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IDA/R2014-0081/1

March 13, 2014

**Closing Date: Wednesday, March 26, 2014
at 6 p.m.**

FROM: Vice President and Corporate Secretary

Kenya - Transport Sector Support Project

Additional Financing and Restructuring

Project Paper

Attached is the Project Paper regarding a proposed additional credit and restructuring to Kenya for a Transport Sector Support Project (IDA/R2014-0081), which is being processed on an absence-of-objection basis.

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Report No: PAD922

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL EMERGENCY CREDIT AND RESTRUCTURING

IN THE AMOUNT OF SDR 132.6 MILLION
(US\$ 203.5 MILLION EQUIVALENT)

TO THE

THE REPUBLIC OF KENYA

FOR A

TRANSPORT SECTOR SUPPORT PROJECT

March 12, 2014

Transport Sector
Country Department AFCE2
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2014)

Currency Unit = Kenya Shillings (KES)
KES86 = US\$1
US\$ 1 = SDR 0.6518

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AFD	Agence Française de Développement (French Development Agency)
AfDB	African Development Bank
CPS	Country Partnership Strategy
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EBK	Engineers Board of Kenya
ERB	Engineers' Registration Board
ERD	External Resources Department
ERR	Economic Rate of Return
FAA	Federal Aviation Administration
FM	Financial Management
GAP	Governance and Integrity Improvement Action Plan
GDP	Gross Domestic Product
GoK	Government of Kenya
IA	Implementing Agency
IASA	International Aviation Safety Assessment
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICB	International Competitive Bidding
ICT	Information and Communications Technology
IDA	International Development Association
JICA	Japan International Cooperation Agency
JKIA	Jomo Kenyatta International Airport
KAA	Kenya Airports Authority
KCAA	Kenya Civil Aviation Authority
KeNHA	Kenya National Highways Authority
KeRRA	Kenya Rural Roads Authority
KES	Kenya Shillings
KIHBT	Kenya Institute of Highways and Buildings Technology
KM	Kilometer
KMA	Kenya Maritime Authority
KRB	Kenya Roads Board

KTSSP	Kenya Transport Sector Support Project
KURA	Kenya Urban Roads Authority
M&E	Monitoring and Evaluation
MIA	Moi International Airport
MoR	Ministry of Roads
MoT	Ministry of Transport
MoTI	Ministry of Transport And Infrastructure
NCA	National Construction Authority
NCTIP	Northern Corridor Transport Improvement Project
NEMA	National Environmental Management Authority
NPV	Net Present Value
ORAF	Operational Risk Assessment Framework
OP	Operational Policy
PAD	Project Appraisal Document
PDO	Project Development Objective
PIT	Project Implementation Team
POC	Project Oversight Committee
PPP	Public-Private Partnership
RACECA	Roads and Civil Engineering Contractors Association
RAP	Resettlement Action Plan
RFP	Request for Proposal
RPF	Resettlement Policy Framework
RSIP	Road Sector Investment Program
SDR	Special Drawing Rights
TA	Technical Assistance
ToR	Terms of Reference
TSA	Transport Security Administration
UK	United Kingdom
UoN	University of Nairobi
US\$	United States Dollar

Vice President:	Makhtar Diop
Country Director:	Diarietou Gaye
Sector Director:	Jamal Saghir
Sector Manager:	Supee Teravaninthorn
Task Team Leader:	Josphat O. Sasia

REPUBLIC OF KENYA
ADDITIONAL FINANCING FOR TRANSPORT SECTOR SUPPORT PROJECT

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ADDITIONAL FINANCING DATA SHEET

Kenya

Transport Sector Support Project - Additional Financing (P146630)

AFRICA

AFTTR

Basic Information – Parent										
Parent Project ID: P124109				Original EA Category: B - Partial Assessment						
Current Closing Date: 31-Dec-2016										
Basic Information – Additional Financing (AF)										
Project ID: P146630				Additional Financing Type (from AUS): Scale Up						
Regional Vice President: Makhtar Diop				Proposed EA Category: B - Partial Assessment						
Country Director: Diarietou Gaye				Expected Effectiveness Date: 30-Jun-2014						
Sector Director: Jamal Saghir				Expected Closing Date: 31-Dec-2018						
Sector Manager: Supee Teravaninthorn				Report No: PAD922						
Team Leader: Josphat O. Sasia										
Borrower										
Organization Name			Contact		Title		Telephone		Email	
Government of Kenya			Dr. Kamau Thugge		Principal Secretary		+254 20 224 0045		ps@treasury.go.ke	
Project Financing Data – Parent (Kenya Transport Sector Support Project-P124109)										
Key Dates										
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date			
P124109	IDA-49260	Effective	21-Apr-2011	23-May-2011	22-Aug-2011	31-Dec-2016	31-Dec-2016			
Disbursements										
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed	
P124109	IDA-49260	Effective	XDR	190.80	190.80	0.00	18.82	171.98	9.86	

Project Financing Data – Additional Financing Transport Sector Support Project - Additional Financing (P146630)			
<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee
		<input type="checkbox"/>	IDA Grant
		<input type="checkbox"/>	Other
Total Project Cost:	267.20	Total Bank Financing:	203.50
Financing Gap:	0.00		
Financing Source – Additional Financing (AF)			Amount
BORROWER/RECIPIENT			63.70
International Development Association (IDA)			121.30
IDA recommitted as a credit			82.20
Total			267.20
Policy Waivers			
Does the project depart from the CAS in content or in other significant respects?			No
Explanation			
Does the project require any policy waiver(s)?			No
Explanation			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Wolfgang M. T. Chadab	Senior Finance Officer	Senior Finance Officer	CTRLA
Gibwa A. Kajubi	Senior Social Development Specialist	Senior Social Development Specialist	AFTCS
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Josphat O. Sasia	Lead Transport Specialist	Team Lead	AFTTR
Peter Thinwa Warutere	Senior Communications Officer	Senior Communications Officer	AFRSC
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Shamis Salah Musingo	Program Assistant	Program Assistant	AFCE2
Monica Sawyer	Operations Officer	Operations Officer	AFTTR

Svetlana Khvostova	Operations Officer	Operations Officer	AFTSG		
Solomon Muhuthu Waithaka	Sr Highway Engineer	Senior Highway Engineer	AFTTR		
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Damon C. Luciano	Temporary	Team Assistant	AFTTR		
Christiaan Johannes Nieuwoudt	Finance Officer	Finance Officer	CTRLA		
Joel Buku Munyori	Senior Procurement Specialist	Senior Procurement Specialist	AFTPE		
Josphine Kabura Kamau	Financial Management Specialist	Financial Management Specialist	AFTME		
Non Bank Staff					
Name	Title	Office Phone	City		
Mansur Asaria	Architect (Consultant)		Nairobi		
Tito Kodiaga	Social Developement (Consultant)		Nairobi		
Sajjad Versi	Electrical and Security Systems (Consultant)		Sidney		
Dr. Armin Moerz	Airport Planner (Consultant)		Frankfurt		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Kenya		Webuye			
Kenya	Nairobi Area	Nairobi Province		X	
Kenya		Maji ya Chumvi			
Kenya		Majengo			
Kenya		Machakos			
Kenya		Luanda			
Kenya		Kitale			
Kenya		Kisumu District			
Kenya		Kisumu			
Kenya		Kericho District			
Kenya		Kakamega			

Kenya		Athi River			
Kenya		Moi International Airport			
Kenya		Nyando			
Kenya		Bungoma			
Kenya		Kakamega			
Kenya		Lugari			
Kenya		Vihiga			
Kenya		Kwale			
Kenya		Machakos			
Kenya		Taita Taveta			
Kenya		Trans Nzoia			
Kenya		Nakuru			
Institutional Data					
Parent (Kenya Transport Sector Support Project-P124109)					
Sector Board					
Transport					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Transportation	Rural and Inter-Urban Roads and Highways	73			
Public Administration, Law, and Justice	Public administration-Transportation	18			
Transportation	Aviation	9			
Total		100			
Themes					
Theme (Maximum 5 and total % must equal 100)					
Major theme	Theme	%			
Trade and integration	Trade facilitation and market access	45			
Financial and private sector development	Infrastructure services for private sector development	45			
Rural development	Rural services and infrastructure	5			

Urban development	City-wide Infrastructure and Service Delivery	5
Total		100
Additional Financing Transport Sector Support Project - Additional Financing (P146630)		
Sector Board		
Transport		
Sectors / Climate Change		
Sector (Maximum 5 and total % must equal 100)		
Major Sector	Sector	%
		Adaptation Co-benefits %
		Mitigation Co-benefits %
Transportation	General transportation sector	78
Transportation	Aviation	15
Public Administration, Law, and Justice	Public administration-Transportation	7
Total		100
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.		
Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Financial and private sector development	Infrastructure services for private sector development	93
Public sector governance	Other public sector governance	7
Total		100

I. INTRODUCTION

1. This Project Paper seeks the approval of the Executive Directors on restructuring the original project and providing an Additional Credit in an amount of SDR132.6 million (US\$203.5 million equivalent) to the Republic of Kenya for the Transport Sector Support Project (KTSSP) Cr. 4926-KE/Project ID P124109.
2. The proposed Additional Financing would support (a) responding to an emergency situation at the Jomo Kenyatta International Airport (JKIA) due to an accidental fire on August 7, 2013 that destroyed part of the international passenger terminal facilities; (b) financing increased scope and costs of the original project activities to scale-up the development effectiveness of the project; and (c) covering an unanticipated financing gap in the provision of co-financing. This Additional Financing retains the original Project Development Objectives (PDOs). In addition, it now supports objectives related to the provision of the temporary facilities at JKIA, and to strengthen the capacity within Kenya Airports Authority (KAA) in disaster preparedness and responsiveness at the Kenyan airports.
3. The original project is restructured and involves (a) introducing new and expanding the scope of some original project activities to enhance the safety of pedestrians and other road users along selected locations on the Northern and the Kenya-Tanzania-South Sudan Corridors and modifying the results indicators; (b) accommodating changes in the design, scope and costs; (c) conforming to changes in the institutional, financial reporting, disbursements and implementation arrangements; (d) reallocating funds among various disbursement categories; (e) increasing the financing proportion by IDA for selected activities of the project; (f) extending the completion date on restructuring Kenya Civil Aviation Authority (KCAA) to December 31, 2015 to accommodate the change arising from the recent reconstitution of government; (g) extending the closing Date of the Credit from December 31, 2016 to December 31, 2018, in order to allow enough time to update designs, procure a contractor, commence and complete reconstruction of the runway at Moi International Airport, Mombasa following the approval of a direct loan in amount of US\$66 million equivalent by *Agence Française de Développement* (AFD) to KAA for this purpose, and also complete the execution of the other civil works contracts, mainly road contracts; and (h) revising the original project objectives.
4. The proposed Additional Financing is consistent with: (a) Operational Policy (OP) 10.00 (Investment Project Financing), paragraph 11 (i) which confers on the International Development Association (IDA), the prerogative to provide financing to a Borrower/Recipient in *Situations of Urgent Need of Assistance or Capacity Constraints*, resulting from an accidental disaster; and (b) OP 10.00, paragraph 26, under which the IDA may provide Additional Financing for Investment Lending due to unanticipated financing gaps.
5. The proposed Additional Financing of SDR132.6 million (US\$203.5 million equivalent) includes recommitment of IDA resources in the amount of SDR53.6 (US\$82.2 million equivalent) and new resources to the Republic of Kenya in the amount of SDR79.0 million (US\$121.3 million equivalent). The Government of Kenya (GoK) in two letters dated March 14, 2013 and August 19, 2013 has requested IDA to consider: (a) lessening the financial burden it is shouldering on this project by providing additional resources to fill the unexpected financing

gap; (b) providing additional financing for installing temporary arrival facilities to service international passenger Terminals 1 and 2 so as to restore the capacity lost in the fire at JKIA; (c) financing permanent international arrivals facilities to service all Terminals including Terminal 4 which is currently under construction; and (d) allocating to KTSSP the funds previously cancelled from other selected IDA projects.

6. **Partnership Arrangements.** A number of development partners support the original and emergency activities of the project by providing about US\$98.02 million equivalent (excluding GoK's contribution) as summarized in **Table 1**. The partners include AFD which is co-financing part of the original project activities with a loan to KAA without a Government guarantee; the African Development Bank (AfDB), the United States Agency for International Development (USAID), United Kingdom (UK), European Investment Bank (EIB) and the private sector supporting emergency activities at JKIA. The GoK will contribute US\$63.70 million toward the original and emergency activities, which include costs associated with land acquisition, relocation of projected affected persons and services.

Table 1: Partnership Arrangements (US\$ million for selected activities)

	Activity	Financier	Amount
1	Counterpart funding toward original and emergency activities at JKIA	GoK	63.70
2	Co-financing the reconstruction of the runway at Moi International Airport, Mombasa	AFD	66.00
3	Supply of various security and immigration related equipment and technical assistance as part of the emergency activities	USA	1.40
4	Supply of various security and immigration related equipment and technical assistance as part of the emergency activities	UK	0.60
5	Construction of Interim terminal for lounges and transit passengers	AfDB	28.00
6	Various immediate interventions as part of emergency activities	Private Sector	1.02
7	Consultancy services for carrying out an assessment to determine measures on enhancing disaster management capacity	EIB	1.00
	Total		161.72

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

Background

7. Kenya has witnessed major change over the last three years, culminating in the endorsement of a new Constitution in a national referendum in August 2010, its promulgation in October 2010, and the subsequent General election under the new Constitution in March 2013. These events, among others, have shaped the manner in which state affairs are managed, including limiting the number of ministries that Government can form. For instance, the transport sector was previously managed by three ministries, namely, Transport, Roads, and Public Works. However, after the March 2013 elections, all modes of transport were consolidated under one Ministry of Transport and Infrastructure. In addition there continues to be pressure to contain public spending, and as a result in some cases it is proving difficult to fully finance development programs with large capital outlay, particularly infrastructure projects such as roads, which take a considerable share of the financing.

8. JKIA is a regional hub and together with Kenya Airways, plays a major role in connecting various cities within Africa and beyond. As detailed in Table 2, JKIA handles about 72 percent of all passenger traffic through the Kenyan airports. Based on passenger traffic handled, JKIA was ranked the seventh busiest airport in Africa in 2012 and the top in terms of cargo at over 296,000 tons, though the traffic figures declined slightly in 2013, due to a drop in tourists from the traditional European market coupled by election fever. The passenger traffic is projected to reach 15 million by 2020. As a result, construction of a Greenfield Terminal 5 has begun with funding from the Development Bank of China (Table 3).

Table 2: Kenya Airports Authority Ten Year Profile of Operational Performance

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Aircraft movements ('000)	177	201	188	192	215	195	201	226	266	265	259
Passengers (million) JKIA	3.50	4.00	4.20	4.50	4.90	4.80	5.10	5.49	6.29	6.27	5.90
MIA	0.82	0.98	1.10	1.20	1.35	0.87	1.11	1.27	1.47	1.35	1.30
Other airports	0.38	0.52	0.60	0.60	0.75	0.73	0.69	0.76	0.96	0.96	0.68
All airports	4.70	5.50	5.90	6.30	7.00	6.40	6.90	7.52	8.72	8.58	8.23
Freight ('000 tons) all airports	217.60	241.4 0	273.7 0	280.0 0	307.40	321.8 0	282. 70	248. 78	305.99	296.4	262.0
Revenue Generated (KES billion)	2.50	3.00	4.00	5.20	5.60	5.30	5.9	6.11	7.35	8.36	11.10
Net Profit/(Loss) (KES billion)	(0.422)	(0.18)	0.91	1.29	1.79	1.25	0.99	1.72	1.68	2.47	3.50

Source: Kenya Airports Authority

9. The World Bank has a long history in supporting the GoK to improve infrastructure and related services including roads, aviation, maritime, and railways. For instance, the Bank is supporting KAA in addressing the current capacity constraints JKIA is facing through the Northern Corridor Transport Improvement Project (NCTIP). The passenger design capacity is 2.5 million annually. However, the airport handled 6.3 million passengers in 2012 (Table 2) through passenger terminal facilities that were commissioned in 1978, namely: (a) Terminals 1, 2 and 3; and (b) Arrivals building. The fire on August 7, 2013 completely destroyed the Arrivals building, which has now been condemned and will be pulled down.

10. KAA with the support of a number of financiers is implementing an expansion plan since 2004 to address the capacity constraints at JKIA, estimated to cost US\$1.3 billion during the period 2004-2017 (details in Table 3). For instance, the World Bank, AFD, EIB and the GoK under the Northern Corridor Transport Improvement Project (NCTIP) are financing the expansion of the passenger terminal and related facilities to increase the capacity from the current 2.5 to 10 million passengers annually as well as improving the services at the airport to meet international standards such as the Transportation Security Administration (TSA) of the US, International Aviation Safety Assessment (IASA), and International Civil Aviation Organization (ICAO) recommendations of separating the intermingling of incoming and outgoing passengers.

11. The main expansion activities at JKIA and the corresponding capital expenditures partly financed under NCTIP are detailed in Table 3. It is important to note that the private sector is fully responsible for financing the expansion and operations of the cargo facilities. The commercial nature of the operations of KAA makes it a candidate for possible utilization of International Bank for Reconstruction and Development (IBRD) loans and this will be explored further at country level. Nevertheless, KAA has already embraced the PPP approach in its operations, with all the cargo facilities and ground handling services financed and managed entirely by the private sector. It is imperative that future support should help in deepening the participation of the private sector in the financing of infrastructure and provision of services.

Table 3: JKIA Expansion Plan 2004-2017 (US\$ million)

Activity	Actual or Revised		Financing Plan			
		IDA	KAA/ GoK	AFD	EIB	CDB ¹
A. Activities under Northern Corridor Transport Improvement Project						
1. Expansion of the Apron at Terminal 4 and extension of the Taxiways	40.63		40.63			
2. Construction of Terminal 4 - International passenger departure and car parking garage and grade parking	129.00	14.00	22.00	93.00		
3. Expansion and remodeling Terminals, 1, 2 and 3 and expansion of Arrivals Building	158.40		65.40		93.00	
4. Construction of arrivals facility for Terminal 4	26.00		6.00			
5. Expansion of aircraft remote parking	28.50		28.50			
6. Boundary and security fencing	1.00		1.00			
7. Upgrading power supply	5.00		5.00			
8. Rehabilitation of the runway	59.21		59.21			
9. Feasibility/Design/Supervision: Kisumu and Wilson Airports and JKIA runway rehabilitation and design	1.20	1.10	0.00			
10. Supervision of the expansion works at JKIA	12.00	12.00	0.00			
B. Activities under other projects						
11. Augmenting water supply	2.00		2.00			
12. Construction of Greenfield - Terminal 5	654.00		98.10			555.90
13. Construction of a second runway	150.00		150.00 ²			
Total	1,266.94	27.10 ³	477.84	93.00	93.00	555.90

Note:

1. CDB refers to Development Bank of China
2. GoK is expected to fully fund this activity
3. IDA Contribution to KAA component is US\$34.81 million equivalent of which US\$27.10 is toward JKIA expansion.

12. The implementation of the activities of the expansion plan at JKIA under NCTIP is at different stages. The extension of the apron and taxiways has been completed resulting in an increase of parking capacity for aircrafts by 50 percent (from 200,000 m², catering for 23 stands, to over 300,000 m² for 37 stands) and an additional two taxiways. The construction of Terminal 4 is expected to be completed by June 2014 and will expand the capacity of the airport by 2.5 million passengers annually. The parking space for cars has been increased with the construction of a three (3) story car park to accommodate 1,500 cars and an additional 400 at grade parking to ease the congestion at the airport (though temporarily converted into an international arrival facility following the fire incident). Originally designed as a domestic terminal, the major operators at the airport requested re-designing Terminal 4 into an international departure terminal

instead, which was adopted. For international arrivals, Terminal 4 was to be served by the Arrivals building that has now been destroyed.

13. To minimize the impact of the fire on the operations at the airport, it is critical that: (a) temporary terminal arrival facilities are provided urgently; (b) permanent arrival facilities are constructed urgently and preferably as part of Terminal 4 in light of the destruction of the arrivals building that was originally expected to serve this terminal; and (c) some of the activities in the expansion plan that were expected in the next 3-4 years, particularly remodeling and renovating Terminals 1, 2 and 3 are brought forward and fast-tracked. Meanwhile, the fire at JKIA has indirectly contributed to streamlining the management at airports in the country by making the Chief Executive Officer of Kenya Airports Authority fully responsible and accountable for coordinating all the affairs at the airports, which was not the case before. Each stakeholder at the airport had their own chain of command, making leadership and coordination difficult particularly where collective action was needed, such as at the time of an emergency or disaster.

14. **The Bank's Country Partnership Strategy (CPS).** The KTSSP supports Vision 2030, Kenya's long term development plan, which focuses on transforming Kenya from a low- to a middle-income country by 2030. Modern and efficient infrastructure facilities are required to support the achievement of this vision, which calls for rehabilitating and upgrading road and rail networks, airports, improving urban public transport, and expanding access to electricity as well as safe water. The World Bank's 2006 Poverty Assessment also supports this agenda, showing that improved infrastructure is necessary to support the progression out of poverty.

15. The project is aligned well with the Bank's Africa Strategy, which is built on the foundation of governance and public sector capacity and supports competitiveness and employment. This project will contribute to: (a) improving the business environment in Kenya through reduction of travel time and transport costs; (b) facilitating better performance of the tourism and horticultural industries that are heavily dependent on the aviation sector; (c) strengthening governance in the transport sector. Jobs have been, and will continue to be created, not only during the construction phase but also as a result of the multiplier effect of an improved economy; and (d) improving road and airport infrastructure to boost prosperity and facilitate movement of the population out of poverty.

16. The period of the Bank's current CPS for Kenya expired in June 2013, but its program, which includes the KTSSP, remains relevant under the upcoming CPS as concluded in the Completion Report. In the meantime, a new CPS is under preparation for Board presentation in the fourth quarter of FY14.

17. **The original Project.** The Board approved the KTSSP on April 21, 2011 and the Credit (US\$300 million equivalent) became effective on August 22, 2011. The Credit closing date is December 31, 2016.

18. **The Original Project Development Objectives (PDOs).** The original PDOs of the project are to: (a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-South Sudan road corridor; (b) enhance aviation safety and security to meet

international standards; and (c) improve the institutional arrangements and capacity in the transport sector.

19. **The original key results indicators** include: (a) a reduction in travel time and cost on the selected road sections along the Tanzania-Kenya-South Sudan and Northern Corridors; (b) a reduction in vehicle operating costs; (c) Kenya meets ICAO standards and recommended practices, and KCAA is cleared for IASA Category 1 safety status; (d) improved institutional arrangements and capacity in the transport sector; and (e) a reduction in road crashes along the Kisumu-Kitale road section.

20. **The Original Project Scope and Design.** The original project consists of the following four components (as detailed in the PAD dated March 29, 2011 - Report No: 60005-KE). Proposed changes to the components are discussed in under Section III.

- (a) **Component A. Rehabilitation and improvements of roads, roadside facilities and road safety interventions (US\$201.44 million).** It involves the rehabilitation and improvement of selected road sections (231 km) and provision of roadside facilities and road safety interventions along the Tanzania-Kenya -South Sudan and Northern Corridors.
- (b) **Component B. Institutional strengthening and capacity building in the transport sector (US\$62.48 million).** This component includes: (i) policy and institutional reforms, strengthening of various institutions in the transport sector through acquisition and provision of equipment, vehicles, modernization of management information systems, financial planning, contract management and related operational capacities, to enhance delivery of services; and (ii) training of sector personnel, construction of office blocks, and carrying out feasibility and detailed engineering designs and sector studies for managing the road network. This component also supports studying the impact of the new constitution on the responsibilities and functioning of transport sector institutions; and supporting the implementation of the integrated national transport policy.
- (c) **Component C. Support to Kenya Airports Authority (KAA) (US\$15.04 million).** The activities under this component include rehabilitating the MIA's runway, taxiways and apron, and modernizing its airfield ground lighting systems; upgrading and modernizing the power supply to MIA and connecting to the KCAA facilities and equipment; provision of a new baggage-handling system at JKIA; and augmenting water supply to both the JKIA and MIA.
- (d) **Component D. Support to Kenya Civil Aviation Authority (KCAA) (US\$21.05 million).** The component involves: (i) enhancing aviation safety and oversight capacity; (ii) restructuring the KCAA by separating regulatory responsibilities from its service provision functions; (iii) constructing an office block to house the Authority's headquarters; (iv) upgrading the ICT facilities and air navigation systems; and (v) training manpower in safety, security and oversight in the civil aviation industry.

21. **Project Performance.** The progress towards achieving the PDOs is currently rated Satisfactory. Most of the policy reforms required to put the sector on a sound footing have been

implemented ahead of schedule (refer to Annex 3). Major civil works contracts that take the bulk of the financing have been awarded. For instance, four out of the five road contracts have been awarded in addition to a major road related contract on constructing three interchanges. As a result, over US\$197 million or 66 percent of the original credit is committed in terms of awarded and on-going contracts (refer to Table 4) and it is expected to increase by the end of March 2014 (refer to Table 5). Therefore overall Implementation Progress (IP) is rated as Moderately Satisfactory. The updated Results Framework and ORAF are attached as Annexes 1 and 2, respectively.

22. **Disbursement.** Disbursement levels are at about 9.7 percent as at February 15, 2014. About 79 percent of the funds under the project are for civil works contracts and have been or are about to be committed. Though a significant size of the original credit is already committed (at 66 percent, refer to Table 4), disbursement is still low. This is partly attributed to insufficient and late releases of counterpart financing (currently at 25 percent), but also because the bulk of the Credit proceeds is tied up in civil works contracts, mainly road works which are in the early stages of implementation. High value activities in such contracts occur at the later stages of execution of works such as laying asphalt. Therefore accelerating disbursement hinges on:

- (a) expediting execution of project activities and ensuring that contractors, suppliers and consultants are paid fully and promptly for work done, goods delivered and services rendered;
- (b) resolving the co-financing shortfall and timely and adequate release of funds. Otherwise:
 - (i) for contracts already awarded, the contractors have either slowed down or delayed the start-up of construction works due to the inability of the GoK to pay its portion of counterpart funding in full; and (ii) contractors are apprehensive and not willing to commit their own resources given the uncertainty as to when arrears of the GoK portion would be fully paid. For instance, the commencement of works on the Kakamega-Webuye road section was delayed for over three months until the GoK paid its contribution of the advance even though the IDA portion was paid on time; and
- (c) effectively dealing with contractual issues when they arise without delay.

23. A summary of the status follows.

- (a) **Component A. Rehabilitation and improvements of roads, roadside facilities and road safety interventions (US\$201.44 million).** Over 88 percent of the funds allocated for this component are committed. Four (181 km) out the five contracts totaling 210 km and three interchanges have been awarded and are at different stages of implementation. This leaves only one major road contract - Athi River-Machakos turnoff (21 km) for which the bids are expected to be awarded by the end of October 2014. However, the GoK has decided to terminate one of the four contracts on the reconstruction of Kakamega-Webuye (40 km) due to poor performance by the contractor. It will take some time to reach closure on the way forward, re-commence and complete the works.

Table 4: Contracts Awarded (US\$ million)

No	Activity	Contract Price	IDA Financing
A. Component A – Support to KeNHA			
Civil Works Contracts (original)			
1	Reconstruction of Kisumu-Kakamega road section	61.45	46.09
2	Reconstruction of Kakamega-Webuye road section	34.60	25.95
3	Reconstruction of Webuye-Kitale road section	47.00	35.25
4	Reconstruction of Bachuma Gate-Maji ya Chumvi	50.00	37.50
5	Supervision of Kisumu-Kakamega-Webuye-Kitale road	10.50	10.29
6	Construction of three Interchanges at major junctions: Nakuru-Njoro; Nakuru-Nyahururu; and Mau Summit-Kericho	31.00	23.25
Sub-total		234.55	178.33
B. Component B – Support to MoTI (restructured)			
7	Study on impact of new constitution on MoTI	0.10	0.09
C. Component D – Support to KCAA			
8	Technical assistance for oversight unit	2.80	2.74
9	Air navigation equipment	6.40	6.27
10	Construction of an Office block for KCAA	10.50	7.88
11	ICT upgrade	1.00	0.98
12	Supervision of construction of KCAA office block	1.00	0.98
Sub-total		21.80	18.94
Total commitments		256.35	197.27

(b) **Component B. Institutional strengthening and capacity building in the transport sector (US\$62.48 million).** Major policy reforms have been achieved including the establishment of the National Construction Authority (NCA), an oversight body for the construction industry, the establishment of the National Transport and Safety Authority (NTSA), responsible for road safety matters in the country and strengthening of the Engineers Board of Kenya (EBK) with an additional mandate of providing oversight of the engineering profession and practice. Part of the proceeds of the Credit is financing the start-up activities for all of these institutions, as well as other transport sector institutions recently established such as the Kenya Maritime Authority (KMA) and the Kenya National Highways Authority (KeNHA). Proposals for feasibility and design studies of several road sections have been invited, received and evaluated and contract award is expected before the end of March 2014 as illustrated in Table 5.

(c) **Component C. Support to Kenya Airports Authority (KAA) (US\$15.04 million).** This component is delayed due to the time it has taken to conclude the co-financing arrangements with the AFD, the main co-financier. On December 10, 2013, the AFD Board approved a direct loan of US\$66 million equivalent to KAA mainly to finance the reconstruction of the runway at MIA. About US\$97.54 million was envisaged from AFD at appraisal, implying a shortfall of US\$32.54 million, which now KAA will meet.

(d) **Component D. Support to the Kenya Civil Aviation Authority (KCAA) (US\$21.05 million).** About 87 percent of the funds for this component are committed with the award of the contract for supplying and installing navigation systems equipment; acquisition of ICT equipment and systems; engagement of consultants to strengthen the oversight

function; and award of works contract on constructing an office block to house KCAA's headquarters. As part of the reforms, KCAA is expected to be restructured by separating the oversight function from its service provision responsibilities. A consultant is assisting in the restructuring process. The exercise was expected to be completed by December 31, 2014. However, more time is needed to allow the process to be completed and take into account the recommendations and reconstitution of the government following the 2013 elections. Therefore, the end date for concluding the exercise has been revised to December 31, 2015. As an initial step in the restructuring process, the GoK has enhanced the remuneration of the staff and this has helped in attracting the flight safety inspectorate personnel, which KCAA found difficult to retain in the recent past.

Table 5: Contracts expected for Award (US\$ million) by end of March 2014

	Activity	Cost Estimate	Status
1	Updating designs and supervising the construction of Athi River Machakos turnoff road	2.50	Bank has provided it's no objection to the technical evaluation reports
2	Supervision of reconstruction of Bachuma Gate-Maji ya Chumvi road	3.00	
3	Feasibility and design studies for: (a) Nakuru-Nyahururu-Nyeri; (b) Mombasa Western Bypass; (c) Lake Victoria Ring Road; (d) Nakuru-Loruk-Marich Pass; and (e) Malindi-Madogo-Garissa	10.00	
4	Design and supervision of construction of an office block for KeNHA and others	1.50	
5	Design and supervision of the construction of a hangar for air accident investigation	0.82	
6	Development of performance monitoring framework for maritime sub-sector	0.50	
7	Supervision of construction of three interchanges	1.20	
	Total	19.52	

24. Disbursement projections of US\$157.79 million for the period March-September 2014, detailed in Table 6 are based on the assumption of adequate financing of contracts and timely processing of associated payments.

Table 6: Disbursement Projections (US\$ million)

Component	FY14	FY15	Total
	Q4	Q1	
A. Support to KeNHA	53.74	37.64	91.38
B. Support to the MoTI			
1. Support to the State Department of Infrastructure	0.20	1.00	1.20
2. Support to the State Department of Transport	0.70	2.70	3.40
C. Support to KAA			
1. Activities under Original Credit		0.70	0.70
2. Emergency Activities	18.53	36.30	54.83
D. Support KCAA	1.24	5.04	6.28
Total	74.41	83.38	157.79

25. **Fiduciary and safeguards aspects.** There are no outstanding financial audits. Implementation of the safeguards requirements is also satisfactory. All the safeguards reports required for the relevant original project activities were reviewed and cleared by the Bank and disclosed both in the country and at the Bank's Info Shop before conclusion of the appraisal of the project, and include: (a) the Environmental Impact Assessment (EIA) approved by the National Environmental Management Authority (NEMA); (b) the Resettlement Policy Framework; and (c) the specific Resettlement Action Plans (RAP) for the applicable project components, and the Environmental Management Plans (EMP) for carrying out civil works at JKIA. The EMP on installing emergency passenger terminal facilities at JKIA has been prepared, reviewed, cleared by the Bank, and disclosed in the Bank's Info Shop and in-country on February 27, 2014. The Integrated Safeguards Data Sheet is revised, cleared for re-disclosure and include the proposed emergency activities at the JKIA.

26. The Resettlement Policy Framework (RPF) covers all the impacts of the original and the Additional Financing project components. The experience of implementing the RAPs for the road works currently under implementation has been satisfactory. Quarterly progress reports are submitted to the Bank by the internationally-recruited supervision consultants for each contract, and these reports are reviewed by the Bank's team to ensure compliance with agreed policies. Any shortcomings in complying with the RAP or the respective EIAs observed during the Bank's regular supervision missions are promptly identified and reported for rectification to the implementing agency or the supervision consultant, as appropriate.

27. **Financial Management (FM).** The project's performance is currently rated as Satisfactory and FM arrangements are assessed as adequate. The project is in full compliance with the financial reporting and the quarterly Interim Financial Reports. Annual audit reports are submitted to the Association within the stipulated deadlines, and are assessed as being in form and content satisfactory to the Association. The Project adopted the International Public Sector Accounting Standards Cash Basis of Accounting. The external auditors also conduct procurement audits as part of the annual financial audit and management letters reflecting on any internal control weaknesses are submitted to the Borrower and Bank.

28. **Procurement performance.** Overall procurement performance is currently rated as Satisfactory though the KAA component is delayed due to the time it has taken to conclude the co-financing arrangements. The Project Implementation Teams (PITs) in the implementing agencies are all adequately staffed with qualified and experienced Procurement Specialists and have access to appropriate tools and knowledge, including continuing assistance from the Bank's Country Office, enabling them to carry out their functions effectively. The implementation of contracts already awarded is proceeding in accordance with the revised work program. In case of road contracts, supervision is adequate. Procurement related activities of the other non-road components of the project are also progressing satisfactorily. Therefore, the procurement risk of the project is assessed as Moderate. The revised Procurement Plans have been prepared and discussed and agreed during negotiations for the restructured and expanded components, and will be updated on the Bank's website.

29. **Implementation Arrangements.** The arrangements have worked well, with all the Project Implementation Teams (PITs) staffed adequately, and where necessary complemented by consultants on a retainer basis. The institutional arrangements will be modified slightly under the proposed Additional Financing, with the merger of the former Ministries of Roads and Transport to form the Ministry of Transport and Infrastructure (MoTI), whose functions and mandate have been expanded and cover all modes of transport.

30. The PITs in each of the implementing agencies, namely, KeNHA, MoTI, KAA, and KCAA, are well constituted and have been implementing the project since its inception. The teams are also adequately staffed and generally well resourced, with good oversight arrangements at higher level of management through the Project Oversight Committee (POC). The GoK has enhanced KAA's capacity, in order to ensure speedy decision making and implementation of the emergency activities related to JKIA. Additional experts in relevant fields have been assigned to the KAA PIT including policy, technical, procurement, legal and financial management to support the implementation of the emergency operation.

31. **Conditions and Legal Covenants.** There is substantial compliance with key covenants. Except for a delay in completing the restructuring of KCAA, all the other dated covenants have been fulfilled. Specifically: (a) the appointment of a Project Coordinator; (b) the establishment of the NCA, a regulatory body for the construction industry; (c) the establishment of the NTSA, a new body responsible for all road safety matters; (d) strengthening of the Engineers Board of Kenya (EBK), a regulatory body for practicing of engineering profession; and (e) adoption of a new transport policy (Integrated National Transport Policy - INTP). Meanwhile the process of restructuring KCAA by separating regulatory functions from its service provision responsibilities is on track, though additional time is required to conclude the process. A consultant has been selected with funding under the NCTIP and is assisting KCAA in the process of separation. The separation process now expected to be concluded by December 31, 2015.

Technical Aspects

32. The road design standards adopted under the project conform to the latest design practices. The standards and specifications are consistent with international practice. On the road sections where traffic levels have grown since appraisal and exceed the generally-accepted capacity of two-lane roads, it is proposed that these sections are widened to four lanes, such as the 4.5 km stretch from the A1/B1 junction in Kisumu City to A1/B23 junction, at Mamboleo along the Kisumu-Kakamega road. Similarly the scope of the proposed interventions at major junctions such as Mamboleo, Chavakali, Kaburengu, Webuye and Kitale is proposed to increase compared to that at appraisal to enhance safety.

33. Meanwhile, the proposed rehabilitation and extension of the runway at Moi International Airport, Mombasa, has been reassessed and more cost-effective designs adopted that meet acceptable international standards as well as the building works related to the office block for KCAA and KeNHA which conform to local architectural and building codes.

34. **Monitoring and Evaluation (M&E), and Communication:** The University of Nairobi has been selected as the M&E consultant and the preparatory work for the commencement of the assignment is underway.

Rationale for Additional Financing

35. The main rationale for the additional credit is responding to an emergency situation and lessening the rather substantial burden that the GoK is shouldering with regard to this project. The additional credit will help in:

- (a) averting the deferment in executing an expansion plan underway at JKIA by financing the costs associated with: (i) installing temporary international passenger arrival facilities since the only international arrival facility was destroyed in the fire, and (ii) bringing forward and implementing expansion activities at the airport that were initially expected in the next 3-4 years such as the arrival facility for Terminal 4; and
- (b) financing the expenditures of the original project activities whose costs and scope has increased and if implemented will scale-up the development effectiveness of the project.

36. Specifically, the underlying rationale for the Additional Financing includes:

- (a) Urgent restoration of the international passenger arrivals facilities at JKIA to avoid interrupting the operations since the temporary measures in place could easily be disrupted in the event of adverse weather conditions. The JKIA being a hub and the busiest airport in the Eastern Africa region could lose its strategic position as a preferred transit airport serving Sub Saharan Africa if the facilities are not expeditiously reinstated to enhance the service standards;
- (b) KAA/GoK are currently financing major investments on expanding JKIA estimated to cost US\$1.3 billion with a completion date of 2017 (Table 3) and their contribution of about US\$478 million over the next five years, is significant. Support from additional IDA financing will therefore avert derailing the expansion program at JKIA by diverting available funds toward emergency;
- (c) The Bank support to KAA has been transformative and catalytic. It has contributed in transforming the KAA from a loss to a profit making organization (refer to Table 2) and in leveraging substantial resources from other financiers (refer to Table 3). Therefore, KAA has committed substantial resources, and it would be disruptive and time consuming for the Authority to line up and conclude financing from the private sector in a timely manner to address this urgent situation. This notwithstanding, the magnitude of the disaster, if not supported by additional IDA contribution, could adversely affect the financial outlook of both KAA and Kenya Airways and reverse the benefits accrued from the reforms in the sector, unless addressed urgently; and
- (d) The GoK is shouldering a relatively high financing proportion, given the financial difficulties that have ensued arising mainly from the substantial resources required to implement a new devolved system of Government. As a result, the GoK is unable to contribute in full and pay contractors its portion of financing for work done. This implies that the GoK will not only use its resources in meeting accrued interest and not work done, but also bidders will offer higher prices for similar works in future. Furthermore, a slippage in the execution of works will delay realizing the intended benefits of the project

including reducing travel time and transport costs along the main trade and transport corridors, thereby contributing to holding up the pace of integrating the economies of the Eastern African countries. Nevertheless, the GoK will still contribute US\$63.70 million (or 10.1percent) towards the project.

Sector Governance

37. Governance in the transport sector has shown significant improvements in the recent past after a long challenging period. Major risks were prevalent. Risks included complex institutional arrangements; unclear responsibility and ownership arrangements of the road networks; indications of collusion, other forms of bid rigging and fraud during implementation; and overloading of vehicles that destroyed the road infrastructure, among others. A Road sub-sector Governance and Integrity Improvement Action Plan (GAP) was agreed between the GoK and the Bank and has been under implementation over the last five years under NCTIP, and where appropriate, has been adopted for the ongoing KTSSP.

38. The implementation of the measures under the GAP has contributed to improving the business environment, increasing competition, and the GoK obtaining comparatively more competitive bids than before (from two to three bids to over nine on average per contract), with some bid prices below the engineer's estimates.

39. As part of the GAP, major institutional and policy reforms have been implemented in the transport sector. The reforms included separating policy formulation from program execution; adopting of a new transport policy; clarifying the institutional arrangements and ownership of the various categories of the road network; strengthening the oversight and regulatory functions; providing financial autonomy to the aviation authorities, among others. Details on the status of the implementation of policy reforms in the transport sector are provided in Annex 3.

40. Notwithstanding the progress, some challenges remain, including: (a) the poor condition of much of the road network (56 percent); (b) periodic allegations of governance malpractices; (c) public sector inefficiency; (d) capacity constraints at airports and the seaport; (e) weaknesses in aviation safety and security oversight; and (f) poor road safety. Unlike the national roads which fall under KeNHA, the ownership of rural and urban roads is still under debate. The MoTI has appointed a committee that is working on this matter, and draft recommendations have been prepared culminating in discussions with key stakeholders including the Parliamentary Committee on Transport and also with Senators. The project will continue to facilitate a review of the options.

Emergency Activities: Accidental Fire Incident at JKIA and Government Response

41. **Immediate Temporary measures in response to the fire incident.** In an effort to restore operations, the GoK took immediate and temporary measures that enabled the start of operations at the airport on the day of the fire incident. Tents were erected for holding departing passengers before boarding of air crafts. In addition, the domestic operations were temporarily moved to one of the Kenya Airways cargo terminal and Kenya Airways departures moved to Terminal 3, the Domestic Terminal, while all the other airlines operated their international departures from Terminal 2. All international arrivals were processed through a tent at the State

Pavilion, which was later abandoned once the recently built parking garage, financed under the NCTIP, was converted into a temporary international arrivals facility but constraining further the parking needs at the airport. Similarly Terminal 3 reverted to a domestic terminal on completion of minor repairs on Terminals 1 and 2.

42. GoK and KAA received support from the private sector in terms donations including tents, baggage trollies, passenger buses, weather proof steps among many others (refer to Table 1). KAA on its part used about US\$15 million equivalent of its own resources to fund these immediate temporary interventions. By turning the parking garage into a temporary arrivals facility, major disruption of operations was averted. The result however is insufficient parking space and severe congestion during peak arrivals periods. It is worth noting that some of the interventions implemented are exposed to vagaries of the weather, such that any adverse weather conditions, such as heavy rainfall, would easily disrupt and further complicate the provision of services at the airport. Medium term interventions are therefore required.

43. **Proposed Emergency activities.** To accommodate the current passenger demand, and avert deferment of implementing the expansion plan (refer to Table 3), JKIA urgently needs temporary terminal facilities to replace the arrival and part of the departure facilities until new permanent facilities are in place and to free the parking facilities for their intended purpose. The GoK/KAA has examined and determined that short-to-medium term (1-5 years) interventions, such as provision of pre-fabricated facilities, would ensure that the airport operations and passenger services are restored to normal levels, while at the same time allow completion of the on-going, as well as planned works for expanding the JKIA (refer to Table 3), including the construction of Terminal 4 and remote stands being financed by other interventions. The fire incident has necessitated re-assessment of the disaster response capability within KAA and at airports, with a view of establishing any gaps and proposing measures for strengthening and equipping the Authority to respond to such events in a timely manner. The scope and individual emergency activities are described in Table 7. All proposed works will be undertaken outside the areas that were affected by the fire.

44. Some of the short term measures identified for the Bank's assistance detailed in Table 7 are similar to those on-going under NCTIP involving the expansion of JKIA with financing from the Bank, the EIB and AFD (refer to Table 3). The main contracts under NCTIP include the building works (Terminal 4), supply and installation contracts for baggage handling systems; information technology systems; and consulting services among others. Some of these on-going contracts are similar in nature to those required for installing temporary and additional permanent international passenger terminal facilities to be provided under the project. Therefore, for rapid response, where feasible, and on an exceptional basis, contractors, suppliers or consultants will either be directly contracted or single sourced in cases where the Bank's procurement procedures were used to procure or select them for some of the needed emergency works, supply and installation contracts, and consulting services.

45. The emergency nature of these activities requires speedy execution, innovation, expeditious review of the relevant documentation and clearances from the Bank. For instance, it was agreed that the supplier for the baggage handling system for Terminal 4 who had been procured through a competitive process, be contracted through direct contracting to supply

additional equipment under the emergency works. This enabled the commissioning of an arrivals facility in the parking garage within two weeks after the fire incident.

46. The emergency activities will be implemented under OP 10 paragraph 11(i). With respect to the proposed emergency works at JKIA, neither land acquisition nor project-affected persons are involved, since the full extent of the works is concentrated within the land and air-side security boundary of property owned by the airport authority.

Due Diligence on Procurement Actions for Emergency Activities

47. Given that a substantial amount of the additional financing is to be used for emergency activities, it is inevitable that procurement procedures will have to be modified to avoid long delays. Hence, it is necessary that all bids are subjected to due diligence to ensure value for money, within the context of emergency. For instance, installation of the proposed temporary international passenger terminals was conceptualized as a turnkey contract. Therefore the Bank's standard bidding documents were appropriately modified to conform to the requirements of such contracts and they included only conceptual designs prepared by the Borrower, upon which bidders were to propose their own designs and quote the corresponding prices.

48. The bid prices turned out to be much higher than the pre-bid engineer's cost estimates. Due to the unexpected high prices, it was agreed that the bids be subjected to an independent review. KAA with the assistance of a consultant independently carried out costing (value engineering exercise) of the offer by the qualified firm based on their proposed design as well as reviewing the appropriateness of the proposed designs.

49. Based on the findings of the analysis by the independent consultant, the lowest evaluated bid price, recommended for approval by KAA, of EURO 28.5 million was found to be 31 percent higher than the post-bid engineer's estimate of EURO 21.7 million. Certain items in the bid were identified as highly priced by the bidder, such as HVAC system, X-ray screening equipment and electrical works. Several reasons were raised contributing to the relatively higher bid prices including: (a) the short period of installation of 120 days implying the materials would be pre-fabricated abroad and airlifted; (b) the short contract period for installation, coupled with the need for specialized skills required for the task and not available in the local market resulting in more expatriates to guarantee quality outputs; and (c) use of Delivered Duty Paid (DPP) terms where bidders take most of the risks.

Table 7: Financing Plan for Emergency Activities at the JKIA (US\$ million)

Activity	Category	Total	IDA	GoK
1. Supply & install Baggage Handling System (BHS) at the Parking Garage	Goods	3.47	3.47	0.00
2. Supply & install BHS and Assorted Equipment for Arrival Facility Next to T3	Goods	5.20	5.20	0.00
3. Supply & install Integrated Security Management System for Arrival Facility Next to T3	Goods	1.50	1.50	0.00
4. Supply of Airside Buses	Goods	2.10	2.10	0.00
5. Supply of Fire Tenders (Airside)	Goods	2.70	2.70	0.00
6. Supply of Disaster Management & Emergency Response Equipment	Goods	3.00	3.00	0.00
7. Supply of Mobile Weather Proof Steps ¹	Goods	0.00	0.00	0.00
Sub-total (Goods)		17.97	17.97	0.00
1. Design, Supply and Installing (a) Level 1 Departure and Transit Lounge at T3; and (b) Arrival facility next to T3	Works	22.00	22.00	0.00
2. Construction of a Permanent Arrivals Facility to serve T4	Works	26.00	20.00	6.00
3. Immediate temporary activities for restoration of operations at JKIA	Works/ Good	15.00	0.00	15.00
4. Strengthening environmental management capacity in waste management at JKIA and MIA	Works/ Goods	1.00	1.00	0.00
Sub-total (Works)		64.00	43.00	21.00
1. Consultancy services for Conducting an Assessment to enhance Disaster Management ²	Cons	0.00	0.00	0.00
2. Consultancy services for Supervision of Works	Cons	2.00	2.00	0.00
3. Consultancy services for Assessing Structural integrity of T1 and Arrivals Building	Cons	0.03	0.03	0.00
Sub-total (Consultancy Services)		2.03	2.03	0.00
4. Operating costs (Additional Financing)	Op	0.50	0.00	0.50
Total for Emergency and Improvement Activities at JKIA (New)		84.50	63.00	21.50

¹Mobile Weather Proof Steps originally in this schedule will now be financed by the private sector at a cost of US\$0.5 million

²EIB will finance the activity at US\$1 million therefore this activity will not be covered under the Credit.

50. On an exceptional basis, it was agreed that KAA would negotiate with the recommended bidder on items that were considered highly priced alongside reviewing the offered systems, with a view to examining more cost effective systems for substitution. The negotiations resulted in a significant reduction (47 percent) in the offered price, amounting to almost EURO 15.2 million through the adoption of more cost effective options.

51. It is expected that the implementing agencies will follow similar approaches to ensure value for money in all procurement packages to be financed under the additional financing, despite the emergency nature of goods and services to be procured.

Bank Policies

52. The additional credit will not trigger any exceptions to Bank policies or waivers.

III. PROPOSED CHANGES

Summary of Proposed Changes	
<p>The project will be restructured and involves introducing new emergency activities; expanding and scaling up the scope of the original project activities with the objective of enhancing safety of pedestrians and other road users along selected road sections on the Northern and Tanzania-Kenya-South Sudan corridors.</p> <p>The proposed changes therefore involves (a) revising the Project Development Objectives (PDOs); (b) changes in the design, scope and costs; (c) modifying the results indicators; (d) reducing the number of implementing agencies; (e) changing the institutional arrangements; (f) revising the disbursement and financial arrangements; (g) a reducing the number of designated accounts; (h) change in the applicable procurement guidelines; (i) increasing the financing proportion by IDA; (j) extending the completion date of restructuring KCAA to December 31, 2015; and (k) extending the Credit closing date to December 31, 2018.</p>	
Change in Implementing Agency	Yes [X] No []
Change in Project's Development Objectives	Yes [X] No []
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [X] No []
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [X] No []
Reallocation between Disbursement Categories	Yes [X] No []
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [X] No []
Change in Financial Management	Yes [X] No []
Change in Procurement	Yes [X] No []
Change in Implementation Schedule	Yes [X] No []
Other Change(s)	Yes [] No [X]
Development Objective/Results	
Project's Development Objectives	

Original PDO						
The Project Development Objectives are to: (a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-Sudan road corridor; (b) enhance aviation safety and security to meet international standards; and (c) improve the institutional arrangements and capacity in the transport sector.						
Change in Project's Development Objectives						
Explanation:						
Project Development Objectives (PDOs) will change due to the introduction of new activities leading to inclusion of two new objectives related to responding to the emergency.						
Proposed New PDO - Additional Financing (AF)						
The revised PDOs are to: (a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-South Sudan road corridor; (b) enhance aviation safety and security to meet international standards; (c) improve the institutional arrangements and capacity in the transport sector; (d) restore the capacity of the international passenger terminal destroyed in a fire at JKIA; and (e) strengthen the capacity of KAA in disaster preparedness and responsiveness at Kenyan airports.						
Change in Results Framework						
Explanation:						
The results framework is revised to accommodate and conform to the introduction of new activities and additional PDOs.						
The new PDO Outcome is: JKIA meets ICAO and TSA aviation security and service level standards.						
This will be achieved through:						
(i) Lost or damaged international passenger terminal capacity restored by installation of pre-fabricated facilities;						
(ii) A permanent arrivals facility constructed and in service at Terminal 4;						
(iii) Disaster preparedness and response system developed; and						
(iv) Number of Kenyan airport personnel trained in disaster preparedness and responsiveness.						
Compliance						
Covenants - Additional Financing (Transport Sector Support Project - Additional Financing - P146630)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Article V 5.01	The Subsidiary Agreements have been executed on behalf of the Recipient and Kenya Airports Authority.	30-Jun-2014	<input type="checkbox"/>		New
IDA	Schedule 2,	An aggregate	30-Jun-	<input type="checkbox"/>		New

	Section IV B 1(a)	amount not to exceed US\$40 million equivalent may be used (reimbursed) for payments made prior to the signing of the Financing Agreement (retroactive financing) but on or after August 7, 2013, for Eligible Expenditures.	2014				
Covenants - Parent (Kenya Transport Sector Support Project - P124109)							
Ln/Cr/TF	Finance Agreement Reference	Description of Covenants	Date Due	Status	Recurrent	Frequency	Action
IDA- 49260	Section I A(1)	Appoint or recruit a Project Coordinator	09-Apr- 2012	Complied with	<input type="checkbox"/>		No Change
IDA- 49260	Schedule 2, I G	The Recipient has restructure d the KCAA in accordance with the KCAA Strategic Plan including separating its service provision responsibilities from its	31-Dec- 2014	Not yet due	<input type="checkbox"/>		revised

		regulatory functions.							
Finance									
Loan Closing Date - Additional Financing (Transport Sector Support Project - Additional Financing - P146630)									
Source of Funds				Proposed Additional Financing Loan Closing Date					
Borrower				31-Dec-2018					
International Development Association (IDA)				31-Dec-2018					
IDA recommitted as a credit				31-Dec-2018					
Loan Closing Date(s) - Parent (Kenya Transport Sector Support Project - P124109)									
Explanation:									
The project closing date for the original credit is extended by two years to December 31, 2018, mainly to give enough time for: (a) engaging a consultant to update designs, procure a contractor, commence and complete the reconstruction of the runway at Moi International Airport, Mombasa, following the recent (December 10, 2013) approval of a loan in amount of US\$66 million equivalent by AFD to KAA for this purpose; and (b) completing the reconstruction of the other civil works contracts, mainly road contracts.									
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)				
IDA-49260	Effective	31-Dec-2016	31-Dec-2016	31-Dec-2018					
Change in Disbursement Arrangements									
Explanation:									
The disbursement arrangements will be modified to conform and adjust to the changes in the institutional and implementation arrangements. The number of implementing agencies will reduce from five to four, and the designated accounts will be reduced as well to correspond to this change. Specifically, the designated account under the former MoT will be closed and the balance refunded to the Bank.									
Change in Disbursement Estimates			(including all sources of Financing)						
Explanation:									
Disbursement estimates will change to reflect (a) an increase in the financing percentage by IDA at 100 percent of the eligible expenditures for FY14 and 15; and (b) inclusion of new emergency activities with relatively short implementation periods under the project, which are expected to disburse quickly.									
Expected Disbursements (in USD Million) (including all Sources of Financing)									
Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual	50.00	50.00	60.00	33.00	10.50				
Cumulative	50.00	100.00	160.00	193.00	203.50				
Allocations - Additional Financing (Transport Sector Support Project - Additional Financing - P146630)									

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)		
			Proposed	Proposed		
IDA	XDR	Works	111,191,000.00	83.85		
IDA	XDR	Goods	13,010,000.00	9.81		
		Consultant Services	8,203,000.00	6.19		
		Training	196,000.00	0.15		
		Unallocated	0.00	0.00		
		Total:	132,600,000.00			
IDAR	XDR		0.00	0.00		
		Total:	0.00			
Reallocation between Disbursement Categories						
Explanation:						
There will be reallocation of funds among categories to reflect (a) the actual costs as most of the major contracts have been awarded and contract amounts are known; (b) expanded and or scaled down scope of the activities; (c) introduction of new activities related to certain categories; and (d) merging of some sub-components due to changes in the implementation arrangements.						
Ln/Cr/TF	Currency	Current Category of Expenditure	Allocation		Disbursement %(Type Total)	
			Current	Proposed	Current	Proposed
IDA-49260	XDR	Works Parts A and B1	121,700,000.00	124,700,000.00	0.00	100.00
IDA-49260		Works Part B3	2,400,000.00	2,400,000.00	0.00	100.00
		Works Part C	6,700,000.00	3,800,000.00	0.00	87.00
		Works Part D	2,500,000.00	5,400,000.00	0.00	100.00
		Goods Parts A and B1	1,200,000.00	1,200,000.00	0.00	100.00
		Goods Part B2	300,000.00	300,000.00	0.00	100.00
		Goods Part B3	2,900,000.00	3,100,000.00	0.00	100.00
		Goods Part D	7,600,000.00	5,000,000.00	0.00	100.00
		Cons. Serv. Parts A and	21,000,000.00	21,000,000.00	0.00	100.00

		B1	00	00				
		Cons. Serv. Part B2	4,500,000.0 0	4,800,000.0 0	0.00	100.00		
		Cons. Serv. Part B3	4,800,000.0 0	4,800,000.0 0	0.00	100.00		
		Cons. Serv. Part C	1,700,000.0 0	4,900,000.0 0	0.00	100.00		
		Cons. Serv. Part D	1,900,000.0 0	1,900,000.0 0	0.00	100.00		
		Training Parts A and B1	1,000,000.0 0	1,000,000.0 0	100.00	100.00		
		Training Part B2	300,000.00	300,000.00	100.00	100.00		
		Training Part B3	600,000.00	600,000.00	100.00	100.00		
		Training Part C	650,000.00	650,000.00	100.00	100.00		
		Training Part D	650,000.00	650,000.00	100.00	100.00		
		Parts A and B1	6,300,000.0 0	3,300,000.0 0	0.00	0.00		
		Part B2	400,000.00	100,000.00	0.00	0.00		
		Part B3	500,000.00	300,000.00	0.00	0.00		
		Part C	500,000.00	200,000.00	0.00	0.00		
		Part D	700,000.00	400,000.00	0.00	0.00		
		Designated Account	0.00	0.00	0.00	0.00		
		Designated Account	0.00	0.00	0.00	0.00		
		Designated Account	0.00	0.00	0.00	0.00		
		Designated Account	0.00	0.00	0.00	0.00		
		Designated Account	0.00	0.00	0.00	0.00		
				Total:	190,800,00 0.00	190,800,000 .00		
Components								
Change to Components and Cost								
Explanation:								
Some components will be merged and harmonized to reflect the changes in the of the scope of original activities; introduction of new activities; changes in prices; merging of some sub-components to correspond to the reconstitution of the Government following the March 2013 elections under the new Constitution								

(2010), which resulted in the consolidation of ministries at the national level and devolution of some powers.

Therefore, the components are modified as follows:

(a) **Original:** Component A (Rehabilitation and improvement of roads, roadside facilities and road safety interventions component) and Sub-Component B-1 (Support to KeNHA, Kenya Urban Roads Authority - KURA and Kenya Rural Roads Authority - KeRRA) are consolidated into a revised Component A.

Revised: Component A - Support to KeNHA to rehabilitate and improve roads, roadside facilities, road safety interventions and for institutional strengthening.

(b) **Original:** Sub-component B-2 (Support to the Kenya Roads Board - KRB and MoR) and Sub-component B-3 (Support to the Ministry of Transport - MoT) are consolidated into a revised Component B with two sub-components, B1 and B2.

Revised: Component B - Support to the Ministry of Transport and Infrastructure (MoTI).

Sub-component B1: Support to the State Department of Infrastructure.

Sub-component B2: Support to the State Department of Transport.

(c) **Original:** Component C – Support to Kenya Airports Authority is split into two sub-components, C1 and C2.

Revised: Component C: Support to Kenya Airports Authority.

Sub-component C1: Support to improve major airports.

Sub-component C2: Emergency Activities to install temporary international passenger terminal facilities and construct arrival service facility for Terminal 4 at JKIA.

(d) **Component D** - Support to Kenya Civil Aviation Authority remains unchanged.

Revised Component A (Support to KeNHA to rehabilitate and improve roads, roadside facilities, road safety and for institutional strengthening): About (US\$132.46 million) of the Additional Financing will be allocated to this component to cover costs associated with: (i) expanded and previous under-provision in the scope of some activities related to the construction of major interchanges at Mamboleo in Kisumu City; Chavakali; Kaburengu; Webuye and Kitale along the Tanzania-Kenya-South Sudan Corridor on road sections that are heavily trafficked and witnessed several fatal road accidents in the recent past; (ii) upgrading to four lane carriageway a 4.5 km road section within Kisumu City along the Tanzania-Kenya-South Sudan road corridor from B1/A1 junction to A1/C34 junction, which is heavily trafficked, and has become a major constraint to the flow of traffic and movement of pedestrians. This road section is not only adjoining but also sandwiched between two road sections namely, Kakamega-Kisumu and Nyamasaria-Kisumu-Kisian, being expanded to four-lanes under this project (KTSSP) and NCTIP financed by the IDA. Unless expanded, this segment will remain a two-lane section located within the four-lane continuous road corridor; (iii) construction of a new grade separated junction at the busy Majengo township, on the Tanzania-Kenya South Sudan corridor; and (iv) constructing access roads to the East Africa School of Aviation (0.5 km) and the proposed office block for KCAA and road sub-sector entities (1 km) including associated non-motorized facilities, street lighting, and drainage.

Revised Component B (Support to the Ministry of Transport and Infrastructure): The Additional Financing amount of US\$6.36 million for this component of which US\$2.28 million is for the State Department of Infrastructure and US\$4.08 million for the State Department of Transport will cover the

financing gap and expanded original activities.

Revised Component C (Support to Kenya Airports Authority (KAA): The Additional Financing for this component in amount of US\$63 million will be for new and emergency activities related to installing the temporary and permanent international passenger terminals facilities. Out of the US\$63 million, about US\$22 million will be toward temporary facilities for international passenger facilities that could still be utilized elsewhere in other airports with constraint capacity such as Kisumu after permanent facilities are in place. The balance of US\$38 million will finance permanent infrastructure facilities and equipment that will serve the airport in the long term as part of the expansion plan. The new activities are described in **Table 7**.

Revised Component D (Support to Kenya Civil Aviation Authority (KCAA): The Additional Financing of (US\$1.66 million) will cover the financing gap related to the original activities under this component.

The overall original and revised financing plan is summarized in **Table 10 (Annex 7)**. On the basis of the original cost estimates, the GoK was expected to contribute 16.8 percent, IDA 62.8 percent and AFD 20.4 percent. With the restructuring and proposed Additional Financing the project costs are expected to increase by 32.5 percent. Meanwhile, IDA's contribution will increase to 79.5 percent from 62.8 percent and contributions from AFD will decrease to 10.4 percent from 20.4 percent and for GoK will reduce from 16.8 percent to 10.1 percent.

The financing plan for the additional financing including the details of the activities to be financed from the additional credit are given in **Table 11 (Annex 7)** as a summary and the proposed withdrawal of proceeds of the Credit is provided in **Table 12**, while **Annex 4** gives further detail. The financing plan (**Table 11 – Annex 7**) indicates the additional funds to be made available from IDA, raising the financing percentage of eligible expenditures with a minimal contribution from the GoK based on the indicative cost estimates. The Bank has agreed with the GoK that should the costs increase further in future, and the available funds from IDA be inadequate, the government would cover the extra costs through budget allocation, or explore the possibility of bringing in other development partners. The costs associated with the implementation of the RAPs, relocation of services and operations related to implementing the project will be met by the GoK.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component A: Rehabilitation and improvement of roads, roadside facilities and road safety interventions	Component A - Support to KeNHA to rehabilitate and improve roads, roadside facilities, road safety and for institutional strengthening	201.44	370.82	Revised
Component B: Institutional strengthening and capacity building in the transport sector	Component B - Support to the Ministry of Transport and Infrastructure (MoTI) Sub-component B1: State Department of Infrastructure. Sub-component B2: State Department of Transport	62.48	31.94	Revised

Component C: Support to KAA	COMPONENT C - Support to Kenya Airports Authority Sub- component C1: Support to improve major airports Sub-component C2: Emergency Activities	15.04	78.04	Revised
Component D: Support to the KCAA	Component D: Support to the KCAA	21.05	22.70	Revised
	Total:	300.01	503.50	
Other Change(s)				
Change in Implementing Agency				
Explanation:				
The change arises from the merger of the former Ministries of Transport and Roads into a new Ministry of Transport and Infrastructure that will implement the revised component B.				
Implementing Agency Name	Type	Action		
Ministry of Transport and Infrastructure	Implementing Agency	New		
Change in Institutional Arrangements				
Explanation:				
The institutional arrangements will be modified to tally with the changes in the reconstitution and reorganization of Government. This will affect the implementation and coordination set up.				
The project will be implemented as follows:				
(a)	Component A:	KeNHA		
(b)	Component B:	MoTI		
(c)	Component C:	KAA		
(d)	Component D:	KCAA		
In view of these changes, the Project Oversight Committee (POC) will be chaired by the Principal Secretary, MoTI, State Department of Infrastructure and co-chaired by the Principal Secretary, MoTI, State Department of Transport. The rest of the arrangements remain unchanged.				
Change in Financial Management				
Explanation:				
Given the change in the institutional and implementation arrangements in turn resulting in a reduction in the number of implementing agencies, from five to four, there will be a corresponding change in the				

number of designated accounts and financial monitoring and audit reports. No such reports will be expected from the former MoT.

Disbursement arrangements. Changes involve a reduction in the number of designated accounts. With regard to the proportion of eligible expenditures to be financed using the proceeds under the Credit (Original and Additional Financing) this will be determined at the beginning of each fiscal year though for FY14 and FY15, IDA will cover 100 percent except for some of the emergency activities for which KAA is co-financing. There will be reallocation of funds among categories to reflect the actual costs as most of the major contracts have been awarded.

Retroactive financing: The Additional Financing will provide for US\$40 million retroactive financing towards eligible expenditures incurred before signing of the Financing Agreement but not later than August 7, 2013. The procurement process relating to the emergency activities, under Component C, are advanced with some contracts already signed.

Change in Procurement	
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Explanation:

Procurement is carried out in accordance with the World Bank's Guidelines, including particularly, Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, dated January 2011 (and replaces Guidelines dated May 2004 revised October 2006 and May 2010), and Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, dated January 2011 (and replaces Guidelines dated May 2004 revised October 2006 and May 2010). The project will be carried out in accordance with the provisions of the Anti-Corruption Guidelines. Procurement methods to be applied to all project goods and works are specified in the Procurement Plan, including the circumstances under which the methods may be used. The updated procurement plan is provided in **Annex 5**.

A General Procurement Notice (GPN) including the proposed new activities was published on the United Nations website on October 8, 2013 and will be updated annually for any outstanding International Competitive Bidding (ICB) and large consultancy services contracts, as appropriate.

Change in Implementation Schedule	
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Explanation:

There is a change in the implementation schedule as more time is required to complete the civil works contracts that have been delayed.

Appraisal Summary	
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Economic and Financial Analysis	
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Explanation:

Rehabilitation and Improvement of road sections on the Tanzania-Kenya-South Sudan and Northern Corridors. The rehabilitation of four out of the five road sections is underway. The scope of works increased with the inclusion of a separate works contract on construction of interchanges at major junctions to improve on safety and flow of traffic. The road sections on which works are going on include: Kisumu-Kakamega; Kakamega-Webuye; Webuye-Kitale and Bachuma Gate-Maji ya Chumvi. The bid prices were slightly below the Engineer's estimates for these contracts. This notwithstanding, the scope of road works has increased and in turn the related costs marginally by incorporating measures to augment road safety thereby enhancing further the benefits of the project. The scope of works of the outstanding

road section for which bids have not been invited, the Athi River-Machakos turnoff, has not changed since it will be a new carriageway. The project's main benefits are the savings to be made by road users on vehicle operating costs, passenger time costs, and increased safety.

At appraisal the Net Present Value (NPV) of the rehabilitation of the road sections, as shown in **Table 9 (Annex 7)**, in 2010 prices, was US\$59.5 million, costing US\$222.05 million. The economic rates of return (ERR) varied from about 20 to 60 percent while the sensitivity analysis results showed that each of the five road sections was economically viable (positive NPVs and EIRR>12) even under the worst situation when costs go up by 20 percent and the benefits go down by 20 percent leading to ERRs in the range of 15-50 percent and NPV of US\$45 million. As shown in **Table 9 (Annex 7)**, only one road, Kisumu-Kakamega, has recorded an increase in scope and costs well above 20 percent due to: (a) inclusion of a new interchange at Majengo, a busy township; (b) extending, expanding into four-lane, and providing non-motorized facilities on the road section from A1/B1 junction in Kisumu municipality to A1/B34 junction at Mamboleo (4.5 km) stretch; and (c) increased scope of interchanges two major junctions, A1/B34 and A1/B39. The road sections have revised scope of works below 20 percent, with overall increase for all five roads of only 13.1 percent. Given that the revised scope is largely for introduction of grade separated interchanges and roadside facilities for increased safety, the benefits are expected to increase, such that in spite of the increase in costs, the ERRs are likely to remain in the most conservative range of 15-50 percent and NPV greater than or equal to the most conservative estimate of US\$45 million.

Rehabilitation of the runway at Mombasa International Airport (MIA), Mombasa. The costs have been revised within the context of adopting more cost-effective designs that are consistent with acceptable international standards. The revised scope and costs have increased to US\$70 million compared to the appraisal estimate of US\$60 million. When the costs of design and supervision of works are included in the analysis, the overall increase representing about 13 percent of total project cost. Therefore, based on the economic analysis (in 2011 prices) conducted during appraisal, the economic rate of return is about 21 percent and estimated NPV of US\$47.7 million at a 12 percent discount rate. Sensitivity analysis with a 25 percent increase in costs and 25 percent decrease in benefits, shows the ERR drop to 15.5 percent and NPV reducing to US\$18.9 million. The analysis also showed that even with 25 percent increase in costs, the benefits would have to decrease by more than 45 percent to reduce the NPV to zero. The revised estimate (including design and construction supervision) is US\$76.34 million or an increase of 27 percent with no decrease in benefits. Hence, the ERR remains within 15-21 percent range and the most conservative estimate of NPV at greater than US\$18.9 million.

Emergency activities at JKIA, Nairobi. The activities associated with JKIA aim at restoring the capacity of the international passenger terminal facilities as an emergency and sustaining the momentum of executing the expansion program underway at JKIA. JKIA is the main airport in Kenya and one of the largest in the Eastern Africa region. Therefore, any interruption has major rippling effects on the entire economy. For instance, it handled an overwhelming 72 percent (about 6.3 million) of all the passenger traffic at all airports in Kenya in 2012, most of whom were international travelers. The traffic is projected to continue to grow. Without reinstating the lost capacity, this category of passengers could easily shift to other regional airports resulting in JKIA losing its competitiveness as a regional hub. The cost of doing nothing is therefore significant and could adversely affect the economic growth of Kenya.

The main benefits of expanding the facilities at the JKIA comprise: (a) increased revenue for the KAA and the Kenya national carrier, Kenya Airways; (b) reduced congestion and improved service levels for passengers at the airport; (c) improved safety and security; (d) improved reliability and reduced delays in passenger handling; and (e) multiplier effects of reduction in the cost of doing business, particularly in the tourism and horticulture sectors.

Technical Analysis	
Explanation:	
<p>Where traffic levels have grown since appraisal corresponding changes have been made to the technical aspects. For instance, a 4.5 km stretch from the A1/B1 junction in Kisumu City to A1/B23 junction, at Mamboleo along the Kisumu-Kakamega road will now be upgraded from a two to a four lane carriage-way. Similar changes have been made to major junctions where it has become necessary to construct interchanges to improve on safety.</p> <p>The proposed rehabilitation and extension of the runway at Moi International Airport, Mombasa, has been reassessed and more cost-effective designs adopted that meet acceptable international standards as well as the building works related to the office block for KCAA and KeNHA which conform to local architectural and building codes.</p>	
Social Analysis	
Explanation:	
<p>There is no change to the safeguards documents related to the original activities that were disclosed both in-country and the Bank's Info Shop before appraisal.</p> <p>The emergency activities are being implemented under OP 10 paragraph 11.</p>	
Environmental Analysis	
Explanation:	
<p>As is the case with social aspects, all emergency activities will be implemented under OP 10 paragraph 11. The overall environmental category remains B-partial assessment. The new activities do not trigger new safeguard policies. All the safeguards reports required for the relevant original project activities were reviewed, cleared by the Bank, and re-disclosed both in the country and at the Bank's InfoShop. The EMP on installing prefabricated terminal at JKIA has been completed and cleared by the Bank; disclosed in the country and disclosed at the InfoShop on February 27, 2014. The Integrated Safeguards Data Sheet is slightly revised to include the proposed emergency activities at the JKIA and have been re-disclosed on March 10, 2014.</p>	
Risk	
Explanation:	
<p>A Road sub-sector Governance and Integrity Improvement Action Plan (GAP) was agreed between the GoK and the Bank and has been under implementation over the last five years is showing positive results including contributing to the improvement of business environment, increasing competition, and the GoK obtaining comparatively more competitive bids than before (from two to three bids to over nine on average per contract) to over eight, with some bid prices below the engineer's estimates.</p> <p>As part of the GAP, major institutional and policy reforms have been implemented in the transport sector. The reforms included separating policy formulation from execution of program; adopting of a new transport policy; clarifying the institutional arrangements and ownership of the various categories of the road network; strengthening the oversight and regulatory functions; providing financial autonomy to the aviation authorities, among others.</p> <p>Notwithstanding the progress, challenges remain, including those arising from implementing the 2010 Constitution which among other things devolved power and significant responsibilities to 47 Counties.</p>	

Hence the financial requirements and aligning the new responsibilities of the sector with the new (2010) Constitution amidst rising public expenditure remain a major risk to implementation of the project.

Table 12: Withdrawal of Proceeds of the Credit

Category		Amount of Credit Allocated			% of Expenditures to be financed (inclusive of taxes) ¹	
		Original (in SDR equivalent)	Proposed reallocation of the Original (in SDR equivalent)	Proposed Additional Credit (US\$ equivalent)	Original Credit	Proposed Amended and Restated Original and Additional Credit
1	Works					
	Support to KeNHA to Rehabilitate and Improve Roads, roadside facilities, road safety and for Institutional Strengthening	121,700,000	124,700,000	123,060,000	75%	Such percentage of Eligible Expenditures as the Association may determine for each Fiscal Year
	Support to the MoTI State Dept of Transport	2,400,000	2,400,000	2,870,000	75%	
	Support to KAA					
	(i) Original	6,700,000	3,800,000	0	20%	
	(ii) Emergency			43,000,000		87%
	Support to KCAA	2,500,000	5,400,000	1,660,000	75%	
2	Goods				100% of foreign exp. and 90% of local exp.	Such percentage of Eligible Expenditures as the Association may determine for each Fiscal Year
	Support to KeNHA	1,200,000	1,200,000	40,000		
	Support to the MoTI and KRB (i) State Dept. of Infrastructure	300,000	300,000	1,140,000		
	(ii) Sate Dept. of Transport	2,900,000	3,100,000	290,000		
	Support to KAA					100%
	(i) Original activities					
	(ii) Emergency activities			17,970,000		
	Support to KCAA	7,600,000	5,000,000			Such percentage of Eligible Expenditures as the Association may determine for each Fiscal Year
3	Consultants Services					
	Support to KeNHA to Rehabilitate and Improve Roads, roadside facilities, road safety and for Institutional Strengthening	21,000,000	21,000,000	9,040,000	100% of foreign exp. and 90% of local exp.	Such percentage of Eligible Expenditures as the Association may determine for each Fiscal Year
	Support to the MoTI and KRB					
	(i) State Dep. of Infrastructure	4,500,000	4,800,000	1,100,000		
	(ii) State Dept. of Transport	4,800,000	4,800,000	920,000		
	Support to KAA					
	(i) Original activities	1,700,000	4,900,000			

Category		Amount of Credit Allocated			% of Expenditures to be financed (inclusive of taxes) ¹	
		Original (in SDR equivalent)	Proposed reallocation of the Original (in SDR equivalent)	Proposed Additional Credit (US\$ equivalent)	Original Credit	Proposed Amended and Restated Original and Additional Credit
	(ii) Emergency activities			2,030,000		100%
	Support to KCAA	1,900,000	1,900,000			Such percentage of Eligible Expenditures as Such percentage of Eligible Expenditures as the Association may determine for each Fiscal Year
4	Training					
	KeNHA	1,000,000	1,000,000	310,000	100%	100%
	MoTI and KRB	900,000	900,000	40,000		
	KAA	650,000	650,000			
	KCAA	650,000	650,000			
5	Unallocated					
	KeNHA	6,300,000	3,300,000			
	MoTI – B1	900,000	100,000			
	MoTI – B2		300,000			
	KAA	500,000	200,000			
	KCAA	700,000	400,000			
	Total	190,800,000	190,800,000	203,500,000		

¹The taxes are not inclusive of the Value Added Taxes payable by the implementing entities.

Annex 1: Revised Results Framework

KENYA: Transport Sector Support Project - Additional Financing

Proposed Revised Project Development Objective (PDO): The Project Development Objectives are to: (a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-Sudan road corridor; (b) enhance aviation safety and security to meet international standards; (c) improve the institutional arrangements and capacity in the transport sector; (d) restore the capacity of the international passenger terminal destroyed in a fire at JKIA; and (e) strengthen the capacity of KAA in disaster preparedness and responsiveness at Kenyan airports.

PDO Level Results Indicators	Core	Unit of Measure	Baseline 2011	Cumulative Target Values							Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				2012	2013	2014	2015	2016	2017	2018				
Indicator One: Reduction in average travel time from Kisumu to Kitale.	<input type="checkbox"/>	Time in hours	5	5	5	5	4.5	4	3	3	Quarterly	Quarterly and Annual progress reports/Field survey	Supervision Consultant/ M&E consultant	
Indicator Two: Reduction in vehicle operating costs on Kisumu – Kitale road.	<input type="checkbox"/>	Cost per km (US\$) for a heavy truck	2	2	2	2	2	1.75	1.5	1.5	Quarterly	Quarterly and Annual progress reports/Field survey	Supervision Consultant/ M&E consultant	
Indicator Three: Direct beneficiaries: (i) Road users per day (of which female)	<input checked="" type="checkbox"/>	Number (thousands) % female	147 40%	147 40%	147 40%	147 40%	149 40%	147 40%	149 40%	149 40%	Quarterly	Quarterly and Annual progress reports/Field survey	Supervision Consultant/ M&E consultant	
(ii) Passengers p.a.(MIA) in million (of which female)		Number (million) % female	1.1 30%	1.1 30%	1.1 30%	1.1 30%	1.3 30%	1.4 30%	1.5 30%	1.5 30%				
Indicator Four: Kenya meets ICAO standards and recommended practices and KCAA cleared for IASA Category 1 safety status	<input type="checkbox"/>	IASA Category	None	None	None	None	None	None	Yes	Yes	Quarterly	Quarterly progress reports/FAA, TSA and ICAO inspections	KAA/KCAA	
		ICAO standards	No						Yes	Yes				

PDO Level Results Indicators	Core	Unit of Measure	Baseline 2011	Cumulative Target Values							Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				2012	2013	2014	2015	2016	2017	2018				
Indicator Five: (i) Improved institutional arrangements and capacity in the transport sector NCA established and functional; (ii) Engineer's Act passed and effective; (iii) Maritime rules and regulations developed and in use; (iv) National Transport Safety Authority established and functional (v) KCAA restructured (vi) Coordination on Maritime Search and Rescue Unit strengthened (vii) Regulatory framework for land transport established (viii) Search and rescue capability on L. Victoria enhanced	<input type="checkbox"/>	Yes/no	1) No 2) No 3) No 4) No 5) No 6) No 7) No 8) No	No	Partially	Yes	Yes	Yes	Yes	Yes	Quarterly	Quarterly and Annual progress reports/Field survey	MoR/MoTI/KMA/UoN	
Indicator Six: Number of road crashes reduced along Kisumu-Kitale corridor*	<input type="checkbox"/>	Percentage reduction (%)	0	0	0	0	0	10	15	20	Annually	KeNHA progress report	M&E Consultant	
Indicator Seven (New): JKIA meets ICAO and TSA aviation security and service level standards.	<input type="checkbox"/>	Yes/No	N/A	N/A	N/A	No	No	No	Yes	Yes	Quarterly	Quarterly and Annual progress reports/Field	M&E consultant	

PDO Level Results Indicators	Core	Unit of Measure	Baseline 2011	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				2012	2013	2014	2015	2016	2017	2018			
											survey		
	INTERMEDIATE RESULTS												
	Intermediate Result (Component A): Improved road infrastructure on 231km of selected priority road sections along the Tanzania-Kenya-Sudan and Northern Corridor and junctions												
<i>Intermediate Result indicator One: Roads rehabilitated (non-rural)</i>	<input checked="" type="checkbox"/>	Km	0.0	0.0	50.0	75	100	147	200	200	Annually	KeNHA progress report	M&E consultant
<i>Intermediate Result indicator Two: Roads constructed (non-rural)</i>	<input checked="" type="checkbox"/>	Km	0.0	0.0	0.0	5	10	20	25	31	Annually	KeNHA progress report	M&E consultant
<i>Intermediate Result indicator Three: Road length in good and fair condition as a percentage of the total classified network in the project area [non-rural, Northern Corridor (Mombasa – Malaba) 930 km and Tanzania-Kenya-Sudan Corridor (Isebania – Nadapal) 894 km in Kenya]</i>	<input checked="" type="checkbox"/>	Cumulative Percentage (%)									Annually	KeNHA progress report	M&E consultant
1)Northern Corridor		1)	60.0	60.0	60.0	65.0	75.0	80.0	80.0	80.0			
2) TZ-Kenya-Sudan		2)	5.0	5.0	5.0	5.0	5.0	10.0	21.0	21.0			
	Intermediate Result (Component B): Management and governance improved in the local construction and maritime sub sector												
<i>Intermediate Result indicator One: Draft Bill for NCA and ERB presented to parliament, and rules and regulation for KMA developed</i>	<input type="checkbox"/>	yes/no	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Quarterly	MoR	MoR
<i>Intermediate Result indicator Two: Feasibility and engineering designs studies</i>	<input type="checkbox"/>	Number (7) of design studies of road sections	No	No	No	No	2	4	5	7	Quarterly	KeNHA	KeNHA

PDO Level Results Indicators		Core	Unit of Measure	Baseline 2011	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)	
					2012	2013	2014	2015	2016	2017					2018
completed to acceptable standards and covering 1,150 km			cumulative												
<i>Intermediate Result indicator Three:</i> Studies on impact and roles of (new) institutions completed		<input type="checkbox"/>	Number (3) of Study reports cumulative	No	No	1	2	2	2	2	2	Quarterly	MoR/KRB	MoR/KRB	Studies on the impact of new constitution on KURA, KeRRA and role of KRB; inventory of unclassified roads; and the roles of MTD, Materials Department and KIHBT completed to acceptable standards
<i>Intermediate Result indicator Four:</i> Marking the boundaries for Right of Way and secure KeNHA's road assets (Class A roads) -3,500 km completed		<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Yes	Yes	Yes	Quarterly	MoTI/KRB	MoTI/KRB	
Navigational charts for Kenyan Coast developed to acceptable international standards and in use			Yes/No	No	No	No	No	No	Yes	Yes	Yes	Quarterly	MoTI/KMA	MoTI/KMA	
Air accident investigation hangar constructed, equipped and staff trained			Yes/No	No	No	No	No	Yes	Yes	Yes	Yes	Quarterly	MoTI	MoTI	
	Intermediate Result (Component C): Improved quality of runway and power supply upgrade at Moi International Airport and restore the operational passenger capacity at JKIA and Develop Disaster management response at the Kenyan airports														
<i>Intermediate Result indicator One:</i> Area on the runway, aprons and taxiways		<input type="checkbox"/>	Cumulative Percentage (%)	0.0	0.0	0.0	0.0	15	50	100	100	Quarterly	KAA	KAA	

PDO Level Results Indicators	Core	Unit of Measure	Baseline 2011	Cumulative Target Values							Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				2012	2013	2014	2015	2016	2017	2018				
completed to international standards														
<i>Intermediate Result indicator Two:</i> Electrical cabling for power supply and lighting system at MIA completed and power supply to MIA secured	<input type="checkbox"/>	Cumulative Percentage (%)	0.0	0.0	0.0	0.0	25	65	100	100	Quarterly	KAA	KAA	
<i>Intermediate Result indicator Three (New):</i> Passenger terminal capacity restored by installation of prefabricated facilities	<input type="checkbox"/>	Yes/No	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Quarterly	Quarterly and Annual progress reports/Field survey	Supervision Consultant/ M&E consultant	
<i>Intermediate Result indicator Four(New):</i> construction of arrivals facility constructed and service in the Terminal 4		Yes/No	N/A	N/A	N/A	No	No	Yes	Yes	Yes	Quarterly	Quarterly and Annual progress reports/Field survey	Supervision Consultant/ M&E consultant	
<i>Intermediate Result indicator Five (New):</i> Number of Kenyan airport personnel trained in disaster preparedness and responsiveness strengthened.		Number % female					50 30%	100 30%	100 30%	1003 0%	Quarterly	Quarterly and Annual progress reports/Field survey	Supervision Consultant/ M&E consultant	
<i>Intermediate Result indicator Six (New):</i> Disaster preparedness and response system developed and in use	<input type="checkbox"/>	Yes/no	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Quarterly	KAA	KAA	
Intermediate Result (Component D): Improved operating capacity of KCAA														
<i>Intermediate Result indicator One:</i> Aviation Safety Inspectors in compliance with ICAO standards and IASA category 1 safety status	<input type="checkbox"/>	Number (consultants) Number (KCAA recruited staff)	1)None 2) None	6 10	4 20	4 38	4 38	4 38	4 5	4 5	Annually	KCAA	KCAA	
<i>Intermediate Result indicator Two:</i> Construction of KCAA Office block	<input type="checkbox"/>	Cumulative Percentage (%)	0.0	0.0	0.0	55	80	100	100	100	Quarterly	KCAA	KCAA	

Annex 2: Operational Risk Assessment Framework (ORAF)
Kenya: Transport Sector Support Project - Additional Financing (P146630)

Project Stakeholder Risks						
Stakeholder Risk	Rating	Low				
Risk Description:	Risk Management:					
Local communities doubtful that the road sections will be improved, given similar promises in the past by GoK and may not cooperate before actual construction commences and progress recorded.	Risk Management: Stakeholder consultations held, and a communication strategy including an engagement-feedback mechanism with stakeholders is under preparation for use during the life of the project.					
	Status: Five out of the six road contracts awarded and implementation is at various stages. The beneficiary communities are pleasantly surprised of the progress. Due to the progress recorded so far, the communities overwhelmingly support the project. Bids for the sixth contract will be invited in October 2014.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client	Delayed	Implementation	<input type="checkbox"/>		
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Moderate				
Risk Description:	Risk Management:					
KeNHA, KAA, KCAA, MoTI are implementing a US\$1billion IDA-financed project currently. KCAA staff will require capacity building in managing a civil works contract, while MoR and MoT in the use of ICT. KeNHA will require further capacity enhancement in MIS.	The project supports further capacity building with emphasis on accountability, MIS and public reporting.					
There is an unanticipated financing gap and the GoK has requested Additional Financing. Failure to fill the financing gap fully will slow down implementation and	The functions under the former MoR and MoT have been merged under a new MoTI thereby reducing the number of the implementing agencies. Meanwhile KCAA has co-opted additional technical staff in its team with skills in managing civil works contracts while KAA has enhanced its capacity following the inclusion of additional emergency activities under the project.					

increase the project costs.	The proportion of counterpart funding for the project is relatively high. This has been a challenge to the GoK during FY14 in raising the full amount given the enormous demand on the available resources needed to implement a new devolved system of Government. The Additional Financing will help in reducing the financial burden to the GoK.					
	Status: Project staff have been trained. The GoK provided sufficient counterpart funding during FY2012 but is experiencing challenges as most of its resources have been reallocated towards financing the implementation of the requirements under the new Constitution including devolving functions to 47 counties (originally held by the central Government), shortfall in revenue collection and the March 2013 General Elections.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client	In Progress	Implementation	<input type="checkbox"/>		
Governance	Rating	Moderate				
Risk Description:	Risk Management:					
KeNHA is new, and has taken over a large portfolio of projects from MoR. The transition period poses a challenge, for KeNHA is not only put systems in place but also manage this large portfolio of projects at the same time	KeNHA is implementing a strategic plan with assistance from development partners including World Bank under NCTIP. This project will provide further support particularly in areas to enhance the MIS. The Project Oversight Committee will steer, provide oversight and strategic guidance to the implementation of the project, and resolve any bottlenecks particularly of a policy nature that would otherwise hinder smooth execution of the project.					
	Status: KeNHA has managed the transition well. Overall, the implementation of the project is on track. KeNHA continue to strengthen its internal systems. For instance, the migration from a manual accounting to computerized accounting systems. In additional KeNHA has identified a pool of experts on call, as appropriate, to complement it capacity, whose services will be financed under the project.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client	In Progress	Implementation	<input checked="" type="checkbox"/>		

	Risk Management:					
	Undertake stringent due diligence measures during procurement. This will involve:- -use post-qualification criteria; and -intensify Bank supervision including third party monitoring of construction progress. -internationally recognized consultants will supervise the construction of works on a day-to-day basis					
	Status: A number risk mitigation measures were adopted including (a) use of post qualification criteria instead of pre-qualification has increased competition (KeNHA obtained respectively 9, 11 and 11 bids for Kisumu-Kakamega; Kakamega-Webuye and Webuye-Kitale road sections, with lowest bid prices being lower than the Engineer’s estimates); and (b) the bid evaluation reports were subjected to an independent review by a Procurement Specialist. The contracts have been awarded and contractors mobilized. The remaining contract will be subjected to similar review processes.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
		Implementation	<input type="checkbox"/>			
Project Risks						
Design	Rating	Low				
Risk Description:	Risk Management:					
The number of diverse implementing agencies 4 (originally 5) and the large number of different sub-components (about 30) pose a special coordination and implementation risk that could delay project completion and impose additional costs.	The implementing agencies have experience in managing Bank funded projects (currently implementing US\$ 1 billion project with IDA financing). Strengthen project management and coordination through local technical assistance; ensure regular follow up of recommendations of an independent M & E entity, and extensive supervision and implementation support by the Bank.					
	Status: This is not a major risk. A project coordinator is in place; project staffs of the implementing agencies have adequate experience. Regular POC meetings are held and ensuing bottlenecks addressed. Project components were aligned and assigned to each of the implementing agencies consistent with their mandates, thereby reinforcing accountability and focus on execution of the project.					

	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
Social and Environmental	Rating	Moderate				
Risk Description:	Risk Management:					
Execution of land acquisition, compensation payments, and ensuring adequate measures to mitigate environmental impacts are in place.	Extensive consultations have taken place in preparing EIA/RAPs and the environmental management plan and any new land or property being acquired is done by competent authorities in accordance with the applicable laws and procedures					
	Status: Execution of the EIAs/RAPs is satisfactory for the contracts with NEMA having issued the licenses required to the contractors.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
Program and Donor	Rating	Low				
Risk Description:	Risk Management:					
GoK runs short of funds due to implementing a devolved system and change in priorities of a new government following the March 2013 elections.	Infrastructure is the stated priority of the new Government. However there is still a challenge in raising counterpart funding in full given it is relatively high amidst significant resources required to implement a devolved system of government.					
	Status: The proposed Additional Financing will cover most of the eligible expenditures thereby reducing the GoK's contribution hence mitigating the risk.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
Delivery Monitoring and Sustainability	Rating	Low				
Risk Description:	Risk Management:					
Poor M&E system leads to delays in timely actions to rectify deficiencies.	Strengthen M&E capacity within KeNHA, KAA and KCAA, at the same time as an external agent (a public University) is used to complement the M&E effort.					

The financing gap is not filled fully.	Status: The University of Nairobi has been selected as the M&E consultant. In the meantime, the GoK has requested for an Additional Financing to fill the unanticipated financing gap.					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client		Implementation	<input type="checkbox"/>		
Overall Risk						
Overall Implementation Risk:		Rating	High			
Risk Description:						
Many of the sources of risk identified, including those associated with client capacity and social and environmental issues, are low or moderate. However there continues to be pressure to contain public spending, and in some cases as a result it has proved difficult to fully finance development programs with large capital outlays, such as transport infrastructure. Hence the overall risk rating is high. This risk is mitigated in part by the additional resources which this credit provides to ensure key activities are fully funded.						

Annex 3: Status of the Implementation of Key Reforms in the Transport Sector

KENYA: Transport Sector Support Project- Additional Financing

Policy Reforms/Commitments	Status in 2014
1. Enactment of a new road subsector policy.	Achieved. High priority placed on maintenance of existing road network.
2. Establishment of three autonomous road authorities (KeNHA, KURA, and KeRRA) for managing national, urban and rural roads.	Achieved. However, the roles of KURA and KeRRA need to be clarified further in light of the new constitution, under which power is devolved to 47 counties.
3. Strengthening Kenya Roads Board capacity to manage the road maintenance fund (Road Fund).	Achieved. Under the Kenya Roads Act 2007. The Road Fund in FY13 collected about US\$300 million, distributed as provided by the Roads Act 2007.
4. Public dissemination of overall road programs and opportunities in the road sub-sector.	Achieved. This has improved accountability and transparency and public perception of the sector. Information is available on the websites of transport sector institutions.
5. Adoption of post-qualification to help prevent collusion.	Achieved. Post-qualification was adopted, resulting in competitive bids slightly below estimates for works contracts.
6. Truck Overloading and Control – lack of enforcement and corruption.	Achieved partially. Operation and management of three weigh stations contracted out to the private sector; use of four-axle trucks configuration is banned; and penalties for overloading increased.
7. Maintenance manuals developed.	Ongoing. JICA is providing implementation support.
8. Re-classification of the road network; road inventory and condition survey completed.	Exercised completed. Road network size and condition are now known, and classification of the unclassified network is completed and is awaiting Ministerial approval and adoption.
9. Road contractors form a Roads and Civil Engineering Contractors Association (RACECA)	Achieved. RACECA formed and operational as a self-regulating oversight body to dialogue with Government on matters related to construction.
10. KAA is autonomous, retains revenues, takes responsibility for security management, and seeks private financing for capital investment.	Substantially achieved. This has improved financial and operational performance, airport security has improved; JKIA cargo facilities and ground handling services are financed and developed by the private sector.
11. KCAA is autonomous, retains revenues and managed by an independent Board of directors.	Achieved partially. KCAA capacity enhanced to develop aviation safety regulations and inspections materials, a registry of aviation personnel and aircraft established. With the internal restructuring involving the improvement of terms and conditions of service, KCAA has been able to attract some key skilled flight safety operational personnel complemented by consultants. The process of separating regulation of air navigation from its air traffic control services is underway (see item 15 below).
12. Complete the preparation of a Road Sector Investment Program (RSIP), with appropriate priorities.	Achieved. The RSIP 2010-24 was prepared and presented to stakeholders and approved by MoR and the National Treasury and made public.
13. Establish the National Construction	Achieved. Parliament approved and the President assented

Policy Reforms/Commitments	Status in 2014
Authority (NCA)	to the legislation establishing the NCA. The NCA is now operational with the mandate of registering contractors, monitoring their performance and publishing names of poor performers.
14. Strengthening of the Engineers' Registration Board (ERB)	Achieved. Parliament approved and the President assented to the legislation on strengthening of the (ERB) now, Engineers Board of Kenya with an expanded mandate to register professionals and engineering firms, assess their qualities, monitor their performance, and exercise rights to sanction poor performance or unethical behavior and approval of engineering degree programs.
15. Internal restructuring KCAA by December 31, 2012 and eventual separation of its service provision from its oversight function by December 31, 2014	Achieved partially. The KCAA Board of Directors approved and management executed internal restructuring resulting in improvement of remuneration of the technical staff approved by GoK. KCAA has subsequently been able to attract the required technical staff. A consultant selected to assist in the separation of service provision from the oversight function. The revised date for eventual separation is December 31, 2015.
16. Operationalize Kenya Maritime Authority (KMA).	Achieved. The KMA established and operational with the mandate to coordinate, regulate and oversee maritime affairs. The project is supporting its strengthening.
17. Approval of the integrated national transport policy	Achieved. Approved by Parliament and adopted.
18. Redefine the roles of KURA, KeRRA and KRB under the new constitution.	In progress. With devolution of power to county governments, the ownership and management of roads other than national highways needs to be redefined. MoTI has examined various options and recommended a preferred option for parliamentary discussion and endorsement before implementation.
19. Revision of road design manuals	In progress. Drafts prepared with the support from the European Union. MoTI is reviewing them before they are finalized and adopted.

Annex 4: Revised Project Costs and Financing Plan (US\$ million)

KENYA: Transport Sector Support Project- Additional Financing

Component	Original		Costs		Add.	Revised Financing Plan		
	Category	IDA	Appraisal	Revised	Credit	IDA	GoK	AFD*
A. Support to KeNHA to Rehab & Improve Roads, roadside facilities, road safety and Inst. Strengthening.								
1(a). Rehabilitation of Kisumu-Kakamega (47km of which 10 km is dual) and expanded scope of interchanges at A1/C34 and A1/C39 and a new interchange at Majengo ¹	Works	46.09	61.45	66.38	20.29	66.38	0.00	0.00
(b). Dual carriageway start of A1 in Kisumu to Mambaleo (New)		0.00	0.00	13.50	13.50	13.50	0.00	0.00
2. Rehabilitation of Kakamega-Webuye (40km) ²	Works	25.95	34.60	38.37	12.42	38.37	0.00	0.00
3. Rehabilitation of Webuye-Kitale (60km) ³	Works	35.25	47.00	51.51	16.26	51.51	0.00	0.00
4. Construct Athi-River-Machakos Turnoff (21km)	Works	21.75	29.00	31.00	9.25	31.00	0.00	0.00
5. Rehab. of Maji ya Chumvi - Bachuma Gate (53km)	Works	37.50	50.00	50.44	12.94	50.44	0.00	0.00
6. Construct access roads to the proposed KCAA Headquarters, KeNHA & road sector institutions and EASA (New)	Works	0.00	0.00	3.00	3.00	3.00	0.00	0.00
7. Construction of Interchanges								
(a) Nakuru-Njoro Turnoff; Nakuru-Nyahururu turnoff; and Mau Summit-Kericho turnoff (expanded scope)	Works	11.25	15.00	31.00	19.75	31.00	0.00	0.00
(b) Ahero-Kisii Turnoff	Works	3.75	5.00	10.00	6.25	10.00	0.00	0.00
8. Construct HQ Complex for KeNHA and other road institutions	Works	11.25	15.00	18.00	6.75	18.00	0.00	0.00
9. Roadside amenities and Road safety	Works	7.95	10.60	10.60	2.65	10.60	0.00	0.00
10. Implementation of the Resettlement Action Plan, Relocation of Services and Land Acquisition		0.00	0.00	20.00	0.00	0.00	20.00	0.00
Sub total (Works)		200.74	267.65	343.80	123.06	323.80	20.00	0.00
11. Feasibility and detailed designs of Kisumu-Kakamega-Webuye-Kitale road	Cons	0.00	0.00	5.00	0.00	0.00	5.00	0.00
12. Supervision of works								
(a) Kisumu-Webuye-Kitale (147km)	Cons	6.86	7.00	10.50	3.64	10.50	0.00	0.00
(b) Athi-River-Machakos Turnoff (21km)	Cons	1.47	1.50	2.50	1.03	2.50	0.00	0.00
(c) Maji ya Chumvi - Bachuma Gate (53km)	Cons	2.45	2.50	3.00	0.55	3.00	0.00	0.00
(d) Interchanges (No. 4)	Cons	1.18	1.20	1.80	0.62	1.80	0.00	0.00
(e) Supervision of the construction of access roads to KCAA Hq., road sector institutions and EASA (New)	Cons	0.00	0.00	0.46	0.46	0.46	0.00	0.00
(f) Supervision of Construction of HQ complex for KeNHA and other road institutions	Cons	0.98	1.00	1.50	0.52	1.50	0.00	0.00

	Original		Costs		Add.	Revised Financing Plan		
Component	Category	IDA	Appraisal	Revised	Credit	IDA	GoK	AFD*
13. Feasibility and Design Studies and TA (a) Isebania-Kisii-Ahero (b) Nakuru-Nyahururu-Nyeri (c) Mombasa Northern Bypass (d) Lake Victoria Ring Road (e) Nakuru-Loruk-Marich Pass (f) Kisian - Busia (g) Mapping of entire Northern Corridor from Msa - Malaba and formulation of bid documents for concessioning of selected sections (h) Malindi-Madogo-Garissa	Cons	14.70	15.00	15.00	0.30	15.00	0.00	0.00
14. Institutional strengthening/TA - Strengthening the capacity of KeNHA and related road sub-sector institutions	Cons	4.90	5.00	5.00	0.10	5.00	0.00	0.00
15. Marking boundaries of RoW and Securing KeNHA's road assets	Cons	1.18	1.20	3.00	1.82	3.00	0.00	0.00
Sub total (Consultancy Services)		33.72	34.40	47.76	9.04	42.76	5.00	0.00
16. Purchase of equipment, goods and vehicles	Goods	1.96	2.00	2.00	0.04	2.00	0.00	0.00
17. Capacity building and Training of staff in ⁴ (a) KeNHA	Trainin g/Goods	1.50	1.50	1.50	0.00	1.50	0.00	0.00
(b) External Resources Department (ERD) and		0.00	0.00	0.56	0.11	0.56	0.00	0.00
(c) The State Law Office		0.00	0.00	0.20	0.20	0.20	0.00	0.00
Sub total (Training)		1.50	1.50	2.26	0.31	2.26	0.00	0.00
18. Operating costs	Op	0.00	1.00	5.00	0.00	0.00	5.00	0.00
Total - Component A: Support to KeNHA		237.91	306.55	400.82	132.46	370.82	30.00	0.00
B Support to the Ministry of Transport and Infrastructure (MoTI) and Kenya Roads Board (KRB)								
<i>Support to the State Department of Infrastructure</i>								
1.Support to the MoTI on its realignment with new constitution	Cons	1.96	2.00	0.50	0.00	0.50	0.00	0.00
2. Support to EBK	Cons	0.49	0.50	0.25	0.00	0.25	0.00	0.00
3. Support to NCA	Cons	0.00	0.00	0.50	0.00	0.50	0.00	0.00
4. Inventory of unclassified roads (KRB)	Cons	2.94	3.00	4.00	1.06	4.00	0.00	0.00
5. Project monitoring/TA and sector coordination [MoTI(I)]	Cons	2.16	2.20	2.20	0.04	2.20	0.00	0.00
Sub total (Consultancy Services)		7.55	7.70	7.45	1.10	7.45	0.00	0.00
6. Provision of equipment to the state dept. of Infrastructure	Goods	0.00	0.00	0.50	0.00	0.50	0.00	0.00
7 Provision of equipment to NCA	Goods	0.00	0.00	1.00	1.00	1.00	0.00	0.00
8. Provision of equipment to EBK	Goods	0.00	0.00	0.25	0.00	0.25	0.00	0.00
9. Provision of equipment to Materials dept and KIHBIT	Goods	0.00	0.00	0.60	0.14	0.60	0.00	0.00
Sub total (Goods)		0.00	0.00	2.35	1.14	2.35	0.00	0.00
10. Training and capacity building [KRB, MoTI (I)]	Trainin	0.50	0.50	0.60	0.04	0.60	0.00	0.00

	Original		Costs		Add.	Revised Financing Plan		
Component	Category	IDA	Appraisal	Revised	Credit	IDA	GoK	AFD*
	g							
11. Operating costs [MoTI(I)]	Op	0.00	0.20	0.30	0.00	0.00	0.30	0.00
Sub total for State Dept. of Infrastructure		8.05	8.40	10.70	2.28	10.40	0.30	0.00
<i>Support to the State Department of Transport</i>								
12. Technical Assistance to support implementation of National Integrated Transport Sector Policy, including: (a) Setting up of the National Road Transport and Safety Authority and support for the National Road Safety Program; (b) setting up of Nairobi Metropolitan Transport Authority; (c) establishing the legal and regulatory framework for Land Transport; and (d) strengthening KMA's capacity in coordinating maritime search and rescue. 5	Cons	1.96	2.00	1.46	0.00	1.46	0.00	0.00
13. Transport sector studies, including, among others, (a) the development of an urban transport sector strategy; and (b) development of integrated maritime policy (\$0.5m) ⁶	Cons	1.96	2.00	1.46	0.00	1.46	0.00	0.00
14. Development of Navigation Charts for Kenya's Coastline (KMA)	Cons	1.96	2.00	2.00	0.00	2.00	0.00	0.00
15. Supervision of works (Hangar)	Cons	0.69	0.70	0.82	0.00	0.82	0.00	0.00
16. Strengthening maritime oversight function- TA (KMA)	Cons	0.47	0.48	0.48	0.00	0.48	0.00	0.00
17. Training staff for Marine Training at Kisumu	Cons	0.47	0.48	0.70	0.00	0.70	0.00	0.00
18. Assess, design and supervising repairs of MV Reli vessel for the Marine Training Institute at Kisumu	Cons	0.00	0.00	1.00	0.92	1.00	0.00	0.00
Sub total (Consultancy Services)		7.51	7.66	7.92	0.92	7.92	0.00	0.00
19. Strengthening maritime oversight function (KMA)	Goods	1.00	1.02	1.02	0.02	1.02	0.00	0.00
20. Development of search and rescue capability at Lake Victoria, other inland waters and along the Coast	Goods	1.96	2.00	2.00	0.04	2.00	0.00	0.00
21. Equipment for hangar and others	Goods	1.27	1.30	2.00	0.23	2.00	0.00	0.00
22. Provision of equipment to Marine Training Institute at Kisumu	Goods	1.00	1.02	0.39	0.00	0.39	0.00	0.00
Sub total (Goods)		5.23	5.34	5.41	0.29	5.41	0.00	0.00
23. Expansion and renovation of the existing marine training facilities and repairs of MV Reli at Kisumu	Works	0.38	0.50	2.71	1.72	2.71	0.00	0.00
24. Strengthen Air Accident Investigation Capacity (Construct Hangar and fence)	Works	3.45	4.60	4.60	1.15	4.60	0.00	0.00
Sub total (Works)		3.83	5.10	7.31	2.87	7.31	0.00	0.00
25. Training and capacity building [MoTI(T)] including Air Accident Investigations Dept	Train	0.90	0.90	0.90	0.00	0.90	0.00	0.00

	Original		Costs		Add.	Revised Financing Plan		
Component	Category	IDA	Appraisal	Revised	Credit	IDA	GoK	AFD*
26. Operating Costs [MoTI(T)]	Op	0.00	0.10	0.30	0.00	0.00	0.30	0.00
Sub total - State Department of Transport		17.47	19.10	21.84	4.08	21.54	0.30	0.00
Total Component B - Support to MoTI and KRB		25.51	27.50	32.54	6.36	31.94	0.60	0.00
<i>C. Support to the Kenya Airports Authority</i>								
<i>C 1: Support to Major Airports</i>								
1. Rehabilitation of runway at Moi International Airport including Airfield Ground Lighting,& Remediation of sink holes	Works	11.10	56.00	70.00	0.00	0.00	5.00	65.00
2. Power supply up-grade Moi Inter. Airport Mombasa	Works	0.00	12.00	6.56	0.00	6.56	0.00	0.00
3. Augment Water supply to JKIA	Works	0.00	5.00	2.00	0.00	0.00	2.00	0.00
4. Augment water supply to MIA	Works	0.00	2.00	1.00	0.00	0.00	1.00	0.00
Sub total (Works)		11.10	75.00	79.56	0.00	6.56	8.00	65.00
5. Feasibility study and detailed design of rehabilitation of the runway at MIA	Cons	0.00	0.00	1.00	0.00	0.00	1.00	0.00
6. Update of design and bidding documents for airside pavements rehabilitation at MIA	Cons	0.00	0.00	1.10	0.00	0.00	1.10	0.00
7. Design and supervision of power upgrade for MIA	Cons	0.00	0.00	1.70	0.00	1.70	0.00	0.00
8. Supervision of rehabilitation of runway and remediation of sink holes at MIA	Cons	2.94	3.00	5.24	0.00	5.24	0.00	0.00
9. Design for Remediation of sink holes at MIA	Cons	0.00	0.00	0.50	0.00	0.00	0.50	0.00
10. Supervision of installation of Baggage Handling system at JKIA	Cons	0.00	1.48	0.00	0.00	0.00	0.00	0.00
11. Design & supervision of water supply & reticulation at JKIA and MIA	Cons	0.00	0.54	0.54	0.00	0.54	0.00	0.00
Sub total (Consultancy Services)		2.94	5.02	10.08	0.00	7.48	2.60	0.00
12. Baggage Handling System at JKIA ⁷	Goods	0.00	37.00	0.00	0.00	0.00	0.00	0.00
13. Strengthening Environmental management at Kenya Airports (Solid waste management)	Works/ Goods	0.00	0.00	1.00	0.00	0.00	0.00	1.00
Sub total (Goods)		0.00	37.00	1.00	0.00	0.00	0.00	1.00
14. Training and capacity building	Trainin g	1.00	1.00	1.00	0.00	1.00	0.00	0.00
15. Operating costs (Original)	Op	0.00	0.50	0.50	0.00	0.00	0.50	0.00
Sub total for Activities under Original Credit		15.04	118.52	92.14	0.00	15.04	11.10	66.00
<i>C 2: Emergency Activities at JKIA (New - under Additional Financing)</i>								
16. Supply & install Baggage Handling System (BHS) at the Parking Garage	Goods	0.00	0.00	3.47	3.47	3.47	0.00	0.00
17. Supply & install BHS and Assorted Equipment for Arrival Facility Next to T3 and arrival at T4	Goods	0.00	0.00	5.20	5.20	5.20	0.00	0.00

	Original		Costs		Add.	Revised Financing Plan		
Component	Category	IDA	Appraisal	Revised	Credit	IDA	GoK	AFD*
18. Supply & install Integrated Security Management System for Arrival Next to T3	Goods	0.00	0.00	1.50	1.50	1.50	0.00	0.00
19. Supply of Airside Buses	Goods	0.00	0.00	2.10	2.10	2.10	0.00	0.00
20. Supply of Mobile Weather Proof Steps	Goods	0.00		0.00	0.00	0.00	0.00	0.00
21. Supply of Fire Tenders (Airside)	Goods	0.00	0.00	2.70	2.70	2.70	0.00	0.00
22. Supply of Disaster Management & Emergency Response Equipment	Goods	0.00	0.00	3.00	3.00	3.00	0.00	0.00
Sub total (Goods)		0.00	0.00	17.97	17.97	17.97	0.00	0.00
23. Design, Supply and Installing of pre-fabricated (a) Level 1 Departure and Transit Lounge at T3; and (c) Arrival facility next to T3 and other related services	Works	0.00	0.00	22.00	22.00	22.00	0.00	0.00
24. Construction of a permanent Arrivals Facility to serve T4	Works	0.00	0.00	26.00	20.00	20.00	6.00	0.00
25. Strengthening Environmental management capacity (Solid waste management)	Works/ Goods	0.00	0.00	1.00	1.00	1.00	0.00	0.00
26. Immediate temporary Activities for restoration of operations at JKIA	Works/ Goods	0.00	0.00	15.00	0.00	0.00	15.00	0.00
Sub total (Works)		0.00	0.00	64.00	43.00	43.00	21.00	0.00
27. Consultancy services for Conducting an Assessment to determine measures of enhancing Disaster Management ⁸	Cons	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28. Consultancy services for Supervision of pre-fabricated installations (works)	Cons	0.00	0.00	2.00	2.00	2.00	0.00	0.00
29. Consultancy services for Assessing Structural integrity of T1 and Arrivals Building	Cons	0.00	0.00	0.03	0.03	0.03	0.00	0.00
Sub total (Consultancy Services)		0.00	0.00	2.03	2.03	2.03	0.00	0.00
30. Operating costs [Additional Financing -(AF)]	Op	0.00	0.00	0.50	0.00	0.00	0.50	0.00
Sub total for Emergency Activities at JKIA (New)		0.00	0.00	84.50	63.00	63.00	21.50	0.00
Total for component C (Original & AF) - KAA		15.04	118.52	176.64	63.00	78.04	32.60	66.00
D. Support to the Kenya Civil Aviation Authority								
1. Construction of an Office Block to House the Headquarters of KCAA	Works	4.50	6.00	10.50	0.84	10.50	0.00	0.00
2. Rehabilitation of the Examination Center (Restructured)	Works	0.00	0.00	0.15	0.00	0.15	0.00	0.00
Sub total (Works)		4.50	6.00	10.65	0.84	10.65	0.00	0.00
3. TA for aviation safety and security oversight	Cons	2.74	2.80	1.84	0.00	1.84	0.00	0.00
4. Construction Supervision of KCAA Headquarters	Cons	0.49	0.50	1.00	0.51	1.00	0.00	0.00
Sub total (Consultancy Services)		3.23	3.30	2.84	0.51	2.84	0.00	0.00
5. Equipment for upgrading Air Navigation systems	Goods	11.56	11.80	6.40	0.00	6.40	0.00	0.00

	Original		Costs		Add.	Revised Financing Plan		
Component	Category	IDA	Appraisal	Revised	Credit	IDA	GoK	AFD*
6. ICT upgrade	Goods	0.75	0.77	1.00	0.25	1.00	0.00	0.00
7. Equipment to enhance Aviation Safety and Security	Goods	0.00	0.00	0.81	0.06	0.81	0.00	0.00
Sub total (Goods)		12.32	12.57	8.21	0.31	8.21	0.00	0.00
8. Training and capacity building (KCAA)	Training	1.00	1.00	1.00	0.00	1.00	0.00	0.00
9. Operating costs	Op	0.00	0.20	0.50	0.00	0.00	0.50	0.00
Total for component D - KCAA		21.05	23.07	23.20	1.66	22.70	0.50	0.00
Grand Total Components (A, B, C, D)		299.51	475.64	633.20	203.50	503.50	63.70	66.00

* AFD has confirmed providing US\$66 million instead of US\$97.54 million as was envisaged at appraisal

**IDA funds reallocated among the original activities

Notes

1. Kisumu-Kakamega road section - the scope of works for road section A1/B1 to A1/C34 junction (4.5km) expanded to four lanes , scope of interchanges at A1/C34 and A1/C39 junctions expanded and a new interchange at Majengo township to improve road safety
2. Kakamega-Webuye road section - the scope of works on the interchange at Kaburengu A1/A104 expanded to improve road safety
3. Webuye-Kitale road section- the scope of works on the interchanges at Webuye A1/A104 and Kitale A1/B2 expanded to improve road safety
4. Allocation on training for KeNHA included ERD and the State Law Office, which was originally allocated under MoTI, State Dept. Of infrastructure
5. Setting up the Maritime Search and Rescue Unit is replaced with strengthening KMA's capacity in coordinating maritime search and rescue
6. The study on the development of air transport services at County and regional levels, including a network of viable air strips; and PPP in management of the port of Kisumu will be funded under Infrastructure Finance Public Private Partnership Project
7. Part of the financing of the supply and installation of the Baggage Handling System is included under the NCTIP as well as the Emergency activities at JKIA
8. The EIB will finance consultancy services contract on conducting an assessment to determine measures on enhancing disaster management capacity while US\$3 million from the additional credit will support implementing part of the recommendations.

Annex 5: Procurement Plan for Outstanding Activities

Kenya Transport Sector Support Project (KTSSP) – Additional Financing

KeNHA PROCUREMENT PLAN FOR THE FIRST 18 MONTHS

I GENERAL

1. Project information:
Country: Kenya
Borrower: Republic of Kenya
Project Name: Kenya Transport Sector Support Project (KTSSP)
Project ID: P146630
2. Bank's approval date of the Procurement Plan: February 27, 2014
3. Date of General Procurement Notice: DG Market 24th September 2010.

II WORKS

1. Prior Review Thresholds

No.	Procurement Method	Threshold for Procurement Method (US\$)	Prior Review (US\$)
1	ICB	≥ 5,000,000	All
2	LIB	All values	All
3	NCB	< 5,000,000 >100,000	None
4	Direct Contracting	<100,000	All
5	Shopping	< 100,000	None

Note:

ICB = *International Competitive Bidding*

LIB = *Limited International Bidding*

NCB = *National Competitive Bidding*

2. Postqualification of bidders: Post-qualification will be carried out for all civil works contracts unless specified otherwise.
3. Framework agreements: The use of Framework Agreements will apply. The type and cost of works will be defined and agreed between the Borrower and IDA prior to their inclusion in the procurement plan.
4. Public Private Partnership Arrangements: Procurement under Public Private Partnership Arrangements will apply in accordance with procedures which have been found to be acceptable to the Association.
5. Procurement Packages with Methods and Time Schedule

Ref. No.	Contract (Description)	Estimated Cost US \$ million	Proc. Method	Pre or Post qualif.	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date
PART A (REHABILITATION AND IMPROVEMENT OF ROADS, ROADSIDE FACILITIES AND ROAD SAFETY): IMPLEMENTED BY KeNHA							
1	Expansion of the Kisumu – Kakamega road section from A1/B1 junction to A1/C34 junction	13.5	ICB	Post	Yes	Prior	Jun 2014
2	Construction of access roads to the proposed headquarters for KCAA, KeNHA and others, and EASA	3	NCB	Post	Yes	Post	Aug 2014

III GOODS AND NON CONSULTING SERVICES

Not applicable to additional financing

IV SELECTION OF CONSULTANTS

1. Prior Review Thresholds

	Selection Method	Threshold for Proc. Method (US\$)	Prior Review
1	Quality and cost based selection (QCBS) (Firms)	No limit	≥ 200,000
2	Least Cost Selection (LCS)	No limit	≥ 200,000
3	Fixed Budget Selection (FBS)	No limit	≥ 200,000
4	Quality Based Selection (QBS)	No limit	≥ 200,000
5	Consultants qualification (CQS)	≤300,000	≥ 200,000
6	Single Source Selection (SSS - Firms)	No limit	All
7	Single Source Selection (SSS – Individual)	No limit	All
8	Individual Consultant (IC)	No limit	All

Note :

QCBS = Quality and Cost Based Selection.
 LCS = Least Cost Selection
 CQS = Consultant Qualification Selection
 FB = Fixed Budget Selection
 SSS = Single Source Selection
 IC = Individual Consultant

2. Short list comprising entirely of national consultants: Short list of consultants for services, estimated to cost less than \$200,000.00 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.
3. Public Private Partnerships: Procurement under PPPs will apply for activities related to the provision of transport infrastructure and services. The cost for such services will be defined and agreed between the Borrower and IDA prior to their inclusion in the updated procurement plan.
4. Indefinite Delivery Contracts or Price Agreements: The services for which contracts will apply will be defined and agreed between the Borrower and IDA prior to their inclusion in the updated procurement plan.
5. Procurement Packages with Methods and Time Schedule

Ref. No.	Description of Assignment	Estimated Cost US \$ million	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date
PART A (REHABILITATION AND IMPROVEMENT OF ROADS, ROADSIDE FACILITIES, ROAD SAFETY AND INSTITUTIONAL STRENGTHENING): IMPLEMENTED BY KeNHA					
1	Consultant services for design and supervision of access roads to the proposed headquarters for KCAA, KeNHA and others, and EASA	0.3	QCBS	Prior	Apr 2014

**PROCUREMENT PLAN FOR THE FIRST 18 MONTHS COVERING CONTRACTS
UNDER
(Emergency Activities at JKIA)**

I. GENERAL

1. Project information:

Country: Kenya
 Borrower: Republic of Kenya
 Project Name: Kenya Transport Sector Support Project (KTSSP): Additional
 Financing under Emergency Operations
 ID: P146630
 PIA: Kenya Airports Authority

2. Bank's approval Date of the procurement Plan: February 27, 2014

3. Date of General Procurement Notice: October 8, 2013

I. Goods and non-Consulting Services

1. Prior Review Thresholds:

No.	Procurement Method	Threshold for Procurement Method (US\$)	Prior Review (US\$)
1.	ICB	≥ 3,000,000	All
2.	LIB	All values	All
3.	NCB	< 3,000,000	None
4.	Direct Contracting	All Values	All
5	Shopping	< 100,000	None

Note:

ICB = International Competitive Bidding
 LIB = Limited Competitive Bidding
 NCB = National Competitive Bidding

2. Prequalification. N/A

3. Proposed Procedures for CPP Components (as per paragraph. 3.17 of the Guidelines: N/A

4. Reference to (if any) Project Operational/Procurement Manual: N/A

5. Any Other Special Procurement Arrangements: N/A

6. Procurement Packages with Methods and Time Schedule

7. To facilitate immediate and rapid response emergency operations, the Bank approved higher levels of delegation of procurement actions to the Borrower, and within the Bank, through the delegation by the Regional Procurement Manager of higher levels of approval authority to Bank Procurement Specialists and the task team to allow for the use of direct contracting, shopping and simpler procurement methods for the delivery of urgently needed services and goods in accordance with OP/BP 8.00. The rapid procurement methods approved includes inter alia; (a) use of already mobilized civil works contractors and suppliers of goods; (b) sole sourcing or Consultants Qualifications Selection (CQS) for contracting firms already working in the area and which have a proven track record for the provision of technical assistance; and (c) extending contracts issued under existing projects for similar activities by increasing their corresponding contract amounts. To mitigate any likely risks, the Bank assessed the capacity of the counterpart agencies and will continue to support them by intensifying supervision efforts through frequent missions and ex-post reviews and by continuously addressing any performance issues that may be identified.

Ref. No.	Contract (Description)	Proc. Method	Pre or Post qualif.	Review by Bank (Prior / Post)	Expected Bid-Opening Date
1	Goods				
1.1	Baggage handling System to the parking garage	Direct Contracting	Post	Prior	N/A
1.2	BHS and assorted equipment for arrival facility next to T3 and T4 arrivals	Direct Contracting	Post	Prior	N/A
1.3	Integrated Security Management System for arrival next to T3, and grade parking	Direct Contracting	Post	Prior	N/A
1.4	Airside buses (7 No.)	Shopping	Post	Prior	Done, Oct-2013
1.5	Fire Tenders (3 No.)	Shopping	Post	Prior	Done, Oct-2013
1.6	Supply of Disaster Management and Emergency Response Equipment	ICB	Post	Prior	April-2014
	Total				

III Works.

No	Procurement Method	Threshold for Procurement Method (US\$)	Prior Review
1.	ICB	≥ 15,000,000	All
2.	NCB	<15,000,000	None
3.	Direct Contracting	All	All
	Shopping	<200,000	None

Note:

ICB = International Competitive Bidding

NCB = National Competitive Bidding

Ref. No.	Contract (Description)	Proc. Method	Pre or Post qualif.	Review by Bank (Prior / Post)	Expected Bid-Opening Date
3	Works				
3.1	Design supply and installation of holding lounge above T3, and arrivals terminal next to T3	ICB	Prior	Post	Done, Oct-2013
3.2	Construction of a concrete structure arrivals unit for T4	Direct contracting	Post	Prior	Done, Oct-2013
	Total				

IV Selection of Consultants

1. Prior Review Threshold:

	Selection Method	Threshold for Proc. Method (US\$)	Prior Review
1	QCBS (Firms)	All	≥1,000,000
2	Least Cost Selection (LCS)	All	≥ 1,000,000
3	Consultants qualification (CQS)	< 300,000	None
4	Single Source (Firms)	All	All
5	Single Source (Individual)	All	All
6	Individual Consultant (IC)	All	≥300,000
7	Fixed Budget Selection (FBS)	All	≥ 1,000,000

Note :

QCBS	=	Quality and Cost Based Selection.
LCS	=	Least Cost Selection
CQS	=	Consultant Qualification Selection
FB	=	Fixed Budget Selection
SSS	=	Single Source Selection
IC	=	Individual Consultant

2. **Short list comprising entirely of national consultants:** Shortlists for contracts estimated to cost less than or equal to US\$300,000 equivalent per contract in engineering and supervision may consist of only national firms.
3. **Any Other Special Selection Arrangements:** As much as practically possible, a number of contracts will be awarded by amending on-going contracts through Addenda provided that the contractor/supplier/consultant of on-going contract has a track record of good performance. This will facilitate to fast track the procurement process to enable the Government to normalize the operation of the Airport.
4. The threshold for the use of CQS method applies to consultancy services contracts estimated to cost less than US\$300,000 equivalent. However for the emergency component under this project, the Bank has agreed to increase the threshold to more than US\$300,000, since it is deemed necessary to use this method

Ref. No.	Description of Assignment	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date
5	Consultancy			
5.1	Consultancy services for design and supervision of emergency works	Single Sourcing	Prior	Done, Sept. 30, 2013
5.2	Carrying out an assessment of the damage by fire incident	Single Source	Prior	Done, Sept. 30, 2013
	Total			

Annex 6: Revised Results Framework and Monitoring

Revisions to the Results Framework		Comments/ Rationale for Change
PDO		
<i>Current (PAD)</i>	<i>Proposed</i>	
(a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-South Sudan road corridor; (b) enhance aviation safety and security to meet international standards; and (c) improve the institutional arrangements and capacity in the transport sector.	(a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-South Sudan road corridor; (b) enhance aviation safety and security to meet international standards; (c) improve the institutional arrangements and capacity in the transport sector; (d) restore the capacity of the international passenger terminal destroyed in a fire at JKIA; and (e) strengthen the capacity of KAA in disaster preparedness and responsiveness at Kenyan airports.	Incorporate new and additional activities associated with restoring international passenger terminal facilities at JKIA to the PDO
PDO indicators		
<i>Current (PAD)</i>	<i>Proposed change</i>	
Indicator One: Reduction in average travel time from Kisumu to Kitale.	Continued.	No change
Indicator Two: Reduction in vehicle operating costs on Kisumu – Kitale road.	Continued	No change
Indicator Three: Direct beneficiaries: (i) Road users per day (of which female) (ii) Passengers p.a.(MIA) in million (of which female)	Continued	No change
Indicator Four: Kenya meets ICAO standards and recommended practices and KCAA cleared for IASA Category 1 safety status	Continued	No change
Indicator Five: Improved institutional arrangements and capacity in the transport sector (i) NCA established and functional; (ii) Engineer's Act passed and effective; (iii) Maritime rules and regulations developed and in use; (iv) National Transport Safety Authority established and functional (v) KCAA restructured (vi) Maritime Search and Rescue Unit established (vii) Regulatory framework for railway sub sector developed (viii) Search and rescue capability on L. Victoria enhanced	Indicator five (item vi) modified to strengthening KMA's search and rescue coordination capacity. Indicator five (item vii) expanded to cover land transport.	Slight modification to one of the eight result indicators
Indicator Six: Number of road crashes	Continued	No change

Revisions to the Results Framework		Comments/ Rationale for Change
reduced along the Kisumu Kitale corridor.		
	Indicator Seven: (New): JKIA meets ICAO and TSA aviation security and service level standards.	To conform to new and additional PDO
Intermediate Results indicators		
Intermediate Result (Component One): Improved road infrastructure on 231 km of selected priority road sections along the Tanzania-Kenya-Sudan and Northern Corridor and junctions		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
<i>Intermediate Result indicator One:</i> Roads rehabilitated (non-rural)	Continued	No change
<i>Intermediate Result indicator Two:</i> Roads constructed (non-rural)	Continued	No change
<i>Intermediate Result indicator Three:</i> Road length in good and fair condition as a percentage of the total classified network in the project area [non-rural, Northern Corridor (Mombasa – Malaba) 930 km and Tanzania-Kenya-Sudan Corridor (Isebania – Nadapal) 894 km in Kenya] 1) Northern Corridor 2) TZ-Kenya-Sudan	Continued	No change
Intermediate Result (Component Two): Management and governance improved in the transport sector and local construction industry		
<i>Intermediate Result indicator One:</i> Draft Bill for NCA and ERB presented to parliament, and rules and regulation for KMA developed	Continued	No change
<i>Intermediate Result indicator Two:</i> Feasibility and engineering designs studies completed to acceptable standards and covering 1,150 km	Continued	No change
<i>Intermediate Result indicator Three:</i> Studies on impact and roles of (new) institutions completed	Continued	No change
<i>Intermediate Result indicator Four:</i> Marking the boundaries for Right of Way and secure KeNHA's road assets (Class A roads) -3,500 km completed	Continued	No change
<i>Intermediate Result indicator Five:</i> Navigational charts for Kenyan Coast developed to acceptable international standards and in use	Continued	No change
<i>Intermediate Result indicator Six:</i> Air accident investigation hangar constructed, equipped and staff trained	Continued	No change
Intermediate Result (Component Three): Improved quality of runway and power supply upgrade at Moi International Airport		
<i>Intermediate Result indicator One:</i> Area on the runway, aprons and taxiways completed to international standards	Continued	No change
<i>Intermediate Result indicator Two:</i> Electrical cabling for power supply and lighting system at Moi airport completed and power supply to	Continued	No change

Revisions to the Results Framework		Comments/ Rationale for Change
MIA secured		
Intermediate Result (Component Four): Improved operating capacity of KCAA		
<i>Intermediate Result indicator One:</i> Aviation Safety Inspectors in compliance with ICAO standards and IASA category 1 safety status	Continued	No change
<i>Intermediate Result indicator Two:</i> Construction of KCAA Office block	Continued	No change
Intermediate Result (Component Three –New): Restore the capacity of the international passenger terminal lost in a fire at JKIA, and strengthening the capacity of KAA in disaster preparedness and responsiveness at Kenyan airports.		
<i>Intermediate Result indicator One:</i> International passenger terminal facilities constructed.	New	To conform to new and additional activities
<i>Intermediate Result indicator Two:</i> Arrivals facility constructed and in service at Terminal 4	New	To conform to new and additional activities
<i>Intermediate Result indicator Three:</i> A disaster preparedness and response system developed and in use at airports	New	To conform to new and additional activities
<i>Intermediate Result indicator Four:</i> Number of Kenyan airport personnel trained in disaster preparedness and responsiveness	New	To conform to new and additional activities

Annex 7: Summary of Tables

Economic Analysis

Table 9 (Annex 7): Economic Evaluation of Rehabilitation and improvement of road sections

Road Section Number	Road Section Name	Section Length (km)	Road Works Description	Road Works Cost* (US\$m)	Net Present Value (US\$m)	ERR (%)	Revised Road Works Cost (US\$m)	Percent Increase In Cost (%)
1	Kisumu –Kakamega	47.00	Rehabilitation	61.45	1.80	20%	79.88	30.0
2	Kakamega –Webuye	40.00	Rehabilitation	34.60	30.70	63%	38.37	10.9
3	Webuye – Kitale	60.00	Rehabilitation	47.00	10.00	42%	51.51	9.6
4	Athi River-Machakos Turnoff (2011)	21.00	Widening	29.00	15.10	60%	31.00	6.9
5	Bachuma Gate-Maji ya Chumvi	53.00	Rehabilitation	50.00	1.90	25%	50.44	0.9
	Total	231.00		222.05	59.5	20-60%	251.2	13.1

* At appraisal

Table 10 (Annex 7): Overall Original and Revised Financing Plan

Financier	Financing Plan (US\$ million)				Increase/(Decrease)
	Original	%share	Revised	%share	US\$ million
IDA	300.00	62.80	503.50	79.5	203.50
AFD	97.54	20.40	66.00	10.4	(31.54)
GoK/KAA	80.22 ¹	16.80	63.70 ²	10.1	(16.52)
Total	477.76	100.00	633.20	100.00	

Note

1. The costs did not include payments toward land acquisition, compensation of project affected persons, and relocation of services which are met by the GoK, though the amount included incremental project operating costs.
2. Includes costs associated with land acquisition, compensation of project affected persons, and incremental project operating costs.

Table 11 (Annex 7): Revised Project Costs and Financing

Revised Project Component	Revised cost	IDA Financing (US\$m)			% of total	(US\$m)	
	(US\$m)	Original	Additional	Revised		GoK*	AFD
A. Support to KeNHA to Rehabilitate and Improve Roads, Roadside facilities, enhance Road Safety and Institutional Strengthening	400.16	237.91	132.46	370.82	73.7	30.00	0.00
B. Support to the MoTI							
Support to State Department of Infrastructure	11.36	8.54	2.28	10.40	2.0	0.30	0.00
Support to State Department of Transport	21.84	17.46	4.08	21.54	4.3	0.30	0.00
	33.20	26.00	6.36	31.94	6.3	0.60	0.00
C. Support to KAA							
1. Original activities	92.14	15.04	0.00	15.04		11.00	66.00
2. New activities (Emergency and improvement)	84.50	0.00	63.00	63.00		21.50	0.00
	176.54	15.04	63.00	78.04	15.5	32.50	66.00
D. Support to KCAA	23.20	21.05	1.66	22.70	4.5	0.50	0.00
Total Costs and Financing Required	633.20	300.0	203.50	503.50	100.00	63.60	66.00

Note * Overall, GoK will finance 10.1% of the total cost of the project to cover relocation of services, land acquisition and implementation of RAPs costs

KENYA: Transport Sector Support Project- Additional Financing