



REPUBLIC OF KENYA

**THE NATIONAL TREASURY AND ECONOMIC
PLANNING**

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS –ADDITIONAL FINANCING
(IFPPP-AF)**

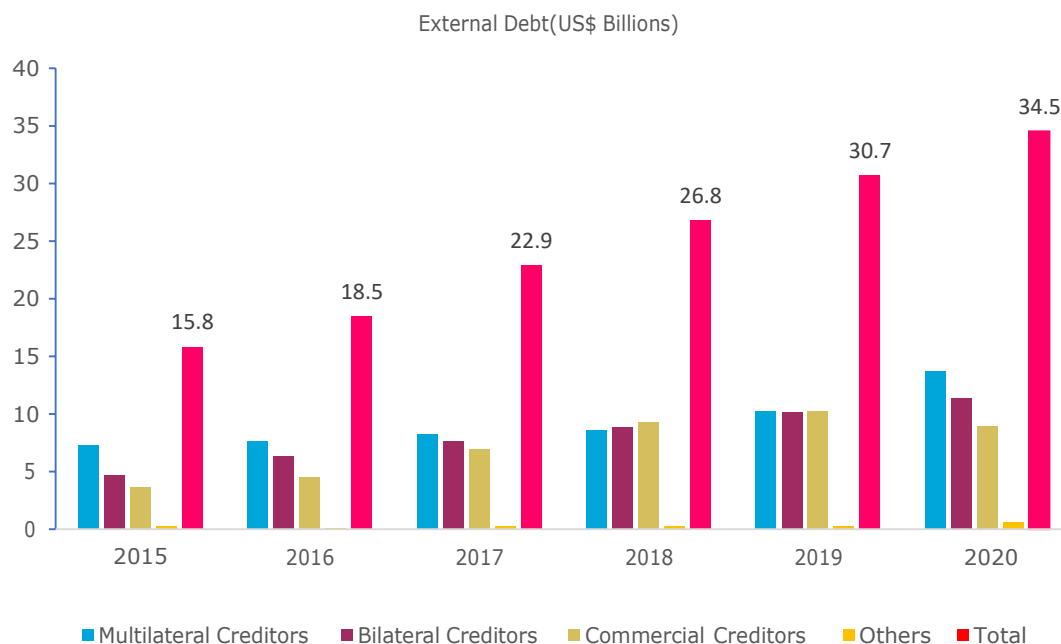
**CONSULTANCY SERVICES FOR THE DEVELOPMENT OF A NATIONAL
INFRASTRUCTURE PLAN**

March 2024

1. Background

In 2007, the Government of Kenya (GoK) developed and adopted the Vision 2030 as the development blueprint for the period 2008-2030. The objective of the blueprint was to transform Kenya into a newly industrializing and middle-income country by 2030. Its implementation was to be achieved through rolling five-year medium-term plans (MTPs), the first of which was to cover the period 2008-2012. The blueprint was developed through a deeply consultative process that involved the private sector, public sector and civil society. The blueprint put forward projects for implementation. These projects were identified based on their potential to increase the country's global competitiveness; to promote growth and to attract more investment locally and internationally.

Since its adoption, Vision 2030 has been implemented with mixed success. In that regard, infrastructural spend has fallen short of targets. For instance, the World Bank estimated that Kenya ought to spend US\$4 billion¹ per annum, if it were to meet the United Nations Sustainable Development Goals (SDG). As of 2018, the deficit in annual infrastructure spend was estimated at US\$2.1 billion. This deficit constrains growth and development. As a result, mobilization of private capital to plug the deficit has become critical especially in the context of the growing public debt stock², which is illustrated in the figure below:

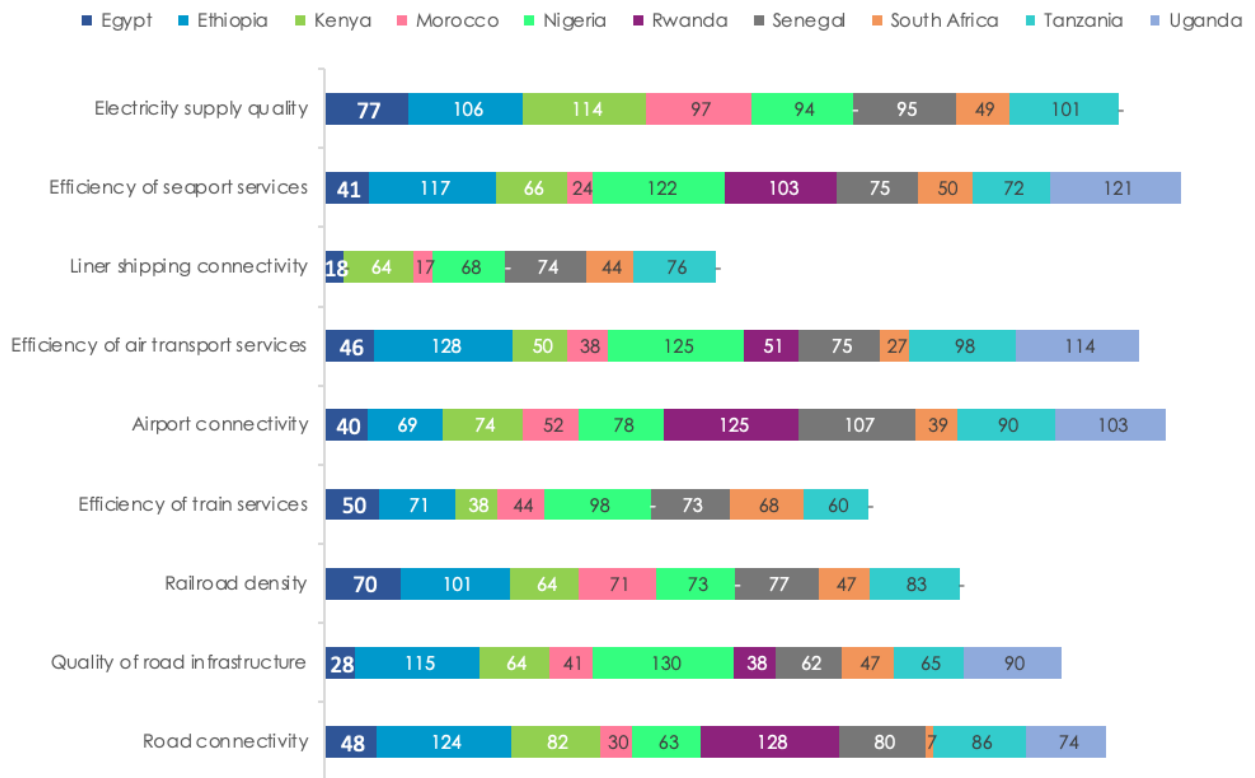


Further evidence of the infrastructural deficit is provided by the World Economic Forum³, which indicates that Kenya, in some respects, lags behind key regional and continental competitors as illustrated in the figure below:

¹ World Bank Brief: Kenya Enabling Private Sector Participation in Infrastructure and Social Services

² IMF External Debt Analysis 2020

³ WEF Global Competitiveness Report 2020



With respect to the quality of electricity supply, Kenya is ranked 114 out of 144 countries, trailing some East African Community (EAC) countries such as Tanzania and other competitors such as Ethiopia, Egypt, South Africa and Nigeria. In as far as efficiency of seaport services are concerned, major non-landlocked competitors such as Egypt, Morocco and South Africa are ranked considerably higher than Kenya. With regard to liner shipping connectivity, Kenya is ranked 64th, far behind Egypt, Morocco and South Africa, although ahead of Nigeria, Senegal and Tanzania. A similar picture emerges with regard to airport connectivity; efficiency of air transport services railroad density.

After electricity supply quality, Kenya's other poorest performing parameter is road connectivity where it is ranked 82nd, coming behind countries such as Uganda, Senegal and Nigeria. Overall, while Kenya is ranked higher than EAC neighbours in many of the infrastructural competitiveness parameters, the quality of its infrastructure trails significantly that of key continental competitors for Foreign Direct Investment (FDI) such as Morocco, South Africa and Egypt. This is a pointer to the scale of investment that will have to be made to further boost the country's competitiveness.

2. Rationale for a National Infrastructure Plan

As indicated in 1 above, infrastructural investment has fallen behind target yet infrastructure underpins the economy and is vital for jobs and businesses. Although long-term in nature, infrastructure also supports jobs in the short-term and stimulates the economy. It is, therefore, important to put in place a plan that brings together short-term goals with long-term plans. In addition, the Vision 2030 implementation period has only one more MTP before it lapses. It is, therefore, an opportune time to formulate a long-term Plan for the development of key economic infrastructure for the following reasons:

- a) It is crucial that current demands are met through the renewal of existing infrastructure by way of maintenance and upgrades to maximize the benefits and returns from earlier investments;
- b) It is necessary to provide for future demands on account of population growth and demographics;
- c) The Plan is essential to the growth of a competitive economy through further investment in infrastructural networks, particularly in ports, airports, roads, railways, energy, water and sanitation, social and ICT/communication;
- d) To provide a basis for a response to the risks posed by climate change to infrastructural assets and energy security;
- e) To support the country's quest to tap into the benefits of the EAC economic block, which is now a market of 266 million people and a GDP of US\$243 billion, whilst fending off emerging competitive pressures;
- f) To provide a comprehensive approach to infrastructure in both the relatively short-term and the long-term through providing a basis for planning, prioritization and delivery;
- g) To identify the right priorities, focusing on priority investments and underlying key projects and programmes in each sector that deliver nationally significant infrastructure, drive growth and unlock private investment;
- h) To get the right financing in place and recognizing that public financing on its own will not deliver the critical infrastructure at scale and on time, identify projects that are good candidates for PPP financing; and
- i) To provide a basis for tracking and monitoring the delivery of critical infrastructure.

3. Scope of Work

On the basis of the justification set out in 2 above, the National Treasury intends to engage a Consultant to support the formulation of the proposed National Infrastructure Plan. The Consultant will be expected to work closely with key ministries, departments and agencies with an infrastructural delivery mandate such as transport, ICT, energy and water sanitation, and with other relevant stakeholders such as development finance institutions, industry associations, etc, to identify the options for future investment in nationally significant economic infrastructure. The scope of work will include:

- a) Based on Ministry project inventories and pipelines, review, consult relevant stakeholders and prioritize the infrastructural challenges over the next 2-3 decades that could serve to constrain or drive economic growth in the country. This should draw on lessons from international experience where relevant;
- b) Consider the priority outcomes in light of long-term infrastructure policy including relevant international commitments of the country that best respond to the challenges identified above and improve the economy's competitiveness through investments in areas such as connectivity to markets;
- c) Consider the way in which existing long-term investment plans are helping to address the challenges and targeting the outcomes identified, and identify where there are any gaps;
- d) Explore the strategic options for future infrastructure investment in the country to address the gaps identified. This should consider how to make better use of the country's existing economic infrastructure, what investment in new infrastructure may be required, and how new technologies may impact on these

- choices;
- e) Stress test the recommended options under a range of affordability scenarios for the next 2-3 decades and highlight to government whether the conclusions of the review change materially under these different scenarios;
 - f) Stress test the recommended options under a range of sustainability scenarios and criteria (including ESHS considerations that take into account Kenya national laws, international commitments, and stakeholder views, and the guidance provided by the requirements of international financiers including the Equator Principles;); and highlight to government how these considerations affect priorities and planning; condense the recommended options above into a pipeline of proposed projects including any technical and ESHS flags and outline their sequencing;
 - g) Articulate the strategic and economic case for the identified projects based on a consistent appraisal methodology;
 - h) Estimate the capital costs of the identified project pipeline and propose an investment schedule for its delivery;
 - i) Propose options for funding and financing, including mobilization of private finance, in away that minimizes the taxpayer burden, and ensures those that benefit most bear a fairshare of the cost;
 - j) Propose a framework to monitor the delivery of the project pipeline on cost and time; and depending on the nature of the pipeline and level of development of the priorities identified in the draft NIP, undertake one or more high-level environmental and social assessment (SESA) of key sectors and/or candidate projects or programs aligned with Environmental and Social Standards and flag potential challenges, so as to ensure the resultant project pipeline (included in the final NIP) is in accord with existing and emerging environmental and social protocols (including Kenya Standards and Equator Principles/OP 4.03)

4. Qualifications

The Consultant will be expected propose a clear and concise methodology to facilitate the evaluation of their proposal. The Consultant will propose the contents of the NIP. The NIP will include a summary report covering economic and social infrastructure sectors with priority projects, strategy, cross sector linkages, environmental, social and overall sustainability challenges and considerations, implementation roadmap, monitoring, etc.; and sector reports with sector analysis, basis for investments, sector strategy, etc. In addition, the following elements of the proposal will be critical:

(i) **Experience of the firm**- the expectation is that the Consultant should be a leading infrastructure consultancy firm with deep experience in the formulation of national strategic plans and with exposure to key economic infrastructural sectors across the globe; and

(ii) **Key Experts**

The consultant shall propose experts including urban planners, engineers, environmental specialists, financial modelers and strategic advisors, one of which would be the Team Lead. The key experts should have a minimum of a Bachelor's degree qualification and at least 10 years' professional experience in the relevant field. The Team Leader should have a minimum of a Master's degree qualification and at least 20 years' professional experience in the relevant field. Key skills of experts must include urban and master planning, project finance, Financial modelling, environmental and social planning, PPP and economic planning.

5. Duration of the Assignment

It is estimated that the consultancy services would require a period of not more than 12 months. Bidders are expected to include, as a part of their proposal, anticipated dates of delivery. Bidders are expected to provide a comprehensive and detailed Project Implementation Plan, preferably using Microsoft Project, or equivalent software, indicating all the key tasks, deliverables, milestones, responsibilities, timetables and critical path for successful project implementation. This detailed plan will be discussed and agreed with client before signing the contract. In addition, the Consultant shall submit an Inception Report including an updated detailed work plan for project implementation, covering tasks and responsibilities of its team members and of all parties involved not just the Consultant’s personnel in the Project.

6. Deliverables, Timelines and Payments

The deliverables and timelines of the assignment are as represented in the table below. The Consultant shall submit an Inception Report including an updated detailed work plan for assignment implementation, covering tasks and responsibilities of all parties involved not just the Consultant’s personnel.

No	Deliverable	Due Date	Payment Percentage
1	Inception Report and work plan	2 weeks from kick off meeting	15%
2	Draft NIP	Month 4	20%
3	Updated Draft NIP	Month 10	30%
4	Final NIP	Month 12	35%

7. Data, Service, Personnel and Facilities to be provided by the Client

The client will provide existing Government documents/reports that are that are relevant to the assignment. The client will also make available a senior member of staff for purposes of liaison with key ministries, departments and agencies.

8. Institutional and Organization Arrangements

For contract management purposes, the Director General of the Public Private Partnerships Directorate shall be the contact person.