



Kenya Petroleum Technical Assistance Project (KEPTAP) (P145234)

AFRICA | Kenya | Energy & Extractives Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 7 | ARCHIVED on 18-Jun-2018 | ISR32560 |

Implementing Agencies: Government of Kenya, Ministry of Energy

Key Dates

Key Project Dates

Bank Approval Date:24-Jul-2014

Effectiveness Date:02-Oct-2014

Planned Mid Term Review Date:16-Jul-2018

Actual Mid-Term Review Date:31-Jan-2018

Original Closing Date:28-Feb-2021

Revised Closing Date:28-Feb-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective (PDO) is to strengthen the capacity of the GoK to manage its petroleum sector and wealth for sustainable development impacts.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component A: Petroleum Sector - Reforms and Capacity Building:(Cost \$45.67 M)

Component B: Revenue and Investment Management - Reforms and Capacity Building:(Cost \$6.65 M)

Component C: Sustainable Impact of Oil and Gas Industry - Reforms and Capacity Building:(Cost \$5.12 M)

Component D: Project Management:(Cost \$3.47 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Unsatisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Substantial	● Substantial



Implementation Status and Key Decisions

This ISR summarizes the outcomes from the virtual mission (November 6 – 16, 2017) and the Mid-term Review (MTR) mission during January 26 - February 2, 2018.

Overall Progress: Overall the KEPTAP project receives a moderately unsatisfactory rating. As of last April 2018, 29% of the credit has been disbursed. The Project has achieved a few of its core intermediate results. There is continued relevance of KEPTAP. The PDO and Result Framework remain relevant and achievable but will require additional time due to the earlier delays. The MTR recommended restructuring of KEPTAP to simplify its structure and implementation arrangements as well as focus it more on immediate priorities. Decisions on scope and details of these changes to the project are expected to be made by the Government and the Bank in mid- to late calendar year 2018.

While the request for Additional Financing has been received in early 2018 and in general is considered favorably on technical grounds, KEPTAP remains behind optimal disbursement levels to qualify for immediate additional financing credit at this time. MTR proposed recommendations on how to simplify and streamline KEPTAP going forward and upon improvement of its performance, the additional financing and activities will be considered. The project has completed the following work which is critical step towards achieving the PDO.

Institutional Review: The Institutional Review has been concluded and some of the recommendations are under implementation.

Strategic Environmental and Social Assessment (SESA): A Strategic Environmental and Social Assessment was successfully completed in December 2016 and disclosed after a period of stakeholder consultation. Based on its recommendation, additional activities in the area of safeguards are to be supported by the project and ToRs are being prepared.

Gender Assessment: The Gender Assessment for the petroleum sector is nearly finalized with final revisions pending between NEMA and consultants. The aim of the study is to determine the impacts of the growth of the sector on women and youth, and make recommendations to mainstream gender into the project and the sector. Base on the findings, several new activities will be initiated.

National Communication Strategy: A National Communication Strategy assignment is almost complete. The strategy will inform the subsequent public information awareness campaign.

Transaction Advisory Services: The Transaction Advisory assignment commenced to support the Government across a variety of upstream petroleum sector related negotiations. The first task order for crude oil pipeline negotiations is on its way.

Local content supply-demand analysis and policy: An assessment of the ability of the Kenyan private sector to supply the upstream petroleum sector is nearly finalized, focused on five high potential sectors. Relatedly, work to develop Kenya's local content policy was also launched.

Cost of Service Study for Energy Regulatory Commission (ERC): The mid and downstream sector regulator, the ERC, has finalized the cost of service study, whose outcome might further strengthen regulatory reinforcement capacity and potentially increase the consumption of petroleum products through reductions in price of consumption.

Equipment. Hydrocarbon and Environmental testing equipment has been purchased and delivered to several Authorities enabling execution of their inspection mandate.

Capacity Building and Training: Over the last three years, seven-hundred and seventy-seven (777) GoK Officers were trained in seventy-three (73) different programs aimed at equipping them with relevant knowledge in petroleum development, operations and revenue management and environmental, social, health and safety issues associated with oil and gas development across upstream, midstream and downstream.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● Low	● Low
Sector Strategies and Policies	--	● Substantial	● Substantial
Technical Design of Project or Program	--	● Substantial	● Substantial



Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Moderate	● Moderate
Stakeholders	--	● Substantial	● Substantial
Other	--	--	--
Overall	--	● Substantial	● Substantial

Results

Project Development Objective Indicators

► Policy, legal and regulatory acts, prepared under the project, approved and in force (legally effective) by relevant sector ministries (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No acts prepared under the project	Draft Petroleum Bill and draft National Energy Policy submitted for parliamentary approval. Because of election delays, the approval of the Bill and policy have also been delayed.	Draft Petroleum Bill and draft National Energy Policy submitted for parliamentary approval. Because of election delays, the approval of the Bill and policy have also been delayed.	Key Policy and Legal Acts approved and in force
Date	01-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► Staff of petroleum sector management institutions trained to regulate, manage and monitor compliance in the sector (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	592.00	592.00	80.00
Date	01-Dec-2014	01-Feb-2017	02-Feb-2018	28-Feb-2021

► Percentage of petroleum production and transmission projects per year subject to formal environmental and safety inspections following good international practices set under the project (Percentage, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	01-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► Report published, and made publicly available, in accordance with internationally recognized transparency standards. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No reporting	No reporting	No reporting	report published
Date	01-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

Overall Comments

In view of the delay in first oil production and that commercial production unlikely to happen during KEPTAP implementation period, the indicators will be updated accordingly as part of the restructuring.

Intermediate Results Indicators

► Fiscal policy rule in place for transfer of oil/gas revenue to the annual budget (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No Fiscal policy on transfer of oil/gas revenues	No Fiscal policy on transfer of oil/gas revenues	No Fiscal policy on transfer of oil/gas revenues	Fiscal rule in place and enforced
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► Multi-year perspective in fiscal planning, expenditure policy and budgeting (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Multi-year budget formulation in place, but no clear process of investment project selection and recurrent cost budgeting	Multi-year budget formulation in place, but no clear process of investment project selection and recurrent cost budgeting	Multi-year budget formulation in place, but no clear process of investment project selection and recurrent cost budgeting	The majority of important investments are selected on the basis of relevant sector strategies and recurrent cost implications in



accordance with sector allocations and included in forward budget estimates for the sector.

Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021
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► The score of Public Expenditure and Financial Accountability Assessment (PEFA) Performance Indicator (PI) 6 (comprehensiveness of information included in budget information) improved (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	C	C	C	B
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► Number of staff trained at Treasury to forecast, collect, and manage oil revenues. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	25.00	25.00	10.00
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► A comprehensive stand-alone Petroleum Policy that covers both upstream and downstream aspects approved and effective (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No Petroleum Policy (PP)	No Petroleum Policy (PP)	No Petroleum Policy (PP)	PP legally in force
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021



► A new regulatory body for the petroleum sector, "Kenya Petroleum Authority", reporting to the Cabinet Secretary of MEP, is established and functional (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Kenya Petroleum Authority does not exist	Upstream Petroleum Regulatory Authority (UPRA) is provided for in the Draft Petroleum Bill which has been submitted to parliament for approval.	Upstream Petroleum Regulatory Authority (UPRA) is provided for in the Draft Petroleum Bill which has been submitted to parliament for approval.	First deliverable issued (e.g. Field Development Plan reviewed/approved, exploration license approved, etc.)
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► NOCK is restructured in order to execute its mandate as a National Oil Company that takes commercial positions in oil and gas license as well as represents the State Participation in Joint Ventures (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	NOCK is not restructured	NOCK is not restructured	NOCK is not restructured	NOCK is fully restructured
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► Number of staff from MEP, NOCK, ERC, KPC, OAGDJ and Petroleum Authority that have completed sector-relevant training funded through the KEPTAP project (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	367.00	367.00	60.00
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

► Number of staff from DOSHS and other lead agencies responsible for enforcement of safety and health regulation in the sector (e.g. ERC, Petroleum Authority) that have completed sector-relevant training (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	220.00	220.00	10.00
Date	31-Dec-2014	01-Feb-2017	02-Feb-2018	28-Feb-2021



▶ A dedicated gender assessment identifying any potential gender-specific impacts of the sector is completed (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No gender assessment available	No gender assessment available	Gender assessment prepared and being finalized	Gender Assessment finalized
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

▶ Number of public agencies plus organizations engaged in transparency and community monitoring trained on transparency monitoring across the extractive sector value chain (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	5.00	5.00	15.00
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021



▶ Local content policy approved and effective (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No Local content policy	No Local content policy	No Local content policy	Policy legally in force
Date	31-Dec-2014	21-Dec-2017	02-Feb-2018	28-Feb-2021

Overall Comments

Data on Financial Performance

Disbursements (by loan)

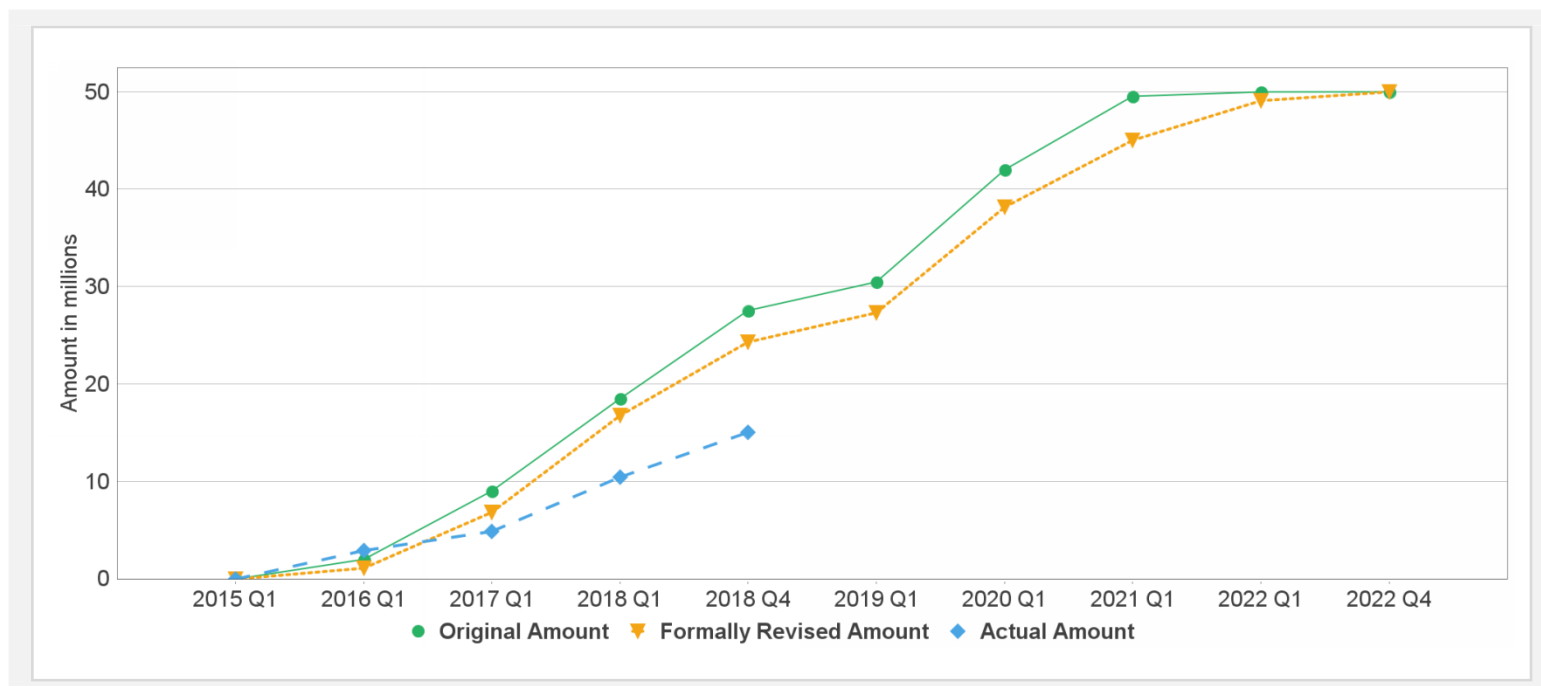
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P145234	IDA-55260	Effective	USD	50.00	50.00	0.00	13.53	32.44	 29%
P145234	TF-A3418	Effective	USD	4.51	4.51	0.00	1.53	2.98	 34%



Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P145234	IDA-55260	Effective	24-Jul-2014	14-Aug-2014	02-Oct-2014	28-Feb-2021	28-Feb-2021
P145234	TF-A3418	Effective	24-Jul-2014	16-Nov-2016	16-Nov-2016	30-Jun-2021	30-Jun-2021

Cumulative Disbursements



Restructuring History

Level 2 Approved on 12-Oct-2016

Related Project(s)

There are no related projects.