

Cement Plant Rehabilitation Project



EAPC Athi River Plant

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥7,674 million / ¥7,489 million
Loan Agreement	March 1990
Terms and Conditions	Interest rate: 2.5%, Repayment period: 30 years (grace period: 10 years)
Final Disbursement Date	July 1997

Project Profile

The project was to refurbish and update the cement production equipment at the existing Athi River Plant, in order to meet growing demand in Kenya.

Results and Evaluation

The natural disasters that the country suffered due to the El Nino effect in 1997 and 1998 triggered an economic recession, which depressed demand for cement and forced a revision of the production plan for the project. Production in 2000 reached 413,000 tons, more than 90% of the revised plan target of 440,000 tons. The plant load factor is 67.9%, nearly 90% of the rate called for by the plan (76%). Unit electrical power consumption is worse than it was before the rehabilitation, but thermal efficiency is better. Cement sales have grown by nearly 60% over four years, and the ratio of operating income to sales has also grown substantially.

There is no notable problem with the level of technical skill used in the operation and maintenance of the equipment. However, some of the raw material storage facilities have been affected by subsidence and require repair. EAPC, the executing agency, is increasing sales steadily, but it has been suffering a loss for the last two years due to rising personnel costs and exchange losses. It plans to recoup its accumulated losses over the next five to six years and rehabilitate its financial position.