Terms of Reference
Consultant Firm for Pre-Feasibility Study on
Upgrading the Mau Summit – Eldoret - Malaba Road on a PPP Basis

I. Background

The Asian Infrastructure Investment Bank (AIIB), a multilateral development bank established in January 2016, finances sustainable infrastructure to foster development across its member states. AIIB's Mission is to finance infrastructure for tomorrow, with a clear thematic focus on (i) green infrastructure (ii) connectivity and regional cooperation (iii) technology enabled infrastructure and (iv) private capital mobilization.

Kenya's long-term development strategy, Vision 2030, is implemented through sequential five-year Medium-Term Plans and aims to transform the country into a middle-income economy offering a high quality of life to its citizens. Central to this vision is the modernization of infrastructure to boost competitiveness and improve livelihoods.

The Fourth Medium-Term Plan (MTP IV), covering 2023-2027, sets out the government's strategic approach to transitioning Kenya into an upper-middle-income country with investments in infrastructure identified as a key priority.

In the infrastructure sector, government has identified the need to enhance transport connectivity by constructing 6,000km of new roads, maintenance of rural and urban road networks, upgrading of rail, air and seaport facilities and services; expansion of communication and broadcasting systems; and increased investments in renewable energy generation and distribution.

The implementation of MTP IV will require approximately KSh. 16,136 billion (around USD125 billion at prevailing exchange rates). To meet this funding requirement, the government seeks to mobilize resources from diverse financing sources, with Public-Private Partnerships (PPPs) targeted to deliver 12% of the investment gap—approximately KSh 1,936 billion (or USD 15 billion prevailing exchange rates). Through PPPs, the government aims to harness private sector capital, innovation, and efficiencies to accelerate the rollout of priority infrastructure.

As part of this strategy, the government has prioritized the decongestion of its highways through PPP based construction, development, operation and maintenance. Among their priority projects is the upgrade and capacity enhancement of the Mau Summit – Malaba Road (the 'Project').

Following a request from the National Treasury of the Republic of Kenya, AIIB (the "Client") is seeking to support the National Treasury and the Kenyan National Highways Authority in the implementation of this Project.

II. Project Description

Kenya's transport sector is a key driver of trade, regional integration, and economic growth. The country's 177,800-kilometer road network carries over 76% of all annual freight in the country. The Northern Corridor is a key part of this road network and serves as one of East Africa's busiest trade routes. This road links the Port of Mombasa to Uganda, Rwanda, South Sudan, and the DRC sees nearly 3000 daily trucks moving over 35 million tons of cargo annually. Freight volumes are expected to rise further with regional integration efforts like the African Continental Free Trade Area agreement (AfCFTA).

However, road infrastructure quality and safety remain constraints. In 2018, 24% of Northern Corridor roads in Kenya were in poor condition. Due to poor road quality and congestion, transit between Mombasa and the Malaba border with Uganda can exceed 100 hours, which is well above the government target of 78 hours. Furthermore, this corridor sees high accident rates with over 4000 annual road accident deaths, underscoring the need for infrastructure upgrades and improvements.

In light of these challenges, the Government of Kenya (GoK) intends to upgrade the 243-kilometer Mau Summit—Malaba highway, convert it into an access-controlled tolled road and expand its capacity from 2 lanes to 4 lanes. The strategic transport route is part of the Northern Corridor connecting western Kenya and Uganda, and will complement the upstream Nairobi—Mau Summit highway already under procurement. The highway is also one of 9 roads that constitute the Trans-African Highway Network, a continental development policy coordinated by the African Union. The PPP Directorate of the National Treasury has a mandate to structure PPP projects. The implementing agency, Kenya National Highways Authority (KeNHA), has secured the right-of-way for much of the corridor and is coordinating with the Ministry of Finance and development partners to structure the project transparently. While previous feasibility work has been done for the Nairobi–Mau Summit section, no comparable technical, financial, or environmental assessments have been completed for the Mau Summit–Malaba segment. These are the main focuses of this Pre-Feasibility study.

III. Objectives of the assignment

As a first step in AIIB's support for the Clients, AIIB is seeking to engage a firm ("Consultant") on a short-term basis to help develop the foundational scope of the Project and asses the PPP enabling environment in Kenya with a view to preliminarily determining the viability of implementing the Project under a PPP delivery model.

Based on their expertise, market insight, desktop research, site visit(s), and stakeholder engagements, the Consultant is expected to assist AIIB by:

- reconciling the Government of Kenya's objectives on this Project to their strategic objectives;
- assessing the institutional, regulatory and legal frameworks governing PPPs;
- providing an overview of potential PPP delivery models and their potential constraints;

- evaluating the current condition of existing infrastructure assets and outline a preliminary scope;
- outlining the proposed alignment, technical scope and key performance indicators and
- providing high-level estimates of the potential cost of implementing the Project and cost recovery strategy and determining indicative revenues.
- Initial Social and Environmental Examination consistent with AIIB guidelines and highlighting potential synergies between this project and improvements of living conditions of communities along the road.
- Preliminarily assessing needs in terms design and materials to cope with climate change and extreme weather events, particularly on pavement, slope protections and drainage.
- Preliminarily assessing the potential for development of roadside stations and deployment of electric vehicle charging stations.
- Identifying key area for further investigation in a full feasibility study.

The outputs from the Consultant's study will include an outline technical scope of the Project, an assessment of potential constraints in relation to the institutional and regulatory framework and the PPP delivery models, and identification of the additional investigations, analysis and studies required for a detailed feasibility study to be conducted at a subsequent stage.

In conducting its work, the Consultant shall work closely with the Clients and the AIIB project team in ensuring the project scope is compliant with the Paris Agreement and Kenya's Second National Determined Contributions. The Consultant shall also ensure that the proposed project scope is aligned with AIIB's mandate of supporting Infrastructure for Tomorrow (i4t) and at least one of AIIBs thematic priorities as identified in the Corporate Strategy (which includes green infrastructure, technology-enabled infrastructure, regional connectivity and integration, and private capital mobilization). Finally, the consultant is expected to actively transfer knowledge to the GoK and AIIB teams.

IV. Scope of Work

The Consultant will undertake the following tasks:

<u>Needs assessment:</u>

- Conduct a high-level review of relevant national, regional and transport sector plans as well as government strategic objectives to determine how the proposed road corridor aligns with existing trade routes, economic zones and growth center.
- Undertake a preliminary traffic demand and capacity analysis using existing datasets from responsible agencies (e.g., KeNHA, NTSA, county governments, border posts, ports, weighbridges, mobile-data providers), and identify the gap between existing road capacity and current / future traffic volumes, considering socio-economic trends such as population growth, urbanization and economic activity in the corridor and surrounding areas.

- Undertake a high-level socio-economic and cost-benefits assessment to establish the rationale for implementing the Project.

Regulatory, legal and institutional assessment:

- Conduct legal and regulatory assessment of the enabling environment for PPPs in the road sector, including identification of relevant sector specific and PPP laws and policies. This should cover project approval processes, licenses and permitting requirements, land acquisition procedures, environmental and social safeguard requirements, availability of and process for accessing anonymized mobile phone data for traffic analysis, tolling and traffic enforcement frameworks, legal constraints affecting private participation and broader considerations such as investment climate, foreign exchange regime and foreign investment controls.
- Identify and describe the roles of the different government agencies involved in the development and implementation of the Project, including but not limited to the Office of the Attorney General , National Treasury, Ministry of Roads and Transport, Kenya National Highways Authority, Northern Corridor and Transport Coordination Authority (NCTCA), the PPP Committee, the PPP Petitions Committee, the PPP Directorate, National Lands Commission, National Environmental Management Authority, Counties along the target road, if needed.
- Review local tax and regulatory frameworks applicable to the Project, including but not limited to VAT, withholding tax, income tax, custom duties and stamp duties.
- Assessment of institutional gaps in terms of contract management during implementation.

Technical assessment:

- Undertake comparative assessment of the Mau Summit – Eldoret – Malaba road and the Mau Summit – Kericho – Kisumu – Busia – Malaba road as a potential alternative to the former, considering available information on potential demand, construction and land acquisition costs and highlighting the most economic feasible alternative.
- Undertake a comparative assessment of the most economically feasible option with the next best route/alignment choice
- For the most economically feasible option, conduct an initial baseline assessment of existing road infrastructure, including geometry adequacy, pavement condition, bridge & structures inventory & conditions, road furniture condition, junctions' details, location & types of existing utilities, protection works, road ancillary facilities (services areas, logistic hubs, truck parkings, etc.) and Level of Service performance.
- Collate and review existing road related data, including historical traffic counts & vehicle mix and forecasts, seasonal variations, freight and passenger movement data, accident and safety records, existing axle load data, etc., historical climate data and rainfall patterns, flood history, hydrological forecasts considering climate change, maintenance records: historical O&M costs, periodic rehabilitation activities, capital expenditure (Capex), operational expenditure (Opex) and life cycle replacement costs).
- Define the preliminary scope of the Project, including:

  - outline route alignment informed by satellite imagery and existing corridor data,
  - identification of major structures required (e.g. bridges, culverts, underpass/overpass structures, and interchanges),
  - indicative concept design covering cross-section concept outlining lane numbers, carriageway widths, safety barriers, road furniture & safety devices, road side amenities, and emergency lanes, recommendations for pavement and substrate,
  - need for any linked or connecting infrastructure, Non-Motorized Traffic facilities, service roads, Wildlife Crossings and
  - tolling strategy.
- Develop indicative output specifications and associated performance indicators to guide project delivery standards, operational benchmarks, and service-level expectations under the proposed PPP model.
- Indication of contract tenor for the project broken down by project mobilization period, construction period and operation period.

<u>Indicative Project cost:</u>

- Estimate the Project's Capex, Opex and financing costs including underlying assumptions.
- Estimate the Project's revenues, including underlying assumptions in relation to traffic demand, vehicle mix and toll rates.
- Estimate potential auxiliary revenues in road side stations, advertisement etc.
- Identification of need for government contribution (viability gap finance) towards the Project's Capex and/or Minimum Revenue Guarantee.
- Development of a high-level financial model in excel format with traceable formulae showing key assumptions, the project cashflows, balance sheet and key project indicators included but not limited to Project IRR, Debt Service Coverage Ratios, Loan Life Coverage Ratio.
- Calculation of the indicative fiscal commitment and contingent liability for government and also provide indicative probabilities for materialization of contingent liability.

<u>PPP assessment:</u>

- Undertake a value for money assessment comparing the PPP model against traditional procurement for the Project.
- Outline the potential PPP delivery models suitable for the project and provide an indicative assessment of the fiscal implications of the key options.
- Set out preliminary structuring options for the PPP delivery model (including outline heads of terms for the PPP contract, need for government support mechanisms, and proposed payment and performance mechanisms); the assessment should highlight potential policy and regulatory constrains that would need to be addressed.
- Conduct early market soundings and stakeholder consultations to assess private sector interest, gather feedback on potential delivery models, and identify key considerations for project bankability.

- Preliminary risk allocation matrix for the project.

Assessment of environment and social safeguards:

- Conduct a preliminary assessment of potential environmental and social impacts along the proposed alignment and outline indication of potential mitigation strategies.
- Provide an overview of potential land acquisition needs and the general nature of land tenure along the corridor, particularly focusing on traditional communities.
- Establish the indicative scale and cost of land acquisition necessary for project implementation.
- Estimate the Project's impact on carbon emissions, considering both the increase from additional traffic volumes and the potential reductions from improved traffic flow, reduced congestion, and lower engine idling.
- Preliminary climate resilience assessment, outlining main climate risks and potential mitigation strategies.

Identify scope of activities for detailed feasibility study:

- Identify key issues emerging from the preceding assessments and analysis that warrant further investigation during the detailed feasibility study. This should include further investigations of technical, financial, commercial, legal, environmental, social, and institutional matters that may impact project viability, structuring, implementation, and stakeholder acceptance. Highlight any data gaps, regulatory uncertainties, risk factors, or design complexities that require deeper analysis to inform final recommendations and investment decisions.
- Road map for project implementation.

V. Deliverables

All deliverables must be made available simultaneously to AIIB, KeNHA and the PPP Directorate in soft copies. Hard copies of the Final Report must be delivered at the following addresses:

Kenya National Highways Authority (KeNHA)
Barabara Plaza, Airport North Road, Opposite KCAA.
P.O. Box number: 49712 - 00100 Nairobi. Kenya.

Public Private Partnerships Directorate
Kenya-Re Plaza, 6th Floor, Taifa Rd
P.O. Box 30007-00100 Nairobi, Kenya

- **Inception Report**: A detailed work plan outlining consultants preparedness, methodology, timelines, roles and key activities, data collection approach, identification of key stakeholders and consultation plan, preliminary list of required additional data and studies. The report is to be delivered within 2 weeks of contract commencement and provided in both Portable Document Format (PDF) and editable MS Word format.

- **Preliminary Assessment Report**: A summary of initial reviews, baseline findings and emerging observations from the scope of work. The report should also cover the following:
  - Comparative assessment with the alternate route.
  - Needs assessment (traffic, socio-economic drivers, demand forecasts).
  - High-level socio-economic justification and cost–benefit rationale.
  - Baseline technical assessment of existing road infrastructure and performance levels.
  - Initial environmental and social screening and identification of major risks
  - Initial review of regulatory, institutional, and legal frameworks for PPP delivery
  - Summary of engagements with key stakeholders critical for project implementation.

  The report is to be delivered within 4 weeks of approval of the Inception Report and provided in MS PowerPoint presentation or MS Word format and Portable Document Format (PDF).
- **Final Report**: A comprehensive report covering all the activities undertaken, setting out the key findings in relation to each of the tasks and highlighting lessons learned. The report is to be delivered within 8 weeks of the approval of the Preliminary Assessment Report and is to be provided in PDF and MS word document format, with the financial model provided in MS excel format, and a summary of the report delivered in a presentation format. 2 hard copies of these documents must be delivered to KeNHA and 2 hard copies to the PPP directorate.

The timelines set out above and the format of the report may be amended subject to approval of the AIIB project team leader. The reports shall be drafted in English.

VI. Reporting Requirements and Approvals

The Consultant will report directly to AIIB's project team. Payments will be processed once the deliverables have been approved by AIIB, with the advice of KeNHA and PPPD. The consultant will coordinate closely with relevant government agencies in Kenya for the collection of data and any other project needs. The Consultant shall provide regular updates on the progress of the deliverables throughout the assignment. The Consultant shall organize stakeholder workshops to present the key findings of each of the reports to the AIIB project team and the Clients and shall incorporate any feedback received in the final reports.

VII. Mandatory Qualifications

Among participating firms/tenderers that demonstrate having the minimum requirements required below, AIIB reserves the right to shortlist only a suitable number of firms/tenderers that best meet the following Mandatory Qualifications. Only shortlisted firms/tenderers will be considered for Technical Evaluations based on the Evaluation Criteria provided in the RFP.

Requirements for the Firm:

General Experience: The Consultant shall be a firm and must demonstrate a proven track record in developing pre-feasibility or feasibility studies for large-scale infrastructure projects. The firm must demonstrate minimum 10 years of experience, an average annual turnover of at least 6 million USD over the last 5 years. Firm must confirm that it meets the financial health and stability requirements as set out in the RFP.

Sector Experience: Experience in the road sector in Kenya or other African country is required. The Consultant should be familiar with the PPP regulatory framework of the Republic of Kenya. Experience working with Kenyan government ministries, departments or agencies is highly desirable.

PPP Experience: At least achieved three PPP structuring projects in the last 10 years in Africa.

IFI Experience: The Consultant should have prior experience working with International Financial Institutions (IFIs), including AIIB, WB, ADB, IFC or similar organizations.

In addition, the Consultant must not be in a state of reorganization, liquidation or bankruptcy and have no conflicts of interest, as provided in the RFP.

Requirements for the Personnel:

The Consultant should propose a multidisciplinary team of experts with excellent skills and experience in the development of Pre-Feasibility / Feasibility Studies.

The Consultant should provide a suitable level of effort (LOE)/number of key person-months using the form provided in the RFP. The firm should also be prepared to deploy additional personnel as needed and subject to AIIBs prior approval to ensure the successful completion of the assignment with high quality and on schedule.

The inclusion of international experts to bring in advanced global experience, alongside local (national) experts who are familiar with on-the-ground conditions (language, culture, local regulations), is highly recommended. The Consultant may form a consortium or partnership with a local organization and/or may sub-contract with one or more individual experts to ensure effective execution of the assignment, subject to the terms and conditions of the contract.

Qualification Requirements for Personnel

Consultant should propose a suitable delivery team structure consisting of, but not limited to, the following:

Team Leader

- A master's degree in engineering, business, law or a related field and at least 10 years of highly relevant experience in the PPP and/or transport sector, or a bachelor's degree in engineering, business, law or a related field with 12 years of highly relevant experience in the PPP and/or transport sector.
- Must demonstrate experience in at least 2No. PPP structuring assignments.
- Registered in the Engineer's Board of Kenya or equivalent at the time of contract signing.
- Experience of working in the development and implementation of PPP projects in more than one jurisdiction.
- Strong understanding of Kenya's infrastructure sector and PPP policies.
- Experience of working in Kenya or in the region in a team leader position is strongly preferred.
- Proven experience working with government agencies and multilateral development banks is preferred.
- Strong analytical and communication skills, with a track record of delivering high-quality reports and recommendations.

PPP Specialist:

- A master's degree in engineering, business, law or a related field and at least 10 years of highly relevant experience in the PPP and/or transport sector, or a bachelor's degree in engineering, business, law or a related field with 12 years of highly relevant experience in the PPP and/or transport sector.
- Must demonstrate experience of completing at least 2 PPP structuring assignments in the transport sector.
- Experience of working in the development and implementation of PPP projects in more than one jurisdiction.
- Strong understanding of Kenya's infrastructure sector and PPP policies, preferred.
- Proven experience working with government agencies and multilateral development banks is preferred.
- Strong analytical and communication skills, with a track record of delivering high-quality reports and recommendations.

Technical Specialist (Transport or Highway Engineer):

- A master's degree in engineering, business, law or a related field and at least 10 years of highly relevant experience in the transport sector, or a bachelor's degree in engineering, business, law or a related field with 12 years of highly relevant experience in the transport sector.
- Registered in the Engineer's Board of Kenya at the time of contract signing.
- Experience of working in a technical role in the development and implementation of road projects in Kenya with strong understanding of Kenya's road sector.
- Experience of highway design and/or planning in projects in 2 or more jurisdictions is strongly preferred.

- Experience in provision of engineering cost estimates or developing bill of quantities.
- Experience of conducting feasibility or pre-feasibility studies for at least 3 roads/highway/expressway projects.
- Proven experience working with government agencies and multilateral development banks is preferred.
- Strong analytical and communication skills, with a track record of delivering high-quality reports and recommendations.

Legal Specialist:

- A master's degree in engineering, business, law or a related field and at least 10 years of highly relevant experience in the legal profession, or a bachelor's degree in engineering, business, law or a related field with 12 years of highly relevant experience in the legal profession.
- Registered in the proper professional body in Kenya.
- Experience of working as a legal specialist in the development of PPP projects and/or the PPP policies or regulations in Kenya.
- Experience of working in road projects is strongly preferred.
- Proven experience working with government agencies and multilateral development banks is preferred.
- Strong analytical and communication skills, with a track record of delivering high-quality reports and recommendations.

Non-Key Personnel:

- The Cost Estimator should have at least 5 years of relevant experience in relation to highway projects.
- The Transport Planner should have at least 5 years of relevant experience in relation to PPP highway projects.
- The Transport Economist/Traffic Specialist should have at least 5 years of relevant experience in relation to PPP highway projects.
- The Commercial Specialist should have at least 3 years of prior relevant experience in relation to PPP projects.
- The Financial Modeler should have at least 3 years of experience with prior experience of developing financial models for PPP projects.
- The Environmental Specialist should have at least 5 years of relevant experience with prior experience of working with IFIs.
- The Social Specialist should have at least 5 years of relevant experience with prior experience of working with IFIs.

VIII. Payment Terms

Payments under the consulting contract will be tied to the submission and approval of key deliverables.

IX. Indicative Duration of the Assignment

The assignment is expected to be intermittent, spanning over a period of approximately six months for 180 man-days, starting from effectivity of the contract. Duration of the Assignment may be extended on mutual agreement of the parties and subject to the terms and conditions of the contract.