I. Project Context

Country Context

Kenya’s long term development plan, Vision 2030, focuses on transforming the country from a low to a middle-income country by 2030. The economy is expected to grow at an average annual rate of over 10 percent during the period 2015-2030 to achieve this goal. The Government is currently implementing the first phase of the plan, covering the period 2013-2017 through its Medium Term Plan (MTP). Modern and efficient infrastructure facilities are required to support the expansion of the productive sectors of the economy. The Vision 2030 calls for the rehabilitation and upgrading of the road network, upgrading the railways, improving urban public transport and expanding access to electricity and clean and safe water.

General elections were held on March 4, 2013, to elect a President and the members of the National Assembly and County Governments. The elections were peaceful. This is the first general elections
under the new Constitution, which promotes a devolved system of governance, a departure from a more centralized one under the previous Constitution. The devolved governance structure involves representation at the National (Parliament and Senate) and County governments, and an increase in the number of elective positions and therefore correspondingly a much larger government and wage bill than before. Accordingly, the public expenditure requirements for conducting the March 2013 elections and operationalizing the new governments were comparatively higher than was originally anticipated.

The next 2-3 years will largely be a transition and learning period. The new Government is faced with the daunting task of implementing a devolved system of Government, whose exact cost will be determined over the coming years. Therefore, during this transition period, there is likely to be teething problems including a long learning curve as both central and devolved governments claim a share of the limited resources available. County governments will be striving to establish and assert themselves, and development expenditure is likely to be constrained, as has been witnessed in the recent past.

**Sectoral and institutional Context**

The transport sector in Kenya has witnessed significant policy and institutional reforms over the last five years. The World Bank has played a key role by providing financial assistance and knowledge in the reform process. The outcome is that the roles of various transport sector institutions have been clarified, new policies enacted and new institutions established by separating policy formulation from execution of programs, and provision of oversight and regulatory functions among others.

The bold reforms in the entire transport sector that the Government of Kenya (GoK) has embraced recently, which were unacceptable for many years in the past have built the foundations for a strong and well managed sector, including policy and institutional reforms, but requiring capacity building, strengthened regulatory and oversight functions. Additional resources are required to support efforts in consolidating these gains and deepening the reforms further, and also in the implementation of the resultant investment programs. Such support would be in line with Bank’s commitment to promote reduction in the cost of doing business in Africa, facilitating the unblocking of the constraints to movements of the population out of poverty, and ensuring the benefits from growth are shared more equitably.

Kenya has developed the Roads Sector Investment Plan (RSIP) covering the period 2010-2024. According to the RSIP about US$6.7 billion is required for the next 5 years. The RSIP has been developed on the basis of economic justifications using the Highway Development and Management Model (HDM-4) and moderated to incorporate social and political considerations. Furthermore, road interventions in order of priority are for routine maintenance, periodic maintenance, rehabilitation, reconstruction, upgrading expansion and development. Also included are interventions to deal with road safety, provision of non-motorized facilities, bypasses, missing links in urban areas and bridges. The road sections selected for inclusion in the project are on the Tanzania-Kenya-Sudan and Northern Corridors, among the top priorities in RSIP. These corridors traverse the most productive and populated regions of Kenya and also serve the neighbouring countries. Improvement of these road corridors has been identified also as a high priority by the East Africa Community.
The aviation industry has recorded major growth over the last 5 years. For instance, the total number of aircrafts registered in Kenya increased from 877 in 2004 to 959 in 2009 while 2,908 personnel licenses (pilots) were issued in 2004 compared to 5,131 in 2009 and 6,641 in 2012. In 2004, about 5.5 million passengers were handled at Kenyan airports. This figure rose to 6.9 million in 2009 and to 8.6 million in 2012. In order to keep pace with this growth and increasing importance of the aviation sector in the development of Kenya, Kenya Civil Aviation Authority (KCAA) oversight and regulatory functions require strengthening. KCAA faces challenges of recruiting and retaining qualified flight safety operation staff. KCAA requires restructuring to address this challenge. Meanwhile the basic infrastructure at the major airports managed by Kenya Airports Authority (KAA) requires improvements. Improvements and expansion at Jomo Kenyatta International Airport is underway with the support through the partly IDA-financed Northern Corridor Transport Infrastructure Project (NCTIP). The runway at Moi International Airport Mombasa is in a poor state and requires rehabilitation. Rehabilitation of the runway will support the tourism industry which is the main economic activity in the Coastal region of Kenya.

II. Proposed Development Objectives
A. Current Project Development Objectives – Parent
The Project Development Objectives are to: (a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-Sudan road corridor; (b) enhance aviation safety and security to meet international standards; and (c) improve the institutional arrangements and capacity in the transport sector.

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

III. Project Description
Component Name
(a) Component A: Support to the Kenya National Highways Authority (KeNHA) to rehabilitate and improve roads, roadside facilities, road safety and for institutional strengthening Comments (optional)

Component Name
Support to the Ministry of Transport and Infrastructure and Kenya Roads Board Sub-component B1: Support to the State Dept. of Infrastructure.Sub-component B2: Support to the State Dept of Transport Comments (optional)

Component Name
Support to Kenya Airports Authority (KAA)Sub-component C1: Support to improve major airports. Sub-component C2: Emergency Activities Comments (optional)
Component Name
Support to Kenya Civil Aviation Authority (KCAA)
Comments (optional)

IV. Financing (in USD Million)

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<tr>
<th>For Loans/Credits/Others</th>
<th>Amount</th>
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<td>BORROWER/RECIPIENT</td>
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<td>International Development Association (IDA)</td>
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<td>IDA recommitted as a credit</td>
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<td>Total</td>
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V. Implementation
The implementation arrangements have been modified slightly following consolidation of ministries as part of the reorganization of the government after the March 2013 elections under the new Constitution 2010. The responsibilities formally handled by the Ministry of Roads (MoR) and the Ministry of Transport (MoT) have been consolidated under the new Ministry of Transport and Infrastructure (MoTI). MoR and MoT were separate implementing agencies. Therefore, MoTI will take-over the activities originally under the former MoR and MoT and the Project Implementing Team (PIT) for MoTI has been re-constituted. Accordingly, the Project Oversight Committee (POC) will be chaired by the Principal Secretary, MoTI, State Department of Infrastructure and co-chaired by the Principal Secretary, MoTI, State Department of Transport. The rest of the arrangements remain unchanged.

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

The project will be implemented as follows:

(a) Component A: KeNHA
(b) Component B: MoTI
(c) Component C: KAA
(d) Component D: KCAA

VI. Safeguard Policies (including public consultation)

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<td>Environmental Assessment OP/BP 4.01</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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Comments (optional)

VII. Contact point

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