

# Kenya closes its first ever green bond

The Ksh 4.3 billion bond, a first for East Africa, is a milestone in Kenya's transition to a low-carbon economy, and national vision of being a centre of financial excellence in the region.

The UK has been working with the Kenyan government to develop capital markets and attract the private finance needed to deliver on the Big 4 Agenda. Since 2015, UK aid has funded FSD Africa's work with the Capital Markets Authority and their green bond programme, which created the regulatory framework for green bonds in Kenya.

Speaking at an event celebrating the bond closing, British High Commissioner to Kenya Jane Marriott said:

I am delighted to help mark the arrival of East Africa's first ever green bond here in Kenya today, which has been delivered with support from the UK.

This brings together two of the UK and Kenya's partnership priorities: strengthening our economic partnership and working together to respond to climate change.

This bond will result in Ksh 4.3 billion supporting a Big 4 Agenda priority, investing in affordable, environmentally friendly housing for 5,000 students in Nairobi. This is great news for young Kenyans continuing their educations, and good news for the planet we share.

Issued by Acorn Holdings, the bond has been certified as green by the UK Climate Bonds Initiative due to its expected contribution to reducing carbon emissions, after funding and support from UK aid. The bond is also the first Kenyan corporate bond rated by an international ratings agency.

UK aid funded GuarantCo has also provided a partial guarantee to reduce the risk to investors who buy into the bond. This helped to raise the full amount of the bond and make it a success.

UK Secretary of State for International Development Alok Sharma said:

The UK is mobilising private sector investment to help African nations make the most of their enormous potential. We are leading the way in the listing of green bonds, with over 100 bonds listed on the London Stock Exchange.

The growth of the green bond market in East Africa is supporting vital climate resilient infrastructure and helping provide 5,000 students in Kenya with environmentally-friendly, affordable housing. I look forward to building on this success at the UK-

Africa Investment Summit next year.

CEO of Acorn Holdings Ltd Edward M. Kirathe said:

Acorn is delighted to have successfully pioneered the issuance of Green bonds in Kenya. We are truly grateful for the unprecedented support we have received from UK DFID supported entities – especially GuarantCo and FSD Africa without which it would not have been possible to bring this bond to Market.

This is an example of how the UK is sharing its experience of delivering clean growth, having cut our emissions by over 43% whilst growing the economy by 71% since 1990. The UK was the first country to introduce legally binding emission reduction targets through the 2008 Climate Change Act.

### **Further information**

- The UK is one of Kenya's largest bilateral donors. Through UK aid, we are helping those living in poverty in Kenya to build institutions, create jobs, reduce the risk of poverty among marginalised people, increase climate resilience, and solve social challenges through the private sector.
- Acorn is a Kenya-based real estate development company, which has closed the country's first certified green bond, raising finance for the construction of environmentally-friendly student accommodation in Nairobi. This is a landmark moment for the "Green Bonds Programme Kenya", a partner initiative between Financial Sector Deepening Africa (which is backed by UK aid), Kenya Bankers Association, Nairobi Securities Exchange, Climate Bonds Initiative and the Dutch Development Bank.
- Financial Sector Deepening Africa, a not-for-profit organisation which works in 28 countries, has helped more than 3 million people, 39% of whom are female, get better access to financial services like bank accounts and loans. It is 100% funded by the UK Government and has also supported financial technology firms, pension funds and payment platforms.
- GuarantCo is a facility of the Private Infrastructure Development Group, which is majority funded by the UK Government. GuarantCo provides innovative local currency contingent credit solutions, including guarantees to banks and bond investors to develop local capital markets.
- Home to the City of London, the world's most innovative and most international financial centre, the UK can play a uniquely valuable role in attracting private investment in support of Kenya's development priorities. The Africa Investment Summit, which the UK will host in January, will be the next major milestone in expanding our financing offer to the continent.
- Last week, the UK's International Development Secretary announced a new UK aid package to help mobilise £500 million in private sector investment and create 50,000 jobs across sub-Saharan Africa. The support

will help small financial services businesses and entrepreneurs to grow, creating jobs and boosting economic growth.

- The British Prime Minister, Boris Johnson, last week also announced that the UK will increase its support to International Climate Finance to at least £11.6 billion over the next five years. This comes ahead of the UK hosting COP26 in Glasgow in 2020.