



Kenya Ports Authority

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Office of the Managing Director

TENDER NO. KPA/015/2021-2022/GMF: INVITATION TO SUBMIT AN EXPRESSION OF INTEREST (EOI)- (FINANCING OF THE OPERATIONALIZATION OF THE FIRST THREE BERTHS OF LAMU PORT)

DATE: 7TH SEPTEMBER 2021

1.0 Introduction

- 1.1** Kenya Ports Authority is seeking Expressions of interests (EOI) for the Financing of the Operationalization of the First Three Berths of Lamu Port from registered reputable local and international Development Partners (Financial Institutions) or financial services institutions offering corporate and investment banking and other treasury related services.
- 1.2** The institutions must be currently appraised and rated under class A or B by any of the global rating agencies; foreign institution(s) **MUST** have operations or representations in Kenya.
- 1.3** The EOIs will be conducted through the International Competitive Bidding procedures specified in the Public Procurement and Disposal Act, 2015 and the Public Procurement and Disposal Regulations, 2020.
- 1.4** Enquiries can be made via email address: tenders@kpa.co.ke
- 1.5** Parties are advised to regularly visit the KPA website to obtain any additional information/addendum on the EOI. **All addenda/additional information on the EOI will be posted on the KPA website as they become available.**
- 1.6** The EOIs should be submitted in **one original plus [two-2 copies]**, properly filled in and enclosed in plain envelopes addressed as follows:

**TENDER NO. KPA/015/2021-2022/GMF: EXPRESSION OF INTEREST
FOR THE FINANCING OF THE OPERATIONALIZATION OF THE FIRST
THREE BERTHS OF LAMU PORT.**

**"DO NOT OPEN BEFORE 1000 HOURS ON TUESDAY, 21ST
SEPTEMBER 2021.**

Addressed:

**THE HEAD OF PROCUREMENT AND SUPPLIES
KENYA PORTS AUTHORITY
KIPEVU HEADQUARTERS 4TH FLOOR
FINANCE BLOCK III, DOOR BLK-3.4.3
KILINDINI MOMBASA**

Phone: +254 (41) 2113600/ 2113999

E-mail: tenders@kpa.co.ke

- 1.7** Completed EOI documents must be submitted enclosed in plain sealed envelopes, one original and two other copies clearly marked "ORIGINAL" and "COPY" with the tender name and reference number and a soft copy at **Tender Box** located at the **BUS TERMINUS, PORT PEDESTRIAN GATE NO. 8, KILINDINI, (DOCKS) MOMBASA BEFORE 1030HRS, ON TUESDAY 21ST SEPTEMBER 2021.**

Bulky tenders shall be submitted at the office of **Head of Procurement & Supplies located on the 4th floor of office Block III (Finance Block) Door No. 3.4.3 at the Kenya Ports Authority Headquarters, Kipevu, and Kilindini Mombasa BEFORE 1000HRS ON TUESDAY 21ST SEPTEMBER 2021.**

- 1.8** The EOIs shall be opened promptly at **1030 HOURS ON TUESDAY, 21ST SEPTEMBER 2021** in the presence of Tenderers' representatives who choose to attend the opening at the Procurement Conference.
Only shortlisted candidates will be invited to submit proposals.

2.0 Background and General information

- 2.1** Kenya Ports Authority (KPA) is a statutory body under the National Treasury and Planning. It was established by an Act of Parliament Cap 391 on 20th January 1978 with the mandate to develop, maintain, operate, improve and regulate all seaports along the coastline and inland waterways in Kenya. KPA is domiciled in Kenya with liaison offices in Uganda, Rwanda and Burundi.

Vision "World Class Ports of choice"

Mission "To Provide Efficient and Competitive Port Services to Facilitate Global Trade"

- 2.2** The Government of Kenya, through Kenya Ports Authority (KPA) is constructing Kenya's second commercial seaport in Lamu to complement the Port of Mombasa and serve the new Lamu Port, Southern Sudan, Ethiopia Transport corridor (LAPSSET).
- 2.3** The Port is expected to have a total of 23 berths, each with an estimated quay length of 400m and a depth of between 17.5m to 18m. It is planned to take full advantage of the current shipping trends where larger vessels are being deployed requiring longer berths with deeper depths.

- 2.4 Phase 1 of the project involves construction of the first 3 berths and associated infrastructure, each with a depth of 17.5 meters and a length of 400 meters. The three berths are designed to handle container, general and bulk cargo.
- 2.5 The physical superstructure for all the 3 berths as well as Yard No. 1 have been completed. Yards No. 2 and No. 3 are under construction, expected to be ready by October 2021 subject to availability of funding; the overall construction has progressed to 91.0% as at July 2021. The remaining 20 berths are planned for construction by private investors under Public Private Partnership (PPP) arrangements.
- 2.6 The first berth was launched for operations on 20th May 2021 by His Excellency the President of the Republic of Kenya. KPA Management has adopted the following operational strategy for berth No 1:-
- Attracting ships that have their own gears for ship operations
 - Attracting Ro-Ro ships and motor vehicle carriers.
 - Transfer equipment for yard operations from the port of Mombasa. The equipment transferred are as listed below:-
 - 2No. Mobile Harbour Cranes
 - 8No. Skeletal Trailers.
 - 2No. Rubber Tyred Gantries
 - 3No Forklifts (25ton, 10ton, & 3ton)
 - 1No Utility Pick Up
 - 3No Semi-Automatic Spreaders (20', 40'& Over height)
 - Oil spill response equipment
 - Marine equipment is made available when need arises.
- 2.7 Completion of the construction of the project is expected to be in October 2021 (subject to adequate financing) and the Action plan for operationalization of the completed project, on a bare minimum equipment has an estimated expenditure of **KES17,400 million** as summarized under table No. 1 below.

Table No. 1 – Operationalization costs

No.	Description	Proposed mode of financing	Amount KES Million
1	Completion of Construction	Borrowing	3,200
2	Marine Equipment	Borrowing	3,100
3	Yard Operations Equipment	Borrowing, Export Credit Agency or Supplier Credit	6,100
4	General Equipment, Security, and ICT Installations	Internal Funding by KPA	5,000
	Total		17,400

- 2.8 The proposed financing options have been approved by the National Treasury and Planning and the terms and conditions of the borrowing shall be forwarded to the National Treasury and Planning for approval in accordance with the existing laws and regulations.
- 2.9 While the cost for the completion of construction is known with certainty, the costs for acquisition of the equipment are estimates; the actual costs will be known through appropriate procurement price discovery mechanisms.
- 2.10 The borrowing will be denominated in United States Dollars (USD) and the conversion rate will be the Central Bank of Kenya (CBK) Rate ruling fourteen (14) days before the closing date for the submission of the Request for Proposals.
- 2.11 Lamu port is a green field project, hence the proposed financing options will be factored under KPA books, **without the need for a Government Guarantee.**
- 2.12 The tenure of the loan will be 10 years, which is equivalent to the expected useful life of the equipment to be acquired.
- 2.13 The bare minimum equipment proposed for acquisition are as follows:

Table No.2 List of Equipment

No.	Description	No.
	Marine Equipment	
1	ASD Tugboat (70T Bollard Pull)	1
2	Pilot Boat	1
3	Mooring Boat	1
4	Multipurpose Marine Craft	1
	Yard Operations Equipment	
1	Ship To Shore Cranes (STS)	3
2	Rubber Tyred Gantry Cranes (RTG)	4
3	Harbor Mobile Cranes (HMC) 100T	5
4	Mobile Crane 60 T	1
5	Reach Stacker	1
6	Empty Container Handler; 1No. Front Loader type and 2No. Reach stacker Type	3

3.0 Current Borrowings by KPA

- 3.1 KPA has two loans from Japan International Cooperation Agency (JICA) under the Official Development Assistance (ODA) detailed as follows:-
- i. JICA 1 – JPY 26.7B; this loan was used to finance the construction of the Mombasa Port Development Project – MPDP Phase 1). It is guaranteed by the Government of Kenya (GOK); interest is at 0.2% per annum, payable semi-annually. KPA started paying the principal in November

2017 and is payable semi-annually at the rate of JPY 437,960,000 up-to November 2047.

- ii. JICA 2 – JPY 32.1B, this loan is financing the construction of the Mombasa Port Development Project – MPDP Phase II. It is guaranteed by GOK; Disbursements are ongoing. Interest is at 0.1% semi-annually, capitalized during the construction period. Principal repayment will be at JPY 536,540,000 Starting March 2025 up-to March 2055.

- 3.2 In addition to the above two loans, disbursements for a third loan from JICA for the Dongo Kundu Special Economic Zone project are expected to start during the year 2021/2022. The project is at tender stage, with an estimated project cost of KES39 billion out of which the JICA loan component will be JPY30 billion according to minutes of discussion.

4.0 Objectives

- 4.1 The objective of this EOI and the subsequent Request for Proposals is to obtain proposals for financing of the operationalization of the Lamu port that will result in the following benefits for KPA:
- a) Sustainable annual debt service – KPA seeks to optimize its annual debt service costs.
 - b) Mitigate foreign exchange risk – over 100% of the current borrowings is unhedged on a long-term basis and denominated in JPY while 85% of income is denominated in USD.
 - c) Reduce the debt service costs - KPA expects to take advantage of the prevailing macro-economic situation to achieve lower interest rates
 - d) Good financial ratios – anticipated grace periods and longer tenors will improve the financial ratios while maintaining a strong balance sheet.
 - e) Creation of headroom – a sustainable debt service arrangement is expected to create headroom for acquisition of equipment for Mombasa port to sustain the operations.

5.0 Eligibility to Respond

- 5.1 Registered reputable local and international Development Partners (Financial Institutions) or financial services institutions offering corporate and investment banking and other treasury related services are eligible to respond to this EOI.
- 5.2 The institutions must be currently appraised and rated under class A or B by any of the global rating agencies; foreign institution(s) MUST have operations or representations in Kenya.
- 5.3 Bidders can participate individually or as a consortium.

6.0 Prequalification procedure and criteria

The submitted EOIs are expected to meet the following requirements:

A. General conditions

- i. Shall have a table of contents page clearly indicating Sections and Page Numbers
- ii. Shall have pages in the whole document numbered in the correct sequence (1,2,3.... including all appendixes and attachments)
- iii. Shall be firmly bound and should not have any loose pages. Spiral binding and files (spring and box) are not acceptable
- iv. Shall be submitted in one original and two copies of the original

B. Particulars of the tendering company

- i. Company background
- ii. Certificate of Registration/Incorporation
- iii. Number of years in operation, location, and key current active corporate and public sector clients

C. Documentary Evidence Required

- i. Current compliance clearance certificates from the Central Bank of Kenya or equivalent in country of operation.
- ii. Evidence of ranking or rating under class A or B in the industry according to publicly available banking survey.
- iii. Valid/Current Tax Compliance Certificate from relevant Authorities where the business operations of tenderer are domiciled
- iv. Valid/current Business Permit where the business operations of tenderer are domiciled.
- v. CR12 Letter from Registrar of Companies or equivalent to show names of Directors of the tendering company
- vi. National Identity for owners of the company

D. Specific experience of the bidder related to the assignment

- i. Recommendation letters in the client's letter head addressed to Kenya Ports Authority by three (3) corporate clients where the bidder has been offering similar services.
- ii. Provide a brief description of at least three (3) projects accomplished or ongoing, of similar nature with names and addresses of clients, contact persons, titles and telephone numbers.
- iii. Overview of the bank/ financial institution's experience of successfully executing financing arrangements and transactions globally and in emerging markets in the last 10 years in a timely manner

E. Staffing: Qualifications and competence of the key staff for the assignment.

- i. Staff Strength and organizational chart. Attach list of at least 5 Senior Relationship Management staff and qualifications who will be responsible for the KPA Account.
- ii. A commitment from the bidder that changes in Key staff involved in the assignment will be done in consultation with KPA and will only be acceptable where qualifications and experience are not undermined.

F. Financial capability and compliance

- i. Provide a certified copy of the banking license.
- ii. Submit Audited & Certified financial statements for the immediate previous three (3) years (2018, 2019 and 2020) comprising a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of cash flows, a statement of changes in equity and explanatory notes.
- iii. Evidence of ability to deploy funds in the required currency (USD), provide confirmation from two authorized representatives of the institution that funds will be available for a period of at least 24 months to facilitate operationalization of the Port
- iv. Market capitalization of at least KES5 billion or total assets used at least KES50 Billion
- v. Positive profitability and hence the Earnings Per Share (EPS) for the last five (5) years with no indication of financial crisis

G. Where a consortium is responding to this EOI, a list of the members of the consortium and documents evidencing the formation of the consortium as well as qualification documents (as listed under A to F) for each of the consortium members SHALL be required.

7.0 Request for Proposals

Only qualifying bank/financial institutions (or their consortia) who substantially meet the requirements listed under A to F above will be invited to respond to the Request for Proposals.


Amb. John Mwangemi
Ag. MANAGING DIRECTOR

"KEBS ISO 9001:2015 certified Organization, cert. No. 087"

