Early Warning System

EIB-20140645

AKIIRA I GEOTHERMAL POWER PLANT

Quick Facts

Countries	Kenya
Specific Location	Naivasha, Nakuru County
Financial Institutions	European Investment Bank (EIB)
Status	Canceled
Bank Risk Rating	U
Borrower	Akiira Geothermal Limited
Sectors	Construction, Energy
Investment Type(s)	Loan
Investment Amount (USD)	$ 192.00 million
Project Cost (USD)	$ 380.00 million

Project Description

The project involves construction of a 70MWe geothermal power plant as an independent power producer (IPP) located outside Naivasha, Kenya, adjacent to the Olkaria geothermal production site. The project is the first phase of a planned 140MWe geothermal development in the Akiira geothermal area.

The project will provide renewable energy to bridge the existing demand gap between potential demand and supply in Kenya. The proposed operation is in line with the strategic objectives set for the external mandates in general (environmental sustainability, climate change mitigation) and the Cotonou Agreement, in particular Article 21 concerning investment and private sector development. The operation will also contribute to the Bank's priority energy lending objectives related to renewable energy. In addition, the 11th European Development Fund (EDF) National Indicative Programme for Kenya (2014-2020) foresees a focus on sustainable infrastructure. Indeed, the project will contribute to poverty reduction (sustainable development goal (SDG) 1) and to inclusive economic growth (SDG 8) by improving access to affordable, reliable, sustainable and modern energy services (SDG 7). It will also contribute towards combatting climate change (SDG 13). Further, the project is fully in line with the country's objectives in Kenya's Second Medium-Term Plan (2013-2017), aimed at implementing Kenya's Vision 2030; it explicitly targets increasing the share of power generated from green sources.

Upon assessment of the project, a decision was made by the EIB to withdraw from the project and to remove it's details from the Bank's website.

Investment Description

- European Investment Bank (EIB)

The European Investment Bank (EIB) has indicated that it’s preparing a €155 million ($192 million) loan package for the 70MW Akiira Geothermal Project in Naivasha, in Nakuru County, Kenya. The Akiira project has an estimated project cost of EUR 310 million ($380 million) and is being financed through a mix of debt (70%) and equity (30%), according to the executives. Centum Investments owns a 37.5% equity stake in the Akiira consortium, with the remaining 62.5% owned by American firms Ram Energy, Marine Power, and Danish company, Frontier Markets.The Centum consortium is expected to contribute 30% of the project’s cost of $380 million while the rest will be funded through commercial loans.

Private Actors Description

Marine Power Generation (MPG) are the holders of the geothermal exploration license and have shares in AGL. Ram Energy is the company with technical expertise in geothermal development and also have a stake in AGL. The two main financial investors are Mvuke Power Limited (wholly owned by Centum Investments Company Ltd – CICL) and Frontier Akiira Holding Company Ltd. (owned by Frontier Investments).

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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Akiira Geothermal Limited	Client	-
-	-	-	-	Centum Investment Company Limited	Parent Company	-

Contact Information

Contact information not provided at the time of disclosure

ACCOUNTABILITY MECHANISM OF EIB

The EIB Complaints Mechanism is designed to facilitate and handle complaints against the EIB by individuals, organizations or corporations affected by EIB activities. When exercising the right to lodge a complaint against the EIB, any member of the public has access to a two-tier procedure, one internal - the Complaints Mechanism Office - and one external - the European Ombudsman. A complaint can be lodged via a written communication addressed to the Secretary General of the EIB, via email to the dedicated email address complaints@eib.org, by completing the online complaint form available at the following address: http://www.eib.org/complaints/form, via fax or delivered directly to the EIB Complaints Mechanism Division, any EIB local representation office or any EIB staff. For further details, check: http://www.eib.org/attachments/strategies/complaints_mechanism_policy_en.pdf

When dissatisfied with a complaint to the EIB Complaints Mechanism, citizens can then turn towards the European Ombudsman. A memorandum of Understanding has been signed between the EIB and the European Ombudsman establishes that citizens (even outside of the EU if the Ombudsman finds their complaint justified) can turn towards the Ombudsman on issues related to 'maladministration' by the EIB. Note that before going to the Ombudsman, an attempt must be made to resolve the case by contacting the EIB. In addition, the complaint must be made within two years of the date when the facts on which your complaint is based became known to you. You can write to the Ombudsman in any of the languages of the European Union. Additional details, including filing requirements and complaint forms, are available at: http://www.ombudsman.europa.eu/atyourservice/interactiveguide.faces

Bank Documents

- Community campaign leads the European Investment Bank to withdraw from geothermal project in Kenya
- Project Information

Campaign Documents

- Business and Human Rights Resource Center - Centum Investment Company Limited
- Communities in Kenya Demand Better Engagement on Geothermal Power Plant Project

Media

- Africa's Power Journal
- Business Daily