



## PRESS RELEASE

### **KPLC AND AFD SIGN A 56 MILLION EURO (6 BILLION KENYAN SHILLING) FINANCING AGREEMENT FOR THE IMPLEMENTATION OF KENYA POWER'S DISTRIBUTION MASTERPLAN**

**December 11<sup>th</sup>, 2015, Nairobi:**

**Kenya Power Managing Director and Chief Executive Officer, Dr. Ben CHUMO**, together with **the Regional Director of AFD Nairobi Office, Mr. Yves BOUDOT**, in the presence of **the French Ambassador to Kenya, H.E. Mr. Rémi MARECHAUX**, have today signed a financing agreement for the provision by AFD of a 56 M€ loan to Kenya Power.

The funds made available to Kenya Power will partially support the implementation of the company's Distribution Masterplan for 2012-2030. The investments will strengthen and expand the distribution network of the power utility in three major zones of economic activity in Kenya: Mombasa, Kisumu and Nairobi.

Upon implementation, the Distribution Masterplan projects are expected to decrease the number of power shortage and to increase of the reliability of the network. This will allow Kenya Power to increase its income and will help the industrialists situated in regions covered by the project to better manage their costs (by limiting the need for private generators).

In addition, the projects will enable the company reduce technical losses through improved energy efficiency of around 10 GWh / year. This reduction of technical losses will further strengthen the financial performance of Kenya Power and will reduce greenhouse gas emissions by around 4,000 tons of CO<sub>2</sub> eq./ year. At the same time, the Distribution Masterplan projects will increase the distribution network capacity and, consequently, will contribute to improve the living conditions of the population.

This financing is provided by Kenya Power at AFD own's risks, without the guarantee of the Government of Kenya. It highlights the very good financial performance of Kenya Power and the confidence of AFD in this company and the overall Kenyan electricity sector. Kenya Power Managing Director indicated that *"this financing is one of the first of its kind and is a clear indication that Kenya Power has come of age to directly access financial resources to invest in its network"*. He noted that this was all the more important as it allowed Kenya Power to *"improve the reliability and quality of electricity distribution, which is the primary role of Kenya Power"*.

This new project is part of a long term partnership between Kenya Power and AFD. Indeed, AFD has already made funds available to Kenya Power to set up the Stima Loan (microfinance facility of Kenya Power to cover customer contribution for connection to the electricity network) and to implement rural and urban electrification projects. The two institutions are about to launch a 33 million Euro (3,6 Billion Kenyan Shillings) project which objective is to improve existing mini-grids by adding wind and solar generation capacity.

Referring to the climate negotiations hosted in Paris (Cop21), the French Ambassador highlighted that *"one of the critical topics of those international discussions is the financing of the fight against climate change. The signing of this financing agreement shows that significant resources are indeed made available to the*

*States, parastatals and the private sector to support climate friendly projects. France is committed to provide such financial resources and has announced recently that it will increase by 2 billion euros [more than 220 billion Kenyan Shillings] a year its commitment to the fight against climate change in developing countries. The French Ambassador also indicated that this financing was aligned with the “Joint Declaration on Sustainable Energy signed by Kenya at the Cop21 in Paris, to which France, EU, Italy, the Netherlands and the US are parties”.*

## **AFD IN BRIEF**

Agence Française de Développement (AFD) is a public development finance institution that has been working to fight poverty and support economic growth in developing countries and the French Overseas Communities for almost 70 years. It implements the policy defined by the French Government. With offices in more than 50 countries and 9 French Overseas Communities, AFD finances and supports projects that improve people’s living conditions, promote economic growth and protect the planet. Energy is at the core of AFD strategy in Kenya, since the opening of its office in Nairobi, AFD has committed more than 670 MEUR in the Kenyan energy sector. It has developed partnerships with Ministry of Energy and Petroleum, Kenya Power, Ketraco, GDC, KenGen. It is also working on energy with private sector operators.

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