

Kenya says Qatar may lend \$3.5bn for new port

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Kenya said on Monday it was negotiating with Qatar for a \$3.5 billion loan to build a new port on the Indian Ocean island of Lamu required to cope with increasing trade volumes.

A statement from President Mwai Kibaki's office said the Kenyan leader made a "strong" proposal to Qatari Emir Sheikh Hamad bin Khalifa Al-Thani during his visit to the Gulf state.

"The Emir assured President Kibaki that his Government was keen on the Lamu project as it sought to diversify its international investment portfolio," it added, without elaborating.

PORT OF MOMBASA

Kenya has for years been planning to create a second port - after the main docks at Mombasa - in the Lamu area on its northeastern coastline towards Somalia.

Mombasa port is struggling to cope with large volumes of cargo coming into east Africa, and another alternative, Dar es Salaam in Tanzania to the south, is also overwhelmed.

Planning Minister Wycliffe Oparanya, who accompanied Kibaki to Doha, told newswire Reuters that once Kenya had the financing worked out, it would open the Lamu port construction to tender, and hopefully see it built within two to three years.

"We want to start immediately on this," he said, adding that unlike Western nations and multilateral lenders, Qatar would finance the project "without conditionality".

"It is not a matter of free money, of course," he said. "But if we go to the World Bank, it takes four years to negotiate, and then you are told 'do this, do that'. The Kenyan people cannot wait that long for this urgent development project."

He said Mombasa port was too busy and too narrow.

The statement from Kibaki's office added that the government had also offered Qatar "a partnership" in a sovereign bond issue that Kenya hopes will raise millions of dollars for infrastructure development in east Africa's biggest economy.

Qatar, in turn, has requested Kenya to lease it 100,000 acres of land in the Coast province for horticulture farming.

Kenya has been leasing out large amounts of land in that area to international and local firms for biofuels.

{ Arabian Business }