



EXTERNAL STAKEHOLDER ENGAGEMENT FORUM REPORT

Date: 27th February 2025

Venue: KAWI Auditorium

Attendance: 78 participants

Introduction

To fulfil its mandate of expanding and strengthening the national electricity transmission network, the Kenya Electricity Transmission Company (KETRACO) has adopted the Public Private Partnership (PPP) financing model to construct two key transmission lines:

- 179 km 400kV Lessos–Loosuk Transmission Line
- 73 km 220kV Kakamega–Kisumu–Musaga Transmission Line

These projects, developed as Privately Initiated Proposals (PIPs), are currently under negotiation with Africa50 and Power Grid Corporation of India as the proposed Private Party. Pursuant to the Public Private Partnership Act Cap 430, KETRACO has instituted a stakeholder engagement and outreach strategy to ensure transparency, social acceptability, and inclusivity throughout the project lifecycle.

As part of this strategy, an external stakeholder forum was convened on 27th February 2025, drawing 78 participants from across the energy sector, development institutions, academia, civil society, and other government agencies. The forum aimed to:

- Sensitize stakeholders on the rationale and status of PPPs within the transmission sector,
- Outline the PPP project development process,
- Explain risk-sharing and affordability mechanisms, and
- Gather feedback to inform ongoing project structuring and negotiations.



Participants listening in on the forum's proceedings

Purpose of the Forum

The engagement was designed to inform, consult, and involve key stakeholders in the implementation of the PPP model in transmission, promote transparency, and foster trust among all parties involved.



Dr. Eng. John Mativo, MBS giving his presentation during the engagement forum

Session Highlights

1. Rationale of PPPs – Dr. Eng. John Mativo, MBS

The MD outlined the strategic role of PPPs in closing the financing gap estimated at USD 5.2 billion to implement the KETRACO's Transmission Master Plan. He reiterated that the PPP approach is being explored to leverage private sector financing, efficiency, and innovation while allowing Government resources to support other national priorities.

Dr. Mativo emphasized that stakeholder engagement is both a legal obligation and a cornerstone of successful infrastructure development, as per the PPP Act.

2. Presentation on PPP Process & Project Overview – Eng. Anthony Musyoka and Irene Karbolo

Key highlights included:

- The PPP lifecycle from proposal screening, evaluation, and structuring to contract signing and implementation.
- Development of the two PIP projects currently under negotiation.
- Use of the Public Sector Comparator to assess value for money (VfM).
- Emphasis on risk allocation, with the private party assuming key commercial and operational risks, including land acquisition.

- Legal structuring of the agreement, asset hand-back mechanisms, and affordability controls to ensure project sustainability.

Question and Answer Session

The forum allowed participants to ask questions, seek clarifications, and share insights. Below is a summary of key questions and the responses provided:

Question	Response
Will the PPP projects result in an increase in electricity tariffs for consumers?	Tariff implications are carefully reviewed and regulated by EPRA. KETRACO assured that affordability is a core principle, and any proposed charges must demonstrate value for money and be benchmarked against a Public Sector Comparator.
Will the PPP projects result in an increase in electricity tariffs for consumers?	Tariff implications are carefully reviewed and regulated by EPRA. KETRACO assured that affordability is a core principle, and any proposed charges must demonstrate value for money and be benchmarked against a Public Sector Comparator.
Is there a plan to ensure local employment and capacity building during implementation?	Yes. The project agreement will include a Local Content Plan , which outlines employment opportunities for Kenyans, capacity building, and knowledge transfer.
How will the rights-of-way and land acquisition risks be handled?	The private party will be responsible for land acquisition and managing right-of-way risks. KETRACO, as the Contracting Authority, will offer facilitation, oversight, and support to ensure compliance with legal frameworks.
What safeguards are in place to address environmental and social impacts?	Environmental and social safeguards will follow IFC and World Bank standards. These are captured in ESIA and subsequent commitment plans that bind the private party throughout the project lifecycle.
Does KETRACO have values from the Public Sector Comparator which they can use to compare with the costs provided by the Private Party? From these costs, is the project affordable and does it offer Value for Money?	KETRACO as the Contracting Authority has historical data on EPC and wayleave costs which have formed the basis of its financial stand in the negotiations. Negotiations are still ongoing and KETRACO hopes to further reduce the negotiated cost of the project.

Will KETRACO have control over the asset at the end of the concession?	Yes. Upon expiry of the concession period, the transmission line and associated assets will revert to the Government. KETRACO will also conduct audits during hand-back to ensure quality and integrity of the assets.
Has KETRACO considered stakeholder resistance or public opposition, and how will it be managed?	Yes. This engagement forum is part of a broader communication and stakeholder engagement strategy to foster transparency, inclusivity, and social license. KETRACO commits to continuous dialogue with stakeholders.
Is the Contracting Authority giving the Private Party targets on performance?	Payments to the Project Company will be based on performance targets of 98% availability of the transmission lines.
What are the key obligations of the Contracting Authority under the Project Agreement and what are the repercussions to the Project Company for non-performance?	<p>The Contracting Authority is obligated to make payments to the Project Company and to provide reasonable assistance in obtaining applicable permits, access to infrastructure facilities and utilities and appropriate licenses for the project.</p> <p>All payments to the Project Company will be based on availability of the transmission lines thus failure to achieve the required availability will result in penalties.</p>

Outcomes

- Improved stakeholder understanding of the PPP framework and their role in supporting the projects.
- Strengthened relationships between KETRACO and key external partners.

Conclusion and Way Forward

In her closing remarks, Eng. Lorena Simba thanked all participants for their attendance and valuable contributions. She emphasized that the input gathered would be instrumental in shaping the final project structure and implementation approach. KETRACO remains committed to open dialogue, stakeholder empowerment, and efficient delivery of PPP projects aligned with Kenya's Vision 2030.