## KENYA: GUARANTEE SERIES FOR IPPs

### THE CHALLENGE

- **Urgent Need to Invest in new generation capacity**
- **Fiscal Constraints** limit the Government of Kenya from providing comprehensive sovereign guarantees for IPPs
- **Kenya Power and Lighting Company’s (KPLC)** standalone creditworthiness was deteriorating
- **Increased risk perception** by private investors due to civil unrest following national elections
- **Numerous private sector proposals** w/ different security packages requiring Government guarantee

### THE SOLUTION

- **300MW of new generation capacity were added**
- **WB Guarantee of US$ 166 million was able to attract investments worth of US$623 million**
- **WB involvement in an early bidding stage resulted in an increased interest, confidence, and number of interested investors**
- **KPLC was able to avoid issuing payment security that would require full cash collateral, thus allowing it to use its scarce resources for much needed operational and investment purposes**
- **Projects supported by WB Guarantee were the first in Kenya to attract long-term commercial financing, thereby setting the benchmark for long-term financing in the country**
- **Allowed for fair and equitable risk sharing with the private sector**
The World Bank Guarantee structure enhanced the creditworthiness of the power company and the Government of Kenya by using a series of IDA Guarantees for four key projects.