



**THE NATIONAL TREASURY
& ECONOMIC PLANNING**

PUBLIC PRIVATE PARTNERSHIPS
DIRECTORATE

2ND ANNUAL REPORT ON THE STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA FOR THE FINANCIAL YEAR 2022/23

Prepared by:
PUBLIC PRIVATE PARTNERSHIPS DIRECTORATE THE NATIONAL TREASURY &
ECONOMIC PLANNING

JUNE 2023



PPP KENYA

DELIVERING SUSTAINABLE
INVESTMENTS

www.pppkenya.go.ke

For comments and clarifications, please contact:

Director General
Public Private Partnerships Directorate
THE NATIONAL TREASURY & ECONOMIC PLANNING
6th Floor, Reinsurance Plaza, Taifa Road
P. O. Box 30007-00100
Nairobi, Kenya

Tel: +254-20-322-5000
Email: dgoffice@pppunit.go.ke

The document is also available on the website at: www.pppkenya.go.ke

Information in this publication may be reproduced without restriction provided that due acknowledgement of the source is made.

2ND ANNUAL REPORT ON THE STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA FOR
THE FINANCIAL YEAR 2022/23

2ND ANNUAL REPORT ON THE STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA FOR THE FINANCIAL YEAR 2022/23

TABLE OF CONTENTS

LIST OF FIGURES	vi
LIST OF TABLES	vii
FOREWORD	viii
ABOUT REPORT ON STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA	x
ACKNOWLEDGEMENTS	xi
ABBREVIATIONS AND ACRONYMS	xii
EXECUTIVE SUMMARY	xiv
CHAPTER 1: LEGAL AND INSTITUTIONAL SET UP OF THE PPP DIRECTORATE	1
1.1 Legal Framework	1
1.2 Institutional Framework of the PPP Directorate	1
CHAPTER 2: PUBLIC PRIVATE PARTNERSHIPS PROJECTS IN KENYA	2
2.1 Approved PPP Projects	2
2.2 Mobilization of Private Capital investments in PPP projects	3
2.3 PPP Projects in Implementation	3
2.4 Fiscal Commitments and Contingent Liabilities	4
2.4.1 Introduction	4
2.4.2 Government Support for PPP Projects	5
2.4.3 Approved GSMs with potential contingent liabilities issued to existing PPP projects	5
2.5 Contingent Liabilities arising from approved GSMs for PPPs	5
2.6 Debarred or Blacklisted Private Parties	7
2.7 PPP Project Tenders Cancelled	7
2.8 Financial Reports of PPP Projects	7

CHAPTER 3: ADDITIONAL ACHIEVEMENTS IN THE PPP PROGRAM	9
3.1 Strengthening the Legal Framework for PPPs	9
3.1.1 PPP Regulations under the PPP Act 2021	9
3.1.2 Approval of procedures for Direct Procurement	10
3.1.3 Development of the Water Purchase Agreement (WPA)	10
3.2 Monitoring and Reporting on PPPs Under the PPP Act 2021, the PPP	11
3.3 Environmental and Social Management of PPPs	12
3.4 PPP Program Sustainability Initiatives	13
ANNEXURES	14
Annex 1: Pipeline Status as at June 2023	14
Annex 2: Projects Approved as Privately Initiated Proposals	22
Annex 3: Government Support Measures Issued for PPPs	24

LIST OF FIGURES

Cover Page: Nairobi Expressway Project	
Figure 1: Galana-Kulalu Food Security Project	xiii
Figure 2: Tana Delta Irrigation Project	3
Figure 3: Galana-Kulalu Food Security Project	12
Figure 4: Nairobi Expressway Project	13
Figure 5: Road Annuity Programme - Lot 15 Roads	17
Figure 6: Galana-Kulalu Food Security Project	23
Back Page: Tana Delta Irrigation Project	

LIST OF TABLES

Table 1: Summary of PPP Project by Procurement Method	2
Table 2: Status of PPP Projects in Implementation	4
Table 3: Value of Contingent Liabilities for Letters of Support issued to Financially Closed projects	6
Table 4: Status of Key Financial Indicators for the Projects	8
Table 5: Annuity Payments made during the period January - December 2022	8



FOREWORD

On 13th September, 2022, the President in his Inaugural Address emphasized interventions aimed at unlocking the potential of various sectors so as to bring down the cost of living. In line with this, the Public Private Partnerships Directorate (PPPD) has over the last Financial Year dedicated its efforts in towards projects focused on affordable housing, the provision of water, improving agricultural production, promoting decent healthcare services, and the development of Special Economic Zones (SEZs), Energy (Transmission Lines), Port and ICT. These remain key focus areas in the coming year as well.

This *Second Annual Report on the State of Public Private Partnerships in Kenya for the Financial Year 2022/23*, is prepared in compliance with Section 88 of the Public Private Partnerships Act (PPP Act) of 2021. Under this provision, the PPPD is required to prepare and submit to the Public Private Partnerships Committee (PPPC), an Annual Report on the State of Public Private Partnerships in Kenya. The provision also requires the Cabinet Secretary for the National Treasury submits a copy of the Report to Parliament.

This Report contains an overview of the status of the PPP programme in Kenya, highlighting approved projects and the general progress of the PPP project pipeline. As at June 2023, a total of approximately KES 136.2 billion had been mobilised in form of private capital investments in PPPs since commencement of

the PPP programme. To enhance the general viability of PPP projects, various policies and frameworks were instituted during the year under review. These include development and conduct of public participation on the draft PPP Regulations (2023), the institutionalization of the Protocols for Direct Procurement of PPPs and the development of the pioneer Water Purchase Agreement (WPA) that will unlock private investments in the water sector.

Public Private Partnerships create fiscal space and enhance sustainability in public infrastructure financing, and thus providing the Government the necessary headroom to finance social projects. The priority sectors earmarked for PPP projects include water, ports, agriculture, housing, roads, trade, industry and energy sectors.

The Government will continue to support and enhance the role of the PPPD in bringing public-private partnerships to the mainstream of national development, through an elaborate National Infrastructure Plan (NIP).

**PROF. NJUGUNA NDUNG’U, CBS
CABINET SECRETARY/NATIONAL
TREASURY & ECONOMIC PLANNING**

ABOUT REPORT ON STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA

This *Second 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 program;

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



ACKNOWLEDGEMENTS



This Report has been compiled through the efforts of various stakeholders in the PPP ecosystem from both the public and private sectors.

In particular, we wish to acknowledge the contributions from Contracting Authorities both at the National and County Government levels, who are key partners of PPP projects. Through their dedication, we are developing PPP projects in the sectors of Water, Port, Housing, Roads, ICT, Special Economic Zones, Healthcare, Agriculture Production and Energy (Transmission Lines).

We are also grateful for our partners in the private sector, who have catalysed our program by availing financing and expertise for the development of PPPs. These include; INTEK RAF 1 Ltd for the Lot 33 Road Annuity Programme, Moja Expressway Company Ltd for the Nairobi Expressway, Infraconnect 15 Ltd for Lot 15 of Road Annuity Programme and Infraconnect 18 Ltd for the Lot 18 of Road Annuity Programme and Sosian

Menengai Geothermal Power Ltd for 35 MW Sosian Menengai Power Plant. We thank them for their collaboration and flexibility in ensuring that we present projects that are both bankable and affordable. Additionally, we thank our partners in the development sector, especially the World Bank for their continued support of the PPP programme now in its 10th year, alongside our other partners: IFC, CREST, PIDG, USAID, ALSF, JICA, AIFP, KMOLIT and UN-DESA. The invaluable work they do in supporting the programme and making PPP projects viable, is a key factor in the progress we continue to make.

The PPP Directorate spearheaded the preparation of this Report. Special gratitude goes to the Director General PPP, the entire management and staff and of the Directorate for their tireless work. As Chair of the Public Private Partnerships Committee, I wish to thank my fellow Committee members for their support and valuable contributions in guiding the PPP programme. It has been a great honour working with them through the past year. Finally, to any stakeholder or contributor not directly mentioned here, please accept our kind appreciation for your role in the overall success of the PPP programme.

DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/ 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



Figure 1:

EXECUTIVE SUMMARY



In view of the current fiscal challenges in the country and globally, PPPs are a key enabler in strengthening infrastructure development. The Government of Kenya put in place the Public Private Partnerships policy framework that enables private investment in national programs through balancing risks and rewards between the public sector and private sector.

During the last Financial Year, the PPP program achieved a number of key policy milestones which include; development of the Water Purchase Agreement (WPA), development of PPP Regulations under the PPP Act 2021, and development of a climate resilience framework for PPPs. The PPP Directorate is working closely with the State Department of Economic Planning to develop a 10-year National Infrastructure Plan

for development of PPP projects undertaken in the country.

In terms of mobilization of private capital investments in PPPs, a total of approximately KES 136.2 billion has been mobilised in form of private capital investments in PPPs since commencement of the PPP programme. Approximately KES 46 Billion of the amount was mobilised during Financial Year, for five PPP projects namely; the 35 MW Sosian Menengai Geothermal Project, the 35 MW Quantum Menengai Geothermal Project, the Galana-Kulalu Food Security Project, the Tana Delta Integrated Project and the Lot 32 of Road Annuity Programme. Ground breaking for the Quantum power plant was held in June 2023. The Galana – Kulalu project and the Tana Delta Integrated Project received 1st stage PIP approval during the year, and they both progressed to project development stage. The project development includes pilot phase maize farming on 538 Acres of land for Galana-Kulalu and pilot phase rice farming on 500 Acres of land for Tana Delta.

Further, seven (7) projects were approved during the year: the Ndarugu II Dam Water Supply, the Galana-Kulalu Food Security Project, the Tana Delta Integrated Project, the High Grand Falls, the Africa 50-financed Power Transmission Lines (two lines), the Power Transmission Line Expansion (five lines) and the Nairobi Cancer Research and Teaching Hospital. There are five projects in

implementation namely: the Nairobi Expressway; Road Annuity Projects Lot 15; Lot 18 and Lot 33 Road Annuity and 35 MW Sosian Menengai Geothermal Power Plant. During year, the PPP Directorate and the CAs for these projects, undertook various joint project monitoring activities, including monitoring compliance with environmental and social requirements. In relation to financial performance, four of the five projects qualified for analysis of financial performance: the Nairobi Expressway; Lot 15; Lot 18 and Lot 33 Road Annuity projects. The financial statements prepared for the Nairobi Expressway, Lot 15 and 18 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.

The PPP projects pipeline comprises of 31 projects. Twenty-two (22) of these projects were approved for procurement under Competitive Bidding; eight (8) as PIPs and One (1) as Direct Procurement. As part of de-risking public investments in respect to capital mobilization for infrastructure development, the Government continues to provide Government Support Measures (GSMs) to private investors in PPP projects in the form of Letters of Support (LOSs), Partial Risk Guarantees and Indemnity

Agreements. To date, a total of sixteen projects have been issued with GSMs.

The National Treasury continues to sustain strategic partnerships to provide supplementary resources to support the PPP Directorate and its programmes through technical assistance arrangements. Such partnerships include those with International Finance Corporation, Public – Private Infrastructure Advisory Facility, Climate Resilience & Environmental Sustainability Technical (CREST) advisory, Private Infrastructure Development Group (PIDG), United States International Development Agency (USAID) and the Africa Legal Support Facility (ALSF), Japanese International Cooperation Agency (JICA), Korean Ministry Of Land, Infrastructure and Transport, Africa Infrastructure Fellowship Program (AIFP), United Nations- Department of Economic and Social Affairs (UN-DESA). These partnerships continue to play a critical role in building capacity and enhancing the viability and efficacy of PPP projects.

**CHRISTOPHER KIRIGUA, MBS
DIRECTOR-GENERAL PUBLIC
PRIVATE PARTNERSHIPS/ NATIONAL
TREASURY**

¹ As at the time of finalizing this report, the Financial Statements for Lot 33, had not been submitted by the Contracting Authority.

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

1.1 Legal Framework

The Government of Kenya has created a robust PPP legal framework by enabling the enactment of an overarching PPP Act, 2021 that is fundamental in promoting private sector participation for the 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 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 project under the Act. The PPP Directorate is tasked with the provision of technical, financial and legal expertise to the PPP Committee and Contracting Authorities at both the national and county government levels.

The improved legal framework creates greater credibility for the public private partnerships programme by establishing stronger institutional frameworks that centralise capacity within the PPP Directorate and promote government-wide improved compliance in project development.

1.2 Institutional Framework of the PPP Directorate.

Following the elevation of the PPP Unit in 2020 into a Directorate within the National Treasury, the PPP Act 2021 established the office of the Director General as the head 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 premised on Section 88 2(b) and (c) of the PPP Act 2021, which require that the Annual Report prepared by the Directorate, documents the *“Number, types and value of PPPs being implemented in Kenya and the contracting authorities implementing PPPs in Kenya.”*

Section 37 of the PPP Act 2021 provides for four methods of procuring a public private partnership project namely; (a) Direct Procurement (b) Privately Initiated Proposals (c) Competitive

Bidding and (d) Restricted Bidding. Thus, the reporting on approved projects is presented by method of procurement.

The current PPP Pipeline comprises of 31 projects, 7 of which were approved during FY 2022/23. The seven projects are; the Ndarugu 2 Dam Water Supply, the Tana Delta Integrated Project, the High Grand Falls, the Africa 50 Financed Transmission Lines (2 Lines), the Mzima II, Galana-Kulalu Food Security Project and the Nairobi Cancer Research and Teaching Hospital and Attendant Facilities.

Table 1: Summary of PPP Project by Procurement Method

Sector	Project approved to be procured under competitive bidding method	Projects approved to be procured under Privately Initiated Proposal (PIP) method	Projects approved to be procured under Direct Procurement
Agriculture	0	3	
Water		2	
Energy	4	1	
Environment	1		
Health	4	1	
Housing	2		1
Tourism	1		
Transport	9	1	
Urban Development	1		

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



Figure 2:

2.2 Mobilization of Private Capital investments in PPP projects

A total of approximately KES 136.2 billion has been mobilised in form of private capital investments in PPPs since commencement of the PPP programme in 2013. Approximately KES 46 Billion of this amount was mobilised during Financial Year 2022/23, for five PPP projects namely; the 35 MW Sosian Menengai Geothermal Project, the 35 MW Quantum Menengai Geothermal Project, the Galana-Kulalu Food Security Project, the Tana Delta Integrated Project and the Lot 32 of Road Annuity Programme. Ground breaking for the Quantum power plant was held in June 2023. The Galana – Kulalu project and Tana Delta Integrated Project received 1st stage PIP approval during the Financial Year, and they both progressed to project development

stage. The project development includes pilot phase maize farming on 538 acres of land for Galana-Kulalu and pilot phase rice farming on 500 acres of land for Tana Delta.

2.3 PPP Projects in Implementation

Subsection 88 2 (b) of the PPP Act 2021 requires reporting on *PPP projects in implementation, and the details should include types and values of the projects.*

Projects in implementation are those under construction or in operation. As at end of last Financial Year, there were a total of five (5 No.) projects in implementation. The details of these projects are provided in Table 2 below:

Table 2: Status of PPP Projects in Implementation

Name of Project	Contracting Authority	Date of Project Financial Close	PPP Arrangement (Type)	Project Cost (USD Millions)	Project Term (Years)	Project Status as at June 2023
1. Road Annuity Program Lot 33 ¹	KERRA	February 2018	Design-Finance-Build -Operate-Maintain-Transfer (DFBOMT)	98.83	10	Project is in Operations
2. Road Annuity Program Lot 15 ²	KURA	February 2022		73.07	10	Projects are under construction
3. Road Annuity Program Lot 18 ³	KURA	February 2022		59.02	10	
4. Nairobi Expressway	KENHA	December 2021		667.80	30	Project is in Operations
5. 35 MW Sosian Menengai Geothermal Power Plant	Geothermal Development Company	Pending	Build- Own- Operate	79.15	25	Construction of power was completed. Staged commissioning of the power plant to follow.

2.4 Fiscal Commitments and Contingent Liabilities

2.4.1 Introduction

The Government works to provide different mechanisms for de-risking public investments in respect of private capital mobilisation for infrastructure development.

By definition, there is always a public component for every PPP project. The form that this takes, depends on the country and the project and is diverse, ranging from, but not limited to: direct financial support; indirect/contingent support; to in-kind support e.g., provision of project land and

broader financial mechanisms that can support the PPP programme or improve project bankability.

Fiscal commitments refer to payment obligations taken on by the Government to safeguard against certain project risks; reduce the cost of operation; and/or reduce costs for end-users. These can be categorised as:

- **Direct Liabilities:** which include direct payments made by the Government for a PPP project as per the PPP contract. They include payments such as (upfront) capital contributions, subsidies, service availability payments, etc.

² This project comprises of the road from Ngong to Isinya ("Ngong-Kiserian-Isinya") and from Kajiado to Imaroro ("Kajiado-Imaroro") on a Design-Build-Finance-Operate-Maintain-Transfer (DBFOMT) with an approximate length of 90.55kms.

³ This project involves construction and rehabilitation of the 28kms of 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).

⁴ This project involves construction and rehabilitation of the 32kms of roads to augment select urban roads in 4 Counties: Kakamega (12.5km), Vihiga (3km), Bungoma (12.5km) and Busia (4km).

- **Contingent Liabilities:** which include payment commitments by the Government whose occurrence, timing, and magnitude depend on some uncertain future event outside of the Government's control. Examples include risk guarantees, termination payment commitments, debt guarantees, or other credit enhancements issued by the Government to provide security to lenders.

2.4.2 Government Support for PPP Projects

Subsection 88 2(d) of the PPP Act 2021 requires that this report documents – *Government support measures that have been given by contracting authorities and to whom.*

PPP contracts generally have financial implications and pose risks which need to be allocated, monitored and managed effectively. It is worth noting that one of the core principles in a PPP transaction is allocating risks to the party that's best placed to manage it. As part of increasing private sector appetite for PPP projects, the Government can provide various forms of credit enhancement mechanisms, particularly where the project does not on its own merit achieve bankability or financial viability, or is otherwise subject to specific risks that the private investors or lenders are not well placed to manage. The credit enhancement mechanisms provided are in the form of Government Support Measures (GSMs). The types of GSMs that have so far been issued to PPP projects have mainly

been Letters of Support (LOSs) and various forms of risk guarantees.

2.4.3 Approved GSMs with potential contingent liabilities issued to existing PPP projects

Subsection 88 2(d) of the Act requires that this reports documents *Government support measures that have been given by contracting authorities and to whom*

In order to streamline the process of issuance of GSMs, the Government enacted a GSM Policy in 2018. This policy provides for the Government's practice and position on the conditions under which GSMs may be made available to implementers of public projects to make such projects more bankable. As per this policy, the available GSM instruments include: Binding Undertakings, Letters of Support, Letters of Credit, Credit Guarantees, Partial Risk Guarantees and Political Risk Insurance.

Since 2013 to date, the Government has issued GSMs to 7 PPPs and 8 IPPs (Independent Power Producers). Details of the GSMs issued are provided in Annex 3.

2.5 Contingent Liabilities arising from approved GSMs for PPPs

Subsection 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, 2018 provides the methodology for identification, valuation, and management of contingent liabilities arising from PPP projects at different stages of project implementation.

The GSM instrument so far issued is the Government Letter of Support (LOS), which has been issued for 15 projects and covers the early termination of a PPP contract following the occurrence

of a political event as defined in the respective LOS instruments.

The quantification of contingent liabilities for the projects below is based on the worst-case scenario, which is, the maximum possible termination payment that the Government will incur as a result of the occurrence of a political event. The value of contingent liabilities for projects are tabulated in Table 3 below:

Table 3: Value of Contingent Liabilities for Letters of Support issued to Financially Closed projects

Project Name	Contracting Authority	Project Stage	Project Cost KES (Million)	Estimated Termination Payment KES (Million)
Roads Sector				
1. Lot 33 Roads Annuity Project	KeRRA	Operations and Maintenance	9,883	7,287
2.The 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 Sector				
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
Total			133,233	174,017

Whereas the probability of termination is low for these projects, prevention of adverse risk outcomes is managed by the Contracting Authorities and the Directorate through close management of the potential fiscal risks throughout the project life, including establishment of adequate risk mitigation measures.

2.6 Debarred or Blacklisted Private Parties

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

So far, no parties have been blacklisted by the PPP Directorate. In undertaking due diligence of prospective private investors in PPPs, the Directorate takes cognizance of data available on firms blacklisted by the Public Procurement Regulatory Authority and multilateral institutions such as the World Bank and the African Development Bank.

2.7 PPP Project Tenders Cancelled

Subsection 88 2 (f) requires this report to document *the number, types and values of PPP tenders that have been cancelled.*

Section 62 (1) of the PPP Act 2021, mandates a Contracting Authority (CA) to cancel a tender process at any time before the execution of the project agreement, if it is in the public interest to do so. Section 62(5) provides for circumstances under which public interest is impaired. Pursuant to section 62 (2), a CA can only cancel a tender following approval by the Attorney General and the PPP Committee. There were no project tenders cancelled during the period under review.

2.8 Financial Reports of PPP Projects

Subsection 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.*

The information in this section builds on content provided earlier on PPP projects in implementation (Table 2 of section 2.1). As detailed in the Table 2, there are a total of five (5 No.) PPP projects in implementation namely; the Lot 33 of Road Annuity programme, the Lot 15 of Road Annuity Programme, the Lot 15 of Road Annuity Programme, the Nairobi Expressway and 35 MW Sosian Menengai Geothermal Power Plant.

Two of these projects are in the operations stage i.e. the Lot 33 of Road Annuity Programme, which commenced operations in November 2020 and the Nairobi Expressway, which commenced operations in May 2022. The data for financial reports required under sub-section 88 (h) of the PPP Act, is derived from the Audited Financial Statements of the Project Company (Service Provider). The table below shows a summary of status of key financial indicators for the project.

Table 4: Status of Key Financial Indicators for the Projects

Project	Project Status	Revenue (Ksh Billion)		Net Profit/ (loss) (Ksh Million)		Net Assets (KSh Billion)	
		Reported ¹	Forecasted ²	Reported	Forecasted	Reported	Forecasted
1. Nairobi Expressway	Operations	1.68	5.48	-316	-706	62.83	20.58
2. Lot 15	Construction	Not reported	Not reported	-87	-1,280	1.49	1.2
3. Lot 18	Construction	Not reported	Not reported	-78	-250	1.21	0.95

During the calendar year 2022, the Government effected annuity payments for three projects as detailed in Table 5 below.

Table 5: Annuity Payments made during the period January - December 2022

Name of Annuity Project	Total Payments during the period January – December 2022
1. Lot 15	102,050,606.12
2. Lot 18	82,329,149.42

The Auditors for the respective three 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 as at 31st December 2022. Further, based on the respective SP's financial performance and the risk management policies in place, the directors for the three projects are of the opinion that the companies will continue operations for the foreseeable future.

In view of the above, it is noted that there is no foreseeable risk of the SPs defaulting on their obligations.

¹ For the year ending 31st December 2022.

² As per the audited Financial Model of the Project

³ 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

CHAPTER 3: ADDITIONAL ACHIEVEMENTS IN THE PPP PROGRAMME

3.1 Strengthening the Legal Framework for PPPs

3.1.1 PPP Regulations under the PPP Act 2021

Following the commencement of the PPP Act, 2021 on 23rd December 2021, the PPP Directorate embarked on the development of the PPP Regulations, to operationalize the provisions of the new Act. Between May and October 2022, a number of consultative sessions were held to review the content of the Regulations culminating in the gazettment of the Regulatory Impact Statement (RIS) on 21st October 2022 and the publication of the Notice on the RIS and the draft Regulations in the Nation and Standard newspapers on 25th October 2022. The respective Notices gave members of the public until 30th November 2022 to submit comments.

Between October and December 2022, dissemination and stakeholder engagement workshops on the PPP Act, 2021 and draft PPP regulations were conducted in Kisumu, Nakuru, Nairobi and Mombasa, for Contracting Authorities, with participants drawn

from various Contracting Authorities, including County Governments and also representatives from the private sector.

The feedback received from these stakeholder workshops as well as responses received from members of the public based on the newspaper Notices on the Regulations, were considered and discussed. As at close of last Financial Year, the draft Regulations had been finalised. It is planned that during FY 2023/24, the draft regulations shall be submitted for Cabinet approval and thereafter legal clearance from the Office of the AG, to facilitate presentment of the same to the Parliament.

Once gazetted, the Regulations will support the Bottom Up Economic Transformation Agenda of achieving economic turn-around and inclusive growth by providing greater clarity on the PPP process for projects in multiple sectors, including water, transport, ports, housing, industrial parks, renewable energy, agriculture, ICT, Aviation, hospitals, amongst others. Financial Year 2023/2024.

3.1.2 Approval of procedures for Direct Procurement

The PPP Act, 2021, contains four procurement methods, namely direct procurement; privately initiated proposals; competitive bidding and restricted bidding. The Act provides general guidance on each of the procurement methods, with the intention of having further details spelt out in Regulations, guidelines, practice notes and/or standards and procedures.

The Act however does not outline the specific approvals or procedural steps that would apply to the direct procurement process. These are intended to be finalised through the draft PPP Regulations 2023, which are under development. Accordingly, to ensure seamless review of any applications submitted pursuant to this procurement method, pursuant to Section 35 of the PPP Act, 2021, the Directorate developed a standard step by step procedure for processing Direct Procurement applications. The same were reviewed by the Office of the Attorney General and signed off by the Cabinet Secretary National Treasury on 6th April 2023 and are currently in use by contracting authorities.

3.1.3 Development of the Water Purchase Agreement (WPA)

H.E. the President, in his address at the 2nd Cabinet Meeting, held on 15th November 2022, set out expectations for the Fifth Administration's transformative plan for Kenya. Some of the key deliverables required by H.E. during his term, include enhanced access to potable water as well as water for irrigation. To this end, the Head of State and Government directed the Ministry of Water, Sanitation and Irrigation to identify 100 bankable dam projects to be implemented through the Public Private Partnerships (PPP) framework. Further, it was directed that the Ministry, jointly with the National Treasury and Economic Planning and the Attorney – General develop a Water Purchase Agreement for uptake of the water harvested and stored through the PPP framework on a priority basis. The National Treasury led in the development of a bankable structure to deliver this plan supported by a model Water Purchase Agreement. The WPA was in place by January 2023 and forms the basis upon which the final project agreements will be negotiated.



3.2 Monitoring and Reporting on PPPs Under the PPP Act 2021, the PPP

Under the PPP Act 2021, the PPP 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. Highlights of the M&E activities done for these projects during the year include the following;

Reporting on Projects

- *Annual PPP Report*- pursuant to Section 88 of the PPP Act 2021, the Directorate finalised the *1st Annual Report On The State Of Public Private Partnerships In Kenya for the Financial Year 2021/22* and this was subsequently approved by the PPP Committee and submitted to Parliament by the Cabinet Secretary, National Treasury and Planning by September 2022, in compliance with the legal requirement on timeline for submission of the report.
- Submission of project performance reports to the Contracting Authorities by the Project Company (Service Provider) in line to the requirement under section 82 (6)
- Submission of periodic project performance reports to the PPP Directorate, by the Contracting Authority in line with Section 22 (1) (h).

Monitoring of 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 projects monitored are those in implementation namely;

- Lot 33 of Road Annuity Programme
- Lot 15 of Road Annuity Programme
- Lot 18 of Road Annuity programme
- Nairobi Expressway
- 35 MW Sosian Menengai Geothermal Power Plant

The locations of these projects are detailed in annex 1 of this report.

Parliamentary Oversight for PPP Projects:

The PPP Directorate;

- Appeared before the Public Debt and Privatisation Committee on 5th May 2023, for the review of the 3rd Quarter (Jan to March 2023) implementation of PPP funded projectson 10th to 12th August 2023, the Directorate participated in and made presentations to the House Committees on Budget and Appropriations; Public Debt and Privatisation; and Finance and National Planning.
- Participated in and made presentations on the PPP programme, at a joint session of the House Committees on Budget and Appropriations; Public Debt and Privatisation; and Finance and National Planning, held on 10th to 12th August 2023

3.3 Environmental and Social Management of PPPs

During the period under review;

1. (i) The Directorate established a technical function for Environmental and Social management. Among the milestones achieved was the development of the Environmental and Social Management System (ESMS) and conducting of a stakeholder engagement survey for Lot 18 of Road Annuity Program. The stakeholder engagement was aimed at documenting the efficacy of stakeholder engagement in the implementation of PPP projects, including the application the Best International Practice of maintaining an open and transparent engagement between the developers and project stakeholders.

Corporate Social Responsibility (CSR)- As part of its CSR, Moja Expressway Company (the Service Provider for the Nairobi Expressway) provided the following;

- Free rescue services for vehicle breakdowns and carried out a total of 756 free roadside assistance cases as of May 30, 2023.
- Expressway as a Case Study- The Expressway is now a learning case study and during the reporting period, it hosted three institutions for a learning tour; University of Nairobi 3rd Year Students of the School of Civil Engineering, PPP Students from Lean Africa and the members of the Association of Consulting Engineers of Kenya (ACEK).



Figure 3:

3.4 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, Climate Resilience & Environmental Sustainability

Technical (CREST) advisory, Private Infrastructure Development Group (PIDG), United States International Development Agency (USAID) and the Africa Legal Support Facility (ALSF), Japanese International Cooperation Agency (JICA), Korean Ministry Of Land, Infrastructure and Transport, Africa Infrastructure Fellowship Program (AIFP), United Nations- Department of Economic and Social Affairs (UN-DESA), and continue to play a critical in building capacity and enhancing the viability and efficacy of PPP projects.

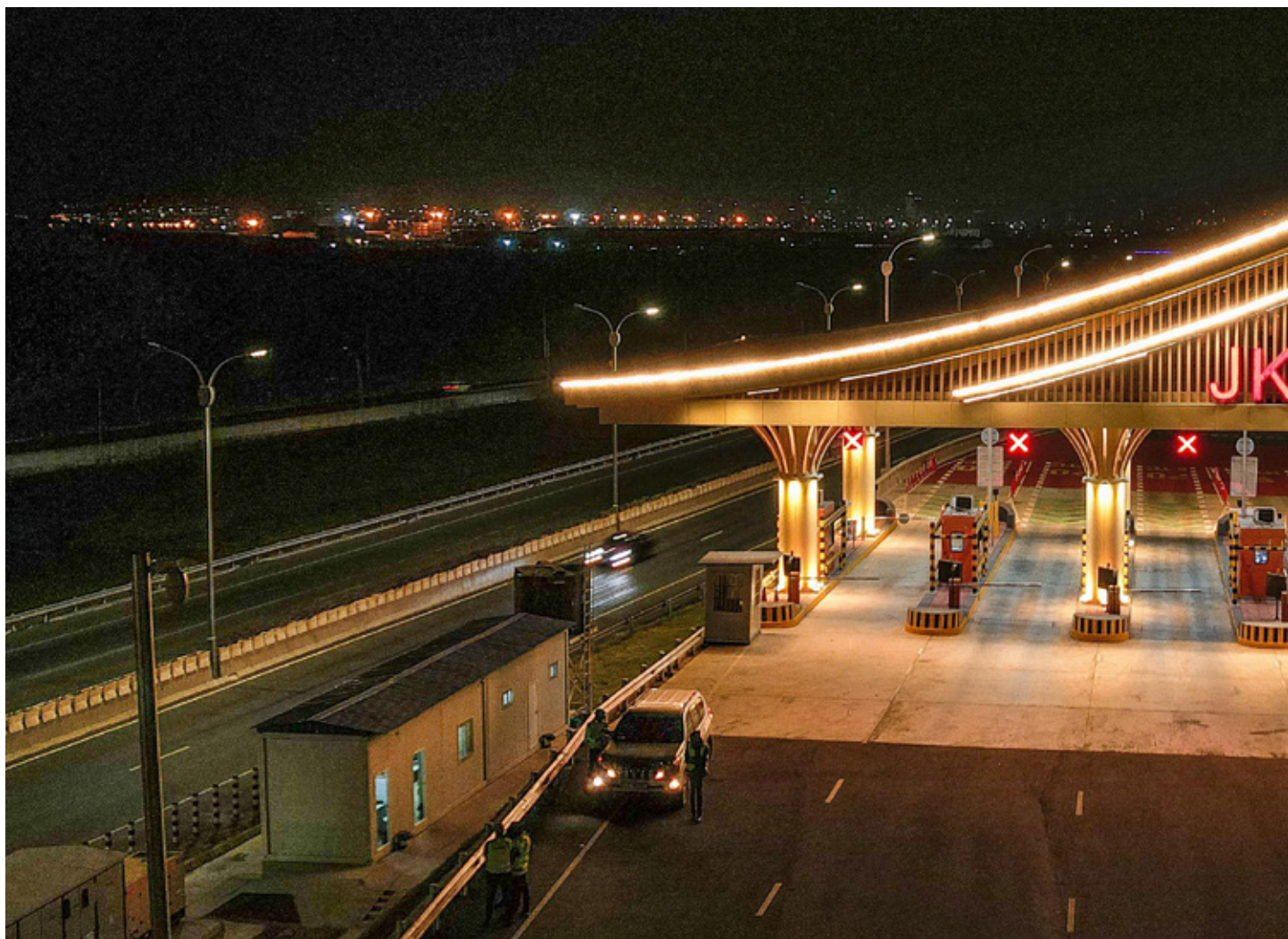


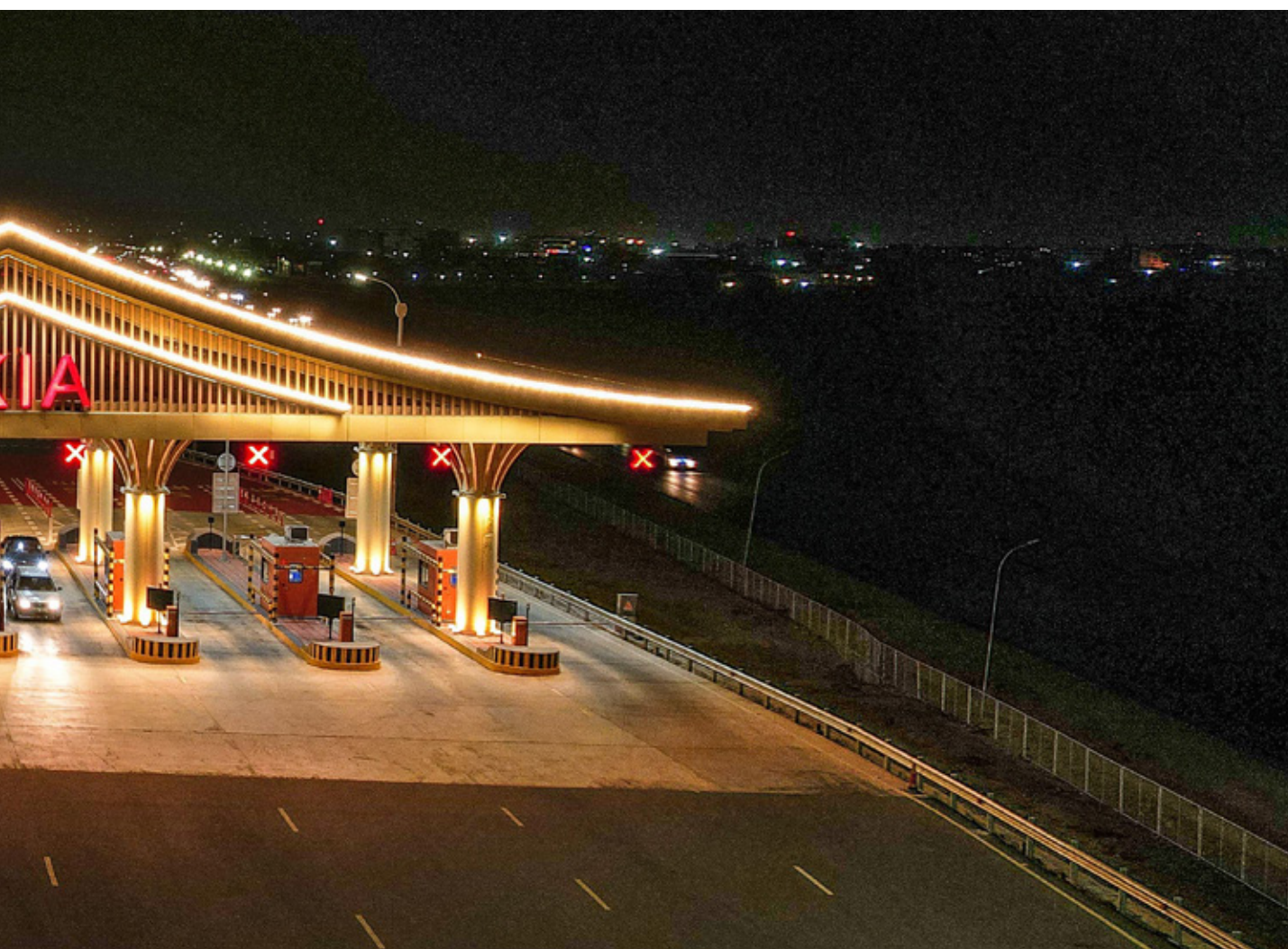
Figure 4:

ANNEXURES

Annex 1: Pipeline Status as at June 2023

PROJECTS IN OPERATION

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
1.	Road Annuity Lot 33 of Road Annuity Programme Kenya Rural Roads Authority (KERRA)	Construction and Maintenance of the 90.55km roads from Ngong to Isinya ("Ngong-Kiserian-Isinya") and from Kajiado to Imaroro ("Kajiado-Imaroro")	Operational since February 2018
2.	Nairobi-JKIA-James Gichuru Road Expressway Kenya National Highways Authority (KeNHA)	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	Operational since May 2022



PROJECTS UNDER CONSTRUCTION

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
TRANSPORT			
3.	Road Annuity Lot 18 Road Annuity Programme <i>Kenya Urban Roads Authority (KURA)</i>	Construction/ rehabilitation of urban roads in select 4 Counties ⁸	Construction commenced in February 2022 and is ongoing.
4.	Road Annuity Lot 15 of Road Annuity Programme <i>Kenya Urban Roads Authority (KURA)</i>	Construction/ rehabilitation of urban roads in select 6 Counties ⁹	Construction commenced in February 2022 and is ongoing.
ENERGY			
5.	35MW Sosian Menengai Geothermal Power Plant Project <i>Geothermal Development Company (GDC)</i>	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.	Construction of the power plant was completed and ground breaking done in June 2023. The plant shall be commissioned shortly.
6.	35MW Quantum Menengai Geothermal Power Plant Project <i>Geothermal Development Company (GDC)</i>	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.	Construction of power plant commenced in June 2023.

⁸ 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.

⁹ 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 AT COMMERCIAL CLOSE

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
TRANSPORT			
7.	Lot 32 of Road Annuity Programme <i>Kenya National Highways Authority (KeNHA)</i>	Construction and rehabilitation of 67 kms road to augment the existing road network from Illasit to Taveta through Njukini.	Commercial Close
8.	Lot 3 of Road Annuity Programme <i>Kenya National Highways Authority (KeNHA)</i>	Construction and rehabilitation of the roads to augment the existing roads from Wajir-Habaswein-Samatar (68Kms) and Rhamu-Mandera (75Kms)	Commercial Close
9.	Nairobi – Nakuru- Mau Summit Highway <i>Kenya National Highways Authority (KENHA)</i>	Widening, improvement, operation and maintenance of various sections of highway between Nairobi and Mau Summit and includes: (i) Widening of 175 km of the A8 highway between Rironi and Mau Summit to become a 4 Lane dual carriageway; (ii) Strengthening of 57.8 km of the A8-South highway between Rironi and Naivasha; and (iii) Operation and maintenance of 12.43 km of the A8 highway between Gitaru and Rironi.	Commercial Close
ENERGY			
10.	35MW Orpower 22 Geothermal Power Plant Project <i>Geothermal Development Company (GDC)</i>	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.	Commercial Close
HOUSING			
11.	Kenya Defence Forces Residential Accommodation <i>State Department of Housing</i>	Development of approximately 2,340 residential units for the Kenya Defence Forces (KDF) under a 15-year Build, Lease, Transfer (BLT) 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.	Procurement of Private Party is underway.
12.	Kenyatta University Students Hostels <i>Kenyatta University</i>	Development of student hostels in the University to accommodate over 10,000 students.	Commercial Close

PROJECTS AT PROCUREMENT OF PRIVATE PARTY

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
	TRANSPORT		
13.	Equipment, Operation and Maintenance of Lamu Port Berths 1, 2, 3 and Lamu SEZ <i>Kenya Ports Authority (KPA)</i>	Three berths comprise a 400m-bulk berth (non-containerized cargo), a 400m-container berth, and a 400m general cargo berth and a Special Economic Zone.	Preparations for tender process are being finalised. The tender will be launched imminently.
14.	Second Nyali Bridge ⁶ <i>Kenya Urban Roads Authority (KURA)</i>	Development of a 2 nd Nyali Bridge and connecting roads. The Bridge shall connect 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. The bridge is 600 metres in length.	Procurement of Private Party. Shortlist of bidders is in place.



Figure 5:

¹⁰ Procurement of Transaction Advisor is underway. The TA will support the CA in the RFP bidding stage of the Project, through to Financial Close.

PROJECTS AT FEASIBILITY STUDY

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
TRANSPORT			
15.	National Tolling Operator	Project will comprise of a hybrid tolling system and payments 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. Priority projects for tolling include Nairobi Nakuru Mau Summit PPP Project.	Feasibility Study was completed
WATER			
16.	Mzima II <i>Coast Development Authority</i>	Development of a 220 Km water pipeline with a diameter of 1,200mm and attendant facilities to abstract and transmit 105,000m ³ /d of water per day from Mzima Springs to Mazeras Tanks and various towns along the pipeline at an estimated cost of US\$ 335.338 million. The proposed term of the project is 30 years with a construction period of 3 years and operation and maintenance period of 27 years. The project will serve consumers from Mombasa, Kilifi, Taita Taveta and Kwale Counties.	Project development is ongoing and it includes Feasibility Study.
17.	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.	Project development is ongoing and it includes Feasibility Study.
AGRICULTURE			
18.	Galana-Kulalu Food Security Project <i>National Irrigation Authority (NIA)</i>	The proposed project seeks to enhance food security through bringing under production 20,000 acres of land so as to make available an estimated 720,000 bags of maize and 160,000 bags of soybeans per annum over a term of 30 years.	Project development is ongoing. It includes Feasibility Study pilot phase maize farming on 538 Acres of land.

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
19.	High Grand Falls <i>National Irrigation Authority (NIA)</i>	The main components of the proposed project include: a) Main Dam and Reservoir covering an area of more than 165Km ² and a reservoir of 5,600 million m ³ of water; b) Hydropower generation capacity of 500MW with capacity likely to be increased to 700MW and later 1,000 MW; and c) Irrigation Schemes covering 400,000 Acres	Project development is ongoing and it includes Feasibility Study.
20.	Tana Delta Integrated Project TARDA	The project seeks to seeking to enhance food security through bringing under production 31,000 hectares of land so as to make available an estimated 300,000 MT of rice bags per annum over a period of 30 years.	Project development is ongoing. It includes Feasibility Study and pilot phase rice farming on 500 Acres of land .
HEALTH			
21.	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 specialised 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.	Project is being considered for restructuring and subsequent re-tender
22.	University of Nairobi Cancer Care Centre, Teaching and Research Hospital <i>University of Nairobi</i>	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.	Project development (including Feasibility Study) has been completed.
23.	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	Feasibility Study is ongoing

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
HOUSING			
24.	University of Nairobi Purpose Built Student Accommodation Project <i>University of Nairobi</i>	Development of student hostels in the University of Nairobi	Feasibility Study is ongoing
URBAN DEVELOPMENT			
25.	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 a duration of 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.	Feasibility Study is ongoing
TOURISM			
26.	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 favourable 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, visitor facilities for accommodation and recreation.	Feasibility Study was completed
ENERGY			
27.	Africa 50 Financed Transmission Lines; <i>Kenya Electricity Transmission Company (KETRACO)</i>	Development of: Approximately 177km of 400 kV Loosuk – Lessos transmission line; 64 km of 220kV Kisumu-Musaga transmission lines; 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	Project development is ongoing and it includes Feasibility Study.

PROJECTS AT PROCUREMENT OF TRANSACTION ADVISOR

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2023
HEALTH			
28.	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 of Transaction Advisor (TA) is ongoing, contract negotiation is in concluding stages.
29..	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. 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, amphitheatres, ICT resource centres, and retail areas.	Procurement of Transaction Advisor is ongoing, contract negotiation is in concluding stages.
ENVIRONMENT			
30..	Nakuru Solid Waste Management <i>Nakuru County</i>	Integrated Solid Waste Management by enhancing the Solid Waste Reuse, Recycle and Reduction (3Rs) principles in the following urban areas; Nakuru, Naivasha, Molo, Njoro, Mai Mahiu, Mau Narok, Gilgil, and Kabazi.	Procurement of Transaction Advisor is underway.
ENERGY			
31..	Transmission Expansion Programme: Rongai- Keringet-Chemosit & Kwale-Shimoni Lines <i>Kenya Electricity Transmission Company (KETRACO)</i>	Development of: • 206km 400kV Gilgil – Thika – Malaa - konza • 145km 220kV Kiambere–Maua-Isiolo and associated substations, • 72km 132kV Githambo- Othaya - Kiganjo and associated substations • 70km 132kV Menengai-Olkalou-Rumuruti and associated substations • 7km 132kV Kipevu-Mbaraki & 7km 132kV Rabai-Kilifi T-off – Mtwapa and associated substations	Procurement of Transaction Advisor (TA) is underway. EOI for TA was advertised and it closed.

SECTORAL PPP VIABILITY STUDIES

	Title of Assessment/Study	Status as at June 2023
1.	PPP Viability Studies for the Water & Sanitation and Irrigation Sector	Procurement of Transaction Advisor is in the final stages. Contract negotiations have been completed.
2.	Development of National Infrastructure Plan	Consultancy EOI was finalized and shall be issued in the 1 st quarter of FY 2023/24.

Annex 2: Projects Approved as Privately Initiated Proposals

Table 2: Projects approved as Privately Initiated Proposals

	Project Name and Contracting Authority	Project Description	Status as at June 2023
1.	<i>Nairobi Expressway</i>	An expressway between Jomo Kenyatta International Airport (JKIA) and James Gichuru	Project is in operations
2.	UON Cancer Care Centre & Teaching and Research Hospital <i>University of Nairobi</i>	Establishment of University of Nairobi Cancer Teaching and Research Hospital (UoNCTRH) and ancillary facilities	Project development (including Feasibility Study) has been completed.
3.	Mzima II <i>Coast Development Authority</i>	Development of a 220 Km water pipeline with a diameter of 1,200mm and attendant facilities to abstract and transmit 105,000m ³ /d of water per day from Mzima Springs to Mazeras Tanks and various towns along the pipeline at an estimated cost of US\$ 335.338 million. The proposed term of the project is 30 years with a construction period of 3 years and operation and maintenance period of 27 years. The project will serve consumers from Mombasa, Kilifi, Taita Taveta and Kwale Counties	Project development is ongoing and it includes Feasibility Study.
4.	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.	Project development is ongoing and it includes Feasibility Study.
5.	Galana-Kulalu Food Security Project <i>National Irrigation Authority (NIA)</i>	The proposed project seeks to enhance food security through bringing under production 20,000 acres of land so as to make available an estimated 720,000 bags of maize and 160,000 bags of soybeans per annum over a term of 30 years	Project development is ongoing. It includes Feasibility Study pilot phase maize farming on 538 Acres of land.
6.	High Grand Falls <i>National Irrigation Authority (NIA)</i>	The main components of the proposed project include: - Main Dam and Reservoir covering an area of more than 165Km² and a reservoir of 5,600 million m³ of water; - Hydropower generation capacity of 500MW with capacity likely to be increased to 700MW and later 1,000 MW; and Irrigation Schemes covering 400,000 Acres	Project development is ongoing and it includes Feasibility Study.

	Project Name and Contracting Authority	Project Description	Status as at June 2023
7.	Tana Delta Integrated Project <i>Tana and Athi Rivers Development Authority (TARDA)</i>	The project seeks to seeking to enhance food security through bringing under production 31,000 hectares of land so as to make available an estimated 300,000 MT of rice bags per annum over a period of 30 years.	Project development is ongoing. It includes Feasibility Study and pilot phase rice farming on 500 Acres of land
8.	Africa 50 Financed Transmission Lines; <i>Kenya Electricity Transmission Company (KETRACO)</i>	Development of: Approximately 177km of 400 kV Loosuk – Lessos transmission line; 64 km of 220kV Kisumu-Musaga transmission lines; 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	Project development is ongoing and it includes Feasibility Study.



Figure 6:

Annex 3: Government Support Measures Issued for PPPs

Table 3: 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: Hass-Consortium-GVR Infra Limited AND Security Agent: Deed of Adherence not yet issued

	Project Name	Contracting Authority	Type	Date	Beneficiary
6.	Kenya Defence Forces Project	Ministry of Defence	Letter of Support	27/04/2021	Service Provider: Creado Housing Limited AND Security Agent: TBA
7.	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)					
8.	300 MW Lake Turkana Wind Power Project	Kenya Power	Letter of Support	28/02/2013	Service Provider: Lake Turkana Wind Power Limited AND Financing Parties: TBA
9.	100 MW Kipeto Wind Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Kipeto Energy Limited AND Financing Parties: Overseas Private Investment Corporation (OPIC)
10.	35 MW Sosian Menengai Geothermal Power Plant	Kenya Power	Letter of Support	December 2017	Service Provider: Sosian Menengai Geothermal Company Limited AND Financing Party: TBA
11.	35 MW Geothermal Quantum Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: QPEA GT Menengai Limited AND Financing Parties: TBA

	Project Name	Contracting Authority	Type	Date	Beneficiary
12.	40 MW Cedate Solar Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Cedate Limited AND Financing Parties: European Investment Bank Nederlandse Financieringsmaatschappij Voor Ontwikkelingslanden N. V
13.	40 MW Selenkei Solar Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Selenkei Investment Limited AND Financing Parties: European Investment Bank Nederlandse Financieringsmaatschappij Voor Ontwikkelingslanden N. V
14.	40 MW Malindi Solar Project	Kenya Power	Letter of Support	01/11/2017	Service Provider: Malindi Solar Group Limited AND Financing Parties: Standard Chartered Bank
15.	40 MW Alten Solar Project	Kenya Power	Letter of Support	14/12/2017	Service Provider: Alten Kenya Solar Farms B.V. AND Financing Parties: TBA
16.	50 MW Chania Green Wind Project	Kenya Power	Letter of Support	26/01/2018	Service Provider: Alten Kenya Solar Farms B.V. AND Financing Parties: Chania Green Generation Ltd



**THE NATIONAL TREASURY
& ECONOMIC PLANNING**

PUBLIC PRIVATE PARTNERSHIPS
DIRECTORATE



www.pppkenya.go.ke



PPP KENYA

DELIVERING SUSTAINABLE
INVESTMENTS

www.pppkenya.go.ke