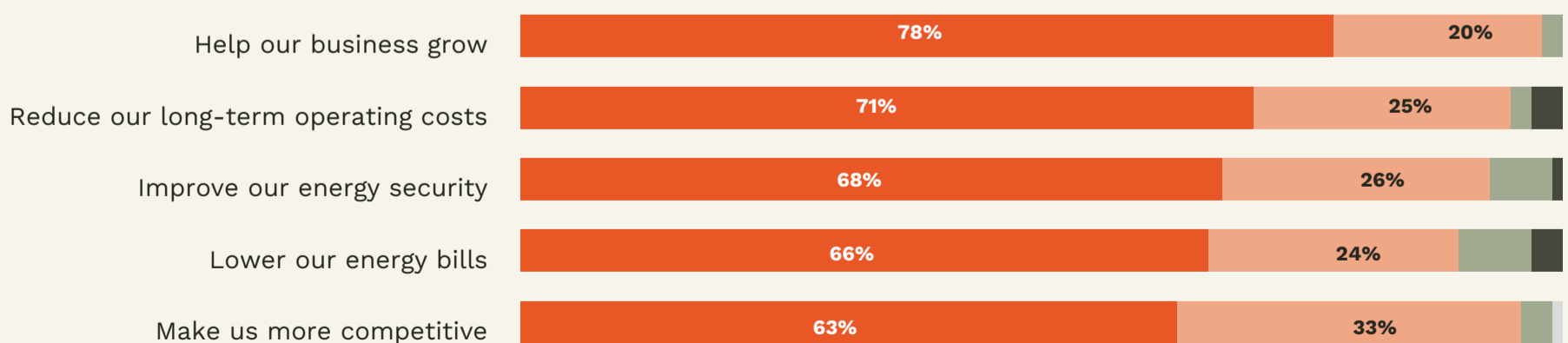
## Policy Context

Kenya's National Energy Policy (2025-2034) aims to connect all Kenyans to the grid within the next eight years, with all this electricity earmarked to come from renewables. This commitment is underpinned by a wider political consensus around the positive stimulus that electrifying the energy system would bring for economic development, job creation (especially for youth) and industrial competitiveness.

At present, these economic advantages are limited due to poor connectivity and weak grid capacity, with firm productivity and profitability regularly compromised by blackouts. The issue of reliable energy has become even more acute in the wake of recent geopolitical tensions, owing to the disruptive effect these have on global energy prices.

## Kenyan executives expect electrification to boost business growth and competitiveness

Definitely Probably Probably not Definitely not Don't know



*Thinking about your business switching from fossil fuel-powered equipment to electric alternatives, to what extent do you think this would do the following?*

## Business Viewpoints

As a result, most executives (83%) now say that Kenya is too reliant on fossil fuel imports, while 80% expect geopolitical instability to increase their energy costs—the highest among the 18 markets polled. Together, this explains why most business leaders link electrification to greater price stability during external shocks (97%) and to lower long-term operating costs (95%).

As stated, however, Kenya will need to fix infrastructure gaps across its power network if it is to realise electrification's full benefits. Again, this echoes the view of most executives, who see investment in transmission infrastructure (94%) and storage solutions (97%) as key to electrifying Kenya's economy.

The majority (94%) also think grid investments would bring down the long-term price of energy. Grid improvements also fit with the government's stated goal of extending affordable electricity supply to marginalised communities. Extensive investment in last-mile initiatives have seen connection rates increase almost fivefold over the last two decades (to 76% of the population).<sup>1</sup> The challenge now is making this electricity more affordable for low-income households and small businesses, something the government hopes to achieve through grid modernisation, subsidised grid connections and greater market competition in power distribution, among other measures.

The positive view of Kenyan companies towards electrification is moderated by the large gap between policy intent and practical reality. For instance, most (87%) executives say government preparations to upgrade the power system are out of step with their own efforts to electrify.

In fact, the majority (83%) report that market barriers have already caused them to delay or shelve an electrification project. Given fiscal constraints, however, the government will likely need external financing to assist with the required grid improvements. In this regard, governance challenges and an unpredictable policy environment in the national power sector could act as a barrier. Improvements in governance would certainly be welcomed by business, which identifies bureaucracy and policy uncertainty as significant hurdles. A significant proportion of executives, for instance, pick out a clearer long-term policy planning (44%) and faster grid-related approvals (44%) as among the policies that would most help their companies to electrify. Yet, the chief imperative for business leaders is to switch their own equipment to being powered by electricity. This leads 64% of executives to single out government grants or subsidies to help cover upfront equipment costs as their most favoured policy—the highest percentage among all the 18 markets surveyed for this particular policy.

<sup>1</sup> <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=KE>