BANKING ON SOLAR ENERGY: AN INVESTMENT OPPORTUNITY

Powering Businesses. Protecting the Planet. Financing a Sustainable Future.

What if one of Kenya's greatest economic opportunities was something we experience every day — sunshine?

For decades, energy has been viewed primarily as an operating cost. Today, the conversation is changing. Energy is increasingly becoming a strategic business decision, influencing competitiveness, profitability, resilience and environmental responsibility.

As we mark World Sustainability Day, it is worth reflecting on why solar energy deserves greater attention, not only as a clean energy solution but as an investment in Kenya's economic future.

Globally, the economics of solar energy have changed dramatically.

According to the International Renewable Energy Agency (IRENA), the global average cost of electricity from newly commissioned utility-scale solar photovoltaic projects declined by approximately 90% between 2010 and 2024.

The International Energy Agency (IEA) reports that global solar photovoltaic capacity additions exceeded 600 gigawatts in 2025, reflecting the growing role of solar in the world's energy transition.

These figures tell an important story: solar energy is no longer simply an emerging technology. It is becoming an established component of energy infrastructure and a significant driver of investment.

For Kenya, the opportunity is particularly compelling.

Our country has abundant solar resources, a growing enterprise sector and increasing demand for reliable, affordable energy.

Kenya's Energy and Petroleum Regulatory Authority reported 514.1 MW of installed solar capacity as of June 2025, including approximately 300.5 MW of captive generation capacity — electricity generated primarily for an organisation's own use.

This is an important indication of how businesses are increasingly looking beyond traditional energy supply models to manage their operational needs.

Why Solar Makes Business Sense

Consider a manufacturing plant seeking to manage production costs, a hotel looking to reduce its electricity expenses, a hospital requiring reliable power, or an agricultural enterprise investing in irrigation and cold storage.

Energy is fundamental to their operations.

Solar installations, when appropriately designed and financed, can help these businesses reduce long-term energy costs, diversify their energy sources and improve resilience. Combined with suitable storage or backup systems, solar can also support greater continuity of operations.

The benefits extend beyond the electricity bill.

A business that manages its energy costs more effectively may be better positioned to invest in expansion, employ more people, improve productivity and compete in increasingly sustainability-conscious markets.

The Role of Banks: Financing the Transition

One of the greatest barriers to solar adoption is not necessarily willingness. It is the upfront investment required. This is where green financing becomes critical. Banks have an opportunity to bridge the gap between environmental ambition and commercial implementation by supporting viable investments in solar infrastructure, energy-efficient equipment and cleaner technologies.

Financing structures that take into account installation costs, projected energy savings, equipment performance and business cash flows can help make solar adoption more accessible to enterprises.

For financial institutions, this is also about recognising that sustainable finance is increasingly connected to business growth, risk management and long-term customer value.

At UBA Kenya, our focus on green financing for solar energy reflects our belief that the financial sector has an important role to play in enabling businesses to pursue commercially sound investments that also support environmental sustainability.

The Triple Impact: Business, People and Planet

The true value of green financing lies in its ability to create benefits across three interconnected dimensions.

Business: Solar investments can help enterprises manage energy costs, improve efficiency, strengthen competitiveness and redirect savings towards growth.

People: A growing solar ecosystem can support employment and skills development in installation, engineering, maintenance and related services. More dependable energy solutions can also strengthen essential services and business activity.

Planet: Solar electricity produces no direct greenhouse gas emissions during operation. Where it replaces fossil-fuel-based electricity or diesel generation, it can reduce emissions and local air pollution, contributing to climate action.

The environmental benefits must also be supported by responsible equipment sourcing, appropriate land use and proper management of panels and batteries at the end of their useful lives.

This is what meaningful sustainability should represent: economic progress that creates value today without compromising the opportunities of tomorrow.