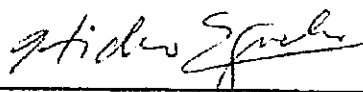


Appendix 2 Record of Discussions

(1) Record of Discussions

RECORD OF DISCUSSIONS
ON
THE PROJECT FOR TECHNICAL ASSISTANCE
TO KENYA PORTS AUTHORITY
ON DONGO KUNDU PORT, MOMBASA MASTER PLAN
IN
REPUBLIC OF KENYA
AGREED UPON BETWEEN
MINISTRY OF TRANSPORT AND INFRASTRUCTRE,
KENYA PORTS AUTHORITY
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

Nairobi, 29^{*} May, 2014



Mr. Hideo Eguchi
Chief Representative
Kenya Office
Japan International Cooperation
Agency



Mr. Nduva Muli, EBS
Principal Secretary
Ministry of Transport and
Infrastructure
Republic of Kenya



Mr. Gichiri Nduu, MBS
Managing Director
Kenya Ports Authority
Republic of Kenya

Based on the Minutes of Meetings on the Detailed Planning Survey on the Project for Technical Assistance to Kenya Ports Authority on Port and Cargo Handling (hereinafter referred to as "the Project") signed on March 11st, 2014 among Ministry of Transport and Infrastructure (hereinafter referred to as "MOTI"), Kenya Ports Authority (hereinafter referred to as "KPA") and the Japan International Cooperation Agency (hereinafter referred to as "JICA"), JICA held a series of discussions with MOTI, KPA and relevant organizations to develop a detailed plan of the Project.

All parties agreed the details of the Project and the main points discussed as described in the Attachment 1 and 2 respectively.

All parties also agreed that MOTI, the counterpart to JICA, will be responsible for the implementation of the Project in cooperation with JICA, coordinate with KPA and other relevant organizations and ensure that the self-reliant operation of the Project is sustained during and after the implementation period in order to contribute toward social and economic development of Republic of Kenya.

The Project will be implemented within the framework of the Agreement on Technical Cooperation signed on April 29, 2004 (hereinafter referred to as "the Agreement") between the Government of Japan (hereinafter referred to as "GOJ") and Republic of Kenya.

Attachment 1: Project Description
Attachment 2: Main Points Discussed

(2) Project Description

Attachment 1

PROJECT DESCRIPTION

I. BACKGROUND

The Mombasa Port locates at Mombasa City, the second largest city of Kenya and is the largest port at East African region. Mombasa port is used not only for trade of Kenya, but also for inland countries such as Uganda and Rwanda. Due to the rapid economic development at the region and increase of container handling, JICA is supporting Kenya Ports Authority (KPA) for expansion of container terminal at the northern side of the port through its finance for "Mombasa Port Development Project" of which loan agreement has been signed on November 2007 for the amount of 26.7 billion Japanese Yen. Also, based on the request from GOK, JICA has commenced "The Project on Master Plan for Development of Dongo Kundu, Mombasa Special Economic Zone" which is expected to contribute to the acceleration of economic growth in Kenya and East African region.

Recent years, the cargo handling volume in Mombasa Port is increasing drastically exceeding the previous future demand forecast. Taking the current situation into consideration, it is required to formulate the Master Plan for the Development of Mombasa Port which contains the vision and concept of the Mombasa Port development after completion of the above mentioned Yen loan project. In response to the request of GOK, Detailed Planning Survey Team was organized by JICA and visited Kenya in November 2013 to have a series of discussions with Kenyan authorities concerned on formulation of the Project. As results of the Survey, both sides agreed upon the details of the Project.

II. OUTLINE OF THE PROJECT

Details of the Project are described in the Logical Framework (Project Design Matrix: PDM) (Annex 1) and the tentative Plan of Operation (Annex2).

1. Title of the Project

The Project for Technical Assistance to Kenya Ports Authority on Dongo Kundu Port, Mombasa Master Plan

2. Input

(1) Input by JICA

(a) Dispatch of Mission

[Area of experts]

- Chief Advisor/ Port Development Planning
- Demand Forecast/ Economic Analysis
- Logistic Planning
- Maritime Trade
- Port Facility Planning
- Port Operation
- Natural Condition Survey
- Environmental and Social Considerations

Input other than indicated above will be determined through mutual consultations among JICA, MOTI and KPA during the implementation of the Project, as necessary.

(2) Input by MOTI and KPA

MOTI and KPA will take necessary measures to provide at its own expense:

- (a) Services of MOTI and KPA's counterpart personnel and administrative personnel;
- (b) Suitable office space with necessary equipment;
- (c) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;
- (d) Information as well as support in obtaining medical service;
- (e) Credentials or identification cards;
- (f) Available data (including maps and photographs) and information related to the Project;
- (g) Running expenses necessary for the implementation of the Project;
- (h) Expenses necessary for transportation within Republic of Kenya of the equipment as well as for the installation, operation and maintenance thereof; and
- (i) Necessary facilities to the JICA experts for the remittance as well as utilization of the funds introduced into Republic of Kenya from Japan in connection with the implementation of the Project

3. Implementation Structure

The Project organization chart is given in the Annex 3. The roles and assignments of relevant organizations are as follows:

(1) Joint Coordinating Committee

Joint Coordinating Committee (hereinafter referred to as "JCC") will be established in order to facilitate inter-organizational coordination. JCC will be held at every six months and whenever deems it necessary. JCC will approve an annual work plan, review overall progress, conduct monitoring and evaluation of the Project, and exchange opinions on major issues that arise during the implementation of the Project. A list of proposed members of JCC is shown in the Annex 4.

(2) Technical Working Group

Technical Working Group (hereinafter referred to as "TWG") will be established in order to implement the day to day activities and consultation for the Project. A list of proposed members of TWG is shown in the Annex 5.

(3) JICA Experts

The JICA experts will give necessary technical guidance, advice and recommendations to MOTI and KPA on any matters pertaining to the implementation of the Project.

4. Project Site(s) and Beneficiaries

- (1) Project Site: Project activity will be mainly implemented in Mombasa Port.
- (2) Beneficiaries: The Direct beneficiaries are staff of KPA. Effective and efficient development and management of KPA will contribute to stimulate the logistics of entire Kenya and East African Region.

5. Duration

The duration of the project will be one (1) year and three (3) months from the commencement of consultancy agreement. The tentative project schedule is shown in the Annex 2.

6. Reports

MOTI, KPA and JICA experts will jointly prepare the following reports in English.

- (1) Inception Report at the time of commencement of the project
- (2) Interim Report at the time about six (6) months after the commencement of the project
- (3) Draft Final Report at the time about three (3) months before the completion of the project
- (4) Final Report at the time of project completion.

7. Environmental and Social Considerations

MOTI and KPA agreed to abide by 'JICA Guidelines for Environmental and Social Considerations' in order to ensure that appropriate considerations will be made for the environmental and social impacts of the Project.

III. UNDERTAKINGS OF MOTI AND KPA

MOTI and KPA will take necessary measures to:

- (1) ensure that the technologies and knowledge acquired by Republic of Kenya nationals as a result of Japanese technical cooperation contributes to the economic and social development of Republic of Kenya, and that the knowledge and experience acquired by the personnel of Republic of Kenya from technical training as well as the equipment provided by JICA will be utilized effectively in the implementation of the Project; and
- (2) grant privileges, exemptions and benefits to the JICA experts referred to in II-2 (1) above and their families, which are no less favorable than those granted to experts and members of the missions and their families of third countries or international organizations performing similar missions in Republic of Kenya.

Other privileges, exemptions and benefits will be provided in accordance with the Agreement on Technical Cooperation signed on April 29, 2004 between the Government of Japan and GOK.

IV. EVALUATION

JICA will conduct the following evaluations and surveys to mainly verify sustainability and impact of the Project and draw lessons. MOTI and KPA are required to provide necessary support for them.

1. Ex-post evaluation three (3) years after the project completion, in principle
2. Follow-up surveys on necessity basis

V. PROMOTION OF PUBLIC SUPPORT

For the purpose of promoting support for the Project, MOTI and KPA will take appropriate measures to make the Project widely known to the people of Republic of Kenya.

VI. MUTUAL CONSULTATION

JICA, MOTI and KPA will consult each other whenever any major issues arise in the course of Project implementation.

VII. AMENDMENTS

The record of discussions may be amended by the minutes of meetings among JICA, MOTI and KPA.

The minutes of meetings will be signed by authorized persons of all parties who may be different from the signers of the record of discussions.

- Annex 1 Logical Framework (Project Design Matrix: PDM)
- Annex 2 Tentative Plan of Operation (PO)
- Annex 3 Project Organization Chart
- Annex 4 A List of Proposed Members of Joint Coordinating Committee
- Annex 5 A List of Proposed Members of Technical Working Group

(3) Project Design Matrix (PDM)

Annex 1

Project Design Matrix (PDM)
 The Project for Technical Assistance to Kenya Ports Authority on Dongo Kundu Port, Mombasa Master Plan
 Target Area: Mombasa Port Area
 Target Group: Kenya Ports Authority
 Project Implementation Period: From July 2014 (15 months)
 Date Prepared: May, 2014
 Version: 1

Narrative Summary	Objectively Verifiable Indicators	Data Source/Means of Verification	Important Assumption
<p>Overall Goal Projects which aim at Mombasa Port development are implemented in accordance to the Mombasa Port Master Plan.</p>	<p>At least one project is implemented among the several number of components which are listed in Dongo Kundu Port, Mombasa Master Plan</p>	<ul style="list-style-type: none"> - KPA annual report/ strategic plan - Interview Survey from KPA - National Transport Integrated Policy - Vision 2030 - Kenya Constitution 2020 	
<p>Project Purpose Capacity of KPA staff on port development is enhanced.</p>	<ol style="list-style-type: none"> 1. Dongo Kundu Port, Mombasa development plan is established and shared by KPA and MTL. 2. All necessary documents including port development policy are prepared. 	<ol style="list-style-type: none"> 1. Approved port development plan (master plan) 2. Budget allocation plan, human resource development plan and other necessary documents 	
<p>Output</p> <ol style="list-style-type: none"> 1 Mombasa Port Master Plan (revised in 2009 by KPA) is reviewed and revised. 2 Strategic planning and management system in KPA is improved. 3 Future demand and capacity forecast method in KPA is improved. 4 Comprehensive Mombasa Port development implementation/ investment plan is prepared. 	<ol style="list-style-type: none"> 1-1 Future demand forecast is established. 1-2 KPA's strategy for port development is compiled. 1-3 Dongo Kundu Port, Mombasa master plan is drafted. 2-1 Human resource capacity of strategic planning and management of KPA is developed. 2-2 Analysis and recommendations are made for solutions against issues such as port development plan, port management, concession contract, etc., by joint work between KPA staff and JICA experts. 3-1 Future demand forecast model is developed. 3-2 Future capacity forecast method is developed. 4-1 Port development implementation plan is prepared. 4-2 Port development investment plan is prepared. 	<ol style="list-style-type: none"> 1-1 KPA annual report/ strategic plan 1-2 KPA strategic plan 1-3 Port master plan (draft) National Transport Integrated Policy Vision 2030 Kenya Constitution 2020 2-1 Human resource development plan in KPA 2-2 Analysis and recommendation report on current issues in KPA 3-1 Future demand forecast model in KPA 3-2 Future capacity forecast method in KPA 4-1 Port development implementation plan in KPA 4-2 Port development investment plan in KPA 	<ul style="list-style-type: none"> - KPA secures budget and necessary number of personnel required for establishment of the port development plan.

Activities	Inputs (Japanese side)	Inputs (Kenyan side)	Preconditions
<p>1 Review of the existing port development plan and related information</p> <p>1-1 To review the existing port development plan 1-2 To review the existing port efficiency improvement plan 1-3 To review the existing national development plan, plans for the sectors such as urban, transportation, infrastructure, industry, trade plans and others concerned</p> <p>2 Information collection and analysis, which is related to Mombasa Area Development</p> <p>2-1 To collect and analyze the related port activities 2-2 To collect and analyze the related national, urban, transportation, infrastructure, industry, trade information around the port 2-3 To collect and analyze the related natural condition, environmental and social considerations around the port 2-4 To collect and analyze the related maritime transportation around east Africa region 2-5 To collect and analyze the related Northern Corridor information 2-6 To review the work plan and its contents of technical assistance conducted by Trade Mark East Africa (TMEA) and other organizations to KPA 2-7 To collect the information on relevant study such as Mombasa SEZ Master Plan, Mombasa Urban Development Master Plan, Northern Corridor Logistic Master Plan, etc.</p>	<p>1. Dispatch of Japanese Experts Area of Expertise - Chief Adviser/ Port Development Planning - Demand Forecast/ Economic Analysis - Logistic Planning - Maritime Trade - Port Facility Planning - Port Operation - Natural Condition Survey - Environmental and Social Considerations</p> <p>2. Counterpart training in Japan Trainings required for the Project</p> <p>3. Natural Conditions Survey Natural conditions survey (i.e. soil investigation, bathymetric survey, Environment and Social Considerations) required for the Project</p> <p>4. Equipment Items required for the Project</p>	<p>1. Services of KPA's counterpart personnel and administrative</p> <p>2. Suitable office space with necessary equipment</p> <p>3. Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA</p> <p>4. Information as well as support in obtaining medical service</p> <p>5. Credentials or identification cards</p> <p>6. Available data (including maps and photographs) and information related to the Project</p> <p>7. Running expenses necessary for the implementation of the Project</p> <p>8. Expenses necessary for transportation within Kenya of the equipment as well as for the installation, operation and maintenance</p> <p>9. Necessary facilities to the JICA experts for the remittance as well as utilization of the funds introduced into Kenya from Japan in connection with the implementation of the Project</p>	<p>- Security situation in Mombasa Port area will not get drastically worse.</p> <p>- Yen Loan Project (Container Terminal Phase 1) and SEZ MP will be implemented as scheduled.</p> <p>- KPA staff being in charge of establishment of port development plan will not be lost.</p>
<p>3 Future Demand Forecast</p> <p>3-1 To develop the future demand forecast model 3-2 To forecast the ship call trend 3-3 To forecast future cargo traffic demand and capacity 3-4 To forecast future passenger demand and capacity</p>			
<p>4 Set-up of vision and concept for Dongo Kundu Port Facility and Mombasa Port Master Plan</p> <p>4-1 To conduct the study on social and economic analysis, port economic policy of neighboring countries, logistics and maritime analysis, natural conditions survey, and environmental and social considerations analysis 4-2 To examine the direction of development policy of Dongo Kundu port facility and Mombasa Port 4-3 To develop Dongo Kundu Port Facility and Mombasa Port Master Plan</p>			
<p>5 Port development implementation/ investment program</p> <p>5-1 To examine the direction of port development implementation and investment policy. 5-2 To develop the port development implementation/ investment plan</p> <p>6 Provision of necessary technical assistance</p> <p>6-1 To examine and implement the technical assistance taking into consideration the compatibility with TMEA's technical assistance 6-2 To conduct the training program in Japan and/or third countries 6-3 To hold the workshop/seminar in Kenya</p>			

(4) Plan of Operation

Tentative Plan of Operation (PO)

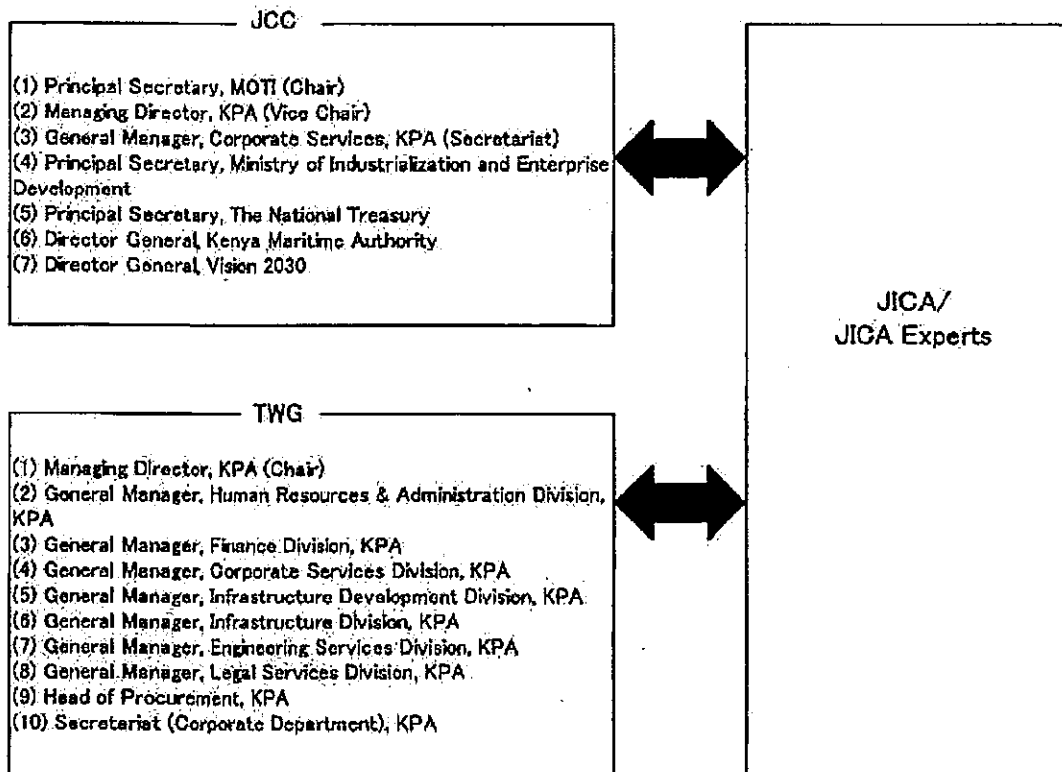
Annex 2

The Project for Technical Assistance to Kenya Ports Authority on Dongo Kundu Port, Mombasa Master Plan

Year	Month	2014						2015								
		7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
Total Month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Review of the existing port development plan and related information																
1-1	To review the existing port development plan	←→														
1-2	To review the existing port efficiency improvement plan	←→														
1-3	To review the existing national development plan, plans for the sectors such as urban, transportation, infrastructure, industry, trade plans and others concerned	←→														
2. Information collection and analysis which is related to Mombasa Area Development																
2-1	To collect and analyze the related port activities	←→														
2-2	To collect and analyze the related national, urban, transportation, infrastructure, industry, trade information around the port	←→														
2-3	To collect and analyze the related natural condition, environmental and social considerations around the port	←→														
2-4	To collect and analyze the related maritime transportation around east Africa region	←→														
2-5	To collect and analyze the related Northern Corridor information	←→														
2-6	To review the work plan and its contents of technical assistance conducted by Trade Mark East Africa (TMEA) to KPA	←→														
2-7	To collect the information on relevant study such as Mombasa SEZ Master Plan, Mombasa Urban Development Master Plan, Northern Corridor Logistic Mater Plan, etc.	←→														
3. Forecast demand forecasts																
3-1	To develop the future demand forecast model	←→														
3-2	To forecast the ship call trend	←→														
3-3	To forecast future cargo traffic demand and capacity	←→														
3-4	To forecast future passenger demand and capacity	←→														
4. Set-up of vision and concept for Dongo Kundu Port Facility and Mombasa Port Master Plan																
4-1	To conduct the study on social and economic analysis, port economic policy of neighboring countries, logistics and maritime analysis, natural conditions survey, and environmental and social considerations analysis.	←→														
4-2	To examine the direction of development policy of Dongo Kundu port facility and Mombasa Port	←→														
4-3	To develop Dongo Kundu Port Facility and Mombasa Port Master Plan	←→														
5. Port development implementation/investment program																
5-1	To examine the direction of port development implementation and investment policy.	←→														
5-2	To develop the port development implementation/ investment plan	←→														
6. Provision of necessary technical assistance																
6-1	To examine and implement the technical assistance taking into consideration the compatibility with TMEA's technical assistance	←→														
6-2	To conduct the training program in Japan and/or third countries	←→														
6-3	To hold the workshop/seminar in Kenya	←→														
Experts																
Chief Adviser/ Port Development Planning		←→														
Demand Forecast/ Economic Analysis		←→														
Logistic Planning		←→														
Maritime Trade		←→														
Port Facility Planning		←→														
Port Operation		←→														
Natural Condition Survey		←→														
Environmental and Social Considerations		←→														
Joint Coordinating Committee (JCC)																
Holding of JCC		* * * * *														
Stakeholder Meeting																
Holding of Stakeholder Meeting		* * * * *														
Reports																
Submission of the Reports		ICR ITR DP/IR FIR														

(5) Project Organization Chart

Annex 3 Project Organization Chart



(6) List of Proposed Members of Joint Coordination Committee

Annex 4 A List of Proposed Members of Joint Coordinating Committee

Joint Coordinating Committee (hereinafter referred to as "JCC") will be established in order to facilitate inter-organizational coordination. JCC will be held whenever deems it necessary. The proposed members of JCC are as follows, and additional members are allowed as deemed necessary;

Kenyan Side

- (1) Principal Secretary, MOTI (Chair)
- (2) Managing Director, KPA (Vice Chair)
- (3) General Manager, Corporate Services, KPA (Secretariat)
- (4) Principal Secretary, Ministry of Industrialization and Enterprise Development
- (5) Principal Secretary, The National Treasury
- (6) Director General, Kenya Maritime Authority
- (7) Director General, Vision 2030

Japanese Side

- (1) JICA Experts
- (2) JICA Kenya Office
- (3) Embassy of Japan (Observer)

(7) List of Proposed Members of Technical Working Group

Annex:5 A List of Proposed Members of Technical Working Group

Technical Working Group (hereinafter referred to as "TWG") will be established in order to implement the day to day activities and consultation for the Project. A list of proposed members of TWG are as follows, and additional members are allowed as deemed necessary;

Kenyan Side

- (1) Managing Director, KPA (Chair)
- (2) General Manager, Human Resources & Administration Division, KPA
- (3) General Manager, Finance Division, KPA
- (4) General Manager, Corporate Services Division, KPA
- (5) General Manager, Infrastructure Development Division, KPA
- (6) General Manager, Infrastructure Division, KPA
- (7) General Manager, Engineering Services Division, KPA
- (8) General Manager, Legal Services Division, KPA
- (9) Head of Procurement, KPA
- (10) Secretariat (Corporate Department), KPA

Japanese Side

- (1) JICA Experts
- (2) JICA Kenya Office

(8) Main Points Discussed

Attachment 2

MAIN POINTS DISCUSSED

1. **Title of the Project**
The both sides confirmed that the title of the Project will be "The Project for Technical Assistance to Kenya Ports Authority on Dongo Kundu Port, Mombasa Master Plan". Both sides confirmed to undertake necessary actions to formalize the title of the Project with relevant government authorities.
2. **Relevant data/information**
Both sides agreed that preparation of the Dongo Kundu Port, Mombasa Master Plan will take into consideration other developments in the Port including Mombasa Port Master Plan (2004, revised in 2009), SAPROF Review Report (2013), Integrated National Transport Policy (2009) and the proposed 50 Year National Transport Master Plan (ongoing).
3. **Coordination with Master Plan for Dongo Kundu**
The both sides recognized the importance of harmonization between the Mombasa Port Master Plan and Special Economic Zone (SEZ) Master Plan in Dongo Kundu Area ("The Project on Master Plan for Development of Dongo Kundu, Mombasa Special Economic Zone" conducted by JICA), and agreed to take necessary actions for the required coordination of the said two Master Plan studies.
4. **Target area of the Project**
Both sides agreed that the target area of the project is whole Mombasa Port comprised of north side (Kipevu area) and south side (Dongo Kundu Area), and comprehensive Mombasa Port Master Plan is reviewed and revised.
5. **Timing of commencement of the Project**
Both sides agreed that the Project will be commenced after the submission of the grand design of SEZ in Dongo Kundu Area by SEZ Master Plan study to the Kenyan side around June, 2014.
6. **Stakeholder Meeting**
The both sides agreed to hold the Stakeholder Meeting aiming at the dissemination of the contents of the Master Plan study to any stakeholder during its implementation in accordance with the Kenyan practice.

