



Kenya Petroleum Technical Assistance Project (KEPTAP) (P145234)

AFRICA EAST | Kenya | Energy & Extractives Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 11 | ARCHIVED on 20-Nov-2020 | ISR43886 |

Implementing Agencies: Government of Kenya, MoPM, The National Treasury, Ministry of Industry, Trade, and Cooperatives

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: 30-Jun-2021

Revised Closing Date: 30-Jun-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 Table

Name

Component A: Petroleum Sector - Reforms and Capacity Building:(Cost \$49.76 M)

Component B: Revenue and Investment Management - Reforms and Capacity Building:(Cost \$0.63 M)

Component C: Sustainable Impact of Oil and Gas Industry - Reforms and Capacity Building:(Cost \$1.68 M)

Component D: Project Management:(Cost \$4.49 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

KEPTAP project development objective (PDO) is to strengthen the capacity of the GoK to manage its petroleum sector and wealth for sustainable development impacts. Over the life of the project, now in its 6th year of implementation, a series of accomplishments can be noted in light of the project's key outcome indicators have provided clarity in the development, regulation and management of the oil and gas sector in the country. A series of accomplishments can be noted in light of the project's key outcome indicators: (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, (4) design of the institutional framework of a petroleum sector regulating agency, (4) LGP study for domestic distribution plan, (5) Geoscience data acquisition, (6) transaction advice for recoverable costs audit, and (7) access to transaction and technical advisors for negotiations with the operator.



KEPTAP restructuring started in July 2019 with the objective of collapsing project implementation teams (PITs) under PMU at the Ministry of Petroleum and Mining (MoPM) to improve procurement and project management as well as extending support to the State Department of Mining – an aspect which was subsequently dropped. The restructuring process has resulted in improved project management.

The Covid-19 crisis and its related restrictions and other project constraints will likely delay the completion of project activities especially those that require physical engagement to implement. These include Transaction Advisor (MoPM), GIS Mapping of Storage Facilities and Service Stations (EPRA) Transformation Plan (NOCK), Petroleum Master Plan (MoPM), Road Hazards Management Plan (EPRA) and Land Access and Acquisition Framework (MoPM).

Due to the upcoming closing date of the IDA financing in February 2021, it is imperative to focus attention on the implementation of strategic activities and focus attention on ensuring the sustainability of capacity building efforts. The project hired a number of technical advisors to support institutional development of government agencies. It is imperative for the Ministry to decide how those skills will be kept after the project's closing and how they will be retained on the Government's payroll.

On a sectoral level, The Turkana Early Oil Production System (EOPS) is delayed and the production start date will be beyond 2021 and a new date has not be set since Tullow Oil (the principal operator) is relinquishing its East Africa operations by successfully selling its entire interests in the Lake Albert Development Project in Uganda in April 2020. In May 2020, Tullow Oil's exit intentions became clearer soon after in Kenya by its declaration of force majeure on its Turkana operations. The GoK has since rejected the force majeure declaration and is in negotiation with Tullow to resolve the issue.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Macroeconomic	--	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Sector Strategies and Policies	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Technical Design of Project or Program	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Institutional Capacity for Implementation and Sustainability	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Fiduciary	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Environment and Social	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Low
Stakeholders	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Other	--	--	--
Overall	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Results

PDO Indicators by Objectives / Outcomes

Strengthen the capacity of the GoK to manage its petroleum sector and wealth for sustainable develop

► 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	Petroleum Act 2019 & new Model PSA in force. Energy & Petroleum Policy 2019 in force Development of a stand-alone Petroleum Policy. Contract signed, under implementation. Development of Upstream petroleum regulations. Contract signed, under implementation. Review of mid and downstream petroleum on-going. The first Occupational Safety and Health (OSH) Regulation for the sector petroleum completed Review of Environmental Regulations on-going. Development of Resettlement Policy Framework - completed Draft Sovereign Wealth Fund (SWF) Bill - with Solicitor General for legal drafting. Development of oil & gas standards consultancy temporarily – on going	Petroleum Act 2019 & new Model PSA in force. Energy & Petroleum Policy 2019 in force Development of a stand-alone Petroleum Policy. Contract signed, under implementation. Development of Upstream petroleum regulations. Contract signed, under implementation. Review of mid and downstream petroleum on-going. The first Occupational Safety and Health (OSH) Regulation for the sector petroleum completed Review of Environmental Regulations on-going. Development of Resettlement Policy Framework - completed Draft Sovereign Wealth Fund (SWF) Bill - with Solicitor General for legal drafting. Development of oil & gas standards consultancy temporarily – on going	Key Policy and Legal Acts approved and in force
Date	01-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	<p>The development of policies and regulations have been/are being conducted through broad-based consultations with all stakeholders that have included private sector, public participation, government institutions, sector players, and civil society organisations.</p> <p>Technical Committee (comprised of representatives from different agencies) have coordinated and supervised the delivery of the different outputs.</p> <p>The Petroleum Act 2019 is in its legislative window for possible amendments</p>			
<p>► Staff of petroleum sector management institutions trained to regulate, manage and monitor compliance in the sector (Number, Custom)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	746.00	742.00	80.00
Date	01-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021



Comments:	As a whole, a total of 742 staff (ERC=65, MOPM=302, NEMA=164, DOSHS=26, OAG=42, KRA=98, KEBS=10, KMA=35) agencies of the government of Kenya have received training support in different fields related to oil and gas. The results have so far significantly exceeded both mid and end term targets.			
► 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	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	Central Processing Facility and Marine Terminal will be subject of Environmental and Safety inspection when they fall due. Given the delays in the delivery of Project Oil Kenya, the related projects have not fully developed to be subjected to the formal environmental and safety inspections as guided by the good international practices set under KEPTAP.			
► 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	TA framework completed	TA framework completed	report published
Date	01-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	A transparency and accountability (TA) framework in the oil and gas sector, the first in any economic sector in Kenya, has been developed. The planned for the implementation of TA recommendations, will not be going ahead due to non-availability of the requisite budget.			

Intermediate Results Indicators by Components

Component B: Revenue and Investment Management - Reforms and Capacity Building				
► 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	274.00	274.00	10.00
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	So far 274 staff members (from Kenya Revenue Authority=98, Office of the Auditor General=42, the National Treasury=83, Central Bank of Kenya=17 and Commission for Revenue Allocation=34) who are beneficiaries under Revenue and Investment Management Reforms were trained in different courses on oil revenues management. The results have so far significantly exceeded both mid and end term targets. Training scheduled for 2019/2020 has been adversely affected by the covid-19 restrictions –no trainings have been conducted so far in 2020.			
► 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	547.00	547.00	60.00
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	<p>535 staff received preliminary training in 40 different programmes. (MOPM=302, NOCK=48, ERC=65, KPC=92, OAGDJ= 28). Some of the project sponsored training included petroleum project economics & risk analysis, introduction to petroleum exploration and production, international petroleum law, fire safety in oil and gas terminals, oil pipeline welding, production sharing agreements among others. The results have so far significantly exceeded both mid and end term targets. Training scheduled for 2019/2020 has been adversely affected by the Covid-19 restrictions –no trainings have been conducted so far in year 2020.</p>			
<p>► 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 trainin (Number, Custom)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	379.00	379.00	10.00
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	<p>379 staff received preliminary training in 22 different programmes (DOSHS=26, MOH=73, NEMA=164, NDOC=8, CSOs=40, ERC=65) The trainings programmes include international technical certificate in oil & gas operational safety; environmental and social risk management; occupational health & hygiene in the oil & gas sector; oil & chemical spill management offshore and onshore; environmental management and pollution control in the oil sector; environmental auditing; and basics of non-destructive testing. The results have so far significantly exceeded both mid and end term targets. Training scheduled for 2019/2020 has been adversely affected by the covid-19 restrictions –no trainings have been conducted so far in 2020.</p>			

Component C: Sustainable Impact of Oil and Gas Industry - Reforms and Capacity Building

► 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	Gender Assessment finalized.	Gender Assessment finalized but the scope reviewed to upgrade the assessment. Consultant hired and assignment ongoing. Interim report received and cleared.	Gender Assessment finalized
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	<p>Initial gender assessment finalized. A new consultant has been hired to upgrade and deepen the scope of the gender assessment. Interim report received and cleared.</p>			
<p>► Number of public agencies plus organizations engaged in transparency and community monitoring trained on transparency monitoring across the extractive sector value chain (Number, Custom)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	136.00	136.00	15.00
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	CSOs 16 trained 80 Turkana- county CBOs trained on environmental and social risk monitoring. 40 members of Turkana Grievances Management Committee trained on management of environmental and social issues pertaining to O&G development. Other relevant training which they participated in was Environmental and Social Impact Assessment for oil and gas sector 7 Petroleum Development and Community Liaison Officers have been positioned in Turkana.			
▶ Local content policy approved and effective (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No Local content policy	Local Content policy developed	Draft Local Content policy and local content regulations delivered awaiting government approval.	Policy legally in force
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	Overarching local content policy and regulations for oil and gas developed. Awaiting formal Government (Cabinet) approval.			

Component A: Petroleum Sector - Reforms and Capacity Building				
▶ 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	Fiscal Rule is in place.	No Fiscal policy on transfer of oil/gas revenues A procedure manual for Petroleum Tax Administration Office for Kenya Revenue Administration is completed	Fiscal rule in place and enforced
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	Certain fiscal aspects are embedded in the new 2019 Model Petroleum Sharing Agreement. Provision in Petroleum Act 2019 cover establishment of a Consolidated Energy Fund.			
▶ 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 stand-alone Petroleum Policy (PP)	Energy & Petroleum Policy 2019 in force Development of a stand-alone Petroleum Policy at	Energy & Petroleum Policy 2019 in force Development of a stand-alone Petroleum Policy contracted and	PP legally in force



		contract negotiations stage.		has moved to implementation stage with virtual kick-off meeting already conducted.
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	Development of a Petroleum Policy at contract negotiations stage.			
<p>► A new regulatory body for the petroleum sector, "Kenya Petroleum Authority", reporting to the Cabinet Secretary of MEP, is established and functional (Text, Custom)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Kenya Petroleum Authority does not exist	Interim UPRA team in place Consultancy on institutional development of Upstream Petroleum Regulatory Authority on-going. Interim report received.	Consultancy on institutional development of Upstream Petroleum Regulatory Authority coming to a close. Final report received awaiting technical committee review and approval.	First deliverable issued (e.g. Field Development Plan reviewed/approved, exploration license approved, etc.)
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	Currently UPRA is not anchored in the Petroleum Act 2019. With the current legislative amendment window, UPRA is one of the proposals to be included in the eventual amendment of the Act. Currently the Ministry of Petroleum and Mining is handling upstream regulatory affairs and the Energy and Petroleum Regulatory Authority the mid - and downstream regulation of petroleum products.			
<p>► NOCK is restructured in order to execute its mandate as a National Oil Company that may take commercial positions in oil and gas license as well as represents the State Participation in Joint Ventures (Text, Custom)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	NOCK is not restructured	NOCK Transformation Plan over 50%	NOCK is not restructured Consultancy on NOCK transformation plan is on-going with the consultant currently undertaking phase 2 of the assignment.	NOCK is fully restructured
Date	31-Dec-2014	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	A consultant has been hired to support NOCK to develop and implement a Transformation Plan. The Plan is envisaged to be a 15-year long-term strategic blueprint that is aligned to the country's development agenda. Phase 1 of the assignment is completed and approved by the technical committee. The consultant has embarked on phase 2 of the task.			

Component D: Project Management

► Operating cost do not exceed 15% of total project cost by the closing date of the project (Percentage, Custom)





	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.00	10.00	15.00
Date	11-Jan-2019	25-Mar-2020	16-Oct-2020	28-Feb-2021
Comments:	The PMU related costs are expected to reduce relative to the total actual project expenses as more payments are made for the maturing consultancy contracts, for instance, reduced operational cost in procurement evaluations.			

Performance-Based Conditions

Data on Financial Performance

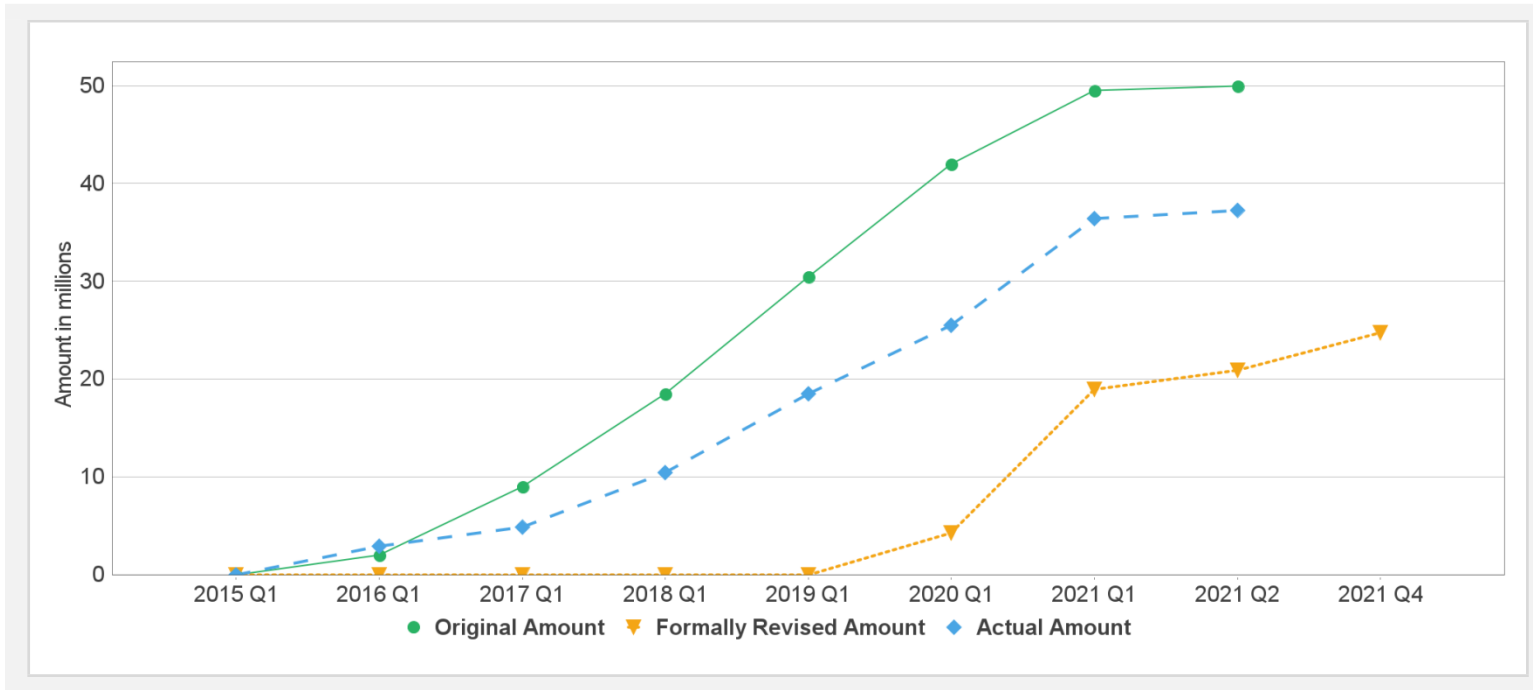
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P145234	IDA-55260	Effective	USD	50.00	50.00	0.00	31.84	13.67	 70%
P145234	TF-A3418	Effective	USD	6.70	6.70	0.00	5.44	1.26	 81%

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



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC

Restructuring History

Level 2 Approved on 12-Oct-2016 ,Level 2 Approved on 18-Dec-2019

Related Project(s)

There are no related projects.