

**ACCESS TO GREEN FINANCE: MULTISECTORAL POLICY WORKING GROUP ON CIRCULAR ECONOMY
IN KENYA. DISCUSSION PAPER NO 2 DATE: 8TH JULY 2025**

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**1. Preliminary Impact Assessment of Kenya’s EPR Scheme under the Sustainable Waste
Management Act (2022)**

1.1 Economic Impacts

Criteria	Assessment
Job Creation	The SWM Act, could catalyze green jobs across the waste management value chain—particularly in segregation, collection, recovery, and recycling. It mandates each county to establish Materials Recovery Facilities (MRFs) and incentivizes reuse and recycling through licensing, tax incentives, and extended producer obligations (Sections 13–14, 25).
Sectoral Impact	Positive economic externalities are expected in manufacturing (due to increased use of secondary raw materials), waste processing, and circular services (e.g., repair, leasing, recycling).
SME Participation	The Act promotes entrepreneurship via take-back schemes and localized MRFs, yet practical implementation support (e.g., access to finance, technical capacity) is still lacking, which limits SME competitiveness.
Innovation & Investment Climate	Through circular economy incentives (Sec. 25) and the National Waste Management Strategy (Sec. 15), Kenya has signaled a pro-investment regulatory direction. However, uptake is hampered by a lack of sector-specific tax rebates and insufficient clarity on implementation timelines.

1.2 Environmental Impacts

Criteria	Assessment
Waste Reduction	EPR mandates producers to take responsibility for waste throughout the product lifecycle (Sec. 13). This encourages upstream design for recyclability and promotes segregation at source (Sec. 12).
Pollution & GHG Reduction	The Act targets the closure of dumpsites, supports engineered landfills, and promotes composting and waste-to-energy projects. This aligns with GHG mitigation goals but lacks a national Life Cycle Assessment (LCA) framework.
Resource Efficiency	Waste is redefined as a recoverable resource. Resource use efficiency is central to the Act’s objects and definitions (e.g., waste hierarchy, Sec. 3–4). However, material flow data and tracking systems are not yet fully operationalized.

Criteria	Assessment
Biodiversity	By reducing illegal dumping and pollution of terrestrial and marine ecosystems, EPR indirectly supports biodiversity. Nonetheless, direct biodiversity impact indicators are absent.

1.3. Social Impacts

Criteria	Assessment
Public Health	Provisions for safe waste handling (Sec. 10) and formalization of informal waste services could improve health outcomes. However, there is little clarity on enforcement and worker safety standards in implementation.
Social Equity	While the Act mentions inclusive participation (Sec. 23), informal waste workers' roles are not yet formalized through protections or cooperatives as seen in countries like Colombia or India. Lack of integration of gender and equity lenses
Displacement Effects	If not accompanied by inclusive transition policies, the shift to regulated systems may further marginalize informal waste workers and other communities including women and youth.

1.4. Policy Instruments

Instrument	Effectiveness
EPR Obligations (Sec. 13)	Strong in concept: requires producers to register individually or collectively in compliance schemes (PROs). Needs sector-specific regulations, clear metrics, stakeholder engagement protocols and enforcement protocols.
Green Public Procurement (Sec. 10c)	Introduced but not yet mainstreamed into national procurement policy. Proposal - integrate GPP with lifecycle costing and impact metrics.
Incentives (Sec. 25)	Provisions exist for import tax waivers and preferential treatment for circular inputs. Clear policy directives, timelines, and coordination with KRA and Treasury are needed.
Take-Back Schemes & Labeling	Mentioned in delegated powers (Sec. 33), but Kenya lacks a harmonized product labeling or take-back enforcement mechanism.

1.5. Monitoring & Evaluation (M&E)

Criteria	Assessment
National Waste Information System (NWIS)	Mandated (Sec. 8f), includes data on waste streams, recovery rates, health impacts, and compliance. Operational status unclear. A central dashboard could emulate the EU’s Circular Economy Monitoring Framework.
Compliance & Reporting	Entities must submit waste management plans (Sec. 19) and undergo performance reviews (Sec. 26–27). But public disclosure and benchmarking mechanisms are limited.
Indicators	No harmonized national indicators yet (e.g., resource productivity, waste intensity per sector, SDG linkages). Finland’s model uses specific CE transition indicators aligned with national development plans.

1.6. Challenges and Barriers

Barrier	Details
Regulatory Gaps	Implementation timelines are vague; subsidiary legislation on EPR, procurement, and incentives are still under development- need for common regulatory tracker
Data Limitations	Waste flow data is fragmented and inconsistent; national baseline indicators are not yet published.
Technological Constraints	Lack of infrastructure for waste sorting, recycling, and safe disposal—particularly in rural counties.
Informal Sector Integration	Risks of displacement without transition measures for informal workers and marginalized groups.
Financing	Limited financial tools for SMEs and circular startups; finance mechanisms tailored to CE transitions.

1.7. Examples from Other Jurisdictions

Jurisdiction	Key Takeaways
EU Circular Economy Action Plan	Measures progress using a standardized monitoring framework across sectors (e.g., recycling rate, GVA of circular activities). EPR directives tied to producer accountability and eco-design.
Finland's CE Roadmap	Emphasizes cross-sectoral policy coherence, innovation funding, and municipal circular procurement.
South Africa’s EPR Regulations (2021)	Provides detailed producer categories, fee structures, and compliance schemes.

1.8. Policy Brief No 1 –Building Policy Momentum for a Circular Economy in Kenya. Proposed Summary of Recommendations

Kenya stands at an important **starting point** in its journey towards an integrated waste management system and circular economy. The baseline study highlighted that:

- **Policy groundwork is strong:** With Vision 2030, NCCAP, the Sustainable Waste Management Act 2022, and related regulations, Kenya has articulated the right goals and created legal mandates for circular practices like EPR, recycling, and inclusive waste management. This gives a solid foundation to build upon.
- **Current reality shows both challenges and opportunities:** The waste collection and recycling rates are currently low, indicating much room for improvement. Key factors impeding progress include limited resources and capacity, and the need for better institutional coordination (especially ensuring counties can fulfill their mandates). Yet, these challenges go hand-in-hand with great opportunities – tens of thousands of jobs can be created, millions in economic value unlocked, and significant environmental gains achieved by implementing circular solutions.
- **Circular economy advances multiple national objectives:** It's not an environmental agenda alone; it supports economic growth, job creation, reduced resource imports, climate change mitigation, and public health improvement. At a time when Kenya is focused on sustainable industrialization and climate leadership, circular economy provides a practical means to those ends.
- **Urgency and timing:** The confluence of policy momentum (new laws), rising waste pressures, and international support makes now a critical moment. Delay would mean a deeper waste crisis and forgone economic benefits, whereas timely action can put Kenya on a path to become a regional exemplar in circular economy (much as it has been in plastic bag control).
- **Multi-stakeholder action needed:** The government's role in enforcing and enabling, and the private sector's role in innovating and investing are complementary. Public-private collaboration, along with community engagement, is already proving effective in county initiatives.

Going forward, **key recommendations** emerging from the baseline include:

- Prioritize **implementation and enforcement** of existing policies (e.g., rapidly operationalize the Waste Management Council, enact EPR regulations, and support counties in developing their waste management plans as required).
- Strengthen **institutional capacity**, particularly at county level, through training, financing mechanisms, and incentives for performance in waste management.
- Enhance **resource allocation** by tapping into climate finance, setting up funds from EPR contributions, and encouraging private investment through PPPs and favorable policies.
- Foster widespread **civil society engagement** and **public awareness** to ensure citizen participation – ultimately, the success of circular economy relies on millions of individual actions (sorting waste, returning products, buying recycled goods), which require understanding and buy-in.

- Scale up and replicate **successful models** from counties.
 - Continue integrating circular economy into **national agendas** – for instance, Kenya’s next National Development Plan could explicitly incorporate circular economy targets, cementing it as a national priority beyond just the environment sector.
1. **Operationalize EPR Guidelines Quickly**
Finalize sector-specific EPR regulations with clear enforcement, stakeholder engagement protocols and reporting requirements.
 2. **Develop Circular Economy Action Plans, adopt cross sectoral policy coherence and activate the National Waste Information System (NWIS)**
Launch a live dashboard with CE indicators to track compliance, recovery, and other sector impacts including public health impacts.
 3. **Inclusive Transition Policies- Support Informal Sector Inclusion**
Create formal pathways (e.g., cooperatives, subsidies, technical training) for waste pickers and informal recyclers. Develop gender and informal integration roadmaps
 4. **Strengthen Fiscal and Procurement Levers**
Embed circular economy requirements in public tenders and expand green tax incentives for CE technologies.
 5. **Pilot Local Impact Monitoring at County Level**
Use county waste plans to pilot decentralized M&E systems with community feedback loops.
 6. Integrate and align CE goals with **National Determined Contributions** and Financing Strategies. Introduce derisking mechanisms.
 7. Development and Support of **Circular Innovation Clusters**.
 8. Strengthen Intergovernmental and ecosystem coordination
 9. Convene regular forums among national agencies, county governments, PROs, ESOs, and private sector actors to align on CE implementation. Launch joint pilot programs, knowledge exchanges, and multi-stakeholder roadmaps for priority sectors like **plastics, textiles, organics, and e-waste**.

2.0 . Policy Brief No 2 –How to support SMEs and Create Decent Jobs in Kenya’s Transition to a Circular Economy - Proposed Summary of Recommendations

Background

Kenya’s transition to a circular economy is both a necessity and an opportunity. As the country grapples with escalating waste, unemployment, and environmental degradation, locally led circularity shifts offers a viable path forward. Circular economy models promote regenerative and restorative systems, emphasizing waste reduction, recycling, reuse, and redesign. Research conducted through preliminary impact assessment and baseline study of Kenya’s Extended Producer Responsibility (EPR) scheme under the Sustainable Waste Management Act (2022) highlight the strategic potential of SMEs in catalyzing this transition.

Key Problems and Constraints

1. Inadequate access to affordable and patient capital for SMEs engaged in circular business models.
2. Lack of awareness and capacity on EPR compliance, waste valorization, and circular design.
3. Weak integration of informal and community-based waste actors into formal systems.
4. Gaps in enforcement and harmonization of national and county waste regulations.
5. Limited data on waste flows, resource use, and investment opportunities.
6. Absence of a coherent national skills development agenda aligned with circular economy priorities.
7. Fragmented market linkages, innovation ecosystems, and public procurement practices that fail to prioritize recycled or remanufactured goods.

Policy Recommendations

1. Unlock Tailored Financing Instruments for Circular SMEs

Establish blended finance facilities, credit guarantees, and impact-linked financing mechanisms to support circular startups and SMEs. Integrate these tools into the implementation strategy of the Sustainable Waste Management Act and ensure alignment with Kenya's climate finance and green growth agendas.

2. Mainstream Circular Economy into Skills Development and TVET

Develop and scale TVET curricula, apprenticeships, and skills programs tailored to the needs of circular sectors—particularly in materials recovery, repair, recycling, composting, and sustainable design. Partner with SMEs and innovation hubs to create hands-on learning opportunities.

3. Formalize and Support Informal Waste Workers

Establish legal and financial frameworks for the inclusion of informal waste pickers, cooperatives, and micro-enterprises. Provide registration incentives, cooperative development support, and access to social protections as part of EPR compliance schemes.

4. Build County-Level Circular Economy Hubs

Support the establishment of materials recovery facilities, innovation labs, and aggregation centers in counties through public-private partnerships. These hubs can incubate local enterprises and foster circular value chains at the grassroots.

5. Create Circular Economy Procurement Standards

Integrate green and circular economy criteria into public procurement laws. Prioritize products with recycled content, circular certifications, and end-of-life recovery provisions. Pilot these reforms in ministries and county departments aligned with the Sustainable Waste Management Act.

Conclusion: A Call to Action

Kenya stands at a turning point. The shift to a circular economy can be a lever for solving unemployment, waste, and inequality—if SMEs are supported as engines of inclusive innovation. The findings of recent research are clear: we must act decisively to fund, formalize, and empower the businesses and communities building circular solutions. With the right policies, Kenya can lead Africa in demonstrating how circularity creates not only economic value, but social and environmental transformation.