



Department for
International Trade

Project Brief

NAIROBI RAILWAY CITY

A FLAGSHIP PROJECT IN THE UK-KENYA
STRATEGIC PARTNERSHIP

IMAGE:

Central Station and Public Realm



Nairobi Railway City - Overview

Nairobi Railway City (NRC/Railway City/ the Project) is an authentically Kenyan, multimodal transit oriented urban development that seeks to establish a new beating heart for the capital and boost the economic and social development of Kenya through the realisation of the project masterplan.

The Project sits on 435 acres of prime underutilised land within the Central Business District (CBD) of Nairobi. A vast majority of this land is owned by Kenya Railways, Kenya Railways Staff Retirement Benefit Scheme (KRSRBS) and other Government Agencies .

In maintaining the theme of what is authentically Nairobi, Railway City has heavily promoted the following themes within the development:

- Full alignment with the Nairobi Integrated Urban Master Plan (NIUPLAN), Nairobi Transport Master Plan, and Nairobi Commuter Rail Master Plan which ensures seamless integration with the greater plans for Nairobi.
- Non-Motorised Transport corridors in every precinct of the development allowing for easy movement of pedestrians, who make up a majority of Nairobi residents.
- Seamless integration with public transport nodes throughout the development. Railway City has an expanded Central Station, new Bus Rapid Transit (BRT) lines and stations as well as revamped matatu terminus that will allow 'Nairobians' clear transit pathways.
- An all-inclusive development that ensures 'Nairobians' of all walks of life a means to carry out business, live and enjoy the wellness and recreation centres. Railway City will be the new meeting place for 'Nairobians' and a beacon of prosperity for the nation at large.



NAIROBI RAILWAY CITY | PROJECT BRIEF

Location



- Railway City is located in the city centre, just south of the CBD. It is approximately 11km from the country's main airport, JKIA.
- The new Central Station centres around Nairobi's existing central station and incorporates approximately 4 acres of land to the North, currently used as a central bus station which will be relocated as part of the project.

Project objectives

Railway City is looking to achieve four key objectives:

Hub

A new Central Station Hub as Nairobi's premier interchange – creating the best-connected location within the City and additional ridership and revenue for Kenya Railways.

Enhance the global competitiveness of Nairobi while providing a framework for coordinating public and private investment.

Employment

c.5,000 jobs will be created during the construction of Phase 1 and 2 with a further 5,000 jobs created once first two phases are complete.

There will be numerous opportunities for Micro and Small Medium Enterprises (MSMEs) to carry out trade within the newly established retail and commercial spaces in the public realm and Non Motorised Transport (NMT) corridors.

Enabling ecosystem

A surrounding development which will, over time, provide:

- new meeting places
- new business districts for government and companies
- new neighbourhoods for family living
- new open spaces for recreation and wellness
- low-carbon buildings of medium density, high amenity and high accessibility to public transport.

Sustainability

Establishing a place which is sustainable and safe, forward-looking & authentically Kenyan.

Present an exemplar African model of how a climate-resilient urban regeneration project in a carbon-constrained environment can be delivered through ESG and climate-smart approaches;

Background and context

The Meter Gauge Railway (MGR)

The MGR has a total network of 2,046 Km spread across the country. The network is composed of the mainline (1,082 km) running along the Northern Corridor from Mombasa to Malaba and seven (7) branch lines.

In the last decade, the government of Kenya has made significant effort to revitalize the MGR tons network through rehabilitation, upgrading and regular maintenance of the track and associated infrastructure.

Standard Gauge Railway (SGR)

Development of SGR began in 2014 with construction of Phase 1 between Mombasa and Nairobi covering 472 km. Phase 2A Nairobi-Naivasha (120 km)

was constructed in 2017. Both phases are currently operational for passenger movement and freight haulage while Phase 2B (Naivasha – Kisumu – Malaba) is in the initial stages of implementation.

The SGR line has led to the expansion of the inland container depot (ICD) in Nairobi and Naivasha. This has resulted in decongestion of the port of Mombasa and facilitated transit of goods to western Kenya and neighbouring countries.

Strategic Objectives

KR is progressing the expansion of the rail network in the country through establishing linkages between the Standard Gauge (SGR) and the Meter Gauge Railway (MGR) network. The

capital investments will be geared towards improving its capacity for both passenger services in line with its 2017-2022 Strategic Plan.

The long-term plan projected in the Nairobi Commuter Rail Masterplan undertaken by KR is to carry 132,000-220,000 passengers per day in a phased implementation approach of the various components of the masterplan. This is at least ten times more than the number of passengers under the current situation.



Background and context

Investment Plans

Acquisition of three (3) Locomotives & fifty (50) Coaches

To achieve this, purchase of additional locomotives and coaches is required that will be deployed to passenger operations to support already existing locomotives of which 80% have been in operations for over 40 years and cannot meet the current and projected sustainability business projections.

Acquisition of ten (10) Diesel Electric Multiple Units (DEMUs)

KR intends to acquire new Diesel Electric Multiple Units formed of about eight cars (with four (4) having provisions of driving) with a capacity of 1,200 passengers. Each train will

consist of two semi-trains of four cars, which can be uncoupled and circulated into four car set formations in off-peak hours and holidays.

The DEMUs are proposed to have hybrid systems to allow for future electrification plans.

Commuter Network

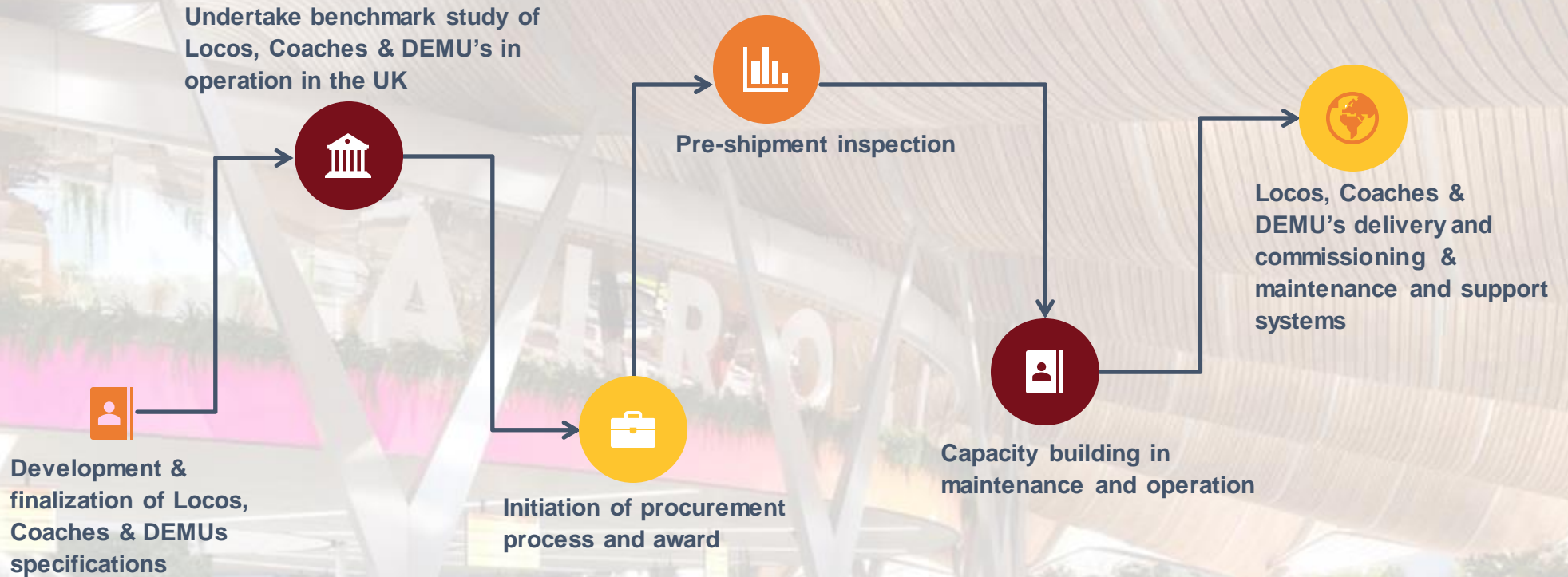
As part of its mandate, KR operates five commuter rail lines in Nairobi with a total track length of 165 km. KR completed the Nairobi Commuter Rail Masterplan in 2019 which identified some immediate actions to be undertaken to start up the process of the implementation of the masterplan. Some actions identified include minor rehabilitation of the railway tracks, acquisition of new rolling stocks,

improvement of existing rolling stocks and creating an autonomous Commuter Rail unit to enhance commuter operations.

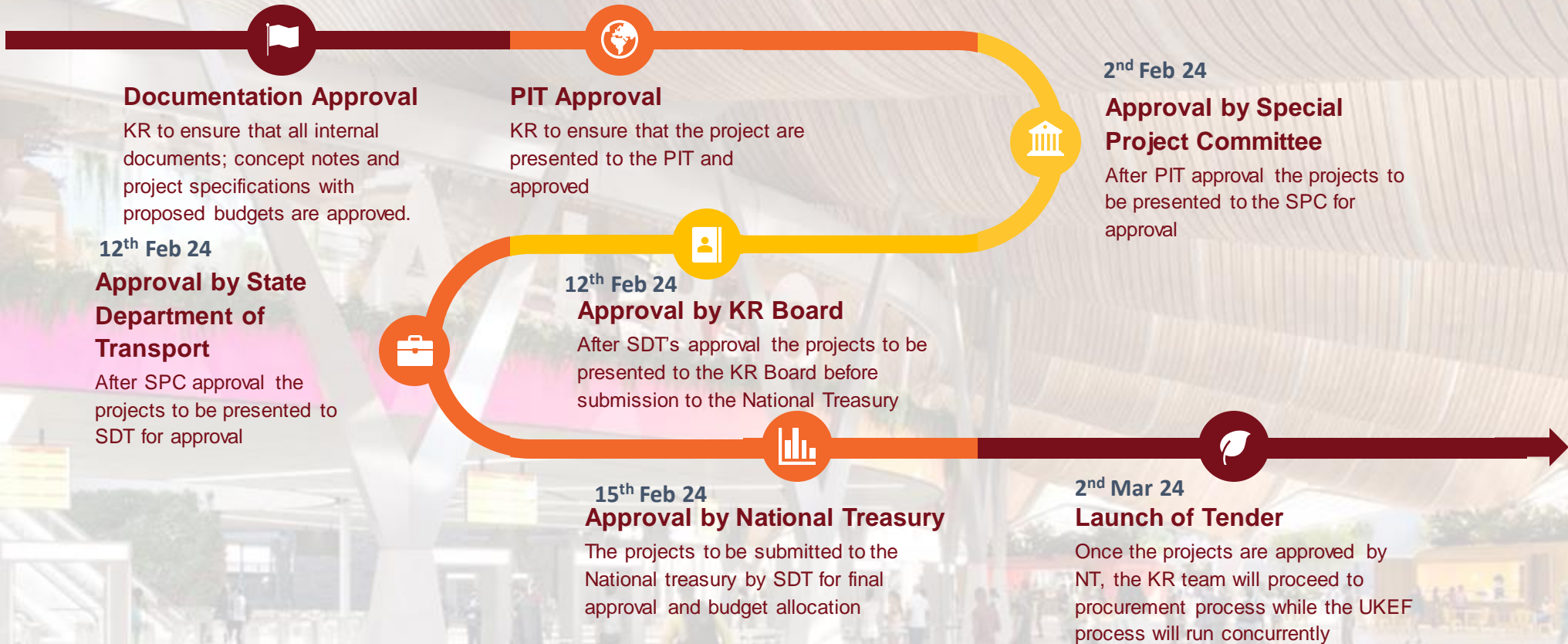
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Locomotives, Coaches & DEMUs Procurement Roadmap (2023-2025)



Locomotives, Coaches & DEMUs Procurement Roadmap (2023-2025)



UK Government support

Kenya and the UK have a long history relating to railway development, with the UK Government having constructed Kenya's first railway network in the 1890s. The UK Government is keen to partner with African countries as part of its mission to become Africa's investment partner of choice.

At the UK-Africa Investment Summit, held in London on 20th January 2020, the former president of the Republic of Kenya his Excellency President Uhuru Kenyatta, and the former British Prime Minister, Boris Johnson met and discussed the Nairobi Railway City Project. On the back of that discussion Prime Minister Johnson offered Kenya UK Government support to help Kenya take forward the project.

Since early 2020 the UK Government has funded a team of urban development experts to provide relevant Kenyan government agencies involved in taking forward NRC with technical support that has included a review of the master plan, land due diligence, identification of priority projects, a feasibility study and detailed design and associated engineering and costing of the priority project, a new central Railway Station at the Centre of Nairobi City Centre.

Furthermore, the UK Government through UK Export Finance (UKEF) have signed an MoU with Kenya's National Treasury and Planning to finance infrastructure projects in Kenya. Railway City is the first mover project under this MoU upon which financing will be unlocked for other infrastructure projects.

Railway City continues to be an important project in the UK's strategic partnership with the Government of Kenya and as such continues to enjoy high level political support from both governments.

 **UK Government**



NAIROBI RAILWAY CITY | PROJECT BRIEF



UKEF Financing Project financing request

In line with the Common Line (CL-XCR 02/2021) OECD arrangement, the UK Government offered the Government of Kenya up to a country limit of **£1.5B for an Export Credit Facility**, with maximum official support limit of 95% leverage.

The Government of Kenya wishes to take up this offer and through the National Treasury, is prepared to commit its counterpart contribution of 5%, on individual projects over the implementation period of the various projects.

The select projects will be implemented over a duration of up to 5 years and will be repaid over the maximum loan tenor and under the direct lending option, with limited supplier finance when required.



NAIROBI RAILWAY CITY | PROJECT BRIEF

UKEF Mission

Advance prosperity by ensuring no viable UK export fails for lack of finance and insurance and doing that sustainably and at no net cost to the taxpayer.

- World's first export credit agency with over 100 years experience
- UK government department working alongside the Department for Business and Trade, His Majesty's Treasury and over 70 private lenders and credit insurers
- Support international projects that source from the UK
- Operate within conditions as set out under the OECD arrangement on Officially Supported Export Credits

UKEF Data and Statistics



Provided £7.4bn in support of export contracts



£3.6bn worth of funding went to sustainable projects overseas



Supported an estimated 72,000 UK jobs



UKEF Support for Kenyan Projects

Up to GBP 1.5bn risk appetite



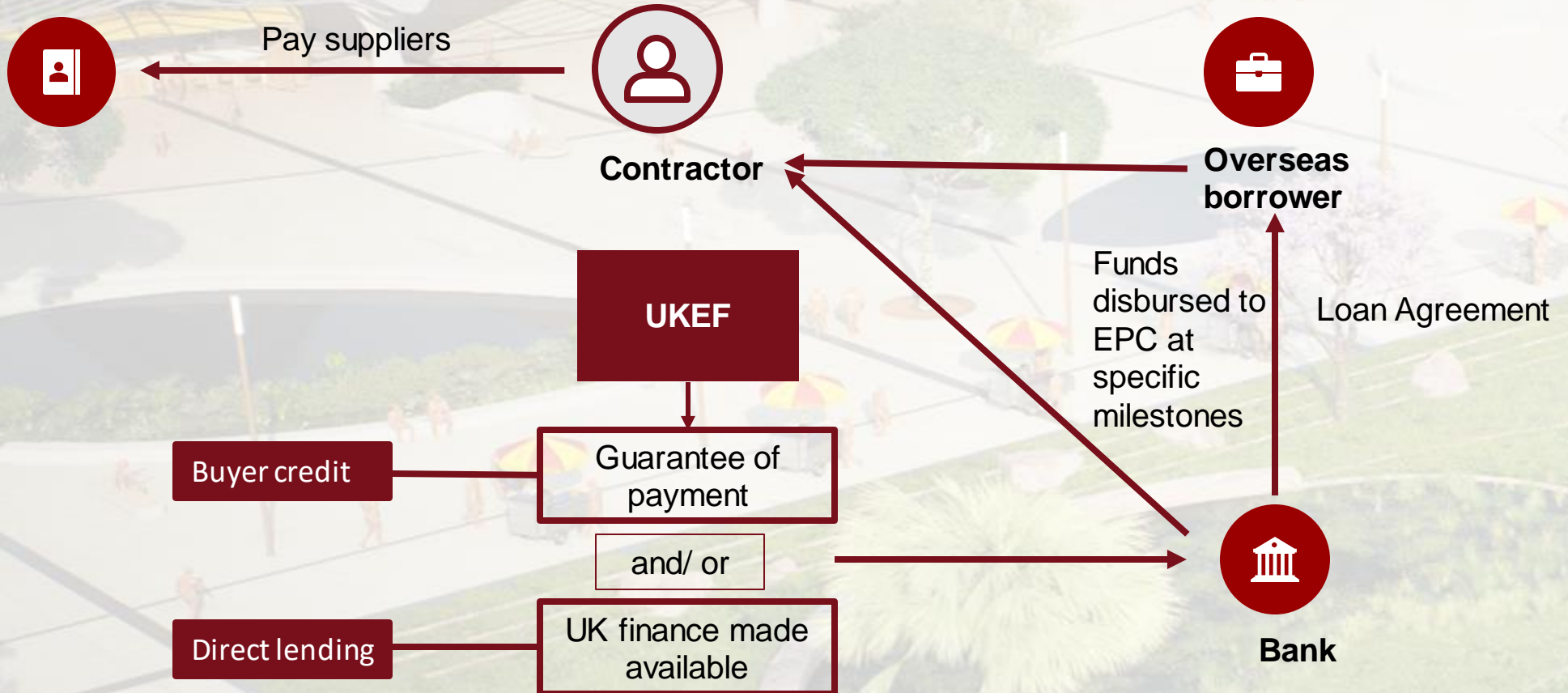
- ✓ Renewable Energy
- ✓ Transport Infrastructure
- ✓ Airports
- ✓ Healthcare
- ✓ Agriculture

UKEF provides financing terms for overseas buyers of UK goods and services

Financing provided either via a bank guarantee where UKEF acts as a credit enhancer or, in limited circumstances, via direct lending with additional capacity (GBP 2bn) for clean growth projects.

- ✓ 20% minimum UK content needed
- ✓ Up to 85% cover for eligible projects (....and up to 95% if application received before Nov 4th)
- ✓ Financing available in KES
- ✓ 10+ years tenors, depending on sector

UKEF Flow of Funds



UKEF Financing Standard Buyer Loan Agreement

Simplified version of a buyer credit facility targeted towards lower value projects

- ✓ Transactions typically < £30m with UK government department working alongside the Department for Business
- ✓ UKEF does not take documentary risk
- ✓ Exporter receives payment up-front as though it was a cash contract
- ✓ Buyer can access extended repayment terms
- ✓ Facility structured in partnership with a specific pool of financial institutions
- ✓ Local currency financing available

UKEF Financing ESHR Assessment

In line with international commitments, UKEF identifies and conducts due diligence to assess the Environmental, Social and Human Rights (ESHR) risks and impacts of projects we are asked to support overseas.

Project Classification

- ✓ ➤ Category A projects: potential significant adverse impact;
 - obtain appropriate ESHR impact info plus regular monitoring & reporting.
- ✓ ➤ Category B projects: potential environmental and social impacts are few and site-specific;
 - obtain appropriate ESHR impact info plus regular monitoring & reporting.
- ✓ ➤ Category C projects: ESHR impacts minimal or potentially none;
 - No further action required.



EQUATOR PRINCIPLES

UKEF adopted The Equator Principles in 2016. They are intended to serve as a financial industry benchmark for determining, assessing and managing environmental and social risks in projects

The ESIA is usually conducted by an international consultant on behalf of the sponsor

NAIROBI RAILWAY CITY | PROJECT BRIEF

Synopsis: Progress status update

- **8th June 2022**, GoK signed an MoU with UK Government for the financing of priority infrastructure projects through UK Export Finance (UKEF) with Nairobi Railway City as the first mover to unlock financing for other projects.
- A **joint commitment** was made towards Nairobi Railway City in **November 2022** at COP27 between H.E. The President of the Republic of Kenya and The Rt Hon British Prime Minister.
- The **official ground-breaking ceremony** for Nairobi Railway City followed on **7th December 2022** was presided over by H.E. The President of the Republic of Kenya and the UK's Secretary of State for Foreign, Commonwealth and Development Affairs, Rt. Hon. James Cleverly.
- **23rd Feb 2023**, UKEF and Government of Kenya delegation including National Treasury, Kenya Railways and Ministry of Water, Sanitation and Irrigation pre-negotiation meetings in London.
- **31st March 2023**, Nairobi County Governor, Johnson Sakaja and Nairobi City County Government delegation toured Kings Cross.
- **8th June 2023**, UKEF CEO Tim Reid led a mission to Kenya as part to touch base on the progress of Nairobi Railway City and the GoK priority projects.
- **27th June 2023**, Atkins and Howard Humphreys commenced on the detailed design of Nairobi Central Station, bringing best of UK and Kenya technical expertise to jointly collaborate on a truly exemplar project within Africa.
- **5th September 2023**, the Rt. Hon. Andrew Mitchell, the Minister of State at the Foreign, Commonwealth & Development Office (FCDO), toured the Nairobi Railway City project as part of his visit to Kenya during the Africa Climate Summit.
- **5th September 2023**, The UKEF Head of Origination, Mr Vomic Shah, held meetings with the Principal Secretary of the National Treasury and Planning, Dr Chris Kiptoo, to discuss the pathway towards unlocking the first tranche of UKEF financing for priority projects.
- Upon the invitation of His Majesty's Government in August 2023, a delegation from the Government of Kenya led by the Prime Cabinet Secretary visited the United Kingdom from **10th - 15th September 2023** to meet the UK Minister for Rail Hon. Huw Merriman and other senior government counterparts involved in the strategic development of key transport infrastructure in the UK and undertake visits to Kings Cross and London Bridge.

NAIROBI RAILWAY CITY | PROJECT BRIEF



Locomotives & Rolling Stock

Project brief

Kenya Railways seeks to acquire **123 Metre Gauge Rail Locomotives** to increase freight volumes from the current annual tonnage of about 600,000 tons to about 3 Million tons and thereby increase the MGR rail freight transportation from **4% to 20%** and improve sustainable performance of the Corporation. In addition, to freight objectives, passenger objectives will also be promoted to provide safe and sustainable passenger transportation means

To achieve this, purchase of additional locomotives is required to be deployed to freight and passenger operations to support the already existing locomotives of which 80% of them have been in operation for over 40 years and currently cannot meet the current and projected sustainability business projections for the corporation.

The project will provide a connection of the Standard Gauge Rail cargo terminated at Naivasha ICD to/from west of Nairobi, comprising mainly cargo to the neighboring countries of Uganda, Rwanda, Burundi, Democratic Republic of Congo, as well as local cargo to/from Nakuru, Eldoret and Kisumu, reduce budget allocations to road maintenance, reduce road accidents and passenger time savings as more people transfer from road to rail transport.



NAIROBI RAILWAY CITY | PROJECT BRIEF



Diesel Electric Multiple Units (DEMUs)

Project brief

KR seeks to acquire 89 new Diesel Electric Multiple Units (DEMUs), formed of about eight cars (with 4 having provisions of driving) with a capacity of 1,200 passengers. Each train will consist of two semi-trains of four cars, which can be uncoupled and circulated into four car set formations in off-peak hours and holidays.

The DEMUs are proposed to have hybrid systems to allow for future electrification plans.

The project is expected to improve volumes and passengers moved by rail on MGR (Metre Gauge Railway) network in line with KR strategic objectives. In addition, the project will reduce the cost of road maintenance, reduce road accidents and the transit time for commuters.

GoK through KR have completed the revamping of the Nairobi Commuter Rail (NCR) network, through rehabilitation of the 165km of NCR network. Without the acquisition of 10 new DEMU of high capacity, the revamped network will be underutilized. Failure to procure will not solve commuter problem and urban mobility within the Nairobi Metropolitan area.



Locomotives and Rolling Stock

Context

KR is progressing the expansion of the rail network in the country through establishing linkages between the Standard Gauge (SGR) and the Meter Gauge Railway (MGR) network. The capital investments will be geared towards improving its haulage capacity for both freight and passenger services in line with its 2017-2022 Strategic Plan.

Investment Plans

- Modernisation and expansion (equipping) of the Nairobi ICD and access roads

ICD and enabling infrastructure which was completed on May 7, 2020.

thereby increase MGR rail freight transportation from 4% to 20% and improve sustainable performance of the corporation.

To achieve this, purchase of additional locomotives is required that will be deployed

to freight and passenger operations to support already existing locomotives of which 80% have been in operations for over 40 years and cannot meet the current and projected sustainability business projections.

Acquisition of Diesel Electric Multiple Units (DEMUs)

As part of its mandate, KR operates five commuter rail lines in Nairobi with a total track length of 165 km. KR completed the Nairobi Commuter Rail Masterplan in 2019 which identified some immediate actions to be undertaken to start up the process of the implementation of the masterplan. Some actions identified include minor rehabilitation of the railway tracks, acquisition of new rolling stocks, improvement of existing rolling stocks and creating an autonomous Commuter Rail unit to enhance commuter operations.

KR intends to acquire new Diesel Electric

Multiple Units formed of about eight cars (with four (4) having provisions of driving) with a capacity of 1,200 passengers.

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Project site



The site of the new Central Railway Station centres around Nairobi's existing central station incorporating approximately 4 hectares of land North, currently used for public service vehicles (Matatus and inter-county buses) but these will be relocated as part of the project. A further site to the south is identified for future extension of the station.

Brief bios of Nairobi Railway City Team



Mr. Philip J. Mainga, EBS – Managing Director

Mr. Mainga is the Managing Director, Kenya Railways Corporation, a position he has held since February 2019. Until his appointment, he was the General Manager Business and Operations at Kenya Railways Corporation. He has 19 years of experience having expertise in a wide range of specialties including Corporate Planning, Project Management and Business Management.

He holds a Masters degree in Project Planning and Management from the University of Nairobi (UoN), a Master of Arts in Economics from University of Mysore and a Bachelor of Arts in Economics from University of Mysore. He is trained in driving Government Performance at Harvard University – Boston, USA. He also undertook a course in Regional Integration in Africa by a joint World Bank Institute and African Economic Research Consortium (AERC).

Brief bios of Nairobi Railway City Team



Eng. Tobias Otieno: General Manager – Technical Services

Prior to his appointment as a General Manager, Eng. Tobias was the Railway Development Manager at Kenya Railways. He previously worked on roads, water supply and sanitation systems, housing and ports in the private sector in Kenya, Uganda, Tanzania, Ethiopia and the Middle East. He is a registered professional Civil Engineer with 24 years' experience in the design, construction, management and maintenance of highways, water supply systems, railways, ports as well as project administration and management.

He holds a Bachelors' Degree in Civil Engineering from the University of Nairobi and is a Certified International Project Manager by the International Academy of Business and Financial Management (IABM). He is also an Advanced Senior Project Manager by the International Institute of Executive Training (IJET)

Brief bios of Nairobi Railway City Team



Eng. Michael A. Mutogoh: Principal Engineer

Prior to joining Kenya Railways, Michael worked on several highway and sanitation projects in Kenya. Michael is a registered Professional Civil Engineer with 13 years of post registration experience in Design, Construction Supervision, Project Management and Infrastructure Maintenance.

He holds a diploma in Railway Engineering from the Institute of Permanent Way Engineers (India), a Bachelors Degree in Civil Engineering from JKUAT, and a Masters Degree in Project Planning and Management from the University of Nairobi.

Brief bios of Nairobi Railway City Team

Eng. Martin Mumo: Engineer

Martin Mumo is the Acting MGR Rail Development Manager-Workshops. He has over 13 years of experience in the rail industry having worked with Rift Valley Railways for 7 years and currently with Kenya Railways. Prior to him joining railways Martin worked with Cummins Inc. Power generation.

Martin holds a bachelor's degree in mechanical engineering from the University of Nairobi and a master's degree in business administration from the same institution. He has trainings on Cummins Modular Common Rail fuel Systems (MCRS) Engines from United Kingdom and South Africa.



Department for International Trade

Those interested in expressing interest in the Procurement contract for the Locomotives, Rolling Stock and Mechanized Equipment should contact the UK Department of Trade team at

British High Commission in Kenya

P.O Box 30465-00100 Nairobi
Email: DIT.Africa@fcdo.gov.uk