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# Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ECA</td>
<td>United Nations Economic Commission for Africa</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>LAPSSET</td>
<td>Lamu Port South-Sudan, Ethiopia Transport Corridor Programme</td>
</tr>
<tr>
<td>MW</td>
<td>megawatt</td>
</tr>
<tr>
<td>PIDA</td>
<td>Programme for Infrastructure Development in Africa</td>
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<tr>
<td>PPA</td>
<td>Power purchase agreement</td>
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<tr>
<td>PPP</td>
<td>Public-private partnerships</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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EXECUTIVE SUMMARY

This study examines the current situation for public-private partnerships (PPPs) in Kenya and reports on PPP possibilities and prospects. Kenya, as well as Africa as a whole, has significant infrastructure requirements and funding gaps. The African Development Bank (AfDB) estimates the continent’s infrastructure needs at $130–$170 billion annually, with a $68–$108 billion annual funding deficit. PPPs can assist in meeting the demand for infrastructure and bridging the budget shortfall. In many PPP projects, the private sector arranges and finances the project.

Kenya’s Vision 2030 Agenda aims to transform the country into an industrialized middle-income economy. To this end, the government and the private sector collaborate to create the ideal climate for implementing PPP projects. The key priority sectors in Kenya include ports, roads, power transmission, urban development resilience and mobility, health, housing, affordable real estate, water and sanitation, and the blue economy. PPP projects will address climate resilience to promote the government’s commitment to environmental and social sustainability. Furthermore, considerable effort has gone into developing a robust legal and regulatory framework to support and encourage PPPs. According to preliminary estimates, these PPP initiatives in Kenya will cost around $200 billion over the next ten years.

Kenya ranks fourth in Africa on Rand Merchant Bank’s Investment Attractiveness Rankings, behind only Egypt, Morocco and South Africa. Kenya has the best investment climate in the East African Community (EAC), with foreign direct investment pouring in from emerging and developed markets. Many multinational corporations have regional and continental headquarters in the country. Kenya is strategically situated at a crossroads between east and central Africa, making it the region’s communication hub. Except in 2020, the first year of the Covid-19 pandemic, Kenya’s GDP has grown at a rate of 5 per cent a year on average over the last decade. The highest growth rate was 8.1 per cent in 2010, primarily due to agriculture’s expansion. Kenya’s real GDP is forecast to grow by 4.7 per cent in 2022, 5.1 per cent in 2023 and 5.7 per cent in 2024.  

Agriculture, industry and exports are the primary intervention areas most likely to affect economic growth, and PPP investments in these sectors are likely to have the most success. Over the last decade, investment has averaged 19.6 per cent of Kenyan real GDP.

Before independence, Kenya had a solid record of PPP infrastructure projects. The Mtwapa Bridge and Nyali Bridge concessions were signed in 1959, the Port of Mombasa Grain Terminal and the Jomo Kenyatta International Airport Cargo Terminal was built in 1998, the Malindi Water Utility was built in 1999 on a five-year management contract, and the Kenya–Uganda Railway Concession was signed in 2006.

Over the last decade, Kenya has experienced an increase in interest in using PPP, partly led by Vision 2030, which has an extensive structure that supports PPP initiatives. Kenya has had several successful PPP projects, primarily in the energy and road sectors. Housing PPPs are showing signs of success as well.
There have been some challenges with ongoing PPP implementation, particularly on community-related issues, but these have been addressed. Certain PPPs have failed primarily because of management challenges and a lack of community engagement.

The growth area of PPP projects should tie directly to Kenya’s Vision 2030 and focus on the “Big Four” Agenda comprising food security, affordable housing, manufacturing and affordable healthcare. The Big Four is an economic blueprint developed by the government to foster social and economic development in Kenya. The blueprint is aligned with the United Nations Agenda 2030 of Sustainable Development Goals (SDGs) at the global level. The role of PPPs, particularly in addressing finance requirements, is critical. Stakeholders have identified agriculture/food security and healthcare areas needing additional attention.

External investors have dominated PPPs executed in Kenya. Participation of local professionals and the domestic finance sector has been minimal. This has to do with capacity and encouragement. Kenya’s private sector has contributed substantially to the country’s economic development over the years, accounting for more than 80 per cent of GDP, a substantial percentage of total employment and the bulk of export earnings. The success of Vision 2030 is premised mainly on the role of the private sector in achieving the country’s growth objectives and thereby creating wealth and employment opportunities. The private sector should be further encouraged by improving the investment climate. Measures to improve the investment climate include tight fiscal and monetary discipline, a comprehensive reform agenda for the production and operational environments, diversification of export markets for traditional products, a focused value programme, continuing dialogue with major national and regional export markets and a concerted effort to improve the operating climate for micro and small enterprises.

Building the private sector’s capacity in the PPP space is especially important in extending PPPs to the county level. Kenya has been working to implement “local versions” of PPPs by county governments. By law, county governments can enter into PPP agreements with private businesses. Doing so will entail building local private sector PPP capacity.

The Lamu Port and New Transport Corridor Development to South Sudan and Ethiopia (LAPSSET) transport and infrastructure project involves Kenya, Ethiopia and South Sudan. The project brings together many stakeholders, including investors, donors and funders. Among them are governments, the United Nations, bilateral and multilateral institutions, and private, civil society and humanitarian agencies. The economic factors driving LAPSSET include access to large land areas for economic opportunities and agriculture, exploration and development of the region’s extractive industries (oil, gas and minerals), transport, energy and other infrastructure projects.

LAPSSET is an excellent opportunity for regional integration and increased trade in Eastern Africa and the Horn of Africa by supporting various port-to-port connections. The regional components are Lamu Port, highways, oil pipelines and railways. Additional components include international airports, resort cities, High Grand Falls Dam, electricity transmission, fibreoptic connectivity, and water supply. The identified funding requirement for LAPSSET is estimated at $28 billion. The LAPSSET programme also looks forward to being as green as possible. It intends to cooperate with renewable energy providers in Lamu to meet initial energy requirements. LAPSSET was also admitted as 1 of the 11 African Union Presidential Infrastructure Champion Initiatives, giving it a continental platform for support and development. LAPSSET is one of the Programme for Infrastructure Development in Africa (PIDA) priority action plans (PAP), called PIDA PAP II.

To enhance and advance the PPP agenda in Kenya and ensure that it plays its expected role under Vision 2030, it is recommended that the following be undertaken:

- **Support projects in the PPP pipeline.** Kenya has a substantial number of PPP projects at various stages of development. Before emphasizing new projects, efforts should be directed at bringing these projects to fruition. The projects are in diverse areas of the national economy, including energy, housing, roads and the transnational transport and infrastructure corridor programme, LAPSSET. The stakeholders further recommend that the first step be to support and finalize projects under LAPSSET. As 1 of the 11 African Union Presidential Infrastructure Champion Initiatives, this is already a widely recognized program, giving it a continental platform for support and development. Needed funding for LAPSSET is estimated at $28 billion, but program projects will be prioritized to fit the budget. The second step would be to support and complete local entrepreneurs’ renewable energy and housing initiatives.

- **Improve the domestic capacity of PPPs, focusing on contracting agencies, the PPP Directorate and the private sector.** That entails performing a PPP capacity needs analysis, developing a PPP domestic capacity master plan, implementing the PPP domestic capacity master plan and monitoring and evaluating capacity development outcomes.

- **Develop the long-term finance market in Kenya.** Kenya plans to expand its financial markets to provide long-term financing for PPP projects. The Nairobi International Financial Centre was established to attract forward-thinking firms to Nairobi and equip them with the resources they need to succeed in Kenya and the region. A progressive
In the legal and regulatory framework, a competitive operating environment and a thriving financial ecosystem are all available at the centre. Overhauled long-term debt instruments can now be issued and traded on the capital market. Long-term debt is a small sector that will require further incentives to grow.

- **Study and operationalize PPPs in agriculture and strategic health areas.** This will involve supporting the agriculture and health sectors in consultation with the PPP Directorate in the following ways:
  - Identifying potential PPP projects from their priority list of projects. The potential PPP projects are identified based on an analysis of the need for infrastructure services. The options for meeting the service are considered in terms of any need for assets.
  - Supporting the sectors by selecting a shortlist of bankable and implementable projects. Those considered suitable are studied in detail and cleared to continue procurement.
  - Supporting the contracting authorities in procuring projects that are determined to be the most viable. Negotiations with the preferred bidder will occur, and the project will be taken to technical and financial close.
  - Monitoring the project through its construction and operation phases. The ministry, department or agency that serves as the contracting authority will monitor the project over the contract’s life.

- **Design and operationalize a regional PPP framework incorporating the blue economy.** The process should include the following:
  - Conducting demand analysis for regional PPP projects in Kenya.
  - Preparing a policy paper on regional PPPs.
  - Undertaking changes to the legal and regulatory framework needed to incorporate regional PPPs.
  - Developing the capacity of the PPP Directorate and the private sector to participate in regional PPPs.
  - Conducting viability studies and producing a list of priority regional PPPs.
  - Obtaining buy-in from the government and incorporating regional PPPs into the public investment program.
  - Inviting regional requests for proposals for implementing regional PPPs.
  - Conducting periodic audits and reviews of the regional PPP value chain.

In the future, Kenya can independently assess the viability of and prioritize PPP projects and transparently develop and implement projects that will carry the day. Fully operationalizing the PPP Project Facilitation Fund is essential.
1. INTRODUCTION

This report examines the current situation of public-private partnerships (PPPs) in Kenya and describes PPP possibilities and prospects. Kenya, as well as Africa overall, has significant infrastructure requirements and a large funding gap. The African Development Bank (AfDB) estimates the continent’s infrastructure needs at $130–$170 billion annually, with the annual funding deficit ranging from $68–$108 billion. PPP projects can assist in meeting the demand and bridging the budget shortfall. In many PPP projects, the private sector arranges and finances the project, relieving the public sector of the need to fund its operations through revenues (taxes) or borrowing. This is especially beneficial when the public sector’s ability to acquire capital is limited. Infrastructure investment and access to infrastructure services can both benefit from PPPs. Most African countries, including Kenya, recognize PPPs as a viable means of financing economic development, notably infrastructure. This is particularly critical during and after the Covid-19 pandemic when financing infrastructure as a stimulus for post-Covid recovery is essential.

This study is based on a desk examination of documents from Kenya, the International Monetary Fund (IMF), the World Bank and the AfDB and interviews and conversations with key stakeholders. The study examines PPP experience, stakeholder support and ownership, PPP legal and regulatory framework, PPP institutional capacity, funding and management of fiscal risk, access to finance, transparency and disclosure, people-first PPPs, regional PPPs and Kenya’s overall readiness for PPPs.

2. BACKGROUND ENVIRONMENT

Kenya is an East African country with an Indian Ocean coastline, a population of 53.77 million in 2020 and a life expectancy of 66.7 years. A diverse landscape of plains, escarpments, hills, low and high mountains and the stunning Great Rift Valley cover a total area of 582,646 square kilometres (km). The World Bank estimated Kenya’s 2020 GDP at $98.84 billion, with a GDP per capita of $1,838.21.

Kenya’s Vision 2030 Agenda aims to transform the country into an industrialized middle-income economy. As a result, the government and the private sector have collaborated to create the ideal climate for implementing PPP projects. The key priority sectors in Kenya include ports, roads, power transmission, urban development resilience and mobility, health, housing, affordable real estate, water and sanitation, and the blue economy. The PPP projects will address climate resilience to promote the government’s commitment to environmental and social sustainability. Furthermore, considerable effort has gone into developing a robust legal and regulatory framework to support and encourage PPPs.

Macroeconomic outlook

Except for 2020, Kenya’s GDP has grown at a rate of 5 per cent a year on average over the last decade. The highest growth rate was 8.1 per cent in 2010, primarily due to agriculture’s expansion. Kenya’s real GDP is forecast to grow by 4.7 per cent in 2022, 5.1 per cent in 2023 and 5.7 per cent in 2024 (table 1).3 Agriculture, industry and exports are most likely to affect economic growth, and PPPs are expected to be especially effective in these investment sectors. Over the last decade, investment has averaged 19.6 per cent of Kenyan real GDP.

Over the last decade, overall inflation remained within the desired range. Higher food and gasoline prices and the impact of tax measures drove the inflation rate to 6.5 per cent in October 2021, up from 5.9 per cent in May 2021. Non-food–non-fuel inflation, on the other hand, was modest and consistent, indicating that demand pressures in the economy were restrained.

The foreign exchange market was stable in October 2021, owing to improved export receipts and high remittances. In the 12 months to September 2021, the
current account deficit increased to 5.6 per cent of GDP, compared with a deficit of 5.0 per cent for the same period in 2020.

Public investment as a share of GDP rose from below 4 per cent between 1990 and 2007 to above 7 per cent by 2016–2019. Vision 2030 has been the driving force. Public debt increased to 63 per cent of GDP in 2020, up from 59.6 per cent in 2019, owing to increased infrastructure spending, debt management issues and the Covid-19 pandemic. According to the IMF, Kenya is in danger of debt distress. Growth-friendly policies, external financial assistance, concessional credit, debt refinancing and restructuring would be necessary to address the rising fiscal and debt vulnerability threats.

In general, sovereign wealth funds, pension funds and other investors use credit ratings to assess Kenya’s creditworthiness, significantly affecting the country’s borrowing costs. Kenya’s credit was rated B, with a stable outlook, by Standard & Poor; B2, with a negative outlook by Moody’s; and Fitch rated Kenya’s credit rating at B+ with a negative outlook (table 2).

**Business climate**

Kenya is ranked fourth in Africa on Rand Merchant Bank’s Investment Attractiveness Rankings, behind only Egypt, Morocco and South Africa. Kenya has the best investment climate in the East African Community (EAC), with foreign direct investment pouring in from emerging and developed markets. Many multinational corporations have regional and continental headquarters in the country. Kenya is strategically situated at a crossroads between east and central Africa and acts as the region’s communication hub.

Kenya’s membership in regional economic blocs and its strategic geographic location make it the entrance to the massive EAC market of over 135 million people and the Common Market for Eastern and Southern Africa market of over 450 million people. Kenya has a large, adaptable labour force, among the best educated globally, and most workers speak English.

Kenya’s judiciary has been undergoing reforms to increase access to justice and promote the rule of law. While the rule of law index has remained below 50 per cent (table 3), it seems poised to increase in 2022. Kenya is ranked 123 of 180 countries on the Corruption Perception Index (CPI) for 2022, an improvement from 2021. Kenya’s economic freedom score is 52.6, making its economy the 138th freest in the 2022 Index. Kenya is ranked 28th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

**Climate change**

Political, geographic and social variables make Kenya particularly sensitive to climate change. Kenya placed 152 of 181 countries on the 2019 University of Notre Dame Global Adaptation

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**TABLE 1** Key macroeconomic indicators in Kenya, 2018–2023

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Estimate</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth at constant market prices (%)</td>
<td>5.6</td>
<td>5</td>
<td>–0.3</td>
<td>5.0</td>
<td>4.7</td>
</tr>
<tr>
<td>The gross fixed capital investment as per cent of GDP</td>
<td>–0.4</td>
<td>3.8</td>
<td>3.4</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Inflation (consumer price index; %)</td>
<td>4.7</td>
<td>5.2</td>
<td>5.3</td>
<td>6.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**Per cent of GDP**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Estimate</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign direct investment, net</td>
<td>1.6</td>
<td>0.9</td>
<td>0.5</td>
<td>0.5</td>
<td>0.7</td>
</tr>
<tr>
<td>Public debt/1</td>
<td>56.5</td>
<td>59.6</td>
<td>63</td>
<td>68.2</td>
<td>69.8</td>
</tr>
</tbody>
</table>


**TABLE 2** Kenya’s sovereign credit rating

<table>
<thead>
<tr>
<th>Rating agency</th>
<th>Rating</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor</td>
<td>B</td>
<td>5 March 2021</td>
</tr>
<tr>
<td>Standard &amp; Poor</td>
<td>B+</td>
<td>14 July 2020</td>
</tr>
<tr>
<td>Fitch</td>
<td>B+</td>
<td>19 June 2020</td>
</tr>
<tr>
<td>Moody’s</td>
<td>B2</td>
<td>7 May 2020</td>
</tr>
</tbody>
</table>

Source: https://tradingeconomics.com/kenya/rating.

**TABLE 3** Business climate indices for Kenya

<table>
<thead>
<tr>
<th>Index</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule of Law Index</td>
<td>0.45</td>
<td>0.45</td>
<td>0.45</td>
<td>0.45</td>
<td>0.44</td>
<td>0.45</td>
</tr>
<tr>
<td>Corruption Perception Index (%)a</td>
<td>28</td>
<td>27</td>
<td>28</td>
<td>31</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>53.5</td>
<td>54.7</td>
<td>55.1</td>
<td>55.3</td>
<td>54.9</td>
<td>52.6</td>
</tr>
</tbody>
</table>

Initiative (ND-GAIN), which summarizes a country’s vulnerability to climate change. Kenya has committed to cutting greenhouse gas emissions by 32 per cent by 2030 compared to the business-as-usual scenario. In 2018, 243.3 billion Kenyan shillings ($2.4 billion) went to climate-related investments, only about a third of the required annual funding. Kenya is highly vulnerable to climate change, and the effects are already being seen in increased climate-related calamities, such as droughts and floods. These occurrences are expected to result in an annual economic liability of 2–2.8 per cent of GDP. The economy relies on many climate-sensitive industries, such as agriculture, water, energy, tourism, wildlife and health. This susceptibility is exacerbated when the country is subjected to multiple disasters, such as the locust invasion and the Covid-19 pandemic in 2020.

Kenya is a signatory to the UN Framework Convention on Climate Change, the Kyoto Protocol and the Paris Agreement. In the last five years, significant efforts have been made to include climate change issues in the country’s planning, policies, strategies, projects and programmes, as evidenced in Vision 2030, the National Climate Change Response Strategy of 2010, the National Climate Change Framework Policy, the National Policy on Climate Finance, the Green Economic Strategy and Implementation Plan, and the Climate Change Act of 2016. These policies and plans establish a regulatory framework for improved responses to climate change and ways to promote low-carbon, climate-resilient development. They also enable mobilization, tracking and reporting of funding for climate change mitigation and adaptation. The PPP Directorate, in collaboration with the World Bank, is developing a framework for facilitating low-carbon and climate-resilient infrastructure PPPs in Kenya.

3. EXPERIENCE WITH PUBLIC-PRIVATE PARTNERSHIPS

Objectives of public-private partnerships

Kenya’s Vision 2030 strategy aims to transform the country into an industrialized middle-income economy by 2030. The government has published a list of feasible investment opportunities and projects planned for implementation through PPPs and private sector engagement following the “Big Four” Agenda, an economic blueprint prepared by the government to foster social and economic development focusing on food security, affordable housing, manufacturing and affordable healthcare. Tourism, agriculture, transportation and infrastructure, manufacturing, communications, energy, building and construction, and pharmaceuticals are significant economic and investment sectors in Kenya. Over the last decade, infrastructure has contributed half a percentage to Kenya’s yearly per capita GDP growth. Raising the country’s infrastructure to the level of the region’s middle-income countries could boost yearly growth by more than 3 per cent per capita. Infrastructure is expected to get a budget allocation of 15 per cent of GDP. The government has attempted to create a suitable climate for adopting PPPs by enacting rules and regulations promoting and encouraging PPPs.

Before independence, Kenya had a solid record of accomplishing infrastructure projects established through PPPs. These include the Mtwapa Bridge and the Nyali Bridge concessions, signed in 1959. Other critical early projects include the Port of Mombasa Grain Terminal and the Jomo Kenyatta International Airport Cargo Terminal (1998); the Malindi Water Utility (1999) on a five-year management contract; and the Kenya-Uganda Railway Concession, signed in 2006.

Public-private partnership projects in the pipeline

Kenya has experienced an increase in interest in PPPs in the last decade, partly led by Vision 2030, which has an extensive structure that supports PPP initiatives.

Between 1990 and 2014, 25 PPP projects in Kenya with a total investment commitment of $9.3 billion completed financial closure, according to the Public–Private Infrastructure database (table 4 includes a sample of these projects). Currently, 71 projects on the national priority list of PPP projects have been approved by the PPP Committee, which is responsible for developing PPP policies, reviewing PPP contract implementation and approving negotiated PPP contracts. The national priority list is a living document that grows and shrinks as projects come in and out. These projects span various sectors, including transportation, energy, education, housing and health. Preliminary estimates put the cost of these initiatives at around $200 billion over the next ten years. The government’s draft budget policy statement of 2022 includes a complete list of projects with effective project agreements or power purchase agreements (PPAs), with indicative government support measures.

Successful public-private partnership projects

Lake Turkana wind power project

The 310 megawatts (MW) Lake Turkana wind power plant is Africa’s largest wind park and Kenya’s most significant private sector investment. The project’s goal is to provide Kenyans with reliable and affordable electricity. The project is expected to enhance Kenya’s electricity generation capacity by 13 per cent while replacing costly and polluting thermal (fossil fuel) power facilities. The project was successful because it connected power to the national grid; however, delays in completing this link cost the Kenyan people almost $180 million. The project’s social advantages are detailed in table 11 in section 10 of this report.
Kipeto wind power project

Kipeto is Kenya’s second-largest wind farm, built to the highest environmental safety standards and designed to provide clean electricity for the next 20 years. In December 2018, the Kipeto project gained financial close, kicking off a two-year building phase. The project is supported by Actis-backed BioTherm Energy (88 per cent) and Kenyan firm Craftskills Ltd (12 per cent), as well as by senior loans from the US International Development Finance Corporation, the US Government’s development finance agency. During the project’s construction phase, over 800 jobs were created, with an additional 60 permanent positions expected during the operational phase. Around 200 families are expected to gain directly from the cash generated by the turbines on their property. The corporation formed a community trust to manage the transfer of revenues to the rest of the community. In 2021, this project was connected to the national grid.

Nairobi Expressway

The Nairobi Expressway project is a 27.1-kilometre expressway that runs from Mlolongo to Westlands through the Jomo Kenyatta International Airport. Nairobi’s Central Business District is intended to alleviate traffic congestion in Nairobi. The expressway is Kenya’s first genuine road PPP using a toll approach and has been completed and was under testing after May 2022. The highway has been funded and risked by China Communications Construction Company; China Road and Bridge Corporation is the parent company.

Housing public-private partnership projects

Housing PPPs are a growing area of PPP response in Kenya. Housing PPPs represent a response to one of the Big Four Agenda items of the Kenyan government, the provision of affordable housing. Affordable housing implies the development of adequate, standardized and well-spaced houses with continuous supplies of clean water and electricity. Under this agenda, the government targeted establishing at least 500,000 housing units by 2022. This agenda also responds to Article 43 of the Kenyan Constitution, which states that every person has a right to accessible and adequate housing and proper sanitation facilities. The National Housing Corporation of Kenya has issued a guide on PPP in housing. Table 5 lists some of the current housing PPPs.

Public-private partnership projects at advanced stages in the cycle

Nairobi Western Bypass

The 14.7 km Nairobi, Western Bypass project is expected to improve access to markets while increasing the ease of doing business and improving real estate development in the Kenyan capital. Construction by the China Road and Bridge Corporation is 99 per cent complete, and the Kenyan government and China Exim Bank fund the project.

Rironi-Mau Summit Toll Road project

The $160 million Rironi-Mau Summit Toll Road project would transform a 175 km Nakuru road into a four-lane dual carriageway using a PPP model. Through tolling as an alternative development finance approach, users would pay for the costs. The Rift Valley Highway Company leads the project, including Meridian Infrastructure Africa Fund, Vinci Highways and Vinci Concessions, a French concessions and construction firm. The consortium will charge for the expressway’s design, financing, construction, operation and maintenance. Part of the Northern
Corridor, the roadway serves 6 million people directly within the project region and another 19 million outside it. The roadway is scheduled to be finished in 2025. AfDB has committed to investing $150 million in the project.

Marco Borero solar power

This 1.5 MW solar power plant is located in Nyeri County. Using a PPP model, this $2.5 million project’s PPA was affected by both Covid and changes in the tax policy regime. Covid interfered with the supply of imported components, while the tax regime change imposed a 15 per cent value-added tax on solar panels in transit. The consequence was a delay in the commission date, and thus a default on the PPA. The plant was completed in the last 18 months but has not been able to obtain a renewal of the PPA.

Unsuccessful public-private partnership projects

Rift Valley Railways (Kenya–Uganda Railways)

Rift Valley Railways (RVR) signed concession agreements in 2006, followed by amending deeds in 2010. Rift Valley Railways Kenya Ltd. and Rift Valley Railways Uganda Ltd. signed the agreements and deeds on behalf of their respective legal organizations. The concessionaire was responsible for rehabilitating, operating and maintaining the train networks as a single system. The PPP fell through because RVR failed to meet three essential concession agreement terms: asset maintenance, freight volume objective and payment of concession fees.

Kinangop Power

Kinangop’s 60.8 MW project in Nyandarua County was scheduled to start in mid-2015. Investments came from investors through the Africa Infrastructure Investment Fund, Macquarie Group, Old Mutual Investment Group and Commonwealth Development Corporation. The project never took off because international investors underinvested in community engagement. There were also environmental, social and corporate governance issues.

Growth areas of public-private partnership projects

The growth areas of PPP projects should relate directly to Kenya’s Vision 2030 and focus on the Big Four Agenda (food security, affordable housing, manufacturing and affordable healthcare), which is aligned with the United Nations 2030 Agenda for Sustainable Development at the global level. The role of PPPs, particularly in addressing the necessary finance requirements, is critical. Stakeholders have identified agriculture, food security, and healthcare areas requiring additional attention.

Health

PPPs in healthcare will support improvements in public and private health systems. Every year about 1.5 million people are pushed below the national poverty line because of medical bills. Only 1 Kenyan in 4 has medical insurance, and the medical inflation rate nationally stands at 12 per cent compared with the global rate of 9.5 per cent. PPPs can help reduce costs. Three

## Table 5: Housing public-private partnership projects in Kenya

<table>
<thead>
<tr>
<th>Housing type</th>
<th>Project</th>
<th>Partners</th>
<th>Project start date</th>
<th>Project status</th>
<th>Expected date of completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>River Estate, Ngara</td>
<td>The Kenyan government and Edderman Property Limited</td>
<td>March 2019</td>
<td>Ongoing</td>
<td>December 2023</td>
</tr>
<tr>
<td></td>
<td>Alluvial Housing</td>
<td>The Kenyan government and Alluvial Construct LLC</td>
<td>2021</td>
<td>Seeking partnership</td>
<td>June 2030</td>
</tr>
<tr>
<td></td>
<td>Pangani Housing Project</td>
<td>The Kenyan government and Tecnofin Kenya Limited</td>
<td>May 2020</td>
<td>Ongoing</td>
<td>June 2023</td>
</tr>
<tr>
<td>Student housing</td>
<td>Kenya University Hostels (10,000 beds)</td>
<td>Africa Integras (Kenya LLC), EPCO Contractors, Triad Architects and Broll Kenyan Facility Managers</td>
<td>2015</td>
<td>Ongoing</td>
<td>2035</td>
</tr>
<tr>
<td></td>
<td>University of Embu Hostels (4,000 beds)</td>
<td>Meridiam, JV Unicamp and PDM-Roko-CBA Capital and JV Unicamp</td>
<td>2018</td>
<td>Pre-qualification</td>
<td>2038</td>
</tr>
<tr>
<td></td>
<td>Moi University Hostels (15,000 beds)</td>
<td>Kesa, Meridiam, JV Unicamp and PDM-Roko-CBA Capital and Chinese Overseas</td>
<td>2018</td>
<td>Pre-qualification</td>
<td>2038</td>
</tr>
<tr>
<td></td>
<td>South Eastern Kenya University Hostels (5,400 beds)</td>
<td>Kesa and PDM Roko-CBA Capital</td>
<td>2018</td>
<td>Pre-qualification</td>
<td>2038</td>
</tr>
</tbody>
</table>

impacts are expected. First, middle-income residents will take up private healthcare, reducing the burden on the public system and allowing low-income households better access. Second, importing health services, especially from India and other countries, will lower costs. Third, medical tourism will rise due to improved service delivery by the private sector.

The 2020 National Treasury and Planning report, *A Summary of Key Investment Opportunities in Kenya*, notes the health sector goal of achieving equitable, affordable, quality health and related services at the highest attainable standards for all Kenyans. The document suggests that the following aspects of the health sector are amenable to PPP engagement: pharmaceutical manufacturing, medical tourism, development of private and specialized hospitals, and the field of telemedicine. Health offers a new PPP growth area that should be developed.

**Agriculture**

Agriculture is the mainstay of the country’s economy, contributing 27 per cent of GDP, 75 per cent of industrial raw materials, 65 per cent of export earnings and 60 per cent of total employment. Expanding PPPs in this area would deepen economic development and, more importantly, improve most Kenyans’ livelihoods through enhanced household incomes. PPPs in this area will be significant employment creators, generating up to 500,000 new jobs annually. Opportunities for PPPs in this area include the establishment of agro and food processing hubs and livestock vaccine and drug manufacturing plants, feedlots for commercial beef cattle production, and an international leather processing facility.

**Local public-private partnership projects**

Kenya’s 2010 Constitution mandates dramatic “big bang” devolution of governance, with county governments simultaneously receiving financial and administrative authority. The Constitution lists several goals for devolution:

- Promoting democratic and accountable power.
- Increasing popular participation in the exercise of state powers and decision-making that affects citizens.
- Protecting and promoting the interests and rights of minorities and marginalized communities.
- Promoting social and economic development.
- Providing easily accessible services across Kenya.

Part VI (Public Private Partnership Projects by County Governments) of the 2021 PPP Act empowers county governments to enter into PPP agreements with private businesses. Before embarking on a PPP project, county administrations must gain the consent of the county assembly and receive written clearance from the PPP Committee and the cabinet secretary of finance if the project requires government assistance or exceeds the county’s fiscal capacity. There are currently no examples of such local PPPs.

**Lessons and recommendations**

**Availability of information on PPPs.** Using public databases, it is not easy to gather, observe or obtain complete information on the history, numbers, types, status and performance of PPPs in Kenya. Besides the PPP Directorate, this study has relied heavily on third-party sources. This study backs up the conclusions of the PPP Scoping Study, which found that only roughly 40 per cent of countries put project preparatory material online. Kenya is no different. The World Bank notes that openness and public disclosure throughout a PPP project’s life cycle are critical to maximizing infrastructure efficiency gains and ensuring optimal socioeconomic outcomes. The Private Partnerships Disclosure Diagnostic Report for Kenya recommends a single platform with a user-friendly integrated back end for use by multiple entities and a hierarchy of roles related to uploading, validating and disclosing information; a user-friendly front end with structured content; and regular updates to registered users. The public availability of information improves predictability, strengthens public confidence in PPP projects, minimizes opportunities for corruption and helps align private investments with public interests. It is essential to restructure communication support to increase communication in the PPP sector and ensure better information dissemination and feedback systems allowing stakeholders to drive the PPP agenda. A comprehensive PPP sector-wide communication plan is needed to support continuing infrastructure sector reforms mandated by the PPP Act of 2021, new government development priorities, devolved governance, and policies and programs affecting the public investment sector.

**Capacity building for local PPPs.** It is beneficial that Kenya’s devolved government counties can engage in public-private partnerships. For the first time, these counties can take on this challenge. The main focus should be on building their capability from the beginning to implement best practices right away.

**Monitoring and evaluation of PPP projects:** A proper audit trail should be established throughout the project value chain.

**Support to projects in the PPP pipeline:** Kenya has a substantial number of projects at various stages of development. It is recommended that before emphasizing new projects, effort should be directed towards bringing these projects to fruition.

**New PPPs growth area:** Kenya is progressing well on several PPP fronts. However, stakeholders identified areas for additional attention in agriculture/food security and healthcare.
4. STAKEHOLDER SUPPORT AND OWNERSHIP

Government

Kenya has a long history with PPPs that predates the PPP policy statement published in 2011 and the Public–Private Partnership Act 15 of 2013. The Public–Private Partnership Act of 2021 has replaced the 2013 law. The PPP Directorate, housed inside the National Treasury and led by a director-general, has replaced the PPP Unit. The PPP Directorate has a much greater mandate than the PPP Unit. It is tasked with devising, directing, and coordinating the public sector’s selection, ranking, and prioritizing PPP projects. It has also been granted a license to initiate and lead project structuring and PPP programmes in Kenya. Certain approvals in the PPP process are centralized within the PPP Committee, while others are delegated to the PPP Directorate under the PPP Act of 2021. According to the act, the government retains total strategic control. The government must secure new infrastructure that will become government assets at the end of the contract period. Project and performance risks are allocated to the party best able to manage or mitigate them.

The government has also collaborated with partners to boost PPP implementation. The Public–Private Infrastructure Advisory Facility (PPIAF) of the World Bank, for example, has worked with the Kenyan government to develop the legal and institutional foundation for PPPs, as well as a project pipeline and support for the development of Kenya’s Governance and Operating Manual for the PPP Project Facilitation Fund. The PPIAF also supported a PPP certification program, which helped develop the capability of the PPP Unit and PPP capabilities in other state and municipal governments during the two-year programme.

The National Treasury, through its PPP Directorate, is the government’s PPP champion, with the mission of facilitating the implementation of the PPP programme and projects in Kenya.15

General public

Kenyans desire to see life-improving infrastructure projects implemented. The public should be fully involved in PPP project decisions as a constitutional entitlement. According to Article 174c of the Kenyan Constitution, one of the national principles and values of governance, as well as one of the critical objectives of devolution, is “to give people powers of self-governance and enhance their participation in the exercise of State powers and in making decisions that affect them.” Public participation allows individuals or groups to become involved in government or community issues important to them, ensuring that citizens’ voices are heard and that citizens can actively engage in choices that affect them. Several publications help support participation.16

In 2021 the National Treasury released Kenya’s economic project appraisal manual to detail how to interact with stakeholders for project success.17

Kenya also has a well-developed and well-organized civil society and civil society organizations, another stakeholder in the PPP process. They have been and will continue to be important in ensuring good governance in designing and implementing PPPs. However, their noisy commentary might sometimes be misinterpreted as hostility to an initiative. It is important to remember that stakeholders are interested in a company’s or government’s project investment initiatives and want to influence the project. They will be enthusiastic and supportive if they believe they will gain from the project. If they believe that the project will be detrimental to their interests, they will want to halt it or, at the very least, slow it down.

Lessons and recommendations

Availability of public resources to support PPPs: Public investment or guarantees will be required in PPP projects. The national budget is where resources must be allocated primarily to transfer utilities or compensate owners for land or assets acquired. These requirements should continue to be adequately provided for in the national budget. Future PPPs might rely solely on national guarantees, with no monetary investment.

5. LEGAL AND REGULATORY FRAMEWORK FOR PUBLIC–PRIVATE PARTNERSHIPS

General enabling legislation and regulation

PPP policy and the 2013 PPP Act. In November 2011, the government released a policy statement on PPPs. The statement expressed the government’s commitment to PPPs and served as the foundation for the 2013 PPP statute, strengthening the legal and regulatory environment. The policy’s principal components were creating central institutions to champion the PPP agenda, mobilizing local and foreign private sector investment and supporting multilateral development agency efforts to stimulate the development of cost-effective PPP projects for Kenya. In 2021, the government issued an independent Law Reform White Paper on PPPs, which informed the replacement of the 2013 statute with the Public–Private Partnership Act of 2021.18

The PPP Act of 2021. The PPP Act of 2021 allows the private sector to participate in infrastructure funding, construction, development, operation and maintenance through PPPs and streamlines the legal environment for PPPs.
Definition of PPP. Kenya defines a “public-private partnership” (section 2 of the 2021 PPP Act) as a contractual arrangement between a contracting authority and a private party in which the private party:  
- Undertakes to perform a public function or provides a service on behalf of the contracting authority.
- Receives a benefit for performing a public function through compensation from the public fund, charges or fees collected by the private party from users or consumers of a service provided to them, or a combination of compensation and charges.
- It is generally liable for risks arising from the performance of the function under the terms of the project agreement.
- Transfers the facility to the contracting authority.

Institutional structures for managing public-private partnerships

The PPP Directorate. The Directorate of Public-Private Partnerships, established under the 2021 Act, is the lead institution implementing PPP projects. The PPP Directorate is also responsible for conceiving, directing and managing PPP project selection and ranking. It supervises contracting agencies’ project appraisal and development operations. This approach is advantageous since it streamlines and centralizes PPP processes and operations. Given the complexity of PPP procurement, establishing a PPP Directorate with increased duties will improve efficiency and coordination.

The PPP Committee. The 2021 Act established the PPP Committee, whose responsibilities include developing PPP policies, reviewing the implementation of PPP contracts and approving negotiated PPP contracts.

The PPP Implementation Teams. The 2021 Act established the procedures for forming implementation teams in the procurement process. The act mandates forming a Prequalification committee by a contracting body to evaluate bidders and requires that competition conversations be held with short-listed bidders. The 2021 Act also specifies the procedures for bid review, negotiations and approval; the formation of a project company by a bidder for the execution of a project; cancellation of a tender; and dissemination of information on the results of a tender process.

The Prequalification Committee. Section 48 of the 2021 Act requires a contracting authority to establish a Prequalification Committee, whose responsibility is to prequalify bidders for PPP projects under competitive bidding.

The Petitions Committee. To make the competitive bidding more transparent, section 49 of the 2021 Act allows a party dissatisfied with the decision of the Prequalification Committee to appeal to a Petitions Committee.

The identification and selection of projects

The National Treasury and Planning Department compiles a list of national priority projects, and contracting bodies must select a PPP project. To meet this requirement, the government has published lists of potential investment opportunities and projects for implementation through PPPs and private-sector engagement. Tourism, agriculture, transportation and infrastructure, manufacturing, communications, energy, building and construction, and pharmaceuticals are significant economic and investment sectors in Kenya.

Procurement methods for public-private partnerships

Section 37 (1) of the PPP Act of 2021 specifies PPP procurement techniques. Direct procurement, privately initiated proposals, competitive bidding, and restricted bidding are all options under the act. Direct procurement is to be used only in exceptional circumstances, such as when the works or services are available only from a few private parties, when there is a pressing need and when direct procurement could drastically reduce the project’s cost. Direct procurement projects must also be tied to specific parties or external trade reasons for the national interest.

After procurement, the PPP Act defines the types of PPP arrangements that may be agreed to: management contracts, output performance-based contracts, leases, brownfield concessions, build-own-operate-transfer, build-own-operate, build-operate-and-transfer, build-lease-and-transfer, build-lease-maintain-transfer, build-transfer-and-operate, build-transfer, develop-operate-and-transfer, rehabilitate-operate-and-transfer, rehabilitate-own-and-operate, annuity-based-design-build-finance-and-operate, joint venture partnerships, strategic partnerships and land swaps.

Execution of agreement

The contracting authority will sign the PPP agreement. The contracting authority is the project’s owner and could be a state ministry, department, agency or corporation. The PPP Directorate is in charge of the procedure and approvals.

Local content

The 2021 Act states that PPPs must prioritize local services or content. It defines “local content” as the extra value that PPPs bring to the Kenyan economy through the local distribution of accruing advantages, such as the procurement of locally available personnel, services and supplies and the systematic development of national capacity and competencies. The PPP Committee is to establish guidelines, standards and practice notes for effectively implementing and operationalizing local content under the PPP Directorate’s guidance.
Specific legislation and regulations regarding privately initiated (unsolicited) proposals

Privately initiated proposals (PIPs), unsolicited proposals, have received considerable attention because of concerns about the procurement process’s lack of transparency and neutrality. The 2021 PPP Act specifies the circumstances under which PIPs may be initiated and stipulates that a contracting authority must follow the principles of transparency, cost-effectiveness and equal opportunity when procuring a PIP. To qualify, a PIP project must meet the following criteria, among others:

- Aligned with national infrastructure priorities and meeting a demonstrated societal need.
- Delivered at a reasonable value.
- Support the efficient transfer of risk from the private sector.
- Be supported by a detailed feasibility report showing that it is financially viable and environmentally sustainable.

Other specific legislation and regulation

Kenya’s well-developed legal system based on common law makes PPP development easier. Kenya’s Constitution establishes a sturdy foundation for a democratic society with well-structured governing institutions that protect property rights regardless of nationality. Contract law underpins business agreements and transactions, ensuring mutual respect among the contracting parties, including the government. Table 6 summarizes some of the most critical PPP legislation.

Lessons and recommendations

PPP Investors’ Guide to Kenya Investment Laws. PPP investors considering Kenya should be aware of the legal framework in which they operate. The World Bank 2018 Public-Private Partnerships Disclosure Diagnostic Report for Kenya posits that “the provisions in law are scattered, and it is important to provide a synthesized and synergized system for optimal disclosure practices in the PPP space, consistent with the country’s overall Open Kenya agenda”.

This guide will focus on Kenya’s investment rules and references the PPP sector’s legal reforms. The guide allows users to quickly find essential investment regulations in one place while appreciating the landscape that makes up the applicable legal framework.

PPP local content guidelines. The 2021 PPP Act has necessitated defining local content. Local content requirements must be established for the benefit not only of investors but also of Kenyan suppliers.

6. PUBLIC-PRIVATE PARTNERSHIP INSTITUTIONAL CAPACITY

PPPs have a long history in Kenya, and Kenya’s PPP institutional capacity has grown over time. Between 1990 and 2014, 25 PPP projects with a total investment commitment of $9.3 billion

<table>
<thead>
<tr>
<th>Legislation/ regulation</th>
<th>Role</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Economic Zones Act, 2015</td>
<td>Provides for establishing special economic zones, promoting and facilitating global and local investors, developing and managing enabling environments for such investments, and connected purposes.</td>
<td>A PPP can be set up as a special economic zone (SEZ) or in an existing SEZ. Under the SEZ regime, participating investors benefit from an enabling trade environment through integrated infrastructure facilities, access to business and economic incentives and removal of trade barriers and other impediments.</td>
</tr>
<tr>
<td>Investment Promotion Act No. 6 of 2004</td>
<td>Set up the Kenya Investment Authority (KenInvest). KenInvest supports foreign and domestic companies looking to set up or expand in Kenya. KenInvest provides a fully integrated advisory service, assistance in acquiring licenses and requisite entry permits, and aftercare support.</td>
<td>KenInvest is a one-stop shop for individuals and companies wishing to invest in Kenya. This is a good starting point for investors who engage in PPP activities.</td>
</tr>
<tr>
<td>Companies Act No.17 of 2015</td>
<td>Supports the registration of a company when needed for a PPP project.</td>
<td>PPPs can be operated in Kenya only through what the 2021 PPP Act calls project companies, which should be established under the Companies Act.</td>
</tr>
<tr>
<td>Public Finance Management Act 2012</td>
<td>Provides for the effective management of public finances by national and county governments, the oversight responsibility of Parliament and county assemblies, the responsibilities of government entities and other bodies, and connected purposes.</td>
<td>For PPPs, the government may use various financing instruments, including guarantees that give rise to contingent liabilities. The Public Debt Management Office established under this act must record these liabilities.</td>
</tr>
<tr>
<td>Proceeds of Crime and Anti-Money Laundering Act of 2009</td>
<td>Prevents money laundering activities in Kenya.</td>
<td>The funds to be contributed by the private party in any PPP must be from “clean” sources.</td>
</tr>
<tr>
<td>Access to Information (ATI) 2016</td>
<td>Supports adopting standards for proactive disclosure of information relating to PPP projects undertaken by the government.</td>
<td>This is a work in progress.</td>
</tr>
</tbody>
</table>

Source: Authors.
reached a financial conclusion. These projects allowed government employees to obtain valuable experience handling and managing PPPs. Kenya's PPP institutional capacity is examined in-depth in this section.

**Institutions**

The links between the institutions engaged in the PPP framework in Kenya have been delineated, and these links must now be tested under the PPP Act of 2021. The duties of these institutions are defined in table 7.

**Public-private partnerships project development processes**

Many countries have established a procedure for developing and implementing PPP projects. Standardizing the PPP process aids in coordinating the numerous parties involved and ensuring that all PPPs are formed in ways that enable them to meet the government's goals. Firms and governments must prepare and assess ideas, conduct bidding and negotiate arrangements, and arrange funds to build a PPP project. Transaction expenses incurred during these processes include employee, placement and other costs and advising fees for investment bankers, lawyers and consultants. The Kenya government produced a PPP policy statement in November 2021 that outlined the stages in the PPP process (table 8).

**Standardization**

There are no publicly available standard documentation and templates for each stage of the PPP process, though efforts are being made in that direction. In 2021, the government released the first Economic Project Appraisal Manual. The manual formalizes the project appraisal system and establishes the foundation and circumstances for the government to advance only projects that demonstrate the most cost-effective and attractive options for society. The transition of "investment ideas" into "investment projects" and then into "investment decisions" is made possible by a structured system of project appraisal.

The World Bank's Public-Private Partnerships Disclosure Diagnostic Report for Kenya includes specific recommendations for improving disclosure, including modified PPP disclosure rules for Kenya. The report proposes a systematic structure for proactively revealing information on PPPs using specific disclosure rules. The report proposes a complete strategy for disclosure based on predetermined standards, tools and methods, allowing for greater disclosure efficiency. Kenya plans to adopt this framework to supplement its legislative policy and statutory criteria on PPP disclosure within its borders.

**Communication plans for public-private partnerships**

Research has consistently found that effective communication is crucial to success in PPP projects of all types in

### TABLE 7 Public-private partnership institutions and their roles

<table>
<thead>
<tr>
<th>Institution</th>
<th>Role</th>
</tr>
</thead>
</table>
| The National Treasury and Planning | • Develop PPP policy.  
  • Include PPP projects in medium-term plans, budgets and financing.  
  • Facilitate the legal and regulatory framework for PPPs.  
  • Produce a priority list of national PPP projects.  
  • Determine government support measures for PPPs. |
| Contracting authority (line ministries, state corporations and agencies) | • Identify, screen and prioritize projects based on guidance from the Directorate of PPPs.  
  • Prepare and appraise each project to ensure its legal, regulatory, social, economic and commercial viability.  
  • Undertake the tendering process under the 2021 PPP Act.  
  • Provide technical expertise to evaluate and appraise a project.  
  • Monitor implementation of project agreements.  
  • Liaise with all key stakeholders during the project cycle.  
  • Oversee management of a project under the project agreement.  
  • Submit annual or other periodic reports on the implementation of the project agreement.  
  • Maintain a record of all documentation and agreements relating to implementing a project agreement under the 2021 PPP Act.  
  • Prepare project agreements under standard documents and other guidance.  
  • Ensure public participation in a project.  
  • Where the project agreement involves a transfer of assets, ensure that the transfer of assets at the expiry or early termination of a project agreement is consistent with the terms of the project agreement. |
| The Directorate of Public-Private Partnerships | • Originate, guide and coordinate the selection, ranking and prioritization of PPP projects within the public budget framework.  
  • Oversee project appraisal and development activities of contracting authorities, including providing technical expertise in project implementation.  
  • Lead contracting authorities in the project structure, procurement, tender evaluation, contract negotiation and deal closure.  
  • On its motion, originate and lead in project structure and procurement in coordination with a contracting authority.  
  • Support the development of PPP programmes in the country.  
  • Oversee contract management frameworks for PPP projects. |
| Office of the Attorney General | • Review and provide clearance for projects whose value exceeds approximately $50 million. |
The 2021 PPP Act clarifies how contracts are to be negotiated, agreed and signed. There are issues of cost escalation relating to existing contracts and charges.\textsuperscript{c}

Dispute resolution

Establishment of a process and a dispute resolution team

Under the 2021 PPP Act, the Petitions Committee has published a list of suitable investment opportunities and projects planned for implementation through PPPs and private-sector engagement.\textsuperscript{a}


The capacity of public-private partnership institutions

The PPP Directorate in Kenya believes that PPPs have been successful for three reasons.\textsuperscript{24}

- **PPP Directorate’s governance and reporting structure.** It has a non-layered and direct reporting line for its day-to-day operations, which has enabled successful collaboration with other government entities and the market.
- **Self-driven and passionate staff:** The PPP directorate has maintained high-calibre staff dedicated to the cause. Staff turnover has been low since 2013, which has aided in the development of institutional memory, which is critical for applying lessons learned.
- **Financial support from the World Bank:** Kenya’s government secured a $40 million credit from the World Bank in 2013 to help build a bankable pipeline of PPP projects. Further, the government secured an additional $50 million credit in 2017, which has been used to build the capacity of PPP actors, enhance the institutional capacity of PPP institutions and hire transaction advisors for PPP projects.

**TABLE 8** Stages in the public-private partnership process in Kenya

<table>
<thead>
<tr>
<th>Stage</th>
<th>Assessment</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification, prioritization and selection of the project</td>
<td>Ministries, departments and agencies determine the technical profile, operations, service delivery targets and future income and costs of the project. Through surveys, they also perform a needs analysis for PPP. For PPP projects that require collecting user fees directly from consumers, the surveys are used to confirm that customer revenues will be sufficient to make the project financially viable. Identified projects can then be subjected to viability analysis before being included in the government’s investment programme.</td>
<td>The Kenyan government has published a list of suitable investment opportunities and projects planned for implementation through PPPs and private-sector engagement.\textsuperscript{a}</td>
</tr>
<tr>
<td>Due diligence and feasibility studies</td>
<td>Ministries, departments and agencies ensure that social cost-benefit analysis and an investment appraisal of the commercial sustainability of the project are undertaken.\textsuperscript{b} In addition, land acquisition or other government support requirements are defined. The project’s bankability is based on optimal risk-sharing and consultations with stakeholders to ensure their interests are considered before the project can move to the next stage.</td>
<td>Kenyan officials confirm that this stage was professionally undertaken for PPPs currently under implementation, some with the support of transaction advisers. The documents are, however, not publicly available because of confidentiality requirements.</td>
</tr>
<tr>
<td>Procurement</td>
<td>This stage includes the prequalification of bidders, the bidding and bid evaluation process, and unsolicited bids.</td>
<td>Open tendering has not been the norm for PPP projects in Kenya. The tariffs, pricing and other details have occurred by negotiation, and the 2021 PPP Act has strengthened this area.</td>
</tr>
<tr>
<td>Contract award</td>
<td>This stage advises on dealing with the preferred bidder.</td>
<td>The 2021 PPP Act clarifies how contracts are to be negotiated, agreed and signed. There are issues of cost escalation relating to existing contracts and charges.\textsuperscript{c}</td>
</tr>
<tr>
<td>Contract management</td>
<td>Contract management deals with a project’s construction or operation periods, including transfer back if relevant.</td>
<td>This stage has performed well so far, with only one contestation—that of the terminated Rift Valley Railway concession.\textsuperscript{d}</td>
</tr>
<tr>
<td>Dispute resolution</td>
<td>Establishment of a process and a dispute resolution team</td>
<td>Under the 2021 PPP Act, the Petitions Committee hears any disputes arising from any part of the PPP process.</td>
</tr>
</tbody>
</table>

Developed and developing countries. Yet information asymmetries and communication problems are common in PPP projects. Due to their many stakeholders with various backgrounds, languages, and cultural and structural differences, PPP initiatives are information-heavy. Typical PPP project delivery relies heavily on data. Excellent communication and information integration methods are crucial to achieving high-efficiency PPP project management. Achieving a good grasp of the communication performance difficulties in PPP project execution requires integrating individual information-sharing methodologies.\textsuperscript{23}

According to the Kenyan Policy Paper on Public-Private Partnerships 2011, the success of the PPP programme will require extensive public support. Each PPP requires its communication and awareness plan directed to critical stakeholders, officials from public service procuring agencies, personnel in likely PPP sectors and the general public. Websites, television, newspapers, journals, magazines, radio and workshops should all be used to implement the communications strategy, and there is no evidence that this has been done effectively to date.
Private sector capacity for public-private partnerships

External investors have dominated the PPPs executed in Kenya, and participation by local professionals and the financial sector has been minimal. Kenya’s private sector has contributed substantially to the country’s economic development over the years, accounting for more than 80 per cent of GDP, a substantial percentage of total employment and the bulk of export earnings. The private sector should be encouraged by improving the investment climate. Measures to improve the investment climate include fiscal and monetary discipline, a comprehensive reform agenda for production and operational environments, diversification of export markets for traditional products, a focused value programme, continuing dialogue with countries and regional blocks that constitute Kenya’s major export markets and a concerted effort to improve the operating climate for micro and small enterprises. A thriving private sector is central to achieving the growth objectives of Kenya’s Vision 2030, thereby creating wealth and employment opportunities. Building the private sector’s capacity in the PPP space is essential, especially at the county level, where PPP activity is to be expanded.

Lessons and recommendations

PPP project preparation facility. Kenya has a priority PPP project list, but the extent to which the projects have been scrutinized is unclear. It is suggested that extra external help be sought to ensure all these initiatives are bankable.

Public communication strategy. The benefits of PPP initiatives in public awareness have been agreed upon, and Kenya’s PPP Secretariat should strengthen its transparency and public involvement.

Private sector capacity for PPPs. Kenya’s private sector has to be re-energized to participate fully in PPPs. A first step could be to develop local business sector experience in PPPs, while a second step could be to find local private sector partners for joint ventures. These measures will expand the PPP market and broaden its appeal in the home market.

Funding for project preparation

Infrastructure project preparation costs in developing countries typically range from 5–10 per cent of the total project investment. The preparation includes an analysis of project risks, structuring options for optimal risk allocation and transfer, value-for-money analysis, level of government support required and implications for fiscal costs and contingent liabilities, broader stakeholder engagement and market sounding, and greater rigour in the contract documentation. Proper preparation can tremendously impact the quantity and quality of PPP projects. To address some of these issues, Kenya established the Public–Private Partnership Facility Fund Regulations in 2017. The fund has the authority to:

- Support contracting authorities’ third-party costs in preparing PPP projects, including settlement of transaction advisory costs.
- Support the activities of the PPP Directorate.
- Provide viability gap funding to projects.
- Provide a source of liquidity to meet contingent liabilities arising from a project.

Framework for government support for public-private partnerships

According to the PPP Act of 2021, government support for PPPs can include the following:

- A binding undertaking.
- A letter of support.
- A letter of credit.
- A credit guarantee, whether partial or complete.
- Approval for issuance or partial risk guarantees and political risk insurance or other instruments that the cabinet secretary responsible for matters relating to finance may, on the advice of the committee, determine, provided that the instrument complies with the provisions of the law relating to public finance management.

These tools have been employed occasionally, although public guarantees are the most common, particularly for PPPs in the energy industry.

Framework for managing fiscal commitments and contingent liabilities

The cabinet secretary to the Treasury is required under section 33 of the Public Finance Management Act of 2012 to present an Annual Debt Report and Debt Management Strategy to Parliament, including a statement on fiscal commitments and contingent liabilities. This requirement is now being met through the annual budget policy statement for PPPs. The yearly PPP report must include the value of contingent liabilities permitted for each PPP, according to section 88 of the PPP Act of 2021. Kenya’s Public Debt Management Office has established a financial commitment and contingent liabilities management
framework based on the legal mandate. Kenya is one of the first lower-middle-income countries to implement such a system.

**Lesson and recommendation**

*Management of contingent liabilities arising from PPPs*: There may be a need to perform an actuarial evaluation of contingent liabilities arising from existing PPP projects and their likely impact on the national budget in the short and medium term.

## 8. ACCESS TO FINANCE

### Current financing scenario

By 2018, 39 PPP projects with a total value of $5.208 billion had completed financial closure. The big-ticket projects of this package were described in section 3 of this report. Currently, there are no publicly available official estimates of PPP finance requirements. According to PPP Directorate consultants, $9 billion in capital expenditures are expected to support Vision 2030’s road investment ambitions over the next ten years. The PPP initiative consists of five major roads and 10,000 km of lesser roads, with a funding gap of $15 billion. The key concern has been where and how to get money for PPPs. Table 9 explores some of the critical issues in access to finance for PPPs.

**Lessons and recommendations**

*Development of a long-term finance market in Kenya*: Kenya plans to expand its financial markets to provide long-term financing for PPP projects, which is currently unable to do. The Nairobi International Financial Centre was formed to

### TABLE 9 Assessment of access to finance for public-private partnership projects in Kenya

<table>
<thead>
<tr>
<th>Issue</th>
<th>Assessment</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project finance market in Kenya</td>
<td>Kenya has a modest and underdeveloped project finance market. The financial sector is small and cannot fund large-ticket projects. It lacks project finance experience and the ability to plan and deliver large, non-local projects, which require a thorough economic examination. Kenyan banks must operate as agents or in a syndicate because each alone will not have access to adequate foreign funds for PPP activity.</td>
<td>Regional growth is enabling local financial institutions to expand. By 2025, one or two financial institutions should be able to undertake more significant initiatives.</td>
</tr>
</tbody>
</table>
attract forward-thinking firms to Nairobi and equip them with the resources they need to succeed in Kenya and the region. A progressive legal and regulatory framework, a competitive operating environment and a thriving financial ecosystem are all available at the centre. Overhauled long-term debt instruments can now be issued and traded on the capital market. Long-term debt is a small sector that will require further incentives to grow.

9. TRANSPARENCY AND DISCLOSURE

Kenya’s audit system is well-developed. The Office of the Auditor-General conducts public sector audits, and private sector audits are conducted by private auditors governed by the Accountants Act. Every major international auditing firm has a presence in Kenya. The challenges in transparency and disclosure in Kenya are summarized in table 10.

10. PEOPLE-FIRST PPPS

PPP must be fit for purpose and adopt a people-first strategy consistent with the Sustainable Development Goals (SDGs) to achieve social benefits beyond their economic value. That means that PPPs have evolved from purely financial tools into a means of producing value for people and the environment.29

11. REGIONAL PUBLIC-PRIVATE PARTNERSHIPS

Current status

Regional PPPs have been explored in Africa since the 1990s, when a series of regional infrastructure projects began to be identified, designed and implemented, as mentioned in the PPP Scoping Study. Despite the existence of regional economic communities, such as the East African Community, regional PPPs have not been successful in Africa. According to the Programme for Infrastructure Development in Africa’s second priority Action Plan (PIDA PAP2), an integrated corridor approach, which connects national priorities, can improve the success rate. The Northern Corridor Integration Projects, a joint initiative of Kenya, Rwanda, South Sudan and Uganda, aimed at strengthening cooperation to accelerate development, improve infrastructure and ease the movement of people and goods, is starting to spin off PPP projects, including privately initiated (unsolicited) proposals. Table 12 examines regional PPPs from a Kenyan perspective.

Lamu Port and New Transport Corridor Development to South Sudan and Ethiopia (LAPSET) programme

LAPSET is a set of transport and infrastructure projects involving Kenya, Ethiopia and South Sudan. The project brings together a wide range of stakeholders and actors (investors, donors and funders), including governments, the United Nations,
Assessment of Africa by supporting various port-to-port connections. The integration and increased trade in Eastern Africa and the Horn LAPSSET offers one of the best opportunities for regional in other infrastructure projects.


Source: Authors.

### TABLE 11: Assessment of the application of people-first outcomes in public-private partnerships in Kenya

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Assessment</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing access and promoting equity means that public-private partnerships (PPPs) should increase people’s access to essential services, such as water and sanitation or energy, especially those in socially and economically vulnerable groups. People-first PPPs should promote social justice and make essential services accessible to all without restrictions of any kind.</td>
<td>Kenya’s PPPs appear to have had a beneficial influence on communities. The Lake Turkana Wind Power Project has improved income levels, health and governance. The rehabilitation of rural roads cut travel time from 1–2 days to 4 hours and reduced transportation costs by 16–37 per cent. This resulted in a 20–30 per cent price reduction for some items at the local market and a threefold rise in income for local anglers.</td>
<td>Projects in which the World Bank and the African Development Bank have a stake require the creation of a Resettlement Action Plan, which must be included in the implementation process. This should be written into the PPP legislation.</td>
</tr>
<tr>
<td>Improving environmental sustainability, which means cutting carbon emissions and moving to a green economy</td>
<td>Non-power PPPs are challenged in meeting these standards, particularly transport PPPs. The reason is that they have been designed to meet immediate needs, such as the Standard Gauge Railway and the Nairobi Expressway. Urban housing PPPs are being faulted for their non-green designs.</td>
<td>Current National Environment Management Authority requirements do not emphasize greening the environment as part of the approval process. There should also be economic incentives for green use, such as lower tolls for electric cars and tax concessions for green housing.</td>
</tr>
<tr>
<td>Improving project economic effectiveness, which means that projects must be successful, achieve value for money and have a measurable impact by removing a barrier or creating a new mechanism for integrating groups into the global marketplace</td>
<td>PPPs have made a substantial contribution to national economic well-being. For example, the Lake Turkana Wind Power Project is predicted to reduce outages by 10–15 per cent and lower electricity costs by 13 per cent. Kenya has the highest electricity access rate in East Africa. Access is 75 per cent for both grid and off-grid alternatives, and universal access is expected by the end of 2022. The Nairobi Expressway will improve traffic flow and cut travel time in the city, boosting Nairobi’s economic vibrancy. This will boost Kenya’s competitiveness in the East African region and cement Nairobi’s status as a corporate centre.</td>
<td>The most significant difficulty has been the lack of PPPs in agriculture, affecting most of the population. The government has compiled and released an overview of opportunities for PPPs in agriculture.</td>
</tr>
<tr>
<td>Being replicable, which means that PPPs can be repeated and scaled up to achieve the transformational impact required by Agenda 2030 on Sustainable Development and that local staff and governments have received the necessary training to do similar projects in the future</td>
<td>The power and transportation sectors are replicated most often because of the considerable experience and skills in those sectors. Project prices, tariff determinations and minimum performance guarantees are still significant concerns, and the debate on whether PPP project costs are inflated remains unresolved.</td>
<td>It is impossible to overstate the importance of using an open bidding/auction process as the preferred method for PPPs. Alternative PPP methods should be subjected to public review concerning pricing and tariffs.</td>
</tr>
<tr>
<td>Engaging all stakeholders, which means involving both those who may be directly involved in the PPP project and those who might be affected directly or indirectly by the project in the short or long run</td>
<td>In theory, all PPPs in Kenya are subject to a stakeholder consultation and analysis process. A Community Engagement Policy and Plan should be developed for each project. The crucial question is whether stakeholders can comprehend the projects’ intricacies.</td>
<td>To minimize stakeholder conflict with PPP projects, it may be necessary to consider civic education in areas where a project is located.</td>
</tr>
</tbody>
</table>

and bilateral, multilateral, private, civil society and humanitarian organizations. The economic factors driving LAPSSET include better access to large land areas for economic opportunities and agriculture; exploration and development of the region’s extractive industry (oil, gas and minerals); transport; energy and other infrastructure projects.

LAPSSET offers one of the best opportunities for regional integration and increased trade in Eastern Africa and the Horn of Africa by supporting various port-to-port connections. The regional components are Lamu Port, highways, oil pipelines and railways. The additional components are international airports, resort cities, High Grand Falls Dam, electricity transmission, fibre-optic connectivity and water supply. The identified funding for LAPSSET is estimated at $28 billion, as shown in Table 13.

LAPSSET also looks forward to being as green as possible and intends to start cooperating with renewable energy providers in Lamu to meet the initial energy requirements. The project is
Lessons and recommendations

Development of Regional PPPs. LAPSSET provides the best chance for structuring regional PPPs, and it should be linked to the requirements of the blue economy. The PPP Secretariat’s capacity for regional PPPs should be developed, and this opportunity should be thoroughly explored.

Other areas that will need to be worked on to implement regional PPPs include regional project identification and the role of regional economic communities; government PPP selection criteria for regional projects with the PIDA PAP II “integrated corridor approach” to project prioritization; harmonization of legal, regulatory, procurement and procedural rules with other countries; the institutional framework for facilitating regional PPP projects; and coordination and implementation of regional PPPs.

12. ASSESSMENT OF OVERALL READINESS FOR PUBLIC-PRIVATE PARTNERSHIPS

Table 14 shows the results of an assessment of the overall readiness for public-private partnership projects in Kenya and lays out the priority areas for improvement.

13. RECOMMENDATIONS

To enhance and advance the PPP agenda in Kenya and ensure that PPPs play their expected role under Vision 2030, it is recommended that the following be undertaken:

- **Support projects in the PPP pipeline.** Kenya has a substantial number of PPP projects at various stages of development. Before emphasizing new projects, efforts should be directed at bringing these projects to fruition. The projects are in diverse areas of the national economy, including energy, housing, roads and the transnational transport and infrastructure corridor programme, LAPSSET. The stakeholders further recommend that the first step be to support and finalize projects under LAPSSET. As 1 of the 11 African Union Presidential Infrastructure Champion Initiatives, this is already a widely recognized program, giving it a continental platform for support and development. Needed funding for LAPSSET is estimated at $28 billion, but program projects will be prioritized to fit the budget. The second step would be to support and complete local entrepreneurs’ renewable energy and housing initiatives.

- **Improve the domestic capacity of PPPs, focusing on contracting agencies, the PPP Directorate and the private...**

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**TABLE 12** Assessment of regional public-private partnerships in Kenya

<table>
<thead>
<tr>
<th>Issue</th>
<th>Assessment</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government experience successfully implementing regional PPPs</td>
<td>Kenya has two projects that can be modified to become regional PPPs. The Northern Corridor Integration Projects (NCIP) and Lamu Port and New Transport Corridor Development to South Sudan and Ethiopia (LAPSSET) programme consist of regional multimodal transportation and infrastructure projects in Kenya, Ethiopia and South Sudan that integrate roadways, railways and pipeline components. However, no regional or intercountry PPP has yet emerged. An attempt was made for the Kenya–Uganda Railway as part of LAPSSSET, but it was hindered by inept early structuring.</td>
<td>The potential for meaningful regional PPPs is apparent, notably under LAPSSET. The lack of a single marketing and coordination structure is impeding progress.</td>
</tr>
<tr>
<td>Government and general public support for regional PPPs. Are regional project opportunities prioritized in infrastructure planning?</td>
<td>Kenya is implementing a portion of the NCIP through several PPPs, primarily in the transportation sector. This corridor includes the Nairobi Expressway, the Rironi–Mau Summit Road and the proposed dualling of Nairobi–Mombasa Road PPPs. Budgets have been set aside to support these PPPs for electricity and water relocation and resettlement.</td>
<td>Kenya’s government is a significant international player that follows through on its regional and international obligations. There could be some budgetary difficulty if a regional PPP is agreed on.</td>
</tr>
</tbody>
</table>

**TABLE 13** Estimated funding requirements of the Lamu Port and New Transport Corridor Development to South Sudan and Ethiopia (LAPSSET) programme

<table>
<thead>
<tr>
<th>Project components</th>
<th>Estimated cost (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lamu Port</td>
<td>904</td>
</tr>
<tr>
<td>2. LAPSSET highways</td>
<td>8,000</td>
</tr>
<tr>
<td>3. LAPSSET railway</td>
<td>8,000</td>
</tr>
<tr>
<td>4. Oil pipelines</td>
<td>7,000</td>
</tr>
<tr>
<td>5. Refinery</td>
<td>2,800</td>
</tr>
<tr>
<td>6. LAPSSET airports</td>
<td>469</td>
</tr>
<tr>
<td>7. Resort cities</td>
<td>912</td>
</tr>
<tr>
<td>8. Special economic zone</td>
<td>491</td>
</tr>
<tr>
<td><strong>Total funding requirement</strong></td>
<td>28,576</td>
</tr>
<tr>
<td><strong>Already funded</strong></td>
<td>500</td>
</tr>
<tr>
<td><strong>Net funding requirement</strong></td>
<td>28,076</td>
</tr>
</tbody>
</table>

Source: LAPSSET, 2022²⁰
sector. That entails performing a PPP capacity needs analysis, developing a PPP domestic capacity master plan, implementing the PPP domestic capacity master plan and monitoring and evaluating capacity development outcomes.

- **Develop the long-term finance market in Kenya.** Kenya plans to expand its financial markets to provide long-term financing for PPP projects. The Nairobi International Financial Centre was established to attract forward-thinking firms to Nairobi and equip them with the resources they need to succeed in Kenya and the region. A progressive legal and regulatory framework, a competitive operating environment and a thriving financial ecosystem are all available at the centre. Overhauled long-term debt instruments can now be issued and traded on the capital market. Long-term debt is a small sector that will require further incentives to grow.

- **Study and operationalize PPPs in agriculture and strategic health areas.** This will involve supporting the agriculture and health sectors in consultation with the PPP Directorate in the following ways:
  - Identifying potential PPP projects from their priority list of projects. The potential PPP projects are identified based on an analysis of the need for infrastructure services. The options for meeting the service are considered in terms of any need for assets.
  - Supporting the sectors by selecting a shortlist of bankable and implementable projects. Those considered suitable are studied in detail and cleared to continue procurement.
  - Supporting the contracting authorities in procuring projects that are determined to be the most viable. Negotiations with the preferred bidder will occur, and the project will be taken to technical and financial close.
  - Monitoring the project through its construction and operation phases. The ministry, department or agency that serves as the contracting authority will monitor the project over the contract’s life.

- **Design and operationalize a regional PPP framework incorporating the blue economy.** The process should include the following:
  - Conducting demand analysis for regional PPP projects in Kenya.
  - Preparing a policy paper on regional PPPs.
  - Undertaking changes to the legal and regulatory framework needed to incorporate regional PPPs.
  - Developing the capacity of the PPP Directorate and the private sector to participate in regional PPPs.

### TABLE 14 Readiness Scorecard summary for public-private partnership project readiness in Kenya

<table>
<thead>
<tr>
<th>Theme</th>
<th>Readiness question</th>
<th>Yes</th>
<th>No</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background environment</strong></td>
<td>Do the country’s economic fundamentals and business climate facilitate successful PPPs?</td>
<td>✔</td>
<td>✔</td>
<td>High</td>
</tr>
<tr>
<td><strong>Experience with the PPP process</strong></td>
<td>Does the government have successful experience implementing PPPs?</td>
<td>✔</td>
<td>✔</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Stakeholder support and ownership</strong></td>
<td>Is there broad support for PPPs from the government, the public, the private sector and other key stakeholders?</td>
<td>✔</td>
<td>✔</td>
<td>Low</td>
</tr>
<tr>
<td><strong>PPP legal and regulatory framework</strong></td>
<td>Does the existing framework facilitate successful PPPs? Are improvements needed in the PPP framework through amendments to existing legislation and regulations or additional legislation or guidelines?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>PPP institutional capacity</strong></td>
<td>Is there a second tier of PPP-related institutions and processes that facilitate the implementation of the law, regulations, rules and policies?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>Funding and managing fiscal risk</strong></td>
<td>Does the government provide funding support to PPPs through debt, equity, grants or guarantees? Does the government effectively identify and manage financial risk associated with PPPs?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>Access to finance</strong></td>
<td>Are project financing structures and sources available to support PPPs?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>Transparency and disclosure</strong></td>
<td>Are PPP-related oversight, audit and disclosure procedures and institutions in place?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>People-first PPPs</strong></td>
<td>Is the PPP legal, regulatory and institutional framework consistent with principles established by the United Nations Economic Commission for Europe International PPP Centre of Excellence regarding “people-first” PPP projects?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>Regional PPPs</strong></td>
<td>Is the government prepared to identify, develop and manage cross-border PPPs, Programme for Infrastructure Development in Africa Priority Action Plan II PPP projects and other regional PPPs involving benefits for multiple countries?</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>
- Conducting viability studies and producing a list of priority regional PPPs.
- Obtaining government buy-in and incorporating regional PPPs into the public investment program.

- Inviting regional requests for proposals for implementing regional PPPs.
- Implementing regional PPPs.
- Conducting periodic audits and reviews of the regional PPP value chain.
1. See, for example, Country Profiles – African Development Bank: https://www.afdb.org/en/countries/southern-africa/


3. See, for example, Country Profiles – African Development Bank: https://www.afdb.org/en/countries/southern-africa/


7. The National Treasury and Planning: Summary of Key Investment Opportunities in Kenya, October 2020

8. http://portal.pppunit.go.ke/project-info/stage/Procurement


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