TRANSPORT: KENYA-UGANDA RAILWAY CONCESSION

THE CHALLENGE

- Fragile political and economic environment creating an adverse investment climate
- Cross border concession requiring risk coverage on both sides
- High Risk related to GoK and GoU contractual undertakings under the Concession Agreement

THE SOLUTION

- Guarantee was designed to provide support for Government and Kenya/Uganda Railway Corp. payment obligations in the even of early termination or Expiry of either concession
- Guarantee led to a more bankable Concession structure
- Facilitated a more competitive process and the receipt of two very attractive bids
- Critical to catalyzing almost US$ 500 million of investments in the two rail systems during the Concession term
KENYA-UGANDA: CROSS BORDER RAILWAY CONCESSION

Government of Kenya (GoK)  
Kenya Railway Corp  
Rift Valley (Kenya) Ltd.  
Termination Payments  
Deferred Loan Payment  
Commercial Debt  
Repayment of Debt  
Rift Valley Holdings Ltd.  
IFC/KfW

Government of Uganda (GoU)  
Uganda Railway Corp  
Rift Valley (Uganda) Ltd.  
Termination Payments  
Deferred Loan Payment

IDA Indemnity Agreements  
IDA Guarantee Agreements  
100% ownership

Risks Covered
1. Liquidated Damages payable by the Government under the Concession and Direct Agreements:
   • Expropriation of the Conceded Assets
   • Changes in Laws
   • Breach of Exclusivity Provisions
   • Material Adverse Government Action
   • Political Force Majeure Events
   • Environmental Liability

2. Conceded Assets payment obligation of KRC/URC resulting from:
   • Early Termination
   • Expiry of the Concession