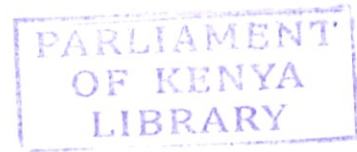




REPUBLIC OF KENYA

**THE NATIONAL TREASURY
& ECONOMIC PLANNING**

PUBLIC PRIVATE PARTNERSHIPS
DIRECTORATE



THE 3RD ANNUAL REPORT ON THE STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA FOR THE FINANCIAL YEAR 2023/24

Prepared by:

PUBLIC PRIVATE PARTNERSHIPS DIRECTORATE
THE NATIONAL TREASURY & ECONOMIC PLANNING


JUNE 2024



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FOREWORD



This Third Annual Report on the State of Public Private Partnerships in Kenya for the Financial Year 2023/24, is prepared in compliance with Section 88 of the Public Private Partnerships (PPP) Act of 2021. Under this provision, the Public Private Partnerships (PPP) Directorate is required to prepare and submit to the Public Private Partnerships Committee, an Annual Report on the State of Public Private Partnerships in Kenya. The provision also requires the Cabinet Secretary for the National Treasury to submit a copy of the Report to Parliament.

Under the 4th Medium Term Plan (2023-2027), the Government identified delivery of projects through PPP arrangements as a key strategy in addressing Kenya's acute infrastructural gap and also mitigating fiscal constraints. PPPs are expected to partly fill the investment-financing gap, and more so the gap occasioned by the ongoing fiscal consolidation efforts aimed at reducing government borrowing and lowering yields on government securities. In the same vein, the harmonization of the Public Investment Policy aimed at aligning the frameworks of PPP and Public Investment Management, which

shall be completed shortly, will ensure that commercially viable and environmentally sustainable development projects are implemented under the PPP model, thus availing the necessary fiscal headroom for Government to finance social projects.

Public Private Partnerships are uniquely structured to unlock the transformational delivery of public goods and services. Progress achieved in the fiscal year 2023/24, includes the completion of construction for three PPP projects namely: the Road Annuity Lot 15; the Road Annuity Lot 18; and the 35MW Sosian-Menengai Geothermal Power Plant. In line with local content requirements, as outlined under the PPP Act 2021, the Project Companies integrated local resources by adopting measures such as employment of Kenyans through using local sub-contractors and predominantly sourcing materials locally for the construction of these projects. These measures supported skills improvement of the local populace besides contributing to the growth of the local economy and improvement of the livelihoods of Kenyans.

The completion of the above mentioned three projects adds to the two PPP projects already in operation namely; the Nairobi Expressway and the Road Annuity Lot 33. These PPP projects continue to improve service delivery in the transport sector and the production of clean energy for powering the national grid. Additionally, construction of the Kenya Defence Forces Residential Accommodation Units and 35MW Quantum Geothermal Power Plant commenced during the fiscal year 2023/24 and are scheduled to be completed Financial Year 2024/25.

Further, during the 2023/24 fiscal year, Contracting Authorities jointly with the Directorate and the private sector, progressed a number of approved PPP

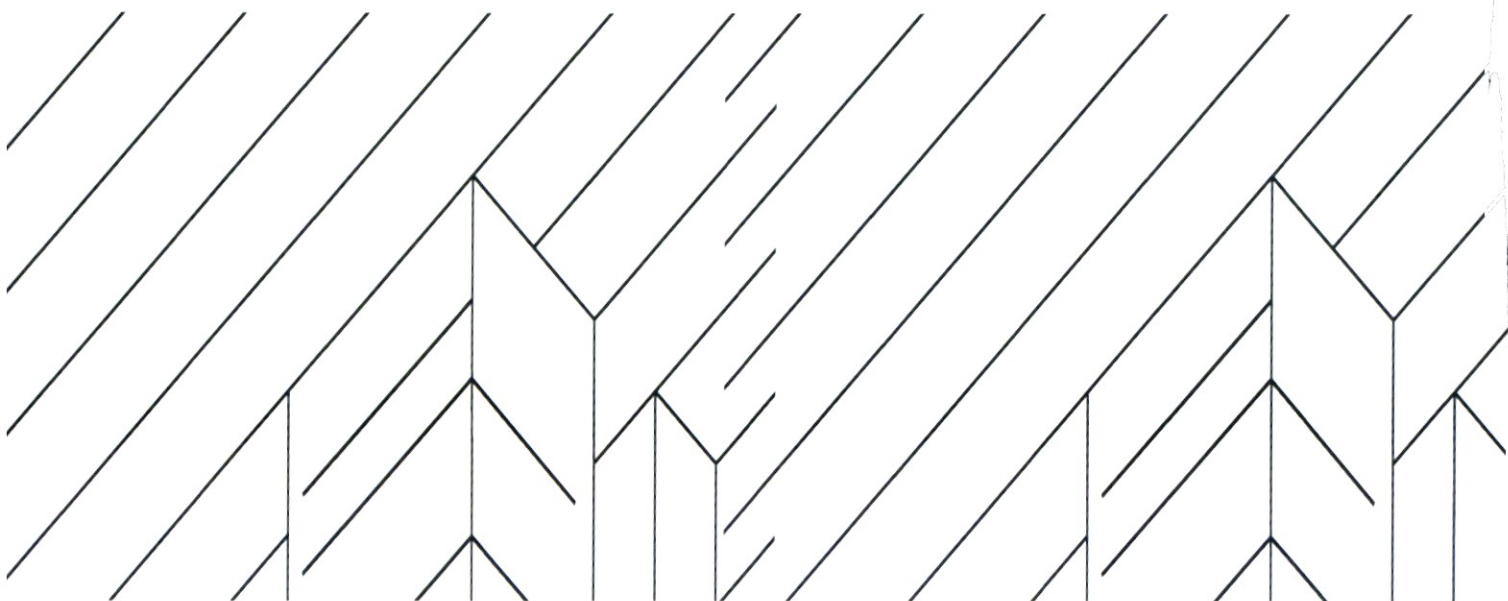
projects in agriculture and housing, to advanced stages. These projects include: the Stoni Athi Affordable Housing and University of Nairobi Purpose-Built Student Hostels, which are expected to boost access to affordable housing. The Galana-Kulalu Food Security project and Tana Delta Integrated projects will, after completion, go a long way towards transforming the agriculture sector by increasing the production of maize and rice in the country. This will greatly contribute to Government efforts to enhance food security. Other projects that have obtained preliminary approvals to progress include Ndarugu 2 Dam, Sabaki Water Carrier, Londiani Dam, Lamu Water Desalination Plant, and High Grand Falls. The feasibility studies for these projects are being finalized.

The priority sectors earmarked for PPP projects in the next fiscal year will continue to be Agriculture, Roads and Transport, Urban Development and Housing, Energy, Water and Irrigation, Information, Communication Technologies (ICT), Health, Housing, Tourism, Education, Industrial Parks, Aviation and the Blue Economy.

As more PPP projects get into the implementation phase, the Government has prioritized strengthening the capacity of key technical government agencies which include the Contracting Authorities, sectoral regulatory agencies, and the Public Private Partnerships Directorate, on the management of contracts for PPP projects. This will enable the agencies to undertake effective monitoring and supervision of projects, ensuring that PPP projects are delivered in a manner that is consistent with service delivery performance thresholds and full compliance with environmental, social, and sustainability requirements and standards.



**HON. CPA JOHN MBADI, EGH
CABINET SECRETARY/THE NATIONAL
TREASURY & ECONOMIC PLANNING**



ACKNOWLEDGEMENT



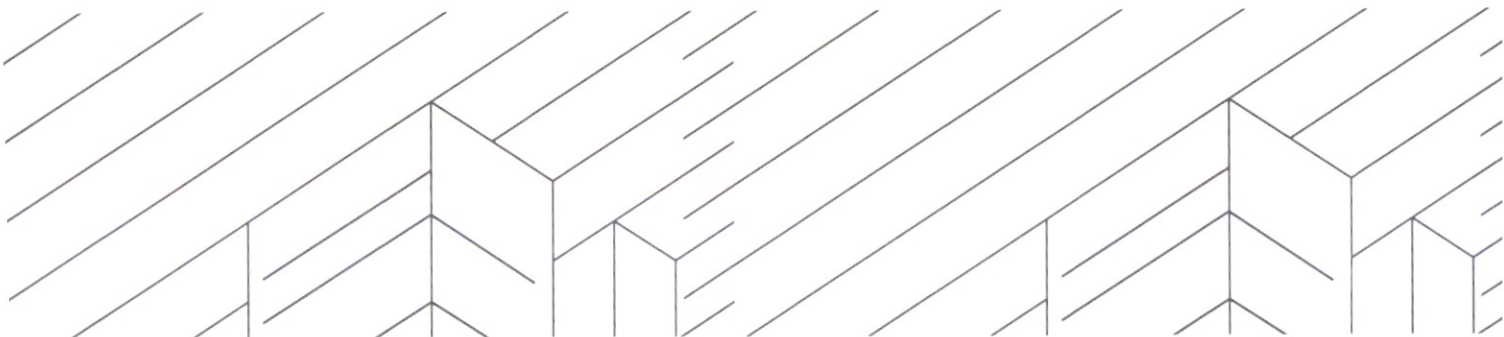
This Report is a result of the collaborative efforts of various stakeholders in the PPP ecosystem from both the public and private sectors, as well as development partners.

In particular, the support and input of Contracting Authorities both at the National and County Government levels towards the enrichment of this report cannot be gainsaid. Through their dedication and active participation, we are developing PPP projects in various sectors.

We also extend our gratitude to the private sector, which has catalyzed and grown our PPP program by availing both financing and technical expertise for the development of PPPs.

These include: INTEX RAF 1 Ltd for the Lot 33 Road Annuity Programme, Moja Expressway Company Ltd for the Nairobi Expressway, Infraconnect 15 Ltd for the Lot 15 of Road Annuity Programme, Infraconnect 18 Ltd for the Lot 18 of Road Annuity Programme, Sosian Menengai Geothermal Power Ltd for the 35 MW Sosian Menengai Power Plant, QPEA GT Menengai Ltd for the 35 MW Quantum Menengai Power Plant and Linda Project Co. Ltd for the Kenya Defence Forces Residential Accommodation Project. We appreciate their collaboration and flexibility in enabling the delivery of projects that are both bankable and affordable. Our appreciation also goes to our development partners, especially the World Bank for their continued support of the PPP program, now in its 12th year.

We also thank other key partners who include the International Finance Corporation (IFC), the Private Infrastructure Development Group (PIDG), the United States International Development Agency (USAID), and the Africa Legal Support Facility (ALSF). Their deployment of both technical and financial resources in the PPP program has been instrumental to the progress we continue to achieve.



The PPP Directorate spearheaded the preparation of this Report, and special gratitude goes to the Director General PPP, the management and staff of the Directorate for their sustained efforts in working with Contracting Authorities and the private sector to structure sustainable PPPs.

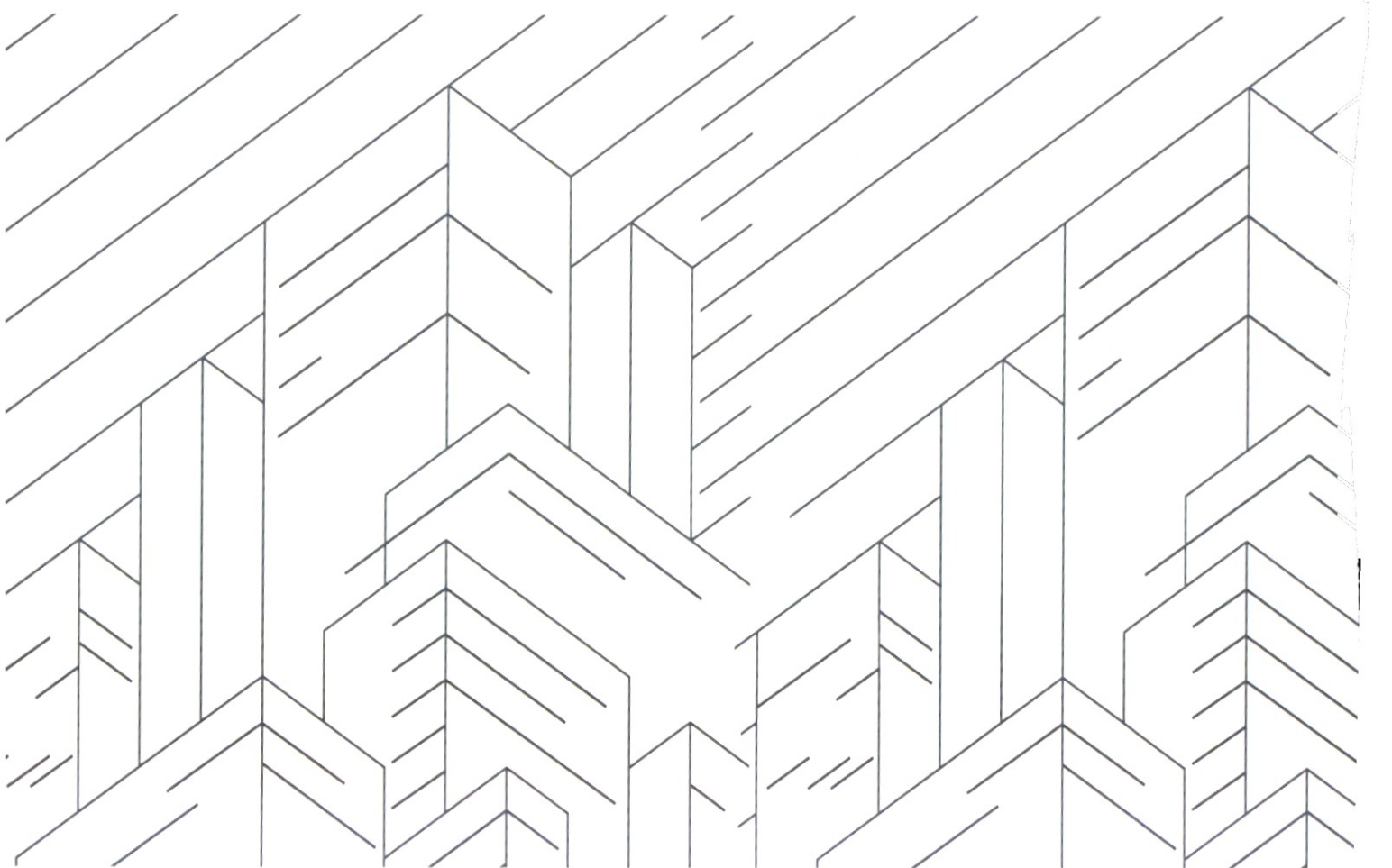
overseeing the PPP programme.

Finally, to all stakeholders not specifically mentioned here, please accept our sincere appreciation for your role in the continued success of the PPP programme.

The role of the Public Private Partnerships Committee is key in the oversight and approval of PPP transactions. As Chair of the Public Private Partnerships, Committee, I wish to thank my fellow Committee members for their support and valuable contributions in steering and



**DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/
THE NATIONAL TREASURY**



ABBREVIATIONS AND ACRONYMS

ALSF

Africa Legal Support Facility

AIFP

Africa Infrastructure Fellowship Program

CREST

Climate Resilience & Environmental Sustainability Technical

FCCL

Fiscal Commitment and Contingent Liabilities

GOK

Government of the Republic of Kenya

GSM

Government Support Measures

JICA

Japanese International Corporation Agency

IFC

International Finance Corporation

KES

Kenya Shillings

PFF

Project Facilitation Fund

PIDG

Private Infrastructure Development Group

PPP

Public Private Partnerships

PPPD

PPP Directorate

PPIAF

Public – Private Infrastructure Advisory Facility

USAID

United States International Development Agency

VGF

Viability Gap Funding

KMOLIT

Korean Ministry of Land, Infrastructure and Transport

ABOUT REPORT ON STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA

This Third Annual Report on the State of Public Private Partnerships in Kenya is a statutory report that sets out an overview of the performance of the PPP programme and the broad strategic PPP priorities to guide National and County Governments in the preparation of PPP priority projects.

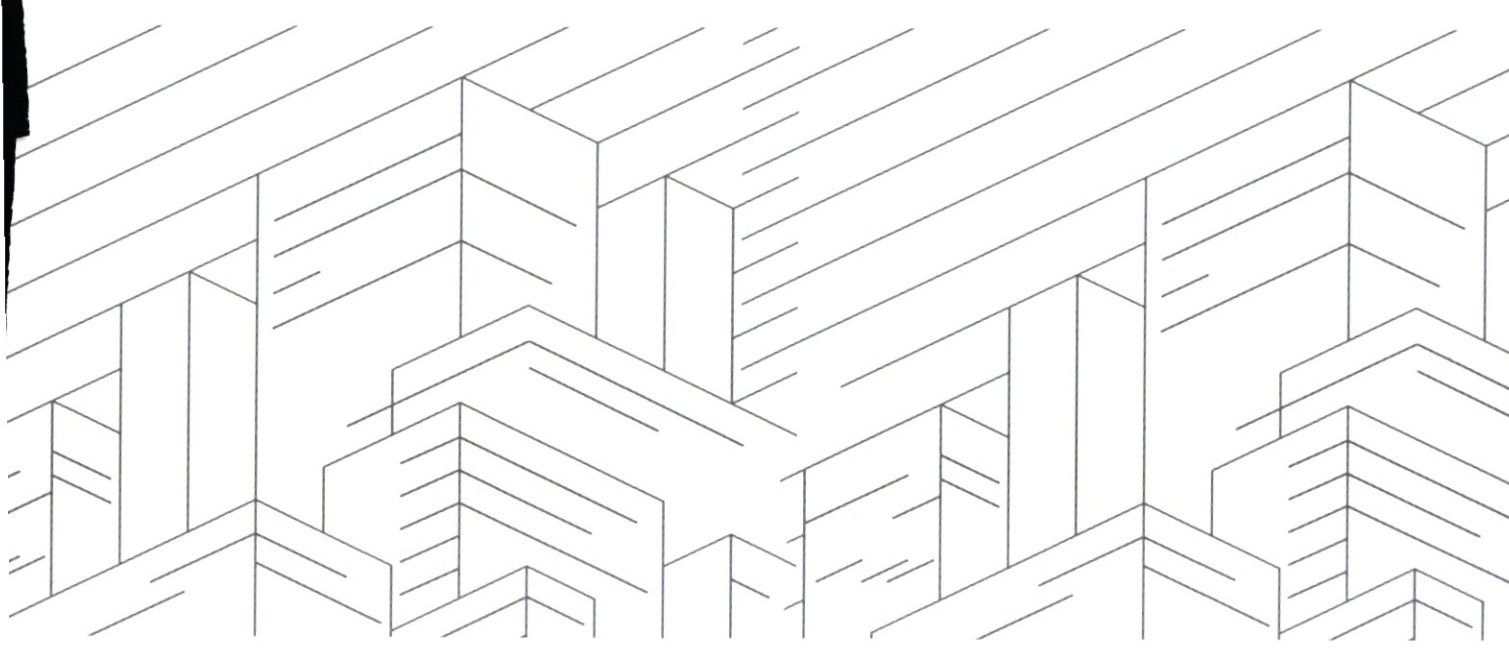
The Report draws from the requirement under sub-section 88 (1) of the PPP Act 2021, which obligates the PPP Directorate, to prepare and submit to the PPP Committee, an Annual Report on the State of Public Private Partnerships in Kenya.

Further, sub-section 88 (3) provides that the Cabinet Secretary shall submit a copy of the annual report to Parliament.

The Annual Report on the State of Public Private Partnerships contains information on the following areas:

- Projects approved for preparation and implementation as PPPs, including the current status of these projects;
- Government support measures that have been approved for PPPs;
- PPP project tenders that have been cancelled;
- Value of contingent liabilities approved for PPP projects;
- Financial reports of PPP projects that are being operated by private party(ies);
- Additional achievements in the PPP programme;

Information in this report is derived from internal PPP programme monitoring reports as well as PPP project status reports submitted by Contracting Authorities for projects that are in implementation, among other sources



EXECUTIVE SUMMARY



Given the current local and global fiscal challenges, PPPs are pertinent in enhancing infrastructure development. In this light, the Government of Kenya (GoK) has continued to implement the established PPP policy and legal framework that enables private investment in priority programs through balancing risks and rewards between the public and the private sector.

As at the close of FY 2023/24, the PPP projects pipeline comprised 37 projects approved on various dates since the commencement of the PPP program in 2013. Nineteen of these projects were approved for procurement under Competitive Bidding process; sixteen as Privately Initiated Proposals (PIPs) and two as Direct Procurement method.

The PPP Pipeline comprises of 37 projects, seven of which are in implementation and 11 were granted first stage approval, These 11 projects include the development and expansion of Jomo Kenyatta International Airport (JKIA), Supply of Smart Driving Licences and Associated Services, Stoni Athi Affordable Housing Units, Nairobi Mombasa Expressway (Usahihi Expressway), Next-Generation Integrated Border Management System, Sabaki Water Carrier Project,

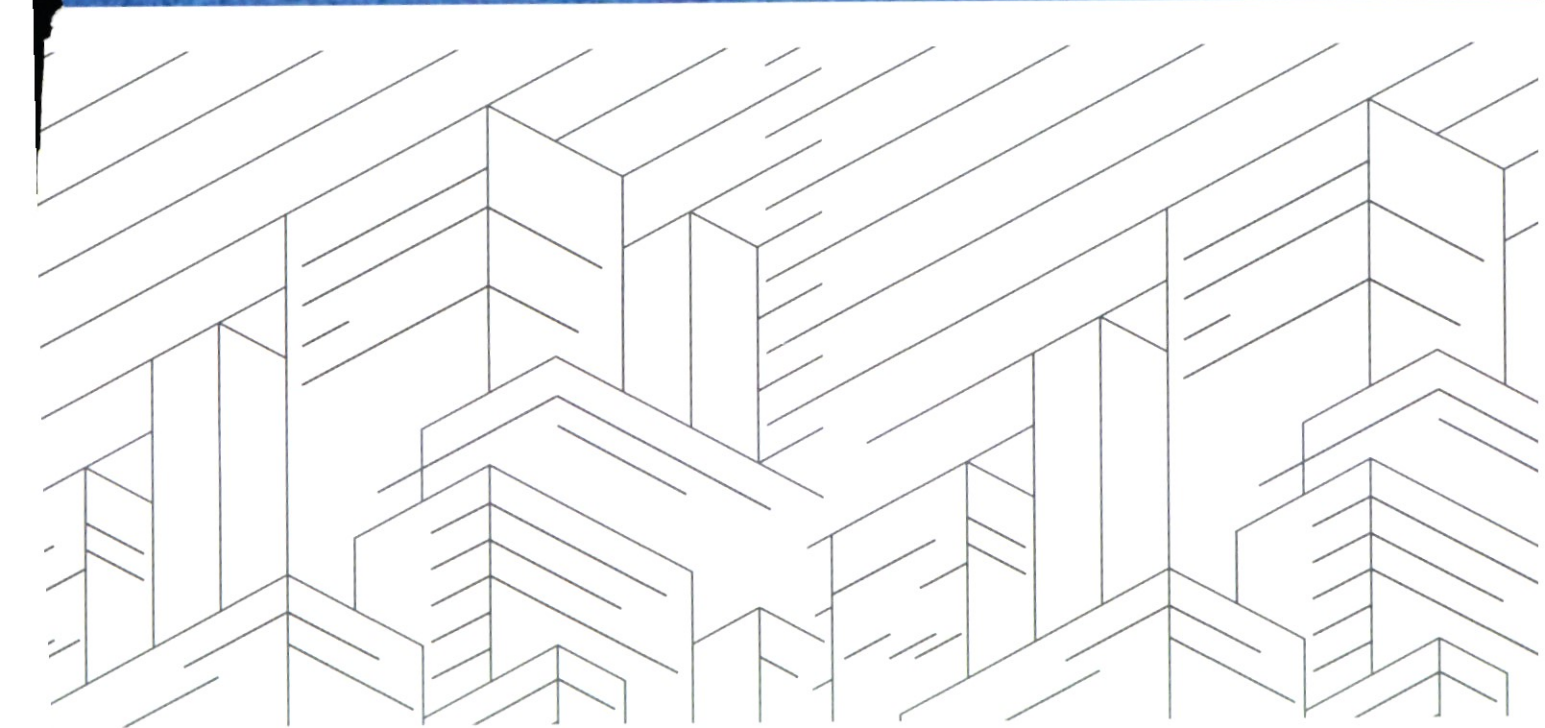
Galana Dam, Londiani Dam, Lamu Water Desalination Plant, Supporting Carbon Assets and Development of Carbon Credit Projects, Printing and Supply of National Examination Papers and Other Related Confidential and Security Printed Materials. The estimated combined total cost of these projects is KES. 468 billion (USD 3.6 billion)¹.

Since the enactment of the PPP Act 2021, the PPP program has experienced remarkable growth, with a total of seven projects at implementation stage, of which five are in operations and two under construction. The projects in operation are the Nairobi Expressway; Road Annuity Projects Lot 15; Lot 18 and Lot 33, and the 35 MW Sosian Menengai Geothermal Power Plant. The projects under construction are 35MW Quantum Menengai Geothermal Power Plant Project and Kenya Defence Forces Residential Accommodation.

During the year, the Contracting Authorities (CAs) and Independent Experts of these projects, in collaboration with the Directorate, undertook various joint project monitoring and inspection activities, including monitoring of compliance with environmental and social requirements.

Undoubtedly, PPPs offer a highly effective mechanism for mobilizing private capital to finance critical infrastructure and public services. Approximately KES 140.7 billion worth private capital investments in PPPs has been mobilized to date. In FY 2023/24 KES 4.3 billion was mobilized and this is for the implementation of the Kenya Defence Forces Residential Accommodation PPP Project.

The program faced a few setbacks during FY 2023/24, PPP tenders for two projects were terminated; and the “Equipment and Operation of Port Assets in Mombasa and Lamu”, PPP Project, which had been earmarked for Financial Close within the Financial Year was slowed down at the tender



stage following a court petition that required to be resolved before the project could progress. Whereas these setbacks impacted on the overall progress of the PPP program they did provide a number of lessons, that have informed the continuous improvement of the PPP program.

In relation to financial performance, five of the seven projects in implementation qualified for analysis of financial performance: the Nairobi Expressway; 35MW Sosian-Menengai Geothermal Power Plant; Lot 15; Lot 18 and Lot 33 Road Annuity projects. The financial statements prepared for these five projects comply with the International Financial Reporting for Small and Medium-sized Entities and the requirements of the Companies Act, 2015. Additionally, the financial statements were audited by an independent auditor, appointed in line with the Companies Act, 2015.

In the next financial year the Directorate will work closely with the State Department of Economic Planning and other Government agencies to develop a 10-year National Infrastructure Plan (NIP), which will document strategic infrastructure investments across various sectors to be delivered in the next 10 years. It will contain a comprehensive approach to infrastructure development, in both the relatively short-term and the long-term, by providing a basis for planning, prioritization, resource mobilization, and

delivery of infrastructure projects by the Contracting Authorities. The National Infrastructure Plan will inform the implementation of both PPP and public investment project under the Public Investment Management framework.

In addition, there shall be recruitment of an independent consultant to conduct due diligence on private parties to minimize execution and reputation risks. Also, there shall be proactive engagements with Parliament and strengthening proactive public understanding acceptance of projects highlighting the economic benefits to the public.

The National Treasury continues to sustain strategic partnerships to provide supplementary resources for supporting the PPP Directorate and its programs through technical assistance arrangements. Such partnerships include those with the IFC, the PIDG, ALSF, JICA and AIFP. These partnerships continue to play a critical role in building capacity and enhancing the viability, bankability, and efficacy of PPP projects.



**CHRISTOPHER KIRIGUA, MBS
DIRECTOR GENERAL, PUBLIC PRIVATE
PARTNERSHIPS DIRECTORATE**

¹ 1 USD = KES 130

² Construction and rehabilitation of the 45 kms roads to augment select urban roads in 6 Counties: Nyeri (11.9km), Kirinyaga (4.10km), Murang'a (8.9km), Embu (6.97km), Tharaka Nithi (3.18km) and Laikipia (3km)

³ Construction & rehabilitation of the 32kms of roads to augment select urban roads in 4 Counties: Kakamega (10.6km), Vihiga (6 km), Bungoma (13.5km) & Busia (5.2km)

⁴ Construction and maintenance of the 90.55km roads from Ngong to Isinya ("Ngong-Kiserian-Isinya") and from Kajiado to Imaroro ("Kajiado-Imaroro")

CHAPTER 1: LEGAL AND INSTITUTIONAL SET UP OF THE PPP DIRECTORATE

1.1 Legal Framework

The Government of Kenya created a robust PPP legal framework through the enactment of the PPP Act, 2021. This principal statute is fundamental in promoting private sector participation and driving accelerated delivery of public infrastructure projects. The PPP Act, 2021 repealed and replaced the PPP Act, 2013, but simultaneously preserved the existing Public Private Partnerships Regulations, 2014, and the Project Facilitation Fund Regulations, 2017 for the time being, to allow for the seamless development of new comprehensive Regulations.

The PPP Directorate is established under section 15 of the PPP Act 2021. Under section 19 (1), the Directorate is designated as the lead institution in the implementation of a Public Private Partnership projects under the Act. The PPP Committee is instrumental in the oversight and approval of PPP transactions.

The legal framework is premised on recognized guiding principles that streamline the identification, selection, evaluation, procurement, and delivery of PPPs. It clearly defines the roles and responsibilities of each party. This has created greater credibility for the public private partnerships programme. Further, this framework has strengthened institutional structures,

and has promoted improved compliance and collaboration across the Government in the development of PPP projects.

1.2 Institutional Framework of the PPP Directorate

The PPP Act 2021 established the office of the Director General as the head of the PPP Directorate and the Secretary to the PPP Committee.

The PPP Directorate's role is two-fold at the institutional level: on the one hand serving as the secretariat and technical arm of the PPP Committee and on the other hand providing technical, financial and legal expertise to the PPP Committee and the contracting authorities regarding PPP-related activities.



CHAPTER 2: PROJECTS PIPELINE

2.1 Approved PPP Projects

This section of the report is based on Section 88, subsections (b) and (c) of the PPP Act 2021, This section mandates the Directorate to prepare an Annual Report documenting *the number, types, and values of PPPs being implemented in Kenya and the Contracting Authorities implementing PPPs in Kenya.*

The reporting on PPPs is based on the four methods of procuring a Public-Private Partnership project outlined in Section 37 of the PPP Act 2021, and These are; Direct Procurement, Privately Initiated Proposals (PIP), Competitive Bidding, and Restricted Bidding.

The PPP projects pipeline comprises 37 projects. Eleven of the 37 projects were granted preliminary approvals during FY

2023/24 and were subsequently included in the PPP Pipeline. The Government is committed to delivering sustainable infrastructural developments through the PPP framework in priority sectors which are: Agriculture & Irrigation, Water, Energy, Environment, Health, Housing, Tourism, Transport, Urban Development, Education, Industrial parks, ICT, Aviation, and Blue Economy. All the PPP projects align with the 4th Medium Term Plan MTP IV and the Bottom-Up Economic Transformation Agenda (BETA) . Table 1 summarizes projects by sector and procurement method whereas Table 2 summarizes the distribution of projects by phase in the PPP cycle.

Table 1: Summary of PPP Projects by Procurement Method

Sector	Competitive Bidding	Privately Initiated Proposal (PIP)	Direct Procurement	Total
Transport	6	3	1	10
Energy	4	2	0	6
Water	0	5	0	5
Health	4	1	0	5
Housing	3	0	1	4
Agriculture & Irrigation	0	3	0	3
Environment	0	1	0	1
Tourism	1	0	0	1
Urban Development	1	0	0	1
Education	0	1	0	1
Total	19	16	2	37

The detailed list of PPP projects is at Annex 1 of this report

Table 2: PPP Project Pipeline by Phase in the PPP Project Cycle

Phase in the PPP Project Cycle	Number
Operations and Maintenance	5
Construction	2
Commercial Close	3
Contract Negotiation	8
Project Development / Feasibility Study	19
Total	37





Figure 2: Tana Delta Irrigation Project

2.2 Mobilization of Private Capital investments in PPP projects

Approximately KES 140.7 billion has been mobilized in the form of private capital investments in PPP projects to date. In FY 2023/24 KES 4.3 billion was mobilized, and this was for the implementation of the Kenya Defence Forces Accommodation project.

The PPP program faced a few setbacks during FY 2023/24. PPP tenders for two projects were terminated, namely Nairobi-Nakuru Mau Summit Road project and Road Annuity Lot 32. On the other hand, two projects with a combined project value of KES. 125.2 billion, and which had been targeted to achieve Financial Close during the fiscal year did not attain this milestone. The 35MW Orpower 22 Geothermal Power

Plant project required a restructuring of the shareholding in the project Special Purpose Vehicle (SPV), while the tender for the Equipment and Operation of Port Assets in Mombasa and Lamu was slowed down in November 2023 following a court case filed by the Taireni Association of Mijikenda. The court case was settled in April 2024. Whereas these setbacks impacted on the overall progress of the PPP program, they did provide a number of lessons that have informed the continuous improvement of the program.

In FY 2024/25 the Government has projected that it will mobilize at least Ksh 70 billion worth of private sector capital investments in PPP projects.

2.3 PPP Projects in Implementation

The reporting on projects in implementation has been done in accordance with Section 88 (2) (b) of the PPP Act 2021 which requires implementation reports on PPP projects to provide details on *the number, types, and values of the projects*. The projects in the implementation are those that are currently under construction or in

operation and maintenance.

As of the end 2023/24 Financial Year, there were seven projects under implementation, of which, four projects were in the transport sector, two in the energy sector, and one in housing.

These projects are detailed in Table 3 below:

Table 3: Status of PPP Projects in Implementation

Name of Project	Contracting Authority	Date of Project Financial Close	PPP Arrangement (Type)	Project Cost (USD Million)	Project Term (Years)	Project Status as at June 2024
1. Road Annuity Program Lot 33	KERRA	February 2018	Design - Finance - Build - Operate - Maintain - Transfer (DFBOMT)	98.83	10	The project is in the operations and maintenance phase
2. Road Annuity Program Lot 15	KURA	February 2022		73.07	10	The projects are in the operations and maintenance phase
3. Road Annuity Program Lot 18	KURA	February 2022		59.02	10	
4. Nairobi Expressway	KENHA	December 2021		667.80	30	The project is in the operations and maintenance phase
5. 35 MW Sosian Menengai Geothermal Power Plant	Geothermal Development Company	November 2023	Build, Own and Operate	89	25	The project is the in operations and maintenance phase.
6. 35 MW Quantum Menengai Geothermal Power Plant Project	Geothermal Development Company	December 2023	Build, Own and Operate	116	25	The project is in the construction phase
7. Kenya Defense Forces Residential Accommodation Project	State Department of Housing	April 2024	Build, Lease, Transfer (BLT)	34	15	The project is in the construction phase

2.4 Fiscal Commitments and Contingent Liabilities

2.4.1 Introduction

Contributions, through fiscal commitments to the “partnership” of PPPs inevitably gives rise to contingent liabilities to Government. The Concession Agreements for PPPs specify the types of risks/events that may trigger contingent liabilities. These agreements also list the force majeure conditions as well as concessionaire and contracting authority events of defaults, which may lead to termination payments from the Government to the concessionaire. Consequently, the Government provides mechanisms for de-risking public investments in respect of private capital mobilization for infrastructure development.

2.4.2 Government Support for PPP Projects

Section 88 2(d) of the PPP Act 2021 requires that the annual report documents – *Government support measures that have been given by contracting authorities and to whom*. PPP contracts in principle, have financial implications and pose risks that need to be allocated, monitored, and managed effectively. Government Support Measures (GSM) are often introduced to mitigate some of these risks which would otherwise be borne by the private party. The Government provides a range of support to PPPs through various

mechanisms. This support is provided in form of both direct measures such as capital subsidies and availability payments and indirect measures such as guarantees. Additionally, financial intermediaries can be established to mobilize funding to enhance the project's financial viability. Government support is critical in enhancing the bankability of PPP projects, however, it does affect Government's fiscal position and therefore needs to be considered carefully. Currently, the most common types of GSMs provided to PPP projects include Letters of Support (LOSs) and various forms of risk guarantees. These measures help mitigate risk and make projects more attractive to private investors, while balancing fiscal responsibility.

In 2018, the Government approved a GSM Policy outlining the Government's practice and conditions under which various support instruments can be made available to implementers of public projects, to enhance bankability of public investments. The Policy also outlines the specific rules that apply in the provision of GSMs. According to the Policy, the available GSM instruments include Binding Undertakings, LOSs, Letters of Credit, Credit Guarantees, Partial Risk Guarantees and Political Risk Insurance.

Whereas the PPP Committee is responsible for approval of PPP projects at every stage, there exists an exception to projects in the energy sector, whereby

most of the approvals for Independent Power Producers (IPPs) are processed by the sector through the Feed in Tariff (FIT) framework. After the FIT Policy Committee approves the technical and other aspects of the FIT project feasibility report and grid connection studies. Then the report and the grid connection studies are required to be submitted to the PPP Committee for approval of the fiscal risks and contingent liabilities and re-confirmation of the value for money, affordability, and risk transfer tests, as

this process is under and independent regime (the FIT Alignment Policy). There is a need for integration of all PPP processes under one regime i.e., the PPP Act 2021.

In line with the foregoing, since 2013 to date, the Government has issued GSMs to seven PPPs and eight IPP projects approved by the PPP Committee. Table 4 provides details of the GSMs issued including the type of GSM issued and the beneficiaries of the same.

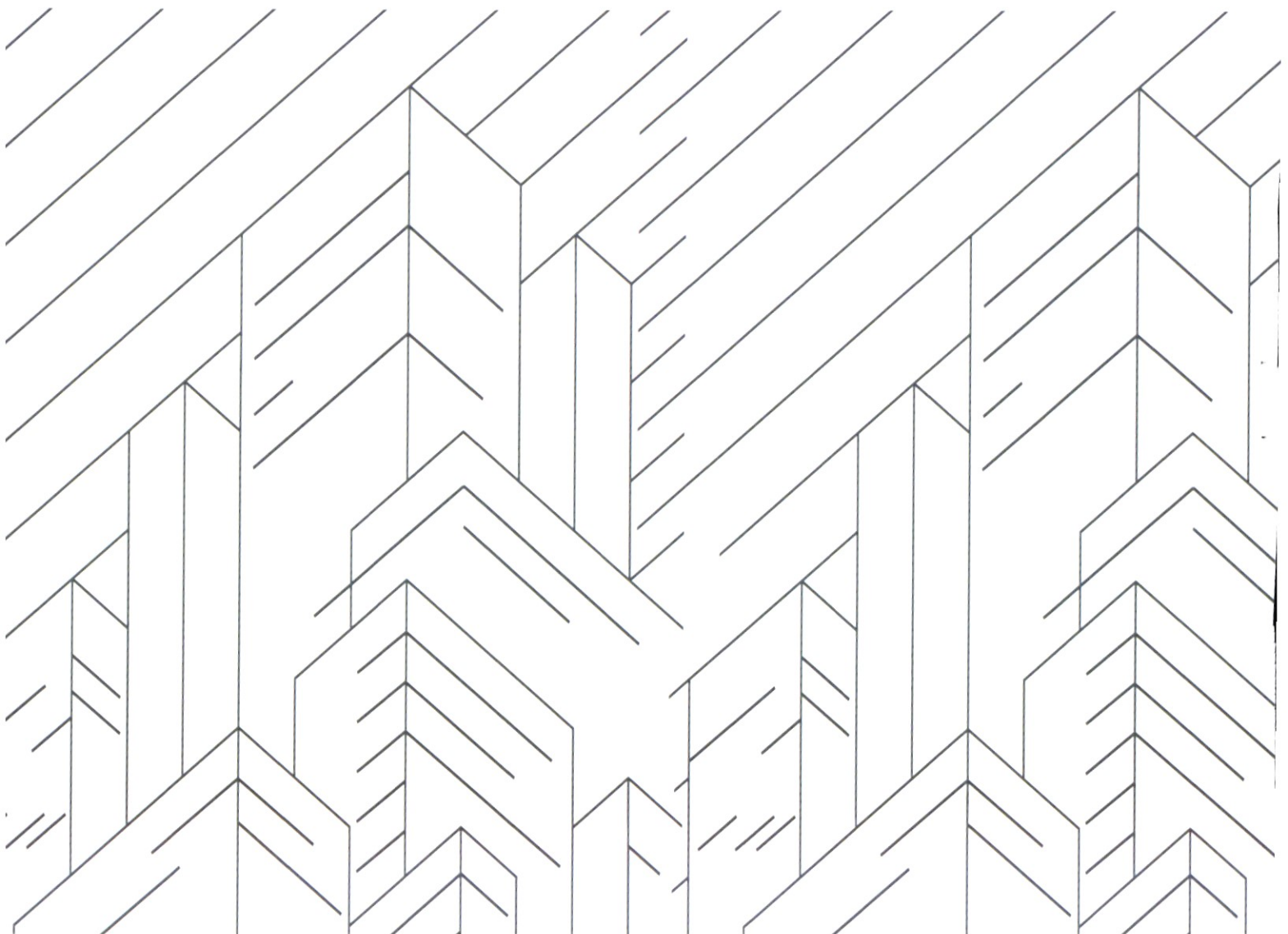


Table 4: Government Support Measures Issued for PPP Projects

	Project Name	Contracting Authority	Type	Date	Beneficiary
1	Road Annuity Programme Lot 33	KERRA	Letter of Support	04/08/2017	Service Provider: RAF 1 Limited AND Security Agent: KCB Bank Kenya Limited
2	Road Annuity Programme Lot 3	KENHA	Letter of Support	12/07/2021	Service Provider: Hass-Consortium-GVR Infra Limited AND Security Agent: Standard Bank of South Africa acting through its corporate and investment banking division
3	Road Annuity Programme Lot 15	KURA	Letter of Support	23/04/2021	Service Provider: Infraconnect Fifteen Kenya Limited AND Security Agent: Standard Bank of South Africa acting through its corporate and investment banking division
4	Road Annuity Programme Lot 18	KURA	Letter of Support	23/04/2021	Service Provider: Infraconnect Eighteen Kenya Limited AND Security Agent: Standard Bank of South Africa acting through its corporate and investment banking division
5	Road Annuity Programme Lot 32	KENHA	Letter of Support	12/07/2021	Service Provider: SKAR Lot 32 Development Corporation Limited, AND Security Agent: Deed of Adherence not yet issued
5	Kenya Defence Forces Residential Accommodation Project	Ministry of Defence	Letter of Support	27/04/2021	Service Provider: Linda Project Company AND Security Agent: Liaison Group
6	Nairobi Expressway	KENHA	Letter of Support	20/08/2020	Service Provider: MOJA Expressway Company Limited AND Security Agent: The Export Import Bank of China
INDEPENDENT POWER PRODUCERS (IPPs)					
1	300MW Lake Turkana Wind Power Project	Kenya Power	Letter of Support	28/02/2013	Service Provider: Lake Turkana Wind Power Limited
2	100 MW Kipeto Wind Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Kipeto Energy Limited AND Financing Party: Overseas Private Investment Corporation (OPIC)

Cont... Table 4: Government Support Measures Issued for PPP Projects

	Project Name	Contracting Authority	Type	Date	Beneficiary
3	35MW Sosian Menengai Geothermal Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Sosian Menengai Geothermal Power Limited
4	35MW Quantum Menengai Geothermal Project	Kenya Power	Letter of Support		Service Provider: QPEA GT Menengai Ltd
5	40MW Cedate Solar Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Cedate Limited AND Financing Parties: European Investment Bank Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V
6	40MW Selenkei Solar Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Selenkei Investment Limited AND Financing Parties: European Investment Bank Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V
7	40MW Malindi Solar Project	Kenya Power	Letter of Support	01/11/2017	Service Provider: Malindi Solar Group Limited AND Financing Party: Standard Chartered Bank
8	40MW Alten Solar Project	Kenya Power	Letter of Support	14/12/2017	Service Provider: Alten Kenya Solarfarms B.V.
9	50MW Chania Green Wind Project	Kenya Power	Letter of Support	26/ 01/2018	Service Provider: Alten Kenya Solarfarms B.V. AND Financing Parties: Chania Green Generation Ltd

2.5 Contingent Liabilities arising from approved GSMs for PPPs

Section 88 (2) (g) of the PPP Act 2021 requires that this report documents the value of *contingent liabilities, if any, approved for Public Private Partnerships.*

The FCCL Framework of 2018, outlines the methodology for identification, valuation, and management of contingent liabilities arising from PPP projects at different stages of project implementation. The main GSM instrument thus far issued is the

Government Letter of Support (LOS). The LOS has been issued for 15 projects and provides for early termination of a PPP contract, triggered by political events as defined in the respective LOS instruments.

In a recent technical assistance engagement offered to the National Treasury, on the calculation of contingent liabilities (CLs), it was determined that assumptions previously used in the

calculation of CLs required to be revised. The process is underway on the revision of those assumptions and re-calculation of contingent liabilities for projects that are either in construction or operations. In view of the foregoing, this report has only documented termination payments for those projects that achieved Financial Close. The calculation of the

termination costs is based on the worst-case scenario, which is, the maximum possible termination payment that the Government would incur should a political event occur. The values of the termination payments for financially closed projects are presented in Table 5 below:

Table 5: Value of Estimated Termination Payments for Financially Closed Projects

Project Name	Contracting Authority	Project Stage	Project Cost KES (Million) 1 USD=KES 130	Estimated Termination Payment KES (Million) 1 USD=KES 130
Roads				
1. Lot 33 Roads Annuity Project	KeRRA	Operations and Maintenance	9,883	7,287
2. Nairobi Expressway	KeNHA	Operations and Maintenance	70,783	103,763
3. Lot 15 Roads Annuity Project	KURA	Construction	8,117	8,487
4. Lot 18 Roads Annuity Project	KURA	Construction	6,397	7,195
Energy				
5. 40 MW Malindi Solar Power Plant Project	Kenya Power	Operations and Maintenance	8,440	12,261
6. 40 MW Cedate Solar Power Project	Kenya Power	Operations and Maintenance	8,189	9,946
7. 50 MW Chania Green Wind Power Project	Kenya Power	Operations and Maintenance	12,978	14,706
8. 40 MW Selenkei Solar Power Project	Kenya Power	Operations and Maintenance	8,446	10,372
9. 35 MW Sosian Menengai Geothermal Power Plant Project	Geothermal Development Company (GDC)	Construction	11,699	11,518
10. 35 MW Quantum Menengai Geothermal Power Plant Project	Geothermal Development Company (GDC)	Construction	15,113	14,789
Housing				
11. Kenya Defence Forces Residential Accomodation Project for the	Mnistry of Defence	Construction	4,346.7	3,570
Total			164,392	203,894

2.6 Debarred or Blacklisted Private Parties

Section 88 (2) (e) of the PPP Act 2021 requires this report to document, *private parties that have been debarred or blacklisted under the Act.*

To date, no parties have been blacklisted under the Act. When undertaking due diligence of prospective private investors in PPPs, the Directorate and the Contracting Authorities consider data on firms that have been blacklisted by the Public Procurement Regulatory Authority and multilateral institutions such as the World Bank and the African Development Bank. This ensures that only credible and compliant firms are involved in the projects, thus safeguarding the integrity and success of the PPP's.

2.7 PPP Project Tenders Cancelled

Section 88 (2) (f) of the PPP Act, 2021 requires that the annual report documents the *number, type and value of Public Private Partnership tenders that have been cancelled.* The Act permits the Contracting Authority (CA) to cancel a tender process if it is in the public interest under the circumstances detailed in Section 62(5).

During FY 2023/24, two projects were cancelled. The details of these two projects are provided below;

(i) Nairobi – Nakuru – Mau Summit PPP Project

The value of the project was approximately KES 150 billion. The project comprised the following components:

- Widening of 175 kms of the A8 highway between Rironi and Mau Summit to become a 4 Lane dual carriageway;
- Strengthening of 57.8 kms of the A8-South highway between Rironi and Naivasha and;
- Operation and maintenance of 12.43 kms of the A8 highway between Gitaru and Rironi.

In the structuring of this project, the Contracting Authority (Kenya National Highways Authority) retained demand and revenue risk associated with toll collections on the Project road. The plan was to utilize surplus revenues accruing from toll collections to fund additional road infrastructure developments.

Project revenue projections indicated a net surplus in revenues on attainment of the concession period. However, GoK was obligated to make service payments to the Project Company in the initial 13 years of the project, after which, the toll revenues were expected to break even with the project costs. To finance the service payments for the initial 13 years, the GoK planned to obtain credit with the expectation that the toll revenue

collected over the concession period would be used to amortize the debt.

However, with the prevailing tightening of the country's fiscal space, it was considered prudent to avoid taking additional financial risk exposure through a credit facility for the project. Consequently, the Contracting Authority initiated a voluntary project termination process on account of affordability and fiscal sustainability concerns. In accordance with Section 8(1) (f) of the PPP Act, on 29th February 2024, the PPP Committee approved the Contracting Authority's request to terminate the PPP project on account of the project's unaffordability to the Government, and in compliance with the guidance given by the PPP Committee.

(ii) Lot 32 of the Road Annuity Programme

The value of the project was approximately KES 7.9 billion. The project involved the construction and maintenance of 66.5Km of road from Illasit through Njukini to Taveta in the Counties of Kajiado and Taita-Taveta. The project was part of the Roads 10,000 programme which involves the development of 10,000 km of road supporting primary growth sectors through contractor facilitated financing mechanism.

The project road was procured by Kenya Rural Roads Authority (KeRRA)

and later vested to Kenya National Highways Authority (KeNHA) following a reclassification of the road from Class D to B through a supplemental gazette notice No.4 of 2016. This shifted the development and management of the project from KeRRA to KeNHA.

The project road had to be restructured to encompass enhanced design and construction specifications consistent with those of a class B road. The Project Company was however not amenable to an amendment of the project within the PPP framework to enhance the Value for Money.

The Contracting Authority therefore initiated termination of the project following concerns on Value for Money (VfM). On 6th June 2024 The PPP Committee approved the project's termination in accordance with Section 8(1) (f) of the Act, and compliance with the guidance given by the PPP Committee.



2.8 Financial Reports of PPP Projects

Section 88 (2) (h) of the PPP Act 2021 requires that this report documents *financial reports of projects which have been completed and are being operated by a private party.*

As at end of the 2023/24 Financial Year, there were seven PPP projects in implementation namely: the Lot 33 of Road Annuity programme; the Lot 15 of Road Annuity Programme; the Lot 18 of Road Annuity Programme; the Nairobi Expressway; the 35 MW Sosian Menengai Geothermal Power Plant; the 35MW Quantum Menengai Geothermal Power Plant Project and Kenya Defence Forces Residential Accommodation Project.

Five of the above projects are in the operations and they are the Lot 33 of Road Annuity programme, the Lot 15 of Road Annuity Programme, the Lot 18 of Road Annuity Programme, the Nairobi Expressway, and the 35 MW Sosian Menengai Geothermal Power Plant. The 35MW Quantum Menengai Geothermal Power Plant Project and Kenya Defence Forces Residential Accommodation are under construction.

The financial data required for reporting under Section 88 (h) of the PPP Act, is sourced from the Audited Financial Statements of the relevant Project Company (Service Provider).

During 2023/2024 fiscal year, the Government made annuity payments for three projects as detailed in Table 6 below:

Table 6: Annuity Payments made from July 2023 - June 2024

Project	Project Implementation start date	Project Cost	Direct Annuity Payment to the PC in the FY 2023/2024	Payments to Independent Expert for the FY 2023/2024	Cumulative Annuity Payments since the commencement of the project to 30 th June 2024.	Other CA Costs on the Project (Utility, relocation and Lively hoods restoration)
Lot 33 of Road Annuity	21 st May 2018	USD 98.83	3,475,050,235.69		16,467,951,464	
Lot 15 of Road Annuity	16 th Feb 2022	USD 73.07	1,730,457,894.52	79,262,056.92	2,382,253,484.55	187,603,957.73
Lot 18 of Road Annuity	16 th Feb 2022	USD 59.02	1,429,666,079.14	60,722,516.41	1,955,398,694.88	157,733,396.9

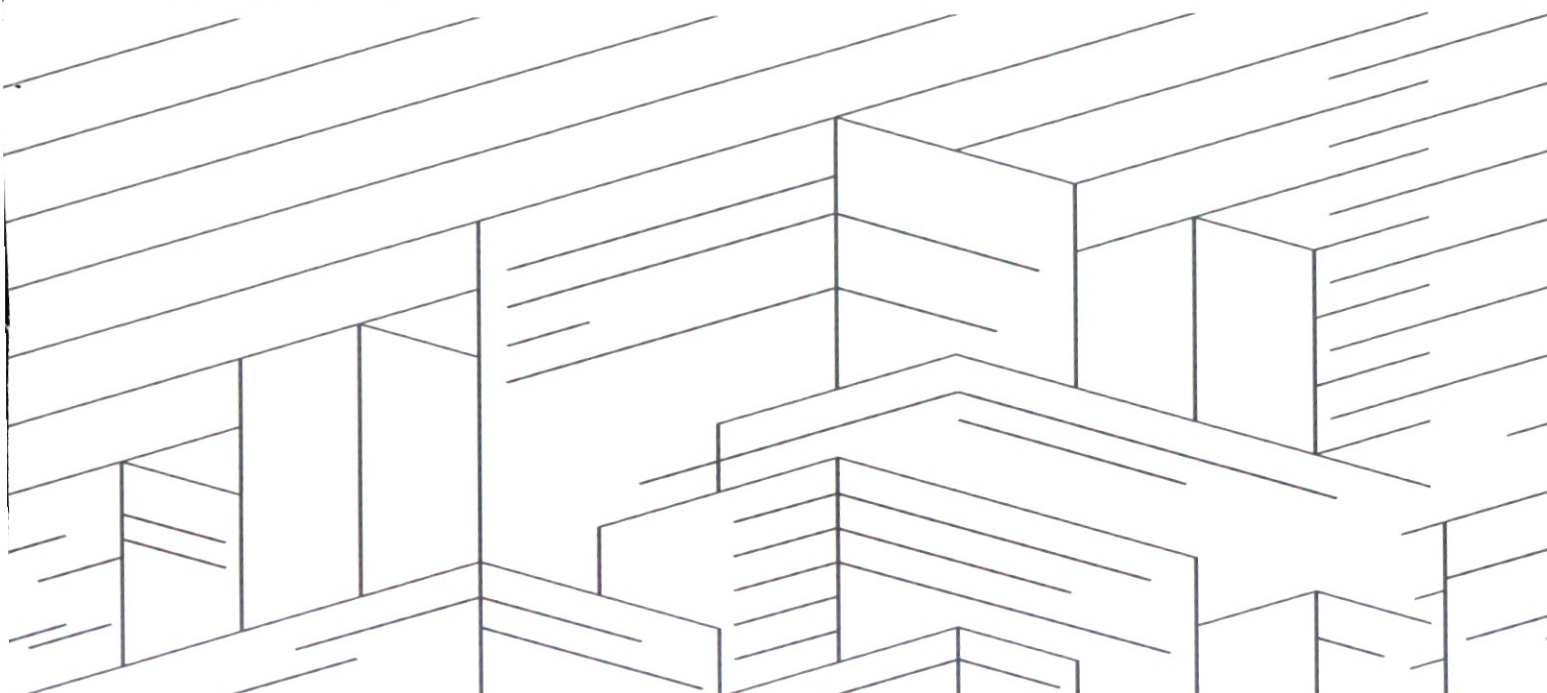
Additionally, the Project Companies submitted their financial reports in line with section 82(5). The table 7 below shows a summary status of key financial performance indicators for the project.

⁴ As at the time of finalising this report, the CA for Lot 33 had not submitted the schedule of annuity payments made during calendar year 2022

Table 7: Key Financial Performance Indicators for the Projects

No	Project	Period of Financial Statement	Revenue Reported	Cost Reported	Net Profit / Loss
1	Nairobi Expressway	1 st July 2023- 30 th June 2024	4,633,151,239	5,864,192,473	(1,231,041,234)
2	Road Annuity Lot 15 of Road Annuity Programme	1 st January – 31st December 2023	5,460,565,939	5,079,353,846	381,212,093
3	Road Annuity Lot 18 of Road Annuity Programme	1 st January – 31st December 2023	3,886,855,148	3,508,657,742	378,197,406
4	Road Annuity Lot 33 of Road Annuity Programme	1 st June 2022 to 31st May 2023	2,549,811,705	2,369,017,396	343,302,562
5	35 MW Sosian Menengai Geothermal Power Plant Project	1 st January – 31st December 2023	1,054,162,567	506,375,259	2,344,215,100 (Inclusive of tax credit)

The Auditors for the respective five Project Companies (PCs) / Service Providers (SPs) were of the opinion that the financial statements given were a true and fair view of the financial position of the respective PCs/SPs. Further, based on the respective SP's financial performance and the risk management policies in place, the directors for the five projects are of the opinion that the companies will continue operations for the foreseeable future.



CHAPTER 3:

ADDITIONAL ACHIEVEMENTS IN THE PPP PROGRAMME

3.1 Monitoring and Reporting on PPPs

Under the PPP Act 2021, the Directorate, Contracting Authorities (Cas), and Private Parties (Service Providers) in PPPs are required to carry out various monitoring and evaluation (M&E) activities for PPP Projects in implementation. These activities include undertaking physical monitoring of PPPs, and preparation of periodical project performance reports.



Tree planting by the Infraconnect team at St. Barbara Primary School, Rosterman in Kakamega County

Highlights of the M&E activities done for these projects during the year include the following:

3.1.1 Reporting on Projects

- *Annual PPP Report*- pursuant to Section 88 of the PPP Act 2021, the Directorate finalized the 2nd *Annual Report on the State Of Public Private Partnerships In Kenya for the Financial Year 2022/23*. The report was subsequently approved by the PPP Committee and submitted to Parliament by the Cabinet Secretary, National Treasury and Planning in compliance with the legal requirements.
- Project Performance reports of PPPs in implementation were submitted to the Contracting Authorities by the respective Project Companies (Service Providers) in line with the requirement under section 82 (6).
- In compliance with Section 22 (1) (h), the Contracting Authorities submitted to the Directorate, annual reports for the PPP projects in implementation.

3.1.2 Monitoring of PPP Projects

Undertaking field monitoring of projects by the public sector is a requirement under Section 22 (h) and 73 (1) of the PPP Act 2021. The Contracting Authorities of

the projects in implementation, in collaboration with the Directorate, undertook monitoring and site inspections for the following projects that are in implementation;

- Road Annuity Programme Lot 33
- Road Annuity Programme Lot 15
- Road Annuity programme Lot 18
- Nairobi Expressway
- 35 MW Sosian Menengai Geothermal Power Plant
- 35MW Quantum Menengai Geothermal Power Plant Project
- Kenya Defence Forces Residential Accommodation Project

3.1.3 Performance Review of Projects

The first PPP Projects Performance Review was done in June 2024. The participants included representatives from the Directorate, Contracting Authorities, Service Providers, and Independent Engineers. The focus of the review was on assessment of the results achieved by the projects, challenges, and lessons learned.

3.1.4 Parliamentary Oversight for PPP Projects:

The Directorate appeared before the National Assembly Select Committee on Delegated Legislation during a

retreat of the Committee held in Mombasa from 18th–21st April 2024. The Directorate engaged with the Committee on the pre-publication scrutiny of the draft PPP Regulations.

3.2 Environment and Social Management of PPPs

3.2.1 Roads Annuity Lot 15 and Lot 18

The Project Company fully adhered to the requirements under the Environmental and Social Action Plan. The implementation of the Livelihood Restoration Plan (LRP) was completed on all Lot 15 roads 605 Project Affected Persons (PAPs) were compensated. In addition, the Contractor decommissioned and reinstated all borrow pits, and closed out with NEMA, and the land owners where the borrow pits were located.

3.2.2 35 MW Sosian Geothermal Power Plant

Periodic internal and self-environmental audits were conducted. Besides adhering to the Environmental and Social Management Plan, Geothermal Development Company implements the project Environmental and Social

Management Plan (ESMP) by continuously monitoring key environmental impacts.

Youth unemployment during the construction stage emerged as the predominant social challenge. The limited available job opportunities created challenges in relation the distribution of jobs, inclusivity, equity and equality. This however, successfully managed by the community committees.

3.2.3 Nairobi Expressway

The Project Company, Moja Expressway, adhered to the Environmental and Social Management requirements by preparing and submitting the Environmental and Social Audit Report to both NEMA and the Contracting Authority KeNHA. During the period under review, there were no negative social issues reported.

Since commencement of its operations in May 2022, the project has significantly eased the flow of traffic in the city. This has increased accessibility of local businesses in addition to creating more business opportunities and expanding the geographical markets. Additionally, the value of land along the Expressway and in neighboring counties like Machakos, has appreciated with tremendous growth in real estate and industrial development being witnessed. Further, the project has created

international visibility for Kenya as a destination for Foreign Direct Investment where major international companies and industries are located.

3.2.4 Road Annuity Lot 33

The Project Company, INTEX RAF 1 Ltd has successfully implemented the Construction Environmental and Social Management Plan (CESMP) and upgraded the NEMA approved ESMP to CESMP, with updates as the work needs for the project have changed over time. In addition, the company decommissioned all the material sources, camps, borrow pits, have been successfully decommissioned, discharged by land owners and approved by NEMA. All WIBA claims were closed by December 2020.

3.3 Integration of Local Content in PPP Projects

3.3.1 Road Annuity Lot 15, and Lot 18

Road Annuity Lots 15 and 18 projects are roads that were identified for upgrading to bitumen standard under



The Haile Selassie CBD exit completed in December 2023 had recorded over 800,000 vehicle exits by end of June 2024.

the Roads 10,000 program. These projects were awarded to Infraconnect 18 Kenya Limited in 2022 with a concession period of 10 years, of which 2 years were for Construction and 8 years for operating and maintaining the project road network. The projects have integrated local content by creating employment opportunities. In the project construction under annuity Lot 15; foreign staff constituted approximately 1% (6) of the workforce, local staff 47% (213) of the workforce, and local subcontractors 52% (239) of the workforce. The foreign staff under annuity Lot 18 constituted 1% (7) of the workforce, local staff 50% (318) workforce and local subcontractors 49% (315) of the workforce. The high number of local persons in workforce underscores the project company's consideration in giving priority to locally available skilled workforce. This strategy of integration of local content in PPP projects not only fosters economic growth within the community but also ensures that the majority of job opportunities are accessible to Kenyan citizens. By prioritizing the hiring of local talent, the project supports skills development and capacity building within the Kenyan workforce, thereby contributing to sustainable development and socio-economic advancement in the region.

Construction materials were predominantly sourced locally, ensuring that the procurement process supported the domestic market and contributed to the local economy.

Imported goods were permitted only in instances where they were unavailable locally or when the quality of local products did not meet the necessary standards. This approach maximized the use of local resources, minimized import dependency, and promoted locals to improve their livelihood.

3.3.2 35 MW Sosian Geothermal Power Plant

The 35 MW Sosian Menengai Geothermal Power Plant is a project that seeks to contribute to Kenya's rapidly increasing demand for power by generating 35 MW of power by private independent power producer. The construction of Sosian commenced in 2021, and project was commissioned in November 2023. The key positive impacts of project during construction include the creation of employment opportunities in the construction of the plant and income-generation activities for the local communities. Over 470 people were employed during construction, of which 60 % (282) from the immediate community of Bahati and Rongai sub-counties of Nakuru county and 40% (188) hailed were from the rest of the regions Kenya. In terms of age composition, the youth were 85% of the workforce while 15% were adults aged 36 to 55 years.

The project is in the operation and maintenance phase, where it has created a total of 27 jobs comprising 10 direct permanent jobs for skilled, 9 semi-skilled, 4 casuals, and 4 student internship opportunities. In creating

employment opportunities, the project has successfully integrated the local content under permanent skilled workers where ten employees come from the community and three from the rest of Kenya. Under the category of semi-skilled laborers, all nine employees come from the host community.

3.4 Corporate Social Responsibility

3.4.1 35 MW Sosian Geothermal Power Plant

Since the commencement of the project in 2022 to date, the Project Company has implemented various CSR initiatives in Bahati and Rongai sub-counties. These include; the distribution of 200,000 litres of clean drinking water to 18 schools, donation of furniture and stationery to Machiaro Primary School, provision of waste wood for cooking in 18 schools around Menengai crater, donation of reusable sanitary pads to 1,300 schoolgirls across six Caldera schools and provision food supplies worth KES 500 to 1,000 for the most vulnerable households in the community, including the elderly, single parents, orphans, and people with disabilities. In addition, the company deployed heavy machinery, including motor graders, dump trucks, and backhoes, to clear blocked tunnels and prevent flooding at the Wanyororo Bahati trading center.

3.5 PPP Program Sustainability Initiatives

As part of enhancing sustainability of

the PPP programme, the PPP Directorate has actively sustained its engagements with strategic partners to source for supplementary technical and financial resources to support the PPP programme activities. Such partnerships include those with International Finance Corporation, Public – Private Infrastructure Advisory Facility, Private Infrastructure Development Group (PIDG), and the Africa Legal Support Facility (ALSF), Japanese International Cooperation Agency (JICA), Korean Ministry Of Land, Infrastructure and Transport, Africa Infrastructure Fellowship Program (AIFP), and continue to play a critical in building capacity and enhancing the viability and efficacy of PPP projects.

3.6 Priorities of the PPP program

The Directorate has identified a number of program priority areas in the next Financial Year and they include:

- Enhancement of the PPP Legal Framework through Parliamentary approval of the PPP Regulations under the PPP Act 2021, Development of PPP Manual under the PPP Act 2021 and revision of the PFF Regulations 2017
- Development of a 10-Year National Infrastructure Plan
- Completion of harmonization of the Public Investment Policy aimed at aligning the

frameworks of PPP and Public Investment Management

- Supporting the Contracting Authorities in:

- capacity building on origination of PPP projects and management of PPP contracts.
- progressing the current PPP projects to the next stages in the PPP project cycle.

- origination, preparation and structuring of new PPP projects.

- Continuous collaboration with the Contracting Authorities in the monitoring and supervision of PPP projects.
- Continuing to establish various PPP Program sustainability initiatives and mechanisms.



CHAPTER 4:

CONCLUSION AND RECOMMENDATIONS

4.1. Conclusion

In conclusion the PPP program continues to play a pivotal role in driving Kenya's infrastructure development across various sectors, including Agriculture & Irrigation, Water, Energy, Environment, Health, Housing, Tourism, Transport, Urban Development, Education, Industrial parks, ICT, Aviation, Blue Economy., amongst others. The government's commitment to fostering sustainable partnerships with the private sector is evident in the consistent growth of the PPP pipeline, the increasing private sector investments in PPPs, and the implementation of key projects that align with national development priorities. Whereas challenges such as fiscal constraints and contingent liabilities exist, the government has implemented robust policies and support mechanisms to mitigate risks and enhance the bankability of these projects. Additionally, the integration of local content, environmental stewardship, and lessons learned from ongoing projects demonstrate the program's adaptability and positive impact. The PPP program is well-positioned to attract further private sector investments, drive economic growth, and improve the delivery of public services for the benefit of all Kenyans

while contributing to the Government's fiscal consolidation agenda.

4.2 Recommendations

(i) Right of way and Encumbrancers

To ensure timely implementation of PPP projects, it is recommended that the contracting Authorities (CAs), in close coordination with county physical planners conduct surveys and mark out the entire road corridor. The survey should ensure that the road reserve is preserved for the entire road, all encumbrances are fully cleared, and the right of way is secured before handing over possession of the site to the private party. This will help to avoid delays, disputes related to construction interference, and relief events which are costly in project implementation.

(ii) Vandalism of roadside instalments

The Nairobi Expressway, as well as Road Annuity Lot 15; and 18 projects experienced challenges related to vandalism in some sections of the road corridors. The National and law respective County government enforcement agencies need to enhance and strengthen enforcement measures, to curb acts of destruction and vandalism, and ensure that the

perpetrators are duly prosecuted. In addition, it is recommended that Contracting Authorities of the road projects carry out periodical public awareness campaigns to sensitize the public about the negative impacts of road vandalism, and legal consequences stipulated under the relevant laws, and encourage them to report any suspicious activities related to vandalism.

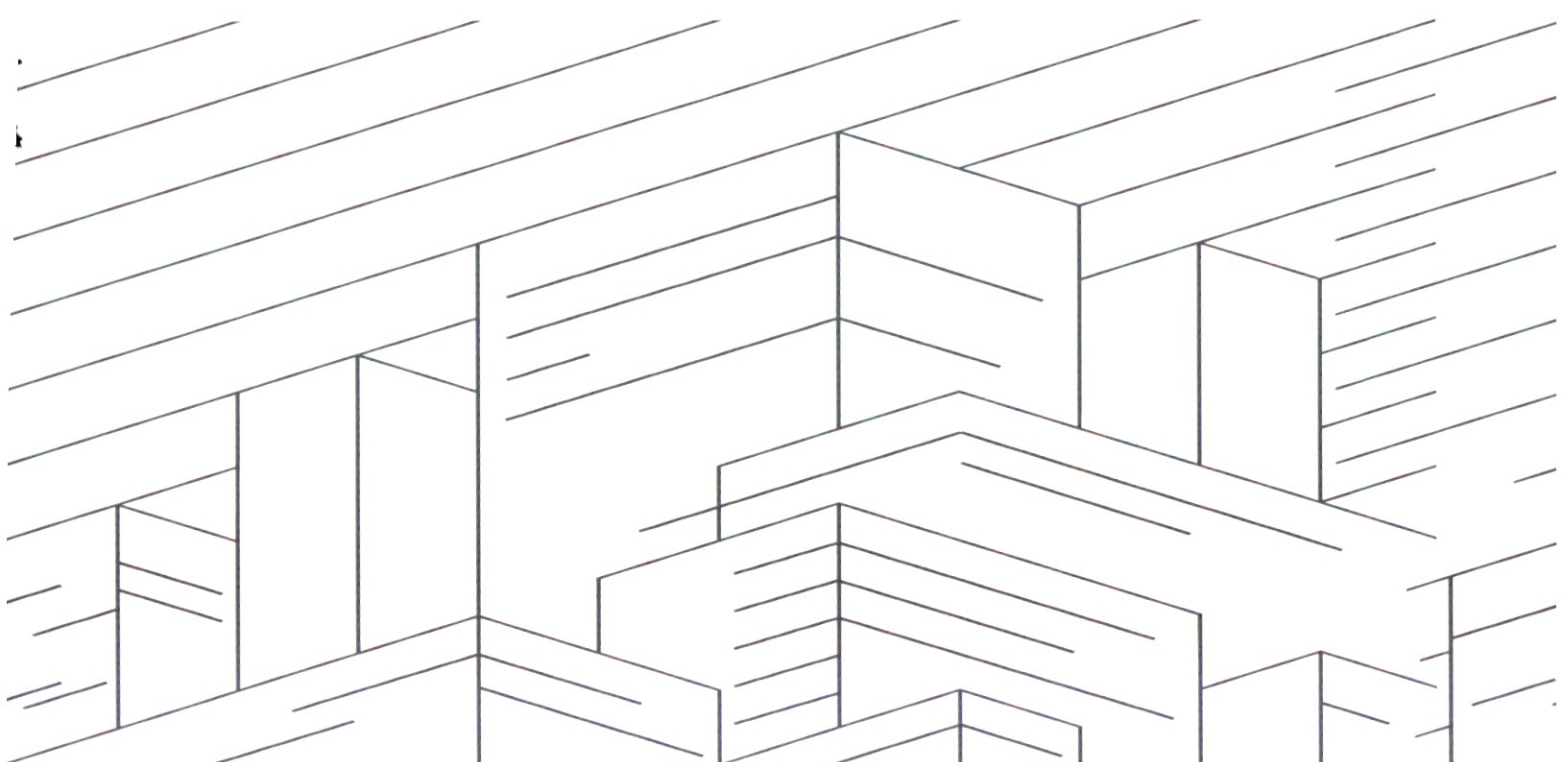
(iii) Prohibited mining activities

Prohibited mining activities were witnessed along some of the Roads in Road Annuity Lot 18 project. The activities pose a risk to the structural stability of the road and can lead to the eventual collapse of the road. In this light, it is recommended KURA liaises with the National Environmental Management Authority , and other

relevant law enforcement agencies, to ensure that the mining is conducted in line with requirements under section 202 (1) of the Mining Act 2016.

(iv) Vehicle overloading on the roads

Most of the roads under the Road Annuity Lot 18 project are located in the sugar belt and have since therefore attracted heavy commercial vehicles, leading to the overloading of the pavement structure. To avoid rapid deterioration and high maintenance costs for these roads, it is recommended that a weight restriction policy be implemented for heavy commercial vehicles. This may be done through the establishment of a weighbridge station. Further, the establishment of designated truck routes that redirect heavy traffic away from the most vulnerable sections of the road may also be necessary.



ANNEXURES

Kenya Public Private Partnerships Projects Pipeline-Status as at June 2024

PROJECTS IN OPERATION AND MAINTENANCE

	Project	Project Description (Summary)	Status as at June 2024
	TRANSPORT		
1.	Road Annuity Lot 33 of Road Annuity Programme Contracting Authority - Kenya Rural Roads Authority (KERRA) Project Company - INTEX RAF 1 Ltd	Construction and Maintenance of the 90.55km roads from Ngong to Isinya ("Ngong-Kiserian-Isinya") and from Kajiado to Imaroro ("Kajiado-Imaroro")	Financial Close for the Project was attained in February 2018. Construction of the Project was completed in April 2020. The project has been in operation since May 2020.
2.	Nairobi Expressway Contracting Authority - Kenya National Highways Authority (KeNHA) Project Company - Moja Expressway Company Ltd	Development, operation, and maintenance of a 27.1 kms dual carriageway with Class A standards, that connects Mlolongo with James Gichuru Road along the medium strip of the A8 National Road	Financial Close for the Project was attained in January 2022. Construction of the Project was completed in April 2022. The project has been in operation since May 2022.
3.	Road Annuity Lot 18 Road Annuity Programme Contracting Authority - Kenya Urban Roads Authority (KURA) Project Company - Infraconnect 18 Ltd	Construction/ rehabilitation of urban roads in select 4 Counties ¹	Financial Close for the Project was attained in February 2022. Construction of the Project was completed in March 2024. The project has been in operation since April 2024.
4.	Road Annuity Lot 15 of Road Annuity Programme Contracting Authority - Kenya Urban Roads Authority (KURA) Project Company - Infraconnect 15 Ltd	Construction/ rehabilitation of urban roads in select 6 Counties ²	Financial Close for the Project was attained in February 2022. Construction of the Project was completed in March 2024. The project has been in operation since April 2024.
	ENERGY		
5.	35MW Sosian Menengai Geothermal Power Plant Project Geothermal Development Company (GDC) Project Company - Sosian Menengai Geothermal Power Ltd	A green field geothermal electricity generation project whose objective is to increase the installed national capacity by 35MW from geothermal resources on a BOO (Build-Own-Operate) PPP model for 20 -25 years.	Financial Close for the Project was attained in December 2023. Construction of the Project was completed in November 2023. The project has been in operation since November 2023

¹ The Project involves the construction and rehabilitation of the 32km roads to augment select urban roads in 4 Counties: Kakamega (12.5km), Vihiga (3km), Bungoma (12.5km) and Busia (4km) on a Design - Build - Finance - Operate – Maintain-Transfer (DBFOMT) PPP model funded through annuity payments for a period of 10 years.

² The Project involves the construction and rehabilitation of the 28km roads to augment select urban roads in 6 Counties: Nyeri (9.5km), Kirinyaga (2km), Murang'a (5.5km), Embu (4km), Tharaka Nithi (4km) and Laikipia (3km) on a Design - Build - Finance - Operate – Maintain-Transfer (DBFOMT) PPP model funded through annuity payments for a period of 10 years.

PROJECTS UNDER CONSTRUCTION

Project	Project Description (Summary)	Status as at June 2024
ENERGY		
6. 35MW Quantum Menengai Geothermal Power Plant Project Contracting Authority- Geothermal Development Company (GDC) Project Company- Quantum Menengai Geothermal Power Ltd	A green field geothermal electricity generation project whose objective is to increase the installed national capacity by 35MW from geothermal resources on a BOO (Build-Own-Operate) PPP model for 20 -25 years.	Financial close was achieved in December 2023. Construction of the Project commenced in February 2024 and is ongoing.
HOUSING		
7. Kenya Defence Forces Residential Accommodation Project Contracting Authority - State Department of Housing Project Company- Linda Project Co. Ltd	Development of approximately 3,069 residential units for the Kenya Defence Forces (KDF) under a 15 -year Build, Transfer (BT) PPP model. The Project will deliver an estimated 104,125sq.m in built-up areas and associated infrastructure as well as amenities across 5 project sites in Nairobi, Laikipia, Mombasa, and Nakuru Counties.	Financial close was achieved in May 2024. Construction of the Project commenced in June 2024 and is ongoing.



PROJECTS AT COMMERCIAL CLOSE OR CONTRACT NEGOTIATIONS

	Project	Project Description (Summary)	Status as at June 2024
	TRANSPORT		
8.	Development and Expansion of JKIA <i>Kenya Airports Authority</i>	<p>Development and expansion of Jomo Kenyatta International Airport (JKIA) through a Build, Operate and Transfer (BOT) scheme over a 30 years' contract period. The proposed project entails:</p> <ul style="list-style-type: none"> -Establishment of new Passenger Terminal Buildings (PTB) and the refurbishment of existing PTBs; -Enhancement of the airside pavement works including the establishment of new taxiways, rapid exits taxiways (RETs), aprons; -Construction of a second runway, if passenger traffic justifies the investment; and -Development and operation of facilities such as hotels, offices, and convention centers <p>Procurement Method- Privately Initiated Proposal (PIP)</p>	<p>1st approval- The project proposal was approved in March 2024, for the project to progress to Project Development/Feasibility Study, subject to the Contracting Authority ensuring fulfillment of the 19 conditions.</p> <p>2nd approval- The Project Development/Feasibility Study Report was approved in May 2024, for the Project to progress to contract negotiations, subject to the Contracting Authority ensuring that the 29 identified issues are addressed.</p> <p>The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.</p>
9.	Road Annuity Lot 3 of Annuity Programme <i>Kenya National Highways Authority (KeNHA)</i>	<p>Construction and rehabilitation of the roads to augment the existing roads from Wajir- Habaswein- Samatar (68Kms) and Rhamu- Mendera (75Kms)</p>	<p>The project attained Commercial Close. However, it is under consideration for possible restructuring.</p>
	ENERGY		
10.	35MW Orpower 22 Menengai Geothermal Power Plant Project <i>Geothermal Development Company (GDC)</i>	<p>A green field geothermal electricity generation project whose objective is to increase the installed national capacity by 35MW from geothermal resources on a BOO (Build-Own-Operate) PPP model for 25 years.</p>	<p>The project attained Commercial Close and is under restructuring with regard to shareholding in the Special Purpose Vehicle (SPV) for the Project.</p>
11.	Power Transmission Lines and Substations sponsored by Africa 50 <i>Kenya Electricity Transmission Company (KETRACO)</i>	<p>Development of the following Power Transmission Lines and Substations:</p> <ul style="list-style-type: none"> (i) 177km of 400 kV Loosuk – Lessos Transmission Line; (ii) 64 km of 220kV Kisumu - Musaga Transmission Line; <p>Includes associated infrastructure such as substations, including a new 400kV switch station at Loosuk, new substations 220/33kV at Kakamega and substation extensions at Lessos, Musaga and Kibos</p>	<p>Procurement Method- Privately Initiated Proposal (PIP)</p> <p>1st approval - The project proposal was approved in February 2023 to progress to Project Development/Feasibility Study.</p> <p>2nd approval- The Project Development/Feasibility Study Report was completed, submitted, and approved in May 2024, for the Project to progress to contract negotiations.</p> <p>The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.</p>

CONT... PROJECTS AT COMMERCIAL CLOSE OR CONTRACT NEGOTIATIONS

	Project	Project Description (Summary)	Status as at June 2024
12.	<p>Power Transmission Lines and Substations sponsored by Adani Energy Solutions</p> <p>KETRACO</p>	<p>Development of the following Power Transmission Lines and Substations;</p> <p>(i) 206Kms 400kV Gilgil-Thika-Malaa-Konza</p> <p>(ii) 95Kms 220kV Rongai - Keringet-Chemosit</p> <p>(iii) 70Kms 132kV Menengai - Olkalou-Rumuruti</p> <p>(iv) 400/220kV substations at Lessos and Rongai 132/33kV Thuridibuoro substation</p>	<p>Procurement Method- Privately Initiated Proposal (PIP)</p> <p>1st approval - The project proposal was approved in February 2023 to progress to Project Development/Feasibility Study.</p> <p>2nd approval- The Project Development/Feasibility Study Report was completed, submitted, and approved in May 2024, for the Project to progress to contract negotiations.</p> <p>The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.</p>
TRANSPORT			
13.	<p>Supply of Smart Driving Licences and Associated Services</p> <p>National Transport Services Authority (NTSA)</p>	<p>The project entails the supply, delivery, and installation of a second-generation smart card based driving license</p>	<p>Procurement Method- Direct Procurement</p> <p>1st approval- The project proposal was approved in July 2023, for the project to progress to procurement of Private Party.</p> <p>2nd approval- Procurement of the Private Party for the project was undertaken, and the project was approved to progress to contract negotiations in February 2024.</p>
AGRICULTURE			
14.	<p>Galana-Kulalu Food Security Project</p> <p>National Irrigation Authority (NIA)</p>	<p>The proposed project seeks to enhance food security by bringing under production 20,000 acres of land to make available an estimated 720,000 bags of maize and 160,000 bags of soybeans per annum over a term of 30 years</p>	<p>Procurement Method- Privately Initiated Proposal (PIP)</p> <p>1st approval- The project proposal was approved in February 2023 to progress to Project Development/Feasibility Study.</p> <p>2nd approval -The Project Development/Feasibility Study Report was completed, submitted, and approved in February 2024, for the project to progress to contract negotiations.</p> <p>The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.</p>

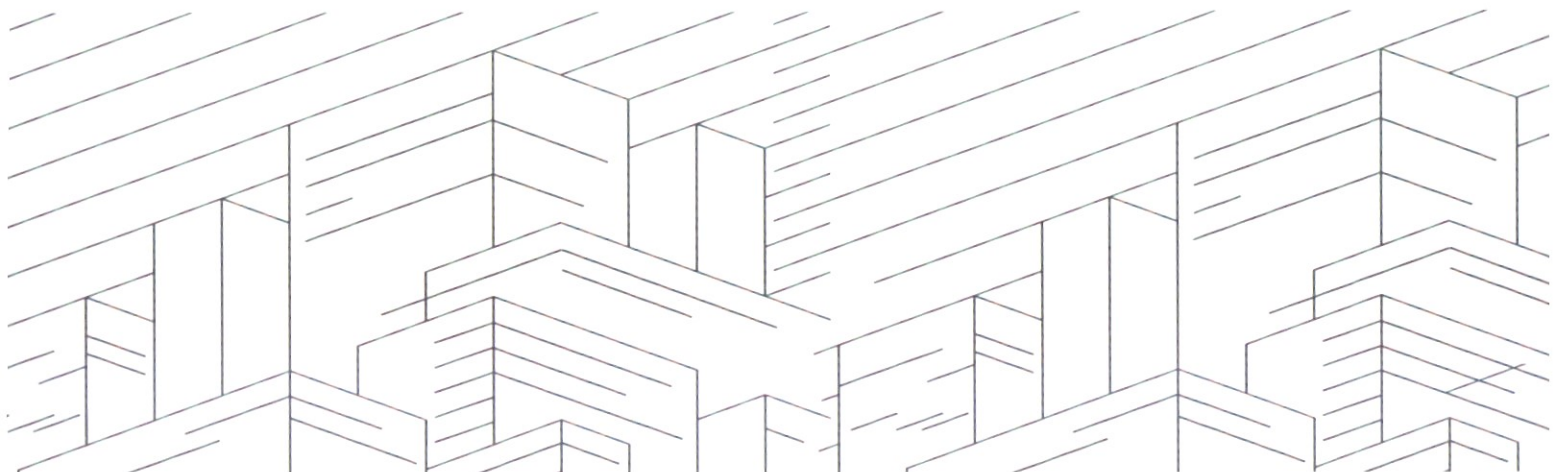
CONT... PROJECTS AT COMMERCIAL CLOSE OR CONTRACT NEGOTIATIONS

	Project	Project Description (Summary)	Status as at June 2024
15.	<p>Tana Delta Integrated Project</p> <p>TARDA</p>	<p>The project seeks to enhance food security by bringing under production 31,000 hectares of land to make available an estimated 300,000 MT of rice bags per annum over a period of 30 years.</p>	<p>Procurement Method- Privately Initiated Proposal (PIP)</p> <p>1st approval - The project proposal was approved in May 2023 to progress to Project Development/Feasibility Study.</p> <p>2nd approval - The Project Development/Feasibility Study Report was completed, submitted, and approved in February 2024, for the project to progress to contract negotiations.</p> <p>The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.</p>
	HOUSING		
16.	<p>Kenyatta University Students Hostels</p> <p>Kenyatta University</p>	<p>Development of student hostels in the University to accommodate over 10,000 students.</p>	<p>Procurement Method- Competitive Bidding</p> <p>The project attained Commercial Close.</p> <p>The fulfilment of Conditions Precedent (CPs) to Financial Close is outstanding, pending resolution between the Private Party and the Contracting Authority.</p>



PROJECTS AT PROCUREMENT OF PRIVATE PARTY

	Project	Project Description (Summary)	Status as at June 2024
17.	<p>TRANSPORT</p> <p>Equipment, Operation and Maintenance of Port Assets in Lamu and Mombasa</p> <p><i>Kenya Ports Authority (KPA)</i></p>	<p>(i) Mombasa Port Berths 11 -14</p> <p>(ii) Mombasa Port Container Terminal 1</p> <p>(iii) Lamu Container Terminal Berths 1-3</p> <p>(iv) Lamu Special Economic Zone</p>	<p>Procurement Method- Competitive Bidding</p> <p>The procurement of the Private Party was launched and thereafter put on hold in November 2023, pending the resolution of a court case. The court case was resolved in April 2024.</p>
18.	<p>HEALTH</p> <p>University of Nairobi Cancer Care Centre, Teaching and Research Hospital</p> <p><i>University of Nairobi</i></p>	<p>Development of a modern and technologically advanced hospital that will provide specialist healthcare services. The facility is also expected to offer research and training opportunities.</p>	<p>Procurement Method- Privately Initiated Proposal (PIP)</p> <p>1st approval- The project proposal was approved in February 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>2nd approval- The Project Development/Feasibility Study Report was completed, submitted, and approved in August 2023, for the Project to progress to contract negotiations subject to the fulfilment of outstanding project conditions. The Private Party and the Contracting Authority are working on the conditions.</p>
19.	<p>HOUSING</p> <p>Stoni Athi Affordable Housing Units</p> <p><i>National Housing Corporation</i></p>	<p>Develop and sell 2,820 Affordable Housing Units, cross -subsidized with 200 Market Rate Units in Athi River on NHC's land. The development is in two phases with a construction period of 2 years and an offtake period of 1 year for each phase.</p>	<p>Procurement Method- Competitive bidding</p> <p>1st approval- The project proposal and feasibility study report were approved in May 2024. In addition, approval was granted for the project to progress to competitive tender for Private Party. The bidding documents are being finalized.</p>



PROJECTS AT FEASIBILITY STUDY

	Project	Project Description (Summary)	Status as at June 2024
	TRANSPORT		
20.	National Tolling Operator	The project will comprise a hybrid tolling system and payment methods. The mainline toll collection points with conventional barrier-controlled toll booths will form part of the initial construction works. This will allow toll collection via cash and credit cards. Overhead gantries equipped with RFID readers and ANPR video cameras will also accommodate ETC based on RFID tags, in all toll lanes equipped with booths and barriers.	Procurement Method- Competitive bidding The Feasibility Study was completed. However, the Project has been put on hold pending the identification and approval of new toll road projects. Most of the roads which had been planned for the tolling are no longer being considered for tolling.
21.	Nairobi Mombasa Expressway (Usahihi Express) <i>Ministry of Roads and Transport</i>	The construction of a 419km, 4 lane Nairobi-Mombasa Expressway as a greenfield project	Procurement Method- Privately Initiated Proposal (PIP) 1 st approval- The project proposal was approved in December 2023 for the project to progress to Project Development/Feasibility Study. The Project Development/Feasibility Study is ongoing.
	IMMIGRATION AND CITIZEN SERVICES		
22.	Next- Generation Integrated Border Management System <i>Ministry of Interior and National Administration</i>	The project seeks to provide an Integrated Border Management System comprising an E-Visa/ ETA application system on the web and mobile an API-PNR system and a Visitor Management Platform.	Procurement Method Privately Initiated Proposal (PIP) 1 st approval- The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study.
	WATER, SANITATION AND IRRIGATION		
23.	Ndarugu 2 Dam Water Supply Project. <i>Athi Water Works Development Agency</i>	The proposed Ndarugu 2 Dam is a water supply project on the confluence of Ndarugu and Githobokoini rivers. The Dam will be 52 m high Roller-Compacted Concrete (RCC) gravity dam, crest length of 300 m with a storage capacity of 18 million cubic meters, a 50,000 m ³ /d Water Treatment Plant, 37km of raw and treated water pipelines.	Procurement Method- Privately Initiated Proposal (PIP) 1 st approval- The project proposal was approved in February 2023 for the project to progress to Project Development/Feasibility Study. The Project Development/Feasibility Study has however been put on hold, pending the resolution of issues raised by the Project Affected Persons.

CONT... PROJECTS AT FEASIBILITY STUDY

	Project	Project Description (Summary)	Status as at June 2024
24.	Sabaki Water Carrier Project <i>Ministry of Water, Sanitation & Irrigation</i>	The proposed project includes the abstraction of 80,000m ³ /day water from the Baricho aquifer, on the banks of Sabaki River in Kilifi County; the development of a water treatment and storage plant; sewerage treatment units and related sewer network within the Zones.	<p>Procurement Method - Privately Initiated Proposal (PIP)</p> <p>1stapproval- The project proposal was approved in October 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study is ongoing.</p>
25.	Galana Dam <i>National Irrigation Authority (NIA)</i>	A 25m dam and a 15m barrage capable of irrigating 170,000 acres of land.	<p>Procurement Method - Privately Initiated Proposal (PIP)</p> <p>1stapproval- The project proposal was approved in September 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study Report has been finalized and is awaiting consideration for approval.</p>
26.	Londiani Dam <i>Ministry of Water, Sanitation and Irrigation</i>	The purpose of the project is to supply potable water to the residents of Kipkelion West and Londiani Sub Counties in Kericho County	<p>Procurement Method - Privately Initiated Proposal (PIP)</p> <p>1st approval- The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study is ongoing.</p>
27.	Lamu Water Desalination Plant <i>Ministry of Water, Sanitation and Irrigation</i>	<p>The project has two components:</p> <p>a) Construction and installation of a water desalination plant to supply an initial 120,000m³/day of potable water to the residents of Lamu Town and environments including LAPSSET Zone; and</p> <p>b) Sale of products produced from the minerals recovery process.</p>	<p>Procurement Method - Privately Initiated Proposal (PIP)</p> <p>1stapproval- The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study is ongoing.</p>
28.	AGRICULTURE High Grand Falls <i>National Irrigation Authority (NIA)</i>	<p>The main components of the proposed project include:</p> <p>-Main Dam and Reservoir covering an area of more than 165Km² and a reservoir of 5,600 million m³ of water;</p> <p>-Hydropower generation capacity of 500MW with capacity likely to be increased to 700MW and later 1,000 MW; and</p> <p>-Irrigation Schemes covering 400,000 Acres</p>	<p>Procurement Method - Privately Initiated Proposal (PIP)</p> <p>1st approval-The project proposal was approved in May 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study Report has been finalized and is awaiting submission for approval.</p>

CONT... PROJECTS AT FEASIBILITY STUDY

	Project	Project Description (Summary)	Status as at June 2024
	HEALTH		
29.	300 Bed KNH PPP Hospital <i>Kenyatta National Hospital (KNH)</i>	Development of a modern and technologically advanced Level 6 hospital that will provide specialist healthcare services. It is envisaged that healthcare services would be offered through specialized centres of excellence. The facility is also expected to offer research and training opportunities for medical training and research units to medical colleges that KNH has reciprocity.	The Feasibility Study for the project was completed, tender was issued in 2019 but it was non-responsive. The project is being considered for restructuring and subsequent possible re-tender.
30.	Pwani Teaching and Referral Hospital <i>Pwani University</i>	The project is envisaged to comprise of 2,000 bed capacity, to be constructed adjacent to the Pwani University. The envisaged project components include a Centre of Excellence in Health Management and Research; a Tropical Medicine Centre; a Centre for Telemedicine and Informatics Unit; Cafeteria and Eateries; Student hostels; Doctors' Plaza; Staff housing; Administrative block; Gymnasium and recreation court and Transport centre	Procurement Method - Competitive Bidding The Feasibility Study for the project was completed. Consultations are underway with regard to key policy recommendations of the study, before submission of the Feasibility Study Report for approval.
31.	Development of Cancer Centre at Meru Level Five Referral Hospital <i>Meru County</i>	Development of a fifty (50) bed capacity facility at Meru Teaching and Referral Hospital complete with anatomic pathology and medical imaging capacity. The facility will also be able to render chemotherapy, radiotherapy, and surgery as treatment options.	Procurement Method - Competitive Bidding The Feasibility Study for the project is scheduled to commence in August 2024.
	HOUSING		
32.	University of Nairobi Purpose Built Student Accommodation Project <i>University of Nairobi</i>	Development of 4,000-bed capacity student hostels through a Design, Build, Finance, Operate and Transfer (DBFOT) PPP model for 30 years	Procurement Method - Competitive Bidding The Feasibility Study for the Project is in the final stages of completion.
33.	Moi Teaching and Referral Hospital Ultra-Modern College of Health Sciences <i>Moi University Teaching and Referral Hospital</i>	Expansion of the teaching and student accommodation facilities for the current College of Health Sciences at the Moi Teaching and Referral Hospital. The teaching facility will host up to 3,000 students while the accommodation facility will house about 800 students. Other facilities include a library, skills-laboratories, conference halls, amphitheaters, ICT resource centers, and retail areas.	Procurement Method - Competitive Bidding The Feasibility Study for the project commenced in May 2024, and is ongoing.

CONT... PROJECTS AT FEASIBILITY STUDY

	Project	Project Description (Summary)	Status as at June 2024
	Credit Projects sponsored by Suni Smart Energy <i>Ministry of Environment and Forestry</i>	(i) Support the development and trade of jurisdictional carbon credits nationwide under the program called Reduce Emissions from Deforestation and Degradation in Kenya and the Lowering emissions through Accelerated Financing Coalition; and (ii) Development and trade of carbon credits arising from the 15 billion tree planting program.	1 st approval- The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study. The Project Development/Feasibility Study is ongoing.
	URBAN DEVELOPMENT		
34.	Nairobi Smart Street Lighting Project <i>Nairobi County</i>	Proposed development, modernization, expansion, operation, and maintenance of approximately 100,000 street lighting assets to pre-agreed standards for 10 years. The Project will establish a smart street lighting system that includes the installation of new lighting fixtures and LED lamps, retrofitting the existing lighting fixtures with LED lamps, and establishment of a Common Management System (CMS) underpinned by ultra-narrowband technology as the anchor of the smart street lighting system.	Procurement Method - Competitive Bidding The Feasibility Study for the project is in the final stages of completion.
	TOURISM		
35.	Meru and Greater KORA Conservation Project <i>Ministry of Tourism and Wildlife</i>	This project is a conservation PPP meant to promote management effectiveness and create conditions favorable for tourism investment. The project will include biodiversity conservation, tourism development and management, community conservation, and environmental education. It will also include staff houses, offices, park roads and bridges, airstrips, and visitor facilities for accommodation and recreation.	Procurement Method - Competitive Bidding The Feasibility Study was completed. The project is on hold pending guidance from the Contracting Authority on the next steps.
	ENVIRONMENT		
36.	Supporting Carbon Assets and Development of Carbon	The Proposed project has two components:	Procurement Method - Privately Initiated Proposal (PIP)

CONT... PROJECTS AT FEASIBILITY STUDY

	Project	Project Description (Summary)	Status as at June 2024
	<p>Credit Projects sponsored by Suni Smart Energy</p> <p><i>Ministry of Environment and Forestry</i></p>	<p>(i) Support the development and trade of jurisdictional carbon credits nationwide under the program called Reduce Emissions from Deforestation and Degradation in Kenya and the Lowering emissions through Accelerated Financing Coalition; and</p> <p>(ii) Development and trade of carbon credits arising from the 15 billion tree planting program.</p>	<p>1st approval- The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study is ongoing.</p>
<p>EDUCATION</p> <p>37.</p>	<p>Printing and Supply of National Examination Papers and Other Related Confidential and Security Printed Materials</p> <p><i>Ministry of Education</i></p>	<p>To print, package, supply, and transport national examination papers and other related confidential and security printed materials.</p>	<p>Procurement Method - Privately Initiated Proposal (PIP)</p> <p>1st approval- The project proposal was approved in February 2024, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/Feasibility Study is ongoing.</p>

