

 Early Warning System

AFDB-P-KE-HAB-041

**Kenya - Diamond Trust Bank Kenya Limited (DTB-K) -Integrated Facility
(Transaction Guarantee Facility-FGT, Line of Credit-LOC and Sustainable
Energy Fund for Africa-SEFA)**



Quick Facts

Countries	Kenya
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-12-15
Borrower	Diamond Trust Bank Ltd.
Sectors	Energy, Finance, Industry and Trade
Investment Type(s)	Guarantee, Loan
Investment Amount (USD)	\$ 70.00 million
Loan Amount (USD)	\$ 10.00 million



Project Description

As stated by the AfDB, the project entails a USD 70 Million Integrated Facility (Facility) consisting of:

- (i) a Trade Finance Transaction Guarantee (TG) Facility that will allow the Bank to provide up to 100% guarantee to Confirming Banks (CBs) for the non-payment risk arising from the confirmation of Letters of Credit, and similar trade finance instruments issued by Diamond Trust Bank Kenya limited;
- (ii) USD 10 million blended line of credit (LoC) (USD 5 million SEFA concessional loan and USD 5 million AfDB loan) to support it augment its green lending portfolio through affordable finance for Energy Efficiency (EE) and Renewable Energy (RE) technologies. The LoC financing is ring-fenced to the targeted sub-sectors and eligibility criteria;
- (iii) Technical assistance (TA) support to DTB-K and project developers curated to maximize the bankability of pipeline projects, reduce technical barriers, and build DTBs capacity to invest in RE and EE projects.

SEFA-funded TA and concessional finance and will support DTB-K in rolling-out green financial products and support the industry's transition to clean energy. Specifically, the Borrower is targeting to grow its lending to green projects to 20% of its loan book by 2030. The above instruments will complement each other e.g. the TG will complement the LOC by supporting the import of inputs used in the energy sector which are procured by letters of credit.

To support the Borrower in growing its lending to green projects (from ca 6.9 % in 2023 to 20% of its loan book by 2030), the Bank is requested to provide it with a USD 10 million blended line of credit (USD 5 million SEFA concessional loan and USD 5 million ADB loan) to support its local lending to RE and EE investments in the residential, commercial, and industrial sectors. This is complemented with technical assistance support to DTB-K and project developers to facilitate the origination, appraisal and implementation of the projects.

The development outcome of the TG instrument has been rated as Very Good and Positive for additionality. The TG will enhance Private sector development through the provision of support to the Kenyan financial sector given that the TG would enable the scaling up of trade finance activities of DTB-K. This facility will support intra-Africa trade, and the regional trade (EAC), thus directly contributing to the successful implementation of the AfCFTA agenda. It will also provide support to SMEs and local corporates to facilitate their import and export business while generating more tax revenue through import duties in Kenya. The LoC and TA will support companies' competitiveness and transition to clean energy, catalyzing additional private sector financing for renewable energy, delivery of about 11MW of additional capacity and about 108,267 tCO₂eq in emission reductions.



Investment Description

- African Development Bank (AFDB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [DIAMOND TRUST BANK KENYA LIMITED](#) (Financial Intermediary)



Private Actors Description

As stated on the company's website, Diamond Trust Bank (DTB) is a leading regional bank, listed on the Nairobi Securities Exchange (NSE). As an affiliate of the Aga Khan Development Network (AKDN), DTB has operated in East Africa for over seventy-five years.

DTB's focus has expanded to not only serve SME's but also the agricultural, education and fintech sectors. The bank is also heavily investing in digital banking infrastructure to enable it strategically to increase its market penetration and offer cutting edge solutions.

Currently, DTB has 84 branches in Kenya, 36 branches in Uganda, 29 branches in Tanzania and 4 branches in Burundi. The bank is committed to enabling people to advance with confidence and success.



Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents>. Under the AfDB's Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at <https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process>.

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at: <https://www.afdb.org/en/independent-review-mechanism/>



Bank Documents

- [Appraisal Report](#)
- [Appraisal report \(FR\)](#)
- [Environmental Study](#)