

## PRESS RELEASE

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### European Investment Bank partners with Central Bank of Kenya to unlock Climate Finance

- *New partnership to enhance climate action by Kenyan financial institutions.*
- *Climate best practice scheme to enhance climate risk understanding and impact of climate finance across Kenya.*

The European Investment Bank and the Central Bank of Kenya today launched a new climate finance best practice initiative to strengthen engagement by Kenyan financial institutions to finance climate related investment, enable commercial banks to mobilise climate finance essential to achieving a net zero economy and strengthening the climate resilience of the Kenyan financial systems.

The two-year Kenyan technical assistance scheme is the first of its kind to be implemented in East Africa under the European Investment Bank's [Greening Financial Systems Programme](#), financed by the German government through the dedicated [IKI FUND \(EIB.ORG\)](#) (IKI Fund).

The initiative will serve as a model for mobilising climate finance by tackling barriers that hold back engagement by commercial banks and will enable the Central Bank of Kenya to incorporate climate risk into the Kenyan regulatory framework. The scheme will also help to further increase the impact of climate related investment by developing the green taxonomy for the financial sector that supports scaling up green investment aligned with the goals of the 2015 Paris Climate Agreement.

The Greening Financial Systems programme will help Kenyan banks and financial institutions to better embrace climate finance best practice across all activities, catalyse new funding for green projects, and better assess, monitor, and report on the climate related risks.

The programme reflects the urgent need to mobilise climate finance outlined this past week at the COP 28 in Dubai and contributes to global efforts to limit global temperature increase and adapt to the impact of climate change.

Commenting on the technical assistance agreement, EIB Vice President, Thomas Östros said that greater efforts are being made to understand the barriers holding back green financing in Kenya.

“As highlighted by world leaders at COP 28, scaling up climate finance is essential to mobilise new investment to boost the green transition and help reduce the impact of climate change. Barriers remain that hold back the full engagement of banks in climate dedicated finance. It is hindered by the lack of long-term funding that matches the economic life of green investments, the higher perceived risk of climate investment and limited experience of how to originate and monitor climate finance. This new technical best practice partnership with the Central Bank of Kenya builds on the European Investment Bank's long-standing



partnership with Kenyan financial institutions to increase the impact of climate finance and unlock investment that better protects infrastructure and business from climate change,” said Vice President Östros.

Governor of the Central Bank of Kenya, Dr. Kamau Thugge highlighted that, “The Central Bank of Kenya is committed to the greening of the Kenyan financial sector. Towards this end, CBK issued Guidance on Climate-Related Risk Management in October 2021, to commercial banks. The Guidance was intended to facilitate banks in incorporating climate-risk related considerations in their governance, strategy, risk management and disclosures frameworks. Considerable progress has been made by banks in implementing the Guidance, but more remains to be done.”

As outlined in the EIB’s [Finance in Africa Report 2023](#), the increasing prevalence of climate risks on balance sheets has made climate an important part of the risk appraisal process for both new loans and existing portfolios.

The latest EIB survey found that 59% of banks in Africa have a climate change strategy and a further 22% plan to introduce one. Banks across Africa are now stepping up their efforts to offer an expanded range of green finance products rather than just mitigating risk.

Over the last decade, the European Investment Bank, which is the world’s largest international public bank and leading climate financier, has helped to strengthen climate finance technical skills of more than 40,000 African financial professionals. Additionally, it has provided more than EUR 534 million (Ksh 88 billion) over the last five years for private sector investment across Kenya in partnership with Kenyan businesses, banks, financial partners and microfinance institutions.

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#### **About the EIB:**

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

[EIB Global](#) is the EIB Group’s new specialised arm dedicated to increasing the impact of international partnerships and development finance outside of the EU. EIB Global is designed to foster strong, focused partnership within [Team Europe](#), and as part of the EU’s Global Gateway strategy alongside fellow development finance institutions, and civil society. EIB Global brings the Group closer to local people, companies and institutions through our [offices across the world](#).

#### **About CBK:**

The Central Bank of Kenya established under the Constitution of Kenya is responsible for formulating monetary policy to achieve and maintain price stability. The Central Bank also promotes financial stability; an effective and efficient payment, clearing and settlement system; formulates and implements foreign exchange policies; holds and manages foreign exchange reserves; issuing of currency; and is the banker for, adviser to and fiscal agent of the Government.

#### **About the Greening Financial Systems TA Programme:**



The EIB Greening Financial Systems TA Programme is funded by the International Climate Initiative (IKI) on behalf of the German Federal Ministry of Economic Affairs and Climate Action (“BMWK”). The Programme is BMWK’s and EIB’s joint contribution to the work of the NDC Partnership specifically, the [“Readiness support for greening central banks” initiative](#).

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