



**The World Bank**

Kenya Petroleum Technical Assistance Project (KEPTAP) (P145234)

REPORT NO.: RES47269

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RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT (KEPTAP)  
APPROVED ON JULY 24, 2014  
TO  
GOVERNMENT OF KENYA

ENERGY & EXTRACTIVES

AFRICA EAST

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**I. BASIC DATA**

**Product Information**

Project ID P145234	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 24-Jul-2014	Current Closing Date 31-Aug-2021

**Organizations**

Borrower Government of Kenya	Responsible Agency MoPM, The National Treasury
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**Project Development Objective (PDO)**

Original PDO

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

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-55260	24-Jul-2014	14-Aug-2014	02-Oct-2014	31-Aug-2021	50.00	38.20	7.46
TF-A3418	24-Jul-2014	16-Nov-2016	16-Nov-2016	30-Jun-2021	6.70	6.43	.27

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No

**II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES**

The Kenya Petroleum Technical Assistance Project (KEPTAP) was approved in August 2014. Due to delays as a result of the Covid-19 crisis, the project was extended for 6 months from February 28, 2021 to August 31, 2021. From a slow start, the project implementation has gained momentum over time, and the disbursement rate has improved steadily, with a projection to near-full absorption by the close of the project. The IDA Credit is 86% (US\$ 38.5 million) disbursed and the Global Affairs Canada (GAC) Grant at 96% (US\$6.43 million). The project has supported several institutional reforms such as the: (1) local content policy for the oil & gas sector, (2) gender assessment for the sector, (3) adoption of a transparency and accountability framework and action plan for the petroleum sector, (4) occupational safety health guidelines for the petroleum sector, (5) design of the institutional framework of a petroleum sector regulating agency, (6) LPG study for domestic distribution plan, (7) Geoscience data acquisition, (8) transaction advice for recoverable costs audit, and (9) access to transaction and technical advisors for negotiations with the operator.

This restructuring will address a disbursement challenge posed by the current configuration of KEPTAP's disbursement Categories 9 and 10. Currently, category 9 is 88% financed by the Credit and 12 % by the Grant (, while category 10 is 84% financed by Credit and 16% by the Grant. The Credit and the Grant have varied closing dates, which presents a risk of undocumented expenditures at project closure if activities under the two categories are not completed and paid for within the Grant's timelines. The Grant funds has US\$0.268 million currently available ( ) which is not sufficient to cover the 12% assignable to the Grant under Category 9, which amounts to US\$0.924 million. KEPTAP is not co-financed by the Government of Kenya and therefore has no budget allocation to cater for any shortfalls. In order to address these two issues, a a restructuring is proposed allow for the: i) reconfiguration of Category 9 to 100% Credit, and ii) the reconfiguration of Category 10 to 100% Grant.

There are no outstanding audits on the project. The project's financial management and procurement ratings are satisfactory. KEPTAP's overall safeguards rating and the environmental assessment have been upgraded to moderately satisfactory, in view of the completion of some of the recommendations in the Strategic Environmental and Social Assessment (SESA).

**III. DETAILED CHANGES****REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IDA-55260-001 Currency:	Gds,NonCS,CS,Trg,OC PT A1-5,B2A,D	13,391,372.00	13,390,128.26	13,391,372.00	100.00	100.00



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XDR	GD,NCS,CS,TR,OC PtA4	2,550,563.00	2,478,223.50	2,478,224.00	84.00	0
	Gds,NonCS,CS,Trg,OC PT B1,B2b,B3 TR	1,649,263.00	1,649,262.33	1,649,263.00	100.00	100.00
	Gds,NonCS,CS,Trg,OC PT C1&2 MoIED	342,628.00	342,627.64	342,628.00	100.00	100.00
	PPF REFINANCING	0.00	0.00	0.00		0
	GD,NCS,CS,TR & OC Pt A1b MEP	0.00	0.00	0.00	0.00	0.00
	GD,NCS,CS,TR & OC Pt A3c MEP	593,217.00	593,216.86	593,217.00	31.00	31.00
	GD,NCS,CS,TR & OC Pt C1 MoIED	0.00	0.00	0.00	0.00	0.00
	GD,NCS,CS,TRg,OC Pt A2 A5 D	5,080,342.00	4,974,669.41	5,080,342.00	100.00	100.00
	GD,NCS,CS,Trg,OC A1	8,892,615.00	2,226,708.03	8,964,954.00	88.00	100
	<b>Total</b>	<b>32,500,000.00</b>	<b>25,654,836.03</b>	<b>32,500,000.00</b>		
TF-A3418-001 Currency: USD	GD,NCS,CS,TR,OC PT4	1,230,000.00	543,158.34	1,332,922.00	16.00	100
	GD,NCS,CS,TR & OC Pt A1b MEP	584,146.00	584,145.33	584,146.00	100.00	100.00
	GD,NCS,CS,TR & OC Pt A3c MEP	1,979,481.00	1,979,480.98	1,979,481.00	69.00	69.00
	GD,NCS,CS,TR & OC Pt C1 MoIED	547,220.00	547,219.68	547,220.00	100.00	100.00
	GD,NCS,CS,TEG,OC Pt C1	1,132,386.00	1,070,229.86	1,132,386.00	100.00	100.00
	GD,NCS,CS,TRG,OC Pt A1 and A3	1,226,374.00	814,995.83	1,123,452.00	12.00	0
	<b>Total</b>	<b>6,699,607.00</b>	<b>5,539,230.02</b>	<b>6,699,607.00</b>		