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China provides US\$93 million to Kenyan geothermal development



Olkaria III geothermal plant, Kenya (source: emerging africa fund)

China's Export-Import Bank signs US\$93 million loan agreement with Kenya for its Olkaria IV geothermal power project.

According to news from Kenya, “China has signed a concessional loan agreement with Kenya to help develop a 140 megawatt geothermal plant. Interesting enough the drilling was – according to older news – to be done by a Chinese company, so this announcement maybe is no surprise.

“The increasingly fierce competition between Japan and China over natural resources, markets for their corporate firms and political influence intensified on Tuesday as China extended a Sh7.5 billion loan for power generation.

This came barely two weeks after Japan advanced Kenya’s power sector Sh23.4 billion in what is emerging as a race between the two Asian giants to increase their presence in Kenya.

It is also seen as part of the wider plan to exert its influence in Africa— especially on the diplomatic and economic front at the global stage.

Following in the footsteps of China, Japan has recently intensified its presence in the local market with its focus trained on getting its firms a larger share of the East Africa market that has in recent years tilted in favour of its Asian rival.

On Tuesday, State-supported Export-Import Bank of China, led by its Vice-president Zhu Hongjie signed the concessional loan agreement with finance minister Uhuru Kenyatta to help develop a 140 megawatt geothermal plant.

The increased presence of Japan and China has left Kenya with contract billions notably on infrastructure projects such as roads, ports, power and airport.

“There is some kind of soft competition emerging between China and Japan, not just in Kenya but across Africa,” said Gerrishon Ikiara, a lecturer at University of Nairobi’s School of Diplomacy and International Relations.

“It’s a fight that involves both economic and political dominance. Japan has been here for long, but is now stepping up its efforts upon realisation that China is fast increasing its influence in key economies such as Kenya,” he said.

Both countries are keen to shape the global political and economic agenda, and are counting on the support of the continent’s 53 countries.

The Sh7.5 billion received from the Chinese Bank will be used to drill 26 steam production wells at the Olkaria IV geothermal field in Kenya’s Rift Valley, Mr Kenyatta said at the signing ceremony. Kenya has the potential to generate 7,000 MW and hopes to tap 5,000 MW of it by 2030.

This comes at a time when the country is faced with a power crisis, which has been brought home by the use of expensive fuel driven power generators.

The government is stepping up geothermal power generation in the hope of securing the country’s power needs at affordable rates.”

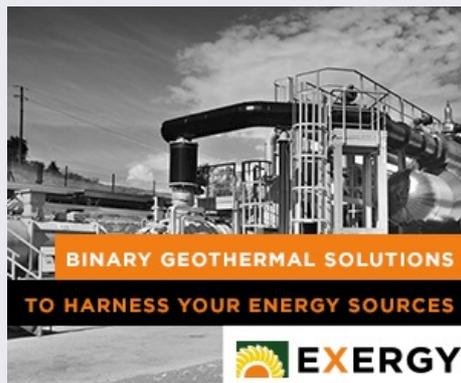
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