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MARKETS DATA

NSE 20 INDEX	▼-1.61%	-36.5	2226.88
NSE ALL SHARE	▲0.31%	0.40	130.81
EGX30	▲0.89%	282.52	32,026.14
JOHANNESBURG	▲1.41%	1253.44	90,149.69
NIGERIA	▲0.22%	231.94	105,660.54
DAR ES SALAAM	▲0.06%	1.38	2,299.95

EXCHANGE RATE (SH TO USD)

		% CHANGE
THUR 27.03.2025	129.37	
FRI 28.03.2025	129.32	▲0.04%

Intelligence

‘In volunteer settings, it is important that organisational pyramids be quite flat, so that members are trusted.’

MIKE ELDON P 09

Lease of KPA assets back amid Dubai Port interest

- Treasury seeks transaction advisor for leasing deal
- Private investor to operate Mombasa, Lamu facilities

LOGISTICS
KEPHA MUIRURI

The Treasury has revived plans to lease Kenya’s port assets to private investors, marking a change of tune by the Kenya Kwanza administration that previously objected to a similar proposal to offer the facilities to Dubai-based DP World.

The Exchequer has backed a proposal by the Kenya Ports Authority (KPA) to lease some of its assets, including the Lamu Port Container Terminal, four berths at the Mombasa Port and four berths at the Mombasa Port Container Terminal 1.

This mirrors an earlier plan where the Treasury in 2022 invited Dubai State-owned ports operator DP World to table a commercial proposal to finance, build and manage five large projects.

30
Number of years private investors will operate the port facilities

Kenya has been at sea on how to manage multi-billion shilling port assets built over the past decade using expensive loans.

Now, it is seeking to have private investors operate facilities at the Mombasa and Lamu ports for 30 years in a deal previously opposed by politicians who are now in government. The public-private

PAGE 2

Housing |

Non-salaried workers to get affordable mortgages

Constant Munda

Non-salaried workers are set to access subsidised mortgages of up to Sh6 million under a State-backed scheme that covers nearly half of the credit in the event of default.

A newly formed firm, Kenya Mortgage Guarantee Trust (KMGT), will repay up to 40 percent of defaulted mortgages, with lenders shouldering the remainder of the risk.

This is meant to comfort banks and savings and credit cooperative societies (saccos) that receive billions of shillings from the Kenya Mortgage Refinance Company (KMRC) for onward lending of cheap

PAGE 2

Muslims attend Idd-ul-Fitr prayers

Muslim faithful attending Idd-ul-Fitr prayers at Sir Ali Muslim Club in Nairobi yesterday. Prayers to mark the end of the holy month of Ramadhan were held in open grounds, mosques, and community halls across the country. EVANS HABIL

TICKER.

Foreign banks turn to parent companies for capital boost

The subsidiaries of foreign banks with a presence in Kenya have turned to their parent companies for capital support, as the Central Bank of Kenya (CBK) demands higher core capital levels for lenders starting from December 2025.
• ECONOMY P.04

Insurers breach commissions limit in race for business

Commission payouts to agents and brokers have burst the set legal limit as Kenyan insurers scrambled to win a larger market share, risking the sustainability of their businesses.
• COMPANIES P.06

Umeme investors face lower pay as concession ends

Shareholders of cross-listed Ugandan electricity distributor Umeme are looking at a lower-than-expected payout after a concession deal with the Uganda government lapsed and the recommended company buyout price was slashed by nearly half.
• MARKETS P.14

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TVET curriculum set for update

Technical and vocational education and training (TVET) institutions' principals and trainers follow proceedings during a workshop at Nyeri National Polytechnic yesterday. TVET Principal Secretary Esther Mworia told the meeting that the curriculum will be updated to equip learners with job-ready skills and certification within three months. JOSEPH KANYI

Lease of KPA assets back amid Dubai Port interest

Cont. from p1

partnership model was thrust into the limelight after Kenya cancelled the procurement process that could have seen India's Adani Group upgrade and operate Jomo Kenyatta International Airport (JKIA) in exchange for a 30-year lease.

The Treasury is now seeking a transaction advisor on behalf of the KPA to shepherd the leasing of the port assets to a private investor.

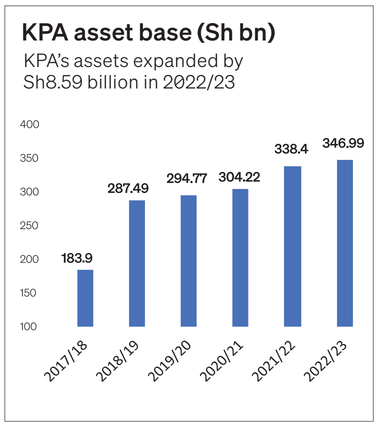
"The main objective of the consultancy is the provision of transaction advisory services to KPA for the development, operations, maintenance and management of the identified assets in line with the PPP Act of 2021," the Treasury says in new tender documents.

"Specifically, the transaction advisor will carry out the technical and financial feasibility studies, develop output specifications and performance standards, draft project arrangements and support the contracting authority in the selection of the concessionaire."

The pursuit of a private investor to manage part of KPA assets comes amid the push to improve the effectiveness and efficiency of the Mombasa port by reducing cargo clearance time and increasing port capacity to process more vessels per month.

The targeted private investor will run four berths each in the new and old Mombasa port, which was built in 1967. The new section of the port, called Mombasa Port Container Terminal 1, was built from 2012 to boost the volume of cargo handled by East Africa's largest seaport.

A gateway to East and Central Africa, the Indian Ocean port funnels imports of fuel and consumer goods as well as exports of tea and coffee from landlocked neighbours such as Uganda and Rwanda



SOURCE:TREASURY

Tanzania has tapped DP World to operate part of the Dar es Salaam port for 30 years, putting pressure on the Mombasa port to boost performance and facility conditions.

In Tanzania, DP World leases and operates four of the 12 berths at the country's largest port.

The Dubai firm plans to spend $3 billion over the next three to five years on new port infrastructure in Africa to meet long-term growth that includes surging demand for critical mineral exports. Its chief executive officer, Mohammed Akoojee, recently said DP World had assessed harbours in South Africa and Kenya for potential investment.

Eight of the world's 15 fastest-growing economies will be in Africa this year, according to the International Monetary Fund (IMF).

That is luring companies, including DP World.

It also comes at a time when Kenya, under President William Ruto, who took over in September 2022, has actually pursued more detailed ties with the UAE, including purchase of refined fuel, a new trade pact and a $1.5 billion loan for budget plan support that is being finalised.

DP World managing director for sub-Saharan Africa told Bloomberg News that the firm is increasingly looking at the port of Lamu in Kenya, citing a lease deal.

The deep-water Lamu Port, which was opened in 2021, is struggling with undercapacity, derailing its ambition to open a new transport corridor linking the country's vast northern region and neighbouring nations to the sea.

Kenyan officials hoped that the Indian Ocean port, the country's second deep water facility, would attract cargo destined for neighbouring landlocked nations like Ethiopia and South Sudan, and offer transshipment services where large vessels bring in cargo for onward distribution by smaller ships.

The Lamu port was built to compete with ports in Djibouti and Sudan and Kenya's main port of Mombasa.

It has struggled for business.

"The Port of Lamu has an annual design capacity of 1.2 million twenty-foot equivalent units (TEUs). However, the port handled 382 TEUs and 1,779 TEUs in 2021 and 2022 respectively," the Treasury said.

Kenya is building several roads from Lamu towards its borders with Ethiopia and South Sudan. It also plans to eventually build a railway network and a crude oil pipeline to Lamu. The new corridor is expected to reduce pressure on the existing Mombasa-Nairobi transport corridor, which serves landlocked Uganda and Rwanda.

The construction of Lamu port was first mooted in 1972, but the plans lay gathering dust in Nairobi until 2011 when then President Mwai Kibaki revived them. Construction began in 2014.

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Non-salaried workers to get cheap mortgages under new guarantee

Cont. from p1

mortgages to workers.

The structure of Kenya's labour market, where the majority of workers lack a fixed regular monthly pay, has slowed down the supply of subsidised mortgages to increase affordable home ownership.

"The whole mechanism is expected to encourage financial institutions [banks and saccos] to go far down the market. The cover provides a default loss protection to the financial institutions," KMRC chief executive Johnstone Oltetia told the Business Daily in an interview.

"To ensure that it goes way down, and, therefore, we don't cover people with high income, we have put a loan limit of Sh6 million. The idea here is that you don't want to cover people who already can afford a mortgage under the current arrangements."

The risk-sharing arrangement is expected to encourage banks and saccos to start offering home loans to persons in largely informal settings who earn irregular income from small businesses such as salons, restaurants, bars and corner shops.

The non-deposit-taking KMRC, which is jointly owned by commercial banks, savings cooperatives and the State, offers long-term financing to financial institutions with the promise of lending to homes at a single-digit interest rate, lower than the average market rate of 14.3 percent in 2023.

KMRC formed the guarantee trust, which operates as an independent firm.

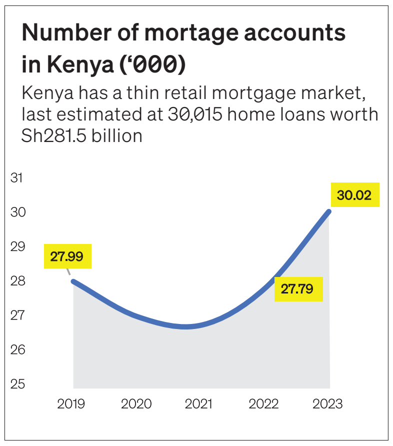
Under the current arrangement, KMRC offers long-term funds to participating banks and saccos at a fixed interest rate of five percent for onward lending to workers

The model, however, requires proof of regular monthly income, locking out non-salaried workers largely in the informal sector who are estimated at 15 million, or 83.33 percent, of Kenya's 18 million labour force.

Banks have also not been able to advance mortgages to the majority of the about three million formally employed workers due to the perception of high risk of default, given that more than 88 percent of them earn less than Sh100,000 monthly average income, raising questions over their ability to afford repayments.

"The arrangement we have is on a first-loss basis. We are protecting 40 percent, which I think is high enough. That means if you have a loan of Sh1 million, KMGT covers Sh400,000 of that loan," Mr Oltetia said. "We settled on 40 percent after engaging financial institutions, having started at 25 percent, while they [financial institutions] were pushing for 45-50 percent."

KMRC says the KMGT framework



SOURCE:CBK

has been benchmarked against successful arrangements in other countries, including Malaysia, where the guarantee is at 25 percent.

Kenya has a thin retail mortgage market, last estimated at 30,015 home loans worth Sh281.5 billion in December 2023, according to the latest data from the Central Bank of Kenya.

The average home loan size advanced by commercial banks was in 2023 estimated at Sh9.4 million, unchanged from the value in 2022.

That has locked out low- and mid-income workers because of the high repayment costs, which cannot be supported by their payslips.

The high cost of home loans for workers is what prompted the previous administration of President Uhuru Kenyatta to partner with commercial banks, saccos and development finance institutions (DFIs) to form KMRC to derisk the mortgage market.

The mortgage refinancier, 25.3 percent owned by the Treasury, is developing a digital credit assessment tool. The tool will help determine the eligibility of workers in an informal setting following a recommendation of an undisclosed consultant from India, famed to have the majority of micro-sized businesses driving growth and innovations.

Applicants to be covered by KMGT will be assessed based on mobile money transactions such as M-Pesa statements as well as bank statements (for those with accounts), amongst others.

"The tool will also look at people's personalities by checking on things such as social media accounts to determine your credit history," Mr Oltetia said.

KMGT is exploring the possibilities of allowing potential homeowners in informal settings to repay loans in a lump sum on quarterly basis to cover a few months, weekly or daily basis, depending on the regularity of their income and informed by the outcome of the digital credit assessment tool.

This has come at a time Affordable Housing Board has disclosed that 124,000 houses are at different stages of construction in various parts of the country, with 4,888 units expected to be ready for occupation by June.

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