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COMMUNIQUÉ

“Climate Financing Opportunities for MSME Growth”

The KCIC Investment Summit 2023 emerged as a crucial gathering, uniting visionaries, policymakers, investors, and entrepreneurs to explore lucrative financing opportunities in Kenya's green entrepreneurship sector. With a market potential of \$123 billion for small and growing businesses (SGBs), key sectors like waste management, circular economy, sustainable agriculture, aquaculture, and water management were highlighted for substantial growth. Despite the abundant climate investment prospects and opportunities in East Africa, the region has not achieved its climate-resilient development targets. The summit aimed to bridge this gap by facilitating connections between innovative green enterprises and potential investors, ultimately fostering climate action in the region.

PREAMBLE

The Kenya Climate Innovation Centre (*hereinafter KCIC*),

RECALLING the achievement of a historic milestone by hosting its inaugural Investment Summit in Nairobi. Themed "Unlocking Climate Financing Opportunities for MSME Growth in Kenya," the summit emphasized a dedicated commitment to fostering sustainable development through the empowerment of Micro, Small, and Medium Enterprises (MSMEs). The event featured diverse side activities, engaging stakeholders such as entrepreneurs, investors, and policymakers. A notable focus was on addressing the significant hurdles to funding faced by women and youth, marking a pivotal gathering within the summit.

CONSIDERING the KCIC support, including incubation, acceleration, capacity-building, and innovative financing, to entrepreneurs working on groundbreaking solutions for climate change. Over the past decade, KCIC has supported over 3,000 enterprises across five key thematic areas: Agribusiness, Renewable Energy, Commercial Forestry, Waste Management, and Water Management.

ALSO CONSIDERING the formidable barriers to funding faced by women and youth, this underscores a firm commitment to catalyze sustainable development by empowering Micro, Small, and Medium Enterprises (MSMEs). We aim to achieve this by engaging diverse stakeholders, including entrepreneurs, investors, and policymakers, and by addressing the critical intersection of climate innovation and accessible financing.

ACKNOWLEDGING significant role in fostering meaningful connections between entrepreneurs, investors, and stakeholders, leading to stronger climate action and acknowledging the strides made in the climate innovation space, explored investment opportunities, and developed new pathways for sustainable growth.

RECOGNISING the need to; (1) initiate policy dialogues on climate financing and green investments, (2) unlock climate financing opportunities for MSME growth and (3) to foster





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meaningful connections between green enterprises, investors, and stakeholders to drive stronger climate action and mitigation.

UNDERSCORING the primary role of KCIC in addressing the substantial climate investment opportunities in the region. East Africa, despite its potential, has yet to meet its climate-resilient development targets. KCIC aims to bridge this gap by connecting pioneering green enterprises with potential market investors, fostering climate action that aligns with a shared sustainable future.

COGNIZANT of the urgent need for action to mitigate the challenge that emerges; the need to reconcile the substantial disparity in contributions between public and private sectors to climate financing.

THE SUMMIT COLLECTIVELY:

ENDORSED effective climate change mitigation measures. These include the need for well-crafted policies to reduce perceived risks, emphasizing data and credibility to build investor confidence. A shift in investor mindset towards viewing climate change as a business necessity with long-term thinking is encouraged. Metrics for measuring policy effectiveness, the positive impact of transitioning relevant authorities, and the importance of inclusivity in policy-making were highlighted.

Recommended climate legislation, youth and women engagement, and a strong emphasis on international collaboration.

Reiterated the pivotal importance of adhering to the Nationally Determined Contributions (NDC) commitments under the Paris Agreement and their role in achieving climate adaptation and mitigation

Welcomed the importance of collective efforts in addressing climate challenges, which include development cooperation and harmonization of multilateral policies in a manner compatible to specific issues, nations, while simultaneously beneficial to all.

ENDORSED key priorities including robust risk management, a focus on innovative solutions, and the rise of impact investing, reflecting a broader move toward responsible financial practices. The importance of government support, stakeholder collaboration, and tailored strategies for local contexts was highlighted, alongside the crucial role of the private sector. Additionally, empowering local communities through investments is seen as integral to the success of climate and agriculture projects.

RECOMMENDED a comprehensive approach aligning financial returns with positive environmental and social impacts, emphasizing collaboration, innovation, and adaptability.





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ENDORSED a comprehensive approach to climate investment projects must prioritize gender analysis to address the unique needs of women and marginalized groups. Financial literacy and capacity-building play a crucial role in empowering women to actively engage in climate-smart businesses and investment opportunities. Community-driven organizations are instrumental in fostering inclusivity, particularly when funding initiatives are directed to grassroots level. Recognizing the significance of women's leadership and decision-making roles is paramount for driving transformative impact in climate investment projects. To ensure success,

RECOMMENDED that future initiatives integrate gender-sensitive analyses, prioritize financial education, support community-driven organizations, and actively promote women's leadership within the decision-making processes of climate investments.

ENDORSED the evolving significance of the carbon credits market in global climate efforts. To navigate this landscape effectively, organizations should not only focus on operational and financial aspects but also recognize the interconnectedness of sustainability and carbon credits. Moreover, addressing climate change requires a holistic approach, with emphasis on climate adaptation and resilience.

RECOMMENDED organizations to strategically allocate flexible, long-term capital and provide technical assistance, especially in sectors like food systems, to support comprehensive climate adaptation initiatives. This multifaceted approach will not only contribute to environmental goals but also enhance overall organizational sustainability.

ENDORSED Government policies, exemplified by the Sustainable Waste Management Act, are crucial in holding producers accountable. Collaboration among the government, financial institutions, and entrepreneurs is necessary to address funding challenges.

RECOMMENDED utilizing digital tools for data and effective storytelling can help businesses communicate their sustainability impact transparently, attracting support and funding. Furthermore, aligning businesses with the United Nations Sustainable Development Goals (SDGs) is recommended to showcase commitment to social and environmental sustainability.

WELCOMED a comprehensive and collaborative approach involving education, policy support, financial collaboration, data utilization, storytelling, and SDG alignment is essential for a successful circular economy.

ENDORSED access to secure loans was identified as a barrier, suggesting innovative financial instruments and cooperative guarantees. Robust research, digital tools, and meticulous planning were highlighted for success, along with government support through policies like tax incentives. Continuous learning was emphasized, recommending tailored training in key areas.





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RECOMMENDED a holistic approach of mentorship, financial innovation, strategic planning, policy support, and continuous skill development for entrepreneurial success.

ENDORSED the utilization of carbon credits for financing, emphasizing Kenya's pioneering role in the carbon market. Challenges for SMEs include complex processes and capital-intensive projects.

RECOMMENDED Government efforts, particularly the African Carbon Markets Initiative (ACMI), to create favorable regulatory frameworks, although concerns were raised about potential impacts of new regulations.

ALSO RECOMMENDED for ongoing collaboration to address challenges and enhance SME participation in the carbon market.

WELCOMED ACMI commitment to supporting SMEs by reducing project costs and exploring various instruments like carbon-linked bonds and the importance of demand visibility and exploration of nature-based solutions beyond carbon credits were also emphasized.

ENDORSED encouraging SMEs to integrate sustainability reporting into their core operations ensures a holistic commitment to sustainable practices. Transparency is crucial, with emphasis on robust reporting and sustainability assurance to prevent fraud and greenwashing.

RECOMMENDED the inclusion of promoting integrated sustainability practices, fostering collaboration, prioritizing transparency, providing education, and training, and ensuring regulatory compliance.

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