

## AFRICA RISK CONSULTING

### Kenya Monthly Briefing December 2024

---

#### Kenya Summary 10 December 2024

*President William Ruto (2022-present) highlights Kenya's renewed commitment to transparency and accountability through the cancellation of Adani Group deals following the indictment of Adani Group's founder Gautam Adani on bribery and fraud charges. Kenya's leadership in the Multinational Security Support (MSS) Mission in Haiti faces severe challenges, raising concerns about its sustainability and effectiveness. The Central Bank of Kenya's (CBK) cuts interest rates to 11.25%. Ruto's administration continues to pursue external financing to boost growth and manage debt, most recently with the United Arab Emirates (UAE).*

---

#### Kenya cancels Adani deals amid United States (US) indictments

President **William Ruto** (2022-present) announced the cancellation of two major deals with **India's Adani Group** during his 21 November **State of the Nation** address following the indictment of Adani Group's founder **Gautam Adani** on bribery and fraud charges by **United States (US)** prosecutors.<sup>1</sup> The deals, worth a combined \$2.8 billion, were aimed at upgrading **Jomo Kenyatta International Airport (JKIA)** and constructing power transmission lines.

The proposed \$1.85 billion JKIA deal involved Adani Group's **Adani Airport Holdings Limited** upgrading passenger terminals and operating the facility under a 30-year lease. At the same time, **Kenya Electricity Transmission Company Ltd (KETRACO)** entered a \$736m public-private partnership (PPP) with Adani Group subsidiary **Adani Energy Solutions** to develop three transmission lines and two substations.<sup>2</sup> The public heavily criticised both agreements for bypassing open bidding processes and transparent procurement details. Details of the JKIA deal were exposed in July on social media platform **X** by lawyer **Nelson Amenia** which sparked protests and strikes by airport workers who feared job losses and inequitable terms in the leasing arrangement (*see ARC Briefing Kenya Aug 2024*).

The cancellation was met with widespread public approval across social media and lawmakers lauded Ruto's emphasis on his administration's commitment to transparency and accountability under Kenya's constitutional framework.<sup>3</sup> However, the details of how the deals were made possible remains controversial and activists have continued to call for legal action against the (as yet unnamed) individuals who orchestrated the deals.<sup>4</sup>

It is unclear whether the cancellation and Ruto's commitment to transparency and accountability would have occurred without the recent allegations that Adani executives paid \$265m in bribes to secure international contracts.<sup>5</sup> During his speech, Ruto cited "*new information provided by investigative agencies and partner nations*" as the basis for terminating the Kenya deals:

*"In the face of undisputed evidence or credible information on corruption, I will not hesitate to take decisive action."<sup>6</sup>*

---

<sup>1</sup> [Reuters](#), 21 Nov 2024

<sup>2</sup> [Power Technology](#), 14 Oct 2024

<sup>3</sup> [Financial Times](#), 27 Nov 2024

<sup>4</sup> [Reuters](#), 21 Nov 2024

<sup>5</sup> [BBC](#), 20 Nov 2024

<sup>6</sup> [The Nation](#), 5 Dec 2024

The indictment negatively impacts the conglomerate's African expansion plans, which had included investments in **Morocco, Tanzania, and Zambia**. Following the allegations, **United States**-headquartered credit rating agencies **Moody's** and **Fitch Ratings** downgraded Adani's subsidiaries which further complicates the group's ability to secure funding.<sup>7</sup> Adani has denied having any binding agreements in Kenya and has promised to pursue legal recourse against the bribery allegations.<sup>8</sup>

Ruto has highlighted that seeking alternative partners for the cancelled infrastructure projects remains a priority and even proposed issuing a \$500 billion Diaspora Bond to fund critical projects like JKIA.<sup>9</sup> Prime cabinet secretary (CS) **Musalia Mudavadi** highlighted the bond's potential, citing examples from **Israel** and India to illustrate its viability.<sup>10</sup> Diaspora remittances, which reached \$4 billion in 2024, could play a pivotal role in financing national infrastructure.

### Police threaten to quit Kenyan mission to Haiti over salary dispute

In June 2024, Kenya deployed an initial contingent of 400 police officers to **Haiti** as part of a **United Nations (UN)** sanctioned **Multinational Security Support (MSS) Mission** to stabilise the **Caribbean** island's intensifying gang violence. The MSS Mission was designed to consist of 2,500 personnel from ten countries but, since its approval by the **UN Security Council (UNSC)** on 2 October 2023, has struggled with funding and staffing shortfalls leaving Kenyan officers as the primary contributors. Despite Ruto's pledge in October to send an additional 600 officers to meet the planned deployment of 1,000 personnel, this expansion has not yet materialised. The mission's limitations have been further exacerbated by inadequate resources reported by officers on the ground such as insufficient ammunition and equipment.<sup>11</sup>

Although Kenyan domestic opinion on the mission has been negative from the onset, its image has significantly worsened through reported morale issues driven by delayed payment of allowances and poor working conditions. Media reported on 6 December that nearly 20 officers, including senior personnel, had submitted resignation letters over the past two months citing that they were last compensated in September.<sup>12</sup> The officers report that their requests remain unanswered while remaining to serve in Haiti. Kenya's police chief **Douglas Kanja** contradicted the complaints and claimed that officers were paid up until October.<sup>13</sup> MSS Mission commander **Godfrey Otunge** published a statement on 6 December refuting the claims, calling them "*malicious*".<sup>14</sup>

The deteriorating situation in Haiti, marked by worsening gang violence has resulted in many officers unprepared for the severity of their deployment. As gangs continue to intensify their attacks, the lack of Kenyan officers' preparedness and equipment has rendered the mission's response efforts largely ineffective with their goals are further hindered by local Haitian opinion about the futility of the mission.<sup>15</sup>

US secretary of state **Antony Blinken** has praised Kenya's efforts and pushed for a transition to a UN peacekeeping operation, which would increase funding and equipment, but opposition from **China** and **Russia** at the UNSC blocked the proposal.<sup>16</sup> Both nations argue that Haiti lacks the necessary stability for peacekeeping forces, emphasising the current mission's limited effectiveness and funding issues. A Kenyan **Treasury** report indicates that government has spent KSh 2.1 billion (\$16m) on the MSS so far but treasury CS **John Mbadi** has said that the UN would reimburse these funds.<sup>17</sup> While the US has provided most of the mission's financial support and has to date pledged \$380m in support,

<sup>7</sup> [Africa Report](#), 2 Dec 2024

<sup>8</sup> [BBC](#), 21 Nov 2024

<sup>9</sup> [The Nation](#), 5 Dec 2024

<sup>10</sup> [The Nation](#), 5 Dec 2024

<sup>11</sup> [Reuters](#), 6 Dec 2024

<sup>12</sup> [Reuters](#), 6 Dec 2024

<sup>13</sup> [The Independent](#), 6 Dec 2024

<sup>14</sup> [MSS Mission to Haiti](#), X, 6 Dec 2024

<sup>15</sup> Source, former Haitian diplomat, London

<sup>16</sup> [Semafor](#), 11 Nov 2024

<sup>17</sup> [Citizen Digital](#), 20 Nov 2024

the incoming administration of **Donald Trump** (2017-2021) in 2025 raises uncertainties about the mission's continued backing and ultimate success.

### CBK cuts interest rates amid easing inflation

**Central Bank of Kenya's (CBK) Monetary Policy Committee (MPC)** reduced the Central Bank Rate (CBR) by 75 basis points to 11.25% at its meeting on 5 December, marking the third successive rate cut this year.<sup>18</sup> The adjustment comes in response to stable inflation levels, which stood at 2.8% in November – its lowest level in 17 years - driven by reduced fuel and food prices and a stable exchange rate.<sup>19</sup>

Although the CBK has urged commercial banks to lower lending rates to stimulate credit and economic activity, the gap between the CBR and commercial lending rates remained high, raising concerns about slow policy transmission. In October, the gap reached a 31-month high of 5.15% prompting CBK governor **Kamau Thugge** to criticise commercial banks for their delayed response:

*"If banks continue on this path, it will be a no-win for anyone, and the economy will not be able to perform."<sup>20</sup>*

The **Kenya Bankers Association (KBA)** announced on 8 December that commercial banks will begin progressively lowering lending rates to enhance credit accessibility. KBA chairman **John Gachora** emphasised the sector's commitment to fostering a more affordable lending environment:

*"Our aim is to provide borrowing channels that effectively support individuals, households, and businesses to thrive for the good of the economy."<sup>21</sup>*

The MPC will reassess economic developments in February 2025 to ensure that monetary policy remains aligned with growth and stability objectives.

### UAE loan sparks IMF concerns

In an 8 December meeting with **International Monetary Fund (IMF)** deputy managing director **Nigel Clarke**, Ruto highlighted the country's fiscal progress, citing record-high foreign exchange reserves of \$9.5 billion, low inflation and signs indicating easing of the debt burden.<sup>22</sup> Ruto credited the IMF's support in navigating fiscal challenges.

Kenya's current foreign exchange reserves of \$9.5 billion cover 4.57 months of imports.<sup>23</sup> However, Kenya's reliance on external financing remains a critical aspect of its economic strategy. The government's pursuit of a \$1.5 billion loan from the **United Arab Emirates (UAE)** has drawn scrutiny, particularly from the IMF. On 21 November, IMF communications director **Julie Kozack** raised concerns about Kenya's proposed loan from the UAE, warning that it could exacerbate the nation's foreign exchange vulnerabilities:

*"We assess Kenya to have a high risk of debt distress; any new borrowing should be considered within the context of a comprehensive fiscal strategy to reduce debt vulnerabilities."<sup>24</sup>*

The requested \$1.5 billion loan surpasses Kenya's commercial borrowing cap of \$1.3 billion, which further complicates fiscal management.<sup>25</sup> **Mbadi** defended the seven-year loan during an October news conference, highlighting its favourable terms, including an 8.25% interest rate which is less than

<sup>18</sup> [Bloomberg](#), 5 Dec 2024

<sup>19</sup> [Reuters](#), 5 Dec 2024

<sup>20</sup> [Tech Cabal](#), 9 Dec 2024

<sup>21</sup> [Kenya Bankers Association](#), 8 Dec 2024

<sup>22</sup> [Citizen Digital](#), 9 Dec 2024

<sup>23</sup> [Citizen Digital](#), 9 Dec 2024

<sup>24</sup> [News Central](#), 28 Nov 2024

<sup>25</sup> [Business Insider](#), 28 Nov 2024

Kenya's **Eurobond** rate of 10.7%. The loan is expected to be disbursed in tranches starting January 2025.<sup>26</sup>

The UAE loan comes amid strengthening bilateral ties between the two nations – in February 2024, Kenya and the UAE signed a **Comprehensive Economic Partnership Agreement (CEPA)**, aimed at boosting Kenya's exports to the Middle East and Asian markets. Bilateral trade discussions have also targeted oil market cooperation, reflecting the nations' deepening economic ties.<sup>27</sup>

### What to watch in 2025

Although Kenya currently ranks as the third-largest IMF debtor in **Africa** with an outstanding credit of over \$3 billion, Ruto has highlighted recent fiscal improvements, including record foreign exchange reserves of \$9.5 billion and the lowest inflation rate in 17 years (*see above*). The government is focused on reducing its fiscal deficit, projected at 4.3% of gross domestic product (GDP) for the fiscal year ending June 2025. With foreign exchange reserves currently covering 4.57 months of imports, the country has some buffer against short-term shocks. However, significant debt repayments, including its \$300m Eurobond due in May 2025 stand to drive economic debates within the government. Additionally in April 2025, Kenya's IMF programme is set to conclude. The IMF's final review is scheduled for March 2025 with a potential disbursement of approximately \$853.7m contingent upon Kenya's adherence to agreed upon reforms.<sup>28</sup>

politics will be closely watched for key developments ahead of the 2027 general elections. Former deputy president **Rigathi Gachagua**'s growing media presence and animosity towards Ruto's administration is likely to shape political alliances and influence policy debates ahead of presidential campaigning. Meanwhile, the **Orange Democratic Movement (ODM)**, previously led by former prime minister **Raila Odinga** (2008-2013), faces internal challenges as Odinga shifts focus to his bid for the **African Union (AU)** chairperson role. Despite ODM maintaining they are an opposition party they have been increasingly vocal in supporting Ruto's ruling **Kenya Kwanza** party. Leadership dynamics within the party and its position within the broader **Azimio** coalition are expected to change throughout the year ahead. It is also important to watch whether any key figures emerge from the **Gen Z** protest movement and whether they will be able to shake up the current political party landscape which is dominated by an older political class.

The incoming Trump administration also raises a lot of questions for the future of Kenyan – US relations reached a historic milestone under outgoing president **Joe Biden** (2017-present), who invited Ruto to be the first African head of state to officially visit **Washington DC** in May 2024. Biden additionally designated Kenya as a "Major Non-NATO Ally." Considering the concurrent instabilities in the **Middle East** it is likely that Kenya's strategic position in the **Indian Ocean** will remain strategically significant for US security operations.

### Planner

19 Dec 2024 **Nairobi (Kenya)** Kenya Tech Summit

10-21 Feb **(Kenya)** **United States Africa Command's Justified Accord 2025 (JA25)** multinational military exercise

12-13 Feb 2025 **Nairobi (Kenya)** Africa Tech Summit

21-22 May 2025 **Nairobi (Kenya)** **Global Trade Review (GTR)** East Africa 2025 Conference

26-28 Jun 2025 **Nairobi (Kenya)** **International Union for Conservation of Nature and Natural Resources (IUCN)** Africa Conservation Forum

<sup>26</sup> [Bloomberg](#), 5 Dec 2024

<sup>27</sup> [Business Insider](#), 28 Nov 2024

<sup>28</sup> [Kenyan Wall Street](#), 12 Oct 2024

2025 **Lamu (Kenya)** Expected commencement of **LAPSSET Corridor Programme** construction of standard gauge railway (SGR) linking Lamu port to **Ethiopia** and **South Sudan**;

## Chronology

9 Dec 2024 **Nairobi (Kenya)** *Mwakilishi*. **Russia** government announces the introduction of a single electronic visa for citizens of **Kenya**, **Eswatini**, and **Zimbabwe** marking a notable shift from the previous visa application process which necessitated in-person submissions of multiple documents at Russian embassies or consulates;

6 Dec 2024 **Nairobi (Kenya)** *The Star*. Environment cabinet secretary (CS) **Aden Duale** announces comprehensive government plans to phase out all asbestos roofs in the country over health concerns;

6 Dec 2024 **Nairobi (Kenya)** *The Standard*. Controller of Budget **Margaret Nyakangó** flags ten county governments for their low expenditure on development budgets in her latest report, including **Nairobi's** governor **Sakaja Johnson** who failed to spend a shilling on development in a July to September 2024;

6 Dec 2024 **Nairobi (Kenya)** *Capital FM*. **Swiss-based Global Fund to Fight AIDS, Tuberculosis and Malaria** lauds **Kenya Medical Supplies Agency (KEMSA)** for successfully implementing reverse logistics in the nationwide distribution of **Long-Lasting Insecticidal Nets (LLINs)**. This approach has ensured that uncollected nets from counties with lower demand are redistributed to high-need areas, marking a significant stride in malaria control efforts;

6 Dec 2024 **Nairobi (Kenya)** *Daily Nation*. **South Sudan's Transitional Government of National Unity** and opposition groups resumed peace talks in Nairobi with chief mediator **Lazarus Sumbeiywo** stating talks - dubbed **Tumaini** or "hope" - are to conclude in the next two weeks. The talks brought together officials from the **Intergovernmental Authority on Development** as well as diplomats from the **European Union (EU)**, **United Nations (UN)** and mediators from **Italy**;

4 Dec 2024 **Nairobi (Kenya)** *The Star*. President **William Ruto** formally accepts the credentials of six newly appointed diplomats to Kenya including **Moravia Peralta Hernandez** from **Venezuela**, **Alfred Musemuna** from **Zambia**, **Vsevolod Tkachenko** from **Russia**, **Hiroshi Matsuura** from **Japan**, **Sahak Sargsyan** from **Armenia**, and **Andris Razans** from **Latvia**;

4 Dec 2024 **Nairobi (Kenya)** *PD Online*. President **William Ruto** signs the **Revenue (Amendment) Bill, 2024**, the **Rating Bill 2022**, and the **Water (Amendment) Bill, 2024** into law;

3 Dec 2024 **Nairobi (Kenya)** *The Star*. Deputy president **Kithure Kindiki** says in a meeting with **German** vice chancellor and economic affairs and climate action minister **Robert Habeck**, says that Kenya recognises the urgent need for climate action;

3 Dec 2024 **Nairobi (Kenya)** *Pumps Africa*. **Eswatini**-state owned **Eswatini Electricity Company (EEC)** signs a \$2m deal with **Kenya**-headquartered **Kenya Electricity Generating Company PLC (KenGen)** to conduct geoscientific studies across Eswatini to assess the feasibility of a geothermal power plant;

3 Dec 2024 **Nairobi (Kenya)** *The Star*. The **Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPDU)** issues a 21-day strike notice and announces a nationwide doctors strike is to commence on 22 December in a push to get government to fulfil its promises contained in the Return-to-Work Formula (RTWF), including paying intern doctors;

3 Dec 2024 **Nairobi (Kenya)** *The Star*. The government orders the closure of boarding sections of 340 public and private primary schools for failing to meet safety standards following a

compliance assessment established that some institutions grossly contravened the provisions of the **Safety Standards Manual for Schools in Kenya (2008)**;

2 Dec 2024 **Nairobi (Kenya)** *The Star*. Former prime minister **Raila Odinga** breaks his silence on **Rigathi Gachagua's** impeachment, saying the former deputy president's words finally caught up with him;

1 Dec 2024 **Nairobi (Kenya)** *News Central Africa*. President **William Ruto** announces that he and his **Ugandan** counterpart, **Yoweri Museveni**, have offered to mediate the ongoing dispute between **Ethiopia** and **Somalia**;

30 Nov 2024 **Arusha (Tanzania)** *The East African*. Kenya's President **William Ruto** is elected to chair the **East African Community (EAC)** heads of summit, the top decision-making organ of the bloc;

29 Nov 2024 **Nairobi (Kenya)** *The Standard*. Global investigative agency **Interpol** reveals that 24 people had been arrested in Kenya as part of an operation spanning 19 African countries and involving more than 1,000 suspects;

28 Nov 2024 **Nairobi (Kenya)** *PD Online*. President **William Ruto** puts Chief Executive Officers (CEOs) and heads of over 20 agencies on notice for failing to comply with the directive on onboarding all their services on the **eCitizen** platform. Some of the named agencies include **Kenya Defence College**, the **Energy and Petroleum Regulatory Authority (EPRA)**, and **Kenya Power**;

28 Nov 2024 **Nairobi (Kenya)** *Capital FM*. Principal secretary for the state department of industry **Juma Mukhwana** reports that Special Economic Zones (SEZs) in Kenya have significantly contributed to the country's economic growth, creating over 7,000 direct jobs, including 3,000 jobs in the past 12 months alone. The zones have also contributed approximately KSh91 billion (\$697m) to **Gross Domestic Product (GDP)**;

28 Nov 2024 **Nairobi (Kenya)** *The Star*. The Nairobi expressway records a KSh1.2 billion (\$9.2m) loss in the period between July 2023 to 30 June 2024, pointing to the struggles of what is hailed as Kenya's first significant and visible private partnership project;

27 Nov 2024 **Nairobi (Kenya)** *The Star*. **International Monetary Fund (IMF)** representatives warn against Kenya's plan to take a \$1.5 billion loan from the **United Arab Emirates (UAE)**;

26 Nov 2024 **Nairobi (Kenya)** *France24*. Kenya and **Mayotte** sign a trade deal to bolster economic ties and simplify trade;

26 Nov 2024 **Laikipia (Kenya)** *Capital FM*. The **British Army** and the **Kenya Defence Forces (KDF)** concludes a six-week joint military training exercise dubbed **Haraka Storm Bravo**;

26 Nov 2024 **Nairobi (Kenya)** *The Standard*. A tax tribunal orders **Stanbic Bank** to pay the **Kenya Revenue Authority (KRA)** KSh234m (\$1.79m) in taxes on payments made to foreign card companies;

26 Nov 2024 **Dakar (Senegal)** *PD Online*. Kenya's **African Union Commission (AUC)** chairmanship candidate, **Raila Odinga**, travels to Senegal and meets with President **Bassirou Diomaye Faye** as part of his campaign to succeed the outgoing commissioner **Moussa Faki**;

25 Nov 2024 **Nairobi (Kenya)** *The Standard*. Former deputy president **Rigathi Gachagua** says he will give the **Mount Kenya** people a new political direction in January as his allies reveal plans to craft a new political party and coalition for 2027 election;

25 Nov 2024 **Nairobi (Kenya)** *PD Online*. President **William Ruto** maintains that he will continue raising funds for churches, days after the Catholic church rejected his cash donations;

25 Nov 2024 **Nairobi (Kenya)** *Daily Nation*. The **Office of the Director of Public Prosecutions (DPP)** claims that it is facing a financial crisis and thus unable to proceed with cases against

**Paul Mackenzie** and his 94 co-accused in the massacre of over 429 followers of the **Good News International Church**;

25 Nov 2024 **Nairobi (Kenya)** *Business Daily*. **Africa Visa Openness Report 2024** reveals that President **William Ruto**'s administration's 'visa-free' entry policy requiring foreigners to register online three days ahead of travel has made Kenya among the most difficult countries to visit on the continent in 2024;

22 Nov 2024 **Kisumu (Kenya)** *The Star*. Outgoing **United States (US)** ambassador to Kenya **Meg Whitman** lauds Kenya's role in enhancing democracy in the **East Africa** region and says that Kenya is the strongest democracy in the region;

21 Nov 2024 **Nairobi (Kenya)** *Business Daily*. President **William Ruto** orders the cancellation of procurement processes that were expected to award control of **Jomo Kenyatta International Airport** to **India's Adani Group** after **Gautam Adani** was indicted on charges of bribery in the **United States (US)**;

21 Nov 2024 **Nairobi (Kenya)** *PD Online*. Kenya is among fifteen countries to sign a pact to combat the proliferation of illegal firearms and disrupt the illicit supply of arms to terrorist and criminal groups in the region;

21 Nov 2024 **Nairobi (Kenya)** *Business Daily*. Kenya's **Jamii Telecommunications Limited** calls on the communications regulator to investigate **United States (US)** billionaire **Elon Musk**'s satellite firm, **Starlink** over accusations of predatory pricing and offering deep discounts and selling below cost to lure customers from its competitors in the Kenyan internet market;

20 Nov 2024 **Nairobi (Kenya)** *Reuters*. Finance ministry's head of debt management **Raphael Owino** says Kenya has secured a \$200m loan from the **African Development Bank (AfDB)** and is in talks for a \$750m loan from the **World Bank**;

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events

- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com)

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)

**Africa Risk Consulting (ARC) Pty Ltd** expressly forbids the collection of information and content from ARC Briefing as data to train generative artificial intelligence models.

© **Africa Risk Consulting (ARC)**