# ODA and Private Sector Development in Kenya

**A Study Conducted for Reality of Aid Africa**

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## Background

Since 1996 Kenya has attracted private investments into the country's economic infrastructure sectors including telecommunications, energy, transport, water and sewerage. The investments have an important role in securing private sector participation in infrastructure development as well developing relevant instrument to make the private sector a consistent financiaer and partner of government in infrastrutucte development in the country.

Kenya's Vision 2030, the country's development blueprint, aspires to transform Kenya into a newly industrialized middle income country, with high quality services and facilities. It gives high priority to investments in all infrastructure sectors and the Government of Kenya (GOK) recognizes the important role that could be played by the private sector in implementing and financing investments in infrastructure.

Kenya's Africa Infrastructure Country Diagnostic (AICD) report estimates that, to address the country's infrastructure deficit will require sustained expenditures of approximately $4 billion per year (20% of GDP) over the next decade. As of 2006, Kenya needed and additional $2.1 billion per year (11 percent of GDP) to meet that funding goal. The need shot up considering the desire to meet the vision 2030 and remain the regional hub for East Africa and beyond.

The provision of adequate and high quality infrastructure services remains the biggest challenge to development Kenya. Currently, the Government of Kenya faces a growing gap between public investment needs and available resources to finance them. Indeed, the Government and development partners have over the years been the main financiers of public infrastructure and services. This has however been limited by the level of resources available from these sources. Unfortunately the investment resources emanating from these sources have remained far below the requirements needed to support the accelerated economic growth as set forth in Vision 2030. To address this end, the Government has developed a policy framework for engaging the private sector through Public Private Partnerships (PPP) arrangements to facilitate the closing of the gap in investment capital, technology and know-how needed to improve the efficiency and delivery of public services. The framework has been used to develop partnership with local and international private sector.

Kenya has sought to encourage PPP in as many areas as possible including, but not limited to, power generation, water and sanitation, irrigation, transport, solid waste management, health, education, housing, sports facilities, information communications technology, tourism, land reclamation projects, land swaps, industrial estates, business process outsourcing, wholesale and retail markets, abattoirs, mining and other infrastructure and development projects.

## National Development Framework

Kenya has the vision 2030 which sets forth the national objective of transforming Kenya into a globally competitive, middle-income country through substantially higher growth rates and more balanced development. The vision is pinned under the following principles and aspirations namely:

1. i). To build a just and cohesive society with social equity for all citizens;
2. ii). To strengthen Kenya's democratic and political system, founded on issue-based politics, with respect for the rule of law and protection of the right of freedom of every individual in Kenya;
3. iii). To eliminate the deficit in core infrastructure that currently persists in Kenya so as to provide high quality services to the citizenry and serve as a basis for improving the attractiveness of Kenya as a touristic and investment destination.

The Vision 2030 seeks to realize average annual GDP growth rates of 10%, through investments in priority infrastructure sectors including specific national flagship development projects to be financed and implemented through public private partnership arrangements. It is implementing through 3 year based medium term plans. Kenya is currently implementing the MTP II which runs up to 2017.

## Legal and Institutional Framework for Public Private Partnerships

Public Private Partnerships (PPPs) has been proposed as the ideal strategy to address the major infrastructural financing gaps in the country. The government has sought to provide and strengthen the environment for private sector participation in the country’s economic growth with the objective of improving the Private Public Partnership investments in the country. The following steps have been taken to strengthen the role of PPPs in the country’s infrastructural development:

- The adoption of a PPP Policy to articulate the government's commitment to PPPs and to provide a basis for the enactment of a PPP Law;
- The gazettment of the PPP Act 2013 on 8th February 2013; and
- The development of PPP Regulations for both the National and County governments

## The Public Private Partnership Policy

Developed in 2011, the PPP policy seeks to provide an enabling environment for public private partnerships through a strong political will, robust legal and institutional framework. It also seeks to , strengthen public sector capabilities to effectively implement PPP projects. The policy sets a legal framework for project appraisal, analysis, approval and implementation. It lays down the foundation for creating an enabling environment for attracting private sector partners in financing and managing infrastructure services. The policy provides a foundation for the establishment of institutions to champion the PPP agenda, facilitate mobilization of domestic and international private sector investments, and to provide for Government support for PPP projects, as well as providing a clear and a transparent process for project development.

The PPP Policy came into effect in 2012 and provided the basis for the development of the Act. The PPP Policy addresses three principal parameters of PPPs in Kenya:

1. The contextual statement on the status of PPPs in Kenya, by articulating the goals and benefits of PPPs in Kenya under the current policy and legal arrangements.
2. Provides a foundation for:
    a. The establishment of institutions to champion the PPP agenda;
    b. The mobilization of domestic and international private sector investments; and
    c. The range of Government support for PPP projects in Kenya.
3. The Policy provides a clear and transparent process for project development – including through clarifying the project development process, project implementation structures, procurement approaches as well as systems for stakeholder participation.

The key elements of the policy are:

(i) Establishment of central institutions to champion the PPP agenda, with

- the PPP Steering Committee, consisting of senior officials to guide policy and promote awareness and
- the PPP Secretariat, housed within Treasury, as a resource centre of expertise and best practice;

(ii) Mobilization of domestic and international private sector investment - creating a level playing field and clear rules of the game, by

- establishing a clear process for project selection, preparation, procurement and implementation with project evaluation at each stage with clear objectives and criteria for selection and evaluation;
- strengthening of the existing legal and regulatory framework established under sector laws and policies as well as the PPP Implementing Regulations; and
- implementing a clear, transparent process for allocating Government support, including guarantees

(iii) Support for MDAs to encourage the development of PPP projects that provide value for money for Kenya, through

- project preparation funding,
- viability gap grants,
- easier access to Government support, and
- technical assistance from the PPP Secretariat to assist MDAs in selection, development, procurement and implementation of PPPs.

## Scope of PPP

A Public Private Partnership is defined as being an agreement between a public entity and a private party under which —

a) The private party undertakes to perform a public function or provide a service on behalf of the public entity;

b) The private party receives a benefit for performing the function, either by way of

I. Compensation from a public fund
II. Charges or fees collected by a private party from users or customers of a service provided to them; or
III. iii) Combination of such compensation and such charges or fees.

c) The private party is generally liable for risks arising from the performance depending on the terms of the agreement.

A public entity may enter into a contract with or grant concession to any qualified private party for the financing, construction, operation, equipping or maintenance of any infrastructure or any development facility of the Government. (GoK 2010)

## Table 1 Principles of PPPs

**PPP should yield value for money for the Government and its citizens. The key characteristics of PPP projects will include:**

- Maximizing the benefits of private sector efficiency, expertise, flexibility and innovations;
- Achieving long-term affordability within the constraints of budgetary sustainability, potential for returns for the private party and affordability by the users;
- Increasing efficiency and access to quality public services for all members of society and enhancing balanced regional development;
- Allocating risks to the party best able to control them;
- Enhancing the health, safety, and wellbeing of the public;
- Achieving value for money particularly as compared to the conventional procurement;
- Ensuring social and environmental safeguards;
- Ascertaining prior to tender the willingness of the private party to participate in the project on account of its financial viability;
- Managing fiscal risks created under PPP contracts within the Government's overall fiscal management framework;
- Respecting the employment rights and opportunities of employees;
- Promoting participation of small- and medium-sized enterprises in PPP projects;
- Ensuring good governance, transparency and accountability in the whole process of PPP development;

**Source GoK 2010**

### Goals and Benefits

The policy framework for PPP has developed the process for the Identification of goals for PPPs and the prospective benefits from individual projects to the economy at large and the local community whom PPP projects are expected to serve. These goals and benefits envisioned in any project include the following:

- Speedy, efficient and cost effective delivery of projects;

- Value for money for the tax payer,

- thorough optimal risk transfer and risk management;
- Efficiencies from the integrated design and construction of public infrastructure;
- Creation of added value through synergies built between the public entities and private Sector companies, in particular through integration and cross-transfer of public and private Sector skills, knowledge and expertise;
- Alleviation of capacity constraints and bottlenecks in economy through higher productivity of labor and capital resources in the delivery of projects;
- Competition and increased construction capacity including participation of local investors through joint venture or partnerships with foreign companies;
- Innovation and diversity in the provision of public services; and
- Effective utilization of state assets to the benefit of all users of public services.

While the goals for PPPs include the overall benefit to the public, the benefits seem to be limited to the economic and technical benefit aspects of the projects. Social and environmental impacts and benefits are not promoted as key aspirations in the benefit objectives. It is thus important that the benefits are made consistent with the principles governing the PPPs that emphasizes affordability of goods and services and safeguarding social and environmental objectives of the project.

## The Public Private Partnership Act

Kenya already had many of the elements necessary for a successful PPP programme. However, a number of specific steps to design and adopt an official framework of policies, laws, regulations, institutions and procedures of public private partnerships were needed to facilitate the implementation of the PPPs. In this regard legal reforms have been effected in various sectors to pave the way for PPPs to be effected in all sectors of the economy. Table 2 shows the legal reforms undertaken to facilitate the implementation of the PPPs in the country.

## Table 2 Legal Reforms towards PPP

| |
|---|
| i)The enactment of the Water Act [2002] which provides for systematic improvement of water services and new investments through commercialization and private sector participation arrangements;<br>ii) The enactment of the Privatization Act, 2005 which allows "concessions" as a form of privatization.<br>iii) The enactment of the Energy Act, 2006 creating the Energy Regulatory Commission, the energy sector regulatory agency, with responsibility for economic and technical regulation of electric power, |

renewable energy, and downstream petroleum sub-sectors, including projects implemented through the PPP mechanism;
iv) The amendment of Public Road and Tolls Act (Cap 407) in 2007 to allow the Minister responsible for roads to enter into an agreement with a private party to toll a road;
v) The amendment of the Kenya Communications Act in 2009 to enhance the regulatory scope and jurisdiction of Communications Commission of Kenya (CCK), CCK was transformed into a converged regulator responsible for the development of the information and communications sectors including broadcasting, multimedia, telecommunications, postal services as well as electronic commerce. All projects in these sectors, including PPP projects, fall under its tariff setting purview;
vi) The Public Procurement and Disposal Regulations were issued in 2006 under the Public Procurement and Disposal Act, 2005 providing for regulatory procedures for procurement of public private partnerships;

In 2010, the Government undertook a review of the Kenya's legal and regulatory framework, the outcome of which was the recommendation of the enactment of a **PPIP law** to address the identified gaps, inconsistencies, conflicts and overlaps in the legal and regulatory framework;

The Public Private Partnership Act was enacted into law in 2012 and became effective in 2013. The main objective of the Act is to facilitate the participation of private sector in financing the construction, development, operation, or maintenance of public infrastructure or development projects through concession or contractual arrangements. It also paves the way for the private sector participation in provision of public services in the transport, water, sanitation, housing and environment sectors. Other areas the Act seeks to effect include the following;

- Regulate the process of engagement between the private and public parties in order to deliver long term public facilities and services;
- Provide for the definition of a Public Private Partnership, the scope and type of PPP arrangement;
- Provide for the establishment of institutions and their roles in dealing with PPP projects;
- Defines the process of PPP projects identification, prioritization, conceptualization, preparation, tendering, negotiations, award, approval, implementation, monitoring and evaluation, and finally how they are handed over to GoK where applicable;
- Financial security instruments such as political risk guarantees and letters of support;
- The key elements of project agreement; and

- Establishment of a Facilitation Fund to cover Viability Gap Fund, Government subsidies, contingent liabilities when they crystallize, project preparation funds. This is aimed at making the projects bankable and attractive to the private sector

## The institutional framework and programs for PPPs

The National Treasury, through the Public Private Partnerships (PPP) Unit, is responsible for the coordination, promotion, and oversight of the implementation of the Public Private Partnership (PPP) program in the country.

**GOVERNMENT SUPPORT FOR PPP PROJECTS**

The government has in pace the following measures to attract the PPPs.

### Project Facilitation Fund

1. The facilitation fund benefits from the annual budgetary allocation for creating a guarantee fund capable of meeting government contingent liabilities arising from the PPP projects This fund is to enable the public sector to among other things
    I. Prepare the projects for tender including the conduct of project appraisals to ensure that projects are bankable and attractive to potential bidders;
    II. Extend Viability Gap Finance to projects that are socially desirable but, either, cannot be implemented in the absence of a Government grant because they are not bankable or are only bankable with unaffordable tariffs; and
    III. Provide a source of liquidity to meet in particular, calls on contingent liabilities extended, to PPP Projects that materialize unexpectedly during operations.
2. Issuance of new regulations which may ease the challenges for sponsors and their lenders to mobilize financial resources including regulations related to collective investment schemes and asset based securitization.

3. Facilitate Issuance of guarantees for PPP contracts with International Development Finance Institutions or other institutions involved in insuring country and project risks.

4. Provide, where needed, binding letters of comfort/ support to the investors and their lenders in order to reduce the premiums factored on political risks.

5. Where appropriate enter into direct agreement with the lenders or provide the lenders with step-in-rights in a contract or a Concession agreement

6. In order to reduce the overall cost of the project the Government may, in special circumstance, with the approval of Parliament issue a Guarantee to the private party to cover some of the country or project risks.

7. Provide some incentives to the project company such as tax benefits, assistance in acquiring land, relaxation of certain legal requirements such as licensing, new or improved infrastructure, use of project resources for non - profit related purposes or being allowed to bid for other projects.

From the foregoing there seems to be a lot of discretion on what will constitute the special circumstances for government subsidies towards the private sector. It is open to the interpretation of the individuals and therefore are likely to be abused. Furthermore certain elements of the policies particularly those around tax benefits and covering of the project risks may promote illicit capital flows. This may be counterproductive to the overall objective of the vision 2030.

The policy is strong on government's promotion efforts but very silent on issues of regulation and compliance by the private sector partner. Also willingness of the government to absorb risks without a clear framework of optimization of such risks may leave the government with huge public debts that may jeopardize the future of the next generation

## The Project Process

The Government has an operating framework for assigning roles and responsibilities of key Public entities in the preparation and implementation of PPP projects during their life cycle.

***i) Project Identification, Selection and Prioritization:*** the first step in determining the technical profile, operations, service delivery targets, and future income and costs of the project, the MDAs perform a needs analysis through a survey. For those PPP projects that require the collection of user fees directly from consumers, the policy process that there a survey to confirm through such surveys that revenues paid by customers will be sufficient to make the project financially viable;

***ii) Project Preparation and Appraisal:*** The conduct of a social cost benefit analysis, a full investment appraisal that determines the commercial sustainability of the project, project description, and any requirements for land acquisition or other Government support, the affordability of the project's proposed tariff path for users, the bankability of the project based on optimal risk sharing and consultations with stakeholders to ensure their interests are considered;

***iii) Project Tendering:*** This shall be consistent with the PPP Act. As a general principle, projects should be tendered with a maximum of information provided to the potential bidders, including the level of Government Support to be extended to the undertaking;

***iv) Project Negotiation:*** Guidelines shall be developed to include guidance to follow in preparing and organizing for the negotiations with first ranked bidders and the approval procedures required from oversight state departments such as state department responsible for Treasury and/or the state department responsible for fiscal management;

**Project approvals:** The approval of PPP projects shall be done in accordance with the PPP Act.

**vi) Project Monitoring and evaluation:** this step involves development of a monitoring and evaluating plan aimed at reviewing PPP project performance to ensure compliance with the project agreement during implementation and operation period and to ensure that the transfer of asset at the expiration of the project agreement is consistent with the terms and conditions in the project agreement.

## Project Implementation Structures

PPP projects are developed and implemented by the relevant public entities, e.g, sector state departments, statutory bodies, public enterprises, County Governments and local authorities. PPP project implementation framework are coordinated by the PPP Committee and PPP Unit in the state department responsible for Finance. Treasury is currently develoing PPP Operating Guidelines and Manuals for use by public entities in developing PPP projects. The PPP Committee is responsible for the approval of project concept, feasibility study, bid documents, and the negotiated contracts. The Cabinet has the final authority in the approval of PPP projects but has delegated such responsibilities to the PPP Committee or the Contracting Authority as prescribed in the regulations.

All Concessions of natural resources are ratified by Parliament as provided for in the Constitution of Kenya. Public entities intending to use PPP as a method of delivering infrastructure services are required to have the capacity to manage the commercial processes involved and hire transaction advisors in those cases where capacity is lacking

**PPP pipeline projects and Plans**

As such, it is of key value to note that Kenya's Public Private Partnerships (PPP) programme has a healthy pipeline of bankable projects that presently stands at fifty-nine (59). These are published both in print and electronic media for purposes of informing both local and international companies about the planned PPP projects in Kenya. The projects were identified and certified by the PPP committee for suitability for development as PPP and final policy clearance granted by the government of Kenya through the cabinet. See annex 1 for detailed list of projects

**ODA and Private Sector in Kenya**

Since 1996 and as a result of progressive liberalization of the economy, Kenya has attracted private investments into the country's economic infrastructure sectors including telecommunications, energy, transport, water and sewerage. The support the Kenyan government has given to the PPP initiatives over the past decade has seen development partners mobilise their official development financial institutions to invest into the PPP initiatives in the country. These financial institutions have been key in mobilizing financial resources to support private sector investments in projects that the Kenyan government has not only interest in but also committed financial resources in seeing to their implementation.

The government of Kenya has identified over 59 PPP projects in all the sectors of the economy. The PPP projects have been identified by the government as priority projects and has garnered the requisite approvals and clearance by both the PPP Committee and the Cabinet, as provided under section 24 of the PPP Act, 2013. The government has since intensified its efforts to mobilise resources as well as creating an enabling environment for their success is at the core of Government's development plan. The resource envelope earmarked for the various projects currently stand at USD 62.7 billion dollars. The government has succesffully mobilized a total of USD 25 billion leaving a short fall of USD 37 Billion. Table 3 shows the magnitude of the financing needs for the PPP projects.

## Table 3 Magnitude of PPP financing Needs

| | SECTOR | AMOUNT IN USD M |
|---|---|---|
| 1. | Energy (power and others) | 19,808 |
| 2. | Ports | 4,800 |
| 3. | Roads | 9,000 |
| 4. | Water and sanitation | 4,567 |
| 5. | Railways | 7,248 |
| 6. | Airports | 906 |
| 7. | Tourism | 2,050 |
| 8. | ICT | 7,850 |
| 9. | Local Government | 2,000 |
| 10. | Housing | 2,901 |
| 11. | Public Works | 1,000 |
| 12. | Lamu Port Corridor | 3,723 |
| **TOTAL NEEDS** | | **62,176** |
| **AVAILABLE (GOK – 2012 - 2020)** | | 25,000 |
| **FUNDING GAP** | | **37,000** |

**Source GOK**

The Kenyan government has exercised leadership in identifying and approving the PPP projects that are relevant to the achievement of its vision 2030. However the documents reviewed do not reveal the participation of the citizen in the exercise for the identification of the priority projects. It appears that outside the government, the exercise remained a closed to most stakeholders including the domestic private sector. This could be attributed to the technical nature of the process of identification of the projects as well as the lack of a clear framework and structure within the Act to facilitate public participation in the process.

Lack public and stakeholder participation could lead into challenges during implementation as must of the projects identified require tracks of land currently occupied by the population. Citizen involvement is also paramount in this process as they must not only be seen as beneficiaries of the PPP projects but also active players in the success of the projects thus ensuring their sustainability. It must however be noted that the involvement of the cabinet in the approval of PPP projects indicates a strong political buy in from the government implying strong commitment from the government side.

## Private Sector and Development Finance in Kenya

The role of private sector in development is no longer a debate that can be ignored. Developing countries such as Kenya see them as potential partners and better alternative conditionality riddled ODA, while the development partners see them as good vehicles for improving efficiency in the economy as well as good instruments for promoting trade and investment in the developing world. These strong but different motivations towards the private sector have seen countries change their policies and approaches on how the private sector mobilise and invest their resources in the developing world. For most Development partners, there is a new momentum to equip the official development finance Agencies with sufficient resources to finance the private sector investment in the development world.

A number of International development banks provide finance to ventures in Kenya. They include the Netherlands Overseas Finance Company (FMO), the Commonwealth Development Corporation (CDC), the German Development Bank (DEG), the Danish Development Bank (IFU), the Swedish Fund for Industrial Development of Africa (SFIDA), the Finnish Fund for Industrial Cooperation Ltd (Finnfund) , the World Bank's International Financial Corporation, and the African Development Bank. The government also uses local institutions such as the Industrial and Commercial Development Corporation (ICDC), and the Industrial Development Bank (IDB)

This section of the paper focuses on the European Investment Bank, Germany, Finland and World Bank – IFC's support towards the private section investment in the Kenya's energy and infrastructure development industry. The objective is to underscore how the use of ODA through relevant agencies to support the private sector has performed against the development effectiveness objectives.

## European Investment Bank

The European Investment Bank, is the long-term lending institution of the European Union, whose shareholders are the 27 European Union member states. It has been active across Africa for over 40 years. EIB activities follow policies and objectives set down by European Union member states and whose Finance Ministers are the EIB's Governors. The European Investment Bank currently funds the Lake Turkana Wind Power project to the tune of EUR 225m. It has provided EUR 200 million of senior debt while the European Union through the EU-Africa Infrastructure Trust Fund has taken a EUR 25 million preferred equity share in the project to close a financing gap not covered by investors. The European Investment Bank also finances the Olkaria I and IV Geothermal extension with EUR 119M. Most of the funds provided under these scheme are to support Euorpean Private investors in Kenya to participate in the PPPs.

EU Ambassador, Lodewijk Briet while signing the contract for the Turkana Wind Power Project, said*: "Today is a historic display of how European private finance, development investment and funding grants can combine to lead the way in building infrastructure in sub-Saharan Africa. The European Union provided the final Euros 25 million to close the package of investment support but it is the size of the support from European companies and the European Investment Bank that have made this project a success.The investment available from the European private sector provides immense opportunities for Kenya and development in the wider region. Like many developing countries, Kenya faces many infrastructure challenges - be it roads, energy or water - and I am delighted to say that the Europe Union is providing large-scale support in all these areas."* Highlighting the kind of partnership it has with Europen Private investors.

Along side the European Investment Bank has  are the credit lines given to private banks for onward lending to Small and medium scale enterprises in Kenya. The areas covered include SME projects in the agro industry, fishing, food processing, and manufacturing, construction, transport, tourism, education and healthcare sectors.  The European Investment Bank (EIB) provided € 50 million credit line to Equity Bank to facilitate onward lending to Small and Medium Enterprises in Kenya and across the East Africa region. The Credit lines is to

The table below shows the magnitude of European investment bank since 2010 and the sectors

## Table 4 magnitude of European investment bank since 2010 in EUR Millions

| Name | Sector | Signature date | Signed Amount |
|---|---|---|---|
| PEFF III KENYA | Credit lines | 03/04/2014 | 50,000,000 |
| LAKE TURKANA WIND POWER | Energy | 21/03/2014 | 50,000,000 |
| LAKE TURKANA WIND POWER | Energy | 21/03/2014 | 25,000,000 |
| LAKE TURKANA WIND POWER | Energy | 21/03/2014 | 50,000,000 |
| LAKE TURKANA WIND POWER | Energy | 21/03/2014 | 100,000,000 |
| PEFF II KENYA | Credit lines | 04/09/2012 | 6,500,000 |
| PEFF III KENYA | Credit lines | 11/04/2012 | 20,000,000 |
| PEFF III KENYA | Credit lines | 11/04/2012 | 50,000,000 |
| PEFF II KENYA | Credit lines | 21/12/2011 | 6,500,000 |
| PEFF II KENYA | Credit lines | 16/12/2011 | 7,000,000 |
| OLKARIA I & IV GEOTHERMAL EXTENSION | Energy | 15/12/2010 | 119,000,00 |
| **Total Amount** | | | **484,000,000** |

**Source: EIB 2014**

**Finland**

## Finnish Fund for Industrial Cooperation Ltd (Finnfund)

Finnfund is a Finnish development finance institution that is owned by the State of Finland 93%, Finnvera 6.9% and Confederation of Finnish Industries EK 0.1%. The fund provides long-term risk capital for private projects in developing countries. Apart from co-investing with Finnish companies it provides funds for ventures that use Finnish technology, cooperate with Finnish partners on a long-term basis or generate major environmental or social benefits. The terms for its financing are market based and largely provide funds for risk sharing by providing long-term financing for promising projects where commercial financing is hard to obtain. The instruments used include equity capital, mezzanine financing and long-term investment loans. The fund finances investments in manufacturing, agri business, power generation and telecommunications. Private sector is largely funded through intermediaries such as private equity funds. In Kenya the FinnFund has investments in the Universal Corporation Ltd/ Medicine, Elgon Road Development/ Hotel and the Lake Turkana Wind Power/ Wind power.

### Project Criteria for Finnfund

The following elements form the basis for finnfund appraisal of a project plan. (adopted from the finnfund website www.finnfund.fi/en)

## Table 5 Project Requirements

| |
|---|
| **GENERAL INFORMATION** |
| Project sponsors and partners |
| • Financial information (annual reports from the past 3 years) |
| • Contact information |
| • Corporate strategy and the project's role in it |
| • Sponsors' and partners' experience and references in the sector, industry and international markets |
| • Roles and responsibilities of the partners |
| **PROJECT INFORMATION** |
| Executive Summary / Project Overview |
| • Market analysis |
| • Competitor analysis (local/ international, comparative and competitive advantages of the project) |
| • Marketing strategy, including sales plans for local / export markets |
| Technology arrangements, infrastructure |
| • Construction arrangements |
| • Partners' technology inputs |
| • Technology transfer |
| • Production process |
| • Project location, available infrastructure, logistics, environment and present use of the project location/land - communities located nearby |
| Raw material and component sourcing |
| • Intended sources of raw materials and other supplies |
| • Alternative sources |
| Environment and social impact |
| • Environmental and social management, policies and strategies |
| • Environmental and social risks of the project |
| • Applicable environmental regulation, permits required |
| • Monitoring |
| • Studies performed/to be performed |
| Organisation, management, training |
| • Proposed organisational and management structure |
| • Personnel |
| • Training |
| • Subcontracting arrangements |
| • Labour and HR policies and management |
| Project implementation- |
| • Schedule for project implementation |
| • Partners' responsibilities in implementation |
| Investment plan |
| • Estimated costs (i.e. land, buildings, machinery and equipment, transport and insurance, installation, training, working capital needs) |
| Financing plan |
| • Financing plan, sources of financing (local/international institutions, long/short-term funds) |
| • Proposal for Finnfund's participation (equity and/or loan) |
| Financial projections |

- Estimated cash flows, income statements, balance sheets for at least five years
- Estimated profitability and key financial ratios

Risk analysis

- Critical factors affecting the project (with regard to i.e. technology and production, markets and sales, personnel etc.)
- Strengths and weaknesses of the investment

Legal and contractual arrangements

- Necessary project agreements (such as supply of know-how, equipment and materials; concession agreements if needed, etc.)
- List of permits, licences, registrations required
- Legislation affecting corporate structure, financing arrangements, etc.
- Land ownership legislation/rights
- Supporting documentation where available (such as (pre-)feasibility studies, market surveys, lists of equipment, or information on comparable projects)

Source ; KETRACO

The fund has remained true to its objective of profit making, and the and project requirements reflect the same. This is seen in the context of the emphasis on the technical, as well as the soundness of the investment in the context of returns. In the context of Kenya where the demand of development in the infrastructure and energy are at this stage for development purposes as opposed to securing profit given the infancy of the sector, it will be a tough balance.

The requirements put emphasis on the due diligence by the partner rather than itself taking the initiative to carry out feasibility study and ensure that they are consistent with the Finn laws or the internationally agreed norms. The requirements are weak on social and environmental impact assessment and focus more on the futuristic and intentions of the partners towards social and environmental impact.

It is also not clear the framework used by the fund to approve or reject an application based on the criteria set as the details are lacking in the public. Lastly investment of the funds through a consortium makes it difficult to determine the actual use of the finnfund making it difficult for one to account for the success or the failure of the investment.

## Project Case - The Lake Turkana Wind Power Project[1]

Lake Turkana Wind Power is an SPV set up by its Dutch founders KP&P to develop, construct and operate a 300MW wind farm near Lake Turkana in Kenya. The objective is to produce  reliable, low cost wind power to the Kenya national grid, equivalent to approximately 20% of the current installed electricity generating capacity at a cost of 620 euros. The wind farm site, covering 40,000 acres

[1] the Lake Turkana wind project is the largest wind farm in Sub-Sahara Africa to date.

(162km$^2$), is located in Loyangalani District, Marsabit West County. The Project will comprise 365 wind turbines (each with a capacity of 850 kW), the associated overhead electric grid collection system and a high voltage substation. The Project also includes upgrading of the existing road from Laisamis to the wind farm site, a distance of approximately 204km, as well as an access road network in and around the site for construction, operations and maintenance.

The Finnish Fund for Industrial Cooperation Ltd (Finnfund) is one of the Project proponent in a consortium known as the Lake Turkana Wind Power (LTWP). Others in the consortium are KP&P Africa B.V. and Aldwych International as co-developers, Industrial Fund for Developing Countries (IFU), Wind Power A.S. (Vestas), and Norwegian Investment Fund for Developing Countries (Norfund). LTWP is solely responsible for the financing, construction and operation of the wind farm. Aldwych, an experienced power company focused on Africa, will oversee the construction and operations of the power plant on behalf of LTWP[2]. Vestas will provide the maintenance of the plant in contract with LTWP. The power produced will be bought at a fixed price by Kenya Power (KPLC) over a 20-year period in accordance with the signed Power Purchase Agreement (PPA)

The project is seen to produce reliable power and renewable energy. Upon its completion the project is seen to contribute to the reduction of electricity cost in the country through low cost power. Furthermore the project is seen to enhance inclusive development, through significant energy generation for a country stricken by power shortages. Its resettlement program is envisioned to enhancing livelihood development for the affected local population as well as having a positive impact on the community Development. The wind farm is expected to be fully operational by 2016.

### A critical look into the project reveal the following

Corporate Social Responsibility (CSR) programme is yet to be finalized

Community participation the project seems to be limited to the corporate social responsibility program despite the fact that there will be relocation of people and their livestock

The project seems to the supply driven with the construction of large installations will little community participation and ownership. Government involvement is also limited to providing guarantee, creating enabling environment for the investment to take proceed and the purchase of power through its electricity parastatal. Its recognized as one of the financing partner making the project ownership fairly limited.

[2] In 2006 KP&P established Lake Turkana Wind Power Ltd. (LTWP), a Kenyan registered company wholly owned by KP&P. In this SPV the 310 MW Lake Turkana Wind Power Project (in northern Kenya) was developed.
KP&P is managed by a team of professionals with extensive experience in Project Development and Project Finance in Africa and Wind Power Project Development in Europe, Caribbean, Central and South America (developing a total of 850MW of wind power)

There is no support to community and civil society initiatives based in the area, through the Community Develoment Trust Fund and there is no Community Environment Facility to facilitate the awareness and advocacy campaigns on their land rights, and access to land for pasture provided by NGOs/CBOs;

There is no programme of community projects implemented to address local environmental problems, and demonstrate innovative approaches for community participation in decentralized environmental management prepared by CSOs.

## Germany

Collaboration with the private sector in Kenya is a key policy area for the German Development Cooperation (GDC). It uses two main institutions for supporting the private sector, these include Gesellschaft für Internationale Zusammenarbeit (GIZ) and Deutsche Investitions- und Entwicklungsgesellschaft (DEG ). GIZ and GED offer development partnerships or jointly implement with the private sector. The support comprises technical assistance, networks with government and NGOs, facilitation and mediation, and the support in project planning, management and financing. DEG offers a variety of long-term financing instruments, including risk capital finance, mezzanine funding and long-term senior loans. DEG also facilitates technical assistance to support feasibility studies, environmental and social management systems, and social programmes. DEG's long-term financing portfolio (loans, private equity) currently includes 22 companies operating in power generation, horticulture and floriculture, food processing, construction, mineral resources and transport infrastructure. It has also facilitated financing for small and medium enterprises through loans and equity funding for local Kenyan banks and regional private equity funds

## Table 6

| FUNDS FOR PRIVATE SECTOR DEVELOPMENT | |
|---|---|
| Total volume invested through Development Partnerships with the Private Sector | EUR 15.2 million |
| Total financing commitment by DEG to Kenyan companies | EUR 148 million |

Source GIZ 2014

Table 6 shows the volume of commitment by the German government in Kenya versus the total volume invested. It can be deduced that there is a surplus of EUR 133 million of committed funds. It is therefore difficult at this stage to argue for additional resources through ODA when there is an absorption capacity problem in the portofolio.

### Supporting the Private Sector Expansion - Case Kevian

GIZ and Kevian teamed up to improve the supply chain on fruit production through training of mango producer groups in the area of orchard management and post-harvest handling. Farmer groups were also trained in value addition and marketing to improve the fruit that was unsuitable for processing. Kevian benefitted from a significant increase in productivity due to a better supply of mangos both in quality and quantity. Subsequently, the company secured a long-term loan of USD 7.5 million from DEG to finance the expansion of its fruit juice production in Thika, Kenya. The German company Krones AG delivered a substantial part of the production equipment and filling system. Much of the fruit juice concentrate are exported to a German company Rudolf Wild. DEG continues to provide technical assistance to Kevian in supply chain management and quality management.

### The Olkaria Geothermal Project

Olkaria is registered as a Clean Development Mechanism (CDM) project under the Kyoto Protocol to the United Nations Framework Convention on Climate Change. The site is located in the Hell's Gate National Park, approximately 132km northwest of Nairobi by road, near Naivasha Town. The Olkaria geothermal field is located 6 km to the south of Lake Naivasha. The objective of Olkaria II Geothermal Expansion Project is to increase the capacity of the existing Olkaria II Geothermal Power Plant by adding a third generating unit of 35MW. This addition will result in an average annual generation of 276GWh which will be exported to the Kenyan grid. It also seeks to reduce Kenya's dependence on imported crude petroleum, enhance the country's reliance on renewable energy

The project is being funded by the Government of Kenya, and through loans from the World Bank, European Investment Bank, Deutsche Investitions- und Entwicklungsgesellschaft mbH,3 KfW Entwicklungsbank (KfW Development Bank), JICA, and the Overseas Private Investment Corporation[3] and does not make use of Official Development Assistance (ODA), nor result in the diversion of such ODA. The project is being built by KEC of India, Toyota Tshusho of Japan, Hyundai Engineering and Sinclair Knight Merz of New Zealand

[3] An agency of USA

German Development Cooperation partially funded the plant and the German government contributed more than €70.6 million to Olkaria I and IV for construction and drilling. Other projects that Germany supports are: the exploration of geothermal energy in Bogoria-Silali by up to €80 million, the promotion of solar energy in rural areas in Northern Kenya, the rehabilitation of the Kindaruma Hydro Power Plant and the Lake Turkana Wind Park**.**

## Key concerns from the Project

The program itself is yet to support communities based in the area beyond the CSR.

1) Despite ancestral ownership and occupation of the land for hundreds of years, they do not legally own the area as the government allocated it to members of another community in the 1970s. The government did this by virtue of the Crown's title to lands in Kenya.
2) They have not been consulted[4] properly and have not given their free, prior and informed consent to the project or the relocation.
3) They have not been offered proper compensation. They have to vacate 4,300 acres of land in order to be resettled on only 567. And although they will gain modern housing, a school and several scholarships, the compensation package does not include water or other provisions necessary for the continuation of a sustainable livelihood. For a community whose whole life revolves around livestock, a diminished land base and sudden change of living conditions will most likely result in poverty and destruction of their livelihood, culture and identity.
4) Human rights violations; On 26th July 2013, thugs allegedly contracted by a project developer descended on one of the Maasai villages in Olkaria known as Narasha. The thugs torched houses, beat up community members and maimed and killed dozens of their livestock. The TV images of Maasai men, women and children wailing in despair as they witnessed the destruction angered the nation. The thugs committed this violence under armed police protection. The homes of 256 families were burnt and over 2,000 people were left homeless. The damage was estimated at

[4] An environmental and social impact assessment (ESIA) was established for both power stations. The studies comprise public consultation and respective monitoring plans. The studies have been approved and respective licenses issued by NEMA (National Environmental Management Authority).
The Olkaria IV part requires resettlement of several Maasai communities. A Resettlement Action Plan (RAP) was established, which included the participation of the project affected communities. The execution of the RAP was implemented according to the WB guidelines

> over US$ 100,000. Despite its promises, the Government of Kenya has done nothing to effectively address the human rights violations committed or to compensate the victims in accordance with international standards. The country office of the KfW, which is one of the main funders of the project, has so far remained silent.

(IWGIA (2013)

## The International Financial Corporation

International Finance Corporation (IFC) IFC is an international organization, established in 1956 to further economic growth in the developing member countries by promoting private sector development. IFC is an affiliate of the World Bank and finances private sector investment projects in agriculture, manufacturing and tourism. IFC extends long-term loans and makes equity investment in projects entailing investment of more than US$ 20 million. It does not finance more than 25 per cent of the project cost.

### Lamu wind project in Kenya ( Mpeketoni)

Electrawinds[5] and IFC InfraVentures[6] are developing wind project in Mpeketoni (Lamu). The planned wind farm capacity is to produce 90 MW at an Investment costs are estimated at € 180 million. Electrawinds started developing the Mpeketoni wind farm since 2011. IFC InfraVentures is providing funds for the project with Electrawinds developing and, eventually, operating the future wind farm. The project has signed a power purchase agreement with the government of Kenya

# Analysis of the Research Findings

From the foregoing, Kenya's leadership in the identification of projects for PPP support is commendable. The existence of a policy and institutional framework backed by a strong legal framework provides a transparent and clear path on engagement of the private sector in the infrastructure development. However the policy seems to be target to the foreign private sector than the domestic private sector. The role of the domestic sector in the PPPs as well as adjusting the

[5] , a Luxembourg based renewable energy that operates internationally. As an electricity company, it produces green energy from wind, biomass and solar energy.

[6] a $100 million 5-year fund created by International Finance Corporation to fund and proactively develop private and PPP infrastructure projects in emerging markets. IFC InfraVentures shares the mission to reduce global poverty by providing early equity and expertise for the development of bankable private infrastructure projects, which are essential to improving economic opportunities. In doing so it supports and guides private developers, helping to eliminate stumbling blocks to financial close. http://www.ifc.org

policy to address their special circumstances, including low access to capital, access to land and tax holidays will have to be addressed in order for the policy to be inclusive. Furthermore while government leadership is important, democratic ownership of PPP projects is lacking. Ownership of PPP projects is equally important for their sustainability. The government has not developed structures of inclusion of the citizens in the identification of projects, their design as well as their eventual management. This seems to have raised tension in areas where the projects have been initiated.

While the study sought to establish the use of ODA to finance the private sector, the study has failed to establish this element. Most of the funds used are public funds by the respective governments and institutions to invest in profitable ventures through the private sector. The study however makes the following observations

1. There is no evidence of financing gap in the respective institutions to warrant the use of ODA to prop up the current institutions in support of the private sector
2. The investments made are in support of international private sector's growth and development and not the domestic private sector. The domestic private sector in the partnership are seen as suppliers of materials
3. There is little due diligence done by the funding agencies on human rights violations, environmental impact assessments and community development programs. This has left room by the project developers to violate the rights of the community around the project areas. Funding agencies must ensure that developers comply with the international laws and conventions on human rights and environmental protection

## Conclusions

Following from the data provided, we make the following conclusions

**Government Leadership is Strong**; The government of Kenya has a strong program for the PPPs. The program is backed by not only the vision 2030 but also the relevant policy framework and legal and regulatory framework. There is evidence that development partners are following the PPP plans and comply with the regulatory requirements of the government

**Low Capacity**; The current project is run by a Unit in treasury. The personnel for managing the PPP are not only limited in numbers but also in expertise in covering all the investment areas as identified in the government's work plan that covers all the ministries. Given that this is a priority area, the government would need to consider creating PPP units across all the ministries in the government in order not only promote the growth and development of projects run under this sector but also monitor, regulate and enforce the laws governing PPPs.

**Lack of Citizen Participation**; There is lack of citizen participation in the policy development and also project prioritization and identification. Citizen participation is limited to, collection of views as communities to be affected and consumers. They are not seen as stakeholders and therefore projects appear to lack human face in their implementation. There are also violation of the rights of communities in areas surrounding the projects that are not tackled in a humane way.

**Unclear use of ODA**; There is no clear delineation of resources to separate ODA from the investment funds in all the projects examined. All the funds provided by the international development agencies are captured as investment credits. The subsidies provided towards the projects have mainly come from the government, in the form of tax holidays, facilitating land acquisition, etc. This part of government contribution is however not qualified in the overall project costs. There will have to transparency on what constitutes aid in the funds for transparency and accountability purposes

**Fund are in Support of Foreign Direct Investments**; While there are funds to support local private sector across all the institutions, most of them are to promote the growth and development of the small and medium enterprises. The funds are mainly channeled through intermediary institutions such as banks that charge interest rates at market rates. Big infrastructural development funds are however directed towards big international companies that promote the growth and development of the OECD markets.

**Abdication of responsibilities**; the investing companies appear to be oblivious of the suffering and the pain of the communities sounded by the projects. The companies in themselves do not carry out their own assessments regarding the environment, social, economic and cultural impact. As a result they are not equipped to deal with the human conflicts that arise from the projects.

## Recommendations

P**PP should promote inclusive partnerships**; The current partnerships are not inclusive. They involve those with investment resources, technology, and finances to consume the products only. Both bilateral and multilateral would need to create structures that involve the participation of citizens who are not directly consumers of their products but are impacted by them. Furthermore investment projects should also seek involve local investors who in the current framework have been left out through deliberate financing instruments that only target international investors.

**Make ODA use in PPP Transparent and accountable**; ODA is meant to empower and tackle poverty directly. Therefore its use in private investments must show clear linkages to the above. Lumping together both ODA and investment funds to finance private sector investments in the current form fails the transparency and accountability of these resources in determining the direct impact of such investments

**Address the Human/ Project conflicts**; All the projects examined in this study show persistent conflict between the projects and the communities surrounding the projects. The main source problems include right to land, and poor compensation mechanisms. Furthermore there appears to be no proper legal representation of the communities surrounded by such projects, neither are there CSO groups to facilitate them to claim their rights. CSOs and human rights defenders need to facilitate the securing of the rights of communities surrounded by these projects. There should independent assessments carried out by independent bodies to facilitate their work

**Strengthen the PPP Units**; PPP remains one of the most important instruments for financing development infrastructure in the country. This is not only because of the finances this framework is attracting but also in the complexity of instruments used for financing and the variety of sectors PPPs are involved in. The government of Kenya should consider creating PPP units in all the ministries to facilitate the growth and development of the partnership.

# Annex 1 Private Public Partnership Projects in Kenya

| No. | PROJECT NAME | CONTRACTING AUTHORITY | PROJECT DESCRIPTION |
|---|---|---|---|
| **MINISTRY OF TRANSPORT AND INFRASTRUCTURE** | | | |
| 1. | 2nd Nyali Bridge | Kenya Urban Roads Authority (KURA) | Development of a 2nd Nyali Bridge connecting the Mombasa Island with the North mainland to ease congestion on the existing Nyali Bridge and to make the traffic less dependent on a single channel crossing. |
| 2. | O&M of Nairobi Southern Bypass | Kenya National Highways Authority (KeNHA) | The construction of the 28.6 km dual carriageway is on-going under the China Road and Bridge Corporation (K).<br><br>Upon completion, the project has been proposed under the Operation and Maintenance (O&M) PPP scheme, whereby the private party will operate and maintain the road. |
| 3. | O&M of Nairobi - Thika Road | Kenya National Highways Authority (KeNHA) | Operation and Maintenance (O&M) of the 50 km superhighway under a PPP scheme. |
| 4. | Dualling of Nairobi - Nakuru Road | Kenya National Highways Authority (KeNHA) | The Project is envisaged to apply a Public Private Partnership (PPP) arrangement for the development and operation of the 157 km Nairobi-Nakuru Road (A104) which forms part of the Trans-African Highway (Northern Corridor). |
| 5. | Dualling of Mombasa - Nairobi Highway | Kenya National Highways Authority (KeNHA) | The upgrading, capacity expansion and subsequent operation and maintenance of the heavily trafficked 485 km Mombasa-Nairobi Highway (A109) through a PPP arrangement.<br><br>The Highway forms part of the longer Trans-African Highway (Northern Corridor) which is the main transport route serving East and |

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| | | | Central African countries from the Indian Ocean seaport of Mombasa. |
| 6. | O&M of JKIA Terminal 2 (Greenfield Terminal) | Kenya Airports Authority (KAA) | With a capacity of 20 million pax per year, the operation and maintenance (O&M) of the new terminal is to be handled by the private sector. |
| 7. | Development and Management of Inflight Catering Kitchen at JKIA | Kenya Airports Authority (KAA) | Bring in a 2nd in-flight kitchen operator at Jomo Kenyatta International Airport (JKIA) to increase competition leading to improved service delivery and quality of service. |
| 8. | PPP Structure for Food Courts at JKIA | Kenya Airports Authority (KAA) | Construction of Food Courts to include a restaurant, coffee shop, 12 individual food courts, multipurpose shops, ATM lobby, banking facility and a customer care desk facilities at JKIA. |
| 9. | Government Flying School | Kenya Civil Aviation Authority (KCAA) | Establishment of a government flight training school at the East African School of Aviation, the training directorate of KCAA, in partnership with the private sector. |
| 10. | Mombasa 2nd Container Terminal Phase 2&3 | Kenya Ports Authority (KPA) | Private parties will be invited to operate and maintain the 2nd Terminal now under construction through funding from JICA. |
| 11. | Conversion of Berths 11 - 14 into container terminals | Kenya Ports Authority (KPA) | Conversion of berths 11 - 14 into container terminal on a PPP arrangement. |
| 12. | Kisumu Sea Port | Kenya Ports Authority (KPA) | Development of Kisumu Port into a modern commercial Lake Port to serve the growing trade in the EAC region. |
| 13. | Lamu Port Development Project | Kenya Ports Authority (KPA) | Regional project with components of Lamu Port, Railway, Airport, Roads, Refinery, Pipelines of crude and refined oil as well as resort cities. Some of the development will be tendered through a PPP. |
| 14. | Multi Storey Terminal at Likoni | Kenya Ferry Services Limited (KFSL) | Development of a multi-storey terminal on 1.6Ha in Mombasa to provide a modern ferry terminal, parking, bus terminal as well as a variety of commercial services to maximize revenue potential of the site. |

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| 15. | Integrated Marine Transport System | Mombasa County Government | Development of water transport lines around Mombasa Island and the coastal towns. |
| 16. | Nairobi Commuter Rail Services | Kenya Railways Corporation (KRC) | Rehabilitation of existing 100km railway line, doubling of sections and support infrastructure. Design and provision of rolling stock and operation of the commuter rail link between Nairobi CBD and the Airport. |
| 17. | Multi-level Car park Facility in Mombasa | Mombasa County Government | Mombasa County Government owns a plot of about 3 acres at Makandara grounds, in the central business district, that is currently used as an informal parking lot.<br><br>The project seeks to redevelop the site and construct a multi-storey parking facility with a capacity of 5,000 cars. |

**MINISTRY OF ENERGY AND PETROLEUM**

| | | | |
|---|---|---|---|
| 18. | 400MW Menengai Phase I Geothermal Dev. Project | Geothermal Development Co. (GDC) | A green field electricity generation project whose objective is to increase the installed national capacity by an additional 400MW. |
| 19. | 800MW Menengai Phase 2 Geothermal Dev. Project | Geothermal Development Co. (GDC) | A green field electricity generation project whose objective is to increase the installed national capacity by an additional 800MW. |
| 20. | 800MW Bogoria-Silali Phase 1 GDC | Geothermal Development Co. (GDC) | A green field electricity generation project whose objective is to increase the installed national capacity by an additional 800MW.<br><br>The Bogoria-Silali block comprises of Bogoria, Baringo, Arus, Korosoi, Chepchuk, Paka and Silali prospects. |
| 21. | 800MW Liquefied Natural Gas (LNG) Power Plant at Dongo Kundu | Ministry of Energy and Petroleum (MoE&P) | 800MW LNG power plant to be located at Dongo Kundu in Mombasa on design, finance, construct, own, operate and maintain for a period of 20 years. |
| 22. | 560MW Geothermal Project Pipeline at the Olkaria Field | Kenya Electricity Generating Company (KenGen) | 560MW Geothermal project pipeline (divided into four equal projects of 140MW each) on Build, Own, Operate and Transfer basis for a period of 15 years. |
| 23. | 960MW Coal Plant in Lamu | Ministry of Energy and Petroleum | Generation of 960MW of power by IPPs on a Build, Own, Operate and Transfer basis for 20 |

| | | | |
|---|---|---|---|
| | | (MoE&P) | to 25 years. |
| 24. | 40MW Solar Power Plant at Muhoroni, Kisumu County | Ministry of Energy and Petroleum (MoE&P) | Generation of 40MW of power by IPPs, on a planned project area of 300 acres, with an actual floor area of 125 acres at Muhoroni. |
| 25. | 300MW Geothermal Plant at Suswa | Geothermal Development Company (GDC) | A greenfield electricity generation project which aims to contribute up to 300MW towards the Least Cost Power Development Plan.<br><br>IPPs will be invited to buy the steam from GDC under a Steam Purchase Agreement, and sell the electricity it generates to the KPLC under a PPA, thereby recouping its investment cost. |
| 26. | Off Shore Jetty | National Oil Corporation of Kenya (NOCK) | Development, operation and maintenance of the Mombasa offshore loading and offloading jetty and tank-farm project under a PPP arrangement. |

**MINISTRY OF ENVIRONMENT, WATER AND NATURAL RESOURCES**

| | | | |
|---|---|---|---|
| 27. | Nairobi Solid Waste Management | Nairobi County Government | Collection, transporting, recycling, sorting, landfill and generation of power for the solid waste management for Nairobi by the private party. |
| 28. | Mombasa Solid Waste Management | Mombasa County Government | Construction of sanitary land fill in South and North Coast and transfer stations, access roads and commissioning of existing land fill at Kibarani with processing capacity of 600 metric tons/day. |
| 29. | Nakuru Solid Waste Management | Nakuru County Government | Implementation of an Integrated Solid Waste Management by enhancing the Solid Waste Re-use, Recycle and Reduction (3Rs) principles in the following urban areas: Nakuru, Naivasha, Molo, Njoro, Mai Mahiu, Mau Narok, Gilgil, and Kabazi. |
| 30. | Nairobi Bulk Water Supply | Athi Water Services Board (AWSB) | Construction of Maragwa and Ndarugu Dams and the supply of bulk water to Nairobi County on a PPP basis |
| 31. | Mwache Multipurpose Dam | Coast Development Authority | Construction of a dam with capacity of 209million m3, supply of 190,000 of m3 of domestic water/day and irrigation of 5,050Ha |

| No. | PROJECT NAME | CONTRACTING AUTHORITY | PROJECT DESCRIPTION |
|---|---|---|---|
| 32. | Turkwel Downstream Irrigation | Kerio Valley Development Authority (KVDA) | Development of 3,215Ha of land for irrigation |
| 33. | Arror Multipurpose Dam | Kerio Valley Development Authority (KVDA) | Construction of a Dam, generation of 80MW hydro power, irrigation of 5,000 Acres |
| 34. | Munyu Multipurpose and Greater Kibwezi irrigation | Tana & Athi Water Rivers Development Authority | Construction of a Dam with 625 mil cm3, 40MW hydro power generation, 13,000Ha irrigation and water supply. |
| 35. | Tana Delta Irrigation | Tana & Athi Water Rivers Development Authority | Expansion of irrigation scheme from 1,763Ha to 5,000Ha to produce 24,000 Metric tons of rice/annum |
| 36. | Tana Delta irrigation sugar project | Tana & Athi Water Rivers Development Authority | Development of 20,000Ha of sugar fields and construction of 10,000 capacity sugar processing plant and installation of a 34MW cogeneration power plant and installation of ethanol plant with capacity of 75,000ltrs/day |
| 37. | Nandi Forest Multipurpose Dam | Lake Basin Development Authority | Construction of a Dam, generation of 50MW hydro power, irrigation of 7,000Ha |
| 38. | Magwagwa Multipurpose dam | Lake Basin Development Authority | Construction of a dam, installation of 120MW hydroplant, and development of 15,000Ha of irrigated land |
| **MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY** | | | |
| 39. | Kenyatta University Students Hostels | Kenyatta University | Development of students hostels to accommodate approximately 6,000 students |
| 40. | Moi University Students Hostels | Moi University | Construction of 7 student hostels/blocks to accommodate 9,880 No. students on a Build-Operate-Transfer (BOT) PPP basis. |
| 41. | Embu University College Student Accommodation Hostels | Embu Uni. College | Development of a multi-storey, multi-block hostel complex on a Design, Construct, Finance, Operate and Transfer PPP basis, that will cater for the accommodation of approx. 3,840 No. undergraduate and 200 No. postgraduate students. |

| | | | |
|---|---|---|---|
| 42. | Maseno University Student Accommodation Hostels | Maseno University | Development of a “Student Village” that would accommodate 10,000 No. students in its main campus students, as well as provide attendant commercial services such as shops, restaurants, eateries, document services, banks as well as a retail anchor tenants such as Nakumatt, Tusky’s, Ukwala or Naivas. |
| 43. | Egerton University Student Accommodation Hostels | Egerton University | Development of accommodation hostels for 5,120 undergraduate and 1,000 post-graduate and in-service students on a PPP basis. |
| 44. | SEKU Student Accommodation Hostels | South Eastern Kenya University (SEKU) | PPP scheme to accommodate 7,000 undergraduate students, 1,000 Post-Graduate students, a mess to next to the hostels and entertainment rooms. |
| 45. | Kenya School of Government - Embu | Kenya School of Government (KSG) - Embu | Construction and commissioning of a 400 self-contained single room occupancy hostel – conference centre complex at the Embu Campus |
| 46. | Jomo Kenyatta University of Agriculture and Technology (JKUAT) Projects | JKUAT | a) Juja Student Hostels and Lecturers Guest Houses:<br><br>Construction of student hostels to cater to 20,000 No. undergraduate and 1,000 No. graduate students and 50 No. lecturers guest houses at JKUAT Main Campus<br><br>b) Juja Common Lecture Building:<br><br>Construction of a common lecture building at the JKUAT Main Campus to accommodate an additional 4,600 No. students<br><br>c) Westlands Campus Tuition Block<br><br>Construction of tuition block (i.e. lecture rooms, theatre rooms, laboratories, library and offices) at JKUAT Westlands Campus to accommodate an additional 7,000 No. students<br><br>d) Juja College of Engineering and Technology (CoETECH):<br><br>The CoETECH building at JKUAT Main Campus. |

| | | | |
|---|---|---|---|
| | | | The proposed project is intended to provide a complex where all the engineering facilities such as laboratories, drawing studios, administrative offices, staff offices, lecture/teaching facilities will be located. |

**MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT**

| | | | |
|---|---|---|---|
| 47. | Civil Servants Housing Project | Ministry of Land, Housing and Urban Development | Development of civil servants housing scheme in Shauri Moyo, Park Road and Starehe in Nairobi through a PPP contractual arrangement. |

**MINISTRY OF EAST AFRICAN AFFAIRS, COMMERCE AND TOURISM**

| | | | |
|---|---|---|---|
| 48. | Mombasa International Convention Centre (MICC) | Kenya Tourist Development Corporation (KTDC) | Entails the development of a multi-purpose Convention Centre on a PPP basis, with a contemporary design to ensure large event(s) are successful in Kenya. |
| 49. | Development of Marina in Shimoni | Kenya Tourist Development Corporation (KTDC) | Entails a facility located on a water body that provides secure moors, landing place (dock, berths jetties), piers ramps/slips and stores for pleasure (luxury boats/yachts), repairs, refueling, restaurant. |
| 50. | First Class Hotel at Bomas of Kenya | Kenya Tourist Development Corporation (KTDC) | The development and operation of a First Class hotel at Bomas of Kenya on a PPP basis. |

**MINISTRY OF HEALTH**

| | | | |
|---|---|---|---|
| 51. | Equipment Lease and Infrastructure Improvement | Ministry of Health | Equipment of health facilities with modern and specialized diagnostic equipment and infrastructure development to facilitate the installation of the equipment for 93 hospitals across all Counties at both levels 4 and 5. |
| 52. | 300-Bed Hospital at KNH - Private Wing | Kenyatta National Hospital (KNH) | Development of the first full health PPP project in Kenya to provide local access to state-of-the-art specialty care thereby reducing the need to travel abroad. |
| 53. | ICT Services at Kenyatta National Hospital (KNH) | Ministry of Health | Development of ICT platform with several modules to manage hospital services including financial, procurement, drug supply, record management, patient management etc. |

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|---|---|---|---|
| 54. | Oxygen Plant | Ministry of Health | Improvement of medical oxygen supply involving the supply, installation, commissioning, operation, maintenance and transfer of 22 oxygen generating plants in 11 hospitals. |

**MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY**

| | | | |
|---|---|---|---|
| 55. | National Data Centre | Ministry of ICT | Development of a 4 tier data center |
| 56. | National Land Information Management and National Spatial Data Base | Kenya ICT Authority | Involves installation of a National land Information management system. |

**MINISTRY OF INTERIOR AND COORDINATION OF NATIONAL GOVERNMENT**

| | | | |
|---|---|---|---|
| 57. | National Police Housing | Ministry of Interior and Coordination of National Government | Construction of 50,000 housing units |
| 58. | Prison Housing | Ministry of Interior and Coordination of National Government | Construction of 16,000 housing units |

**MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT**

| | | | |
|---|---|---|---|
| 59. | Special Economic Zone (SEZ) | Ministry of Industrialization and Enterprise Development | Establishment of an SEZ at Dongo Kundu in Mombasa |

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