Blended Finance for a Just Transition: Maximizing Renewable Energy Investments by Combining Public, Philanthropic and Private Funds to address Climate Justice

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Kariuki Muigua

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Abstract

This paper examines how just transition can be achieved by maximizing renewable energy investments. The paper observes that the shift to renewable energy has become a global imperative towards achieving climate justice. Despite its role in driving climate justice, the paper notes that the transition to renewable energy can fuel injustices. In particular, the paper notes that inadequate renewable energy investments undermine universal access to clean, affordable, modern and reliable energy contrary to the ideal of just transition. In light of these concerns, the paper observes that blended finance is a key instrument that can be utilised to maximize renewable energy investments towards climate justice for a just transition. The paper suggests how this approach can be implemented by combining public, philanthropic and private funds in order to maximize renewable energy investments for a just transition.

1.0 Introduction

Just transition is a concept that seeks to foster climate, energy and environmental justice in a manner that promotes fairness, inclusivity and equity in the journey towards sustainability[1]. At its core, just transition seeks to attain environmental and climate goals by ensuring the whole of society including all communities, all workers and all social groups are brought along in the pivot to a net-zero future[2]. In addition, it has been observed that just transition involves greening economies in a manner that is fair and inclusive as possible to everyone concerned, creating decent work opportunities for all and leaving no one behind[3].

The concept of just transition is rooted in the environmental justice movement. The idea of environmental justice acknowledges the disproportionate impacts caused by environmental crises such as climate change, pollution, and biodiversity loss across regions, communities and individuals[4]. It has been observed that environmental justice highlights the plight of vulnerable people and communities who bear the most burden when it comes to environmental damage and seeks to give them a voice through access to environmental information, participation in environmental decision-making processes and access to justice

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[1] McCauley. D., & Heffron. R., 'Just Transition: Integrating Climate, Energy and Environmental Justice.' *Energy Policy*., Volume 119, 2018, pp 1-7

[2] United Nations Development Programme., 'What is just transition? And why is it important?' Available at https://climatepromise.undp.org/news-and-stories/what-just-transition-and-why-it-important (Accessed on 16/07/2026)

[3] International Labour Organization., 'Frequently Asked Questions on Just Transition.' Available at https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang--en/index.htm (Accessed on 16/07/2026)

[4] United Nations Development Programme., 'Five steps to environmental justice' Available at https://www.undp.org/blog/five-steps-environmental-justice (Accessed on 16/07/2026)

in order to ensure sustainable and equitable development[5]. Just transition can support progress towards environmental justice since it offers an opportunity for countries to strengthen efforts to decarbonize, green their economies, and build climate resilience[6]. In particular, it has been observed that just transition can help countries address the impacts of climate change and green their economies by bringing the public along, supporting a green jobs revolution, laying the social ground work for a resilient net-zero economy, driving local solutions and reinforcing the urgency for concerted efforts to combat climate change[7].

Achieving just transition is therefore key for people and planet. The United Nations notes that this approach supports more ambitious climate action through inclusive, fair and equitable shift to low-carbon and environmentally sustainable economies and societies[8]. In addition to strengthening climate action, just transition can accelerate progress towards most of the Sustainable Development Goals (SDGs) especially those relating to affordable and clean energy, decent work and economic growth, reduced inequalities, and responsible production and consumption[9]. In particular, it has been observed that just transition can support a people-centred shift to renewable energy towards achieving climate justice for Sustainable Development[10].

This paper examines how just transition can be achieved by maximizing renewable energy investments. The paper observes that the shift to renewable energy has become a global imperative towards achieving climate justice. Despite its role in driving climate justice, the paper notes that the transition to renewable energy can fuel injustices. In particular, the paper notes that inadequate renewable energy investments undermine universal access to clean, affordable, modern and reliable energy contrary to the ideal of just transition. In light of these concerns, the paper observes that blended finance is a key instrument that can be utilised to maximize renewable energy investments towards climate justice for a just transition. The paper suggests how this approach can be implemented by combining public, philanthropic and private funds in order to maximize renewable energy investments for a just transition.

2.0 Renewable Energy and Just Transition: Opportunities and Challenges

With the world facing a mounting climate crisis, renewable energy has emerged as a vital solution in the pursuit of climate justice. It has been observed that climate change is severely disrupting global, regional and national economies and affecting lives, costing people, communities and countries dearly today and even more tomorrow[11]. Regions, nations, communities and people all over the world are experiencing the adverse impacts of climate change, which include changing weather patterns, rising sea level, and more extreme weather events such as intense droughts, catastrophic storms and flooding[12]. The adverse impacts

[5] Muigua. K., Wamukoya. D., & Kariuki. F., 'Natural Resources and Environmental Justice in Kenya.' Glenwood Publishers Limited, 2015

[6] United Nations Development Programme., 'What is just transition? And why is it important?.' Op Cit

[7] Ibid

[8] United Nations., 'Just Transition' Available at https://policy.desa.un.org/sites/default/files/2025-06/cdp-excerpt-2023-1.pdf (Accessed on 16/07/2026)

[9] United Nations Development Programme., 'What is just transition? And why is it important?.' Op Cit

[10] World Economic Forum., 'Why justice must prevail as the world transitions to clean energy' Available at https://www.weforum.org/stories/energy-transition/accelerating-just-energy-transition/ (Accessed on 16/07/2026)

[11] United Nations., 'Climate Action.' Available at https://www.un.org/sustainabledevelopment/climate-action/ (Accessed on 16/07/2026)

[12] Ibid

of climate change are causing dangerous and widespread disruption, depletion and degradation of nature while also affecting the lives, health, livelihoods and well-being of billions of people all over the world[13].

However, despite being a global problem, the effects of climate change are felt unevenly across regions, nations, communities and individuals. For example, poor, marginalized and disadvantaged populations including indigenous peoples, local communities, women and girls and the youth are more vulnerable to the impacts of climate change[14]. In addition, it has been observed that nations and communities in the Global South are more vulnerable to climate change due to several unfavourable factors including geographic and economic vulnerability and heavy economic reliance on climate-sensitive sectors including agriculture[15]. Consequently, climate justice has emerged as a key concept that recognizes and seeks to address the disproportionate impacts of climate change on vulnerable individuals, communities and regions for equity, fairness, inclusivity and development[16].

Renewable energy plays a key role in fostering climate justice. The current global energy sector is dominated by fossil fuels including oil, gas and coal[17]. It has been observed that these sources of energy are responsible for nearly two-thirds of global carbon dioxide emissions thus being the primary cause climate change[18]. In addition, fossil fuels contribute to air pollution with severe impacts on human and ecosystem health disproportionately impacting vulnerable groups including the poor and people and communities in developing countries[19]. Consequently, moving away from fossil fuels towards global energy systems centred on clean and sustainable sources of energy such as renewable energy provides a viable option towards confronting climate change and achieving justice for people and planet[20].

Renewable energy refers to non-fossil energy generated from natural non-depleting resources including but not limited to solar energy, wind energy, biomass energy, biological waste energy, hydro energy, geothermal energy and ocean and tidal energy[21]. Renewable energy is derived from sources such as

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[13] Intergovernmental Panel on Climate Change., 'Climate change: a threat to human wellbeing and health of the planet. Taking action now can secure our future' Available at https://www.ipcc.ch/report/ar6/wg2/downloads/press/IPCC_AR6_WGII_PressRelease-English.pdf (Accessed on 16/07/2026)

[14] Climate Justice Global Alliance., Available at https://sdgs.un.org/partnerships/climate-justice-global-alliance (Accessed on 16/07/2026)

[15] Giles. M., 'The Principles of Climate Justice at CoP27.' Available at https://earth.org/principles-ofclimatejustice/#:~:text=That%20response%20should%20be%20based,the%20consequences%20of%20climate%20change (Accessed on 16/07/2026)

[16] World Economic Forum., 'What is Climate Justice?' Available at https://www.weforum.org/videos/climate-justice/?gad_source=1&gad_campaignid=22228224717&gbraid=0AAAAAoVy5F63G-51xPZCfWH7BGSBXa909&gclid=Cj0KCQjwy_fOBhC6ARIsAHKFB7-f_LGoyvNwbnGjFgLrrT_dmP191-82u3vFJ4ys0nW2O-1_IrLH30AaAiFPEALw_wcB (Accessed on 16/07/2026)

[17] United Nations., 'The Role of Fossil Fuels in a Sustainable Energy System' Available at https://www.un.org/en/chronicle/article/role-fossil-fuels-sustainable-energy-system (16/07/2026)

[18] Ibid

[19] Solomon. B., & Krishna. K., 'The Coming Sustainable Energy Transition: History, Strategies, and Outlook.' *Energy Policy* 39 (2011) 7422-7431

[20] United Nations Development Programme., 'What is the sustainable energy transition and why is it key to tackling climate change?' Available at https://climatepromise.undp.org/news-and-stories/what-sustainable-energy-transition-and-why-it-key-tackling-climate-change (Accessed on 16/07/2026)

[21] Energy Act, No. 1 of 2019, Government Printer, Nairobi

sunlight and wind that are abundant and constantly being replenished[22]. Renewable energy provides several benefits in the pursuit of climate justice. For example, it has been observed that generating renewable energy creates far lower emissions than burning fossil fuels[23]. In addition, the United Nations observes that renewable sources of energy are available in abundance, cheaper and are a healthier option for people and the planet[24]. Due to their advantages, renewable sources of energy including solar, wind, geothermal, hydropower, biofuels and others, are at the centre of the transition to less carbon-intensive and more sustainable energy systems towards tackling environmental challenges including climate change and pollution while fostering energy security[25].

Renewable energy can therefore foster climate justice by protecting people and planet from the adverse impacts of climate change. In particular, it has been observed that with sustainable, inclusive and equitable practices, renewable sources of energy can promote just transition while simultaneously tackling the climate crisis[26]. For instance, the ideal of just energy transition addresses the urgent global need for fair and inclusive shift to clean, sustainable, modern, and reliable sources of energy, with emphasis on renewable energy, while ensuring that the most vulnerable populations are not left behind[27]. Just transition ensures that the shift to renewable energy is fair, equitable and inclusive towards tackling energy poverty and achieving energy justice[28].

However, it has been observed that inadequate renewable energy investments are undermining just transition while worsening climate injustices. The just transition towards sustainable energy requires huge amounts of financing required to support wind, solar, geothermal and hydropower generation among other renewables[29]. Unlocking the financing required to foster just energy transition remains a challenge especially for developing countries. For instance, it has been observed that despite Africa's immense renewable energy potential, only a fraction of the continent's renewable energy is currently being harnessed largely due to inadequate investments[30]. Africa is endowed with renewable energy sources with wind, solar, hydro, bioenergy, ocean tidal waves, geothermal among other renewables being abundant throughout the continent yet it suffers from the highest levels of energy poverty in comparison to other regions[31].

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[22] United Nations., 'What is Renewable Energy?' Available at https://www.un.org/en/climatechange/what-is-renewable-energy (Accessed on 16/07/2026)
[23] Ibid
[24] United Nations., 'Climate Action.' Available at https://www.un.org/en/climatechange/howcommunities-are-embracing-renewable-energy (Accessed on 16/07/2026)
[25] International Energy Agency., 'Renewables' Available at https://www.iea.org/energy-system/renewables (Accessed on 16/07/2026)
[26] Just Transition: A Climate, Energy and Development Vision for Africa., Available at https://static1.squarespace.com/static/657880dcd408ac495a5cc888/t/65c45632b517e324955482c1/1707365954174/Just-Transition-Africa-report-ENG_single-pages_1685021139.pdf (Accessed on 16/07/2026)
[27] PanAfrican Climate Justice Alliance., 'Just Transition and Energy Access' Available at https://pacja.org/just-transition-and-energy-access-2/ (Accessed on 16/07/2026)
[28] Ibid
[29] World Economic Forum., 'What is Climate Justice?' Op Cit
[30] African Development Bank Group., 'Light Up and Power Africa – A New Deal on Energy for Africa' Available at https://www.afdb.org/en/the-high-5/light-up-and-power-africa-%E2%80%93-a-new-deal-on-energy-for-africa (Accessed on 16/07/2026)
[31] African Union., 'Agenda 2063: The Africa we Want.' Available at https://au.int/sites/default/files/documents/33126-doc-framework_document_book.pdf (Accessed on 16/07/2026)

In light of the foregoing concerns, it is imperative to utilise innovative financial instruments in order to maximize renewable energy investments especially in Africa and the Global South towards a just energy transition for people and planet.

3.0 Utilising Blended Finance for a Just Transition

With climate change devastating people and planet, transitioning to renewable energy is a global imperative towards addressing the climate crisis for climate justice. In particular, a just energy transition fosters fair, inclusive and equitable shift to renewable energy that ensures that the most vulnerable populations are not left behind[32]. However, inadequate renewable energy investments undermine a just energy transition by fuelling energy poverty and energy injustices.

In light of the foregoing concerns, blended finance provides a suitable approach towards maximizing renewable energy investments for climate justice. Blended finance has been described as an innovative approach to development financing that optimizes public, philanthropic, and private capital to fund Sustainable Development initiatives especially in developing countries[33]. Blended finance has also been defined as the use of capital from public, private and philanthropic sources to support Sustainable Development efforts[34]. This approach leverages funds to support development activities by combining them from various sources including public, philanthropic and private funds[35].

Blended finance provides an innovative approach that can address the gap in Sustainable Development funding towards prosperity for both people and planet. For instance, it has been observed that in order to meet global climate and biodiversity among other Sustainable Development goals, it is imperative to mobilise finances from all sources[36]. However, financial flows for Sustainable Development is often limited especially in developing countries due to several risks and obstacles including political and regulatory hurdles, currency risks, unpredictable investment environments, and technical risks among others[37]. Consequently, blended finance provides a solution for developing countries to bridge the Sustainable Development financing gap through the strategic use of public, philanthropic and private funds[38]. It has been pointed out that blended finance works by utilising public or philanthropic funds (concessional capital) to enhance private sector investment in projects that contribute to Sustainable Development but may not otherwise attract commercial funding due to high perceived risks or low returns[39]. In particular, blended

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[32] PanAfrican Climate Justice Alliance., 'Just Transition and Energy Access' Op Cit

[33] United Nations Educational, Scientific and Cultural Organization., 'Blended Finance' Available at https://www.unesco.org/en/dtc-finance-toolkit-factsheets/blended-finance (Accessed on 17/07/2026)

[34] Blended Finance., Available at https://www.convergence.finance/blended-finance (Accessed on 17/07/2026)

[35] Blended Finance: What it is, how it works and how it is used., Available at https://policy-practice.oxfam.org/resources/blended-finance-what-it-is-how-it-works-and-how-it-is-used-620186/ (Accessed on 17/07/2026)

[36] International Climate Initiative., 'Blended Finance – a powerful tool to scale up private climate and biodiversity finance' Available at https://www.international-climate-initiative.com/en/iki-media/news/blended-finance-a-powerful-tool-to-scale-up-private-climate-and-biodiversity-finance/ (Accessed on 17/07/2026)

[37] Ibid

[38] Ibid

[39] United Nations Educational, Scientific and Cultural Organization., 'Blended Finance' Op Cit

finance has been implemented across various sectors including infrastructure, energy, and financial services especially in developing countries[40].

Due to challenges in attracting funding for Sustainable Development, blended finance can enable developing countries to maximize renewable energy investments by combining funds from public, philanthropic and private sources. For instance, it has been observed that developing countries can leverage blended finance towards investments in clean energy sources including renewable energy while preserving scarce public resources for wide climate and development goals[41]. In particular, it has been observed that in Africa where millions of people lack access to electricity with current energy systems and infrastructure not able to meet the rising demand for energy in the continent, blended finance initiatives are critical in scaling up electricity and renewable energy investments towards energy justice[42]. The strategic use of blended finance can help fast-track the transition to renewable energy in Africa and the Global South through investments in solar and wind power generation among other renewables[43]. Through this approach, it is possible to achieve just transition by ensuring that the most vulnerable populations have universal access to clean, affordable, reliable and sustainable energy towards energy and climate justice[44].

4.0 Conclusion

The shift to renewable energy sources including solar, wind, hydro and geothermal energy is crucial towards tackling the climate crisis and fostering climate justice. However, inadequate renewable energy investments are undermining the pursuit of climate justice by leaving people and planet vulnerable to the worsening impacts of climate change. Consequently, it is imperative to utilise blended finance by combining public, philanthropic and private funds to maximize renewable energy investments[45]. Leveraging blended finance is therefore key towards fast-tracking the transition to renewable energy while leaving no behind for a just transition and climate justice.

[40] Ibid

[41] Organisation for Economic Co-operation and Development., 'Blended Finance for Clean Energy' Available at https://www.oecd.org/en/about/programmes/clean-energy-finance-and-investment-mobilisation/blended-finance-for-clean-energy.html (Accessed on 17/07/2026)

[42] World Bank Group., 'Blended finance can catalyze renewable energy investments in low-income countries' Available at https://blogs.worldbank.org/en/ppps/blended-finance-can-catalyze-renewable-energy-investments-low-income-countries (Accessed on 17/07/2026)

[43] Ibid

[44] PanAfrican Climate Justice Alliance., 'Just Transition and Energy Access' Op Cit

[45] World Bank Group., 'Blended finance can catalyze renewable energy investments in low-income countries' Op Cit

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World Economic Forum., 'Why justice must prevail as the world transitions to clean energy' Available at https://www.weforum.org/stories/energy-transition/accelerating-just-energy-transition/