

FIRST DRAFT

REPUBLIC OF KENYA



GOVERNMENT OF KENYA

**MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING and
URBAN DEVELOPMENT**

State Department of Housing and Urban Development

**KENYA INFORMAL SETTLEMENTS IMPROVEMENT PROJECT 2 (KISIP
2) (P167814)**

PROJECT PROCUREMENT STRATEGY FOR DEVELOPMENT (PPSD)

November 2019

Kenya Informal Settlements Improvement Project 2 (P167814)

1 Project Overview

The proposed project Kenya Informal Settlements Improvement Project 2 [KISIP 2 (P167814)] is similar to Kenya Informal Settlements Improvement Project [(KISIP 1) P113542 US\$ 165 Million, approved on March 24, 2011 and closes on November 30, 2019] will support the interventions that have been successful under KISIP 1: tenure regularization, infrastructure upgrading, and institutional strengthening.

Country:	Kenya
Full Project Name:	Kenya Informal Settlements Improvement Project 2
Total Finance (\$):	US \$ 165 Million [IDA Finance: US\$ 150 Million (SDR 107.4 Million)]
Project Number:	P167814
Summary of Project Development Objectives	To improve access to basic services and tenure of residents in the participating urban informal settlements and strengthening institutional capacity for slum upgrading in Kenya

The project will comprise the following four components:				
Component	IDA	GoK	Total	Broad profile / list of major procurements¹
Component 1: Integrated settlement upgrading	100.0	11.0	111.0	Construction of roads, drains, water supply and sanitation interventions, and supply & installation of high mast lamps in the identified informal settlements
Component 2: Socio-economic inclusion planning	30.0	2.0	32.0	Consultancy Services for Planning and Survey Consultancy Services for Preparation of detailed designs and bidding documents for upgrading plans.
Component 3: Institutional capacity	10.0	1.0	11.0	Consultancy Services for Developing Strategies for Institutionalizing Slum Upgrading

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development for slum upgrading				
Component 4: Program management and coordination	10.0	1.0	11.0	Procurement of Individual Specialists Procurement of Equipment's
Total Project Cost	150.0	15.0	165.0	

Procurement Profile: The procurement activities are not complex, however small value and number of activities at decentralized level can pose a challenge. The procurement profile is mainly construction of roads, drains, water supply and sanitation interventions, and supply & installation of high mast lamps in the identified informal settlements. Also, the project requires consultancies for preparation of the integrated settlement report/plan and for supervision. The project requires additional consultancies based on the specific requirements in each component.

In view of the challenges in identifying the requirements from the informal settlements and to ensure the belongingness & sustainability of the assets created through the project, the consultant will be hired to carry out the participatory analysis in collaboration with Settlement Executive Committee (SEC) and the other stakeholders to arrive at the requirements at each settlement. The KISIP 2 will support investments in infrastructure and services in about 50-56 settlements in urban areas. KISIP 1 has financed the preparation of detailed designs and bidding documents for upgrading plans for 39 settlements in six counties (Nairobi, Kilifi, Kakamega, Kisumu, Nakuru, Mombasa).

Kisumu County

1. Muhoroni
2. Sondu
3. Ahero
4. Chemilil roundabout
5. Katito
6. Kiboswa
7. Kibuye
8. Manyatta A
9. Manyatta B

Kilifi County

1. KKB (Kibaoni, Kalolo, Baya Magonzi)
2. Mtaani Kisumu Ndogo
3. Muyeye (M3A)
4. Maweni (411)

Mombasa

1. Kilimanjaro
2. Hodihodi
3. Maganda

Kakamega County

1. Amalemba
2. Kambi Somali
3. Mjini
4. Jua Kali
5. Kaburini
6. Masingo
7. Shibale
8. Lukoe

Nakuru

1. Lake View
2. Kwa Murogi
3. London

Commented [Veda1]: Please insert the list of these settlements (county wise and their estimated cost (total).

The strategy of preparation of remaining detailed implementation plans may be combining the design and supervision as integrated package as discussed.

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Implementation of the plans will ensure that KISIP 2 is able to provide relatively quick and high-impact results. Implementation of these plans is expected to absorb about US\$70 million. The remaining US\$30 million of project funds for infrastructure can cover an additional 17-20 settlements in other counties based on the clear criteria.

The average size of the integrated settlement plan per each informal settlement is US \$ **xxx (to be determined) million**. The project intends to take up 20 settlements in Planning and Survey and 30 Settlements for Preparation of Engineering Designs settlements in phase 1 based on the readiness of integrated settlement plans. The nature of these scattered works and small Goods like installation of High mast lamp. Based on the learning from the KISIP 1, the project team deliberated and intends to approach the Design and Supervision as combined procured transaction. This approach may reduce the time and efforts of design review by supervision consultant and minimize the variations the implementation.

List of key contracts with a short one-line summary of the requirement including the cost estimate.

S/No.	Contract Details	Cost Estimate (Kshs)
1.	Consultancy Services to support the formulation of Housing Policy	50,000,000.00
2.	Consultancy Services for Planning and Surveying of Selected Informal Settlements.	80,000,000.00
3.	Consultancy Services for Review of Guidelines for Land Tenure Regularization in informal Settlements.	85,000,000.00
4.	Consultancy Services for Social Safeguards Expert	6,000,000.00
5.	Consultancy Services for Development of Resettlement Action Plan (Raps) for Newly Planned and Surveyed Informal Settlements	80,000,000.00

These are arranged in the following supply position matrix based on the perceived risk and low /high contract value (The contract amount: 1% of the project allocation: High value).

High		High
Risk or Vulnerability	Strategic Critical <ul style="list-style-type: none"> Design and development of Project Management Information System (PMIS) 	Strategic Core <ul style="list-style-type: none"> Construction of various works for xxx Informal settlement in a Kisumu county;

Commented [Veda2]: How we package, Settlement wise.. or County wise,

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		<ul style="list-style-type: none"> • Consultancy for Preparation of Integrated Plans for informal settlements 	
	Tactical Acquisition	Tactical Advantage	
		<ul style="list-style-type: none"> • Selection of Consultant firm for Monitoring and Evaluation, 	
Low	Estimated to Cost / Value		High

Please note that the above settlements xxx in Kisumu are yet to be identified

Trainings/ Capacity Development initiatives through the project will not be a Procurement Transaction unless a service provider (consultant) is exclusively hired from the market through an agreed procurement method of selection of Consultancies. If there is no price discovery and the fund is transferred to the communities or to the counties, then these transactions will not part of the procurement plan for first 18 months.

Operational Expenses: Includes office space rental and utilities; office maintenance and repair; office consumables; rental of vehicles; operation and maintenance; communication; printing and/or publication expenses; staff per diems; field allowances; travel expenses; bank charges; insurance premium; and extraneous allowances for the staff are not envisaged through the procurement plan. The project may follow its own established administrative procedure through national procurement arrangements.

2 Overview of Country, Borrower and Marketplace

a. Operational Context

	2004	2015	2016	2017	2018
Ease of Doing Business (Overall Ranking (189 countries))	129	113	92	80	61
Corruption Perception Index ² ((Ranking (175 countries))	145	143	145	143	144
Competitive Index ³ (Ranking (140 countries))	96	90	99	93	99

• **Governance aspects**

Kenya is having population of 48 Million (Est 2018) and having geographical area of 580,367 Sq km, situated in the East of Africa bordering Somalia to the East,

² Transparency International

³ Global Competitiveness Report published by the World Economic Forum 2018

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Uganda to the West, Ethiopia to the North and Tanzania to the South. It gained independence in 1963. A major milestone in the political context of Kenya is the founding of the new constitution in 2010. The 2010 constitution provides for two autonomous but interdependent levels of government: national and 47 county governments with mainly elected assemblies, elected governors, and governor-appointed cabinet members ratified by the assembly. The constitution eliminated the previous third tier of government, the urban and rural local authorities, and transferred their revenues and functions to the county governments. With a guaranteed unconditional transfer of national revenue, called the 'equitable share,' the county governments are expected to address local needs for devolved services, including urban infrastructure and services. **The Counties are now responsible for investment in urban infrastructure and services, housing, public parks, and the like.**

Conclusion and associated Procurement Risk(s): In spite of recent tension faced during the elections in 2017 and terrorist attacks, Kenya has been placed in the forefront of African countries to have a major role in putting Africa on the world map in terms of economic prosperity and political stability. The informal settlements spread across all 47 counties. In terms of project's supervision by both the project functionaries and Bank's team, challenge to access and ensure effective supervision in few counties. These counties will be identified upfront, categorised and appropriate procurement approach will be tailored to sensitive counties.

- **Economic Aspects**

Kenya is the economic, financial, and transport hub of East Africa. Kenya's real GDP growth has averaged over 5% for the last decade. The Gross Domestic Product (GDP) in Kenya was worth US \$ 74.94 Billion in 2017. The GDP value of Kenya represents 0.12 percent of the world economy. The economy of Kenya advanced 6.0 percent year-on-year in the third quarter of 2018. Since 2014, Kenya has been ranked as a lower middle-income country because its per capita GDP crossed a World Bank threshold. The economic expansion has been boosted by a stable macroeconomic environment, low oil prices, rebound in tourism, strong remittance inflows and a government led infrastructure development initiative.

Kenya imports machinery and transportation equipment, oil, petroleum products, motor vehicles, iron and steel, resins and plastic [US \$ 17.1 Billion in 2017] and exports US \$ 6.17 Billion tea, horticultural products, coffee, petroleum products, fish, cement, apparel⁴. The trade deficit of

Kenya Shillings (KES) is floating around 100 per US\$ and is stable. The inflation Rate in Kenya averaged 9.67 percent from 2005 until 2019. The annual inflation rate in Kenya fell to 4.70 percent in January 2019 from 5.71 percent in the prior month and below market expectations of 5 percent. The Central Bank of Kenya left its benchmark interest rate unchanged at 9.0 percent.

Kenya applies East African Community (EAC) Common External Tariff - In general, Customs duty is levied at rates between 0% and 100%, with an average rate of 25%. In regard to the sales tax, imports into Kenya are subject to a standard VAT rate of 16%, levied on the sum of the CIF value, duty, and other applicable taxes⁵.

⁴ https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/ken/all/show/2017/

⁵ Further details: <https://www.kra.go.ke>

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Conclusion and associated Procurement Risk(s): Kenya as one of the fastest growing economies in Sub-Saharan Africa. The macro economic factors are stable. The domestic cement manufacturers are having adequate capacity to supply for construction works. The construction materials are available except Bitumen. The project specific requirements like construction equipment required by the contractors, high mast lamps, etc., needs to be imported. The procurement approach will consider these aspects while planning and provide adequate lead time and realistic timeframe for construction period.

• **Sustainability Aspects**

Kenya’s rapid population growth resulted in more than 40% of the population being under the age of 15, making Kenya’s one of the countries in the world with highest population of young people.

The Bidding documents will have mandatory ESHS related clauses. The Bank has carried out the ESHS studies. The Bank is also conducting operation and Maintenance study to ensure the sustainability of the created assets at the informal settlements. The outcome of the study will be incorporated to this document and implemented from procurement perspective.

Conclusion and associated Procurement Risk(s): In KISIP 1, the counties were not existed during the project initiation. In KISIP 2, county government are expected to play role in need analysis, requirement capturing, contract management, owning of created assets through projects and their operation & maintenance, and ensure the sustainability. The institutional arrangements in the context of devolution are still evolving, including intergovernmental structures and mechanisms for intergovernmental cooperation and transfer of resources to deliver on policy priorities.

• **Technological Aspects**

Kenya’s ICT sector was liberalized in 2000, and this led to a technological revolution that has stimulated home-grown innovation and transforming Kenyan’s lives. According to MasterCard, success of internationally recognized services like MPESA as a mobile money transfer platform are attributable to a lack of a traditional infrastructure and alternative conventional payment media.

Conclusion and associated Procurement Risk(s): The envisaged procurements and their pricing may not subject to technological changes except few like High mast lamp (energy efficiency). However, the project intends to use the ICT platform for Project Management Information System (PMIS) for monitoring (current Excel based system migrated to Web based system) and use of the geo tagging of the created assets through mobile applications (app). The same application also used for monitoring the progress.

• **Key Conclusions**

- (i) Needed selective procurement approach for implementation of integrated settlement plan in sensitive counties;
- (ii) Checks and balances should be incorporated in the implementation arrangements with regard to the roles and responsibilities of the counties in the procurement and contract management process;
- (iii) The procurements required imported inputs must have built in adequate time lines, realistic delivery and mitigate appropriate risks; and
- (iv) Existing excel based monitoring system needs to be strengthen the procurement monitoring process.

Commented [Veda3]: This also the conclusion out of the client capacity.

b. Client Capability and PIU Assessment

Kenya has a legal and regulatory framework that governs public procurement enacted in December 2015 which provides for open advertisement of procurement opportunities, universal eligibility, and an effective complaint handling mechanism hence conducive for the participation international/foreign service providers.

- **Prior Implementation Experience:** The PCU has experience in World Bank Financed Operations of implementation of KISIP 1, whereas the County staff are not familiar with World Bank Financed Operations. Two Supply Chain Management (SCM) officers functioning at the PCU are familiar with the Bank Financed operation in Procurement Guidelines Regime. Also, they are adequate experience in managing the procurement plan in the Bank's portal Systematic Tracking of Exchanges in Procurement (STEP). They need orientation and advanced training on Bank's New Procurement Framework (NPF) Procurement Regulations. The evaluation process is carried out by an Adhoc committee constituted for this purpose. These members are bound by the code of ethics for civil servants. To ensure the confidentiality till the notification to intent award, a robust framework and guidelines are required to strengthen the confidentiality during the evaluation process.

The KISIP 1 has operation manual was developed for management of project procurement and reference guide for implementation. For KISIP 2, this document may require re-alignment with changes in NPF and changed implementation arrangements (in discussion and to be incorporated after finalisation)

The roles and responsibilities of the counties in the procurement process: **Counties to procure infrastructure contracts except the supervising consultants who will be procured by National KISIP PCT. The other remaining contracts shall be procured jointly by KISIP PCT and County Government as per project design**

(in discussion and to be incorporated after finalisation)

As cited and recommended in the post procurement review reports for KISIP 1, the procurement file should comprise the payment and completion details. This aspect in record keeping may be strengthened.

- **Need for hands-on support:** The PCU is having adequate experience and having project procurement specialists cum SCM officers. Hence, hands on support is not required.
- **Contract management capability and capacity:** The PCU depends upon the supervision consultants for delivering the contract management function. Training on contract management may therefore be required especially for the management and supervision of large contracts.

This will be concluded once the Project Operations Manual has been finalized.

{May be elaborated after implementation arrangements}

- **Complaints management and dispute resolution systems:** The Public Procurement and Asset Disposal Act 2015 [PPAD] also provides the option for submitting the complaints to the Public Procurement Review Board [PPRB]. The bidders can submit the complaints, which are not resolved at the

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procurement entity level to the PPRB. This is an additional avenue besides judicial review.

• **Learnings from Similar Projects:**

Normally, two separate consultants were engaged for design and supervision. Requires coordination and the supervision consultants are taking time to design review, issuance of working drawings and inadequate/changed requirement may result in variations. Hence, it would be appropriate to combine the design and supervision roles, entrust to single consulting firm with design payment is based on the deliverables (Lump Sum) and supervision based on the time (Time based). This combination becomes Hybrid contract with the balance payment terms. The consultant should not take substantial amount of contract for design and not shown for supervision. This risk is mitigated through balance payment terms (not front loaded). Already a design consultant was hired in KISIP 1 to prepare the design and bid documents for 39 settlements in six counties (Nairobi, Kilifi, Kakamega, Kisumu, Nakuru, Mombasa). **Please note that the below mentioned settlements are 27 no.**

Commented [Veda4]: Please insert the list of these settlements (county wise and their estimated cost (total)).

Kisumu County

1. Muhoroni
2. Sondu
3. Ahero
4. Chemilil roundabout
5. Katito
6. Kiboswa
7. Kibuye
8. Manyatta A
9. Manyatta B

Kakamega County

1. Amalemba
2. Kambi Somali
3. Mjini
4. Jua Kali
5. Kaburini
6. Masingo
7. Shibale
8. Lukoe

Kilifi County

1. KKB (Kibaoni, Kalolo, Baya Magonzi)
2. Mtaani Kisumu Ndogo
3. Muyeye (M3A)
4. Maweni (411)

Nakuru

1. Lake View
2. Kwa Murogi
3. London

Mombasa

1. Kilimanjaro
2. Hodihodi
3. Maganda

The procurement strategy of preparation of remaining detailed implementation plans may be combining the design and supervision as integrated package.


Key Conclusions (Client Capacity):

- (i) Existing Procurement Specialists cum SCM officers requires orientation and advance procurement training in Bank's NPF;

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- (ii) Require strengthening of existing code of ethics for civil servants to ensure the confidentiality during the evaluation process till the notification for Intent to award the contract;
- (iii) Checks and balances should be incorporated in the implementation arrangements with regard to the roles and responsibilities of the counties in the procurement and contract management process
- (iv) For new Settlement Plans, the procurement strategy of preparation of remaining detailed implementation plans may be combining the design and supervision as integrated package.

Commented [Veda5]: This also the conclusion out of the operation context. We may retain in one section to minimize the redundancy..

INTERNAL		INTERNAL
	<p>STRENGTHS</p> <ul style="list-style-type: none"> 1) State Department of Housing and Urban Development, GoK has previous experience of implementing Bank funded projects. 2) The PCU has experienced Procurement Specialists. 	
EXTERNAL	EXTERNAL	EXTERNAL
	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> 1) The SDoH&UD may get an experience in Bank's financed operations in New Procurement Framework and using the flexible procurement approach provided NPF 	

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c. Market Analysis

- **Market sector dynamics:** Based on the experience of implementation of KISIP 1, the participation of the bidders is adequate for the advertised opportunities.

SI Number	Description of major procurements	Estimated cost US \$ Million	Number of bidders participated	National	International
1	Construction of Kisumu City County Informal Settlement Infrastructure Improvement Works (Roads/Foot Paths & Drainage, Flood Lighting and Water & Sanitation) in Three (3) Lots, Four Contracts	9,880,000	85	85	0
2	Construction of Kitui Town Settlement's Infrastructure Improvement Works (Roads/Foot Paths & Drainage, Flood Lighting and Water & Sanitation) in Three (3) Lots.	6,320,000	67	67	0
3	Construction of Nakuru Town Settlement's Infrastructure Improvement Works (Roads/Foot Paths & Drainage, Flood Lighting and Water & Sanitation) in Three (3) Lots.	7,600,000	43	43	0

Commented [Veda6]: kindly feed the data to this table

- **Financial:**

List of potential / participated contractors and consultants along with the financial turnover.

S/No	Firms	Financial Turnover for the last 5 year
1.	Blootex Limited	838,956,185.00
2.	Machine Center	667,590,535.60
3.	Digitel Communications Systems Ltd	314,000,000.00

4.	Rural Distributors Ltd	599,236,426.00
5.	Jet Builders	120,000,000.00

- **Procurement trends:**

Kindly compile the share the details for major contracts awarded (a format was shared with the PCU for compilation). **A copy of the same is hereby attached**

Key Conclusions (Market Sector Dynamics)

- (i) The potential civil work contractors are available in the national market in adequate numbers and may likely to participate in project procurement opportunities.

3 Procurement Risk Analysis

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Perceived Risk (s)	Mitigation Measure	Responsibility
Difference in Kenya Government Procurement System and Bank procurement framework.	<ul style="list-style-type: none"> The project will follow the Bank Procurement Regulation for IPF Borrowers July 2016, and revised in Nov 2017 and Revised in August 2018, All project procurement shall use Bank SPD with Open international and approved bid documents for Open National (conditions, please refer to PP for first 18 months) 	PCU and County Governments
Procurement supervision in sensitive counties	<ul style="list-style-type: none"> Selective procurement approach for implementation of integrated settlement plan or other contracts in sensitive counties 	PCU and County Governments
Prior experience in the application of the Bank's Procurement Regulations.	<ul style="list-style-type: none"> Conduct induction procurement training for the PCU procurement staff including project Coordinator and project Accountant on Bank procurement procedures following the New Procurement Framework. Depute the SCM officers for advanced procurement training in NPF. 	PCU in coordination with the Bank
Decentralized level activities	<ul style="list-style-type: none"> Institute and operational robust PMIS 	PCU

4 Procurement Objective

- 1 Using the most appropriate method of procurement for project activities, Select and employ competent and capable contractors and service providers;
- 2 Periodically review the Progress, update the PP, PPSD, and provide timely procurement advice to the various stakeholders specifically for the SEC;
- 3 Establish Robust monitoring and evaluation through dedicated Project Management Information System; and
- 4 Impart adequate Training and provide orientation to the Bank's NPF and Procurement Regulations and Operation Manual;

Procurement Result Indicators

- **Selection of Consultants:** Should not take more than 6 months for competitive selection (QCBS & LCS)
- **Procurement of Works/Goods/Non-Consulting Services:** Should not take more than 6 months for international open procurement; more than 4 months for national open procurement.
- **Contract Management:** 60% of the Contracts are completed within original stipulated time, 30% of the Contracts are completed within 6 months EOT and 10% of the contracts are completed beyond 6 months EOT (Extension of time).

5 Stakeholders Analysis

Stakeholder	Interest	Stakeholders’ Objectives from the Procurement
Ministry of Finance, Government of Kenya	Responsible and Informed	<ul style="list-style-type: none"> • Smooth implementation through policy decisions • Achieve spend as per the disbursement plan • Ensure that the adequate funds are available to process the payment within the agreed contractual period;
PCU, State Department of Housing and Urban Development	Responsible and Accountable	<ul style="list-style-type: none"> • Selecting capable and qualified contractors/suppliers who are capable of completing envisaged contracts in timely manner within reasonable variation; • Enhancing efficiency of using World Bank as well as counterpart funding • Promoting wide publicity and better competition • Enabling the opportunities to improve capacities of procurement staff in using innovative procurement approaches at PCU, County Governments, and SEC
County Governments	Responsible and Accountable	<ul style="list-style-type: none"> • Extend necessary support and coordination for need identification,

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Stakeholder	Interest	Stakeholders' Objectives from the Procurement
		<ul style="list-style-type: none"> • Proactive contract management clearing the right of way and utilities for accessing the construction site and smooth implementation; • Contract monitoring and owning the assets created and maintain them.
World Bank	Consulted and informed	<ul style="list-style-type: none"> • Ensuring that funds are used for intended purpose with due care for economy and efficiency • Project development objectives are achieved in timely manner • Procurement processes are transparent and fair opportunity is provided to all the parties • Timely clearances / decisions
Contractors / Providers	Responsible and Accountable	<ul style="list-style-type: none"> • Fair chances for winning a Contract • Appropriate handling of complaints
Civil Society/Social Media/Media	Informed	<ul style="list-style-type: none"> • Getting timely information • No fraud and corruption

6 Recommended Procurement Approach for the Project

For Consultancy:

- **Contract and Estimated Cost: Design and Supervision Consultant [Estimated to Cost: US \$ xxx]**
- **Procurement Approach:**

Attribute	Options	Selected arrangement	Justification Summary/Logic
Specifications	Conformance/Performance	Conformance	Few Performance specifications, if required
Sustainability Requirements	Yes/No	No	
Contract Type	A. Traditional B. Design and Build C. Design, Build, Operate, Maintain	Traditional	

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Attribute	Options	Selected arrangement	Justification Summary/Logic
	D. Design and Build – Turnkey or Prime Contractor E. EPC and EPCM F. Other: _____		
Pricing and costing mechanism	A. Lump Sum B. Performance based contracts C. Schedule of Rates / Admeasurement D. Time and Materials E. Cost Plus	Hybrid model	Lump sum for design, And Time based for Supervision
Supplier Relationship	A. Adversarial/Collaborative	Aiming for collaborative	Likely competition from the potential service providers in National as well as international
Price Adjustments	A. None, fixed price B. Negotiated C. Percentage	Combined Fixed and Price variation	Fixed price for Lump sum; Price variation for Supervision
Form of Contract (Terms and Conditions)	D. State any special conditions of contract		
Selection Method	A. Request for Proposals (RFP) B. Requests for Bids (RFB) C. Requests for Quotations (RFQ) D. Direct Selection	RFP	
Selection Arrangement	A. Competitive Dialogue B. Public Private Partnerships (PPP) C. Commercial Practices D. United Nations (UN) Agencies E. e-Reverse Auctions F. Imports G. Commodities H. Community Driven Development I. Force Accounts J. Framework Agreements K. Cross Project Opportunities	Not Applicable	
Market Approach	A. Type of Competition 1. Open 2. Limited	Open – National Two Envelopes	

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Attribute	Options	Selected arrangement	Justification Summary/Logic
	3. International 4. National 5. No Competition – Direct Selection B. Number of Envelopes/Stages 1. Single Envelope 2. Two Envelopes 3. Single Stage 4. Multi Stage B. BAFO (Yes/No) C. Negotiations (Yes/No)	BAFO: Not applicable Negotiations on reimbursable expenses only	
Pre / Post Qualification	A. Pre-Qualification B. Post-Qualification C. Initial Selection	Pre-qualification to short list the consultants (5 to 8)	
Evaluation Selection Method	A. Quality Cost Based Selection (QCBS) B. Fixed Budget Based Selection (FBS) C. Least Cost Based Selection (LCS) D. Quality Based Selection (QBS) E. Consultant’s Qualifications Based Selection (CQS) D. Direct Selection	QCBS	
Evaluation of Costs	A. Adjusted Bid Price B. Life-Cycle Costs	Adjusted Bid Price of most advantageous RFP	
Domestic Preference	Yes / No	No	
Rated Criteria	List the type of criteria to be used (mandatory/desired)	No	

Construction of various facilities (Road, Water Supply and Sanitation, and High Mast Lamp etc) identified in the Integrated Settlement Plan for xxx Settlement in xxx County. [Estimated Cost US\$ xxx Million]

- **Procurement Approach** (select from options and complete table below):

Attribute	Options	Selected arrangement
Specifications	Conformance/Performance	Conformance Few Performance specifications, if required
Sustainability Requirements	Yes/No	No

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Attribute	Options	Selected arrangement
Contract Type	A. Traditional B. Design and Build C. Design, Build, Operate, Maintain D. Design and Build - Turnkey or Prime Contractor E. EPC and EPCM F. Other: _____	Traditional
Pricing and costing mechanism	A. Lump Sum B. Performance based contracts C. Schedule of Rates / Admeasurement D. Time and Materials E. Cost Plus	Schedule of Rates / Admeasurement
Supplier Relationship	B. Adversarial/Collaborative	Collaborative as many potential contractors in National
Price Adjustments	A. None, fixed price B. Negotiated C. Percentage	Fixed Price
Form of Contract (Terms and Conditions)	State any special conditions of contract	
Selection Method	A. Request for Proposals (RFP) B. Requests for Bids (RFB) C. Requests for Quotations (RFQ) D. Direct Selection	RFB
Selection Arrangement	A. Competitive Dialogue B. Public Private Partnerships (PPP) C. Commercial Practices D. United Nations (UN) Agencies E. e-Reverse Auctions F. Imports G. Commodities H. Community Driven Development I. Force Accounts J. Framework Agreements K. Cross Project Opportunities	Community Driven Development
Market Approach	C. Type of Competition 1. Open 2. Limited 3. International 4. National 5. No Competition - Direct Selection D. Number of Envelopes/Stages 1. Single Envelope 2. Two Envelopes 3. Single Stage 4. Multi Stage	Open - National Single Envelope (Manual Bidding Procedure: No eProcurement) BAFO: Not applicable

Commented [Veda7]: Does SEC is having legal identity of Community Based Organisation. do we following CDD for this project.

To be updated. After clarity in implementation arrangements

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Attribute	Options	Selected arrangement
	D. BAFO (Yes/No) E. Negotiations (Yes/No)	No Negotiations without the Bank's prior concurrence
Pre / Post Qualification	E. Pre-Qualification F. Post-Qualification G. Initial Selection	Post Qualification
Evaluation Selection Method	A. Quality Cost Based Selection (QCBS) B. Fixed Budget Based Selection (FBS) C. Least Cost Based Selection (LCS) D. Quality Based Selection (QBS) E. Consultant's Qualifications Based Selection (CQS) H. Direct Selection	Not Applicable;
Evaluation of Costs	A. Adjusted Bid Price B. Life-Cycle Costs	Most advantageous Bids' price
Domestic Preference	Yes / No	No
Rated Criteria	List the type of criteria to be used (mandatory/desired)	No

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7 Preferred arrangement for low value, low risk activities (if applicable)

S/NO	Activity	Category	Estimated cost	Procurement arrangement
1.	Consultancy Services for Geographical Information Systems Expert (Individual).	Consultancy	18,000,000.00	ICB
2.	Water and Sanitation Works	Works	50,000,000.00	NCB
3.	Consultancy Services for Individual Urban Planning Expert	Consultancy	20,000,000.00	NCB
4.	Consultancy Services for Environmental Safeguards Consultant	Consultancy	20,000,000.00	NCB
5.	Consultancy Services for Structural Engineering Consultant (Individual)	Consultancy	20,000,000.00	NCB

Commented [Veda8]: To be filled after obtaining all the contracts for first 18 months

8 Summary of PPSD to be inform the Bank's preparation of the PAD

Contract Title, Description and Category	Estimated Cost US\$ and Risk Rating	Bank Oversight	Procurement Approach/ Competition:	Selection Methods:	Evaluation Method:
			<ul style="list-style-type: none"> • National • International • Open • Limited • Direct • Sole Source 	<ul style="list-style-type: none"> • Pre/post Qualification • SPD (RFP/RFB) • Competitive Dialogue • Framework Agreement • E-Reverse Auction • QCBS/QBS etc. • Negotiation • BAFO 	<ul style="list-style-type: none"> • Rated Criteria (VFM) • Lowest Evaluated Cost

Kenya Informal Settlements Improvement Project 2 (P167814)

Annex 1

Procurement Plan

I. General

1. Project Information

Country : Kenya
 Recipient : Republic of Kenya
 Project Name : Kenya Informal Settlements Improvement Project (KISIP 2)
 Loan Credit No. : 167814

2. Bank's Approval Date of the Procurement Plan: xxxxxxxxxx

3. Date of General Procurement Notice: xxxxxxxxxxxxxxxxx

4. Period Covered by this procurement plan : 18 months

II. Goods, Works, and Non-Consulting Services

Commented [Veda9]: Format and a reference GPN was shared. Kindly prepare and share for our review.

1. Thresholds for the Method of Procurement:

Method of Procurement	Thresholds for Method (US\$ equivalent)
Open International (Goods)	Equal to or more than 3 million
Open National (Goods) - Open Tender as per PPDA 2015	< \$3 million
RFQ (Goods)	Less than 20,000 or as stipulated in Kenya Procurement Regulations 2017
Open International (Works)	Equal to or more than 15 million
Open National (Works) - Open Tender as per PPDA 2015	Less than 15 million
RFQ (works)	Less than 20,000 or as stipulated in Kenya Procurement Regulations 2017
Open International (Non-consulting Services)	Equal to or More than 3 million
Open National (Non-consulting Services) - Open Tender as per PPDA 2015	Less than 3 million
Direct Contracting	No threshold; meet requirements of Bank's Procurement Regulations

Prior Review: The details of the Procurement review / oversight are defined in the Annex II of the Regulations for borrowers. The following would be subject to Prior review of the Bank regardless of the Method of selection (Project Procurement Risk Rating is "High"):

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- (a) **Goods:** First procurement under the project irrespective of value and all procurements estimated to cost more than USD 1.5 million
- (b) **Consulting Services:** First procurement under the project irrespective of value and all procurements estimated to cost more than USD 0.5 million; and

The prior review thresholds will be reviewed during the implementation of the project and modified, based on the risk assessment.

2. For contracts subject to prior review, the Borrower shall seek the Bank’s no objection before agreeing to:

- a) an extension of the stipulated time for execution of a contract that has an impact on the planned completion of the project;
- b) any material modification of the scope of the Works, Goods, Non-consulting services or Consulting Services, or other significant changes to the terms and conditions of the contract;
- c) any variation order or contract amendment (except in cases of extreme urgency), including due to extension of time, that singly or combined with all previous variation orders or amendments, increases the original contract amount by more than 15% (fifteen percent); or
- d) the proposed termination of the contract.

The Borrower / IA shall provide a copy of all amendments to the contract to the Bank for its records.

3. Prequalification

Not Applicable

Domestic Preference. The provision of domestic preference shall not be applied in the evaluation of bids in accordance with Annex VI of the Regulations.

4. Reference to Standard Procurement Documents

Bank’s Standard RFB Goods and RFP Consulting Services dated July 2016 will be used as a base and incorporating suitable modifications and the same would be agreed with the Bank subject international competition.

5. Any Other Special Procurement Arrangements

When approaching the national market, as agreed in the Procurement Plan, the Open Tender procedure of Public Procurement and Asset Disposal Act 2015 and Regulations 2017 may be used. The specific Requirements for national open competitive procurement include the following:

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- a) open advertising of the procurement opportunity at the national level;
- b) the procurement is open to eligible firms from any country;
- c) the request for bids/request for proposals document shall require that Bidders/Proposers submitting Bids/Proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights;
- d) contracts with an appropriate allocation of responsibilities, risks, and liabilities;
- e) publication of contract award information;
- f) rights for the Bank to review procurement documentation and activities;
- g) an effective complaints mechanism; and
- h) maintenance of records of the Procurement Process.

Other national procurement arrangements (other than national open competitive procurement), that may be applied by the Borrower (such as limited/restricted competitive bidding, request for quotations/shopping, direct contracting), shall be consistent with the Bank's Core Procurement Principles and ensure that the Bank's Anti-Corruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply.

In all cases, the national procurement procedures to be used shall give due attention to quality aspects.

Settlement Executive Committees (SEC): Role of similar to community procurement and need to be elaborated.

- The SEC are a link between the community project implementation units
 - Grievance redress, however they have no direct role in procurement
6. The bid evaluation will be carried out according to the agreed timeline in the Procurement Activity Schedule.
 7. Summary of the procurement packages planned during the first 18 months after project effectiveness (including those that are subject to retroactive financing and advance procurement)

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S. No.	Activity Description	Estimated cost (US\$)	Bank Oversight	Procurement Approach / competition	Selection Methods	Evaluation Method	Contract Type	Expected date of opening	Expected date of contract
1.	Construction Of Infrastructure Improvement Works (Roads/Footpaths & Drainage, High Mast Flood Lights And Sanitation Works)	15,000,000.00	Prior	Open - International	RFB	Lowest evaluated cost	Time Based	To be decided	To be decided
2.	Consultancy Services for Supervision of Supervision of Construction Works in Informal Settlements	2,000,000.00	Prior	Open - International	RFP	Lowest evaluated cost	Lumpsum	To be decided	To be decided
3.	Consultancy Services For Socio Economic Surveys and Infrastructure Upgrading Plan and Engineering Designs of Infrastructure in Informal Settlements	1,500,000.00	Prior	Open - International	RFP	Lowest evaluated cost	Lumpsum	To be decided	To be decided
4.	Consultancy Services for Planning and Surveying of Informal Settlements	800,000.00	Prior	Open - International	RFP	Lowest evaluated cost	Time Based	To be decided	To be decided
5.	Consultancy Services for Slum mapping to update	750,000.00	Post	Open - International	RFP	Lowest evaluated cost	Time Based	To be decided	To be decided

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	informal settlement data base.								
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Procurement Plan Presented to the CEC on 3rd Dec 2019 in Naivasha

III. Selection of Consultants

1. Methods and Prior Review Threshold

Selection methods of procurement of Consultants' Services

(Firms): The Approved Selection Methods as reflected in the Section VII of the procurement regulations

Method of Procurement	Thresholds for Methods
Quality and Cost Based Selection (QCBS)	As per requirements of para 7.3 of the Regulations
Quality Based Selection (QBS)	As per requirements of para 7.8 to 7.10 of the Regulations
Selection based on a Fixed Budget (FBS)	As per requirements of para 7.4 and 7.5 of the Regulations
Selection Based on Least Cost Basis (LCS)	As per requirements of para 7.6 and 7.7 of the Regulations
Selection based on Consultant's Qualification (CQ)	As per requirements of para 7.11 and 7.12 of the Regulations
Direct	Must meet the requirements of Para 7.13 to 7.15 of the Regulations, and with prior agreement in PP with the Bank.

The short list may consist of all National consultants in case the estimated cost is less than USD 300,000

Procurement methods for Selection of Individual Consultants

(IC): The Approved Selection Methods as reflected in the Section VII of the procurement regulations

Method of Procurement	Thresholds for Methods
Open Competitive Selection	As per requirements of para 7.36 and 7.37 of the Regulations
Limited Competitive Selection	As per requirements of para 7.38 of the Regulations
Direct	Must meet the requirements of Para 7.39 of the Regulations, and with prior agreement in PP with the Bank

***Shall meet the requirements as stated in Regulations**

Prior Review Thresholds: The details of the Procurement review / oversight are defined in the Annex II of the Regulations for borrowers. The following would be subject to Prior review of the Bank regardless of the Method of selection:

(a). **Consulting Firm:** First procurement under the project irrespective of value and all procurements estimated to cost more than USD 1 million.

(b). **Individual Consultant:** all procurements estimated to cost more than USD 0.3 million

Terms of Reference (ToR) for all consultant contracts shall be furnished to the Bank for its prior review and No Objection.

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Consulting Services									
S. No.	Activity Description	Estimated cost (US\$)	Bank Oversight	Procurement Approach / competition	Selection Methods	Evaluation Method	Contract Type	Expected date of EOI	Expected date of contract
	Kenya								
1	Consultancy Services for the Supervision of Construction of Works in Informal Settlements	1,700,000.00	Prior	Open National	QCBS	Highest Combined Ranked Proposal	Time Based	To be decided	To be decided
2	Consultancy for Design and Supervision of works	1,500,000.00		Open National	QCBS	Highest Combined Ranked Proposal	Lump sum for design and Time Based for supervision	To be decided	To be decided
3.	Consultancy for Development of PMIS	6,000.00	Post	Open National	QCBS	Highest Combined Ranked Proposal	Lump Sum	To be decided	To be decided
4.	Consultancy Services For Socio Economic Surveys and Infrastructure Upgrading Plan and Engineering Designs of Infrastructure in Informal Settlements	1,500,000.00	Prior	Open-International	QCBS	Highest Combined Ranked Proposal	Lump Sum	To be decided	To be decided

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5.	Consultancy Services for Planning and Surveying of Informal Settlements	800,000.00	Prior	Open - International	RFP	Lowest evaluated cost	Time Based	To be decided	To be decided
6.	Consultancy Services To Develop Affordable Housing Delivery Strategy For Counties	750,000.00	Post	Open - International	RFP	Lowest evaluated cost	Time Based	To be decided	To be decided

PROCUREMENT PLAN Kenya : Second Kenya Informal Settlements Improvement Project

General Information
Country: Kenya **Bank's Approval Date of the Original Procurement Plan:** 2023-11-29
Revised Plan Date(s): (comma delineated, leave blank) 2023-11-29
Project ID: P167814 **GPN Date:** 2021-01-08
Project Name: Second Kenya Informal Settlements Improvement Project
Loan / Credit No.: IDA / 67590
Executing Agency: Uasin Gishu County

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Procurement Process	Prequalification (Y/N)	High SEA/SH Risk	Procurement Document Type	Estimated Amount (US\$)	Actual Amount (US\$)	Process Status	Draft Pre-qualification Documents		Prequalification Evaluation Report		Draft Bidding Document / Justification		Specific Procurement Notice / Invitation		Bidding Documents Issued		Proposal Submission / Opening / Minutes		Bid Evaluation Report and Recommendation for Award		Signed Contract		Contract Completion		
													Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		Planned	Actual
KE-UASIN GISHU COUNTY-395319-CW-RFO / Construction of 7th. Floodlights in Maiti Ne, Mwanzo & Kipkaren settlements	IDA / 67590	Integrated settlement upgrading	Post	Request for Quotations	Limited	Single Stage - One Envelope			Request for Quotations (Non Bank-5 PD)	200,000.00	0.00	Pending Implementation																			2024-08-05

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Procurement Process	Prequalification (Y/N)	Estimated Amount (US\$)	Actual Amount (US\$)	Process Status	Draft Pre-qualification Documents		Prequalification Evaluation Report		Draft Bidding Document / Justification		Specific Procurement Notice / Invitation		Bidding Documents Issued		Proposal Submission / Opening / Minutes		Bid Evaluation Report and Recommendation for Award		Signed Contract		Contract Completion	
											Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Procurement Process	Prequalification (Y/N)	Estimated Amount (US\$)	Actual Amount (US\$)	Process Status	Draft Pre-qualification Documents		Prequalification Evaluation Report		Draft Bidding Document / Justification		Specific Procurement Notice / Invitation		Bidding Documents Issued		Proposal Submission / Opening / Minutes		Bid Evaluation Report and Recommendation for Award		Signed Contract		Contract Completion	
											Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Contract Type	Estimated Amount (US\$)	Actual Amount (US\$)	Process Status	Terms of Reference		Expression of Interest Notice		Short List and Draft Request for Proposals		Request for Proposals Issued		Opening of Technical Proposals / Minutes		Evaluation of Technical Proposal		Combined Evaluation Report and Draft Negotiated Contract		Signed Contract		Contract Completion	
										Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual

Activity Reference No. / Description	Loan / Credit No.	Component	Review Type	Method	Market Approach	Contract Type	Estimated Amount (US\$)	Actual Amount (US\$)	Process Status	Terms of Reference		Invitation to Identified/Selected Consultant		Draft Negotiated Contract		Signed Contract		Contract Completion	
										Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual