PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC26178

Project Name	Kenya Secondary Roads and Agriculture Development Project (P151004)
Region	AFRICA
Country	Kenya
Sector(s)	Rural and Inter-Urban Roads and Highways (100%)
Theme(s)	Rural services and infrastructure (100%)
Lending Instrument	Investment Project Financing
Project ID	P151004
Borrower(s)	Republic of Kenya
Implementing Agency	Ministry of Transport and Infrastructure
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	24-Jul-2015
Date PID Approved/ Disclosed	24-Jul-2015
Estimated Date of Appraisal Completion	13-Apr-2016
Estimated Date of Board Approval	22-Sep-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. Although Kenya’s economic growth accelerated in the last decade, the goal of a prosperous society for all Kenyans has yet to be realized. Though Kenya was classified by the World Bank as a middle income country in 2014, it is still among the poorest 25 percent of the countries in the world, with 40 percent of its population below the poverty line. According to the last national household budget survey, close to half of the population (nearly 17 million Kenyans) was poor in 2005, the vast majority of the poor lived in rural areas, and were more likely to depend on income and consumption from crops and livestock, as a source of livelihood. Further, poverty levels are highest in arid and semi-arid areas, with roughly 70 percent of the population living in the more agriculturally productive (about 12 percent) regions of the country . Access to input and output markets as measured by the rural access indicator is constrained at 44 percent, with about 22 million people unconnected to the road network. Connectivity in rural areas is particularly limited with a rural access index of less than 15 percent where poverty is higher, such as the northern, eastern and

coastal areas (except Mombasa). Tackling poverty must address the difficulties of low-income rural communities as well as the distinct problems of urban poverty that also encompass secondary cities

Sectoral and Institutional Context

2. Kenya has a well-developed road network of about 62,000 km of classified and 99,000 km of unclassified roads. Of the classified network, only about 11,000 km is paved. Classified road density is 10.8 km per 100 km2 of land. Paved road density of 1.9 km per 100 km2 is above the regional average but road quality remains a main concern, particularly for non-primary roads. Only about 68 percent of secondary and tertiary roads are in good and fair condition while the rest (about 26 percent and 34 percent of secondary and tertiary roads, respectively) are in poor condition and need to be rehabilitated and maintained. Good quality roads are concentrated in the largest cities (Nairobi, Mombasa and Kisumu) and their surrounding areas. In Nairobi, for instance, there are about 200 km of roads per 100 km2 that are paved or unpaved but in good condition. In Kajiado County, a border area to Tanzania, roads in good condition are estimated at 3.8 km per 100 km2 while this number declines in the northern rural areas, such as Marsabit and Turkana, to about one km per 100 km2 indicating poor connectivity to the road network and market opportunities.

3. The Government's responsibility for road infrastructure is vested in the Ministry of Transport and Infrastructure (MoTI) with functional responsibility delegated to three road agencies created by the Kenya Roads Act of 2007, namely: the Kenya National Highways Authority (KeNHA) responsible for international and national trunk roads, as well as all primary roads; Kenya Rural Roads Authority (KeRRA) responsible for secondary, minor roads (Classes D and E) and other roads; and the Kenya Urban Roads Authority (KURA) responsible for urban roads. Kenya's 2010 constitutional devolution introduces significant changes with respect to national and county responsibilities for roads with the final changes to be clarified in the Kenya Roads Bill 2014 currently in Parliament. The constitution also recognizes improved governance, transparency and citizen participation as essential to Kenya's aspirations.

4. Counties now play the primary role in managing parts of the rural road network previously managed by the national government. There is a major need, and window of opportunity, to support counties to put in place institutional structures, mechanisms and staffing to deliver on their mandates. This will need to be accompanied by measures to safeguard the technical capacities currently housed in national agencies.

5. KeRRA is currently responsible for 136,000 km of roads most of which are built to earth and gravel standards. Road investments under KeRRA are funded by the national government through central revenue appropriations while maintenance is funded out of the Road Fund (RF). The 26.5 percent of the fuel levy that KeRRA receives from the Fund for maintenance (plus 5.5 percent for administration costs) is shared equally among the 290 constituencies. While the Constituency focused approach has its merits, overall, it has affected the way road maintenance is carried out and perhaps the overall outcome. The immediate implication is that constituencies with smaller networks end up with near-sufficient budgets while those with larger networks are perpetually underfunded.

6. Kenya is gaining significant experience in implementing roads rehabilitation projects at the local level through such projects as the "Improvement of Rural Roads and Market Infrastructure in Western Kenya", supported by Kreditanstalt für Wiederaufbau (KfW), a German development bank. While still under implementation, the project is already developing local contractor capacity and enhancing technical capacities at KeRRA. Agreement to a sound mechanism for maintenance

is likely to be one of the criteria for selection into the proposed project. One promising approach could be to use multi-year, performance based maintenance contracts (PBMC) with funding assured for the duration of the contracts. The Bank has garnered significant experience in Asia and other regions supporting such options to establish sustainable, road maintenance for rehabilitated roads. This experience suggests that sustainability of road investments needs to be addressed upfront and involving the private sector could be an effective approach.

7. Rural transformation in an inclusive and sustainable manner is the long term vision of the GoK. To achieve this transformation, coordinated efforts across sectors will be required over the next decade. The Bank, in response to the GoK's request to expand support for rural roads in parallel with agricultural interventions, proposes a Secondary Roads and Agricultural Development project (P151004) to be implemented over five years with an approximate IDA envelope of US$100 million.

Relationship to CAS

8. The Government, as well as the World Bank's new Kenya Country Partnership Strategy (CPS/FY2014-18), places a strong priority on supporting rural feeder roads within and between counties to connect communities to emerging economic opportunities. The CPS recognizes the role of transport infrastructure as a critical ingredient for long-term growth. Similarly, Kenya's transport strategy acknowledges the sector as a key enabler in the consolidation, enhancement and sustenance of government's goal of economic recovery and improved wealth and job creation. The roads sector is identified as one of the key sectors of the macro pillar in the "Kenya Vision 2030" which is operationalized by the Second Medium Term Plan (2013-2017), and supported by others such as the government's Integrated National Transport Policy, 2009. More specifically, the sector is expected to improve the country's competitiveness through investments in the road network and transformation of airports and ports around the country and to support achievement of a ten percent economic growth rate. The document emphasizes the use of appropriate and efficient contracting methods which provide for input and performance-based contracting for road maintenance works.

9. Alignment with Country Partnership Strategy. The proposed project is fully aligned with the focus areas of the CPS and will contribute to its objectives through the Bank's three key domains of engagement in Kenya. First, under Domain 1 – "Competitiveness and Sustainability: Growth to Eradicate Poverty", the proposed project would support achievement of outcome 1: enhanced infrastructure and logistics for sustainable growth. The CPS identifies infrastructure as the backbone of long term growth and proposes increasing support to the transport sector with focus on rural roads. The project will help the high level objective of improving agriculture productivity and sustainability. Second, the proposed project would directly contribute to Domain 2 – "Protection and potential: delivering shared prosperity", where the focus is to protect the vulnerable and help them develop their potential. The CPS recognizes that rural roads are a high priority intervention area to target support for the poor by connecting communities to emerging economic opportunities. Third, the proposed project would assist in achieving the two high level objectives of operationalizing the devolution framework for local decision making and smooth delivery of decentralized services under Domain 3 – "Consistency and equity: delivering a devolution dividend".

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

10. The proposed development objective is to enhance mobility in selected rural areas in support of inclusive agriculture and other livelihoods of local communities in the targeted counties.

11. The PDO is proposed to be achieved through (i) providing improved county roads in targeted and prioritized rural areas, (ii) ensuring that road investments are sustainable through the provision of efficient road maintenance and (iii) strengthening the institutional capacity of the local governance system and the technical entities to plan, maintain and manage the county road networks.

Key Results (From PCN)

12. The project's result framework will be designed during project preparation. The expected key developmental results are: (a) Increase in the usage of rural roads in terms of vehicular traffic; (b) Increase in the movement of agricultural produce on the roads, and (c) Increased potential for value addition in agriculture.

13. As part of project preparation, a baseline survey will be financed in participating counties to measure key indicators at the beginning of the project. This will consist in surveying rural households living aside from roads to be rehabilitated under the program, as well as from a control group of roads that would be intervened. Whenever possible and relevant, indicators will distinguish between women and men beneficiaries

III. Preliminary Description

Concept Description

14. The proposed project interventions will contribute to holistic support for agricultural productivity and livelihood development, through provision of rural roads infrastructure. For smooth implementation, to broaden benefits and to ensure sustainability, the project will support institutional capacity enhancements. The proposed project aims to improve the efficiency in mobility of people and goods in support of agricultural growth and poverty reduction. The project will also provide technical assistance to develop the government capacity, at both national and county levels, to ensure sustainable implementation and road maintenance mechanisms.

15. Project area and synergy with other projects. Selection of the proposed project area will be defined during project preparation recognizing that some degree of geographical concentration will be needed to provide widely shared benefits. Roughly, the project will cover 4 to 6 counties depending on the choice of technology and the related costs per kilometer. The project will be focused on secondary or tertiary road improvements. Selection of the project area will be done ensuring close collaboration and coordination with proposed IDA-supported agricultural and devolution projects currently under preparation. The selection criteria could include: (i) agricultural and livestock potential areas, (ii) number of poor people living in rural areas, (iii) condition and extent of rural infrastructure, (iv) willingness of County governments to commit to the project's objectives/principles particularly with regard to sustainable maintenance, (v) presence of other donors in the Count, and (vi) being part of the marginalized counties of the north and north east. Participation of the County governments and KeRRA in all stages of the process will be essential for ensuring ownership and sustainability of the investments.

16. Project Components: The proposed project will comprise three components:

17. Component 1: Rehabilitation of Rural (Secondary and tertiary) Roads.

18. This component would finance rehabilitation works for secondary and rural roads in each of the targeted Counties, as well as the related design studies and supervision activities. The total road length that would be supported under this component including the standards to which they would be improved, the method of implementation, as well as the participating counties will be concluded at preparation stage. Where justified, appropriate technology such as low-cost sealed roads could be used while preference would be given to a “network approach”. The total length of project roads will depend on the technical standards adopted: a predominantly low-cost sealed road approach would lower the length of roads to about 300 km whereas construction to gravel sealed standards could increase the coverage to about 1,500 km. Actual allocations would account for road conditions and project readiness in each county.

19. Component 2: Sustainable Road Maintenance mechanisms.

20. This component would support the review of strategic aspects of road maintenance funding and prioritization mechanisms and explore options to strengthen them. While the exact model remains to be developed, the adoption of multi-year performance based maintenance contracts could encourage more reliable maintenance and sustainability of project interventions. Support for training, technical assistance and supervision of pilot maintenance projects funded by Counties with RF allocations will be provided within this component.

21. Component 3: Capacity building and Project Administration.

22. This component would finance institutional strengthening activities for management of rural roads at the County and national level as well as project administration costs. It would include KeRRA, NCA, Co unty departments, and other entities to be confirmed during preparation. Capacity building at the national level to improve sector coordination at the national and county level would be resourced under this component. The project will support development of a communication strategy in view of the multi-stakeholder involvement. The Roads Bill 2014 is expected to place in more definite terms, the burden of managing rural roads on the Counties, which presently do not have the requisite capacity for this function. The Project will therefore make provision for skills development within the Counties. Road safety is an important aspect even for rural roads and this component will include support towards non-infrastructure elements of road safety such as awareness creation.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	**Yes**	**No**	**TBD**
Environmental Assessment OP/BP 4.01	✖		
Natural Habitats OP/BP 4.04			✖
Forests OP/BP 4.36			✖
Pest Management OP 4.09		✖	
Physical Cultural Resources OP/BP 4.11			✖
Indigenous Peoples OP/BP 4.10	✖		
Involuntary Resettlement OP/BP 4.12	✖		

Safety of Dams OP/BP 4.37		×	
Projects on International Waterways OP/BP 7.50		×	
Projects in Disputed Areas OP/BP 7.60		×	

V. Financing (in USD Million)

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	100.00
Total	100.00

VI. Contact point

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