

# Thika Power Project in Kenya by Omar Vajeth

## Full Description

[Omar Vajeth](#) presented the the commercial bank's persepective in the experience of the power sector. Mr. Vajeth uses the Thika project in Kenya to illustrate how the combination of MIGA structures with mechanisms have allowed commercial banks to participate.

[Thika Power Project](#), Kenya (ppt)

**Below the video of this presentation:** Session 2, Commercial Bank's Perspective on the Power and Energy Sector - Thika Project, Kenya

## Notes of [Omar Vajeth](#), Head of Power and Energy for Absa Capital

- Sector is growing because of improved understanding of how to do power sector deals
- Not a lot of power in Kenya (1600 MW installed for 30 million people). However, it is leading the way in closing deals rapidly
- Thika is an interesting case because it combined MIGA structures with mechanisms to allow commercial banks to participate. South African banks are very active in this space. The biggest issue that commercial banks face is Basel and regulation pressures--whether it is possible to lend in the long term. In Kenya, the legal framework allows banks to lend
- Thika: 870 MW, non-renewable energy, sponsor--Melec (Lebanon).
- Highlights: attracted investors from within the region; letter of support that guarantees that government has taken risks. Political force majeure risk always has to be taken by the government. This deal is also interesting because it allowed commercial banks to participate in financing. There is a belief that risk was appropriately allocated--getting the allocation right requires experienced legal advisors. One of the most important issues is the offtaker being able to accept this allocation.
- Key points for liquidity: IDA-provided LC structure + termination cover from MIGA
- Project underwent a complex risk analysis (see slide)

## Omar Vajeth:

Mr. Vajeth is the Head of Power and Energy for Absa Capital. He has been at Absa Capital since 2006 and has worked on various power projects across Sub-Saharan Africa such as the Bujagali Hydro Project in Uganda, Rabai Power in Kenya, various renewable power projects and working with utilities such as KPLC, CEC, EDM and Eskom. Previously he worked in the South African electricity industry across the Generation, Transmission and Distribution sectors. His experience at Eskom included the role as engineer, as

well as Transmission Capital Investment Manager which involved the sanctioning of large Transmission Capital Projects. Omar holds a Masters Degree in Business Administration, as well as degrees in Electrical Engineering and Law.

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