

DOCUMENTS

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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December 22, 2021

Hon. Ukur Yatani
Cabinet Secretary
The National Treasury and Planning
Treasury Building, Harambee Avenue
P.O. Box 30007-00100
Nairobi - Kenya

**Re: Eastern Africa Regional Transport, Trade and Development Facilitation Project
Credit Number 5638-KE**

First Amendment to the Financing Agreement

Dear Honorable Yatani,

We refer to the Financing Agreement (the "Agreement") for the above-referenced Project, dated July 20, 2015 between the Republic of Kenya (the "Recipient") and the International Development Association ("Association"). We also refer to your letter dated August 25, 2021, requesting for restructuring of the Project which entails introducing amendments to the Agreement. We are pleased to advise you that the World Bank concurs with your request and hereby proposes to amend the Agreement as follows:

1. Section 3.01 of Article III of the Agreement is amended to read as follows:
"The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall:
 - (a) carry out **Part 3(b)** of the Project through the State Department of Infrastructure of the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works; and
 - (b) cause **Parts 1, 2(b) and 3(a)** of the Project to be carried out by Kenya National Highways Authority ("KeNHA"), (ii) Part 2 (a) of the Project to be carried out by Kenya Revenue Authority ("KRA"), and (iii) **Part 4** of the Project to be carried out by Information and Communications Technology Authority ("ICTA"); all in accordance with the provisions of Article IV of the General Conditions."
2. Section 4.01 (c) of Article IV of the Agreement is deleted.
3. Schedule 1 to the Agreement is replaced by the schedule in Annex 1 to this Letter.
4. Section I.A.1 of Schedule 2 to the Agreement is deleted.

5. Section I.B.1 of Schedule 2 to the Agreement is partially amended as follows:

“To facilitate the carrying out of each Project Implementing Entity’s Respective Part of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time: to Categories (1) and (6) to SDof; Categories (2a), (2b) **and (7)** to KeNHA; Categories (3) **and (8)** to KRA; and Categories (4) **and (9)** to ICTA;”

6. The table in section IV.A.2 of Schedule 2 to the Agreement is replaced by the table in Annex 2 to this Amendment Letter.

7. The Closing Date at section IV.B.2 of Schedule 2 to the Agreement is revised to read “December 29, 2023”.

8. Section V of Schedule 2 to the Agreement is amended to state as follows:
“For the purpose of ensuring sustainability of investments made using the Financing proceeds, the Recipient shall provide - or cause to be provided - the funds, facilities services and other resources required to ensure proper maintenance of the upgraded road sections under the Project. To this end (and without limitation to the preceding sentence of this paragraph), the Recipient shall - not later June 30, 2023 - place the completed upgraded road sections under long term performance-based maintenance contract(s).”

9. The Counterpart Contribution amount in paragraph 7 of Section I of the Appendix to the Agreement is revised to read one hundred and eighteen million five hundred and twenty thousand United States Dollars (USD 118,520,000) to be made available by the Recipient for purposes of financing Part 1 (g), (i) and (k) of the Project.

10. Paragraphs 17 and 31 of the Section I of the Appendix to the Agreement are deleted and the remaining definitions in the same Section I are renumbered accordingly.

11. Two new definitions are added to Section I of the Appendix to the Agreement as follows:

‘45. “Kenya Engineering Technology Registration Board” means body established and operating pursuant to the Recipient’s Engineering Technology Act (No. 23 of 2016), or its legal successor thereto.

46. “State Department of Infrastructure” and the acronym “SDof” mean the state department of infrastructure (in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works) or its legal successor thereto.’

12. Paragraph 38 of Section I of the Appendix to the Agreement is revised to read as follows: “Respective Part of the Project” means: (a) for State Department of Infrastructure, Part **3(b)** thereof; (b) for KeNHA, Parts **1, 2**

(b) and 3(a) thereof; (c) for KRA, Part 2 (a) thereof and (d) for ICTA, Part 4 thereof.

All provisions of the Agreement which are not expressly modified in accordance with this Amendment Letter remain unchanged.

Please indicate your agreement with the foregoing, by countersigning and dating the two original copies of this Amendment Letter and returning one countersigned original copy to the Association. Upon receipt by the Association of said original countersigned by the authorized representative of the Recipient, the amendments shall become effective as of the date of countersignature of this Amendment Letter.

Sincerely,



Boutheina Guerhazi
Director of Regional Integration
Africa and Middle East and North Africa

AGREED:

REPUBLIC OF KENYA

By 
Authorized Representative

Name: UKUR YATANI

Title: CABINET SECRETARY WT-EP

Date: 24/12/2021

SCHEDULE 1

Project Description

The objective of the Project is to **improve the movement of people and goods, digital connectivity and access to social services to communities at designated locations along selected sections of the Eldoret-Nadapal/Nakodok road corridor.**

The Project consists of the following parts:

Part 1: Upgrading Selected Critical Road Infrastructure

- (a) Upgrading of approximately 77 km of the Kalobeiyei River – Nadapal section of the Eldoret-Nadapal/Nakodok road; and related supervision costs.
- (b) Upgrading of approximately 80 km of the Lokitaung junction - Kalobeiyei River section of the Eldoret-Nadapal/Nakodok road; and related supervision costs.
- (c) Upgrading of approximately 80 km of the Lokitaung junction - Lodwar section of the Eldoret-Nadapal/Nakodok road; and related supervision costs.
- (d) Upgrading of approximately 50 km of the Lodwar – Loichangamatak section of the Eldoret-Nadapal/Nakodok road; and related supervision costs.
- (e) Construction of a bridge at Kainuk on Muruni River; and related supervision costs.
- (f) Upgrading of approximately 40 km of the Loichangamatak - Lokichar section of the Eldoret-Nadapal/Nakodok road; and related supervision costs.
- (g) Implementing the Resettlement Action Plans (RAPs) along the Eldoret – Nadapal/Nakodok road.
- (h) Carrying out of civil works associated with installation of a fiber optic cable along the Eldoret - Nadapal/Nakodok road corridor and related supervision costs.
- (i) Carrying out repairs: of selected road sections along the Eldoret/Lesseru - Nadapal/Nakodok road corridor; and related supervision costs.
- (j) Provision of consultancy services for management of social risks associated with civil works contracts through engagement of the services of selected civil society organizations.
- (k) Upgrading of approximately 11 km of the Nadapal - Nakodok section of the Eldoret-Nadapal/Nakodok road as well as related supervision costs and maintenance of the upgraded road sections in the entire Eldoret - Nadapal/Nakodok road corridor through performance-based maintenance contracting.

Part 2: Facilitation of Regional Transport, Trade and Development

- (a) Carry out a program of activities designed to support KRA to implement transport, trade and development facilitation measures, such a program to include such activities as: (i) harmonization of customs and other border management, risk management and control procedures; (ii) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies; (iii) support the implementation of an integrated border management system; (iv) support the implementation of the Memorandum of Understanding (MoU) between Kenya Customs and South Sudan Customs Services relative to information exchange and use of common procedures; (v) support the use of information and communication technology (ICT) for revenue collection and for facilitating clearance and release of goods to help Kenya Customs comply with new transparency requirement of e-citizen registration, electronic collection of revenue and e- reporting of clearances and release of goods; (vi) design, construction, and supervision of the construction of offices at selected locations along the Eldoret-Nadapal/Nakodok road corridor to house rapid response unit of KRA to monitor international trade; (vii) support the implementation of the regional cargo monitoring for goods under customs control; (viii) training of KRA staff.
- (b) Carry out a program of activities designed to support KeNHA to implement transport, trade and development facilitation measures, such a program to include activities as: (i) carrying out a study to enhance socio-economic infrastructure services at selected locations along the corridor and (ii) identification, design, construction and supervision of construction of the prioritized basic socio-economic infrastructure to the local communities and support engagement with Project stakeholders such as county governments, communities and households on designing management and operational modalities of these facilities.

Part 3: Institutional Development and Program Management

- (a) Strengthening the capacity of KeNHA in road design review as well as contract management, value engineering, road maintenance, safeguards and procurement management as well carrying out monitoring and evaluation of the Project.
- (b) Carrying out a program of activities designed to strengthen the institutional capacities of entities involved in Project implementation including: (i) enhancing project management capacity, maintenance management and engineering capabilities in the transport sector through supporting the Engineers Board of Kenya, Kenya Roads Board, Kenya Engineering Technology Registration Board, and the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works on enhancing oversight capacity through Training of selected staff of State Law Office and Resource Mobilization Department (RMD) under The National Treasury; (iii) provision of advisory services, Training and Operating Costs to Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works as required to sustain the management and coordination of Project implementation activities, including audits of the Project; (iv) enhancing of information security solutions for road safety and compliance systems including driver licensing and vehicle registration system (Transport Integrated Management System (TIMS) under the National Transport and Safety Authority; (v) development of policy guidelines on accommodating the provision of utilities in

road reserves; and (vi) carrying out studies on the financial sustainability of the Engineers Board of Kenya and National Transport and Safety Authority.

Part 4: Enhancing Internet Connectivity

- (a) Carrying out feasibility and detailed engineering design studies for - and supervision of the supply and installation of a fiber optic cable alongside the Eldoret-Nadapal/Nakodok road corridor.
- (b) Rehabilitation of existing fiber optic cable alongside the Eldoret-Nadapal/Nakodok road
- (c) Supply and installation of a new fiber optic cable along the Eldoret-Nadapal/Nakodok road corridor.
- (d) Construction of fiber spurs and rings and connection to selected strategic public facilities along the Eldoret-Nadapal/Nakodok road corridor.
- (e) Development of a business model in the utilization and management of the national backbone fiber optic cable network and associated business opportunities and services.
- (f) Institutional strengthening of the ICTA through provision of advisory services and Training.

Annex 2

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
1. Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Parts 2(c), 3(a) ii, 3 (a) iii, 3 (b) and 3 (c)i of the Project – MoTI (<i>Pro-memoria</i>)	5,759,072	100%
2 (a) Goods, works, non-consulting services, consultants' services and Training for Part 1(a) i, 1(b) i, 1(c) i, 1(d) i, 1(e)i, and 2 (b) iii of the Project – KeNHA (<i>Pro-memoria</i>)	189,278,629	84%
2 (b) Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Part 1 (a) ii, 1 (b) ii, 1 (c) ii, 1 (d) ii, 1 (e) ii, 2 (b) i, 2 (b) ii, 3 (a) i and 3 (c)ii and 3(d) of the Project – KeNHA (<i>Pro-memoria</i>)	23,695,114	100%
3. Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Part (2)a of the Project – KRA (<i>Pro-memoria</i>)	1,715,531	100%
4. Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Part (4) and 3 (a)iv of the Project – ICTA (<i>Pro-memoria</i>)	4,415,860	100%
5. Refund of Preparation Advance	800,000	Amount payable pursuant to Section 2.07 of the General Conditions
6. Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Part 3(b) of the Project – SDoI	4,353,080	100%
7. Goods, works, non-consulting services, consultants' services and Training for Part 1(a) – 1(j), 2 (b) and 3(a) of the Project – KeNHA	114,222,260	Such % as set forth in the Annual Workplan
8. Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Part (2)a of the Project – KRA	5,553,250	100%
9. Goods, works, non-consulting service, consultants' services, Training and Operating Costs for Part 4 of the Project – ICTA	12,707,204	100%
TOTAL AMOUNT	362,500,000	