



KENYA'S PPP EXPERIENCE AND PIPELINE PROJECTS

**AFRICAN CONFERENCE ON PUBLIC PRIVATE
PARTNERSHIP**

6-7 DEC 2012

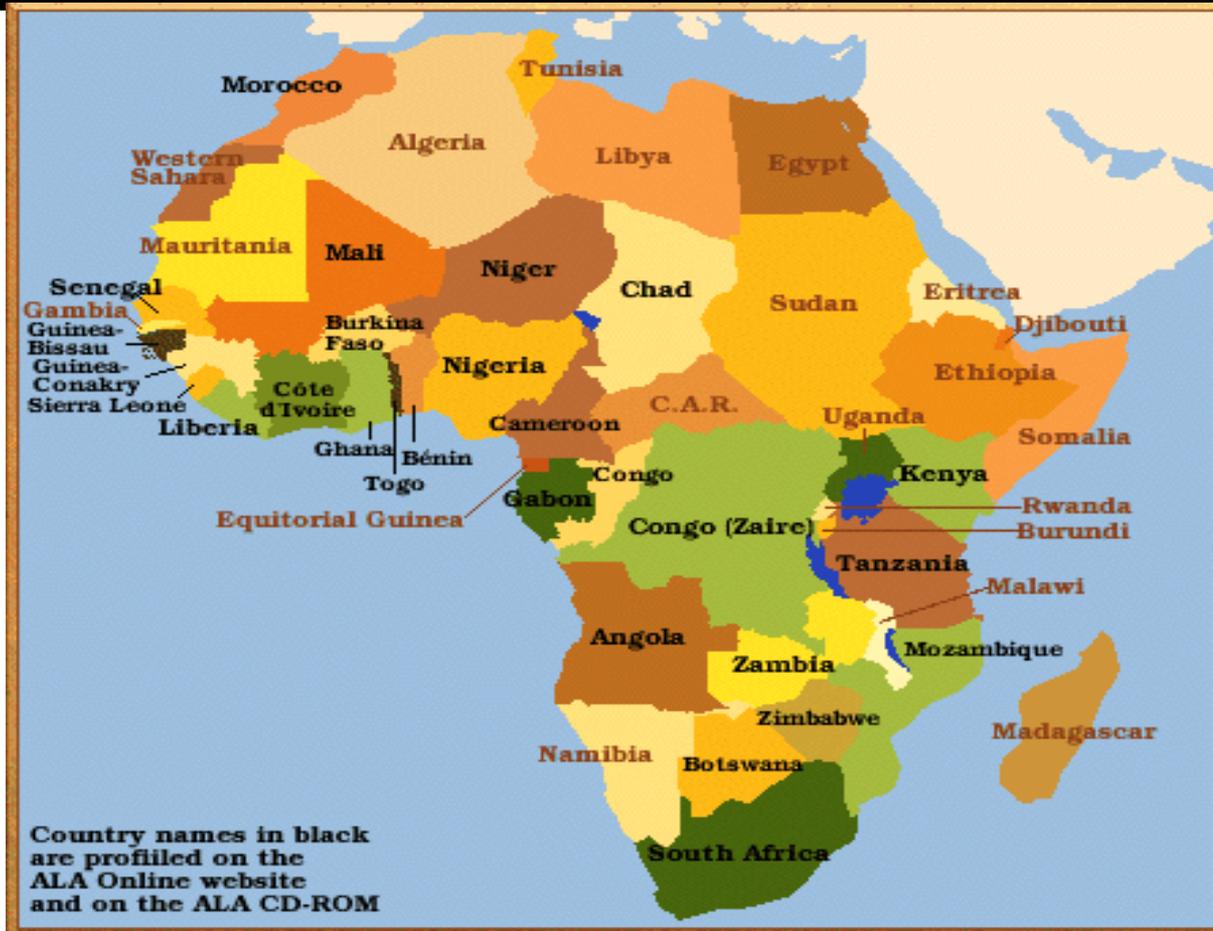
SPEKE RESORT, KAMPALA, UGANDA

Presentation

By

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Africa





KENYA



- ❑ Area: ; 583,000 sq. km
- ❑ GDP : USD 38 Billion
- ❑ Population : 40 million
- ❑ GDP per Capita: USD 900 (USD 1700 in Purchasing Power Parity terms)
- ❑ GDP % Growth(2011): 4.4%, 5.2% (Projected 2012)
- ❑ Debt/GDP: 45%,
 - The Standard and Poor's rating for Kenya is B+ stable
 - Fitch rating is B+ positive.
- ❑ Gateway to:
 - East Africa Community (Kenya, Tanzania, Uganda, Rwanda, Burundi) – 150 million people, among the fastest growing regions in the world (5.3% growth GDP compared to 3.8% world growth)
 - Ethiopia, South Sudan, DRC – 150 million people, Somalia??

The discovery of Oil, Rare Earth, others ,a GAME CHANGER

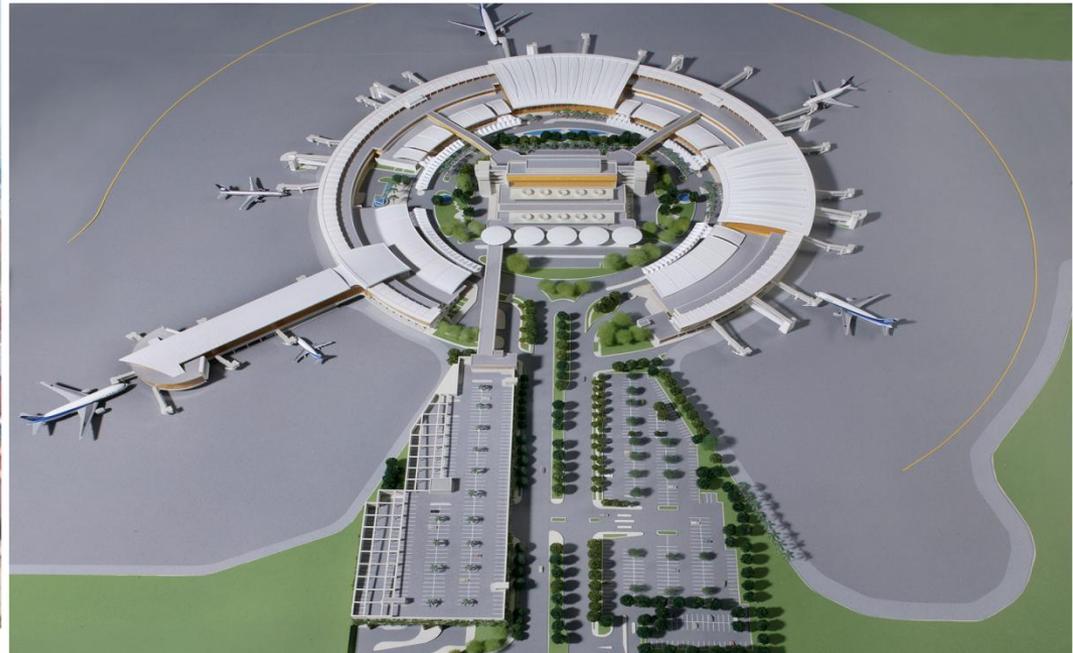
Kenya - Infrastructure Investment Needs 2012-2020

	SECTOR	USD M
1	Energy	19,808
2	Ports	4,800
3	Roads	9,000
4	Water and Sanitation	4,567
5	Railways	7,248
6	Airports	906
7	Tourism	2,050
8	ICT	7,850
9	Local Government	2,000
10	Housing	2,901
11	Public Works	1,000
12	Lamu Transport Corridor	3,723
	TOTAL NEEDS	62,176
	AVAILABLE -GOK (2012-2020) 9% of GDP	25,000
	FUNDING GAP	37,000





Railway, Airport, Seaport





Solid waste management





THIKA ROAD



Why Kenya is keen on PPPs?

- Kenya Vision 2030 (2008 – 2030) aims to transform Kenya into an industrialized middle income country by 2030 - heavy investments required.
- Funding Gap USD 40 billion (60 – 25) in 8yrs
- New source of investment capital
- Reduce Government sovereign borrowings
- Utilize efficiencies of private sector





Is there a conducive environment for PPPs?

1. Kenya's legal system is based on **Common Law**
 2. Kenya has a **New Constitution** (2010) that provide democratic and governance institutions (stability)
 3. Conducive **regulatory framework** to facilitate PPPs (energy, ICT, Transport)
 4. There is a strong **Contract law** (contracts will be honoured)
 5. Government, as a first step, issued **PPP Regulations**, March 2009
 6. PPP Policy by approved by Government in December, 2011
 7. PPP Law in Parliament (Approval by Dec 2012)
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Improvement of PPP Climate/ the New PPP Law

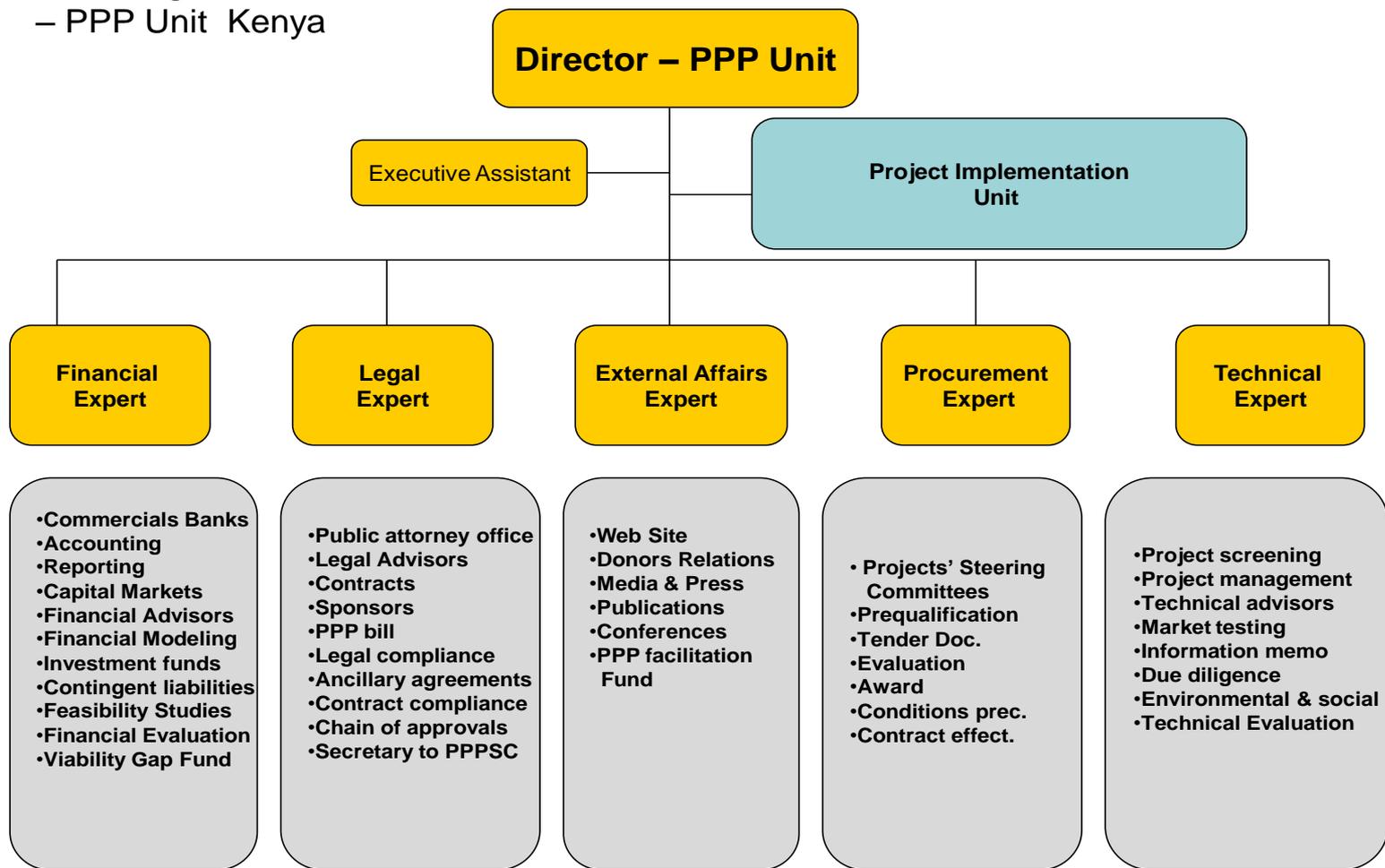
The New PPP Law to:

- Provide legal capacity for MDAs to enter into PPP contracts;
 - Address legal gaps, remove conflicts and overlaps in law;
 - Risk mitigation (Letters of Support, Guarantees (Demand/Traffic Guarantee), subsidies
 - Tariff setting framework
 - Direct Agreement and step-in rights to Lenders
 - Compensation for termination/ extra-ordinary events/ direct impact of change of Laws/political event
 - Establishment of a Viability Gap Fund
 - A clear process for developing and procuring PPPs
 - A clear **institutional framework** - Parliament, Cabinet, PPP Committee, PPP Secretariat, Contracting Authorities , Treasury)
 - Minimum PPP contractual provisions
- 



Kenya - PPP Unit

Initial Organization Chart
– PPP Unit Kenya



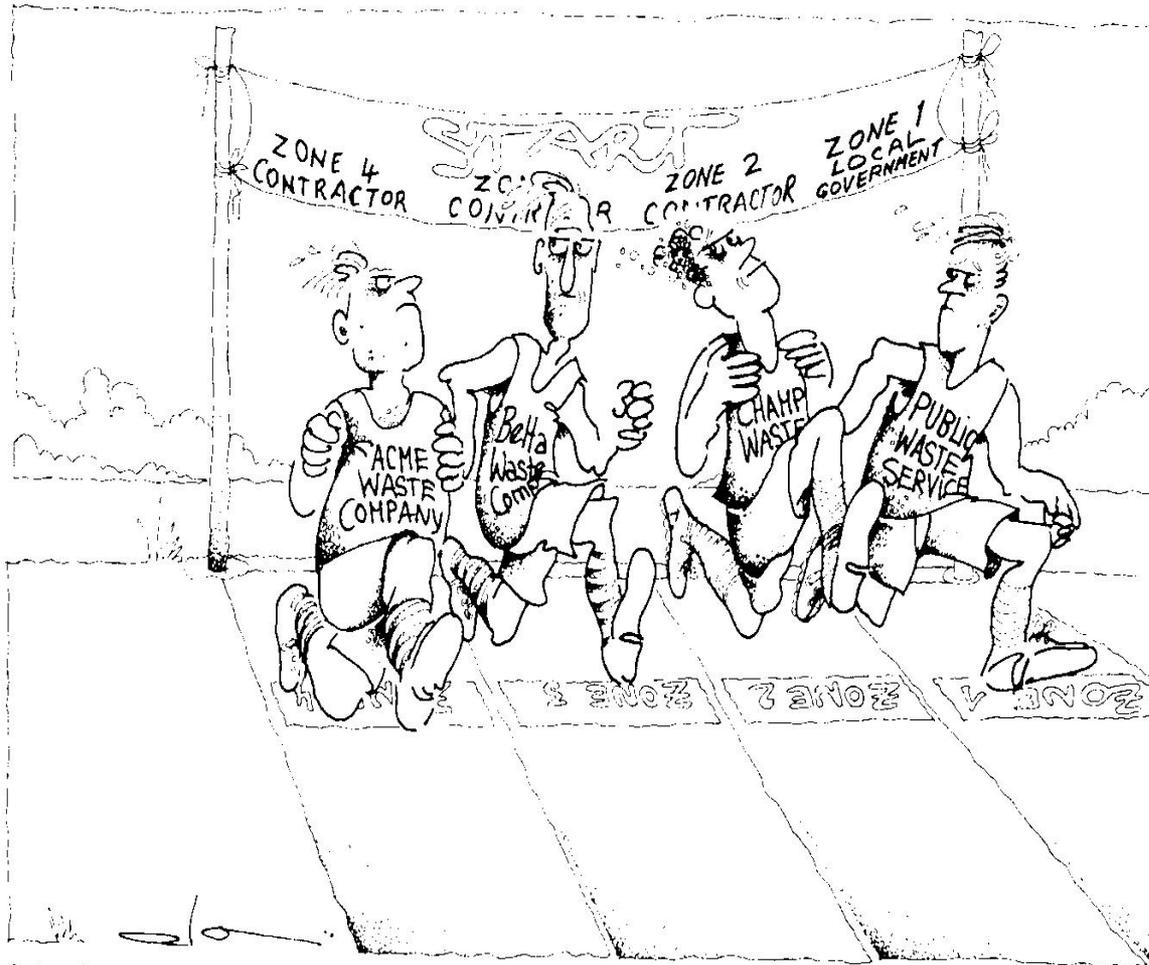


GUIDANCE NOTE



Cartoon 2

If the playing field is not level and one of the competitors has an unfair advantage, the disadvantaged players are likely to withdraw. The final result is that there is no effective competition.



Cartoon 1

Where there is effective competition, the best performances can be achieved. There are distinct advantages in continuing to use the public sector in one part of the city.





Kenya's Track Record of PPPs

- Mtwapa and Nyali Bridges Concessions signed in 1959; Charges in 1984 Pedestrians (10cts), cattle head (20cts), motor cycle(50cts),salon (sh. 2.00), w/wagon (sh. 2.50), lorry (sh 4.00 -7.00), bulldozer (sh.10).
- Westmount 46 MW (not active), Iberafrica 1997 (56MW and 53 thermal power plant), The 74 MW Tsavo/Kipevu IPP, 2000, Orpower -Olkaria III 2000/2008(48MW Geothermal Plant), Mumias (34MW power plant); 90 MW Rabai Independent Power Project in 2009, Mumias 26 MW cogeneration.
- KPLC , 2005, 2yr management contract
- Port of Mombasa Grain Terminal – BOO, 1998;
- JKIA – Cargo Terminal, 1998
- Kenya – Uganda Railways 2006, Concession
- Malindi water utility, 2000 – 5yr management contract
- Nairobi Urban Toll Road , 2009 – Failed
- Public toilets/street lighting



IPPs under finalization

IPP Name	Type	Capacity MW	Remarks
Thika Power	Thermal	87	Financial Close in Oct, 2012
Triumph	Thermal	82	Financial Close in Nov 2012
Gulf Power	Thermal	80	Financial Close in Nov 2012
Orpower	Geothermal	52	Financial Close in June, 2012
Lake Turkana	Wind	300	financial Close in Jan 2013
TOTAL		600	
COST	USD 1.3 BILLION		



Fast Mover Kenya Pipeline of PPP Projects

Project Title	Sector	STATUS
Nyali Bridge, Mombasa	Transport/Roads	Transaction Advisory
Nairobi- Thika Road (O&M)	Transport/Roads	Tender/ ADB
Mombasa –Nairobi Road (400km)	Transport/Roads	Transaction
Nairobi Commuter Rail	Transport	Tender stage
Kisumu Sea Port	Transport/ Airport	Transaction Advisory
Nairobi Jomo Kenyatta Airport Expansion	Transport/ Airport	Transaction Advisory
2nd Container Terminal Mombasa	Transport/Ports	Transaction Advisory
140MW wind power in Ngong	Power	PPA Negotiations
495MW LNG, Mombasa	Power	Transaction Advisory
600MW Coal	Power	Transaction Advisory
560MW Geothermal IPPs, Olkeria	Power	!40MW PPA Negotiation
400 Geothermal IPPs, Menengai	Power	Transaction Advisory/ADFB
Cancer/Diagonistic Center	Health	Feasibility
Shared Gov't services	ICT	Transaction Advisory
Kenyatta University - Hostels	Education	Tender (IFC)
Housing for Security Forces	Accommodation	Feasibility
Karen Medical Centre	Health	Feasibility
Mombasa Conventional Centre	Tourism	Transaction Advisory IFC



Kenya IFPPP Project

Kenya IFPPP Project supported by the World Bank to provide a bankable pipeline of PPP projects:

Phase 1 USD 40 Million

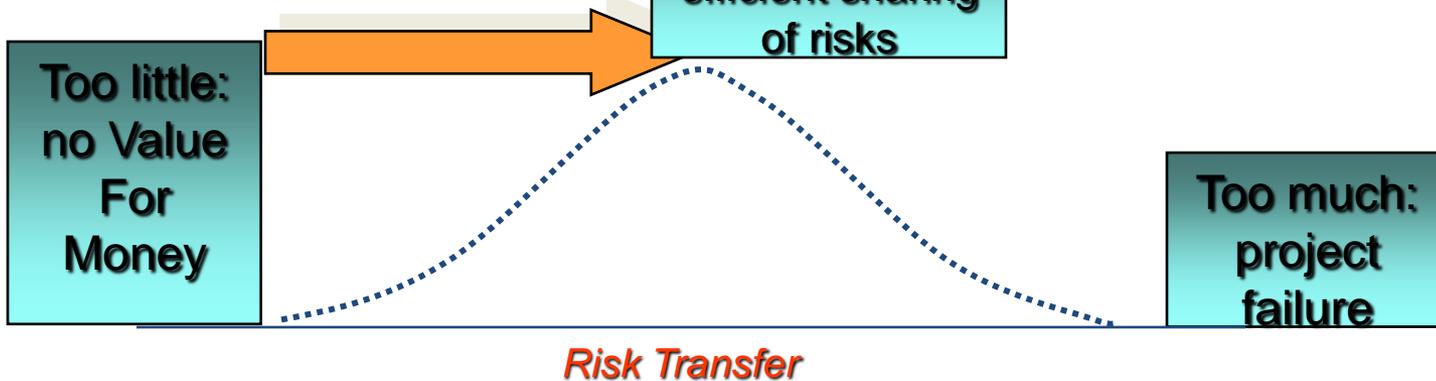
- Technical Support to PPP Institutions for PPP Legal, Regulatory and PPP Financing Environment
- Support for Preparation of Individual PPPs
- Developing a Fiscal Commitment and Contingent Liability Framework.
- Facilitating the Provision of Long Term Development Finance (Capital Market)

Phase II USD 100million

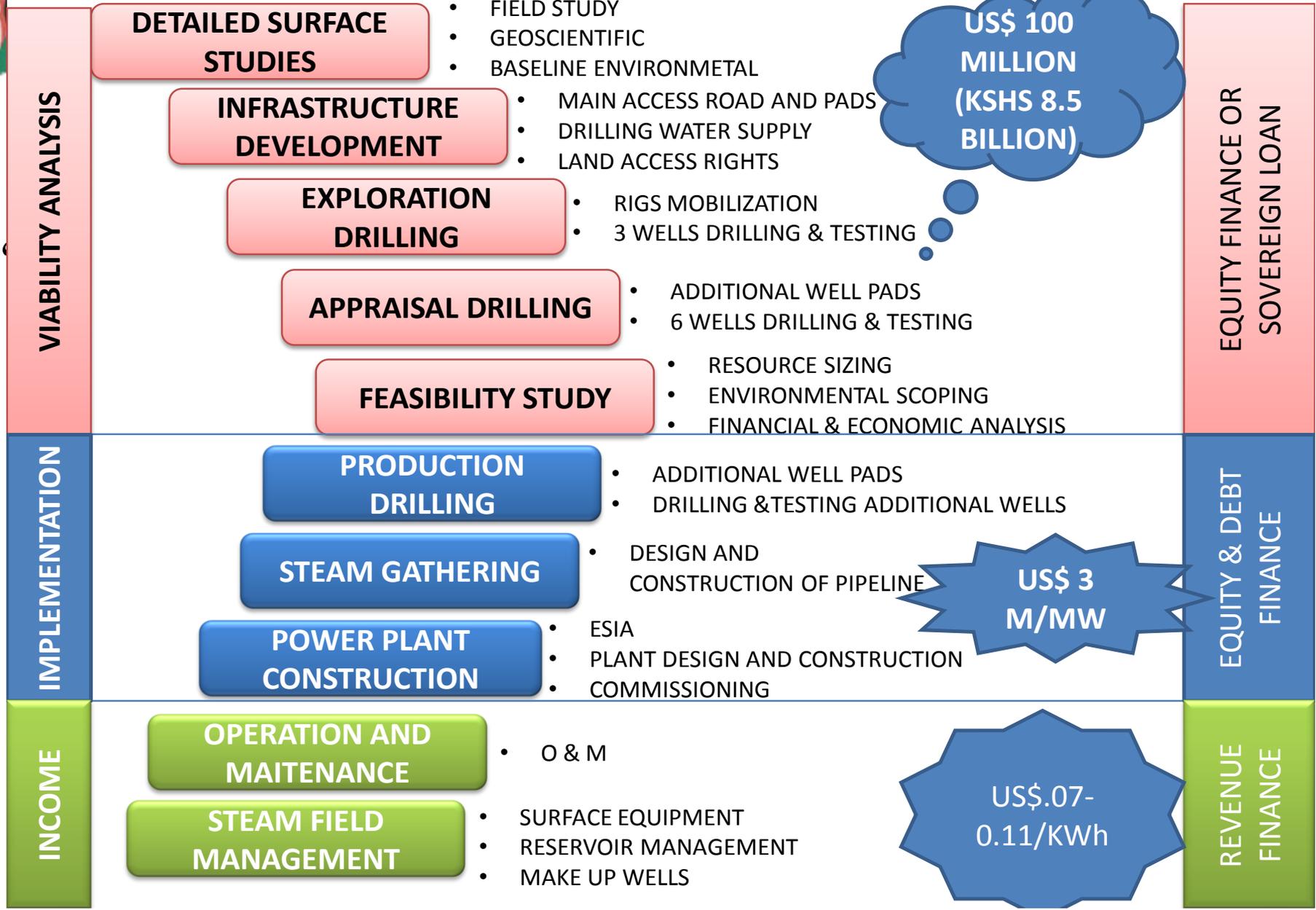
- Provide Viability Gap Funding



Risks in Geothermal Power

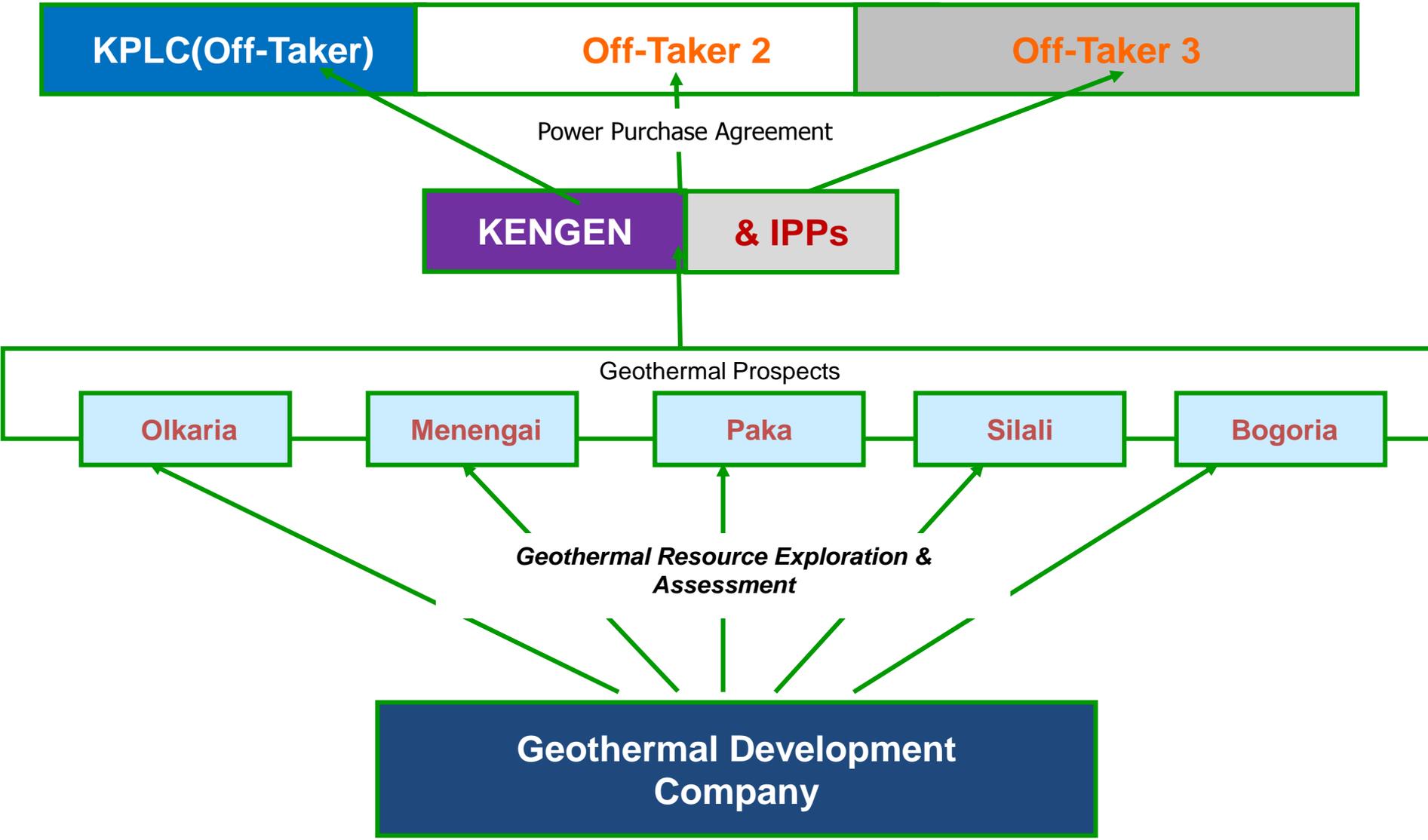


GEOTHERMAL DEVELOPMENT VALUE CHAIN





Geothermal Power Development



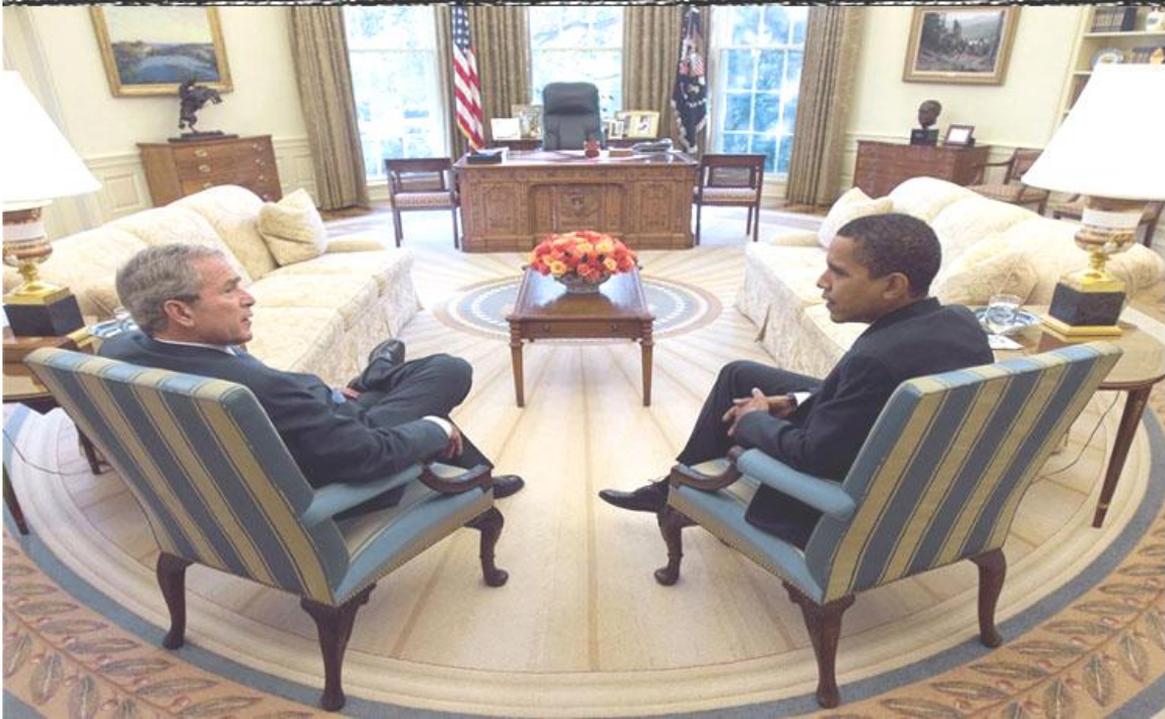


FUTURE FOR EAC REGION

- Regional framework – center for expertise and advise
- Develop cross border projects
- Transport: railway, oil and gas pipelines, roads, ports for lake Victoria
- Power: dams, generation of power, transmission



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