Early Warning System

MIGA-14505

Kenya Annuity Roads Program - Lots 15 and 18

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Quick Facts

Countries	Kenya
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Active
Bank Risk Rating	A
Voting Date	2020-05-05
Borrower	Mota-Engil Engenharia E Construcao Africa S.A.
Sectors	Infrastructure
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 17.59 million
Project Cost (USD)	$ 2,800.00 million

Project Description

On June 4, 2021, MIGA issued guarantees of up to US$17.59 million covering the equity investment by Mota-Engil Engenharia E Construcao Africa S.A. of Portugal in Infraconnect Fifteen Kenya Limited and Infraconnect Eighteen Kenya Limited, both incorporated in Kenya. On June 30, 2021, MIGA issued guarantees of up to US$74.44 million covering the equity investment by Mota-Engil Africa, SGPS, S.A. of Portugal in Infraconnect Fifteen Kenya Limited and Infraconnect Eighteen Kenya Limited. The guarantees will have a term of up to ten (10) years, providing coverage against the risks of Breach of Contract, Transfer Restriction, Expropriation, and War and Civil Disturbance. On June 30, 2021, MIGA also issued guarantees of up to US$119.61 million covering the non-shareholder loan by Stanbic Bank Kenya Limited of Kenya to Infraconnect Fifteen Kenya Limited and Infraconnect Eighteen Kenya Limited against the risks of Breach of Contract, Expropriation, and War and Civil Disturbance for up to ten (10) years.

The Project involves the financing, design, construction (rehabilitation and upgrade), maintenance, and transfer of roads in ten counties in Kenya of a total length of 44.9 kilometers in Lot 15 and 35.1 kilometers in Lot 18. Lot 15 is located in the central part of Kenya, while Lot 18 is located in the western part of the country.

The Project constitutes part of a national road annuity program comprising the upgrade of up to 10,000 kilometers of roads in Kenya in the next five (5) years, with total investment estimated at US$2.8 billion.

The Project is expected to derive the following economic benefits: (i) generate time travel savings and reduce vehicle operating costs, (ii) increase economic dynamism, particularly in the agriculture, commerce and tourism sector in the influence areas of the road, (iii) create employment opportunities directly and indirectly during the construction and operation phases, and (iv) improve access to key social infrastructure.

The Project is also expected to employ 230 people at Lot 15 and 190 at Lot 18, of which over 90% will be local hires, during construction phase. Given the high poverty rates and low per capita GDP in the affected counties, particularly Lot 18, the Project's economic impact may be amplified through indirect employment creation effects on vendors and residents near the roads. Additionally, given the rural and underdeveloped nature of the two locations, upon completion, this Project is expected to link the local population to critical social services, such as health facilities, schools, and business centers.

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Contact Information

Not Disclosed

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing: migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Project Information