Paper laid to the Table of the House by the Hon. Adan Keynan The CHAIRPERSON OF P.I.C

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REPUBLIC OF KENYA

NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT– SECOND SESSION

THE PUBLIC INVESTMENTS COMMITTEE

SPECIAL REPORT ON THE PROCUREMENT OF THE INDEPENDENT CONSULTANT FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVES AND ROLLING STOCK.

Clerk's Chamber
Parliament Buildings
Nairobi

December, 2014

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ABBREVIATIONS

EPC	-	Engineering-Procurement Contract
CRBC	-	China Road and Bridge Corporation
CCCC	-	China Communications Construction Company Limited
CRECG	–	China Railway Engineering Corporation Group
GoK	-	Government of Kenya
KRC	-	Kenya Railways Corporation
RFP	-	Request For Proposal
SASAC	-	State-owned Assets Supervision and Administration Commission of the State Council
TSDI	–	The Third Railway Survey and Design Institute Group Corporation

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1.0. PREFACE

Mr. Speaker Sir,

The Public Investments Committee is a Select Committee established under Standing Order No. 206 and is responsible for the examination of the working of public investments.

1.1 Mandate of the Committee

The Committee is mandated to:-

(a) Examine the reports and accounts of the public investments;

(b) Examine the reports, if any, of the Auditor General on the public investment;

(c) Examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

The Committee shall however not examine:-

(a) Matters of major Government policy as distinct from business or commercial functions of the public investments;

(b) Matters of day-to-day administration; and,

(c) Matters for the consideration of which machinery is established by any special statute under which a particular public investment is established.

The procedure of a Select Committee and other related matters thereto is covered under Standing Order No. 173-203. The Committee has power, under the provisions of the Constitution, National Assembly (Powers and Privileges) Act (Cap. 6), the State Corporations Act (Cap. 446) and the Public Audit Act (Cap. 412), to summon witnesses, examine them on oath and receive evidence.

1.2. Committee Membership

The Committee comprises of the following Members:-

(1) Hon. Adan Keynan, CBS, MP - Chairperson
(2) Hon. Kimani Ichung'wah, MP - Vice Chairperson
(3) Hon. Sammy Mwaita, MP
(4) Hon. Cornelly Serem, MP
(5) Hon. Bare Shill, MP
(6) Hon. Korei Ole Lemein, MP
(7) Hon. Adan M. Noor, MP
(8) Hon. Mithika Linturi, MP
(9) Hon. Beatrice Nyaga, MP
(10) Hon. John M. Nyaga, MP
(11) Hon. Njogu Barua, MP
(12) Hon. Irungu Kang'ata, MP
(13) Hon. Onesmus Njuki, MP
(14) Hon. Eng. John Kiragu, M.P
(15) Hon. Johana Ngeno, MP
(16) Hon. Mwadeghu Thomas, MP
(17) Hon. Abdullswamad Sheriff, MP
(18) Hon. Paul Otuoma, MP
(19) Hon. John Aluoch Olago, MP
(20) Hon. Francis Nyenze Mwanzia, MP
(21) Hon. Dr. Oburu Oginga, MP
(22) Hon. Major(Rtd) John K. Waluke, MP
(23) Hon. Ogutu John Omondi, MP
(24) Hon. Mary Keraa Sally, MP
(25) Hon. Wafula Wamunyinyi, MP
(26) Hon. Bernard Munyoki Kitungi, MP
(27) Hon. Chrisanthus Wamalwa, MP

1.3 Committee Proceedings

The Committee held Eleven Sittings in which it closely examined and heard evidence from witnesses. The Minutes of the Committee are hereto annexed and copies of the Hansard Report may be obtained at the National Assembly

Library. In its inquiry into whether or not the affairs of the public investments were managed in accordance with sound business principles and prudent commercial practices, the Committee heard and received both oral and written evidence from the Management of M/s APEC Consortium, M/s EDON Consultants International Limited, Third Railway Survey and Design Institute Group Corporation (TSDI) and the Public Procurement and Oversight Authority, Team Engineering Limited, Solicitor General and Kenya Revenue Authority.

The records of evidence adduced, documents and notes received by the Committee form the basis of the Committee's observations and recommendations as outlined in the Report and can be obtained in the HANSARD reports of the Committee available in the National Assembly Library.

These observations and recommendations,if taken into account and implemented, will enhance accountability, effectiveness, transparency, efficiency, prudent investment and financial management and profitability in all Public Investments sector as a whole and guide in future procurement of goods and services by State Corporations.

1.4 Committee's General Observations

Below is a summary of the Committee's observations on the procurement of the independent review and supervision consultants for the Standard Gauge Railway.

Kenya Railway Corporation (KRC) awarded Tender Number KRC/PLM/009/13-14 for Consultancy Services for Design Review and Construction Supervision for the construction of a Standard Gauge Railway from Mombasa to Nairobi to a consortium referred to as TSDI/APEC/EDON (**Annexure 1**) and the Consultancy contract dated 3rd June, 2014 (**Annexure 2**). APEC Consortium Ltd and EDON Consultancy International Ltd are Kenyan companies while TSDI is a foreign owned Chinese company.

The actual construction of the SGR had been awarded to a Chinese company, China Roads and Bridge Corporation ("CRBC"), in what was termed as a "government to government contract" (**Annexure 3**). TSDI and CRBC are both owned by the Chinese government. CBRC is the main contractor and TSDI is the supervisor). *This would mean that the construction of the SGR would be undertaken by a Chinese state owned company and the supervision consultancy services would be provided by another Chinese stated owned company.* These arrangements raise serious and fundamental constitutional and statutory questions.

1.4.1 Conflict of Interest

1.4.1.1 As stated above, the main contractor (CRBC) and the lead firm in the supervision consultancy Consortium (TSDI) are both Chinese State owned entities meaning they are directly related and thus a clear indication that such arrangement will undoubtedly compromise the independence of supervision. There is a clear, real and present threat that the construction of the Standard Gauge Railway (SGR) will suffer from lack of a truly independent supervision especially in terms of quality guarantee and adherence to quality specifications and this is the reason as to why the Committee in its Report of April, 2014 that was adopted by the House recommended for the procurement of an Independent consultant.

What is a conflict of interest?

1.4.1.2 The dictionary definition of conflict of interest is *a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest.*

According to the Federation of Engineering Consultancy Associations' (EFCA), conflict of interest is a situation in which a consultant's own or its affiliates' interests could prevail over the interest of the Client, a situation which has potential or actual prejudice to the Client's interests.

The International Federation of Consulting Engineers' (FIDIC) defines a consultant's conflict of interest as follows:-

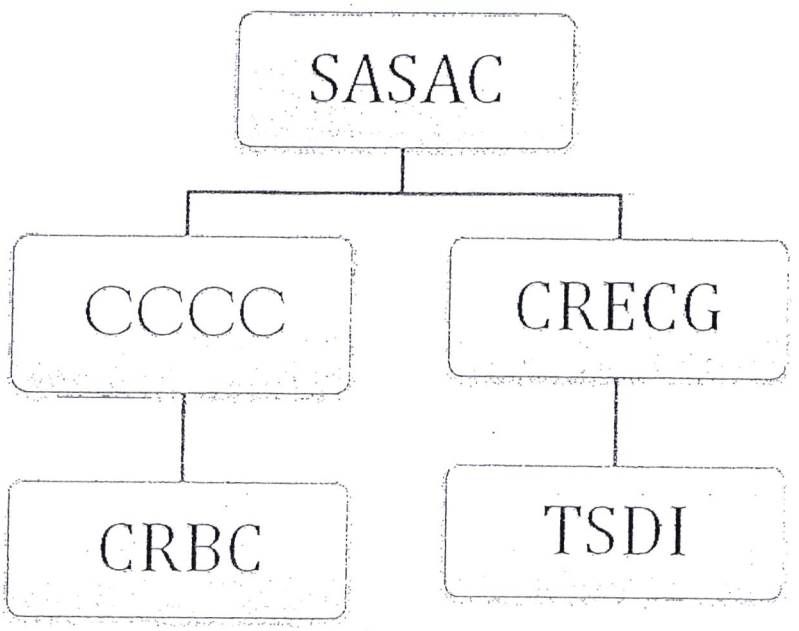
"A situation in which a consultant provides biased professional advice to a client in order to obtain from that client an undue benefit for himself, herself or an affiliate and in so doing, places the consultant in a position where its own interest could prevail over the interest of the client."

1.4.1.3 According to the Tender Document *"the consultancy services will be executed under the International Federation of Consulting Engineers (FIDIC) Conditions of Contract for Construction, for Building and Engineering Works"* (see page 66 of **Annexure 4**) and contract would be carried out based on FIDIC contract (see page 73 of Annexure 4). It would therefore mean that there was a requirement to exclude any entity with a conflict of interest (Chinese companies) from tendering for the supervision consultancy from the onset. Prudence demanded that the procuring entity should have ensured that there was no conflict of interest in the implementation of the contract as is the case in the contraction of the Standard Gauge Railway whereby a Chinese company is supervising another Chinese company, owned and controlled by The People's Republic of China through the so-called State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

1.4.2 Relationship between TSDI and CRBC

1.4.2.1 The two companies are owned by the Government of the Peoples' Republic of China and supervised by the same supervisory body SASAC which also ensures that the two post profits for Peoples' Republic of China and appoints the top managers of the Corporations.

Organogram showing TSDI & CRBC relationship



Key

SASAC	-	State-owned Assets Supervision and Administration Commission of the State Council
CCCC	-	China Communications Construction Company Limited
CRECG	–	China Railway Engineering Corporation Group
CRBC	–	China Road and Bridge Corporation
TSDI	–	The Third Railway Survey and Design Institute Group Corporation

1.4.2.2 In its submission before the Committee, TSDI also agreed that it is part of the state corporations under the supervision of State-owned Assets Supervision and Administration Commission of the State Council (SASAC) (**Annexure 5**).

1.4.2.3 TSDI has undoubtedly a shared interest with CRBC which would definitely compromise the objective and impartial exercise of its functions. Of great concern is a situation of the presence of potential or actual prejudice to the interest of the Kenyan taxpayers because of the national and administrative affiliation between TSDI and CRBC. It is

unlikely that TSDI will guard against huge cost overruns, costly delays, failed procurement, poor project design, use of low quality material, use of improper construction methods or provide forward-looking risk management or apply clear, transparent and internationally accepted principles to ensure that Kenyans get value for money for their investment.

1.4.2.4 The Committee is also concerned that the presence of conflict of interest will greatly undermine transparency and accountability and consequently affect the implementation and viability/life cycle of the SGR project.

1.4.2.5 The procuring entity, Kenya Railways Corporation, failed to carry out requisite due diligence on the presence of conflict of interest, verify the authenticity of the list of clients presented to it by TSDI of China or physical due diligence. The failure is shared with Public Procurement and Oversight Authority.

Kenya Railways Corporation flouted Section 43 of the Public Procurement and Disposal Act, 2005 which requires a procuring entity to conduct proper due diligence on the existence of conflict of interest, unethical and improper business practices. The Tender for the consultancy services was awarded to a sister Company to the main contractor of the Standard Gauge Railway thus clearly violating the requirement of independence between the supervisor and the contractor.

1.4.3 Compromise in quality

1.4.3.1 The contract awarded to CRBC for the construction of the Standard Gauge Railway line was an EPC (Engineering-Procurement Contract). This essentially implies that the execution of the design is assigned to the Contractor (CRBC). There are major aspects of the main Contract that cannot be entrusted to a "conflicted" entity. For example, the Contract Document between KRC and CRBC indicates at page 472 that the standard applicable would be China Standard Specification, at page 473 China Technical Specification would apply, and at page 478 the

Chinese Price Index would apply (see **Annexure 3**). This makes the need for an independent consultant fundamental to the success of the project. The risk, especially in the absence of an independent consultant, is that the standard may be lowered to the extent of endangering the life cycle of the project, its viability, in addition limiting choices available and force Kenya to always procure locomotives and rolling stock from China, which may become a national security problem in the future. This increases the responsibilities of the Consultant in verifying ("vetting") the design work on the basis of which the project has to be executed and carried out by the Contractor. A "conflicted" consultant is unlikely to ensure that Chinese specifications meet the international standards and therefore not able to fight for the interests of the client.

1.4.3.2 As per the contract, the role of the Consultant would include supervision of construction works, ensuring the implementation of the main contract in conformity with the conditions of engagement, ascertaining the quality and quantity of the works in order to ensure that the construction and design complies with international standards, and verifying the relevant payments, which in turn will ensure that Kenyans get value for their money. Looking at the expectations on the part of the consultant vis a vis its relationship with the contractor, this begs the question as to whether the consultant will have the necessary independence to supervise and stand against the Contractor considering that their relationship has compromised the consultants independence.

1.4.3.3 The Public Investments Committee, through its report "*Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1)* laid before Parliament on 30th April, 2014 recommended that, "***the Government should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money".***

The Departmental Committee on Transport, Public Works and Housing on the statement sought by Hon. HezronAwiti on the Tendering and the

construction of the Standard Gauge Railway Line from Mombasa to Malaba in a report presented in February, 2014 also recommended that, ***"the procurement of the independent consultant should be speeded up to facilitate early review and the proper configuration of the various components of the project".***

The Committee notes that had KRC taken into consideration the recommendations by Parliament, the tender documents should have had a clause barring Chinese Corporations from bidding to guard against conflict of interest and in case the procurement had commenced then it should have cancelled the tendering process to accommodate the resolution of the House as contained in the adopted Committee Report. Kenya Railways Corporation however ignored the recommendations of both Committees of Parliament and the requirement in the RFP thus putting into jeopardy the implementation of the Standard Gauge Railway which is one of the flagship projects in the realization of Kenya Vision 2030.

1.4.4 Capacity of the Consortium to perform the Contract

1.4.4.1 A railway project is a typical multidisciplinary project, i.e. a project for the design of which expertise in various disciplines are required; starting from the civil/railway engineering (for the railway track and its support on the ground and all annexed infrastructures), complemented by transport engineering (for the design parameters of alignment, curves, gradient, design speed etc), architecture (for the stations and auxiliary building), structural engineering (for the major and minor associated structures, like bridges, viaducts, culverts etc.), hydraulic engineering (for drainage structures), geotechnical engineering (for the definition of foundations and the specifications of soils characteristics), mechanical and electrical engineering (rolling stock, power supply etc.), system installations (signalling and telecommunication), other technical plant and installations for the operation and maintenance of the line. This means that a consultant suitable for the task has to mobilize all these expertise, and be able and have experience in managing and

coordinating them in order to produce a final, fully integrated design for a successful implementation of the new railway.

1.4.4.2 TSDI/APEC/EDON Consortium received 88.6% in the technical evaluation. However, there is no evidence to support such a high Technical Evaluation Score. KRC's Technical Evaluation Committee's view that "there was no major weakness identified" in respect of the consortium's bid is contradicted by the evidence available **(Annexure 6 – Technical Evaluation Report).**

1.4.4.3 The technical evaluation criteria was divided into four sections and the scoring for each aspect was set as follows: -

	Aspect	Maximum points
1.	Specific experience of the consultant related to the assignment	10
2.	Adequacy of the proposed work plan and methodology in responding to the terms of reference	32
3.	Qualifications and competence of the key staff for the assignment	50
4.	Suitability to the Capacity building Programme and training	8
	TOTAL	100

1.4.4.4 Each consortium partner ought to be subjected to the technical/financial scoring criteria and/or methodology. KRC Technical Committee neither identified weaknesses in the Consortium bid nor its strengths. The following glaring weaknesses can however be observed:-

(i) APEC is a company that specializes in road engineering.
(ii) Edon is an architectural company.
(iii) APEC and EDON have no experience in railway engineering, transport engineering, geotechnical engineering, mechanical and

electrical engineering, system installations (signaling and telecommunication.

(iv) APEC and EDON are supposed to perform 60% of the contract. The two companies will provide 90 engineers to the project whilst TSDI will only provide 30 engineers. However, the two local companies do not have the necessary competence and capacity to supervise the construction and review of the design of a major railway line or the acquisition of locomotives and rolling stock. From evidence received it is envisaged that Kenya Railways has an oversight role over the project and that the Government of Kenya (GoK) can undertake an audit of the project thus ensuring quality and value for money. Notwithstanding the good gesture, it is important to note that Kenya Railways has no internal technical capacity to supervise or oversight as evidenced by the fact that it does not have a history of constructing or supervising a railway line. Indeed it was as a result of lack of internal capacity that KRC decided to procure an independent consultant. **(Annex 10 page 3).**

(v) TSDI has conflict of interest and should never have been allowed to bid in the first place.

1.4.4.5 Although TSDI is the only firm in the Consortium having experience in major railway projects, it is tasked with the mandate of performing only 30 - 40% of the consultancy contract. The remaining 60% has apparently been tasked to be performed by APEC and EDON (despite the fact that they have never supervised any railway project in Kenya or anywhere in the world.

1.4.4.6 The consortium (TSDI/APEC/EDON) as currently constituted has no experience and competence to supervise electro-mechanical works which forms the bulk of the construction of civil works, supply and installation of facilities locomotives and rolling stocks.

1.4.4.7 The partners (APEC and EDON) in the consortium, while appearing before the Committee, admitted that they intend to use the bid to *"gain*

experience in this first phase of 485 km in order to position itself to bid from a position of experience for future phases totaling 3,200 km covering Nairobi-Malaba, Lamu-Nadapal and Nairobi-Moyale among other branches. Our goal was therefore to make minimum profit, but build capacity for the future"; **(page 2 of Annexure 7).** This is an unequivocal admission of their lack of capacity and ability to supervise the construction of the Standard Gauge Railway.

1.4.4.8 KRC may also have lowered some mandatory and crucial technical requirements in the Tender document by way of an addendum to suit the Consortium. The RFP had a mandatory requirement that the bidders must demonstrate that they have Experience in similar regions/geographical areas: *"The firm should provide details of similar projects/assignments in identical geographical area/region in the last 10 years which demonstrate experience in undertaking the responsibility". **(See page 6 Annexure 4)***

1.4.4.9 However, by an addendum dated 19th August, 2013 Kenya Railways Corporation removed the requirement for this crucial qualification in these words: *"considering the size of project we feel it is difficult to find a consultant with similar project experience in identical geographical area; therefore we kindly request to relax this."(**See page 6 Annexure 4)***

It is worth noting that TSDI were the original designers of the failed Tanzania/Zambia rail project which they are now doing the feasibility study in order to rehabilitate it few decades after its completion.

1.4.4.10 Despite the clear and apparent weakness in TSDI/APEC/EDON bid, KRC Technical Evaluation Committee identified "no major weakness" in their bid and awarded them the highest technical score of 88.6%, a score which is not attainable by an entity that has no prior experience in the project under consideration. Noting that APEC/EDON who are performing 60% of the contract admittedly are learning on the job and had forgone profits to learn on the job. How the consortium managed to earn such high technical evaluated score of 88.6% defies logic. The high

score is unreasonable and unjustified and only points to a probable collusion between the procuring entity, the main contractor and the consultancy consortium.

1.4.5 Tender awarded to non-bidders

1.4.5.1 The Tender was awarded to a consortium that never submitted a bid or participated in the tender process. As was admitted, the "Consortium" did not bid as consortium; instead, it is a creature that materialized sometime in between the opening of the financial offers and the signing of the contract.

"To answer the SGR advert for the design review and construction supervision placed on 20th July, APEC sought to join Rites of India, Systra of France, Yooshin of Korea to participate jointly in the preparation of the Proposal. At the Pre-bid conference, emphasis was placed on Chinese Class 1 Standards for some key personnel and the team did not have.

APEC approached TSDI of China, with whom they had collaborated on a previous project and Ms EDON who have experience on architectural works both locally and internationally"; (APEC submission in paragraph 5.3.5.)

*APEC approached TSDI and EDON International to form a consortium to which TSDI agreed since they realised that it would earn them more marks in their bid"; (**TSDI submission in paragraph 5.5.4.)***

1.4.5.2 In the bidders' conference of 22nd August, 2013, APEC signed the attendance register as Rites/APEC/Yoshin/Uniconsult while TSDI signed as a lone entity (**Annexure 8**).

1.4.5.3 According to the evidence submitted by EDON's Managing Director while appearing before the Committee, M/s EDON did not participate in the pre-bid conference.

1.4.5.4 After the pre-bid conference held on 22ndAugust 2013, EDON was requested by APEC to form a Consortium after noticing that there was

need for Architectural input in the Request for Proposals. EDON did not appear in any way, shape or form whether alone or with any other organization in the pre bid conference. From the analysis of evidence, APEC managed to bid and constitute different consortiums at its calling.

1.4.5.5 KRC awarded the Tender to three separate entities that never singly or jointly presented bids in the first place.

1.4.5.6 Twenty six (26) firms bought bid documents but only nine (9) returned them and three (3) qualified to the final stage namely Team Engineering, TSDI/APEC/EDON and Korea Rail Network Authority. However, Kenya Railways did not provide documentary evidence in form of receipts to support purchase of tender documents.

1.4.6 Disregard of Parliamentary resolution

1.4.6.1 Kenya Railways Corporation, disregarded the House resolutions as contained in the Public Investments Committee Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1) laid before the House on 30th April, 2014 which recommended that; *the Government should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money".*

1.4.6.2 Kenya Railways Corporation flouted the Public Procurement and Disposal Act, 2005 and the attendant regulations by awarding the tender to an entity that suffers from direct conflict of interest and lacks the capacity, competence and capability to perform and carry out the required supervision of the contract.

1.4.7 Irregular and Unprocedural Tender Award

1.4.7.1 The Tender Committee awarded the Tender No. KRC/PLM/009/13-14 to TSDI/APEC/EDON which on the face of the record appears to be irregular and unprocedural for the following reasons:-

(i) The Tender Committee met on 15th May, 2014 to award the tender (**Annexure 9**).

(ii) TSDI signed its acceptance of the award on 19th May, 2014 and returned its acceptance to KRC on 21st May, 2014 (**Annexure 10**).

(iii) TSDI/APEC/EDON entered into a Consortium Agreement dated 19th May, 2014 which refers to a Contract for Consultancy Services dated and signed on 3rd June, 2014 between KRC and themselves (see **page 13 of Annexure 11**).

(iv) KRC Tender Committee's decision to award the tender was confirmed/approved and signed on 22nd May, 2014 (see **Annexure 9**).

(v) The contract between KRC and TSDI/APEC/EDON is dated 3rd June, 2014 (**Annexure 2**).

This therefore raises fundamental questions surrounding collusion between KRC and TSDI/APEC/EDON since when did KRC notify the successful bidder (TSDI/APEC/EDON)? The TSDI/APEC/EDON consortium agreement dated 19th May, 2014 refers to a contract for consultancy dated 3rd June, 2014 way before the contract was signed, were they privy to the contract even before the signing dates? This shows that the consortium was privy to privileged information that was in the custody of KRC and which other bidders were not aware. This confirms allegations of collusion between the procuring entity and the TSDI/APEC/EDON consortium.

1.4.7.2 Kenya Railways Corporation has flouted sections 67 and 68 of the Public Procurement and Disposal Act, 2005 in that-

(a) It notified TSDI/APEC/EDON consortium of their success before the Tender Committee has formalized its resolutions (two different letters of notification were sent to the Consortium).

(b) It did not notify the successful and unsuccessful bidders simultaneously as required by the Act.

(c) It entered into the Contract dated 3rd June, 2014 less than 14 days of the award contrary to the Public Procurement and Disposal Act, 2005. This means that the contract dated 3rd June, 2014 was signed in accordance with section 68 of the Act.

1.4.8 Billing the Taxpayer Twice

1.4.8.1 The two contracts between KRC and CRBC separately provided for budgetary provisions for Design Work and Consultancy Supervision Services **(Annexure 3)**.

1.4.8.2 The contract document for the Construction of the Civil Works has contract sum of 3.5% of Kshs.201, 754,796,548.93 for Design Work and Consultancy Supervision Services which is Kshs. 7,061,417,879.21**(see page 041 of the contract document).**

1.4.8.3 In the contract for the Supply and Installation of the Facilities, Locomotives and Rolling Stock, there is another provision for 2.5% of USD 1, 055, 248, 225.21 for Design Work and Consultancy Supervision Services (USD 26,381,205.63) which is equivalent to Kshs. 2,321,546,095.44 (at a rate of Kshs. 88 to the dollar). The sums of the two contracts form a total of Kshs. 9,382,963,974.65 which forms part of the cost of the consultancy **(see page 40 of the contract document).**

1.4.8.4 In addition to the above contracts with CRBC, KRC signed another contract dated 3rd June, 2014 for Independent Supervision Consultancy with TSDI/APEC/EDON Consortium at contract sum of Kshs. 3,624,248,144 (USD 41,184,638) which brought the total cumulative cost of the Supervision and Consultancy Services for the SGR to Kshs. 13,007,212,118.65 which is equivalent to the combined total bid amount of the other two bidders; Korea Rail Network and TEAM Engineering Spa.

1.4.8.5 The bid that was submitted by TSDI/APEC/EDON (USD 41,184,638.00) was by far lower than the internationally recognized ratio standard, being +/-50% lower than the bids submitted by TEAM Engineering SpA (USD 73,922,750.00 – tax included), and Korean Railway Network Corp (USD 87,277,096.00 - tax included). It is by far lower in relation to the cost of the project. One would be justified to conclude that the faces behind TSDI/APEC/EDON were privy to some critical insider information that the rest of the bidders were not privy to, and

accordingly had an unfair advantage over the other bidders, a matter that contravenes Article 227 of the Constitution of Kenya, the Preamble and section 2 of the Public Procurement and Disposal Act, 2005 and the guidelines under the World Bank, the IMF and the International Federation of Consulting Engineers (FIDIC). It is also in contravention of the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

1.4.8.6 TSDI/APEC/EDON deliberately quoted a low figure of USD 41,184,638.00 in anticipation of benefiting from this amount of Kshs. 9,382,963,974.65 which was hidden in the main contracts between KRC and CRBC. It is not lost to scrutiny that these statements, though part of the main contracts, represent a duplication of the Tender. The amount for the Consultancy Services factored in the main contracts i.e. the sum of Kshs. 9,382,963,974.65 (tax not included) constitutes 6% of the total cost of the SGR Project, a considerable part of the loan facility from China Exim Bank.

1.4.9 TSDI/APEC/EDON's main aim was to tactically dump the price of consultancies with the sole aim of acquiring absolute control of the construction and supervision of the SGR in order to control the "rules of the game" and be therefore able to manage as they deem fit the construction phase of the project (which is evidently the richest contract), being able to manipulate the important technical choices (alignment, structures, materials, etc..) to the overall benefit of the Chinese group (contractor + lead consultant) rather than controlling construction cost or guaranteeing the success of the entire project in the interest of the Kenyan taxpayer.

The Committee found no plausible explanation for the sum of Kshs. 9,382,963,974.65 factored in the KRC contract with CRBC. The Board and Management of Kenya Railways should be individually and severally be liable and should explain to the Kenyan people the purpose and inclusion

of this huge sums of money specifically identified for supervision consultancy fees when an independent consult was to be procured.

1.4.10 The contract dated 3rd June, 2014 contravenes the provisions of the RFP

1.4.10.1 The contract between KRC and TSDI/APEC/EDON was signed on 3rd June, 2014. One of the salient provisions of this contract requires KRC to pay TSDI/APEC/EDON 20% of the contract against a bank guarantee. This amount payable on request of the Consultant was actually increased from 10% to 20% (**page 4 of Annexure 2**). Contrary to the terms of payment in the Request for Proposal (**page 95 of Annexure 4**) and in the Contract Form (**page 117 of Annexure 4**), whereby a 10% advance payment was foreseen. KRC was also supposed to pay the Consultant 10% of the contract price upon acceptance of 10% physical accomplishment of the construction works. According to the contract dated 3rd June, 2014 KRC will now be required to pay the consultant 12.5% of the contract price for the same work. Most importantly, KRC was supposed to retain and pay 5% of the contract price until all the defect liabilities have been completed and made good, following the completion of the project. However, the retention amount which would have ensured the proper performance of the contract has now been reduced from 5% to 2.5% of the contract price, as a consequence of the earlier increases in the payment schedule **(page 4 of Annexure 2)**.

Kenya Railways Corporation contravened Article 201 of the Constitution that mandatorily requires prudent and responsible use of public funds.

Kenya Railways Corporation further contravened Section 27 of the Public Procurement and Disposal Act, 2005 by failing to ensure that the provisions of the Public procurement and Disposal Act, 2005 and the Regulations and any directions of the Authority are complied with in respect to the Procurement of the Independent Supervision Consultants for the Standard Gauge Railway.

1.4.11 The Committee is also concerned that in the railway design works there is omission in interconnectivity between Changamwe – Kilindini Harbour and Jomo Kenyatta International Airport – Nairobi Central Business District and no provision has been made for these extensions. This may hamper the objective of providing an efficient and cost effective rail transport for both freight and passengers. The Committee is further concerned that KRC would use paragraph 6 of the RFP to escalate the cost of the SGR project and the Consultancy Services.

1.5 Committee's Recommendations

The Committee recommends that:-

1.5.1 The tender awarded to TSDI/APEC/EDON should be **cancelled** and the consortium should be **disqualified** for the following reasons:-

(i) The consortium that was awarded the contract lacks the necessary competence, expertise and experience to undertake the role envisaged in the contract dated 3rd June, 2014. Members of the consortium admitted that they intend to use Phase I of the SGR project as a means of *"gaining experience in this first phase of 485 km in order to position themselves to bid from a position of experience for the future phases and build capacity for the future."* The Committee is of the opinion that SGR should not be used as a training and apprenticeship opportunity. Such use will compromise the objective of the SGR project: cost effectiveness, adherence to specifications, quality guarantee and value for money.

(ii) The consortium lacks major electrical and mechanical component necessary to perform the requisite role of a consulting engineer in the SGR project. The score of 88.6% in the technical evaluation given to the consortium (with statement such as "no major weakness identified') is unjustified, arbitrary and was likely given to fit a predetermined outcome. The consortium lacks the basic qualification to undertake the supervision and consulting engineers' role in the SGR project so as to guard against huge cost overruns, costly delays,

failed procurement, poor project design, use of low quality material, use of improper construction methodsor provide forward-looking risk management or apply clear, transparent and internationally accepted principles that will assure Kenyans value for money for their investment.

(iii) The SGR project is a regional project involving Kenya, Uganda, Rwanda, and South Sudan and is likely to extend to other neighbouring countries. A substandard work in Phase I (Mombasa – Nairobi) will not only jeopardize the whole project, it will also undermine Kenya's position in the region and internationally. The intergovernmental agreement could not have envisaged the crucial consultancy works to be given to trainees and apprenticeships that put the project at risk. Therefore the consortium should be disqualified and the award cancelled for lacking the necessary capacity, competence and experience for the job.

(iv) TSDI's has a national and business affiliation with the main contractor (CRBC) and thus suffers from serious issues of conflict of interest and arising from this, the Kenyan people will not be guaranteed of value for money in the consultancy and the main contract.

(v) Kenya Railways Corporation has failed to implement the resolution of the House as contained in the recommendations of the Public Investment Committee Report that was adopted by the House and the recommendations of the Departmental Committee on Transport, Public Works and Housing that it should procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money.

(vi) The exceptionally low bid which is suspicious and indicative of collusion and receiving insider information and to guard against any intention to dump consultancy prices in order to control the SGR project. The rationale for expressing an exceptionally low bid, being to gain experience, is not plausible as discussed above.

(vii) The multiple budgetary allocation for the consultancy services, the hiring of a directly "conflicted" consultant (which will unlikely

safeguard the Kenyan taxpayer against huge cost overruns, costly project delays, compromise on the quality of the rolling stock and locomotives and ensure that Kenyans get value for money for their investment), and an entity lacking capacity and competence.

(viii) The award contravenes the mandatory constitutional requirement under Article 201 of the Constitution and international instruments on the prudent and responsible use of public money, Article 10 requiring all State organs, State officers, public officers and all persons when making or implementing public policy decisions to uphold national values and principles of good governance such as good governance, integrity, transparency and accountability, the values espoused under Chapter Six on leadership and integrity and Article 227 which requires State organs or any other public entity to procure goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective, and the guidelines under the World Bank, the International Monetary Fund, the International Federation of Consulting Engineers (FIDIC) and the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) and (6) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

(ix) TSDI/APEC/EDON bid was exceptionally low. A separate budget specifically for consultancy services is factored in the main contract between KRC and CRBC i.e. Kshs. 9,382,963,974.65 (tax not included) constituting 6% of the total cost of the SGR project, a considerable part of the loan credit from China Exim Bank, meaning the total cumulative cost of the Supervision and Consultancy Services for the SGR would be Kshs. 13,007,212,118.65 (tax not included) which is equivalent to the combined total financial bid of the Korean and TEAM. It cannot be ruled out that TSDI/APEC/EDON had access to information on the existence of Kshs. 9,382,963,974.65 (tax not included) which informed their exceptionally low bid, and their admission to apparently forgo

was an attempt to defraud the Kenyan people, and whether corruption was a factor.

1.5.10 The Ethics and Anti-Corruption Commission Investigates the Managing Director, Kenya Railways Corporation, Mr. Atanas K. Maina and Members of the Tender Committee namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa (member) for disregarding a parlimentary resolution passed through the adoption of the Public Investment Committee *Report on the Procurement and Financing of the Construction of the Standard gauge Railway from Mombasa to Nairobi(Phase 1)* laid before the House on 30th April, 2014 which recommended that; ***the Government should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money"***

1.5.11 The Managing Director Mr. Atanas K. Maina and the members of the Tender Committee of Kenya Railways Corporation namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa (member) be held individually responsible for contravening Section 43 (1),(3) and (5) of the Public Procurement and Disposal Act, 2005 which provides that:-

43 (1) An employee or agent of the procuring entity or a member of a board or committee of the procuring entity who has a conflict of interest with respect to procurement -

(a) shall not take part in the procurement proceedings; and

(b) shall not, after a procurement contract has been entered into, take part in any decision relating to the procurement or contract.

(3) If a person contravenes subsection (1) with respect to a conflict of interest described in subsection (5)(a) and the contract is awarded to the person or his relative or to another person in whom one of them had a direct or indirect pecuniary interest, the contract shall be voidable at the option of the procuring entity.

(5) For the purpose of this section, a person has a conflict of interest with respect to a procurement if the person or a relative of the person —

a) Seeks, or has a direct or indirect pecuniary interest in another person who seeks, a contract for the procurement; or

b) Owns or has a right in any property or has a direct or indirect pecuniary interest that results in the private interest of the person conflicting with his duties with respect to the procurement.

The provisions requires a procuring entity to conduct proper due diligence on the existence of conflict of interest, unethical and improper business practices which KRC failed to adhere to by awarding the Tender for the Consultancy Services to a Sister Company to the main contractor of the Standard Gauge Railway clearly violating the requirement of independence between the supervisor and the contractor.

1.5.12 The Managing Director, Kenya Railways Corporation, Mr. Atanas K. Maina and the members of the Tender Committee of Kenya Railways Corporation namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa (member) be held responsible for contravening section 27 of the Public Procurement and Disposal Act, 2005 which provides that :-

"27 *(1) A public entity shall ensure that this Act, the regulations and any directions of the Authority are complied with respect to each of its procurement,*

(2) The accounting officer of a public entity shall be primarily responsible for ensuring that the public entity fulfill its obligations under subsection (1),

(3) Each employee of a public entity and each member of a board or committee of the public entity shall ensure, within the areas of responsibility of the employee or member, that this Act, the regulations and any directions of the Authority are complied with".

1.5.13 The Director General, Public Procurement Oversight Authority and the Board of Directors should ensure that all procurements are done in accordance with the provisions of the Constitution, the public Procurement and Oversight Authority Act, 2005 and relevant regulations issued by the Authority so as to realize value for money and transparency in procurement.

1.5.14 The multiple budgetary allocation for the consultancy services and the hiring of a directly "conflicted" consultant (which will unlikely safeguard the Kenyan taxpayer against huge cost overruns, costly project delays, compromise on the quality of the rolling stock and locomotives and ensure that Kenyans get value for money for their investment) should be investigated by the Ethics and Anti Corruption Commission as it contravenes the mandatory constitutional requirement under Article 201 of the Constitution on the prudent and responsible use of public money, Article 10 requiring all State organs, State officers, public officers and all persons when making or implementing public policy decisions to uphold national values and principles of good governance such as integrity, transparency and accountability, the values espoused under Chapter Six on leadership and integrity and Article 227 which requires State organs or any other public entity to procure goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

1.5.15 The Ethics and Anti-Corruption Commission investigates the Managing Director Kenya Railways Corporation Mr. Atanas K. Maina and

Members of the Tender Committee namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. JemimahMatu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa for contravening Articles 10, 201, 227 and the Chapter Six of the Constitution of Kenya, 2010, and the guidelines under the World Bank, the International Monetary Fund, the International Federation of Consulting Engineers (FIDIC) and the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) and (6) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

1.5.16 Kenya Railways Corporation should ensure that there is interconnectivity between Changamwe – Kilindini Harbour and Jomo Kenyatta International Airport – Nairobi Central Business District. The lack of interconnectivity may hamper the objective of providing an efficient and cost effective rail transport for both freight and passengers.

1.6 Acknowledgement

The Committee wishes to record its appreciation to the Office of the Speaker and the Clerk of the National Assembly for facilitation. The Committee is grateful to all the witnesses who appeared and adduced evidence before it. The Committee recognizes the work of the staff of the National Assembly, Kenya National Audit Office, the Inspectorate of State Corporations and the National Treasury for the services they rendered to the Committee. I wish to thank the Members of the Committee for their sacrifice during the evidence taking and preparation of the Report.

1.7 Adoption of the Special Report

We the members of the Public Investments Committee have pursuant to Standing Order 199 adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity:-

(1) Hon. Adan Keynan, CBS, MP .....

(2) Hon. Kimani Ichung'wah, MP .....

(3) Hon. Sammy Mwaita, MP .....

(4) Hon. Cornelly Serem, MP .....

(5) Hon. Bare Shill, MP .....

(6) Hon. Korei Ole Lemein, MP .....

(7) Hon. Adan M. Noor, MP .....

(8) Hon. Mithika Linturi, MP .....

(9) Hon. Beatrice Nyaga, MP .....

(10) Hon. John M. Nyaga, MP .....

(11) Hon. Njogu Barua, MP .....

(12) Hon. Irungu Kang'ata, MP .....

(13) Hon. Onesmus Njuki, MP .....

(14) Hon. Eng. John Kiragu, M.P .....

(15) Hon. Johana Ngeno, MP .....

(16) Hon. Mwadeghu Thomas, MP .....

(17) Hon. Abdulswamad Sheriff, MP .....

(18) Hon. Paul Otuoma, MP .....

(19) Hon. John Aluoch Olago, MP .....

(20) Hon. Francis Nyenze Mwanzia, MP .....

(21) Hon. Dr. Oburu Oginga, MP .....

(22) Hon.Major (Rtd) John K. Waluke, MP .....

(23) Hon. Ogutu John Omondi, MP .....

(24) Hon. Mary Keraa Sally, MP .....

(25) Hon. Wafula Wamunyinyi, MP .....

(26) Hon. Bernard Munyoki Kitungi, MP .....

(27) Hon. Chrisanthus Wamalwa, MP .....

Mr. Speaker,

On behalf of the Members of the Public Investments Committee, I beg to table the special Report of the Committee on the Procurement of the Independent Supervision Consultants for the Standard Gauge Railway pursuant to Standing Order 199.

Sign: ..... Date: 27/11/2014

HON. ADAN. W. KEYNAN, CBS, MP

CHAIRPERSON, PUBLIC INVESTMENTS COMMITTEE

2.0 BACKGROUND

2.1. Construction of the Standard Gauge Railway (SGR) from Mombasa to Nairobi and in 2nd Phase from Nairobi to Malaba is one of the Vision 2030 flagship projects that were launched by the Kenyan Government to propel Kenya to a middle income economy by the year 2030. The actual construction of the SGR was awarded to a Chinese company, China Roads and Bridge Corporation (CRBC), in what was termed as a "government to government contract." This project, if well undertaken is expected to shift freight from roads to rail thus reducing rapid roads damage and provide safe and rapid intercity passenger transport.

2.2. Kenya Railways Corporation (KRC) - the procuring entity - for this project is a State Corporation established under Kenya Railways Corporation Act, (CAP 397) of the Laws of Kenya and is mandated to develop and operate railways and inland waterway transport services in Kenya. The Consultancy services are sought on the Design review and construction of a SGR from Mombasa to Nairobi and procurement and installation of facilities, locomotive and rolling stock.

2.3. The financing of SGR supervision consultant is part of the GoK contribution in the SGR project which was a condition for accessing the loan from EXIM Bank of China. This amount is being financed through the Railway Development Levy Fund which was established in 2013. It is clear the consultancy service is utilizing public funds, hence ought to be done by a competent independent consultant so as to ensure value for money and that procurement of civil works and material under the project are undertaken efficiently, in best practices, and in compliance with the set standards and specifications. The consultant should also ensure the on-the-job training and transfer of technical know-how, engineering, and project management experience to the employer's (KRC) project staff.

2.4. The evaluation criteria were set out in Paragraph 2.7.1 of the RFP Document.The tender involved evaluations at the technical and financial

levels separately. The technical evaluation criteria were divided into four sections:-

(i) Specific experience of the consultant related to the assignment;
(ii) Adequacy of proposed work plan and methodology in responding to the terms of reference, qualifications;
(iii) Competence of key staff for the assignment and suitability to the capacity building programme and training; and
(iv) Suitability to the Capacity building Programme and training.

The scoring for each in each aspect was set as follows;

	Aspect	Maximum points
1.	Specific experience of the consultant related to the assignment	10
2.	Adequacy of the proposed work plan and methodology in responding to the terms of reference	32
3.	Qualifications and competence of the key staff for the assignment	50
4.	Suitability to the Capacity building Programme and training	8
	TOTAL	100

2.5. The three firms that qualified for the evaluation scored above 70% in Technical Evaluation. Their scores were as follows:-

(i) TSDI/APEC/EDON - 88.6%
(ii) Korea Rail Network Authority - 83.4%
(iii) Team engineering - 75.9%

2.6. Financial proposals for the three firms that qualified the technical evaluation were opened in a meeting held on 16th December, 2013. The financial bids were as follows:-

Firm	Bid amount US$	Bid amount (Ksh)
TSDI/APEC/EDON	41, 184, 638.00	3, 541, 878, 868.00
Team Engineering	73, 922, 750.00	6, 357, 356, 500.00
Korea Rail Network Authority	87, 277, 096.00	7, 505, 830, 256.00

2.7. The Managing Director KRC appointed a financial evaluation committee to undertake the financial evaluation. The committee came up with the following results:-

Firm	Bid amount (US$)	Financial score (30%)	Technical score (70%)	Combined score (100%)	Ranking
TSDI/APEC/EDON	41, 184, 638.00	30.00	62.02	90.02	1
Korea Rail Network Authority	73, 922, 750.00	14.16	58.38	72.54	2
Team Engineering	87, 277, 096.00	16.71	53.13	69.84	3

2.8. M/s Team Engineering was allegedly disqualified after it failed to extend its bid validity. This came as a result of the three companies being requested by KRC to extend their bid validity period since the loan between Government of Kenya (GoK) and EXIM Bank had not been signed and award could not be made. Team Engineering claimed it was never informed to extend their bid bond validity period.

2.9. From documents supplied, the only evidence available that KRC had ever informed TEAM to extend its bid bond validity period is a KRC inter-departmental email (from procure/krcaddressed to procure/krc@krc) forwarded as an attachment to an email dated 5th June, 2014 sent to TEAM Engineering to show they were requested to extend vide a letter dated 26th February, 2014. TEAM Engineering claimed they never received a request for the extension of their bid bond validity or received a letter notifying them of their disqualification, and that they came to know of the alleged extensions

through their prompting email of 4th June, 2014 (**Annexure 12**). If they were disqualified, it would have meant that TEAM Engineering should never have been evaluated on the financial aspect. Court documents also show that there has been no claim of disqualification of TEAM Engineering (**Annexure 13**).

2.10. The Tender Committee meeting was held on 15th May, 2014 attended by two independent observers: Eng. Kariuki Muchemi; and Eng. Julius M. Riungu representing the Institution of Engineers Kenya. The Tender Committee approved award to M/s TSDI/APEC/EDON at their quoted price of US$ 41, 184, 638.00, inclusive of taxes.

2.11. A contract dated 3rdJune, 2014 was then signed between Kenya Railways Corporation and M/s TSDI/APEC/EDON Consortium. The appointed consultancy consortium is made of three firms as follows: -

(i) M/s EDON Consultants International Ltd was established in 1982 as a sole proprietorship in Kenya, later in 2000 it become an International Limited Liability Company. The company has 26 employees and it offers Architectural and project management services.

(ii) APEC consortium Ltd is a Kenyan company founded in 1995 and incorporated under the laws of Kenya in 1996 as Aviation Project Engineering Company Ltd. APEC has a total of 100 employees and the firm also engages the experience of individual professionals who have worked directly or at associate level with the firm under a consortium.

(iii) Third Railway Survey and Design Institute Group Corporation (TSDI) was founded in 1953 in China in accordance with the laws and regulations of People's Republic of China. It is a subsidiary corporation of China Railway Construction Investment Company (CRCIC) holding 70% of shares and the rest 30% is held by China

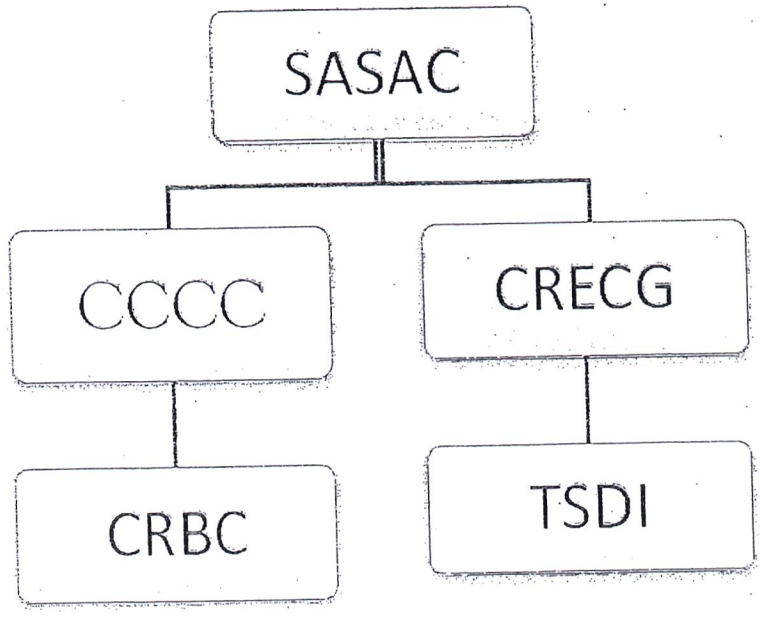
Railway Group Ltd (CRGL). Its main activities are survey and design of railways, urban mass transit system and highways. TSDI makes contributions to China's Railway Construction and to SASAC.

2.12. In the consortium, TSDI is the Lead firm producing the team leader and APEC and EDON are members in the consortium with each producing a deputy team leader. In the consortium agreement TSDI is mainly responsible for design review and APEC & EDON are mainly responsible for construction supervision. EDON as a member of the team was particularly aiming at gaining experience. Its goal is to make minimum profit, but build capacity for the future. Equally APEC did not have all the experience required for SGR project as required by ToR which emphasized on Chinese Class 1 Standards experience for some key personnel. APEC therefore sought to join with TSDI and EDON resulting to a consortium of three and jointly prepared the technical and financial proposals for the SGR consultancy project.

2.13. From the bidders' conference held on 22nd August 2013, the following are noted; that APEC bidded in a consortium called Rites/APEC/Yoshin/UNICONSULT, while TSDI bidded alone and EDON never participated. It is not clear at what stage the consortium was formed.

2.14. The Federation of Engineering Consultancy Associations' (EFCA) view on conflict of interest is a situation in which a consultant's own or its affiliates' interests could prevail over the interest of the Client, a situation which has potential or actual prejudice to the Client's interests. TSDI and CRBC are supervisor and contractor of SGR despite the fact that they are both owned by the Chinese government and are supervised by SASAC.

Connection between CRBC (the main contractor) and TSDI (the consultant)



Key

SASAC - State-owned Assets Supervision and Administration Commission of the State Council

CCCC - China Communications Construction Company Limited

CRECG – China Railway Engineering Corporation Group

CRBC – China Road and Bridge Corporation

TSDI – The Third Railway Survey and Design Institute Group Corporation

3.0. EVIDENCE BY WITNESSES

3.1. EVIDENCE BY KENYA RAILWAYS CORPORATION

The Managing Director, KRC, Mr. Atanas K. Maina appeared before the Committee on 8th July, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the Committee that:-

3.1.1. Kenya Railways Corporation is mandated to develop and operate railways and inland waterways transport services in Kenya, as captured

in the Kenya Railways Corporation Act (CAP 397). The Corporation is in the process of developing high capacity, high speed Standard Gauge Railway from the port of Mombasa to Nairobi. The project is expected to shift freight from roads to rail reducing rapid roads damage, provide safe and rapid intercity passenger transport.

3.1.2. Kenya Railways, advertised for qualified consulting firms to submit bids for the Design Review and Construction Supervision for the construction of Standard Gauge Railway from Mombasa to Nairobi and procurement and installation of facilities, locomotives and rolling stock on 19th July, 2013 acting in exercise of the powers conferred upon it by the Public Procurement and Disposal Act 2005 Section 76 to 78.

3.1.3. The notice for Request For Proposal (RFP) was advertised as an open international tender, Tender No. KRC/PLM/009/13-14, was placed in two local daily newspapers and also posted in the KRC website; www.krc.co.ke. The closing date and time for submission of the request for proposal was 29th August, 2013 at 12.00 pm East African Time. Opening of the documents was to take place immediately thereafter.

3.1.4. KRC invited prospective bidders to a bidders' conference on 22nd August, 2013 to make various clarifications sought by the bidders. The deliberations of the conference resulted to an addendum being issued to all bidders. Following a request by the bidders the closing date was extended to 10th October, 2013. The closing date for submission of bids was extended twice via addenda No's 1 and 3 from 29th August, 2013 to 26th September, 2013 and thereafter from 26th September, 2013 to 10th October, 2013 respectively.

3.1.5. The Corporation has engaged China Road & Bridge Corporation (CRBC) in a design-build contract; delivery of civil works, track works and procurement and installation of associated facilities, and of the procurement of locomotives and rolling stock.

3.1.6. The Consultant being hired is to review and approve designs and supervise construction of Mombasa- Nairobi on behalf of the Corporation by ensuring procurement of civil works and material under the project are undertaken efficiently, in best practices and in compliance with set standards and specifications. The Consultant is expected to ensure the on-the job training and transfer of know-how, engineering, and project management experience to the Employer's project staff.

3.1.7. The procurement of the consultant was an open international tender which involved evaluations at the technical and financial levels. The bidders were required to bid as per the specifications. Twenty six (26) firms bought bid documents but only 9 returned them and three qualified to the final stage: - Team Engineering; TSDI/APEC/EDON and Korea Rail Network Authority.

3.1.8. TSDI/APEC/EDON scored highest in the Technical evaluation and had the lowest bid amount of USD 41,184,638. TSDI/APEC/EDON wereone of the two firms to extend their bid validity to accommodate the loan agreement negotiations between GOK and EXIM bank.

3.1.9. The KRC Tender Committee awarded the tender to TSDI/APEC/EDON on 15th May 2014 and the meeting was attended by two independent observers; Eng. KariukiMuchemi; and Eng. Julius M. Riungu representing the Institution of Engineers of Kenya.

3.1.10. TSDI/APEC/EDON is a consortium of three firms; The Third Survey Design Institute Group Corporation (TSDI) a government enterprise owed by People's Republic of China, APEC Consortium Limited which is locally registered engineering firm dealing with general planning, engineering design and project management of infrastructure and

EDON Consultants International Ltd, a locally registered architectural Company which provides building consulting and project management services in Namibia, Uganda and Kenya.

3.1.11. The financing of the SGR supervision consultant is part of the GOK contribution which was a condition for accessing the loan from EXIM bank of China. The amount is being financed through Railway Development Levy Fund established in 2013 and the consultancy was factored in KRC budget on a pro-rata basis over several financial years.

COMMITTEE OBSERVATIONS

3.1.12. The Committee made the following observations:-

(i) No evidence was availed to the Committee to help it verify how many firms bought the bid documents.

(ii) Both CRBC(Contractor) and TSDI(Consultant) are state owed corporations supervised by the State –owned Assets Supervision and Administration Commission (SASAC) who are owned by the People's Republic of China and whose functions include; to ensure value addition of the investment and remove or appoint the management of the corporations they are supervising. This appears to be a conflict of interest apparent in the face of the record.

(iii) The recommendations in the PIC report on SGR (that an independent consultant be hired) were ignored and if anything goes wrong the management of KRC will be held collectively and individually liable.

(a) The two contracts between KRC and CRBC separately had for budgetary provision for Design Work and Consultancy Supervision Services as follows:-

(b) The contract for Construction of the Civil Works had contract sum of 3.5% of Kshs. 201,754,796,548.93 for Design Work and Consultancy Supervision Services which is Kshs. 7,061,417,879.21. (At page 041 of the contract document).

(iv) The contract for Supply and Installation of the Facilities, Locomotives and Rolling Stocks had a sum of 2.5% of USD 1,055,248,225.21 for Design Work and Consultancy Supervision Services (USD 26,381,205.63) which is equivalent to Kshs. 2,321,546,095.44. (At page 040 of the contract document).

(v) The sum of the two contracts forms a total of Kshs. 9,382,963,974.65 which forms part of the cost of the consultancy.

(vi) In addition to the above contracts, KRC signed another contract for Independent Supervision Consultancy with TSDI/APEC/EDON Consortium at contract sum of Kshs. 3,624,248,144 (USD 41,184,638) which brought the total cumulative cost of the Supervision and Consultancy Services to Kshs. 13,007,212,118.65 which is much higher than the individual bids submitted by other bidders.

(vii) Bulk of the work to be done in the construction of civil works, supply and installation of facilities, locomotives and rolling stocks is electro-mechanical. The TSDI/APEC/EDON Consortium as currently constituted has no experience and competence to supervise electro-mechanical works.

(viii) Because of the apparent conflict of interest between the Contractor (CRBC) and the main Consultant TSDI, the interests of

the contractor could prevail over the interest of the Client, a situation which has potential or actual prejudice to the Client's interests.

(ix) In the railway design works there is omission in rail interconnectivity between Changamwe – Kilindini Harbour and Jomo Kenyatta International Airport – Nairobi Central Business District and no provision had been made for these extensions. This may hamper the objective of providing an efficient and cost effective rail transport for both freight and passengers.

(x) The Committee noted that KRC allegedly notified TEAM Engineering SpA of the outcome of the tender by way of an e-mail that was supposedly received 6 hours 58 minutes before the said email was actually sent. The email notifying TEAM Engineering on the outcome of the tender was apparently received by TEAM Engineering in the morning of May 19, 2014 at 8.19AM. However, the extract from the delivery report from KRC's server shows that the said email left the KRC's server in the afternoon of May 19, 2014 at 15.17 PM.

3.2 EVIDENCE BY THE MINISTRY OF TRANSPORT AND INFRASTRUCTURE

Eng. Michael S. Kamau, Cabinet Secretary, Ministry of Transport and Infrastructure appeared before the Committee on 15th July, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the committee that:

3.2.1 Under Kenya Railways Corporation Act (CAP 397), KRC is mandated to develop and operate railways and inland waterways transport services in Kenya. The Corporation is in the process of developing high capacity, high speed Standard Gauge Railway from the port of Mombasa to

Nairobi. The project is expected to shift freight from roads to rail thus reducing rapid roads damage, provide safe and rapid intercity passenger transport.

3.2.2 The Corporation has engaged China Road & Bridge Corporation in a design-built contract where the China Road & Bridge Corporation delivers civil works, track works and procurement and installation of associated facilities, and the procurement of locomotives and rolling stock.

3.2.3 The supervising Consultant being hired is to review and approve designs and supervise construction of Mombasa - Nairobi Standard Gauge Railway on behalf of the Corporation by ensuring procurement of civil works and materials under the project are undertaken efficiently, in best practices and in compliance with set standards and specifications. The Consultants should ensure the on-the job training and transfer of know-how, engineering, and project management experience to the employer's (KRC) project staff.

3.2.4 The procurement of the consultant was through an open international tender which involved evaluations at the technical and financial levels. The bidders were required to bid as per the specifications and out of the 9 bidders, three qualified to the final stage namely; Team Engineering; TSDI/APEC/EDON and Korea Rail Network Authority.

3.2.5 The Expert/consultant is required to be available throughout the project and they shall appoint an expert team as per the tender specifications.

3.2.6 TSDI/APEC/EDON scored highest in the Technical evaluation and had the lowest bid amount of USD 41,184,638. TSDI/APEC/EDON were one of the two firms who extend their bid validity period to accommodate the loan agreement negotiations between GOK and EXIM Bank of China.

3.2.7 The KRC Tender Committee awarded TSDI/APEC/EDON the tender for consultancy services on 15th May 2014. The meeting was attended by two independent observers.

3.2.8 TSDI/APEC/EDON is a consortium of three firms, The Third Survey Design Institute Group Corporation (TSDI) which is a government enterprise owned by the People's Republic of China and it supervised the construction of SGR in Ethiopia; APEC Consortium Limited which is a locally registered engineering firm dealing with general planning, engineering design and project management of infrastructure and EDON Consultants International Ltd a locally registered architectural Company which provides building consulting and project management services.

3.2.9 Kenya Railways has oversight role over the project and the GOK can do an audit of the project thus ensuring quality and value for money.

3.2.10 The financing of the SGR supervision consultant is part of the GOK contribution which was a condition for accessing the loan from EXIM Bank of China. The amount is being financed through the Railway Development Levy Fund established in 2013 and the consultancy was factored in KRC budget on a pro-rata basis over several financial years.

COMMITTEE OBSERVATIONS

3.2.11 The Committee made the following observations:-

(i) In the attendance register provided, TSDI/APEC/EDON did not tender as a consortium, in some instances, from the bidders' conference held on 22nd August, 2013, APEC attended as part of a consortium called Rites/APEC/Yoshin/UNICONSULT, while TSDI participated alone and EDON never participated.

(ii) The tender documents did not have a clause barring Chinese Corporations from bidding despite the tender being subject to requirement under The International Federation of Consulting Engineers (FIDIC) (see paragraphs 5.1 and 5.3.4.1 (b) of the RFP document being on pages 66 & 77).

(iii) The lead party in the winning bidder TSDI/APEC/EDON is a Corporation owned by the Chinese Government and supervised by SASAC, the same Government entity which also supervises China Road & Bridge Corporation. This is an apparent conflict of interest thus raising concerns as to whether the people of Kenya will get value for money in the project.

(iv) The hiring of the consultant was in total disregard of a resolution of the House recommending that an independent consultant be hired.

(v) The multiple budgetary allocation for the consultancy service and the hiring of a consultant with a conflict of interest could be seen as being contravening the mandatory constitutional requirement of Article 201 of the Constitution on the prudent and responsible use of public money, Article 10 requiring all State organs, State officers, public officers and all persons when making or implementing public policy decisions to uphold national values and principles of good governance such as good governance, integrity, transparency and accountability, the values espoused under Chapter Six on leadership and integrity and Article 227 which requires State organs or any other public entity to procure goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

(vi) From the submission of the Ministry of Roads & Infrastructure and KRC, KRC has oversight role over the project and the GOK can do an audit of

the project thus ensuring quality and value for money. However, Kenya Railways has no internal capacity to oversee the project implementation as evidenced by fact that it does not have a history of constructing or supervising a railway line and this is the reason why an independent consultant was hired.

3.3 EVIDENCE BY M/S APEC CONSORTIUM

Eng. James M. Karanja, Managing Director, APEC Consortium Ltd appeared before the Committee on 20th August, 2014 to give evidence on the procurement of the tender for the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the Committee that:-

3.3.1 APEC Consulting Engineers, is an indigenous Kenya Company founded in 1995 and incorporated in 1996 as Aviation Project Engineering Company Limited. In 2002, APEC was incorporated under the same directorship to serve from a broader perspective.

3.3.2 APEC Consortium Limited provides consultancy services in feasibility studies, preliminary and detailed engineering design, planning & organization, execution and project management in Roads and Highways, Airport Infrastructure and Planning, buildings, waste water management, water supply & sanitation, environmental management, social development, technical, performance and financial audits.

3.3.3 APEC provides engineering consultancy services in Kenya and African region e.g. Sudan and Uganda.

3.3.4 APEC has deliberately associated in almost all of its projects with international consulting firms including TSDI. Locally they are

associated with colleague consulting firms for complementaring of strengths including EDON architects.

3.3.5 To answer the SGR advert for the design review and construction supervision placed on 20th July, APEC sought to join Rites of India, Systra of France, Yooshin of Korea to participate jointly in the preparation of the Proposal. At the Pre-bid conference, emphasis was placed on Chinese Class 1 Standards for some key personnel which the team did not have.

3.3.6 APEC approached TSDI of China, with whom they had collaborated on a previous project and M/s EDON who have experience on architectural works both locally and internationally.

3.3.7 The consortium comprises of TSDI whose broad experience includes building 60,000 Kilometers of railway line, APEC's market leadership in civil engineering and EDON's market leadership in architectural fields. APEC and EDON are well versed and experienced in contract administration and documentation.

3.3.8 The consortium presented a financial proposal with a pricing regime informed by opportunities to be availed by the successful completion of the SGR project, high proportion of local staff, stiff competition due to high interest during the pre-bid conference, pecking order of the staff in the project and engagement of key and experienced experts e.g. senior former Kenya railway staff.

3.3.9 The planning and site appreciation works are ongoing in accordance with the Construction Programme as produced by the EPC contractor.This procurement process of the consultant for the design review and construction supervision of the SGR project including Rolling Stocks Management followed every aspect of the procedure set out in the Instructions to the Bidders and the stipulations of the Public Procurement Oversight Authority guidelines.

3.3.10 The Consortium's bid won as the lowest evaluated bidder at a price of USD 41,184,638 and a combined score of 92.02 %.

3.3.11 TSDI as the Lead Firm produces the Team Leader while APEC and EDON produce a Project Coordinator and Two Deputies to the Team Leader. All decisions from the consortium are arrived at after consultations and are signed jointly by the team leader and one of his deputies. The consortium's railway engineer's mainly former Kenya Railway staff will check the design review before getting the Kenya Railways to make the approvals.

3.3.12 In construction supervision, TSDI will only provide a resident engineer and materials engineer during Supervision of the works, while APEC-EDON because of knowledge of local conditions will provide Assistant Resident Engineer and Assistant Materials Engineer and all the other Technical supervision staff.

3.3.13 Independent consultant was procured because of lack of internal capacity on the part of Kenya Railways.

3.3.14 At the time of tendering, APEC was not aware of the relationship between TSDI and China Road and Bridge Corporation, but have since established that all Chinese firms are government Parastatals.

3.3.15 The consortium has 60% local content and 40 % Chinese content. The RFP required the top cadre of the engineers to be Chinese, while the field supervisors be Kenyans. They do not have a lead role because they do not have resident engineers with the capacity to implement the main part of the project.

3.3.16 So far the consortium's input is that they have visited every site, reviewed the design and construction to ensure it's acceptable for

instance the client's preliminary drawings excluded adequate parking and access to the main roads to ensure the commuter's connectivity.

COMMITTEE OBSERVATIONS

3.3.17 The Committee made the following observations:-

(i) APEC bided in a consortium and were awarded a contract for consultancy services which had already been provided for in the main contract i.e. under the Civil Works portion of the contract and under the Rolling Stock Supplies portion of the contract. It appeared that Kenya Railways did not disclose all information to them concerning the main contract.

(ii) APEC has no experience, competence and capacity to perform 60% of the contract to provide consultancy services.

(iii) During bidding APEC was not aware of the relationship between CRBC and SASAC.

3.4 EVIDENCE BY M/S EDON CONSULTANTS INTERNATIONAL LIMITED

Architect Jeremiah Ndong, Managing Director, EDON Consultants International Limited appeared before the Committee on 21st August, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the Committee that:-

3.4.1 EDON Consultants International Ltd. was established in 1982 as a sole proprietorship in Kenya under Arch. Jeremiah Ndong. The firm later expanded and opened offices in Uganda, South Sudan and Namibia.

3.4.2 The Company initially ignored the Request for Proposals for Consultancy Services for Design, Review and Construction Supervision for the Standard Gauge Railway because it looked like a purely

Engineering Project. The directors did not attend the pre-bid conference.

3.4.3 After the pre-bid conference held on 22nd August 2013,EDON was requested APEC to form a Consortium after noticing that there was need for Architectural input in the Request for Proposals. EDON established that APEC had previously worked with Third Railway Survey and Design Institute (TSDI) Group of China in the Kenya Railways Nairobi-JKIA commuter railway bid.

3.4.4 EDON subsequently held discussions with APEC and TSDI of China and proceeded to form TSDI-APEC-EDON Consortium which prepared a Technical and Financial Bid for SGR project. The three consortium members (TSDI, APEC and EDON) signed a Framework Agreement (MoU) for a Joint Venture Partnership which was submitted with the Request for Proposal.

3.4.5 The Consortium received a notification of awarddated 15th May 2014 informing that they had won the tender. After notifying the Client of acceptance, the Consortium members signed a Firm Consortium Agreement. In the Agreement, TSDI produces the Team Leader while APEC and EDON Consultants each produce a Deputy Team Leader.

3.4.6 The Contract Agreement between the Client, Kenya Railways Corporation and the Consortium was signed on3rd June 2014, with each of the individual consortium member having produced a team of experts for the supervision contract.

3.4.7 EDON as a member of the team was particularly aiming at gaining experience in this first phase of 485kmin order to position itself to bid from a position of experience for future phases and build capacity for the future.

3.4.8 In line with the Request for Proposal objective to strengthen local

capacity and knowledge transfer, the consortium overall staff is constituted by 60% Kenyan nationals and 40% Chinese.

COMMITTEE OBSERVATIONS

3.4.9 The Committee observed that:-

(i) In the Consortium Agreement, EDON Consultants International Ltd. is assigned the mandate of design review and supervision construction for the building works of the 33 Railway Stations and is represented in the Design Review Team and the Management of the contract through one deputy team leader, Mr. Jeremiah Ndong.

(ii) Third Railway Survey and Design Institute (TSDI) Group of China, the lead Company in the Consortium providing consultancy services for Design Review and Construction Supervision for the SGR project, has a close organisational relationship with China Roads and Bridge Corporation (CRBC) which is undertaking the construction of SGR. This amounts to conflict of interest.

(iii) TSDI/APEC/EDON Consortium submitted a financial bid of US$ 41,184,638 for the consultancy and supervision contract without full information of the size and scope of works to be carried out.

(iv) Kenyan engineers are not included in the key and critical areas of the project to enable capacity building and transfer of skills to local engineers. In all key areas they deputise lead engineers who are foreigners.

(v) TSDI/APEC/EDON Consortium lacked the experience, competence and capacity including the electro-mechanical components that form the bulk of the consultancy works.

3.5 EVIDEN CE BY THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION (TSDI)

Yiuang Aifing, the Team Leader, Third Railway Survey and Design Institute Group Corporation (TSDI), appeared before the Committee on 21stAugust, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the Committee that:

3.5.1 The Third Railway Survey and Design Institute Group Corporation (TSDI) was founded in 1953. Its main business is the survey and design of railways, urban mass transit system and highways. It takes the lead of design technology in the fields of high-speed railway, integrated traffic terminal, heavy-haul railway, urban rail transit system and maglev system. TSDI has completed the survey and design of the first high-speed railway of China – Beijing-Tianjin Inter-city Railway; the first modernized integrated traffic terminal – Beijing South Railway Station and the first heavy-haul railway – Datong-Qinhuangdao Railway.

3.5.2 TSDI has more than 4,300 staff and this qualified staff can independently complete engineering design, general contracting of projects, engineering consultancy and project management as well as outstanding achievements in the aspects of transport network planning, compilation of specifications, survey, design and consultancy. TSDI is also qualified to perform the contract according to the admissible scope of Class I qualification certificates concerning overall contracting of construction.

3.5.3 TSDI has accomplished the survey and design of more than 60,000km railway. TSDI has also accomplished or been undertaking the survey, design and consultancy works of 70 projects in more than 30 countries, such as Tanzania to Zambia Railway Project, Kenya Mombasa to Nairobi Railway Project, Ethiopia Addis Ababa to Djibouti Railway Project, Sierra Leone Mining Railway Project, Nigeria railway project,

Philippines railway project, Thailand High Speed Railway Project and so on.

3.5.4 APEC approached TSDI and EDON International to form a consortium to which TSDI agreed since they realised that it would earn them more marks in their bid. TSDI had good cooperation with APEC during the bidding for the project Design, Build and Finance of the Nairobi JKIA Commuter Railway.

3.5.5 Technically, the consortium drew from the experience of TSDI where the latter has done 60,000kms of railway line and both APEC and EDON's market leadership in the civil engineering and architectural fields. Both firms are also well versed and experienced in contract administration, documentation and Track/Rolling Stock to ensure that quality is not compromised in anyway.

3.5.6 The pricing regime in the financial proposal for the consortium was informed by various underpining factors as follows ; Opportunities to be availed on the successful completion of the project since the SGR section from Mombasa to Nairobi was only part of the programme of the SGR project. i.e. 15% of the total envisaged line; a high proportion of the local staff to strenghten local capacity, the stiffcompetitionpresented by the interest shown during pre-bid conference and the pecking order since TSDI is the Lead Firm producing the Team Leader and APEC and EDON are members in the consortium with each producing a Deputy Team Leader.

3.5.7 The SGR Project applies Chinese Railway Standard and Specification. The EPC contractor (CRBC) is responsible for the preliminary design and construction drawing design (detailed design); the engineers of TSDI are experienced and very familiar with Chinese Railway Standard and Specification. TSDI are experienced in the design of locomotives and wagons. The local engineers of APEC and EDON know local conditions quite well and are full of local experiences. The general

principle is that TSDI is mainly responsible for design review and APEC&EDON are mainly responsible for construction supervision. TSDI will import 30 engineers while APEC & EDON will provide 90 local engineers.

3.5.8 It was requirement in the bid document that the Chinese staff be fluent in the local language.

3.5.9 There's no equity relationship in the manner of control or joint control between TSDI and CRBC. *According to the stipulations of the International Accounting Standard 24 --- Related Party Disclosures (IAS 24), two entities without any other relationship simply because they are controlled by the government in common are not related parties.* The contract is awarded to TSDI/APEC/EDON Consortium. APEC and EDON are both local companies registered in Kenya. Accordingly it is not true that "Chinese contractor is under supervision of Chinese consultant".

3.5.10 Authorized by the State Council, in accordance with the Company Law of the People's Republic of China and other administrative regulations, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) performs investor's responsibilities, supervises and manages the state-owned assets of the enterprises under the supervision of the Central Government (excluding financial enterprises), and enhances the management of the state-owned assets and both TSDI and CRBC are supervised by SASAC.

COMMITTEE OBSERVATIONS

3.5.11 The Committee made the following observations:-

(i) TSDI were the original designers of the failed Tanzania/Zambia rail which they are now doing the feasibility study in order to rehabilitate it and do not want this to be the case with the SGR project several decades from now.

(ii) TSDI and CRBC are stated owned corporations that have common objective and national interest. Therefore there is clear and direct conflict of interest that is likely to prejudice the interest of the Kenyan taxpayer who expect that the project will meet the construction, design, procurement and installation of rolling stocks, locomotive and other assorted equipping facilities/assets would be of the highest quality and international standards that correlate with the huge cost of the SGR project.

(iii) TSDI and any other Chinese state/private owned entities should have been disqualified at the preliminary stage of the tender process. The inclusion and eventual award of the tender to TSDI contravenes Article 227 of the Constitution and RPF document itself (refer pages 66 & 77 regarding the FIDIC guidelines).

(iv) Kenya Railways failed to carry out due diligence on whether there was a conflict of interest and to verify the bidder's client list before awarding the tender.

3.6 EVIDENCE BY THE PUBLIC PROCUREMENT OVERSIGHT AUTHORITY

Mr. Maurice Juma, the Director General, Public Procurement Oversight Authority (P.P.O.A) appeared before the Committee on 26th August, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the committee that:

3.6.1 Kenya Railways Corporation, in adherence to P.P.O.A circular no 4/2009 submitted its report on procurement of provision of consultancy services for design, review and construction supervision for the construction of SGR from Mombasa to Nairobi funded by the Government of Kenya on July 9th 2014.

3.6.2 As per their quarterly report, Kenya Railways Corporation used open tender method to advertise for Request for Proposal for consultancy in the dailies as prescribed in the Public Procurement and Disposal Act 2005, P.P.O.A also conducted procurement assessments during site visits and confirm that certain mandatory requirements which organizations need to follow are done.

3.6.3 Nine candidates participated and three were responsive to the conditions of the tender after preliminary, technical and financial evaluation processes and they were TSDI/APEC/EDON consortium (USD 41,184,638); Team Engineering (USD 73,922,750) and Korea Railway Network (USD 82,277,096). TSDI/APEC/EDON consortium were awarded the tender at the total cost of USD 41,184,638 as the bidder with the highest combined scores in both technical and financial evaluation, in line with Section 82(5) of the P.P.D.A.

3.6.4 The law forbids P.P.O.A to do the advertisement for the tender and also to sit in the panel to monitor the valuation of the bids. To enhance transparency, contracts in excess of Kshs. 50 Million require independent consultants to review them. The Institution of Engineers of Kenya who were appointed as observers as per regulation 12(8) PPDA (2006) and regulations 4 of P.P.D.A (2013) reported to P.P.O.A that they were satisfied with the way the Technical and Financial proposals were evaluated and that they supported the decision to award the tender to the lowest evaluated bidder.

3.6.5 The use of both technical and financial specifications in tender documents is intended to arrive at a value for money result. The specifications are then subjected to a wide market to allow for sufficient competition amongst potential bidders which increases chances of getting market prices.

3.6.6 KRC awarded TSDI/APEC/EDON consortium the tender as they had the highest combined score after considering both the technical

(guaranteeing quality) and financial (guaranteeing an economical price). TSDI/APEC/EDON Consortium had the highest technical score (62.02%) and the lowest financial value (USD 41,184,638) of the three responsive bidders. The second bid's financial quote was USD 46,092,458 or Kshs.3,541,878,868 higher than the financial quote of the winning bid.

COMMITTEE OBSERVATIONS

3.6.7 The Committee made the following observations:-

(i) The Kenya Railways Corporation breached Article 227 of the Constitution, the Public Finance Management Act, 2012 and section 30 (4) of Public Procurement and Disposal Act,2005 in awarding of a tender that had no Budgetary allocation.

(ii) The Public Procurement Oversight Authority was aware that SASAC supervises both TSDI and CRBC but took no action though its they had several avenues available under the PPDA.

(iii) The Public Procurement Oversight Authority was aware that it had the power to order investigation on Kenya Railways Corporation on whether KRC has complied with Part VIII (sections 101 – 105) of the Public Procurement and Disposal Act, 2005 but took no action.

(iv) The Public Procurement Oversight Authority was aware that a simple due diligence would have confirmed TSDI/APEC/EDON lacked the necessary independence, competence and capacity to execute the subject matter.

(v) The Public Procurement Oversight Authority was aware that the SGR project would utilize public funds and ought to be subjected to an independent review by PPOA.

3.7 EVIDENCE BY TEAM ENGINEERING

Dr. Luigi Marenzi, Executive Director, Team Engineering Spa appeared before the Committee on 23rd September, 2014 to give evidence on the procurement for the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi. He informed the committee that:

3.7.1 Team Engineering is a consultancy firm domiciled in Italy and specializing in Civil Engineering with particular experience in large infrastructure projects, with core business being Railways. As a Group, they have companies and offices in Africa and Europe and have been present in Africa for the past forty (40) years.

3.7.2 TEAM Engineering SpA has been involved in the design and supervision of new standard gauge railways, transport management and other infrastructure developments in Nigeria, Ghana, Guinea, Equatorial Guinea, Burkina Faso, Congo, Switzerland, Iran, Italy, Poland, Czech Republic, Turkey, Qatar, Albania, Bulgaria, Latvia, Hungary, Lithuania, Croatia, Estonia, Romania, Slovenia and Slovak Republic. They have performed these tasks working on projects under the auspices of major international financial institutions such as the World Bank, Africa Development Bank, Islamic Development Bank, European Bank for Reconstruction and Development, Asian Development Bank, Kuwait Fund for Arab Economic Development, United Nations agencies, governmental authorities, public sector organizations and private firms around the world. They have acted as the consultants in African countries in cases where the contractor is a firm owned by the People's Republic of China. For instance, in Nigeria, their involvement in the major standard gauge railway project (launched in 2006) saved the Government of Nigeria the sum of US$ 800million and ensured that even where China specifications were used, they nevertheless met the international standards.

3.7.3 To enhance accountability, oversight and supervision of the construction of phase 1 of the SGR (from Mombasa to Nairobi) and for installation of facilities, the procurement of locomotive and rolling stock, Kenya Railway Corporation ("KRC") placed an advertisement in one of the local daily newspapers (*the Standard Newspaper dated 19th July, 2013*) in which it invited interested international bidders (Consultants) to submit their bids for the Tender. Out of nine (9) entities which submitted their bids for the Tender, three of them (namely; Team Engineering, Korea Rail Network Authority and a consortium called TSDI/APEC/EDON) were shortlisted by KRC for the final stage of the tender process.

3.7.4 After the opening of the financial bids, the results were as follows:-

(i) TSDI/APEC/EDON (USD 41,184,638.00 – tax included)

(ii) TEAM Engineering SpA (USD 73,922,750.00 – tax included),

(iii) Korean Railway Network Corp (USD 87,277,096.00 tax included).

3.7.5 The financial bid quoted by TSDI/APEC/EDON was abnormally low even globally accepted international standards and procedures which are followed as guidelines, norms/regulations/procedures on procurement issues by global organizations such as the World Bank, the IMF and others, but most importantly by the International Federation of Consulting Engineers (FIDIC).

3.7.6 Prior to the advertisement of the Tender Number KRC/PLM/009/13-14, KRC had curiously signed two contracts with CRBC that show a certain functional similarity to the consultancy Tender in terms of performance for the construction of the SGR project, titled as follows:

(i) Construction of the Civil Works of Mombasa–Nairobi Standard Gauge Railway Project EPC Turnkey Commercial Contract Between Kenya Railways Corporation and China Road and Bridge Corporation, and

(ii) Supply and Installation of the Facilities, Locomotives and Rolling Stocks for the Mombasa–Nairobi Standard Gauge Railway Project Between Kenya Railways Corporation and China Road and Bridge Corporation.

3.7.7 The contract document for the Construction of the Civil Works shows cost provision which is rather suspicious. At page 041 of the said contract document, the following arithmetic has been outlined: *"Add a sum of 3.5% of Kshs. 201,754,796,548.93 for DesignWork and Consultancy Supervision Services (Kshs. 7,061,417,879.21)".* At page 040 of the contract for the Supply and Procurement of Locomotives/Rolling Stock, the following arithmetic equally appears: *"Add 2.5% of USD 1,055,248,225.21 for Design Work and Consultancy Supervision Services (USD 26,381,205.63)".* Adding the two figures in the two contracts both between KRC and CRBC (of USD 26,381,205.63 (which is equivalent to Kshs. 2,321,546,095.44 @88 = a dollar and Kshs. 7,061,417,879.21), a cumulative total of Kshs. 9,382,963,974.65 is obtained0. Basically, this figure forms part of the cost of the consultancy. It is not therefore accurate to argue that the actual cost of the Tender No. KPRC/PLM/009/13-14 for the Consultancy Services Design Review and Supervision for the Construction of a Standard Gauge Railway from Mombasa to Nairobi and Procurement and Installation of Facilities, Locomotive and Rolling Stock was the financial bid quoted by TSDI/APEC/EDON. The truth of the matter is that TSDI/APEC/EDON deliberately quoted a low figure of USD 41,184,638.00 in anticipation of benefiting from this amount of Kshs. 9,382,963,974.65 which was hidden in the main contract between KRC and CRBC. It is not lost to scrutiny that these statements, though part of the main contracts, represent a duplication of the Tender. The amount for the Consultancy

Services factored in the main contracts i.e. the sum of Kshs. 9,382,963,974.65 (tax not included) constitutes 6% of the total cost of the SGR Project, a considerable part of the loan facility from China Exim Bank.

3.7.8 The bid that was submitted by TSDI/APEC/EDON (USD 41,184,638.00) was by far lower than the internationally recognized ratio standard, being +/-50% lower than the bids submitted by TEAM Engineering SpA (USD 73,922,750.00 – tax included), and Korean Railway Network Corp (USD 87,277,096.00 - tax included). It is by far lower in relation to the cost of the project. One would be justified to conclude that the faces behind TSDI/APEC/EDON were privy to some critical insider information that the rest of the bidders were not privy to, and accordingly had an unfair advantage over the other bidders, a matter that contravenes Article 227 of the Constitution of Kenya, the Preamble and section 2 of the Public Procurement and Disposal Act, and the guidelines under the World Bank, the IMF and the International Federation of Consulting Engineers (FIDIC). It is also in contravention of the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

3.7.9 TSDI/APEC/EDON's main aim was to apparently/tactically dump the price of consultancies with the sole aim of acquiring absolute control of the construction and supervision of the SGR in order to control the "rules of the game" and therefore be able to manage as they deem fit the construction phase of the project (which is evidently the richest contract), being able to manipulate the important technical choices (alignment, structures, materials, etc.) to the overall benefit of the Chinese group (Contractor + Consultant) rather than controlling construction cost or guaranteeing the success of the entire project in the interest of the Kenyan taxpayer.

3.7.10 TSDI/APEC/EDON's bid was USD 41,184,638 (which, @88 to dollar are equal to Kshs. 3,624,248,144) which was deemed to be the lowest at the time of opening the financial bids. If this figure added to the amount in the main contract which is Kshs. 9,382,963,974.65 (*which is essentially the amount that had been secretly set aside in the main contract between KRC and CRBC for the purposes of supervision of the construction of the SGR),* then the actual cost of the Consultancy Services is Kshs. 13,007,212,118.65 (Kshs. 9,382,963,974.65 amount in the main contract plus Kshs. 3,624,248,144 being TSDI/APEC/EDON bid). If this figure is compared to the sum submitted by the other bidders namely; Kshs. 7,680,384,448.00 by the Koreans and Kshs. 6,505,202,000.00 by TEAM Engineering SpA, you will be justified in coming to a conclusion that the figure quoted by TSDI/APEC/EDON is nearly double the actual cost of the supervision of the construction of the SGR. This, eventually, is an additional proof that the clear intent of the whole commercial strategy is to apparently/tactically "sacrifice" the profitability of the consultancy contract (by dumping consultancy fees to gain absolute control of the SGR project) in order to gain much higher profitability on the construction contract.

3.7.11 The contract between KRC and TSDI/APEC/EDON was signed on 3rd June, 2014. One of the salient provisions of this contract requires KRC to pay TSDI/APEC/EDON 20% of the contract against a bank guarantee. This amount payable on request of the Consultant was actually increased from 10% to 20%. This arrangement contradicts the terms of payment in the Request for Proposal (p.95) and in the Contract Form (p.117), whereby a 10% advance payment was foreseen. KRC was also supposed to pay the Consultant 10% of the contract price upon acceptance of 10% physical accomplishment of the construction works. According to the contract dated 3rd June, 2014, KRC will now be required to pay the consultant 12.5% of the contract price for the same work. Most importantly, KRC was supposed to retain and pay 5% of the contract price until all the defect liabilities have been completed and made good, following the completion of the project. However, the

retention amount which would have ensured the proper performance of the contract has now been reduced from 5% to 2.5% of the contract price, as a consequence of the earlier increases in the payment schedule.

3.7.12 The consortium is made up of the following firms: The Third Railway Survey and Design Institute Group Corporation (TSDI), APEC Consortium Limited (APEC means Airport Project Engineering Company) and EDON Consultancy International Limited.

3.7.13 The main contractor (CRBC) and the only firm in the consultancy consortium having experience in major railway projects (TSDI) are both Chinese State owned entities and thus a clear indication that such arrangement will clearly compromise the independence of supervision. There is a clear, real and present threat that the construction of the SGR will suffer lack of a truly independent supervision especially in terms of quality guarantee and adherence to quality specifications and as observed in the recommendations of the Parliament's Public Investment Committee (PIC) made in April, 2014.

3.7.14 According to the Tender Document "the consultancy services will be executed under the International Federation of Consulting Engineers (FIDIC) Conditions of Contract for Construction, for Building and Engineering Works" (see page 66 of the Tender Documents) and contract carried out based on FIDIC contract (see page 73 of the Tender Document). The International Federation of Consulting Engineers' (FIDIC)(note, definition of conflict of interest is as follows:*"A consultant conflict of interest is a situation in which a consultant provides biased professional advice to a client in order to obtain from that client an undue benefit for himself, herself or an affiliate and in so doing, places the consultant in a position where its own interest could prevail over the interest of the client."* (Association of Consulting Engineers of Kenya is a

member of FIDIC. Kenya is also a member of FIDIC Group of African Member Associations).

3.7.15 TSDI has a shared interest with CRBC which would definitely compromise the objective and impartial exercise of its functions. Of great concern is a situation of the presence of potential or actual prejudice to the interest of the Kenyan taxpayers because of the national affiliates between TSDI and CRBC. It is unlikely that TSDI will guard against huge cost overruns, costly delays, failed procurement, provide forward-looking risk management or apply clear, transparent and internationally accepted principles to ensure that Kenyans get value for money for their investment.

3.7.16 The contract awarded to CRBC for the construction of the railway line is an EPC (Engineering-Procurement Contract); essentially implying that the execution of the design is also assigned to the Contractor (CRBC). For example, the Contract Document between KRC and CRBC indicates at page 472 that the standard applicable would be China Standard Specification, at page 473 China Technical Specification would apply, and at page 478 the Chinese Price Index would apply. This makes the need for an independent consultant fundamental to the success of the project. The risk, especially in the absence of an independent consultant, is that the standard may be so lowered as to endanger the life cycle of the project, limit choices available and force Kenya to always procure locomotives and rolling stock from China, which might become a national security matter. This increases the responsibilities of the Consultant in verifying ("vetting") the design work on the basis of which the project has to be executed and carried out by the Contractor. The role of the Consultant would include supervision of construction works, ensuring the implementation of the main contract in conformity to the conditions of engagement, ascertaining the quality and quantity of the works in order to ensure that the construction complies with international standards, and verifying the relevant payments, which in turn will ensure that

Kenyans get value for their money. This raises the question as to whether a consortium with serious conflict of interest has the capacity to fulfil its obligation and stand against the Contractor in regard to possible litigations/differences with KRC and more so considering that:-

(i) APEC and EDON are both Kenyan companies tasked with the mandate of performing apparently 60% of the contract (despite the fact that they have never supervised railway projects in Kenya or anywhere in the world); and

(ii) APEC is allegedly owned by powerful and influential government officials in the Ministry of Transport through proxies. The company has been a consultant in most mega-projects including the Thika Superhighway. It is common knowledge in the industry that APEC guarantees success in acquisition of government tenders in Kenya regardless of the technical qualifications required. This may explain why consortiums involving APEC are constituted midstream in the tendering process as the case herein. Annexed is a list of mega projects undertaken by APEC from 2007-2014 for your reference.

*3.7.17*KRC may have also lowered some mandatory and crucial technical requirements in the Tender document by way of an addendum to suit the Consortium. The RFP had a mandatory requirement that the bidders must demonstrate that they have *Experience in similar regions/geographical areas: "The firm should provide details of similar projects/assignments in identical geographical area/region in the last 10 years which demonstrate experience in undertaking the responsibility".*However, by an addendum dated 19th August, 2013 (see page 6 of Addendum 1), KRC removed the requirement for this crucial qualification in these words: *"considering the size of project we feel it is difficult to find a consultant with similar project experience in identical geographical area; therefore we kindly request to relax this."*

3.7.18 On 4th June, 2014, TEAM Engineering were informed by KRC that it had signed a contract with the purported consortium in the name of TSDI/APEC/EDON on 3rd June, 2014 and that it had sent notification to that effect to TEAM. The contract was signed illegally because in the actual sense, TEAM was not properly notified. KRC alleges that it notified Team by way of an e-mail that was supposedly received 6 hours 58 minutes before the said email was actually sent. The need to inform is an obligation upon the procuring entity. Team came to know of purported request for extension of bid bond validity period and the outcome of the tender through its own enquiries.

3.7.19 The Tender was awarded to a consortium that never submitted a bid or participated in the tender process. The "Consortium" did not bid as consortium; instead, it is a creature that materialized sometime in between the opening of the financial offers and the signing of the contract. The opening of the tenders submitted at KRC headquarters in Nairobi on 10th October 2013, APEC presented an offer in association with THE STAR RAILWAY DESIGN INSTITUTE GROUP OF CHINA and EDON was not part of the association. The Third Railway Survey and Design Institute Group Corporation (TSDI) did not even appear as a bidder. EDON too did not appear whether alone or with any other organization.

3.7.20 APEC and EDON lack the necessary competence and capacity to supervise the construction and review of the design of a major railway line, the acquisition of locomotives and rolling stock.

3.7.21 The Tender was awarded in total disregard of the recommendations by two Committees of Parliament. The Public Investments Committee, through its report dubbed "*Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1)* laid before Parliament on 30th April, 2014 recommended at paragraph 7.3 (page 80) that, "***the Government***

should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value *for moneys".* The Departmental Committee on Transport, Public Works and Housing on the statement sought by Hon. HezronAwiti on the Tendering and construction of the SGR from Mombasa to Malaba in a report presented in February, 2014 also recommended at page 44 (paragraph 4.3) **that,** ***"the procurement of the independent consultant should be speeded up to facilitate early review and the proper configuration of the various proponents of the project".***

3.7.22 The Tender for the consultancy services, having been awarded to a sister company to the main contractor clearly violated the requirement of independence between the supervisor and the contractor.

3.7.23 The whole project of the construction of the SGR will suffer lack of independent supervision, especially in terms of cost-effectiveness, adherence to international standard specifications, quality guarantee and value for taxpayers' money.

3.7.24 Section 43 of the Public Procurement and Disposal Act, 2005 requires a procuring entity to conduct proper due diligence on the existence of unethical and improper business practices and conflict of interest, the roles which the KRC gracefully failed to adhere to.

5.7.25 The main contract being an EPC (Engineering-Procurement-Construction) Contract, the Contractor is also in charge of the engineering Design of the new railway from Mombasa to Nairobi, which means that the various steps to be followed by the Contractor including the following:-

- **Preparation of the DESIGN**, including the necessary:
  - Surveys (topographic and land survey) and

- Investigations (geological, hydrological and geotechnical investigations) as necessary for the optimization and finalization of the railway alignment and associated structures
- mapping at appropriate scales for the production of the final design and drawings on the basis of which to start the construction works

- **Construction**, basically containing the following steps:
  - Mobilization (which means preparation of facilities necessary to support the construction activities (such as live camps and housing for staff, offices, laboratories, workshops etc.) and
  - Bringing on site the necessary construction equipment (such as excavators, bull dozers, tractors, graders, compactors, lorries, tippers, drilling equipment, cranes etc.)

Construction main steps:

- Earthmoving works (excavations and embankments formation)
- Construction of drainage structures (culverts, channels etc.)
- Construction of major structures (Bridges and viaducts)
- Retaining walls and Protection works (embankment and cuts slopes)
- Permanent way (laying of the track on its ballast bed)
- Stations and ancillary buildings (Workshops, loco depots, freight warehouses etc.)
- Technical Installations (Power supply, Signalling and Telecommunications, workshops equipment, special plant (CCTV, Anti-intrusion, ticketing etc.)

- **Testing**

The above construction operation will be accompanied by the specified testing operations which serve to verify that the constructed works fully comply with the technical specifications.

- **Steps**

The above itemization lists the main steps to be generally followed in the construction stage, but their actual timing depends on the

construction programme (to be produced by the Contractor within a certain contractual time) which in turn strictly depends upon the organization and capacity of the Contractor (number of working sites and required equipment and staff that he is capable to mobilize in order to be able to complete the Works within the contractual deadline (48 months).

- **Specifications**
  The Technical Specifications that accompany a Design and Construction Contract represent the fundamental technical document that should assure the best quality of the final product in the Client's (and Nation's) interest (again: value for money). As such, they should be in accordance with the best international standards. However, in this specific case, direct and only reference to Chinese Standards (both for Design and Construction) is made in the Contract (and, unfortunately, not always the Chinese Standards are at the same level of the most common International Standards (BS-EN, UIC) and/or they fix certain criteria that may represent a constraint towards the future use of certain types of equipment (e.g. rolling stock) to be necessarily supplied by Chinese market.

The consultant suitable for the task has to mobilize/assemble all the expertise as follows:-

A railway project is a typical, so-called multidisciplinary project, i.e. a project for the design of which expertise in various disciplines are required; starting from the civil/railway engineering (for the railway track and its support on the ground and all annexed infrastructures), complemented by transport engineering (for the design parameters of alignment, curves, gradient, design speed etc), architecture (for the stations and auxiliary building), structural engineering (for the major and minor associated structures, like bridges, viaducts, culverts etc.), hydraulic engineering (for the definition of drainage structures), geotechnical engineering (for the definition of foundations and the

specifications of soils characteristics), mechanical and electrical engineering (rolling stock, power supply etc.), system installations (signalling and telecommunication), other technical plant and installations for the operation and maintenance of the line. This means that a consultant suitable for the task has to mobilize all these expertise, and be able and have experience in managing and coordinating them in order to produce a final, fully integrated design for a successful implementation of the new railway.

Team Engineering has in Africa worked in Nigeria, Ghana, Guinea, Equatorial Guinea, Burkina Faso, and Congo and in which it has worked with Chinese contractors.

COMMITTEE OBSERVATIONS

3.7.25 The Committee made the following observations:-

(i) The evidence available does not support Kenya Railways assertion that one of the bidders was requested to extend its bid bond validity period and failed. As matter of fact, there is no bid that was disqualified. The three firms that participated in the final stage were evaluated and ranked accordingly.

(ii) The evidence available also does not support Kenya Railways assertion that it had notified Team Engineering of the outcome of the tender. As a matter of fact, the preposition that notification email was received several hours before it actually sent defies logic.

(iii) The Tender was awarded in total disregard of the recommendations of the Public Investments Committee through its *Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1)* laid before The National Assembly on 30th April, 2014.Which recommended that; ***"the Government should competitively procure an independent supervision consultant so as to***

assure cost effectiveness, adherence to specifications, quality guarantee and value for moneys".

(iv) Kenya Railways Corporation floated Section 43 of the Public Procurement and Disposal Act, 2005 which requires a procuring entity to conduct proper due diligence on the existence of unethical and improper business practices and conflict of interest, which KRC failed to adhere to. ***The Tender for the consultancy services, having been awarded to a sister company to the main contractor clearly violated the requirement of independence between the supervisor and the contractor.***

3.8 EVIDENCE BY SOLICITOR GENERAL

The Solicitor General Mr. Njee Muturi accompanied by Senior Deputy Chief State Counsel, Roselyn Amadi appeared before the Committee on 23rd October, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi by Kenya Railways Corporation.The Solicitor General informed the Committee that:-

3.8.1 In accordance with the Public Procurement and Disposal Act, an entity is qualified to be awarded a contract for procurement of goods or services only if the entity has the necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured among other criteria. These criteria are normally contained in an Expression of Interest (EOI) request or Request for Proposals (RFP) document.

3.8.2 The Tenders by Kenya Railways Corporation was open international tender which had evaluations at the technical and financial stages and it appears that the due legal process was followed by the two procuring entity.

3.8.3 TSDI/APEC/EDON Consortium who scored the highest at the technical evaluation and lowest at the financial bid was awarded the tender at their bid price of USD 41,184,638 VAT included. KRC signed a contract with the Consortium on 3rd June, 2014.

3.8.4 The Public Procurement Administrative Review Board and the High Court both later upheld the decision of the Procuring Entity of awarding the contract to TSDI/APEC/EDON Consortium.

3.8.5 Value for money is a term used to assess whether or not an organisation has obtained maximum benefit from goods and services it both acquires and provides, within the resources available to it. It involves of economy, efficiency and effectiveness.

3.8.6 The Public Procurement and Disposal Act is designed to ensure that there is value for money. It is not the Solicitor General's mandate or professional knowledge to determine whether there is value for money in the two contracts.

3.8.7 TSDI is an enterprise legally established in China in accordance with the laws and regulations of the Peoples' Republic of China. The Corporation is a commercial entity wholly owned by the Government and has no shareholders. CRBC is also a state owned company.

3.8.8 The procurement of goods and services is the responsibility of the Procuring Entity and the Accounting Officer therein is wholly responsible and accountable for a fair and transparent process as laid out in the Public Procurement and Disposal Act, 2005.

3.8.9 The Attorney General is not in a position to establish whether due diligence was followed by the procuring entity KRC.

COMMITTEE OBSERVATIONS.

5.8.9 The Committee observed that:-

(i) The minutes of Kenya Railways Corporation meeting awarding the tender were approved and signed four (4) days after the award letter was received and accepted by TSDI.

(ii) Kenya Railways Corporation awarded TSDI/APEC/EDON Consortium the tender for Independent Supervision Consultants for the Standard Gauge Railway based on a distorted financial bid it submitted.

(iii) TSDI/APEC/EDON Consortium may have quoted too low for consultancy and supervision contract knowing that a sum of Kshs. 9,382,963,974.65 meant for the Consultancy Services was hidden in the main contract between KRC and CRBC.

(iv) The actual cost of the Consultancy Services is Kshs. 13,007,212,118.65 TSDI/APEC/EDON's bid of Kshs. 3,624,248,144 (USD 41,184,638) plus the amount in the main contract of Kshs. 9,382,963,974.65 which is the amount that had been set aside in the main contract between KRC and CRBC for the purposes of supervision of the construction of the SGR.

(v) TSDI/APEC/EDON Consortium lacks adequate and necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured. APEC being an engineering company while EDON is an architectural company.

(vi) Due to the apparent conflict of interest in the construction, consultancy and supervision of SGR between the contractor and the consultant, the Government of Kenya will not be guaranteed of quality and value for money.

(vii) Both TSDI and CRBC are owned by the Chinese government and are both supervised by State Owned Assets Supervision and Administrative Commission of the State Council (SASAC) yet the fact that one of them is the main contractor and the other is the supervisor.

(viii) The project/construction of the SGR may suffer lack of independent supervision in terms of cost-effectiveness, adherence to international standard specifications, quality guarantee and value for taxpayers' money due to conflict of interest between the contractor and the consultant/supervisor.

(ix) It is unlikely that TSDI will safeguard against huge cost overruns, costly delays, quality of rolling stock & locomotives and ensure that Kenyans get value for money for the investment.

(x) Similar railway construction projects constructed/supervised by Chinese companies in Tanzania/Zambia and Namibia totally failed due to sub-standard Chinese technology.

(xi) The Attorney General was not consulted nor requested to approve the contract between KRC and TSDI/APEC/EDON signed on 3rd June, 2014 for the provision of consultancy services for the Design Review and Construction Supervision for the construction of the Standard Gauge Railway from Mombasa to Nairobi.

3.9 EVIDENCE BY KENYA REVENUE AUTHORITY

The Commissioner, Domestic Taxes, Medium & Small Taxpayers, Ms. Alice Owuor accompanied by Mr. Ezekeil Maru, Ag Deputy Director Marketing & Communication, appeared before the Committee to adduce evidence on the Tax Compliance status of TSDI, APEC Consortium Limited and Edon Consultants International Limited. She informed the committee that:-

3.9.1 Tax compliance by APEC Consortium Limited

(i) APEC Consortium Ltd- P051155964H- This firm is registered as a consultant in the engineering field, the taxpayer is tax compliant and was issued with a tax compliance certificate on 15th July 2014 under certificate no. KRA19/052353/2014.

(ii) The Company directors are Eng. S.M Kimani, Eng Johnston M. Matu, Eng. James Michugu Karanja, Eng. W. N. Mwakio, Eng M.H Kiarie and Eng. Esther Nyarega.

(iii) The company has filed all relevant returns up to the current period; but they are being validated since they appear to be in credit as a result of withholding taxes.

(iv) They are current on PAYE remittance up to September 2014 as well as Withholding taxes. They are also current in VAT return filing, but since they are on credit position, this status is being validated.

(v) The company is currently undergoing an in-depth audit by the KRA Investigation and Enforcement Department to confirm accuracy of declaration. The Tax Compliance Certificate was issued to facilitate business continuity even as the audit process continues and it can be withdrawn if deemed prudent.

3.9.2 Tax compliance by EDON Consultants International Limited

(i) Edon Consultants International Ltd is registered under VAT No. 0177172 and PIN No. P051210226H. The Company directors are Mr. Jeremiah Eddy Obar Ndong', Ms Hellen Achieng Obar Ndong' and Mr Jared Wamunyi Obiri.

(ii) The company has been filing both Income Tax and VAT returns since 2008 though inconsistently and some returns are not filed.

(iii) The Company has already been served with a notice of intention to carry out an in-depth audit which will commence soon to establish the accuracy of declarations.

3.9.3 Tax Compliance By Third Railway Survey & Design Institute Group Corporation

Third Railway Survey & Design Institute Group Corporation (TSDI) is not registered under the Domestic Taxes Department System and thus KRA is not able to furnish any information regarding it.

COMMITTEE OBSERVATION

The Committee observed that for a foreign Corporation to transact business in Kenya, they must have a local branch registered with a pin number.

3.10 EVIDENCE BY REGISTRAR GENERAL

The Registrar General Ms. Bernice Gachegu accompanied by appeared before the Committee on 23rd October, 2014 to give evidence of the details of registration and filing of Annual Returns by companies involved in the supervision and consultancy of the Standard Gauge Railway from Mombasa to Nairobi namely APEC Consortium Ltd, Edon Consultants International Ltd and The Third Survey Design Institute Group Corporation (TSDI). The Registrar General informed the Committee that:

3.10.1 Apec Consortium Limited is registered in Kenya as a Limited Liability Company. It was registered on 9th July, 2002 and issued with a Certificate of Incorporation number C. 99793 on 13th August, 2002.

3.10.2 The company has submitted its Annual returns to the Registrar as required by law upto the year 2013.

3.10.3 The directors and shareholding of the company for the last five years (2009-2013) has been as follows:

(i) Johnstone Mwangi Matu - 810 shares
(ii) Esther Nyabera Matu - 90 shares

Total shares - 900 shares

3.10.4 On 13th August, 2014 James Michugu Karanja was appointed as a director and was allotted 180 shares from Johnstone Mwangi Matu.

3.10.5 The Business Names Acts CAP 499 Laws of Kenya does not provide for filing of Annual Returns or Audited Annual Accounts with the Registrar.

3.10.6 The Third Survey Design Institute Group Corporation (TSDI) does not appear in the data base of Companies or Registered Business Names and therefore she was not in a position to furnish the Committee with further information regarding the company.

COMMITTEE OBSERVATIONS

3.10.7 The Committee observed that the list of directors of Apec differed from the one given earlier by Kenya Revenue Authority which had Apec directors as follows; Eng. S. M. Kimani, Eng. Johnstone M. Matu, Eng. James Michugu Karanja, Eng. W. N. Mwakio, Eng. M. H. Kiarie and Eng. Esther Nyarega.

4.0 COMMITTEE'S GENERAL OBSERVATIONS

Below is a summary of the Committee's observations on the procurement of the independent review and supervision consultants for the Standard Gauge Railway.

Kenya Railway Corporation (KRC) awarded Tender Number KRC/PLM/009/13-14 for Consultancy Services for Design Review and Construction Supervision for the construction of a Standard Gauge Railway from Mombasa to Nairobi to a consortium referred to as TSDI/APEC/EDON and the Consultancy contract dated 3rd June, 2014. APEC Consortium Ltd and EDON Consultancy International Ltd are Kenyan companies while TSDI is a foreign owned Chinese company.

The actual construction of the SGR had been awarded to a Chinese company, China Roads and Bridge Corporation ("CRBC"), in what was termed as a "government to government contract". TSDI and CRBC are both owned by the Chinese government. CBRC is the main contractor and TSDI is the supervisor). *This would mean that the construction of the SGR would be undertaken by a Chinese state owned company and the supervision consultancy services would be provided by another Chinese stated owned company.* These arrangements raise serious and fundamental constitutional and statutory questions.

4.1 Conflict of Interest

4.1.1 As stated above, the main contractor (CRBC) and the lead firm in the supervision consultancy Consortium (TSDI) are both Chinese State owned entities meaning they are directly related and thus a clear indication that such arrangement will undoubtedly compromise the independence of supervision. There is a clear, real and present threat that the construction of the Standard Gauge Railway (SGR) will suffer from lack of a truly independent supervision especially in terms of quality guarantee and adherence to quality specifications and this is the reason as to why the Committee in its Report of April, 2014 that was adopted by the House recommended for the procurement of an Independent consultant.

What is a conflict of interest?

4.1.2 According to the Federation of Engineering Consultancy Associations' (EFCA), conflict of interest is a situation in which a consultant's own or its affiliates' interests could prevail over the interest of the Client, a situation which has potential or actual prejudice to the Client's interests.

The International Federation of Consulting Engineers' (FIDIC) defines a consultant's conflict of interest as follows:-

"A situation in which a consultant provides biased professional advice to a client in order to obtain from that client an undue benefit for himself,

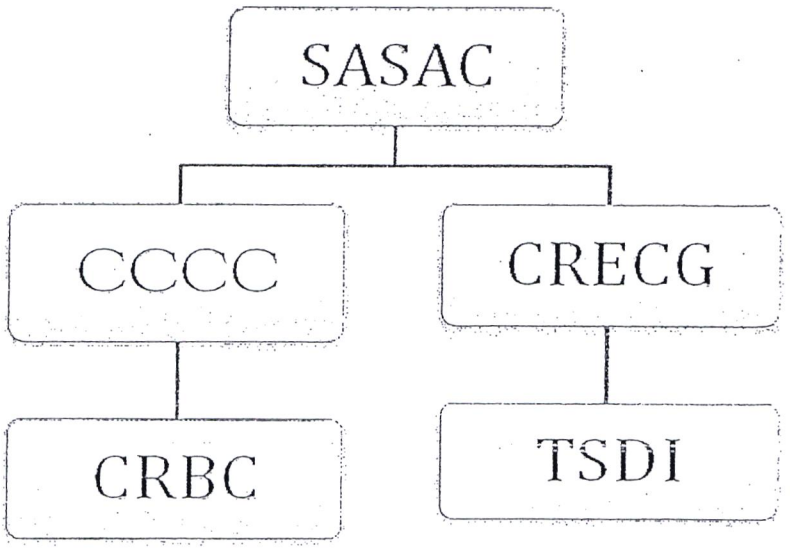
herself or an affiliate and in so doing, places the consultant in a position where its own interest could prevail over the interest of the client."

4.1.3 According to the Tender Document *"the consultancy services will be executed under the International Federation of Consulting Engineers (FIDIC) Conditions of Contract for Construction, for Building and Engineering Works"* and contract would be carried out based on FIDIC contract (see page 73 of Annexure 4). It would therefore mean that there was a requirement to exclude any entity with a conflict of interest (Chinese companies) from tendering for the supervision consultancy from the onset. Prudence demanded that the procuring entity should have ensured that there was no conflict of interest in the implementation of the contract as is the case in the contraction of the Standard Gauge Railway whereby a Chinese company is supervising another Chinese company, owned and controlled by The People's Republic of China through the so-called State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

4.2 Relationship between TSDI and CRBC

4.2.1 The two companies are owned by the Government of the Peoples' Republic of China and supervised by the same supervisory body SASAC which also ensures that the two post profits for Peoples' Republic of China and appoints the top managers of the Corporations.

Organogram showing TSDI & CRBC relationship



Key

SASAC -	State-owned Assets Supervision and Administration Commission of the State Council
CCCC -	China Communications Construction Company Limited
CRECG –	China Railway Engineering Corporation Group
CRBC –	China Road and Bridge Corporation
TSDI –	The Third Railway Survey and Design Institute Group Corporation

4.2.3 In its submission before the Committee, TSDI also agreed that it is part of the state corporations under the supervision of State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

4.2.4 TSDI has undoubtedly a shared interest with CRBC which would definitely compromise the objective and impartial exercise of its functions. Of great concern is a situation of the presence of potential or actual prejudice to the interest of the Kenyan taxpayers because of the national and administrative affiliation between TSDI and CRBC. It is

unlikely that TSDI will guard against huge cost overruns, costly delays, failed procurement, poor project design, use of low quality material, use of improper construction methods or provide forward-looking risk management or apply clear, transparent and internationally accepted principles to ensure that Kenyans get value for money for their investment.

4.2.5 The Committee is also concerned that the presence of conflict of interest will greatly undermine transparency and accountability and consequently affect the implementation and viability/life cycle of the SGR project.

4.2.6 The procuring entity, Kenya Railways Corporation, failed to carry out requisite due diligence on the presence of conflict of interest, verify the authenticity of the list of clients presented to it by TSDI of China or physical due diligence. The failure is shared with Public Procurement and Oversight Authority.

Kenya Railways Corporation flouted Section 43 of the Public Procurement and Disposal Act, 2005 which requires a procuring entity to conduct proper due diligence on the existence of conflict of interest, unethical and improper business practices. The Tender for the consultancy services was awarded to a sister Company to the main contractor of the Standard Gauge Railway thus clearly violating the requirement of independence between the supervisor and the contractor.

4.3 Compromise in quality

4.3.1 The contract awarded to CRBC for the construction of the Standard Gauge Railway line was an EPC (Engineering-Procurement Contract). This essentially implies that the execution of the design is assigned to the Contractor (CRBC). There are major aspects of the main Contract that cannot be entrusted to a "conflicted" entity. For example, the Contract Document between KRC and CRBC indicates at page 472 that the standard applicable would be China Standard Specification, at page

473 China Technical Specification would apply, and at page 478 the Chinese Price Index would apply. This makes the need for an independent consultant fundamental to the success of the project. The risk, especially in the absence of an independent consultant, is that the standard may be lowered to the extent of endangering the life cycle of the project, its viability, in addition limiting choices available and force Kenya to always procure locomotives and rolling stock from China, which may become a national security problem in the future. This increases the responsibilities of the Consultant in verifying ("vetting") the design work on the basis of which the project has to be executed and carried out by the Contractor. A "conflicted" consultant is unlikely to ensure that Chinese specifications meet the international standards and therefore not able to fight for the interests of the client.

4.3.2 As per the contract, the role of the Consultant would include supervision of construction works, ensuring the implementation of the main contract in conformity with the conditions of engagement, ascertaining the quality and quantity of the works in order to ensure that the construction and design complies with international standards, and verifying the relevant payments, which in turn will ensure that Kenyans get value for their money. Looking at the expectations on the part of the consultant vis a vis its relationship with the contractor, this begs the question as to whether the consultant will have the necessary independence to supervise and stand against the Contractor considering that their relationship has compromised the consultants independence.

4.3.3 The Public Investments Committee, through its report *"Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1)* laid before Parliament on 30th April, 2014 recommended that, ***"the Government should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money".***

The Departmental Committee on Transport, Public Works and Housing on the statement sought by Hon. HezronAwiti on the Tendering and the construction of the Standard Gauge Railway Line from Mombasa to Malaba in a report presented in February, 2014 also recommended that, ***"the procurement of the independent consultant should be speeded up to facilitate early review and the proper configuration of the various components of the project".***

The Committee notes that had KRC taken into consideration the recommendations by Parliament, the tender documents should have had a clause barring Chinese Corporations from bidding to guard against conflict of interest and in case the procurement had commenced then it should have cancelled the tendering process to accommodate the resolution of the House as contained in the adopted Committee Report. Kenya Railways Corporation however ignored the recommendations of both Committees of Parliament and the requirement in the RFP thus putting into jeopardy the implementation of the Standard Gauge Railway which is one of the flagship projects in the realization of Kenya Vision 2030.

4.4 Capacity of the Consortium to perform the Contract

4.4.1 A railway project is a typical multidisciplinary project, i.e. a project for the design of which expertise in various disciplines are required; starting from the civil/railway engineering (for the railway track and its support on the ground and all annexed infrastructures), complemented by transport engineering (for the design parameters of alignment, curves, gradient, design speed etc), architecture (for the stations and auxiliary building), structural engineering (for the major and minor associated structures, like bridges, viaducts, culverts etc.), hydraulic engineering (for drainage structures), geotechnical engineering (for the definition of foundations and the specifications of soils characteristics), mechanical and electrical engineering (rolling stock, power supply etc.), system installations (signalling and telecommunication), other technical

plant and installations for the operation and maintenance of the line. This means that a consultant suitable for the task has to mobilize all these expertise, and be able and have experience in managing and coordinating them in order to produce a final, fully integrated design for a successful implementation of the new railway.

4.4.2 TSDI/APEC/EDON Consortium received 88.6% in the technical evaluation. However, there is no evidence to support such a high Technical Evaluation Score. KRC's Technical Evaluation Committee's view that "there was no major weakness identified" in respect of the consortium's bid is contradicted by the evidence available.

4.4.3 The technical evaluation criteria was divided into four sections and the scoring for each aspect was set as follows: -

	Aspect	Maximum points
1.	Specific experience of the consultant related to the assignment	10
2.	Adequacy of the proposed work plan and methodology in responding to the terms of reference	32
3.	Qualifications and competence of the key staff for the assignment	50
4.	Suitability to the Capacity building Programme and training	8
	TOTAL	100

4.4.4 Each consortium partner ought to be subjected to the technical/financial scoring criteria and/or methodology. KRC Technical Committee neither identified weaknesses in the Consortium bid nor its strengths. The following glaring weaknesses can however be observed:-

(vi) APEC is a company that specializes in road engineering.

(vii) Edon is an architectural company.

(viii) APEC and EDON have no experience in railway engineering, transport engineering, geotechnical engineering, mechanical and electrical engineering, system installations (signaling and telecommunication.

(ix) APEC and EDON are supposed to perform 60% of the contract. The two companies will provide 90 engineers to the project whilst TSDI will only provide 30 engineers. However, the two local companies do not have the necessary competence and capacity to supervise the construction and review of the design of a major railway line or the acquisition of locomotives and rolling stock. From evidence received it is envisaged that Kenya Railways has an oversight role over the project and that the Government of Kenya (GoK) can undertake an audit of the project thus ensuring quality and value for money. Notwithstanding the good gesture, it is important to note that Kenya Railways has no internal technical capacity to supervise or oversight as evidenced by the fact that it does not have a history of constructing or supervising a railway line. Indeed it was as a result of lack of internal capacity that KRC decided to procure an independent consultant.

(x) TSDI has conflict of interest and should never have been allowed to bid in the first place.

4.4.5 Although TSDI is the only firm in the Consortium having experience in major railway projects, it is tasked with the mandate of performing only 30 - 40% of the consultancy contract. The remaining 60% has apparently been tasked to be performed by APEC and EDON (despite the fact that they have never supervised any railway project in Kenya or anywhere in the world.

4.4.6 The consortium (TSDI/APEC/EDON) as currently constituted has no experience and competence to supervise electro-mechanical works

which forms the bulk of the construction of civil works, supply and installation of facilities locomotives and rolling stocks.

4.4.7 The partners (APEC and EDON) in the consortium, while appearing before the Committee, admitted that they intend to use the bid to *"gain experience in this first phase of 485 km in order to position itself to bid from a position of experience for future phases totaling 3,200 km covering Nairobi-Malaba, Lamu-Nadapal and Nairobi-Moyale among other branches. Our goal was therefore to make minimum profit, but build capacity for the future"*. This is an unequivocal admission of their lack of capacity and ability to supervise the construction of the Standard Gauge Railway.

4.4.8 KRC may also have lowered some mandatory and crucial technical requirements in the Tender document by way of an addendum to suit the Consortium. The RFP had a mandatory requirement that the bidders must demonstrate that they have Experience in similar regions/geographical areas: *"The firm should provide details of similar projects/assignments in identical geographical area/region in the last 10 years which demonstrate experience in undertaking the responsibility".*

4.4.9 However, by an addendum dated 19th August, 2013 Kenya Railways Corporation removed the requirement for this crucial qualification in these words: *"considering the size of project we feel it is difficult to find a consultant with similar project experience in identical geographical area; therefore we kindly request to relax this."*

It is worth noting that TSDI were the original designers of the failed Tanzania/Zambia rail project which they are now doing the feasibility study in order to rehabilitate it few decades after its completion.

4.4.10 Despite the clear and apparent weakness in TSDI/APEC/EDON bid, KRC Technical Evaluation Committee identified "no major weakness" in their

bid and awarded them the highest technical score of 88.6%, a score which is not attainable by an entity that has no prior experience in the project under consideration. Noting that APEC/EDON who are performing 60% of the contract admittedly are learning on the job and had forgone profits to learn on the job. How the consortium managed to earn such high technical evaluated score of 88.6% defies logic. The high score is unreasonable and unjustified and only points to a probable collusion between the procuring entity, the main contractor and the consultancy consortium.

4.5 Tender awarded to non-bidders

4.5.1 The Tender was awarded to a consortium that never submitted a bid or participated in the tender process. As was admitted, the "Consortium" did not bid as consortium; instead, it is a creature that materialized sometime in between the opening of the financial offers and the signing of the contract.

"To answer the SGR advert for the design review and construction supervision placed on 20th July, APEC sought to join Rites of India, Systra of France, Yooshin of Korea to participate jointly in the preparation of the Proposal. At the Pre-bid conference, emphasis was placed on Chinese Class 1 Standards for some key personnel and the team did not have.

APEC approached TSDI of China, with whom they had collaborated on a previous project and Ms EDON who have experience on architectural works both locally and internationally"; (APEC submission in paragraph 5.3.5.)

APEC approached TSDI and EDON International to form a consortium to which TSDI agreed since they realised that it would earn them more marks in their bid";

4.5.2 In the bidders' conference of 22nd August, 2013, APEC signed the attendance register as Rites/APEC/Yoshin/Uniconsult while TSDI signed as a lone entity.

4.5.3 According to the evidence submitted by EDON's Managing Director while appearing before the Committee, M/s EDON did not participate in the pre-bid conference.

4.5.4 After the pre-bid conference held on 22ndAugust 2013, EDON was requested by APEC to form a Consortium after noticing that there was need for Architectural input in the Request for Proposals. EDON did not appear in any way, shape or form whether alone or with any other organization in the pre bid conference. From the analysis of evidence, APEC managed to bid and constitute different consortiums at its calling.

4.5.5 KRC awarded the Tender to three separate entities that never singly or jointly presented bids in the first place.

4.5.6 Twenty six (26) firms bought bid documents but only nine (9) returned them and three (3) qualified to the final stage namely Team Engineering, TSDI/APEC/EDON and Korea Rail Network Authority. However, Kenya Railways did not provide documentary evidence in form of receipts to support purchase of tender documents.

4.6 Disregard of Parliamentary resolution

4.6.1 Kenya Railways Corporation, disregarded the House resolutions as contained in the Public Investments Committee Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1) laid before the House on 30th April, 2014 which recommended that; *the Government should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money".*

4.6.2 Kenya Railways Corporation flouted the Public Procurement and Disposal Act, 2005 and the attendant regulations by awarding the tender to an entity that that suffers from direct conflict of interest and lacks the capacity, competence and capability to perform and carry out the required supervision of the contract.

4.7 Irregular and Unprocedural Tender Award

4.7.1 The Tender Committee awarded the Tender No. KRC/PLM/009/13-14 to TSDI/APEC/EDON which on the face of the record appears to be irregular and unprocedural for the following reasons:-

(i) The Tender Committee met on 15th May, 2014 to award the tender.

(ii) TSDI signed its acceptance of the award on 19th May, 2014 and returned its acceptance to KRC on 21st May, 2014.

(iii) TSDI/APEC/EDON entered into a Consortium Agreement dated 19th May, 2014 which refers to a Contract for Consultancy Services dated and signed on 3rd June, 2014 between KRC and themselves.

(iv) KRC Tender Committee's decision to award the tender was confirmed/approved and signed on 22nd May, 2014.

(v) The contract between KRC and TSDI/APEC/EDON is dated 3rd June, 2014.

This therefore raises fundamental questions surrounding collusion between KRC and TSDI/APEC/EDON since when did KRC notify the successful bidder (TSDI/APEC/EDON)? The TSDI/APEC/EDON consortium agreement dated 19th May, 2014 refers to a contract for consultancy dated 3rd June, 2014 way before the contract was signed, were they privy to the contract even before the signing dates? This shows that the consortium was privy to privileged information that was in the custody of KRC and which other bidders were not aware. This confirms allegations of collusion between the procuring entity and the TSDI/APEC/EDON consortium.

4.7.2 Kenya Railways Corporation has flouted sections 67 and 68 of the Public Procurement and Disposal Act, 2005 in that-

(a) It notified TSDI/APEC/EDON consortium of their success before the Tender Committee has formalized its resolutions (two different letters of notification were sent to the Consortium).

(b) It did not notify the successful and unsuccessful bidders simultaneously as required by the Act.

(c) It entered into the Contract dated 3rd June, 2014 less than 14 days of the award contrary to the Public Procurement and Disposal Act, 2005. This means that the contract dated 3rd June, 2014 was signed in accordance with section 68 of the Act.

4.8 Billing the Taxpayer Twice

4.8.1 The two contracts between KRC and CRBC separately provided for budgetary provisions for Design Work and Consultancy Supervision Services.

4.8.2 The contract document for the Construction of the Civil Works has contract sum of 3.5% of Kshs.201, 754,796,548.93 for Design Work and Consultancy Supervision Services which is Kshs. 7,061,417,879.21.

4.8.3 In the contract for the Supply and Installation of the Facilities, Locomotives and Rolling Stock, there is another provision for 2.5% of USD 1, 055, 248, 225.21 for Design Work and Consultancy Supervision Services (USD 26,381,205.63) which is equivalent to Kshs. 2,321,546,095.44 (at a rate of Kshs. 88 to the dollar). The sums of the two contracts form a total of Kshs. 9,382,963,974.65 which forms part of the cost of the consultancy.

4.8.4 In addition to the above contracts with CRBC, KRC signed another contract dated 3rd June, 2014 for Independent Supervision Consultancy with TSDI/APEC/EDON Consortium at contract sum of Kshs. 3,624,248,144 (USD 41,184,638) which brought the total cumulative cost of the Supervision and Consultancy Services for the SGR to Kshs.

13,007,212,118.65 which is equivalent to the combined total bid amount of the other two bidders; Korea Rail Network and TEAM Engineering Spa.

4.8.5 The bid that was submitted by TSDI/APEC/EDON (USD 41,184,638.00) was by far lower than the internationally recognized ratio standard, being +/-50% lower than the bids submitted by TEAM Engineering SpA (USD 73,922,750.00 – tax included), and Korean Railway Network Corp (USD 87,277,096.00 - tax included). It is by far lower in relation to the cost of the project. One would be justified to conclude that the faces behind TSDI/APEC/EDON were privy to some critical insider information that the rest of the bidders were not privy to, and accordingly had an unfair advantage over the other bidders, a matter that contravenes Article 227 of the Constitution of Kenya, the Preamble and section 2 of the Public Procurement and Disposal Act, 2005 and the guidelines under the World Bank, the IMF and the International Federation of Consulting Engineers (FIDIC). It is also in contravention of the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

4.8.6 TSDI/APEC/EDON deliberately quoted a low figure of USD 41,184,638.00 in anticipation of benefiting from this amount of Kshs. 9,382,963,974.65 which was hidden in the main contracts between KRC and CRBC. It is not lost to scrutiny that these statements, though part of the main contracts, represent a duplication of the Tender. The amount for the Consultancy Services factored in the main contracts i.e. the sum of Kshs. 9,382,963,974.65 (tax not included) constitutes 6% of the total cost of the SGR Project, a considerable part of the loan facility from China Exim Bank.

4.9 TSDI/APEC/EDON's main aim was to tactically dump the price of consultancies with the sole aim of acquiring absolute control of the

construction and supervision of the SGR in order to control the "rules of the game" and be therefore able to manage as they deem fit the construction phase of the project (which is evidently the richest contract), being able to manipulate the important technical choices (alignment, structures, materials, etc..) to the overall benefit of the Chinese group (contractor + lead consultant) rather than controlling construction cost or guaranteeing the success of the entire project in the interest of the Kenyan taxpayer.

The Committee found no plausible explanation for the sum of Kshs. 9,382,963,974.65 factored in the KRC contract with CRBC. The Board and Management of Kenya Railways should be individually and severally be liable and should explain to the Kenyan people the purpose and inclusion of this huge sums of money specifically identified for supervision consultancy fees when an independent consult was to be procured.

4.10 The contract dated 3rd June, 2014 contravenes the provisions of the RFP

4.10.1 The contract between KRC and TSDI/APEC/EDON was signed on 3rd June, 2014. One of the salient provisions of this contract requires KRC to pay TSDI/APEC/EDON 20% of the contract against a bank guarantee. This amount payable on request of the Consultant was actually increased from 10% to 20% . Contrary to the terms of payment in the Request for Proposal and in the Contract Form, whereby a 10% advance payment was foreseen. KRC was also supposed to pay the Consultant 10% of the contract price upon acceptance of 10% physical accomplishment of the construction works. According to the contract dated 3rd June, 2014 KRC will now be required to pay the consultant 12.5% of the contract price for the same work. Most importantly, KRC was supposed to retain and pay 5% of the contract price until all the defect liabilities have been completed and made good, following the completion of the project. However, the retention amount which would have ensured the proper performance of the contract has now been

reduced from 5% to 2.5% of the contract price, as a consequence of the earlier increases in the payment schedule.

Kenya Railways Corporation contravened Article 201 of the Constitution that mandatorily requires prudent and responsible use of public funds.

Kenya Railways Corporation further contravened Section 27 of the Public Procurement and Disposal Act, 2005 for failing to ensure that the provisions of the Public procurement and Disposal Act, 2005 and the Regulations and any directions of the Authority are complied with in respect to the Procurement of the Independent Supervision Consultants for the Standard Gauge Railway.

4.11 The Committee is also concerned that in the railway design works there is omission in interconnectivity between Changamwe – Kilindini Harbour and Jomo Kenyatta International Airport – Nairobi Central Business District and no provision has been made for these extensions. This may hamper the objective of providing an efficient and cost effective rail transport for both freight and passengers. The Committee is further concerned that KRC would use paragraph 6 of the RFP to escalate the cost of the SGR project and the Consultancy Services.

5.0 COMMITTEE'S RECOMMENDATIONS

The Committee recommends that:-

5.1 The tender awarded to TSDI/APEC/EDON should be cancelled and the consortium should be disqualified for the following reasons:-

(i) The consortium that was awarded the contract lacks the necessary competence, expertise and experience to undertake the role envisaged in the contract dated 3rd June, 2014. Members of the consortium admitted that they intend to use Phase I of the SGR project as a means of *"gaining experience in this first phase of 485 km in order to position themselves to bid from a position of experience for*

the future phases and build capacity for the future." The Committee is of the opinion that SGR should not be used as a training and apprenticeship opportunity. Such use will compromise the objective of the SGR project: cost effectiveness, adherence to specifications, quality guarantee and value for money.

(ii) The consortium lacks major electrical and mechanical component necessary to perform the requisite role of a consulting engineer in the SGR project. The score of 88.6% in the technical evaluation given to the consortium (with statement such as "no major weakness identified') is unjustified, arbitrary and was likely given to fit a predetermined outcome. The consortium lacks the basic qualification to undertake the supervision and consulting engineers' role in the SGR project so as to guard against huge cost overruns, costly delays, failed procurement, poor project design, use of low quality material, use of improper construction methods or provide forward-looking risk management or apply clear, transparent and internationally accepted principles that will assure Kenyans value for money for their investment.

(iii) The SGR project is a regional project involving Kenya, Uganda, Rwanda, and South Sudan and is likely to extend to other neighbouring countries. A substandard work in Phase I (Mombasa – Nairobi) will not only jeopardize the whole project, it will also undermine Kenya's position in the region and internationally. The intergovernmental agreement could not have envisaged the crucial consultancy works to be given to trainees and apprenticeships that put the project at risk. Therefore the consortium should be disqualified and the award cancelled for lacking the necessary capacity, competence and experience for the job.

(iv) TSDI's has a national and business affiliation with the main contractor (CRBC) and thus suffers from serious issues of conflict of interest and arising from this, the Kenyan people will not be guaranteed of value for money in the consultancy and the main contract.

(v) Kenya Railways Corporation has failed to implement the recommendations of the Public Investment Committee and the Departmental Committee on Transport, Public Works and Housing that it should procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money.

(vi) The exceptionally low bid which is suspicious and indicative of collusion and receiving insider information and to guard against any intention to dump consultancy prices in order to control the SGR project. The rationale for expressing an exceptionally low bid, being to gain experience, is not plausible as discussed above.

(vii) The multiple budgetary allocation for the consultancy services, the hiring of a directly conflicted consultant (which will unlikely safeguard the Kenyan taxpayer against huge cost overruns, costly project delays, compromise on the quality of the rolling stock and locomotives and ensure that Kenyans get value for money for their investment), and an entity lacking capacity and competence.

(viii) The award contravenes the mandatory constitutional requirement under Article 201 of the Constitution and international instruments on the prudent and responsible use of public money, Article 10 requiring all State organs, State officers, public officers and all persons when making or implementing public policy decisions to uphold national values and principles of good governance such as good governance, integrity, transparency and accountability, the values espoused under Chapter Six on leadership and integrity and Article 227 which requires State organs or any other public entity to procure goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective, and the guidelines under the World Bank, the International Monetary Fund, the International Federation of Consulting Engineers (FIDIC) and the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) and (6) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

(ix) TSDI/APEC/EDON bid was exceptionally low. A separate budget specifically for consultancy services is factored in the main contract between KRC and CRBC i.e. Kshs. 9,382,963,974.65 (tax not included) constituting 6% of the total cost of the SGR project, a considerable part of the loan credit from China Exim Bank, meaning the total cumulative cost of the Supervision and Consultancy Services for the SGR would be Kshs. 13,007,212,118.65 (tax not included) which is equivalent to the combined total financial bid of the Korean and TEAM. It cannot be ruled out that TSDI/APEC/EDON had access to information on the existence of Kshs. 9,382,963,974.65 (tax not included) which informed their exceptionally low bid, and their admission to apparently forgo profit in the secondary contract. Accordingly, the consortium should be disqualified.

5.2 Evidence available points to a process that was marred by secrecy, opaqueness, vagueness, lack of transparency and accountability, favourism, arbitrariness, contradictions, and a tender that was cleverly clothed with due process of law but whose outcome was determined before it began. KRC failed to disclose and disqualify Chinese entities on the basis of conflict of interest, allowed the creation of consortium and entities that never bided midstream in the process, failed to communicate with some bidders on the need to extend the tender and their bid bond validity period, the outcome of the tender, withholding crucial information, lowered mandatory qualification requirements, awarded and communicated to the successful bidder on the outcome of the tender before the tender committee minutes were even confirmed, signing the contract dated 3rd June, 2014 in contravention of section 68 of the Public Procurement and Disposal Act, 2005, changing the terms of payment in the contract contrary to the requirement in the tender document to suit the consortium but put the taxpayer at risk. It was said that TEAM engineering received notification of the outcome of the tender almost seven (7) hours before the email was actually sent to them. Therefore the tender award to TSDI/APEC/EDON should be cancelled.

5.3 The Tender Committee awarded the Tender No. KRC/PLM/009/13-14 to TSDI/APEC/EDON which on the face of the record appears to be irregular and unprocedural should be cancelled for the following reasons:-

(i) The Tender Committee met on 15th May, 2014 to award the tender.

(ii) TSDI signed its acceptance of the award on 19th May, 2014 and returned its acceptance to KRC on 21st May, 2014.

(iii) TSDI/APEC/EDON entered into a Consortium Agreement dated 19th May, 2014 which refers to a Contract for Consultancy Services dated and signed on 3rd June, 2014 between KRC and themselves (see page 13 of the Consortium Agreement).

(iv) KRC Tender Committee's decision to award the tender was confirmed/approved and signed on 22nd May, 2014.

(v) The contract between KRC and TSDI/APEC/EDON is dated 3rd June, 2014.

5.4 Officers found culpable in the irregular procurement of the independent design review and construction supervision consultant for the Standard Gauge Railway be surcharged for the losses that the Government of Kenya /Kenya Railways may have incurred as a result of their action in the procurement process.

5.5 The Kenya Railways Corporation should ensure that in all future procurements full disclosure is made to all bidders and evaluation of bids is done on the same criteria and that the conditions in the RFP is not varied to the disadvantage of some of the bidders.

5.6 National Treasury should ensure that all payments from China Exim Bank are channeled through Treasury, that there is no misuse or misallocation of taxpayers' money and that it should exercise control over funds for the SGR project including acquisition of land and the utilization of Railway Development Levy Fund.

5.7 Parliament should exercise oversight and close scrutiny over any loan facilities from foreign and local entities by ensuring that they are utilized only effectively and efficiently for the intended purpose.

5.8 The Inspectorate of State Corporations should investigate if proper governance procedures and due diligence have been followed by Kenya Railways Corporation in their tendering processes.

5.9 The Ethics and Anti-corruption Commission should investigate circumstances surrounding the Procurement of the Independent Supervision consultants for the Standard Gauge Railway including the suspected collusion between KRC and TSDI/APEC/EDON, multiple budgetary allocations for the SGR Consultancy Services, whether there was an attempt to defraud the Kenyan people, and whether corruption was a factor.

5.10 The Ethics and Anti-Corruption Commission investigates the Managing Director, Kenya Railways Corporation, Mr. Atanas K. Maina and Members of the Tender Committee namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa (member) for disregarding Parlimentary resolution passed through the adoption of the Public Investment Committee *Report on the Procurement and Financing of the Construction of the Standard gauge Railway from Mombasa to Nairobi(Phase 1)* laid before the House on 30th April, 2014 which recommended that; ***the Government should competitively procure an independent supervision consultant so as to assure cost effectiveness, adherence to specifications, quality guarantee and value for money"***

5.11 The Managing Director Mr. Atanas K. Maina and the members of the Tender Committee of Kenya Railways Corporation namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah

Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa (member) be held individually responsible for contravening Section 43 (1),(3) and (5) of the Public Procurement and Disposal Act, 2005 which provides that:-

43 (1) An employee or agent of the procuring entity or a member of a board or committee of the procuring entity who has a conflict of interest with respect to procurement -

(a) shall not take part in the procurement proceedings; and
(b) shall not, after a procurement contract has been entered into, take part in any decision relating to the procurement or contract.

(3) If a person contravenes subsection (1) with respect to a conflict of interest described in subsection (5)(a) and the contract is awarded to the person or his relative or to another person in whom one of them had a direct or indirect pecuniary interest, the contract shall be voidable at the option of the procuring entity.

(5) For the purpose of this section, a person has a conflict of interest with respect to a procurement if the person or a relative of the person —

a) Seeks, or has a direct or indirect pecuniary interest in another person who seeks, a contract for the procurement; or

b) Owns or has a right in any property or has a direct or indirect pecuniary interest that results in the private interest of the person conflicting with his duties with respect to the procurement.

The provisions requires a procuring entity to conduct proper due diligence on the existence of conflict of interest, unethical and improper business practices which KRC failed to adhere to by awarding the Tender for the Consultancy Services to a Sister Company to the main contractor of the Standard Gauge Railway clearly violating the

requirement of independence between the supervisor and the contractor.

5.12 The Managing Director, Kenya Railways Corporation, Mr. Atanas K. Maina and the members of the Tender Committee of Kenya Railways Corporation namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa (member) be held responsible for contravening section 27 of the Public Procurement and Disposal Act, 2005 which provides that :-

"1. *A public entity shall ensure that this Act, the regulations and any directions of the Authority are complied with respect to each of its procurements.*

(a) The accounting officer of a public entity shall be primarily responsible for ensuring that the public entity fulfill its obligations under subsection (1)

(b) Each employee of a public entity and each member of a board or committee of the public entity shall ensure, within the areas of responsibility of the employee or member, that this Act, the regulations and any directions of the Authority are complied with".

5.13 The Director General, Public Procurement Oversight Authority and the Board of Directors should ensure that all procurements are done in accordance with the provisions of the Constitution, the public Procurement and Oversight Authority Act, 2005 and relevant regulations issued by the Authority so as to realize value for money and transparency in procurement.

5.14 The Director-General of the Public Procurement Oversight Authority orders for investigation into the procurement of the independent consultant for design review and construction supervision for the Standard Gauge Railway from Mombasa to Nairobi and procurement

and installation of facilities, locomotives and rolling stock as provided for under section 102(1) of the Public Procurement and Disposal Act, 2005 and if the report of the investigator satisfies him of breach of the Public Procurement and Disposal Act, 2005 and the regulations, to make orders as provided for under section 105 of the Public Procurement and Disposal Act, 2005.

5.15 The multiple budgetary allocation for the consultancy services and the hiring of a directly "conflicted" consultant (which will unlikely safeguard the Kenyan taxpayer against huge cost overruns, costly project delays, compromise on the quality of the rolling stock and locomotives and ensure that Kenyans get value for money for their investment) should be investigated by the Ethics and Anti Corruption Commission as it contravenes the mandatory constitutional requirement under Article 201 of the Constitution on the prudent and responsible use of public money, Article 10 requiring all State organs, State officers, public officers and all persons when making or implementing public policy decisions to uphold national values and principles of good governance such as integrity, transparency and accountability, the values espoused under Chapter Six on leadership and integrity and Article 227 which requires State organs or any other public entity to procure goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

5.16 The Ethics and Anti-Corruption Commission investigates the Managing Director Kenya Railways Corporation Mr. Atanas K. Maina and Members of the Tender Committee namely; Eng. Maxwell Mengich (Chairperson), Mr. Alfred Matheka (V/Chair), Ms. Lucy Njoroge (Secretary), Eng. Benedict Kamau (member), Ms. Jemimah Matu (member), Mr. Stanley Gitari (member), Mr. John Muchera (member) and Mr. Maurice Barasa for contravening Articles 10, 201, 227 and the Chapter Six of the Constitution of Kenya, 2010, and the guidelines under the World Bank, the International Monetary Fund, the International Federation of

Consulting Engineers (FIDIC) and the United Nations Commission on International Trade Law (UNCITAL) which Kenya had ratified on 10th February, 1989 and which by virtue of Article 2 (5) and (6) of the Constitution of Kenya, 2010 is part of the Laws of Kenya.

5.17 Kenya Railways Corporation should ensure that there is interconnectivity between Changamwe – Kilindini Harbour and Jomo Kenyatta International Airport – Nairobi Central Business District. The lack of interconnectivity may hamper the objective of providing an efficient and cost effective rail transport for both freight and passengers.

MINUTES

MINUTES OF THE 179TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY 27TH NOVEMBER 2014, IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 12.30 PM.

PRESENT:

1. Hon. Adan Keynan, CBS M.P. – Chairperson
2. Hon. Francis Nyenze Mwanzia, M.P.
3. Hon. John Aluoch Olago, M.P.
4. Hon. Bernard Munyoki Kitungi, M.P.
5. Hon. Cornelly Serem, M.P
6. Hon. Ogutu John Omondi, M.P.
7. Hon. Mwadeghu Thomas, M.P.
8. Hon. Johana Ngeno, M.P.
9. Hon. Chrisanthus Wamalwa, M.P
10. Hon. Korei Ole Lemein, M.P
11. Hon Major(Rtd) John Waluke, MP
12. Hon. Bare Shill, MP
13. Hon. Mary Keraa Sally, MP
14. Hon. Adan M. Noor, MP
15. Hon Wafula Wamunyinyi, MP
16. Hon. Sammy Mwaita, M.P.
17. Hon. Dr. Oburu Oginga, M.P
18. Hon. Dr. Paul Otuoma, EGH, M.P.

ABSENT WITH APOLOGY

1. Hon. Kimani Ichung'wah, M.P. – Vice Chairperson
2. Hon. Mithika Linturi, M.P
3. Hon. Onesmus Njuki, M.P.
4. Hon. John M. Nyaga, M.P
5. Hon. Eng. John Kiragu, M.P.
6. Hon. Njogu Barua, M.P.
7. Hon. Abdullswamad Sheriff, M.P.
8. Hon. Beatrice Nyaga, M.P.
9. Hon. Irungu Kang'ata, M.P

IN – ATTENDANCE

NATIONAL ASSEMBLY

Mr. Abdullahi Aden	–	First Clerk Assistant
Mr. Philip Lekarkar	–	Third Clerk Assistant
Mr. Eric Ososi	–	Research Officer
Mr. Salem Lorot	–	Legal Council

KENYA NATIONAL AUDIT OFFICE

1. Mr. Obed K. Chweya	–	Senior Manager

MINUTE NO. 840/2014: EVIDENCE BY KENYA NUCLEAR ELECTRICITY BOARD

The Executive Chairman, Kenya Nuclear Electricity Board Hon. Ochilo Ayacko, EGH accompanied by Mr. Jonh Omenge, Chief Geologist Ministry of Energy and Petroleum, Mr. Philip Mutai, Director Legal and Regulatory, Mrs. Sophia Githuku, Chief Manager Human Resource and Administration Affairs appeared before the Committee on accounts of Kenya Nuclear Electricity Board.

The Auditor General has issued a clean report on the Accounts of Kenya Nuclear Electricity Board for the year ended 30th June 2014.

MINUTE NO. 841/2014 – ADOPTION OF THE BENCHMARKING VISIT TO SWEEDEN FROM 24TH TO 28TH SEPTEMBER, 2013

The Committee considered its Report on the Benchmarking visit to Sweden and unanimously adopted it as proposed by Hon. Francis Nyenze Mwanzia, M.P. and Seconded by Hon. Chrisanthus Wamalwa, M.P

MINUTE NO. 842/2014 - ADOPTION OF THE BENCHMARKING VISIT TO THE REPUBLIC OF TURKEY FROM 26TH TO 30TH MAY, 2014

The Committee considered its Report on the Benchmarking visit to the Republic of Turkey and unanimously adopted it as proposed by Hon. Mwadeghu Thomas, M.P. And Seconded by Hon. Cornelly Serem, M.P

MINUTE NO. 843/2014 - ADOPTION OF THE BENCHMARKING VISIT TO THE REPUBLIC OF NAMIBIA FROM 22ND TO 27TH SEPTEMBER, 2014

The Committee considered its Report on the Benchmarking visit to the Republic of Namibia and unanimously adopted it as proposed by Hon. Korei Ole Lemein, M.P. and Seconded by Hon. John Aluoch Olago, M.P.

MINUTE NO. 844/2014 CONFIRMATION OF MINUTES

Minutes of the following Sittings were confirmed as the true deliberations of the Committee:-

(i) Minutes of the 144th Sitting held on Tuesday 23rd August 2014 at 4.00 pm were proposed Hon. Chrisanthus Wamalwa, M.P. and seconded by Hon. Ogutu John Omondi, M.P.

(ii) Minutes of the 154th Sitting held on Wednesday 22nd October at 4.30 pm were proposed by Hon. Mwadeghu Thomas, M.P. and seconded by Hon. Bernard Munyoki Kitungi, M.P.

(iii) Minutes of the 156th Sitting held on Thursday 23rd October 2014 at 11.45 am were proposed by Hon. Francis Nyenze Mwanzia, M.P. and seconded by Hon. Cornelly Serem, M.P

(iv) Minutes of the 157th Sitting held on 23rd October 2013 at 3.30 pm were proposed by Hon. Chrisanthus Wamalwa, M.P and seconded by Hon. Ogutu John Omondi, M.P.

(v) Minutes of the 158th Sitting held Thursday 23rd October 2014 at 4.30 pm were proposed by Hon. Chrisanthus Wamalwa, M.P and seconded by Hon. Ogutu John Omondi, M.P.

MINUTE. NO. 845/2014 - ADOPTION OF THE SPECIAL REPORT ON THE PROCUREMENT OF THE INDEPENDENT SUPERVISION CONSULTANTS FOR THE STANDARD GAUGE RAILWAY

The Committee considered its Report and unanimously adopted it as proposed by Hon. Chrisanthus Wamalwa, M.P. seconded by Hon. Hon. Mwadeghu Thomas, M.P.

MINUTE NO. 846/2014 - ADJOURNMENT

There being no other business, the Chairperson adjourned the meeting at Fifteen Minutes past One O'clock.

Signed: ..... Date: 27/11/2014

(Chairperson)

MINUTES OF THE 158TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY 23RD OCTOBER, 2014 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 4.30 PM.

PRESENT

1. Hon. Adan Keynan, CBS, MP - **Chairperson**
2. Hon. Ichung'wah, Antony Kimani, MP - **Vice Chairperson**
3. Hon. Sammy Mwaita, MP
4. Hon. Serem Cornelly, MP
5. Hon. Ole Lemein, Korei, MP
6. Hon. Noor, Adan Mohammed, MP
7. Hon. Linturi, Franklin Mithika, MP
8. Hon. Nyaga , Beatrice Nkatha, MP
9. Hon. Nyaga, John Muchiri, MP
10. Hon. Njuki, Onesmus Muthomi, MP
11. Hon. Kipyegon, Johana Ngeno, MP
12. Hon. Kang'ata, Irungu, MP
13. Hon. Eng. John Kiragu, MP
14. Hon. Nyongesa, Otuoma Paul, MP
15. Hon. Dr. Oburu Oginga, MP
16. Hon. Koyi, John Waluke, MP
17. Hon. Omondi John Ogutu, MP
18. Hon. Wafula Wamunyinyi, MP
19. Hon. Kitungi, Benard Munyoki, MP
20. Hon. Wakhungu Chrisantus Wamalwa, MP

ABSENT WITH APOLOGY

1. Hon. Shill, Elias Bare, MP
2. Hon. Barua, Ejidius Njogu, MP
3. Hon. Nassir, Abdullswamad Sheriff, MP
4. Hon. Aluoch, John Olago, MP
5. Hon. Nyenze, Francis Mwanzia, MP
6. Hon. Mwadeghu, Thomas Ludindi, MP
7. Hon. Keraa, Mary Sally, MP

IN-ATTENDANCE
NATIONAL ASSEMBLY

1. Mr. Aden Abdullahi - Clerk Assistant I

2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Eric Ososi	-	Research Officer III
4. Mr. Salem Lorot	-	Legal Counsel

KENYA NATIONAL AUDIT OFFICE

1. Mr. Obed K. Chweya	-	Senior Manager, Audit
2. Mr. Boniface Muli	-	Manager, Audit

INSPECTORATE OF STATE CORPORATIONS

1. Ms. Joyce Wesonga	-	Assistant Inspector General

MINUTE NO. 729/2014: PRELIMINARIES

The Chair called the meeting to order at Fifty Minutes past Four O'clock.

MINUTE NO. 730/2014: CONFIRMATION OF MINUTES.

Confirmation of minutes was deferred to the next meeting.

MINUTE NO. 731/2014: EVIDENCE: BY REGISTRAR GENERAL

The Registrar General Ms. Bernice Gachegu appeared before the Committee on 23rd October, 2014 to give evidence of the details of registration and filing of Annual Returns by companies involved in the supervision and consultancy of the Standard Gauge Railway from Mombasa to Nairobi namely APEC Consortium Ltd, Edon Consultants International Ltd and The Third Survey Design Institute Group Corporation (TSDI).

MINUTE NO. 732/2014: REGISTRATION OF APEC CONSORTIUM LIMITED

The Registrar General informed the Committee that;

i). APEC Consortium Limited is registered in Kenya as a Limited Liability Company. It was registered on 9th July, 2002 and issued with a Certificate of Incorporation number C. 99793 on 13th August, 2002.

ii). The company has submitted its Annual returns to the Registrar as required by law up to the year 2013.

iii). The directors and shareholding of the company for the last five years (2009-2013) has been as follows:

Johnstone Mwangi Matu	810 shares
Esther Nyabera Matu	90 shares

Total shares 900 shares

iv). On 13th August, 2014 James Michugu Karanja was appointed as a director and was allotted 180 shares from Johnstone Mwangi Matu.

v). The Business Names Acts CAP 499 Laws of Kenya does not provide for filing of Annual Returns or Audited Annual Accounts with the Registrar.

The Committee observed that the list of directors of APEC differed from the one given earlier by Kenya Revenue Authority which had APEC directors as follows; Eng. S. M. Kimani, Eng. Johnstone M. Matu, Eng. James Michugu Karanja, Eng. W. N. Mwakio, Eng. M. H. Kiarie and Eng. Esther Nyarega.

MINUTE NO.733/2014: REGISTRATION OF EDON CONSULTANTS INTERNATIONAL LTD.

The Registrar General informed the Committee that she will submit the details of registration and filing of Annual Returns by Edon Consultants International Ltd on **Tuesday 28th October, 2014** after confirming that the correct name of the company is Edon Consultants international Limited and not Eden Consultants.

MINUTE NO.734/2014: REGISTRATION OF TSDI CONSORTIUM LIMITED.

The Registrar General informed the Committee that The Third Survey Design Institute Group Corporation (TSDI) does not appear in the data base of Companies or Registered Business Names and therefore she was not in a position to furnish the Committee with further information regarding the company.

MINUTE NO. 735/2014: ADJOURNMENT.

The Chair adjourned the Meeting at One Minute past Five O'clock.

Signed.....
(Chairperson)

Date. 27/11/2014

MINUTES OF THE 157TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY 23RD OCTOBER, 2014 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 3.30 PM.

PRESENT

1. Hon. Adan Keynan, CBS, MP - **Chairperson**
2. Hon. Ichung'wah, Antony Kimani, MP - **Vice Chairperson**
3. Hon. Sammy Mwaita, MP
4. Hon. Serem Cornelly, MP
5. Hon. Ole Lemein, Korei, MP
6. Hon. Noor, Adan Mohammed, MP
7. Hon. Linturi, Franklin Mithika, MP
8. Hon. Nyaga , Beatrice Nkatha, MP
9. Hon. Nyaga, John Muchiri, MP
10. Hon. Njuki, Onesmus Muthomi, MP
11. Hon. Kipyegon, Johana Ngeno, MP
12. Hon. Kang'ata, Irungu, MP
13. Hon. Eng. John Kiragu, MP
14. Hon. Nyongesa, Otuoma Paul, MP
15. Hon. Dr. Oburu Oginga, MP
16. Hon. Koyi, John Waluke, MP
17. Hon. Omondi John Ogutu, MP
18. Hon. Wafula Wamunyinyi, MP
19. Hon. Kitungi, Benard Munyoki, MP
20. Hon. Wakhungu Chrisantus Wamalwa, MP

ABSENT WITH APOLOGY

1. Hon. Shill, Elias Bare, MP
2. Hon. Barua, Ejidius Njogu, MP
3. Hon. Nassir, Abdullswamad Sheriff, MP
4. Hon. Aluoch, John Olago, MP
5. Hon. Nyenze, Francis Mwanzia, MP
6. Hon. Mwadeghu, Thomas Ludindi, MP
7. Hon. Keraa, Mary Sally, MP

IN-ATTENDANCE
NATIONAL ASSEMBLY

1. Mr. Aden Abdullahi - Clerk Assistant I

2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Eric Ososi	-	Research Officer III
4. Mr. Sale Lorot	-	Legal Counsel

KENYA NATIONAL AUDIT OFFICE

1. Mr. Obed K. Chweya	-	Senior Manager, Audit
2. Mr. Boniface Muli	-	Manager, Audit

INSPECTORATE OF STATE CORPORATIONS

Ms. Joyce Wesonga	-	Assistant Inspector General

MINUTE NO. 724/2014: PRELIMINARIES

The Chair called the meeting to order at Forty Minutes past Three O'clock.

MINUTE NO. 725/2014: CONFIRMATION OF MINUTES.

Confirmation of Minutes of the previous meeting was deferred to the next meeting.

MINUTE NO. 726/2014: EVIDENCE BY KENYA RAILWAYS CORPORATION ON THE PROCUREMENT OF THE INDEPENDENT SUPERVISION CONSULTANTS FOR THE STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI BY THE CORPORATION.

The Managing Director, Kenya Railways Corporation, Mr. Athanas K. Maina accompanied by Project Manager Eng. Maxwell Mengich and Communications Manager, Ms. Lucy Njoroge appeared before the Committee to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi by the Corporation.

The Managing Director informed the Committee that:-

i). The financing of SGR supervision consultancy is part of the GOK contribution in the SGR project which was a condition for accessing the loan from EXIM Bank of China. The amount will be financed through Railway Development Levy Fund.

ii). Prior to the advertisement of the Tender for the procurement of Independent Supervision Consultants for the Standard Gauge Railway, KRC had signed two contracts with China Road and Bridge Corporation (CRBC) as follows:-

a) Construction of the Civil Works of Mombasa–Nairobi Standard Gauge Railway Project EPC Turnkey Commercial Contract between Kenya Railways Corporation and China Road and Bridge Corporation, and

b) Supply and Installation of the Facilities, Locomotives and Rolling Stocks for the Mombasa–Nairobi Standard Gauge Railway Project Between Kenya Railways Corporation and China Road and Bridge Corporation.

iii). The contract entered into with CRBC was an Engineering, Procurement, Construction (EPC) contract. The contractor CRBC, will carry out engineering design of the project, procure all the equipment and necessary materials, and then construct to deliver a functioning railway to KRC. The contractor carries the project risk for schedule as well as budget in return for a fixed price.

iv). The contract sum of 3.5% of Kshs. 201,754,796,548.93 for Design Work and Consultancy Supervision Services which is Kshs. 7,061,417,879.21 provided in the main contract is a provision that may or may not be utilized by the contractor. It can only be used with the express authority of the KRC.

v). The tender for Independent Supervision Consultants for the Standard Gauge Railway was awarded to TSDI/APEC/EDON Consortium.The main firm in the Consortium, TSDI and the contractor CRBC are both State enterprises registered and owned by the Peoples Republic of China. The two are firms supervised by a governmental supervising authority (SASAC).

vi). Kenya Railways holds that there is no motivation for the two enterprises TSDI and CRBC to collude to the disadvantage of the Government of Kenya.

MINUTE NO. 727/2014: COMMITTEE OBSEERVATIONS

The Committee observed that:-

i). The two contracts between KRC and CRBC separately provided for budgetary provision for Design Work and Consultancy Supervision Services as follows:-

a) The contract for Construction of the Civil Works had a contract sum of 3.5% of Kshs. 201,754,796,548.93 for Design Work and Consultancy Supervision Services which is Kshs. 7,061,417,879.21.

b) The contract for Supply and Installation of the Facilities, Locomotives and Rolling Stocks had a sum of 2.5% of USD 1,055,248,225.21 for Design Work and

Consultancy Supervision Services (USD 26,381,205.63) which is equivalent to Kshs. 2,321,546,095.44.

c) The sum of the two contracts forms a total of Kshs. 9,382,963,974.65 which forms part of the cost of the consultancy.

ii). In addition to the above contracts, KRC signed another contract for Independent Supervision Consultancy with TSDI/APEC/EDON Consortium at contract sum of Kshs. 3,624,248,144 (USD 41,184,638) which brought the total cumulative cost of the Supervision and Consultancy Services to Kshs. 13,007,212,118.65 which is much higher than the individual bids submitted by other bidders.

iii). Bulk of the work to be done in the construction of civil works, supply and installation of facilities, locomotives and rolling stocks is electro-mechanical. The TSDI/APEC/EDON Consortium as currently constituted has no experience and competence to supervise electro-mechanical works.

iv). Because of the apparent conflict of interest between the Contractor (CRBC) and the main Consultant TSDI, the interests of the contractor may prevail over the interest of the client, a situation which has potential or actual prejudice to the client's interests.

v). In the railway design works there is omission in interconnectivity between Changamwe – Kilindini Harbour and Jomo Kenyatta International Airport – Nairobi Central Business District and no provision has been made for these extensions.This may hamper the objectiveof providing an efficient and cost effective rail transport for both freight and passengers.

MINUTE NO. 728/2014: ADJOURNMENT

The Chair adjourned the Meeting at Twenty Six Minutes past Four O'clock.

Signed:..... Date: 27/11/2014

(Chairperson)

MINUTES OF THE 156TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY 23RD OCTOBER, 2014 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 11.45 AM.

PRESENT

1. Hon. Adan Keynan, CBS, MP - **Chairperson**
2. Hon. Ichung'wah, Antony Kimani, MP - **Vice Chairperson**
3. Hon. Sammy Mwaita, MP
4. Hon. Serem Cornelly, MP
5. Hon. Ole Lemein, Korei, MP
6. Hon. Linturi, Franklin Mithika, MP
7. Hon. Nyaga , Beatrice Nkatha, MP
8. Hon. Kipyegon, Johana Ngeno, MP
9. Hon. Eng. John Kiragu, MP
10. Hon. Nyongesa, Otuoma Paul, MP
11. Hon. Nyenze, Francis Mwanzia, MP
12. Hon. Dr. Oburu Oginga, MP
13. Hon. Koyi, John Waluke, MP
14. Hon. Kitungi, Benard Munyoki, MP

ABSENT WITH APOLOGY

1. Hon. Shill, Elias Bare, MP
2. Hon. Noor, Adan Mohammed, MP
3. Hon. Nyaga, John Muchiri, MP
4. Hon. Kang'ata, Irungu, MP
5. Hon. Njuki, Onesmus Muthomi, MP
6. Hon. Barua, Ejidius Njogu, MP
7. Hon. Nassir, Abdullswamad Sheriff, MP
8. Hon. Omondi John Ogutu, MP
9. Hon. Aluoch, John Olago, MP
10. Hon. Mwadeghu, Thomas Ludindi, MP
11. Hon. Keraa, Mary Sally, MP
12. Hon. Wafula Wamunyinyi, MP
13. Hon. Wakhungu Chrisantus Wamalwa, MP

IN-ATTENDANCE
NATIONAL ASSEMBLY

1. Mr. Aden Abdullahi - Clerk Assistant I

2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Eric Ososi	-	Research Officer III
4. Mr. Salem Lorot	-	Legal Counsel

KENYA NATIONAL AUDIT OFFICE

Mr. Obed K. Chweya	-	Senior Manager, Audit

INSPECTORATE OF STATE CORPORATIONS

Ms. Joyce Wesonga	-	Assistant Inspector General

MINUTE NO. 716/2014: PRELIMINARIES

The Chair called the meeting to order at Fifty Three Minutes past Eleven O'clock. A word of prayer was said by Hon. Kipyegon, Johana Ngeno, M.P.

MINUTE NO. 717/2014: CONFIRMATION OF MINUTES

Confirmation of Minutes of the previous meeting was deferred to the next meeting.

MINUTE NO. 718/2014: EVIDENCE BY THE SOLICITOR GENERAL

The Solicitor General, Mr. Njee Muturi accompanied by Senior Deputy Chief State Counsel Roselyn Amadi appeared before the Committee on 23rd October, 2014 to give evidence on the procurement of the Independent Supervision Consultants for the Standard Gauge Railway from Mombasa to Nairobi by Kenya Railways Corporation and the Procurement of Line 1 Capacity Enhancement Project by Kenya Pipeline Corporation.

MINUTE NO. 719/2014: CRITERIA OF AWARD OF THE TWO PROCUREMENTS

The Solicitor General informed the Committee that:-

i). In accordance with the Public Procurement and Disposal Act, an entity is qualified to be awarded a contract for procurement of goods or services only if the entity has the necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured among other criteria. These criteria are normally contained in an Expression of Interest (EOI) request or Request for Proposals (RFP) document.

ii). The Tenders by both Kenya Railways Corporation and Kenya Pipeline Company were open international tenders which had evaluations at the technical and financial stages and it appears that the due legal process was followed by the two procuring entities.

iii). TSDI/APEC/EDON Consortium who scored the highest at the technical evaluation and lowest at the financial bid was awarded the tender at their bid price of USD 41,184,638 VAT included. A contract was signed with the Consortium on 3rd June, 2014.

iv). The Public Procurement Administrative Review Board and the High Court both later upheld the decision of the Procuring Entity of awarding the contract to TSDI/APEC/EDON Consortium.

v). In the case of procurement of Line 1 Capacity Enhancement Project by Kenya Pipeline Corporation, the tender was awarded to Zakhem International Construction Corporation on 3rd July, 2014 after technical and financial evaluation.

vi). The High Court also dismissed a petition brought before it seeking a declaration that the tender for procurement of Line 1 Capacity Enhancement Project by Kenya Pipeline Corporation was unconstitutional, illegal and irregular.

The Committee observed that:-

i). Kenya Railways Corporation awarded TSDI/APEC/EDON Consortium the tender for Independent Supervision Consultants for the Standard Gauge Railway based on a distorted financial bid it submitted.

ii). TSDI/APEC/EDON Consortium may have quoted too low for consultancy and supervision contract knowing that a sum of Kshs. 9,382,963,974.65 meant for the Consultancy Services was hidden in the main contract between KRC and CRBC.

iii). The actual cost of the Consultancy Services is Kshs. 13,007,212,118.65 TSDI/APEC/EDON's bid of Kshs. 3,624,248,144 (USD 41,184,638) plus the amount in the main contract of Kshs. 9,382,963,974.65 which is the amount that had been set aside in the main contract between KRC and CRBC for the purposes of supervision of the construction of the SGR.

iv). TSDI/APEC/EDON Consortium lacks adequate and necessary qualifications, capability, experience, resources, equipment and facilities to provide what is being procured, APEC being an engineering company while EDON is an architectural company.

In the KPC Line 1 contract, the Committee observed that:-

i). The Procuring Entity accepted a bid bond from the winner of the contract Zakhem International Construction Limited from a foreign bank, Eco Bank Nigeria, while

regulations required that bidders provide bank guarantees issued by banks based in Kenya.

ii). Due diligence was not followed by KPC before awarding the tender and that financial evaluation and signing of the contract was done in a hurry and that it was not possible for bids worth such a large sum of money to be evaluated in less than 10 hours.

MINUTE NO. 720/2014: VALUE FOR MONEY

The Solicitor General informed the Committee that:-

i). Value for money is a term used to assess whether or not an organisation has obtained maximum benefit from goods and services it both acquires and provides, within the resources available to it. It involves economy, efficiency and effectiveness.

ii). The Public Procurement and Disposal Act is designed to ensure that there is value for money.

iii). It is not the Solicitor General's mandate or professional knowledge to determine whether there is value for money in the two contracts.

The Committee observed that due to the apparent conflict of interest in the construction, consultancy and supervision of SGR between the contractor and the consultant, the Government of Kenya will not be guaranteed of quality and value for money.

MINUTE NO. 721/2014: CONFLICT OF INTEREST BETWEEN TSDI AND CRBC IN THE DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE STANDARD GAUGE RAILWAY.

The Solicitor General informed the Committee that TSDI is an enterprise legally established in China in accordance with the laws and regulations of the Peoples' Republic of China. The Corporation is a commercial entity wholly owned by the Government and has no shareholders. CRBC is also a state owned company.

The Committee observed that:-

i). Both TSDI and CRBC are owned by the Chinese government and are both supervised by State Owned Assets Supervision and Administrative Commission of the State Council (SASAC) despite the fact that one of them is the main contractor and the other is the supervisor.

ii). The project for the construction of the SGR may suffer from lack of independent supervision in terms of cost-effectiveness, adherence to international standard specifications, quality guarantee and value for taxpayers' money due to conflict of interest between the contractor and the consultant/supervisor.

iii). It is unlikely that TSDI will safeguard against huge cost overruns, costly delays, quality of rolling stock & locomotives and ensure that Kenyans get value for money for the investment.

iv). Similar railway construction projects constructed/supervised by Chinese companies in Tanzania/Zambia and Namibia totally failed due to sub-standard Chinese technology.

MINUTE NO. 722/2014: ADVICE AND APPROVAL OF THE ATTORNEY GENERAL IN THE PROCUREMENT OF THE TWO CONTRACTS.

The Solicitor General informed the Committee that:-

i). The procurement of goods and services is the responsibility of the Procuring Entity and the Accounting Officer therein is wholly responsible and accountable for a fair and transparent process as laid out in the Public Procurement and Disposal Act, 2005.

ii). The Attorney General is not in a position to establish whether due diligence was followed by the procuring entities, KRC and KPC.

The Committee observed that the Office of the Attorney General was not consulted nor requested to approve:-

(i) The contract Between KRC and TSDI/APEC/EDON signed on 3rd June, 2014 for the provision of consultancy services for the Design Review and Construction Supervision for the construction of the Standard Gauge Railway from Mombasa to Nairobi.

(ii) The contract Between KPC and Zakhem International signed on 3rd July, 2014 on the procurement of Line 1 Capacity Enhancement Project by Kenya Pipeline Corporation.

MINUTE NO. 723/2014: ADJOURNMENT

The Chair adjourned the Meeting at Six Minute past One O'clock.

Signed:.....

(Chairperson)

Date:..27/11/2014

MINUTES OF THE 154TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON WEDNESDAY 22ND OCTOBER, 2014 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 4:30 P.M.

PRESENT:

1. Hon. Adan Keynan, CBS,M.P. – **Chairperson**
2. Hon. Kimani Ichung'wah, M.P. – **Vice Chairperson**
3. Hon. Sammy Mwaita, M.P.
4. Hon. Adan M. Noor, M.P.
5. Hon. Njogu Barua, M.P.
6. Hon. Johana Ngeno, M.P.
7. Hon. Eng. John Kiragu, M.P.
8. Hon. Dr. Oburu Oginga, M.P.
9. Hon. Bernard Munyoki Kitungi, M.P.
10. Hon. John M. Nyaga, M.P.
11. Hon. Paul Otuoma, M.P.
12. Hon. Mary Keraa Sally, M.P.
13. Hon. Onesmus Njuki, M.P.
14. Hon. Beatrice Nyaga, M.P.
15. Hon. Mwadeghu Thomas, M.P.

ABSENT WITH APOLOGY

1. Hon. Ogutu John Omondi, M.P.
2. Hon. Francis Nyenze Mwanzia, M.P.
3. Hon. Cornelly Serem, M.P.
4. Hon. Wafula Wamunyinyi, M.P.
5. Hon. Bare Shill, M.P.
6. Hon. John Aluoch Olago, M.P.
7. Hon. Korei Ole Lemein, M.P
8. Hon. Irungu Kang'ata, M.P.
9. Hon. Mithika Linturi, M.P.
10. Hon. Major (Rtd) John Waluke, M.P.
11. Hon. Abdullswamad Sheriff, M.P.
12. Hon. Chrisanthus Wamalwa, M.P.

IN – ATTENDANCE:

NATIONAL ASSEMBLY

1. Mr. Abdullahi Aden - Clerk Assistant I
2. Ms. Rose Wanjohi - Clerk Assistant II

3. Mr. Phillip Lekarkar - Clerk Assistant III
4. Salem Lorot - Legal Counsel
5. Mr. Eric Ososi - Research Officer III

KENYA NATIONAL AUDIT OFFICE

Mr. Obed K. Chweya - Senior Manager

MINUTE NO 705 /2014: PRELIMINARIES:

The meeting was called to order at 4:35 p.m. by the Chairperson followed by a word of prayer by Hon. Johana Ngeno M.P.

MINUTE NO 706/2014: EVIDENCE BY KENYA REVENUE AUTHORITY

The Commissioner, Domestic Taxes, Medium & Small Taxpayers, Ms. Alice Owuor accompanied by Mr. Ezekeil Maru, Ag Deputy Director Marketing & Communication, appeared before the Committee to adduce evidence on the Tax Compliance status of TSDI, APEC Consortium Limited and Edon Consultants International Limited.

MINUTE NO 707/2014: TAX COMPLIANCE BY APEC CONSORTIUM LIMITED

The Commissioner of Domestic Taxes, Medium & Small Taxpayers, KRA informed the Committee that:-

(i) APEC Consortium Ltd- P051155964H-This firm is registered as a consultant in the engineering field, the taxpayer is tax compliant and was issued with a tax compliance certificate on 15th July 2014 under certificate no. KRA19/052353/2014.
(ii) The Company directors are Eng. S.M Kimani, Eng Johnston M. Matu, Eng. James Michugu Karanja, Eng. W. N. Mwakio, Eng M.H Kiarie and Eng. Esther Nyarega.
(iii) The company has filed all relevant returns up to the current period; but they are being validated since they appear to be in credit as a result of withholding taxes.
(iv) They are current on PAYE remittance up to September 2014 as well as Withholding taxes. They are also current in VAT return filing, but since they are on credit position, this status is being validated.
(v) The company is currently undergoing an in-depth audit by the KRA Investigation and Enforcement Department to confirm accuracy of declaration. The Tax Compliance Certificate was issued to facilitate business continuity even as the audit process continues and it can be withdrawn if deemed prudent.

MINUTE NO 708/2014: TAX COMPLIANCE BY EDON CONSULTANTS INTERNATIONAL LIMITED

The Commissioner of Domestic Taxes, Medium & Small Taxpayers, KRA informed the Committee that:-

(i) Edon Consultants International Ltd is registered under VAT No. 0177172 and PIN No. P051210226H. The Company directors are Mr. Jeremiah Eddy Obar Ndong', Ms Hellen Achieng Obar Ndong' and Mr Jared Wamunyi Obiri.

(ii) The company has been filing both Income Tax and VAT returns since 2008 though inconsistently and some returns are not filed.

(iii) The Company has already been served with a notice of intention to carry out an in-depth audit which will commence soon to establish the accuracy of declarations.

MINUTE NO 709/2014: TAX COMPLIANCE BY THIRD RAILWAY SURVEY & DESIGN INSTITUTE GROUP CORPORATION

The Commissioner of Domestic Taxes, Medium & Small Taxpayers, KRA informed the Committee that Third Railway Survey & Design Institute Group Corporation (TSDI) is not registered under the Domestic Taxes Department System and thus KRA is not able to furnish any information regarding it.

MINUTE NO 710 /2014: COMMITTEE OBSERVATION

The Committee observed that for a foreign Corporation to transact business in Kenya, they must have a local branch registered with a pin number.

The Committee directed that KRA submits its preliminary and actual reports of the Investigation by the Enforcement Department on APEC Consortium Ltd and Edon Consultants International Ltd, once they are complete. The committee further directed that meanwhile the KRA should submit the current interim reports of the audits of the companies.

MINUTE NO 711 /2014: ADJOURNMENT

There being no other business the meeting was adjourned at Five Minutes to Five O'clock.

Signed: _____ **Date:** 27/11/2014

(Chairperson)

MINUTES OF THE 144TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY 23RD AUGUST, 2014 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 4:00 PM.

PRESENT

1. Hon. Adan Keynan, CBS, MP - Chairperson
2. Hon. Ichung'wah, Antony Kimani, MP - Vice Chairperson
3. Hon. Serem Cornelly, MP
4. Hon. Linturi, Franklin Mithika, MP
5. Hon. Njuki, Onesmus Muthomi, MP
6. Hon. Kipyegon, Johana Ngeno, MP
7. Hon. Eng. John Kiragu, MP
8. Hon. Nassir, Abdullswamad Sheriff, MP
9. Hon. Omondi John Ogutu, MP
10. Hon. Wakhungu Chrisantus Wamalwa, MP

ABSENT WITH APOLOGY

1. Hon. Sammy Mwaita, MP
2. Hon. Shill, Elias Bare, MP
3. Hon. Ole Lemein, Korei, MP
4. Hon. Noor, Adan Mohammed, MP
5. Hon. Nyaga , Beatrice Nkatha, MP
6. Hon. Nyaga, John Muchiri, MP
7. Hon. Barua, Ejidius Njogu, MP
8. Hon. Kang'ata, Irungu, MP
9. Hon. Nyongesa, Otuoma Paul, MP
10. Hon. Aluoch, John Olago, MP
11. Hon. Dr. Oburu Oginga, MP
12. Hon. Koyi, John Waluke, MP
13. Hon. Nyenze, Francis Mwanzia, MP
14. Hon. Mwadeghu, Thomas Ludindi, MP
15. Hon. Keraa, Mary Sally, MP
16. Hon. Kitungi, Benard Munyoki, MP
17. Hon. Wafula Wamunyinyi, MP

IN-ATTENDANCE
NATIONAL ASSEMBLY

1. Mr. Aden Abdullahi	-	Clerk Assistant I
2. Ms. Rose Wanjohi	-	Clerk Assistant II
3. Mr. Philip Lekarkar	-	Clerk Assistant III
4. Mr. Eric Ososi	-	Research Officer III

KENYA NATIONAL AUDIT OFFICE

1. Mr. Obed K. Chweya	-	Senior Manager, Audit
2. Mr. Boniface Muli	-	Manager, Audit

INSPECTORATE OF STATE CORPORATIONS

Mr. Stephen Mbatia	-	Chief Inspector General

TREASURY

John Munge	-	Accountant I

MINUTE NO. 622/2014: PRELIMINARIES

The Chair called the meeting to order at Two Minutes past Four O'clock.

MINUTE NO. 623/2014: CONFIRMATION OF MINUTES.

Confirmation of the minutes of the previous meeting was deferred to the next meeting.

MINUTE NO. 624/2014: EVIDENCE: BY TEAM ENGINEERING SPA ON THE PROCUREMENT FOR THE INDEPENDENT SUPERVISION CONSULTANTS FOR THE STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI BY KENYA RAILWAYS.

The Executive Director Team Engineering Spa, Dr. Luigi Marenzi accompanied by Commercial Manager, Lamberto Menegatti; Advocates Abdiwahid Biriq and Roger Sagana appeared before the Committee on 23rd September, 2014 to give evidence on the procurement for the Independent Supervision Consultants for The Standard Gauge Railway from Mombasa to Nairobi by Kenya Railways.

The Executive Director Team Engineering Spa, Dr. Luigi Marenzi informed the Committee that;

i). Team Engineering is a consultancy firm domiciled in Italy and specializing in Civil Engineering with particular experience in large infrastructure projects, with core business being Railways. The company has offices in Africa and Europe and have been present in Africa for the past forty (40) years.

ii). TEAM Engineering SpA has been involved in the design and supervision of new standard gauge railways, transport management and other infrastructure developments in

many African and European countries. They have performed these tasks working on projects under the auspices of major international financial institutions such as the World Bank, Africa Development Bank, Islamic Development Bank, European Bank for Reconstruction and Development, Asian Development Bank, Kuwait Fund for Arab Economic Development, United Nations agencies, governmental authorities, public sector organizations and private firms around the world.

iii). The role of the Consultant would include supervision of construction works, ensuring the implementation of the main contract in conformity to the conditions of engagement, ascertaining the quality and quantity of the works in order to ensure that the construction complies with international standards, and verifying the relevant payments, which in turn will ensure that Kenyans get value for their money. The Company acted as a consultant in African countries in cases where the contractor is a firm owned by the People's Republic of China where China specifications were used, they nevertheless met the international standards.

iv). Team Engineering submitted bid for Supervision Consultants of Phase 1 of the SGR from Mombasa to Nairobi and out the of nine (9) entities which submitted their bids for the Tender, three of them namely; Team Engineering, Korea Rail Network Authority and a consortium called TSDI/APEC/EDON were shortlisted by KRC for the final stage of the tender process.

v). TEAM Engineering submitted financial bid of USD 73,922,750.00 tax included, Corporation USD 87,277,096.00 tax included.

vi). Prior to the advertisement of the Tender Number KRC/PLM/009/13-14, KRC had signed two separate contracts with CRBC which provided for budgetary provision for Design Work and Consultancy Supervision Services as follows:-

a) The contract for Construction of the Civil Works had a contract sum of 3.5% of Kshs. 201,754,796,548.93 for Design Work and Consultancy Supervision Services which is Kshs. 7,061,417,879.21.

b) The contract for Supply and Installation of the Facilities, Locomotives and Rolling Stocks had a sum of 2.5% of USD 1,055,248,225.21 for Design Work and Consultancy Supervision Services (USD 26,381,205.63) which is equivalent to Kshs. 2,321,546,095.44.

c) The sum of the two contracts forms a total of Kshs. 9,382,963,974.65 which forms part of the cost of the consultancy.

vii). It is not therefore accurate to argue that the actual cost of the Tender for the Consultancy Services Design Review and Supervision for the Construction of a Standard Gauge Railway from Mombasa to Nairobi and Procurement and Installation of Facilities, Locomotive and Rolling Stock was the financial bid quoted by TSDI/APEC/EDON.

viii). On 4th June, 2014, we (TEAM) were informed by KRC that it had signed a contract with the purported consortium in the name of TSDI/APEC/EDON on 3rd June, 2014 and that it had sent notification to that effect to TEAM. The contract was signed illegally because in the actual sense, TEAM was not properly notified. KRC alleges that it notified TEAM by way of an e-mail that was supposedly received 6 hours 58 minutes before the said email was actually sent.

COMMITTEE OBSERVATIONS

The Committee observed that:-

i). The Tender was awarded in total disregard of the recommendations of the Public Investments Committee through its Report on the Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1) laid before The National Assembly on 30th April, 2014. Which recommended that; "the Government should competitively procure an independent supervision consultant so as to assure cost effective, adherence to specifications, quality guarantee and value for moneys"

ii). Kenya Railways Corporation floated Section 43 of the Public Procurement and Disposal Act, 2005 which requires a procuring entity to conduct proper due diligence on the existence of unethical and improper business practices and conflict of interest, which KRC failed to adhere to. The Tender for the consultancy services, having been awarded to a sister company to the main contractor clearly violated the requirement of independence between the supervisor and the contractor.

iii). APEC/EDON may have been privy to some critical information that the rest of the bidders were not privy to, and accordingly had an unfair advantage over the other bidders, a matter that contravenes Article 227 of the Constitution of Kenya.

iv). The main contractor (CRBC) and the only firm in the Consortium having experience in major railway projects (TSDI) are both Chinese State owned entities and thus a clear indication that such arrangement will clearly compromise the independence of supervision. There is a clear, real and present threat that the construction of the SGR will

suffer lack of a truly independent supervision especially in terms of quality guarantee and adherence to quality specifications.

v). TSDI has a shared interest with CRBC which would definitely compromise the objective and impartial exercise of its functions. It is unlikely that TSDI will guard against huge cost overruns, costly delays, failed procurement, provide forward-looking risk management or apply clear, transparent and internationally accepted principles to ensure that Kenyans get value for money for their investment.

vi). The contract awarded to CRBC for the construction of the railway line appears to be an EPC (Engineering-Procurement Contract); essentially implying that the execution of the design is also assigned to the Contractor (CRBC). In the absence of an independent consultant, the standard may endanger the life cycle of the project, limit choices available and force Kenya to always procure locomotives and rolling stock from China.

vii). APEC and EDON are both Kenyan companies tasked with the mandate of performing apparently 60% of the contract despite the fact that they have never supervised railway projects in Kenya or anywhere in the world.

viii). KRC may have lowered some mandatory and crucial technical requirements in the Tender document by way of an addendum to suit the Consortium. The RFP had a mandatory requirement that the bidders must demonstrate that they have experience in similar regions/geographical areas and demonstrate experience in undertaking the responsibility: However, by an addendum dated 19th August, 2013 KRC removed the requirement for this crucial qualification in these words: "considering the size of project we feel it is difficult to find a consultant with similar project experience in identical geographical area; therefore we kindly request to relax this."

ix). The Tender was awarded to a consortium that never submitted a bid or participated in the tender process. The Consortium did not bid as consortium; instead, it is a creature that materialized sometime in between the opening of the financial offers and the signing of the contract. The opening of the tenders submitted at KRC headquarters in Nairobi on 10th October 2013, APEC presented an offer in association with THE STAR RAILWAY DESIGN INSTITUTE GROUP OF CHINA and EDON was not part of the association. The Third Railway Survey and Design Institute Group Corporation (TSDI) did not even appear as a bidder. EDON too did not appear whether alone or with any other organization.

x). The Tender was awarded in total disregard of the recommendations by two committees of Parliament. The Public Investments Committee, through its report dubbed "Report on the

Procurement and Financing of the Construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase 1) laid before Parliament on 30th April, 2014 recommended at paragraph 7.3 (page 80) that, "the Government should competitively procure an independent supervision consultant so as to assure cost effective, adherence to specifications, quality guarantee and value for moneys". The Departmental Committee on Transport, Public Works and Housing on the statement sought by Hon. Hezron Awiti on the Tendering and construction of the SGR from Mombasa to Malaba in a report presented on February, 2014 also recommended at page 44 (paragraph 4.3) that, "the procurement of the independent consultant should be speeded up to facilitate early review and the proper configuration of the various proponents of the project.

xi). The Tender for the consultancy services, having been awarded to a sister company to the main contractor clearly violated the requirement of independence between the supervisor and the contractor.

xii). Railways Corporation floated Section 43 of the Public Procurement and Disposal Act, 2005 which requires a procuring entity to conduct proper due diligence on the existence of unethical and improper business practices and conflict of interest, which KRC failed to adhere to. The Tender for the consultancy services, having been awarded to a sister company to the main contractor clearly violated the requirement of independence between the supervisor and the contractor.

xiii). The whole project of the construction of the SGR may suffer lack of independent supervision, especially in terms of cost-effectiveness, adherence to international standard specifications, quality guarantee and value for taxpayers' money due to conflict of interest between the contractor and the consultant/supervisor.

MINUTE NO. 625/2014: ADJOURNMENT.

The Chair adjourned the Meeting at Forty One Minutes past Four O'clock.

Signed..... **Date**....27/11/2014

(Chairperson).

MINUTES OF THE 135TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY 26TH AUGUST 2014 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 3:00 P.M.

PRESENT:

1. Hon. Adan Keynan, CBS,M.P. – **Chairperson**
2. Hon. Kimani Ichung'wah, M.P. – **Vice Chairperson**
3. Hon. Paul Otuoma, M.P.- **Ag Chairperson**
4. Hon. Sammy Mwaita, M.P.
5. Hon. Korei Ole Lemein, M.P.
6. Hon. John M. Nyaga, M.P.
7. Hon. Onesmus Njuki, M.P.
8. Hon. Eng. John Kiragu, M.P.
9. Hon. Cornelly Serem, M.P.
10. Hon. Johana Ngeno, M.P.
11. Hon. Beatrice Nyaga, M.P.
12. Hon. Bare Shill, M.P
13. Hon. Dr. Oburu Oginga, M.P.
14. Hon. Irungu Kang'ata, M.P.
15. Hon. Mary Keraa Sally, M.P.
16. Hon. John Aluoch Olago, M.P.
17. Hon. Njogu Barua, M.P.
18. Hon. Wafula Wamunyinyi, M.P.
19. Hon. Francis Nyenze Mwanzia, M.P.
20. Hon. Chrisanthus Wamalwa, M.P.

ABSENT WITH APOLOGY

1. Hon. Adan M. Noor, M.P.
2. Hon. Mithika Linturi, M.P.
3. Hon. Bernard Munyoki Kitungi, M.P.
4. Hon. Major (Rtd) John Waluke, M.P.
5. Hon. Ogutu John Omondi, M.P.
6. Hon. Abdullswamad Sheriff, M.P.
7. Hon. Mwadeghu Thomas, M.P.

IN – ATTENDANCE:

NATIONAL ASSEMBLY

1.	Mr. Nicholas Emejen	-	Principal Clerk Assistant I
2.	Mr. Abdullahi Aden	-	Clerk Assistant I
3.	Ms Rose Wanjohi	-	Clerk Assistant II
4.	Mr. Phillip Lekarkar	–	Clerk Assistant III
5.	Mr. Salem Lorot	-	Legal Counsel
6.	Mr. Eric Ososi	-	Research Officer III

KENYA NATIONAL AUDIT OFFICE:

1. Mr. Obed K. Chweya - Senior Manager
2. Mr. Charles N.Nyanyuki - Ag. Director

INSPECTORATE OF STATE CORPORATIONS

Mr. Davidson D.W Sifuma - Assistant Inspector General

MINUTE NO 559 /2014: PRELIMINARIES:

The meeting was called to order at 3:28 p.m. by the Ag Chairperson Hon Paul Otuoma and followed by a word of prayer by Hon. Wafula Wamunyinyi, M.P.

MINUTE NO.560/2014: EVIDENCE BY PUBLIC PROCUREMENT OVERSIGHT AUTHORITY:

The Director General, Public Procurement Oversight Authority Mr. M. Juma accompanied by Mr. Romanus Ochieng Manager audit, Mr. Peter K. Ndungu Manager Compliance and Mr. H.O Moti, Senior Compliance Officer appeared before the Committee to respond to the procurement processes of provision of consultancy services for design, review and construction supervision of S.G.R and of Kenya Pipeline Corporation Line 1 capacity enhancement project.

MINUTE NO 561/2014: EVIDENCE FOR CONSULTANCY SERVICES FOR SGR

The Director General Public Procurement Oversight Authority (P.P.O.A) informed the Committee that

(i) Kenya Railways Corporation adhering to P.P.O.A circular no 4/2009 submitted its report on procurement of provision of consultancy services for design, review and construction supervision for the construction of SGR from Mombasa to Nairobi funded by the Government of Kenya on July 9th 2014.

(ii) On the question of whether the procurement was done in accordance with the procurement law, the Director General informed the Committee that as per their quarterly report, Kenya Railways Corporation used open tender method to advertise for Request for Proposal for consultancy in the dailies as prescribed in the Public Procurement and Disposal Act (P.P.D.A) 2005. P.P.O.A also conduct procurement assessments during site visits and confirm that certain mandatory requirements which organizations need to follow are done.

Nine candidates participated and three were responsive to the conditions of the tender after preliminary, technical and financial evaluation processes and they were TSDI/APEC/EDON consortium (USD 41,184,638); Team Engineering (USD

73,922,750) and Korea Railway Network (USD 82,277,096). TSDI/APEC/EDON consortium were awarded the tender at the total cost of USD 41,184,638 as the bidder with the highest combined scores in both technical and financial evaluation, in line with Section 82(5) of the P.P.D.A.

The law forbids P.P.O.A to do the adverts for the tender and also to sit in the panel to monitor the valuation of the bids. To enhance transparency, contracts of excess of 50 million require independent consultants to review them. The Institution of Engineers of Kenya who were appointed as observers as per regulation 12(8) PPDA (2006) and regulations 4 of P.P.D.A (2013) reported to P.P.O.A that they were satisfied with the way the Technical and Financial proposals were evaluated and that they supported the decision to award the tender to the lowest evaluated bidder.

P.P.O.A opines that the conduct of the subject procurement satisfied the thresholds prescribed in the various procurement legislations

(iii) On the question of whether there was value for money in the procurement, the Director General informed the Committee that the use of both technical and financial specifications in tender documents is intended to arrive at a value for money result. The specifications are then subjected to a wide market to allow for sufficient competition amongst potential bidders which increases chances of getting market prices.

K.R.C awarded TSDI/APEC/EDON consortium the tender as they had the highest combined score after considering both the technical (guaranteeing quality) and financial (guaranteeing an economical price). TSDI/APEC/EDON Consortium had the highest technical score (62.02%) and the lowest financial value (USD 41,184,638) of the three responsive bidders. The second bid's financial quote was USD 46,092,458 or 3,541,878,868 (in Kenya shillings) higher than the financial quote of the winning bid.

(iv) On the question of whether there was a conflict of interest, the Director General informed the Committee that Section 43 of the P.P.D.A sets out instances when conflict of interest may arise in a procurement process. The Authority is aware that SASAC (a Chinese government entity) supervises both TSDI (part of the consultancy team) and C.R.B.C (the contractor) of S.G.R.

The P.P.O.A has not received complaints regarding any form of conflict of interest which may taint the procurement process and should the Authority receive such a report, it would investigate according to its mandate.

The Committee made the following observations

(i) That P.P.O.A did not have the budgetary provisions from Kenya Railway for the S.G.R project and wondered how they were able to review how the winning bid represented value for money.
(ii) That it appeared as if the Authority only reviewed the procurement processes of the organizations which fall under their preview, when concerns were raised.
(iii) Although the authority was aware that SASAC supervises both TSDI and CRBC, they did not deem this to be a conflict of interest.

The Committee after deliberations resolved that P.P.O.A gives them by Thursday 4th September 2014, the following reports

(i) The relationship between SASAC and TSDI
(ii) The budgetary provisions for the S.G.R project by Kenya Railway Corporation.

MINUTE NO 562/2014: EVIDENCE FOR KENYA PIPELINE CORPORATION LINE 1 CAPACITY ENHANCEMENT PROJECT:

The Director General Public Procurement Oversight Authority (P.P.O.A) informed the Committee that

(i) P.P.O.A acting under its mandate under Section 49 and 101 of the Public Procurement and Disposal Act (P.P.D.A)2005 requested a response from Kenya Pipeline Corporation on issues raised by the complainant(M/s Rich Productions Limited) and documentary evidence of various documents related to the Expression of Interest (EOI)

(ii) The Authority requested KPC twice to respond to the issues raised including a demonstration on the actions KPC would undertake to address the anomalies cited and ensure that the subject EOI is processed in accordance with the conditions prescribed in the EOI document and within the confines of the P.P.D.A (2006)

(iii) KPC confirmed that they had so far complied with all the requirements of P.P.D.A (2005) and the project consultant was finalizing on the tender documents (RFP) to be issued to the prequalified firm. The replacing of the Line 1 was because the current line had exceeded its lifespan (25 yrs), the maintenance costs were extremely high and was posing a health hazard because of the numerous pipe bursts.

(iv) KPC's Quarterly report on the subject tender as per P.P.O.A circular No. 4/2009 on Procurement Planning and Reporting requirements is expected on 14th October 2014.

(v) M/s Rich Productions Limited filed a judicial review of the EOI. The case was dismissed because of material non-disclosure by the petitioner and the court's view that it was a brief case company with neither the requisite experience nor financial capacity to tender for the construction of the pipeline.

(vi) There were two administrative reviews by the Administrative Review Board (A.R.B) by M/s Kalpataru Power Transmission Limited and M/s China Petroleum Engineering & Construction Corporation challenging the award of the tender to the successful bidder, but both cases were dismissed for absence of proof of neither breach of any of the provisions of the Act or the Regulations nor of the article 227 of the Constitution.

(vii) Taking into account the A.R.B's decision and the High Court's judgment, no party has raised any further queries in relation to the tender. P.P.O.A cannot investigate once a case is concluded by A.R.B

The Committee made the following observation

(i) Although P.P.O.A cited section 114(1) part 7 of the P.P.D.A as preventing them investigating a matter which has appeared and been concluded before the A.R.B, the section does not bar them from taking the matter to court for review. The section is also quiet on whether P.P.O.A can investigate a matter that has not been canvassed or tackled in the A.R.B.

The Committee deliberated and resolved that P.P.O.A will provide them by Thursday 4th September 2014 with the following

(i) A report on the section in P.P.D.A used by P.P.O.A not to investigate or prosecute the matter further once it's appeared before A.R.B.

(ii) A report on the issues that P.P.O.A raised via correspondence with KPC on two occasions 14th June 2013 and 23rd August 2013.

MINUTE NO 563/2014 ADJOURNMENT:

There being no other business the meeting was adjourned at Six O'clock.

SIGNED _____ **DATE** 5/11/2014

(Chairperson)

MINUTES OF THE 133RD SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY 21ST AUGUST 2014, IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM.

PRESENT

1. Hon. Adan Keynan, CBS, MP - Chairperson
2. Hon. Sammy Mwaita, MP
3. Hon. Serem Cornelly, MP
4. Hon. Ole Lemein, Korei, MP
5. Hon. Noor, Adan Mohammed, MP
6. Hon. Nyaga , Beatrice Nkatha, MP
7. Hon. Nyaga, John Muchiri, MP
8. Hon. Njuki, Onesmus Muthomi, MP
9. Hon. Eng. John Kiragu, MP
10. Hon. Nassir, Abdullswamad Sheriff, MP
11. Hon. Nyongesa, Otuoma Paul, MP
12. Hon. Aluoch, John Olago, MP
13. Hon. Nyenze, Francis Mwanzia, MP
14. Hon. Dr. Oburu Oginga, MP
15. Hon. Omondi John Ogutu, MP
16. Hon. Wafula Wamunyinyi, MP
17. Hon. Koyi, John Waluke, MP
18. Hon. Keraa, Mary Sally, MP
19. Hon. Kitungi, Benard Munyoki, MP
20. Hon. Wakhungu Chrisantus Wamalwa, MP

ABSENT WITH APOLOGY

1. Hon. Ichung'wah, Antony Kimani, MP - Vice Chairperson
2. Hon. Shill, Elias Bare, MP
3. Hon. Linturi, Franklin Mithika, MP
4. Hon. Barua, Ejidius Njogu, MP
5. Hon. Kipyegon, Johana Ngeno, MP
6. Hon. Kang'ata, Irungu, MP
7. Hon. Mwadeghu, Thomas Ludindi, MP

IN-ATTENDANCE
NATIONAL ASSEMBLY

1. Mr. Nicholas Emejen	-	Principal Clerk Assistant I
2. Mr. Aden Abdullahi	-	Clerk Assistant I
3. Ms. Rose Wanjohi	-	Clerk Assistant II
4. Mr. Philip Lekarkar	-	Clerk Assistant III
5. Mr. Salem Lorot	-	Legal Counsel
6. Mr. Eric Ososi	-	Research Officer III

KENYA NATIONAL AUDIT OFFICE

Mr. Obed K. Chweya	-	Senior Manager, Audit

NATIONAL TREASURY

Mr. John Munge	-	Accountant I

INSPECTORATE OF STATE CORPORATIONS

Ms Joyce Wesonga	-	Assistant Inspector General

MINUTE NO. 554/2014: PRELIMINARIES

The Chairperson called the meeting to order at Twenty Minutes past Ten O'clock and a word of prayer was said by Hon. Dr. Oburu Oginga, MP.

MINUTE 555/2014: EVIDENCE BY EDON CONSULTANTS INTERNATIONAL LTD.

The Managing Director Edon Consultants International Limited Architect **Jeremiah Ndong accompanied by Director Architect Tobias Okoth appeared before the Committee to give evidence on the Procurement of the independent supervision consultants for the Standard Gauge Railway (SGR).**

The Managing Director Edon Consultants International Limited informed the Committee that:-

(i) Edon Consultants International Ltd. was established in 1982 as a sole proprietorship in Kenya under Arch. Jeremiah Ndong. The firm later expanded and

opened offices in Uganda, South Sudan and Namibia.

(ii) The Company initially ignored the Request for Proposals for Consultancy Services for Design, Review and Construction Supervision for the Standard Gauge Railway because it looked like a purely Engineering Project. The directors did not attend the pre-bid conference.

(iii) After the pre-bid conference held on 22nd August 2013, Edon was requested APEC to form a Consortium after noticing that there was need for Architectural input in the Request for Proposals. M/s Edon established that APEC had previously worked with Third Railway Survey and Design Institute (TSDI) Group of China in the Kenya Railways Nairobi-JKIA commuter railway bid.

(iv) M/s Edon subsequently held discussions with APEC and TSDI of China and proceeded to form TSDI-APEC-EDON Consortium which prepared a Technical and Financial Bid for SGR project. The three consortium members (TSDI, APEC and EDON) signed a Framework Agreement (MoU) for a Joint Venture Partnership which was submitted with the Request for Proposal.

(v) The Consortium received a notification of award dated 15th May, 2014 informing that they had won the tender. After notifying the Client of acceptance, the Consortium members signed a Firm Consortium Agreement. In the Agreement, TSDI produces the Team Leader while APEC and Edon Consultants each produces a Deputy Team Leader.

(vi) The Contract Agreement between the Client, Kenya Railways Corporation and the Consortium was signed on 3rd June 2014, with each of the individual consortium member having produced a team of experts for the supervision contract.

(vii) EDON as a member of the team was particularly aiming at gaining experience in this first phase of 485 km in order to position itself to bid from a position of experience for future phases and build capacity for the future.

(viii) In line with the Request for Proposal objective to strengthen local capacity and knowledge transfer, the consortium overall staff is constituted by 60% Kenyan Nationals and 40% Chinese.

MINUTE NO.556 /2014: COMMITTEE OBSERVATIONS

The Committee observed that:-

(i) In the Consortium Agreement, Edon Consultants International Ltd is assigned the mandate of design review and supervision construction for the building woks of the 33 Railway Stations and is represented in the Design Review Team and the Management of the contract through one deputy team leader, Mr. JeremiahNdong.

(ii) Third Railway Survey and Design Institute (TSDI) Group of China, the lead Company in the Consortium providing consultancy services for Design Review and Construction Supervision for the SGR project, has a close organisational relationship with China Roads and Bridge Corporation (CRBC) which is undertaking the construction of SGR. This amounts to conflict of interest.

(iii) TSDI-APEC-EDON Consortium submitted a financial bid of US$ 41,184,638 for the consultancy and supervision contract without full information of the size and scope works to be carried out.

(iv) Kenyan engineers are not included in the key and critical areas of the project to enable capacity building and transfer of skills to local engineers. In all key areas they deputise lead engineers who are foreigners.

(v) EDON are the lead architects in the consortium for design review of the Standard Gauge Railway

MINUTE NO. 557/2014: ADJOURNMENT.

There being no other business the Chairperson adjourned the Meeting at Twenty Eight Minutes past Eleven O'clock.

Signed.....

(Chairperson).

Date.....5/11/2014

MINUTES OF THE 132ND SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON WEDNESDAY 20TH AUGUST IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDING AT 3:00 P.M.

PRESENT:

1. Hon. Adan Keynan, CBS,M.P. – **Chairperson**
2. Hon. Sammy Mwaita, M.P.
3. Hon. Korei Ole Lemein, M.P.
4. Hon. John M. Nyaga, M.P.
5. Hon. Onesmus Njuki, M.P.
6. Hon. Eng. John Kiragu, M.P.
7. Hon. Cornelly Serem, M.P.
8. Hon. Johana Ngeno, M.P.
9. Hon. Beatrice Nyaga, M.P.
10. Hon. Dr. Oburu Oginga, M.P.
11. Hon. Irungu Kang'ata, M.P.
12. Hon. Abdullswamad Sheriff, M.P.
13. Hon. Paul Otuoma, M.P.
14. Hon. Bernard Munyoki Kitungi, M.P.
15. Hon. Mary Keraa Sally, M.P.
16. Hon. John Aluoch Olago, M.P.
17. Hon. Ogutu John Omondi, M.P
18. Hon. Njogu Barua, M.P.
19. Hon. Wafula Wamunyinyi, M.P.
20. Hon. Francis Nyenze Mwanzia, M.P.
21. Hon. Major (Rtd) John Waluke, M.P.

ABSENT WITH APOLOGY

1. Hon. Kimani Ichung'wah, M.P. – **Vice Chairperson**
2. Hon. Adan M. Noor, M.P.
3. Hon. Mithika Linturi, M.P.
4. Hon. Bare Shill, M.P.
5. Hon. Mwadeghu Thomas, M.P.
6. Hon. Chrisanthus Wamalwa, M.P.

IN – ATTENDANCE:

NATIONAL ASSEMBLY

1.	Mr. Abdullahi Aden	-	Clerk Assistant I
2.	Ms Rose Wanjohi	-	Clerk Assistant II
3.	Mr. Phillip Lekarkar	–	Clerk Assistant III

4. Mr. Salem Lorot - Legal Counsel
5. Mr. Eric Ososi - Research Officer III

KENYA NATIONAL AUDIT OFFICE:

1. Mr. Obed K. Chweya - Senior Manager
2. Mr. Boniface Muli - Manager

INPECTORATE OF STATE CORPORATION:

Ms. Joyce Wesonga - Senior Assistant Inspector General

TREASURY:

John Munge - Accountant I

MINUTE NO 550/2014: PRELIMINARIES:

The meeting was called to order at 3:19 p.m. by the Ag Chairperson Hon Paul Otuoma and followed by a word of prayer by Hon. Korei Ole Lemein, M.P.

MINUTE NO 551/2014: EVIDENCE BY APEC CONSORTIUM LIMITED:

The Managing Director, APEC Consortium Limited Eng. J.M Karanja accompanied by Ms. Gladys Kange, General Manager Business Development; Eng M.H Kiarie, Director Business Development ; Mr. Mugo Kimani Director D.D & S.P and Eng. J.M Mwangi, Director/ Chair appeared before the Committee to give evidence on procurement of the independent supervision consultants for the Standard Gauge Railway.

MINUTE NO 552/2014: EVIDENCE:

The Committee heard that

(i) APEC Consortium Limited, Consulting Engineers, an indigenous Kenya Company was founded in 1995 and incorporated in 1996 as Aviation Project Engineering Company Limited. In 2002, APEC was incorporated under the same directorship to serve from a broader perspective.

(ii) It provides consultancy services in feasibility studies, preliminary and detailed engineering design, planning & organization, execution and project management in Roads and Highways, Airport Infrastructure and Planning, buildings, waste water management, water supply & sanitation, environmental management, social development, technical, performance and financial audits.

(iii) APEC provides engineering consultancy services in Kenya and African region e.g. Sudan and Uganda.

(iv) APEC has deliberately associated in almost all of its projects with international consulting firms including TSDI. Locally they are associated with colleague consulting firms for complementary of strengths including EDON architects.

(v) To answer the SGR advert for the design review and construction supervision placed on 20th July, APEC sought to join Rites of India, Systra of France, Yooshin of Korea to participate jointly in the preparation of the Proposal. At the Pre-bid conference, emphasis was placed on Chinese Class 1 Standards for some key personnel and the team did not have.

(vi) APEC approached TSDI of China, with whom they had collaborated on a previous project and Ms EDON who have experience on architectural works both locally and internationally.

(vii) The consortium comprises of TSDI whose broad experience includes building 60,000 kms of railway line, APEC's market leadership in civil engineering and EDON's market leadership in architectural fields. APEC and EDON are well versed and experienced in contract administration and documentation, areas in SGR project including Track and Rolling stock to ensure quality is not compromised.

(viii) The consortium presented a financial proposal with a pricing regime informed by opportunities to be availed by the successful completion of the SGR project, high proportion of local staff, stiff competition due to high interest during the pre-did conference, pecking order of the staff in he project and engagement of key and experienced experts e.g. senior former Kenya railway staff.

(ix) To date two and a half months into the contract, the various teams of experts have been mobilized and working. The planning and site appreciation works are ongoing in accordance with the Construction Programme as produced by the EPC contractor.

(x) This procurement process of the consultant for the design review and construction supervision of the SGR project including Rolling Stocks Management followed every aspect of the procedure set out in the Instructions to the Bidders and the stipulations of the Public Procurement Oversight Authority guidelines.

(xi) The Consortium 's id won as the lowest evaluated bidder at a price of USD 41,184,638 and a combined score of 92.02 %.

(xii) TSDI as the Lead Firm produces the Team Leader while APEC and EDON produces a Project Coordinator and Two Deputies to the Team Leader. All decisions from the consortium are arrived after consultations and are signed jointly by the team leader and one of his deputies. The consortium's railway engineers mainly former Kenya Railway staff will check the design review before getting the Kenya Railways to make the approvals.

(xiii) In construction supervision, TSDI will only provide a resident engineer and materials engineer during Supervision of the works, while APEC-EDON because of knowledge of local conditions will provide Assistant Resident Engineer and Assistant Materials Engineer and all the other Technical supervision staff.

(xiv) It because of lack of internal capacity for Kenya Railways which led them to procure the consortium as independent consultants.

(xv) At the time of tendering, APEC was not aware of the relationship between TSDI and China Road and Bridge Corporation, but they are aware that all Chinese firms are government parastals.

(xvi) They are governed by a code of ethics as outlined in Cap 525. Though it appeared like a conflict of interest for the consultant and the construction contract to report to be supervised by the same institution SASAC, this conflict was judged to be or not by the client.

(xvii) The consortium has 60% local content and 40 % Chinese content. The RFP required the top cadre of the engineers to be Chinese, while the field supervisors are Kenyans. They do not have a lead role because they do not have resident engineers with the capacity to implement the main part of the project.

(xviii) So far the consortium's input has been that they have visited ever site, reviewed the design and construction to ensure it's acceptable for instance the client's preliminary drawings excluded adequate parking and access to the main roads to ensure the commuter's connectivity.

(xix) Training will be carried out on the Kenyans to ensure that APEC can competitively bid for future contracts even against the Chinese.

The Committee made the following observations

(i) That APEC bidded and were awarded a contract for consultancy services which had already been provided for in the main contract i.e. under the civil works portion of the contract and under the rolling stock supplies portion of the contract. It appeared that Kenya Railways did not disclose all information to them concerning the main contract.

(ii) That as deputy team leaders, APEC would be overruled by the TSDI team leader because they did not have the technical capacity.

(iii) It will be a challenge to build capacity locally since the Chinese engineers and technicians would be seconded and supervised by SASAC who can even replace the team leaders in both TSDI and CRBC.

The Committee resolved that if after further interrogation of the evidence, they required further evidence they would invite the management of APEC to appear before them again.

MINUTE NO 553 /2014: ADJOURNMENT

There being no other business the meeting was adjourned at Five Minutes past Five O'clock.

Signed: _____ Date: 5/11/2014

Chairperson

MINUTES OF THE 131ST SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY JULY 16TH 2014 IN THE COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M:

PRESENT:

1. Hon. Adan Keynan, M.P. – **Chairperson**
2. Hon. Kimani Ichung'wah, M.P. – **Vice Chairperson**
3. Hon. Francis Nyenze Mwanzia, M.P.
4. Hon. Cornelly Serem, M.P
5. Hon. Korei Ole Lemein, M.P.
6. Hon. Beatrice Nyaga, M.P.
7. Hon. Irungu Kang'ata, M.P
8. Hon. Onesmus Njuki, M.P
9. Hon. Abdullswamad Sheriff, M.P
10. Hon. Adan M. Noor, M.P.
11. Hon. Paul Otuoma, M.P.
12. Hon. Mithika Linturi, M.P
13. Hon. Mary Keraa Sally, M.P
14. Hon. Johana Ngeno, M.P
15. Hon. Sammy Mwaita, M.P
16. Hon. Njogu Barua, M.P.
17. Hon. John M. Nyaga, M.P
18. Hon. Major (Rtd) John Waluke, M.P.
19. Hon. Dr. Oburu Oginga, M.P
20. Hon. John Aluoch Olago, M.P.
21. Hon. Ogutu John Omondi, M.P
22. Hon. Wafula Wamunyinyi, M.P.
23. Hon. Chrisanthus Wamalwa, M.P

ABSENT WITH APOLOGY

1. Hon. Bernard Munyoki Kitungi, M.P.
2. Hon. Eng. John Kiragu, M.P
3. Hon. Bare Shill, M.P
4. Hon. Mwadeghu Thomas, M.P

IN – ATTENDANCE:

NATIONAL ASSEMBLY

1.	Mr. Nicholas Emejen	-	Principal Clerk Assistant I
2.	Mr. Aden Kenan	-	Clerk Assistant I
3.	Ms Rose Wanjohi	-	Clerk Assistant II

4. Mr. Phillip Lekarkar – Clerk Assistant III

KENYA NATIONAL AUDIT OFFICE:

1. Mr. Obed K. Chweya - Senior Manager
2. Mr. Boniface K. Mulli - Manager

INSPECTORATE OF STATE CORPORATIONS:

Ms. Joyce Wesonga - Assistant Inspector General

THE NATIONAL TREASURY

Mr. John Munge - Accountant 1

MINUTE NO 546/2014: PRELIMINARIES:

The meeting was called to order at 10:05 a.m by the Chairperson followed by a word of prayer by Hon. Beatrice Nyaga M.P.

MINUTE NO 547/2014: EVIDENCE BY MINISTRY OF TRANSPORT AND INFRASTUCTURE:

The Cabinet Secretary, Ministry of Transport and Infrastructure, Eng. Michael Kamau accompanied by Mr. Nduva Muli, Principal Secretary Ministry of Transport and Infrastructure; Mr. A. K. Maina, Managing Director, Kenya Railways Corporation; Eng. G.M Arasa, Ministry of Transport and Infrastructure; T.Y Tarus, Ministry of Transport and Infrastructure; D.G Hunda, Ministry of Transport and Infrastructure; Ms. Lucy Njoroge, PLM and Mr. David Njogu, Legal Officer appeared before the **Committee to give evidence on the procurement of consultancy services for design review and construction supervision for Mombasa-Nairobi SGR project.**

MINUTE NO 548/2014: REPORT ON PROCUREMENT OF CONSULTANCY SERVICES FOR MOMBASA-NAIROBI SGR PROJECT:

The Cabinet Secretary, Ministry of Transport and Infrastructure informed the Committee that:-

(i) Under Kenya Railways Corporation Act (CAP 397), the KRC is mandated to develop and operate railways and inland waterways transport services in Kenya. The Corporation is in the process of developing high capacity, high speed Standard Gauge Railway from the port of Mombasa to Nairobi. The project is expected to shift freight from roads to rail reducing rapid roads damage, provide safe and rapid intercity passenger transport.

(ii) The Corporation has engaged China Road & Bridge Corporation in a design-built contract where the China Road & Bridge Corporation delivers civil works, track works and procurement and installation of associated facilities, and the procurement of locomotives and rolling stock.

(iii) The supervising Consultant being hired is to review and approve designs and supervise construction of Mombasa- Nairobi Standard Gauge Railway on behalf of the Corporation by ensuring procurement of civil works and materials under the project are undertaken efficiently, in best practices and in compliance with set standards and specifications. The Consultants should ensure the on-the job training and transfer of know-how, engineering, and project management experience to the Employer's project staff.

(iv) The procurement of the consultant was through an open international tender which involved evaluations at the technical and financial levels. The bidders were required to bid as per the specifications and out of the original 26 bidders, three qualified for the technical evaluation namely; Team Engineering; TSDI/APEC/EDON and Korea Rail Network Authority.

(v) The Expert/consultant is required to be available throughout the project and they shall appoint an expert team as per the tender specifications.

(vi) TSDI/APEC/EDON scored highest in the Technical evaluation and in lowest bid amount of USD 41,184,638. They were one of the two firms to extend their bid validity period to accommodate the loan agreement negotiations between GOK and EXIM Bank of China.

(vii) The KRC Tender Committee awarded TSDI/APEC/EDON the tender for consultancy services on 15th May 2014. The meeting was attended by two independent observers.

(viii) TSDI/APEC/EDON is a consortium of three firms, The Third Survey Design Institute Group Corporation (TSDI) which is a government enterprise owed by the People's Republic of China and has supervised the construction of SGR in Ethiopia; APEC Consortium Limited which is a locally registered engineering firm dealing with general planning, engineering design and project management of infrastructure e.g. Thika Super highway and EDON Consultants International Ltd a locally registered architectural Company which provides building consulting and project management services. It has undertaken projects in Namibia, Uganda and Kenya.

(ix) The contract is a EPS contract which cannot be extended or revaluated nor are cost escalations envisaged.

(x) Kenya Railways has oversight role over the project and the GOK can do an audit of the project thus ensuring quality and value for money.

(xi) The financing of the SGR supervision consultant is part of the GOK contribution which was a condition for accessing the loan from EXIM Bank of China. The amount is being financed through the Railway Development Levy Fund established in 2013 and the consultancy was factored in KRC budget on a pro-rata basis over several financial years.

The Committee made the following observations:-

(i) In the attendance register provided, TSDI/APEC/EDON did not tender as a consortium, in some instances APEC tendered in a consortium with other while TSDI bided alone.

(ii) The tender documents did not have a clause barring Chinese Corporations from bidding.

(iii) The winning bidder TSDI/APEC/EDON was a Corporation owed by the Chinese Government and supervised by SASAC, the same Government entity which also supervises China Road & Bridge Corporation. This appeared to be a conflict of interest and wondered whether the Kenyan people will get value for money.

(iv) That the hiring of the consultant could be seen as being imprudent, contemptuous and not taking into consideration value for money of the project AND Committee recommendations that an independent consultant be hired.

The Committee resolved to invite TSDI; APEC; EDON; Korea Rail Network Authority; Team Engineering and Public Procurement Oversight Authority to appear before it to adduce evidence on the procurement of the independent supervisory consultant.

Members expressed the view that the Cabinet Secretary and Kenya Railways ought to delay the commencement of the consultancy services until the issues surrounding conflict of interest and value for money in the procurement of the consultant are resolved.

MINUTE NO 549/2014: ADJOURNMENT:

There being no other business the meeting adjourned at Forty Minutes past Twelve O'clock.

Signed: _____ **Date:** 5/11/2014

Chairperson

MINUTES OF THE 130TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY 08 TH JULY 2014 IN THE COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 12:30 P.M:

PRESENT:

1. Hon. Adan Keynan, M.P. – **Chairperson**
2. Hon. Kimani Ichung'wah, M.P. – **Vice Chairperson**
3. Hon. Francis Nyenze Mwanzia, M.P.
4. Hon. Sammy Mwaita, M.P
5. Hon. Njogu Barua, M.P.
6. Hon. Mwadeghu Thomas, M.P
7. Hon. Bare Shill, M.P
8. Hon. John M. Nyaga, M.P
9. Hon. Eng. John Kiragu, M.P
10. Hon. Major (Rtd) John Waluke, M.P.
11. Hon. Dr. Oburu Oginga, M.P
12. Hon. John Aluoch Olago, M.P.
13. Hon. Ogutu John Omondi, M.P
14. Hon. Wafula Wamunyinyi, M.P.
15. Hon. Chrisanthus Wamalwa, M.P

ABSENT WITH APOLOGY

1. Hon. Cornelly Serem, M.P
2. Hon. Korei Ole Lemein, M.P.
3. Hon. Beatrice Nyaga, M.P.
4. Hon. Irungu Kang'ata, M.P
5. Hon. Onesmus Njuki, M.P
6. Hon. Abdullswamad Sheriff, M.P
7. Hon. Adan M. Noor, M.P.
8. Hon. Paul Otuoma, M.P.
9. Hon. Mithika Linturi, M.P
10. Hon. Johana Ngeno, M.
11. Hon. Bernard Munyoki Kitungi, M.P.
12. Hon. Mary Keraa Sally, M.P

IN – ATTENDANCE:

NATIONAL ASSEMBLY

1.	Mr. Nicholas Emejen	-	Principal Clerk Assistant I
2.	Mr. Aden Kenan	-	Clerk Assistant I
3.	Ms Rose Wanjohi	-	Clerk Assistant II
4.	Mr. Phillip Lekarkar	–	Clerk Assistant III

KENYA NATIONAL AUDIT OFFICE:

1.	Mr. Obed K. Chweya	-	Senior Manager
2.	Mr. Charles N. Nyanyuki	-	Ag. Director

THE NATIONAL TREASURY:

Mr. John Munge	-	Accountant 1

MINUTE NO. 541/2014: PRELIMINARIES:

The meeting was called to order at 12:39 p.m by the Chairperson followed by a word of prayer by Hon. Eng. Kiragu M.P.

MINUTE NO. 542/2014: DECLARATION OF INTEREST

Pursuant to Standing Order No. 90, Hon. Eng. Kiragu M.P informed the Committee that he was a pensioner of Kenya Railways Corporation and a former Head of Department on Research and Development at K.R.C

MINUTE NO. 543/2014: EVIDENCE BY KENYA RAILWAYS CORPORATION:

The Managing Director, Kenya Railways Corporation Mr. A. K. Maina accompanied by Mr. D.G Hunda Head of Railways Ministry of Transport and Infrastructure, A.K Matheka G.M Finance, Eng. Maxwell Mengich Ag. GMC, Ms. Lucy Njoroge, PLM and Mr. David Njogu Legal Officer appeared before the committee to give evidence on the procurement of consultancy for the Standard Gauge Railway.

MINUTE NO. 544/2014: REPORT ON STANDARD GAUGE RAILWAY:

The Managing Director, Kenya Railways Corporation informed the Committee that:-

(i) Under Kenya Railways Corporation Act (CAP 397), the KRC is mandated to develop and operate railways and inland waterways transport services in Kenya. The Corporation is in the process of developing high capacity, high speed standard gauge railway from the port of Mombasa to Nairobi. The project is expected to shift freight from roads to rail reducing rapid roads damage, provide safe and rapid intercity passenger transport.

(ii) The Corporation has engaged China Road & Bridge Corporation in a design-built contract where the China Road & Bridge Corporation delivers civil works, track works and procurement and installation of associated facilities, and of the procurement of locomotives and rolling stock.

(iii) The Consultant being hired is to review and approve designs and supervise construction of Mombasa- Nairobi Standard Gauge Railway on behalf of the Corporation by ensuring procurement of civil works and material under the project are undertaken efficiently, in best practices and in compliance with set standards and specifications. The Consultants should ensure the on-the job training and transfer of know-how, engineering, and project management experience to the Employer's project staff.

(iv) The procurement of the consultant was an open international tender which involved evaluations at the technical and financial levels. The bidders were required to bid as per the specifications and out of the original 26 bidders, three qualified for the technical evaluation namely; Team Engineering; TSDI/APEC/EDON and Korea Rail Network Authority.

(v) TSDI/APEC/EDON scored highest in the Technical evaluation and lowest bid amount of USD 41,184,638. They were one of the two firms to extend their bid validity period to accommodate the loan agreement negotiations between GoK and EXIM Bank of China.

(vi) The KRC Tender Committee awarded TSDI/APEC/EDON on 15th May 2014 and the meeting was attended by two independent observers.

(vii) TSDI/APEC/EDON is a consortium of three firms, The Third Survey Design Institute Group Corporation (TSDI) which is a government enterprise owed by People's Republic of China and has supervised the construction of SGR in Ethiopia; APEC Consortium Limited which is locally registered engineering firm dealing with general planning, engineering design and project management of infrastructure e.g. Thika Super highway and EDON Consultants International Ltd a locally registered architectural Company which provides building consulting and project management services in Namibia, Uganda and Kenya.

(viii) The financing of the SGR supervision consultant is part of the GOK contribution which was a condition for accessing the loan from EXIM bank of China. The amount is being financed through Railway Development Levy Fund established in 2013 and

the consultancy was factored in KR budget on a pro-rata basis over several financial years

The Committee made the following observations:-

(i) Both CRBC (Contractor) and TSDI (Consultant) are state owed corporations supervised by the State –owned Assets Supervision and Administration Commission (SASAC) who are owned by the People's republic of China and whose functions include ensuring value addition of the investment and removal of the management of the Corporations they are supervising. This appears to be "conflict apparent in the face of the record".

(ii) Whether the two Corporations will deliver value to Kenyans or deliver profits to China?

(iii) The consultant should have been hired first and that KRC should have defined who qualifies to apply for the tender.

(iv) That the recommendations in the PIC report on SGR were ignored and if anything goes wrong the management of KR will be held collectively and individually liable

The Committee directed as follows:-

(i) KRC to provide more information on SASAC, TSDI and CRBC.

(v) KRC to show proof that the contractor and consultant do not share resources, staff and offices

(vi) KRC to be provide a certificate proving the 60% local content in TSDI and APEC/EDON as legally required.

(ii) KRC to provide a list of more references of the work done by M/s APEC/EDON not just on the Thika Super Highway.

MINUTE NO 545 /2014: ADJOURNMENT

There being no other business, the meeting was adjourned at Eighteen minutes past Four O'clock.

Signed: _____ **Date:** 5/11/2014

Chairperson

ANNEXURE 1

Rister
Fa On 21/05/2014

P. O. Box 30121 - 00100, Nairobi, Kenya
Tel: +254-020-2221211, 2215796
Cell: 0728-603581, 0728-603582
Fax: +254-020-340049/ 224156
E-mail: info@krc.co.ke
Website: www.krc.co.ke

KENYA RAILWAYS

REF: KRC/PLM/009/13-14

Date: May 15, 2014

RECEIVED
21 MAY 2014
K. R. C
PROCUREMENT DEPARTMENT

Messrs. TSDI/APEC/EDON
300142 Yard 82,Xi' er Road
Tiajin City
Tel: +0203874901
E-mail: linweidong@tsdig.com

Dear Sirs,

RE: NOTIFICATION OF AWARD OF CONTRACT

TENDER NO.KRC/PLM/009/13-14 - CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVE AND ROLLING STOCK

Reference is made to the above tender where you participated as a bidder.

We are pleased to inform you that your tender for the above Consultancy Services at a tender sum of **US$41,184,638 (United States Dollars Forty One Million, One Hundred Eighty Four Thousand, Six Hundred and Thirty Eight Only)**, all taxes inclusive, has been accepted.

1. You will be required to provide us with a Professional Liability Insurance in accordance with Clause 3.4 (i) of the Special Conditions of Contract.
2. The Contract will be signed after (14) days from the date of this letter but not later than thirty (30) days.
3. Please note that under Section 68(3) of the PP & D Act (2005), no contract is formed until the written contract is entered into.

Kindly confirm your acceptance of this award by signing the duplicate copy of this letter and return to the undersigned by May 22, 2014.

Yours faithfully,

Lucy Njoroge
Procurement Manager
FOR: MANAGING DIRECTOR

We accept/reject award as outlined above.

Signed.....

Name: JIA GUANGZHI Date: 2014-5-19

All correspondence should be addressed to the Managing Director

P. O. Box 30121 - 00100, Nairobi, Kenya
Tel: +254-020-2221211, 2215796
Cell: 0728-603581, 0728-603582
Fax: +254-020-340049/ 224156
E-mail: info@krc.co.ke
Website: www.krc.co.ke

KENYA RAILWAYS
right on track

REF: KRC/PLM/009/13-14 Date: May 15, 2014

Messrs. TSDI/APEC/EDON
300142 Yard 82,Xi' er Road
Tiajin City
Tel: +0203874901
E-mail: linweidong@tsdig.com

Dear Sirs,

RE: NOTIFICATION OF AWARD OF CONTRACT

TENDER NO.KRC/PLM/009/13-14 - CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVE AND ROLLING STOCK

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1. You will be required to provide us with a Professional Liability Insurance in accordance with Clause 3.4 (i) of the Special Conditions of Contract.
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3. Please note that under Section 68(3) of the PP & D Act (2005), no contract is formed until the written contract is entered into.

Kindly confirm your acceptance of this award by signing the duplicate copy of this letter and return to the undersigned by May 22, 2014.

Yours faithfully,

Lucy Njoroge
Procurement Manager
FOR: MANAGING DIRECTOR

ISO 9001 REGISTERED FIRM

NOTIFICATION OF OUTCOME - TENDER NO.KRC/PLM/009/13-14 - CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI , KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES , LOCOMOTIVE AND ROLLING STOCK

procure to: linweidong, matupec 05/19/2014 08:24 AM

From: procure/krc

To: linweidong@tsdig.com, matupec@gmail.com

Dear Sirs,

Kindly find attached letter of Notification of Outcome for the above Tender .

Lucy Njoroge
Procurement Manager

NOTIFICATIO OF OUTCOME - TSDI,APEC,EDON.pdf

ANNEXURE 2

DATED THIS 3RD DAY OF JUNE 2014

KENYA RAILWAYS CORPORATION

AND

THE THIRD RAILWAY SURVEY DESIGN INSTITUE GROUP CORPORATION (TSDI)/ APEC CONSORTIUM LIMITED (APEC)/ EDON CONSULTANTS INTERNATIONAL LIMITED (EDON) CONSORTIUM

CONTRACT FOR PROVISION OF CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVE AND ROLLING STOCK

DRAWN BY:-
CORPORATION SECRETARY
KENYA RAILWAYS CORPORATION
P.O. BOX 30121 - 00200
NAIROBI

KENYA RAILWAYS

CONTRACT FOR PROVISION OF CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVES AND ROLLING STOCK

THIS AGREEMENT is made this 3rd day of June 2014 between **KENYA RAILWAYS CORPORATION** of P.O. Box 30121, NAIROBI (hereinafter called "the Procuring entity" which expression shall where the context so admits include its agents, authorized servants and successors in title) of the one part, and **TSDI/APEC/EDON CONSORTIUM** of 300142 Yard 82, Xi'er Road, Tiajin City (hereinafter called "the tenderer" which expression shall where the context so admits include its agents, servants and successors in title) of the other part.

WHEREAS the procuring entity, vide Tender No. KRC/PLM/009/13-14 invited tenders for the Provision of Consultancy Services for Design Review and Construction Supervision for the construction of a Standard Gauge Railway from Mombasa to Nairobi, Kenya and procurement and installation of facilities, locomotives and rolling stock , and

WHEREAS upon technical and financial evaluation of the submitted bids, the procuring entity has awarded the tender for the supply of the aforesaid Consultancy Services, and

WHEREAS the tenderer is willing to perform and provide the said Consultancy Services;

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:-

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the conditions of contract referred to.

2. The tenderer shall perform the services specified in the Terms of Reference and Scope of Services as set out in the Tender documents. The tenderer shall provide qualified personnel to perform the services and shall submit to the procuring entity a final Report within the time period specified herein.

3. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz;

   i. RFP Document and all addenda issued to bidders
   ii. the Tender Form and Price Schedule submitted by the tenderer;
   iii. the Technical proposal by the tenderer
   iv. the Financial proposal by the tenderer
   v. the Terms of Reference;
   vi. the General Conditions of Contract;
   vii. the Special Conditions of Contracts
   viii. Contract form;
   ix. Confidential Business Questionnaire; and
   x. Tender Committee minutes
   xi. the Notification and Acceptance of Award.
   xii. The Negotiation Minutes
   xiii. The Consortium Internal Agreement

4. The Contract fee as agreed between the parties shall be a sum of USD 41,184,638 (United States Dollar Forty One Million, One Hundred Eighty Four Thousand, Six Hundred and Thirty Eight only), all taxes inclusive.

Payment shall be made according to the following schedule:

Item	Particulars	Threshold
4.1	Mobilization (on appointment) at commencement date upon request by the consultant against a bank guarantee for the same amount	20%
4.2	Upon acceptance of not less than 10% physical accomplishment of the construction works	12.5%
4.3	Upon acceptance of not less than 25% physical accomplishment of the construction works	15%
4.4	Upon acceptance of not less than 55% physical accomplishment of the construction works	30%
4.5	Upon acceptance of not less than 80% physical accomplishment of the construction works	20%
4.6	Upon acceptance of 100% physical accomplishment of the construction works	20%
4.7	Upon completion of the defect liability and having made good all defects	2.5%

The recovery of the advance payment shall commence upon the construction progress reaching 20% and shall be fully recovered at 80% completion. The advance recovery would be based on the

usual civil works formulae used to recover such advance payments.

5. The tenderer shall provide a Professional Indemnity Insurance in accordance with clause 3.4(i) of the general conditions of contract on or before the commencement date.
6. This contract shall commence on the 3rd day of June 2014 and shall run during the construction of Mombasa Nairobi SGR or such other period(s) as may be subsequently agreed in writing by the parties.
7. The procuring entity's Managing Director or any officer appointed by the Managing Director shall co-ordinate activities under this contract, including acceptance and approval of the of the agreed deliverables by the tenderer and for receiving and approving payment. In the event the Managing Director shall disapprove any of the agreed deliverable by the tenderer, he shall notify the tenderer of the same in writing stating the reasons for such disapproval so as to afford the tenderer the opportunity to rectify such accordingly.
8. The tenderer shall exercise discipline, diligence and use reasonable care when carrying out work undertaken under this Agreement and the tenderer accepts to indemnify the procuring entity for any loss of or damage, that may be occasioned to the procuring entity's property, records or materials as a result of willful or negligent acts or omissions on the part of the tenderer.
9. The tenderer hereby undertakes to procure suitable insurance cover to cushion its employees or agents while at the procuring entity's sites, premises etc. This contract does not create any obligation legal, financial or otherwise on part of the procuring entity, to any person claiming entitlement to compensation or other remedies relating to any

loss or injury whatsoever resulting from work undertaken under this Agreement.

10. Both parties shall not, during the term of this contract and within two years after its expiration, (except as authorized or required for purposes of this Agreement or as may be required by any applicable law or court order), disclose any confidential information relating to the contracted services, this contract or either party's business or operations without the prior written consent of the other party.

11. Any studies, reports and relevant data or other material, graphic, software or otherwise prepared or generated, or any equipment procured by the tenderer for, or using the finances of, the procuring entity under the contract shall belong to and shall remain the property of the procuring entity. The tenderer shall however retain ownership of the copyright and all other intellectual property rights in the product of the services, whether oral or tangible, and ownership of its working papers.

12. The tenderer shall not assign this contract or subcontract any portion thereof without the procuring entity's prior written consent.

13. The procuring entity hereby covenants to pay to the tenderer, in consideration of satisfactory provision of the procured services, facilities and equipments the contract price or such other sum as may become payable under the provisions of the contract at the times and in the manner prescribed by the contract. In return, the tenderer undertakes to perform, throughout the subsistence of this Agreement, the procured services, facilities and equipments with the highest standard of professional competence, ethics and integrity.

14. This Contract may be terminated by either party by giving a 30 days Notice in writing but the procuring entity reserves its right to terminate the contract on its discretion without notice on account of gross

misconduct or substandard performance of the contracted services on the part of the tenderer. Provided that the tenderer shall be entitled to full payment for the work done (in so far as the same is capable of being severed and ascertained, and if such work is duly verified by the Procuring entity) at the time of such termination subject to t Procuring entity's right of set off.

15. The maximum liability of the Tenderer in respect of direct economic loss or damage suffered by the Procuring entity or by other beneficiaries arising out of or in connection with the services shall be limited to fees charged and paid for these services. The maximum liability shall be an aggregate liability for all claims arising, whether by contract or tort.

16. Any amendment to the terms of this contract shall be in writing and negotiated between the parties and, once accepted, it shall be construed as part of this Agreement.

17. This contract shall be governed by the laws of Kenya. Any dispute that may arise out of the Contract which cannot be amicably settled between the parties shall be resolved by arbitration.

18. Each party shall be released from their respective obligations during the period of the occurrence of a *force majeure* event and shall not be liable to the other or deemed to be in breach of the contract by reason of any delay in performing or any failure to perform any of their obligations under the Agreement if the delay or failure was due to occurrence of a *force majeure* event (such as war, act of God, lock out, trade dispute, etc.) and the work cannot reasonably be carried out.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed the day and year first above written.

SEALED with the Common Seal
of the PROCURING ENTITY
KENYA RAILWAYS CORPORATION

MANAGING DIRECTOR

CORPORATION SECRETARY

00460

In the presence of

I, certify that I was present and saw A. K. MAINA
(Managing Director) and HELEN MWANGANA Corporation Secretary of the Procuring Entity executing this Agreement.

Signature of Witness: .....

Name: STANLEY GITARI
ADVOCATE

Address: P. O. Box 17525 - 00100

Occupation: G.P.O. NAIROBI

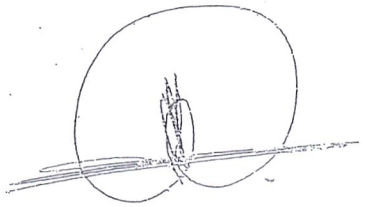
SEALED with the Common Seal)
of the TENDERER)
TSDI)
In the presence of)
)
)
林立东)
DIRECTOR)
)
)
高松东)
DIRECTOR)

I, certify that I was present and saw 1 Lin Weidong. (DIRECTOR) and 2...Gao Songdong (DIRECTOR) of the Tenderer executing this Agreement.

Signature of Witness: 黄广志

Name: Jia Guangzhi.

Address: 300142 Yard 82, Xi'er Road, Tiajin City



WANGAI MAINA
ADVOCATE
P. O. Box 42509
Nairobi 00100

SEALED with the Common Seal)

of the TENDERER)

APEC Consortium Ltd.)

In the presence of)

)

)

.....)

CHAIRMAN)

)

.....)

MANAGING DIRECTOR)

I, certify that I was present and saw Eng. J. M. MATU (Chairman) and Eng. J. M. KARANJA (Managing Director) of the Tenderer executing this Agreement.

Signature of Witness:

MANGU MAINA
ADVOCATE
P.O. Box 12504
NAIROBI - 00100

Name: .....

Address: .....

SEALED with the Common Seal
of the TENDERER
EDON CONSULTANCY
INTERNATIONAL LTD.
In the presence of

DIRECTOR

EDON CONSULTANTS INTERNATIONAL LTD.
Date.....
Timau Plaza, 3rd Floor
Argwings Kodhek Rd.
Tel: (+254-2)387901, 387835
Fax: (+254-2) 3861925
P. O. Box 19684-00202 NAIROBI

DIRECTOR

I, certify that I was present and saw 1. JEREMIAH E. O. NDONG (Director) and 2. TOBIAS OKOTH (Director) of the Tenderer executing this Agreement.

Signature of Witness: .....

Name: .....

Address: .....

WANGAI Maina
ADVOCATE
P. O. Box 19508

WANGAI MAINA
ADVOCATE
P. O. Box 42508
Nairobi - 00100

ANNEXURE 3

REPUBLIC OF KENYA

MINISTRY OF TRANSPORT

SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS FOR THE MOMBASA-NAIROBI STANDARD GAUGE RAILWAY PROJECT

BETWEEN

KENYA RAILWAYS CORPORATION

AND

CHINA ROAD AND BRIDGE CORPORATION

CONTRACT DOCUMENT

October 2012

THE CHINA ROAD AND BRIDGE CORPORATION C88,ZHONGLU PLAZAANDING MEN WAIDAJIE POST CODE100011, BEIJING, CHINA	MANAGING DIRECTOR KENYA RAILWAYS CORPORATION POBOX 30121 - 00100 NAIROBI

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SECTION 1

THE CONTRACT AGREEMENT

AND

SELLER'S POWER OF ATTORNEY

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中国路桥工程有限责任公司
CHINA ROAD AND BRIDGE CORPORATION (CRBC)

Add: C88 Andingmenwai Dajie, Beijing, China
Tel: 86-10-64230055
Post code: 100011
Fax: 86-10-64285686

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS THAT I, the undersigned

Zhang Jianchu

Chairman

of China Road and Bridge Corporation

Lawfully authorized to represent and act on behalf of the said Corporation, whose registered address is

Zhonglu Plaza,

C88, Andingmenwai Dajie,

Beijing 100011, People's Republic of China

Do hereby appoint

Mr. Li Qiang

P. 00461020

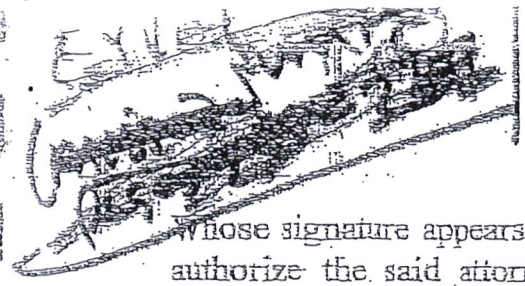
General Manager

Kenya Office

of China Road and Bridge Corporation

20

005



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whose signature appears below, to be the true and lawful attorney; and I authorize the said attorney sign Prequalification Document and bids, conduct negotiations, sign the Contract, conduct negotiations and execute all the necessary matters related thereto, in the name and on behalf of the said company the Contract SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS FOR THE MOMBASA-NAIROBI STANDARD GAUGE RAILWAY PROJECT.

IN WITNESS WHEREOF,

I have hereto set my hand on August 15, 2012.

10

Signature of Principal

Zhang Jiancui

Chairman

China Road and Bridge Corporation

Specimen Signature of Attorney

Mr. Li Qiang

General Manger

Kenya Office

China Road and Bridge Corporation

SECTION 2

THE LETTERS OF AWARD AND ACCEPTANCE

P. O. Box 30121 - 00100, Nairobi, Kenya
Tel: +254-020-2215211, 2215796
Cell: 0728-603581, 0728-603582
Fax: +254-020-3430049/ 224156
E-mail: md@krc.co.ke
Website: www.krc.co.ke

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KENYA RAILWAYS

Ref: OPR. 9 Date: 3rd October, 2012

M/s China Road and Bridge Corporation (CRBC)
C88, Zhonglu Plaza,
Andingmenwai Dajie,
BEIJING, CHINA

10

Tel: 0086 10 64280055, Fax: 0086 10 64285667

Dear Sirs,

RE: SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS FOR THE MOMBASA-NAIROBI STANDARD GAUGE RAILWAY PROJECT

LETTER OF AWARD

This is to notify you that the Kenya Railways Corporation has accepted your proposal dated 18th June, 2012 for **Supply and installation of the facilities, locomotives and rolling stocks for the Mombasa–Nairobi Standard Gauge Railway Project** for the amount **USD1,146,791,008.75 (Say United States Dollars One Billion One Hundred Forty Six Million Seven Hundred Ninety One Thousand Eight and Cents Seventy Five Only)** exclusive of Value Added Tax, Customs Duties, IDF Fee, Cess, and Withholding Tax.

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The aforementioned amount is the Contract Price payable in consideration of the execution and completion of Services as prescribed in the Contract Document.

In accordance with the provisions of the contract, the Managing Director of Kenya Railways Corporation will be the Buyer's Representative. The Managing Director shall appoint a Representative to perform the duties set under the said Conditions of Contract.

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The Powers and Authority of the Buyer's representative shall be notified to you in writing.

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You are now required to give a formal written unconditional acceptance of this offer and to produce a detailed and resourced Program of Works with superimposed cash flow based on the forty eight (48) months period for completion of the contract, both to be approved by the Managing Director.

This Notification of Award shall lead to conclusion of a contract between the parties, which shall be confirmed through the signing of the Contract Agreement by you and the Buyer.

Yours faithfully,

Nduva Muli
MANAGING DIRECTOR

中国路桥工程有限责任公司 （肯尼亚办事处）
CHINA ROAD AND BRIDGE CORPORATION (KENYA)

Our Ref: CRBC/092/2012. Date: 4th October, 2012

Nduva Muli
Managing Director
Kenya Railways Corporation
NAIROBI, KENYA

Dear Sir,

RE: SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS FOR THE MOMBASA - NAIROBI STANDARD GAUGE RAILWAY PROJECT
ACCEPTANCE OF AWARD

This refers to your Letter of Award, Ref:OPR.9 , dated 3rd October, 2012, awarding the above-captioned project to our company, we hereby give a formal unconditional acceptance of the award of the above-captioned project in the amount of USD1,146,791,008.75 (Says United States Dollars One Billion One Hundred Forty Six Million Seven Hundred Ninety One Thousand Eight and Cents Seventy Five Only) exclusive of Value Added Tax, Customs Duties, IDF Fee, Cess, and Withholding Tax.

We take this opportunity to convey our appreciation for the award of the contract, and look forward to signing the Commercial Contract with you at the earliest time.

Thank you and best regards.

Yours Sincerely,

Li Qiang
General Manager
China Road & Bridge Corporation (Kenya)

Plot L.R. 330/265 Hatheru Rd., Lavington | P. O. Box 39037- 00623 Nairobi, Kenya
TEL: +254-20- 3870331/3877956/3875751 | FAX: +254-20-3870334

SECTION 3

THE SCOPE OF THE CONTRACT

THE SCOPE OF THE CONTRACT

3.1 The subject of this Contract is to supply and install the facilities, locomotives and rolling stocks for the Mombasa - Nairobi Standard Gauge Railway Project for the buyer.

3.2 The Buyer agrees to accept the Commodities according to the price stipulated in Section 4 and pay the Seller as per the schedules of the payment stipulated in Section 5 of this contract.

3.3 The Buyer and Seller agree that the types of facilities, locomotives and rolling stocks are listed as below:

(1) System of Communication, Signal and Information

(2) System of Electricity supply

(3) Other Operation System

(4) Locomotives

(5) Rolling stocks for the Freight

(6) Rolling stocks for the Passenger

(7) Supply of a wide range of spares covering above items (1) to (6) (refer to Bill No.5 in the Bill of Quantities).

3.4 The Chinese Standard is adopted to Commodities and which meets the requirement of track with 1435mm width.

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SECTION 4

THE PRICE OF THE CONTRACT

THE PRICE OF THE CONTRACT

4.1 The total amount of this Contract is **USD 1,146,791,008.75 (Says United States Dollars One Billion One Hundred Forty Six Million Seven Hundred Ninety One Thousand Eight and Cents Seventy Five Only)** exclusive of Value Added Tax, Customs Duties, IDF Fee, Cess, and Withholding Tax.

4.2 The currency of the Contract is United States Dollar. The portion to be paid by Financial Institutions of China (in United States Dollar) is 90% of the Contract Price, or such percentage as shall be stipulated in the Financing Agreement between Government of Kenya and the Financial Institutions of China. The portion to be paid by Government of Kenya (in United States Dollar) is 10% of the Contract Price, or such percentage shall be the balance after the Financing Agreement stipulated.

4.3 In case any further changes to the cost of Commodities after signing this Contract, the Seller will, where appropriate carry out this change and pass on the any resultant costs to the Buyer. The Variation of Price to be paid is subject to clause "Variation of Price" in the "Conditions of Contract".

4.4 The Seller shall be exempted from Value Added Tax, Customs Duties, IDF Fee, Cess, and Withholding Tax.

4.5 The Buyer shall consult Ministry of Finance on issues regarding waiver of taxes for procured items.

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SECTION 5

THE SCHEDULES OF THE PAYMENT

THE SCHEDULES OF PAYMENT

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5.1 The schedules of payment will be made as follows:

REF	CERTIFICATE DESCRIPTION	PERCENT OF CONTRACT PRICE	CONDITIONS FOR SUBMISSION
1	First installment	40%, 20% for locomotive & Rolling Stocks, 20% for facilities	Within one month from the date of effectiveness of the contract and confirmation by both the financial institutions of China and the Ministry of Finance of Kenya regarding such effectiveness and acceptance by the buyer the first installment payment guarantee. 10
2	Second installment	20%	Within one month from the date completion certificates issued of supply and installation of 30% of the total quantity of facilities (in line km of railway), except locomotives and rolling stocks.
3	Third installment	10%	Within one month from the date completion certificates issued of supply and installation of 60% of the total quantity of facilities (in line km of railway), except locomotives and rolling stocks. 20
4	Fourth installment	10%	Within one month from the date completion certificates issued of supply and installation of 100% of the total quantity of facilities (in line km of railway), except locomotives and rolling stocks.
5	Fifth installment	10%	Within one month from the date completion certificates issued of the locomotive and rolling stocks are ready for delivery at Chinese main port.
6	Sixth installment	10%	Within one month from the date of the locomotives, rolling stock and facilities are tested and commissioned. 30
	Total	100%	

5.2 The Buyer shall pay those amounts due to the Seller which are financed by the Financial Institutions of China to the Seller directly through the Financial Institutions of China. For the amounts due to the Seller which are co-financed by the Government of Kenya, the Buyer shall pay directly to the Kenya local bank account of Seller. The details of Seller's bank accounts will be provided to the Buyer before the payment is made.

5.3 The currency of the Contract is United States Dollar. The portion to be paid by Financial Institutions of China (in United States Dollar) is 90% of the Contract price, or such

percentage as shall be stipulated in the Financing Agreement between Government of Kenya and the Financial Institutions of China. The portion to be paid by Government of Kenya (in United States Dollar) is 10% of the Contract Price, or such percentage shall be the balance after the Financing Agreement stipulated.

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5.4 The maximum of the first installment payment guarantee is 40% of the Contract Price. And this guarantee shall be progressively reduced by the physical progress of the project as following schedule. After the locomotives and facilities are tested and commissioned, the guarantee shall expire.

S.N	Requirement	Guarantee Amount
1	Completion of supply and installation of 30% of the total quantity of facilities (in line km of railway), except locomotives and rolling stocks.	34% of Contract Price
2	Completion of supply and installation of 60% of the total quantity of facilities (in line km of railway), except locomotives and rolling stocks.	28% of Contract Price
3	Completion of supply and installation of 100% of the total quantity of facilities (in line km of railway), except locomotives and rolling stocks.	20% of Contract Price
4	The locomotives and facilities are tested and commissioned.	Guarantee Expire

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The Seller shall provide guarantee with reduced amount to the Buyer according to the above schedule, and the Buyer shall return the former guarantee to the seller for cancellation.

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SECTION 6

THE DELIVERY OF COMMODITIES

THE DELIVERY OF COMMODITIES

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6.1 The Commodities shall be delivered and installed to the site within 48 (Forty Eight) months from the date of Commencement.

6.2 The Seller shall deliver the Commodities to Mombasa Port and thereafter transport each Commodity overland to the point of installation at no extra cost to the Buyer.

6.3 The Commodities under this contract shall be packed or protected in a proper way suitable for long distance sea/rail and surface transportation.

6.4 There shall be information and shipping marks in English as requirement in the Kenya.

6.5 The Seller shall, 30 (Thirty) days before shipment, advise the Buyer by Tele/Fax or formal letter stated name of Commodities, quantity, date of shipment and estimated arrival time in the port of Mombasa in order for the Buyer to make necessary arrangement for assisting the Seller to exempt from Value Added Tax, Customs Duties, IDF Fee, and also make clearance of Commodities.

6.6 The Commodities shall be painted in the colour chosen by the Buyer. The Buyer should provide the Seller with the colour samples within 1 (One) month from after the signing of the financing agreement.

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SECTION 7

THE INSPECTION AND APPROVALS

THE INSPECTION AND APPROVALS

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7.1 The Seller shall carefully and strictly examine all Commodities before the delivery to ensure that Commodities supplied under this contract meet the present technical standards or related technical documents issued by the manufacturers, and free from any defects in material and workmanship.

7.2 The Buyer's nominated representatives shall be entitled to inspect the assembly of the equipments in different factories supplying the Commodities. The names and duties of the Buyer's nominated representatives shall be made known in advance to the Seller. The inspections will be done by qualified technical appointees of the Seller and the Buyer.

7.3 The pre-shipment inspection shall be done by the Buyer's nominated representatives at least 7 days before the shipment date and immediately after delivery at the port of Mombasa. The nominees should be well conversant with the equipment specifications and the legal contractual aspect of the items to be delivered.

7.4 The Seller shall give a written notice of the shipment date at least one month prior to that date. An Acceptance Certificate should be signed in China by the Buyer's nominated representatives with seven (7) days before the delivery of the equipment at the port of China.

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SECTION 8

THE TRAINING AND TECHNICAL ASSISTANCE

THE TRAINING AND TECHNICAL ASSISTANCE

8.1 The Seller shall conduct an one-month training course for the Buyer personnel in Kenya. The Seller shall provide the Buyer's trainees with necessary training material including tools, documents and 1(one) set of training simulator suitable for type DF_{8B} locomotive. The Seller shall be responsible for and bear the cost of accommodation, food, and local transport for the trainees. The Seller shall make necessary arrangement for the training course, such as proper classroom, etc.

8.2 The Seller shall provide the training documentation and plan for training to the Buyer's representative and the Buyer's representatives shall approve such plan before commencement.

8.3 The training shall be conducted in English language.

8.4 The Seller shall conduct technical training course for the Buyer's personnel in China. The total number of trainees and the period of the training are suggested as follows:

Title	Number	Duration
Senior Officers and Technical Engineers	10	4 Weeks
Controllers (traffic, power and signaling/communications) and revenue collectors)	10	4 Weeks
Locomotive driver	20	10 Weeks
Locomotive, Rolling Stock and Facilities maintenance technician	30	10 Weeks

The Seller shall be responsible for all arrangement of domestic transportation, accommodation, food and training materials for all trainees in China. The Seller shall be responsible for the international transportation and other necessary fee for the trainees. The training will begin about a month prior to the delivery time of the Commodities. The detailed arrangement will be decided through consultation of the two parties within one month after the first installment of the contract is paid to the Seller.

8.5 Within a period of two months inclusive of an one-month training course, the Seller shall send Technical Assistance Team (TAT) that includes English Speaking technicians of factories supplying the Commodities to the Buyer's site to assist the Buyer with proper operation and maintenance of supplied Commodities and solving technical and quality problems which may arise. The Buyer shall assign a number of their Engineers/Technicians (at least one under this contract) to assist the Seller in conducting the after sales service.

8.6 All the cost related to TAT, including suitable office room, communication facilities, office equipment, local transport etc ,is to be provided within the Contract Price.

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8.7 Upon consultation between the two parties, and before their arrival, the Seller will advise the Buyer of the number of TAT members and the duration of their stay.

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SECTION 9

THE TECHNICAL DOCUMENTATION

& AFTER SALES SERVICES

9. THE TECHNICAL DOCUMENTATION & AFTER SALES SERVICES

9.1 The Seller shall provide the Buyer with 1 (one) set of documentation (service and spare parts manual) for each commodity. All the documents will be in English.

9.2 The Seller shall provide the Buyer with 1 (one) set of Operation Manual, Service Manual and spare parts Catalogs for the supplied Commodities. The documents shall be in English.

9.3 It is anticipated that the Buyer will maintain a reasonable storage of spare parts to support the normal operations of the supplied Commodities. The Seller shall supply the Buyer two (2) years of running spares for locomotives, rolling stock and other equipment within the Contract Price, refer to the Bill No.5.01 in the Bill of Quantities. Spares requirement shall be decided jointly by both parties.

The Seller shall provide spare major assemblies of locomotives, rolling stock and other equipment within the Contract Price, refer to the Bill No.5.02 in the Bill of Quantities. The actual numbers and types shall be decided jointly by both parties.

If the total amount exceeds the lump sum of spare parts in the Bill of Quantities(Bill No.5), the Buyer shall pay the difference to the Seller at his own budget. Upon separate orders from the Buyer for a future of several years after the delivery of Commodities, the conditions of such supplying of spare parts shall be negotiated separately and the Buyer shall bear the cost.

9.4 The Buyer shall monitor a suitable warehouse for the above mentioned spare parts storage, and shall provide the Seller's TAT with necessary facilities for Commodities maintenance and repair during training and technical assistance period.

9.5 After the technical assistance, if required by the Buyer, the Seller will send a team of experienced Engineers/Technicians for further technical assistance. All the costs arising here will be borne by the Buyer.

9.6 The Buyer shall inform the Seller of the number of Engineers/Technicians required and duration in Kenya at least 2 (two) months before their departure.

9.7 The Seller shall ensure the timely delivery of spare parts for the Commodities as ordered by the Buyer separately.

9.8 Upon the request of Buyer, The Seller shall provide one locomotive expert and one signaling expert to be stationed in Kenya for a period of three (3) years from the date of commissioning of facilities, locomotives and rolling stocks. The cost will be borne by the Seller.

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SECTION 10

THE TRIALS AND TECHNICAL PERFORMANCES

THE TRIALS AND TECHNICAL PERFORMANCES 292

10.1 Upon completion of the manufacturing of the Commodities, trials will be held at a place of the Seller's choice in China and in the presence of the Buyer's nominated representative.

10.2 The purpose of the trial shall be to approve that the Commodities have been manufactured, equipped and completed in accordance with the provisions of this Contract and specifically the technical specifications there to and that the Commodities are operating satisfactorily and that the various performances specified and agreed upon by the parties can be achieved. 10

10.3 Should the conditions to enable the Seller to properly carry out the official trials not occur on the day scheduled thereof, the Seller has the right to postpone the trials or such part of it as deemed necessary to the nearest most convenient dates. Should the Seller postpone the trial without informing the Buyer 7 days in advance, the Seller shall bear the cost of accommodation, food and domestic travel of the Buyer's nominated representatives.

SECTION 11

CONDITIONS OF CONTRACT

CONDITIONS OF CONTRACT

The Contract:	"Contract" means the supply and installation of the facilities, locomotives and rolling stocks for the Mombasa – Nairobi standard gauge railway project.
Parties:	"Buyer" means the Kenya Railways Corporation.
	"Seller" means the China Road and Bridge Corporation whose registered office is at C88, Zhonglu Plaza, Andingmenwai Dajie, Beijing, China.
Dates:	The Date of Commencement shall be 28 days from date of first installment paid to the Seller
Periods:	The Time for Completion is 48 months from the Date of Commencement.
Maintenance:	After all the facilities, locomotives and rolling stocks are handed over to the Buyer, the Seller shall supply 12 months maintenance service to help the Buyer to operate the system.
Commodities:	Commodities are the facilities, locomotives and rolling stocks which are listed in the non-binding Bill of Quantities.
Financing Agreement:	"Financing Agreement" means the Loan agreement to be signed between the Government of Kenya and the Financial Institutions of China to finance the Contract.
Communication:	The communication including for giving or issuing of approvals, certificates, consents, determination, notices and requests shall be in writing. The approvals, certificates, consents and determinations shall not be unreasonably delayed or withheld.
Law and Language:	The Contract shall be governed by the Laws of the Republic of Kenya. The ruling language is English.
Confidentiality:	Publicity and disclosure of any kind by any means by one party hereto any third party not involved in the present contract requires the prior written approval of the other party. Such an approval shall be required after the performance of the present contract.

Each party understands to maintain the commercial confidentiality o any information, data or document which it gains during th performance of this contract and not to make such information, data o document available to any third party.

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Amendments: This Contract shall not be altered, amended or assigned except by consultation and consent of both parties in writing and performed concurrently with this contract.

Notices: Any notice or other communication sent by the parties shall be in the English language and be deemed to be properly sent if it is delivered by hand from authorized officer of either party or sent by register mail to:

Buyer:

Name: Kenya Railways Corporation
P.O. Box: 30121-00100
Address: Workshop Road of Haile Selassie Avenue, Nairobi, Kenya

Tel:+254 20 3215211
Fax:+254 20 340049

Seller:

Name: China Road and Bridge Corporation

P.O. Box: 39037-00623
Address: C88, Zhonglu Plaza, Andingmenwai Dajie, Beijing, China
Plot 330/265,Hathern Road, Lavington, Nairobi, Kenya
Tel: +86 10 64280055
Fax: +86 10 64285667

Document upon Delivery: The Seller shall issue the following documents for each commodity in the English language with the delivery of Commodities:

1) A set of Manuals
2) Quality Assurance Certificates
3) Inspection Certificates
4) Calibration Certificates
5) Calibration Documents
6) Master gauges (Master Calibrators) to help in calibrations.

Technical Standards:	The technical standards shall comply with relevant technical standards currently in effect in China. 296
Taxes & Duties:	All taxes, duties, and fees of whatever nature levied in connection with this Contract inside the territory of China shall be borne by the Seller.
	The Seller shall be exempted from the Value Added Tax, Customs Duties, IDF Fee, Cess, and Withholding Tax, in connection with this Contract and related formalities for the Commodities entrance into Kenya,. The Seller should supply the Bill of Lading and other related documentation to the Buyer 21 days prior to the Commodities arrival at the port of Mombasa. 10
	For the sake of efficient operation of the Commodities, the Buyer is responsible for applying for the duty exemption for all Commodities under this Contract from relevant authorities of Kenya Government.
	All the tools and spares necessary for after sales services and personal items brought into Kenya by the Technical Assistance Team of the Seller shall be free from any taxes and duties. The Buyer shall be responsible for the related formalities for the entrance of these items and personal effects into Kenya. 20
Force Majeure:	Should either party be prevented from executing the Contract by the case of Force Majeure such as war, serious fire, flood, typhoon, earthquake or other events recognized by both parties upon agreement as being cases of Force Majeure, the time for the execution of the Contract shall be extended for a period equivalent to the effect of the occurrences.
	The prevented party shall inform the other party as soon as possible by Telex/Fax/Email the occurrence of the Force Majeure and, within fourteen days thereafter, send by registered airmail a letter and certificate issued by the competent authorities concerned to the party for confirmation. 30
	When the case of Force Majeure is diminished or terminated, the prevented party must inform the other party by Telex/Fax/Email immediately and confirm it by a registered airmail letter.
	Each party shall bear its own costs incurred by the occurrence of the Force Majeure.
	If the case of Force Majeure existed for more than 6 months, both parties shall come to a discussion on the way of completing the Contract. 40

Contract Price:

The Contract Price is quoted in United States dollars. The portion to be paid by Financial Institutions of China (in United States Dollar) is 90% of the Contract Price, or such percentage as shall be stipulated in the Financing Agreement between Government of Kenya and the Financial Institutions of China. The portion to be paid by Government of Kenya (in United States Dollar) is 10% of the Contract Price, or such percentage shall be the balance after the Financing Agreement stipulated.

The Buyer shall pay those amounts due to the Seller which are financed by the Financial Institutions of China to the Seller directly through the Financial Institutions of China.

Variation of Price

The Contract Price is to be adjusted for rises or falls in the cost of labour, Goods and other inputs to the Works, by the addition or deduction of amounts determined by the formulae prescribed in this Clause.

The adjustment to be applied to each installment payable to the Seller. The formulae shall be of the following general type

$$Pn=a+bLn/Lo+cEn/Eo+dMn/Mo+\ldots\ldots$$

Where:

"Pn" is the adjustment multiplier to be applied to the estimated contract value in the relevant currency of the work carried out in installment "n".

"a" is a fixed coefficient , stated in the Appendix C.

"b", "c", "d",... are coefficients representing the estimated proportion of each cost element related to the execution of the Works, are stated in Appendix C, such tabulated cost elements may be indicative of resources such as labour, equipment and materials.

"Ln", "En", "Mn"...are the current cost indices or reference prices for installment "n", each of which is applicable to cost element in Appendix C on the date 30 days prior to the submission day of installment.

"Lo", "Eo", "Mo",...are the base cost indices or reference prices, each of which is applicable to cost element in Appendix C on the Base date.

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The weightings (coefficients) for each of the factors of cost stated in Appendix C shall only be adjusted if they have been rendered unreasonable, unbalanced or inapplicable, as a result of Variations.

If a Price Adjustment Sum of 5% of Sub Total 5 for Price Adjustment in the B.O.Q is not sufficient to pay the Seller for the actual value of price adjustment calculated in the above formula, the Buyer shall pay to the Seller the difference between 5% and actual price adjustment from its own budget.

Whereas the non-binding Bill of Quantities is based on the Feasibility Study and Preliminary Design, both parties agree that the quantity of items shall be adjusted according to detailed design within the Contract Price. During the execution of this contract, if the market price fluctuates and substantially affects either party, both parties shall negotiate a new unit price and adjust the quantity of items within the Contract Price. Above mentioned adjustments shall meet the requirements of the function.

Schedules of Payment:	The Schedules of Payment is specified in the SECTION 5 – the Schedules of Payment.
Time of Payment:	The Time of Payment is specified in the Section 5 – the Schedules of Payment.
Delayed Payment:	In the event of the failure of the Buyer to make payment within the times stated in Time of Payment hereof, the Buyer shall, within 56 days after the Seller submit the application of interest to the Buyer, pay to the Seller simple interest at LIBOR (*London Interbank Offered Rate*) plus 2% for foreign currency and mean base lending rate as issued by the Central Bank of Kenya plus 2% percent for co-financing portion.
Currencies of Payment:	The currency of the Contract is United States Dollar.
Insurance:	During the manufacture, assembly and until delivery of rolling stock and locomotive to the Buyer, the Seller shall, at its own cost, insure the Commodities and keep the same covered by insurance against All Risks.
Termination:	The Contract may be terminated:
	By either party immediately if the other party commits any material

breach of any term of these Conditions and which (in the case of breach capable of being remedies) shall not have remedied within Thirty (30) days of a written request to remedy the same.

The other party becomes bankrupt or is subject to proceedings for liquidation or dissolution, or ceases to carry on business or becomes unable to pay its debts as they come due.

Any termination of the Contract pursuant to this clause shall be without prejudice to any other rights or remedies a party may be entitled to under the Contract or at Law and shall not affect any accrued rights or liabilities of either party nor the coming into or continuance in force of any provision which is expressly or by implication intended to come into or continue in force on or after such termination.

Claim:

Any claim in case of discrepancy in quality shall be filed by the Buyer.

Charges for dealing with the claims shall be borne by the Seller.

Arbitration:

All disputes in connection with this contract or the execution thereof shall be amicably settled through friendly negotiation between two parties. In case no settlement can be reached, the case under dispute shall be submitted to arbitration.

The arbitration will be conducted by an arbitrator mutually agreed by both parties.

The arbitrator shall apply the UNCITRAL rules of arbitration.

The arbitration language is English.

The place of arbitration shall be agreed by both parties. When the parties fail to agree on the seat of arbitration, the seat of arbitration shall be London.

Arbitral award rendered by the arbitrator shall be final and binding upon both parties.

In the course of arbitration, the contract shall be continuously executed, except the part of contract which is under arbitration and as long as the subject matter of the arbitration is such that the award shall not fundamentally affect the whole contract.

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SECTION 12

THE SPECIFICATION OF MANUFACTURE AND INSTALLATION OF COMMODITIES

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REFER TO CHINESE STANDARD FOR COMMUNICATION SYSTEM, SIGNAL SYSTEM, INFORMATION SYSTEM, LOCOMOTIVE AND ROLLING STOCK FOR RAILWAY .THE QUALITY MANAGEMENT OF ABOVE ITEMS SHALL CONFORM TO THE "INTERNATIONAL RAILWAY STANDARDS"(IRIS) AND/OR ISO 9001.

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SECTION 13

APPENDIX

A. NON – BINDING BILL OF QUANTITIES

B. TECHNICAL PARAMETER OF MAJOR COMMODITIES

C. TABLE OF ADJUSTMENT DATA FOR CHANGE IN COST

D. MINUTES OF NEGOTIATIONS

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Appendix A: Non - Binding Bill of Quantities

SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS FOR THE MOMBASA - NAIROBI STANDARD GAUGE RAILWAY PROJECT

SUMMARY PAGE

Bill No.	DESCRIPTION	AMOUNT USD
1	COMMUNICATION SYSTEM, SIGNAL SYSTEM, INFORMATION SYSTEM	285,169,179.53
2	ELECTRICITY SUPPLY SYSTEM	156,486,165.84
3	OTHER OPERATING SYSTEM	220,083,388.93
4	LOCOMOTIVES AND ROLLING STOCKS	371,509,550.91
5	SPARE PARTS FOR BILL NO.4	22,000,000.00
	Total of Bills	1,055,248,225.21

Bill No.	DESCRIPTION		AMOUNT USD
	Total of Bills	Sub Total (1)	1,055,248,225.21
	Add 1% of (Sub Total 1) for the Safety and Security Facilities of the Buyer.	Sub Total (2)	10,552,482.25
	Add 2.5% of (Sub Total 1) for Design work and Consultancy Supervision Services	Sub Total (3)	26,381,205.63
	Total [Sub Total 1]+[Sub Total 2]+[Sub Total 3]	Sub Total (4)	1,092,181,913.09
	Add 5% of (Sub Total 4) for Price Adjustment	Sub Total (5)	54,609,095.66
	Contract Price = [Sub Total (4) + Sub Total(5)]	Grand Total	1,146,791,008.75

CORPORATION SECRETARY
KENYA RAILWAYS CORPORATION

BILL NO. 1 : COMMUNICATION SYSTEM, SIGNAL SYSTEM, INFORMATION SYSTEM

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE USD	AMOUNT USD
1.1	COMMUNICATION SYSTEM EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
1.11	Mombasa Relief Line	Lsum	1.0	1,466,682.07	1,466,682.07
1.12	Mombasa Station	Lsum	1.0	4,807,246.11	4,807,246.11
1.13	Intermediate Stations	Lsum	1.0	70,461,954.38	70,461,954.38
1.14	Nairobi Station	Lsum	1.0	6,066,500.06	6,066,500.06
1.2	SIGNAL SYSTEM EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
	Blocking Facilities				
1.21	Mombasa Relief Line	Lsum	1.0	8,446,911.33	8,446,911.33
1.22	Mombasa Station	Lsum	1.0	18,546,938.47	18,546,938.47
1.23	Intermediate Stations	Lsum	1.0	77,257,900.92	77,257,900.92
1.24	Nairobi Station	Lsum	1.0	21,612,336.27	21,612,336.27
1.3	INFORMATION SYSTEM EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
1.31	Mombasa Relief Line	Lsum	1.0	792,661.77	792,661.77
1.32	Mombasa Station	Lsum	1.0	4,057,181.18	4,057,181.18
1.33	Intermediate Stations	Lsum	1.0	45,289,407.73	45,289,407.73
1.34	Nairobi Station	Lsum	1.0	16,720,057.04	16,720,057.04
1.4	Maintenance and Spare Expense	Lsum	1.0	8,255,773.32	8,255,773.32
1.5	Training	Lsum	1.0	1,377,628.88	1,377,628.88
	Total of Bill carried forward to summary				255,163,179.33

SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS

BILL NO : 2 ELECTRICITY SUPPLY SYSTEM

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE USD	AMOUNT USD
2.1	ELECTRICITY SUPPLY SYSTEM EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
2.11	Mombasa Relief Line	Lsum	1.0	7,281,939.00	7,281,939.00
2.12	Mombasa Station	Lsum	1.0	11,146,664.48	11,146,664.48
2.13	Intermediate Stations	Lsum	1.0	109,125,277.01	109,125,277.01
2.14	Nairobi Station	Lsum	1.0	23,618,515.63	23,618,515.63
2.2	Maintenance and Spare Expense	Lsum	1.0	4,535,171.88	4,535,171.88
2.3	Training	Lsum	1.0	778,337.84	778,337.84
	Total of Bill carried forward to summary				156,486,106.84

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SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS

BILL NO. 3: OTHER OPERATING SYSTEM

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE USD	AMOUNT USD
3.1	WATER SUPPLY AND DRAINAGE EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
3.11	Mombasa Relief Line	Lsum	1.0	2,127,941.62	2,127,941.62
3.12	Mombasa Station	Lsum	1.0	12,445,691.22	12,445,691.22
3.13	Intermediate Stations	Lsum	1.0	61,485,911.84	61,485,911.84
3.14	Nairobi Station	Lsum	1.0	13,069,153.08	13,069,153.08
3.2	MACHINERY SERVICE - PART 1 EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
3.21	Mombasa Station	Lsum	1.0	10,161,914.97	10,161,914.97
3.22	Nairobi Station	Lsum	1.0	28,901,570.97	28,901,570.97
3.3	MACHINERY SERVICE - PART 2 EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
3.31	Mombasa Station	Lsum	1.0	914,098.00	914,098.00
3.32	Nairobi Station	Lsum	1.0	8,169,698.00	8,169,698.00
3.4	THE FACILITIES FOR LOCOMOTIVE FREIGHT/PASSENGER LOCOMOTIVE WORKSHOP				
3.41	Mombasa Station	Lsum	1.0	2,337,950.48	2,337,950.48
3.42	Intermediate Stations	Lsum	1.0	13,874,810.00	13,874,810.00
3.43	Nairobi Station	Lsum	1.0	43,086,306.19	43,086,306.19
3.5	STATION PLATFORM EQUIPMENT AND MATERIAL SUPPLY & INSTALLATION				
3.51	Nairobi Station	Lsum	1.0	7,317,434.80	7,317,434.80
3.52	Intermediate Stations and Mombasa Station	Lsum	1.0	6,209,500.00	6,209,500.00
3.6	AIR CONDITIONING AND VENTILATION SYSTEM				
3.61	Mombasa Station	Lsum	1.0	1,272,924.00	1,272,924.00
3.62	Intermediate Stations	Lsum	1.0	1,229,119.00	1,229,119.00
3.63	Nairobi Station	Lsum	1.0	2,035,567.00	2,035,567.00
3.7	Maintenance and Spare Expense	Lsum	1.0	4,838,931.34	4,838,931.34
3.8	Training	Lsum	1.0	604,866.42	604,866.42
	Total of Bill carried forward to next page.				220,083,388.93

SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS

BILL NO. 4: LOCOMOTIVES AND ROLLING STOCKS

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE USD	AMOUNT USD
4.1	Locomotives for Freight (DF_{8B})	No.	43.0	2,468,571.43	106,148,571.49
4.2	Locomotives for Passenger (DF_{4D})	No.	5.0	2,057,142.86	10,285,714.30
4.3	Locomotives for Shunter (DF_7)	No.	8.0	1,671,428.57	13,371,428.55
4.4	Rolling Stocks for Freight	No.	1,620.0	116,682.86	189,026,233.20
4.5	Rolling Stocks for Passenger	No.	40.0	977,142.86	39,085,714.40
4.6	Provide and installtion of Training Simulator (suitable for DF8B)	No.	1.0	1,028,571.43	1,028,571.43
4.7	Maintenance and Spare Expense	Lsum	1.0	10,768,387.00	10,768,387.00
4.8	Training	Lsum	1.0	1,794,930.53	1,794,930.53
	Total of Bill carried forward to summary				371,309,350.91

BILL NO. 5: SPARE PARTS FOR BILL NO.4

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE USD	AMOUNT USD
5.01	Running Spares	L sum	1.0	2,000,000.00	2,000,000.00
5.02	Major Spares	L sum	1.0	20,000,000.00	20,000,000.00
	Total of Bill carried forward to summary				22,000,000.00

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BILL NO. 1.1 : COMMUNICATION SYSTEM

1.11 Mombasa Relief Line

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Communication System				
2	2. Communication Equipment				
3	(1) Wire Communication				
4	II. Installation Expense				
5	Transmission Equipment of Signal Station (SDH) 622Mb/s	No.	1	87,973.30	87,973.30
6	Communication Equipment of Intermediate Station	No.	1	13,162.99	13,162.99
7	Communication power supply equipment 48V / 100A-h	No.	1	34,274.81	34,274.81
8	Buried single-mode fiber optic cable (12 core)	Km	11	17,738.46	195,123.06
9	Power of low frequency symmetrical cable (7 x 4 x 0.9)	Km	11	39,357.31	432,930.41
10	Power of low frequency symmetrical cable (4 x 4 x 0.9)	Km	1	28,935.10	28,935.10
11	communication cable line of intermediate station	No.	1	143,984.36	143,984.36
12	III. Equipment Expense				
13	Optical Distribution Frame	No.	1	7,486.25	7,486.25
14	Electrification to the introduction of synthetical counter of the intermediate station	No.	1	5,757.35	5,757.35
15	Optical fiber monitoring station	No.	1	23,254.17	23,254.17
16	SDH optical transmission add-drop multiplexer (ADM) to 622Mb/s	No.	1	146,253.26	146,253.26
17	Optical fiber transmission access network unit equipment	No.	1	73,594.53	73,594.53
18	Digital dispatching subsystem	No.	1	39,806.80	39,806.80
19	Digital Voice Recorder	No.	1	3,415.22	3,415.22
20	Station switching power supply	No.	1	17,644.17	17,644.17
21	Storage battery (20Ah/12V)	No.	20	288.64	5,772.80
22	Environmental monitoring substation	No.	1	24,424.17	24,424.17
23	Power lightning protection devices	No.	2	3,185.10	6,370.20
24	Video of conference	No.	1	39,806.80	39,806.80
25	(2) Wireless Communication				
26	III. Equipment Expense				
27	Type 8 system radio scheduling equipment(LTW4953-ZS)	No.	1	10,523.92	10,523.92
28	Fixed radio station ZD-1 (400MHz)	No.	1	2,153.02	2,153.02
29	Portable radio	No.	20	1,191.25	23,825.20
30	Antenna	No.	2	501.11	1,002.22
31	Lighting arrestor	No.	2	116.60	233.20
32	Scheduling command adapter	No.	1	2,795.04	2,795.04
33	Wireless Train number checking equipment	No.	1	2,725.80	2,725.80
34	Public security wireless equipment	No.	1	94,378.42	94,378.42
TOTAL OF BILL					1,486,582.97

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1.12 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Communication				
2	2. Communication Equipment				
3	(1) Wire Communication				
4	II. Installation Expense				
5	Transmission Equipment of Signal Station (SDH) 622Mb/s	No.	2	87,073.30	174,146.60
6	Transmission Equipment of Intermediate Station (SDH) 155Mb/s	No.	3	25,592.99	76,778.97
7	Program-controlled areas of communications equipment	No.	1	21,653.56	21,653.56
8	Communication Equipment of district of Station	No.	1	94,064.54	94,064.54
9	Communication power supply equipment 48V / 500A-h	No.	1	37,855.24	37,855.24
10	Communication power supply equipment 48V / 100A-h	No.	2	34,274.81	68,549.62
11	Power of low frequency symmetrical cable (4 x 4 x 0.9)	Km	3	28,935.10	86,805.30
12	communication cable line of district of station	No.	1	572,480.84	572,480.84
13	Medium-sized broadcasting cable line of passenger station	No.	1	73,442.75	73,442.75
14	III. Equipment Expense				
15	Power of the introduction of the frame	No.	1	7,057.38	7,057.38
16	Testing frame	No.	1	5,829.23	5,829.23
17	Intermediate distribution frame	No.	1	5,208.79	5,208.79
18	Ranking frame	No.	2	5,467.41	10,934.82
19	Optical Distribution Frame	No.	1	7,486.25	7,486.25
20	Digital Distribution Frame	No.	1	9,707.97	9,707.97
21	Electrification to the introduction of symmetrical counter of the intermediate station	No.	2	5,757.35	11,514.70
22	Cable Monitoring Center	No.	1	57,450.96	57,450.96
23	SDH optical transmission add-drop multiplexer (ADM) to 622Mb /	No.	2	146,283.26	292,566.52
24	SDH optical transmission add-drop multiplexer (ADM) to 155Mb /	No.	3	67,292.48	201,877.44
25	DWDM / SDH network element management system	No.	1	338,393.34	338,393.34
26	Optical fiber transmission access network infrastructure equipment	No.	1	226,258.49	226,258.49
27	Optical fiber transmission access network use equipment	No.	3	73,594.53	220,783.59
28	Access network management system	No.	1	141,265.30	141,265.30
29	Digital dispatching subsystem	No.	1	39,806.80	39,806.80
30	Digital Voice Recorder	No.	1	3,415.22	3,415.22
31	Station switching power supply	No.	2	17,644.17	35,288.34
32	AC distribution screen with UPS	No.	1	116,009.54	116,009.54
33	DC power distribution screen (48V/1000A)	No.	1	11,577.27	11,577.27
34	Switching power supply (300A)	No.	1	50,028.75	50,028.75
35	Storage battery (26Ah/12V)	No.	200	283.64	56,728.00
36	Environmental monitoring substation	No.	5	24,424.17	122,120.85

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1.12 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
37	Environmental monitoring center	No.	1	54,060.98	54,060.98
38	Power lightning protection device	No.	7	3,185.10	22,295.70
39	Program-controlled telephone PBX	No.	1	242,878.08	242,878.08
40	Main Distribution Frame	m	2600	22.26	44,520.00
41	Switchboard maintenance terminal (including billing terminal, printer, alarm equipment)	No.	1	43,895.90	43,895.90
42	Called shift telephone (small)	No.	1	17,544.17	17,544.17
43	Stations automatically / wire / magnet / called shift extension telephone	No.	290	92.00	26,680.00
44	Video of conference	No.	2	204,428.74	408,857.48
45	TV Network Management System of conference	No.	1	68,315.13	68,315.13
46	(2) Wireless Communication				
47	III. Equipment Expense				
48	Type B system radio scheduling equipment(LTW495B-25)	No.	1	10,523.92	10,523.92
49	Fixed radio station-25 (400MHz)	No.	3	2,153.02	6,459.06
50	Portable radio	No.	120	1,191.26	142,951.20
51	Antenna	No.	6	501.11	3,006.66
52	Lighting arrester	No.	6	116.50	698.50
53	Scheduling command adapter	No.	1	2,795.04	2,795.04
54	Wireless Train number checking equipment	No.	1	2,725.80	2,725.80
55	Public security wireless equipment	No.	1	94,378.42	94,378.42
56	(3) Other Communication				
57	III. Equipment expense				
58	Communications work area maintenance vehicles	No.	2	67,133.16	134,266.32
59	Communications work area maintenance tools	No.	1	210,357.08	210,357.08
60	Wireless overhaul maintenance tools	No.	1	192,442.39	192,442.39
	TOTAL OF BILL				4,287,288.11

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3.13

3.13 Intermediate Stations

S/N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Communication				
2	2. Communication Equipment				
3	(1) Wire Communication				
4	II、Installation Expense				
5	Transmission Equipment of Signal Station (SDH) 622Mb/s	No.	37	87,073.20	3,221,712.10
6	Transmission Equipment of Intermediate Station (SDH) 155Mb/s	No.	7	25,592.99	179,150.93
7	Communication Equipment of Intermediate Station	No.	31	13,192.99	408,952.69
8	Communication power supply equipment 48V / 100A·h	No.	31	34,274.81	1,062,519.11
9	Buried single-mode fiber optic cable (20 core)	Km	1040	19,878.28	20,673,598.40
10	Power of low frequency symmetrical cable (4 x 4 x 0.9)	Km	31	28,935.10	896,988.10
11	Power of low frequency symmetrical cable (7 X 4 x 0.9)	Km	520	39,357.31	20,465,061.20
12	communication cable line of intermediate station	No.	31	143,418.13	4,446,026.03
13	Medium-sized broadcasting cable line of passenger station	No.	5	44,843.60	224,218.00
14	III. Equipment expense				
15	Optical Distribution Frame	No.	31	7,486.25	232,073.75
16	Electrification In the introduction of synthetical counter of the intermediate station	No.	38	5,757.35	218,779.30
17	Cable Monitoring station equipment	No.	3	255,537.08	766,611.24
18	SDH optical transmission add-drop multiplexer (ADM) to 622Mb /	No.	37	146,253.25	5,412,480.62
19	SDH optical transmission add-drop multiplexer (ADM) to 155Mb /	No.	7	67,292.43	471,047.06
20	Optical fiber transmission access network unit equipment	No.	38	73,594.53	2,796,592.14
21	Digital dispatching subsystem	No.	31	39,806.80	1,234,010.80
22	Digital Voice Recorder	No.	31	3,415.22	105,871.82
23	Station switching power supply	No.	38	17,644.17	670,478.46
24	Storage battery (20Ah/12V)	No.	750	283.54	215,568.40
25	Environmental monitoring substation	No.	43	24,424.17	1,050,239.31
25	Power lightning protection devices	No.	76	3,185.16	242,067.60
27	Stations automatically / wire / magnet / called shift extension telephone	No.	310	92.00	28,520.00
28	Video of conference	No.	31	39,808.88	1,234,075.20
29	(2) Wireless Communication				
30	III. Equipment Expense				
31	Type B system radio scheduling equipment(LTW4556-ZS)	No.	31	10,523.92	326,241.52
32	Fixed radio station ZD-1 (400MHz)	No.	5	2,153.02	10,765.10
33	Portable radio	No.	112	1,191.25	133,421.12
34	Antenna	No.	67	501.11	33,574.37
35	Lighting arrester	No.	62	116.50	7,229.20
36	Scheduling command adapter	No.	31	2,795.04	86,656.24

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1.13 Intermediate Stations

S/N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
37	Wireless Train number checking equipment	No.	31	2,725.30	84,499.50
38	Public security wireless equipment	No.	31	94,378.42	2,925,731.02
39	Optical repeater (proximal)	No.	1	25,078.87	25,078.87
40	Optical repeater (remote)	No.	1	35,109.19	35,109.19
41	(3) Other Communication				
42	III. Equipment Expense				
43	Communications work area maintenance vehicles	No.	2	67,128.16	134,256.32
44	Communications work area maintenance tools	No.	1	210,337.08	210,337.08
45	Wireless overhaul maintenance tools	No.	1	192,442.39	192,442.39
	TOTAL OF BILL				70,381,954.38

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3.15

1.14 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Communication				
2	2. Communication Equipment				
3	(1) Wire Communication				
4	II. Installation Expense				
5	Transmission Equipment at Signal Station (SDH) 622Mb/s	No.	2	87,073.20	174,146.50
6	Transmission Equipment at Intermediate Station (SDH) 155Mb/s	No.	4	25,592.99	102,371.95
7	Program-controlled areas of communications equipment	No.	1	44,264.59	44,264.59
8	Communication Equipment of district of Station	No.	1	64,064.54	64,064.54
9	Communication power supply equipment 48V / 500A·h	No.	1	37,565.24	37,565.24
10	Communication power supply equipment 48V / 100A·h	No.	2	34,274.91	68,549.82
11	Power of low frequency symmetrical cable (4 x 4 x 0.9)	Km	3	28,935.10	86,805.30
12	communication cable line of district of station	No.	1	572,480.84	572,480.84
13	Medium-sized broadcasting cable line of passenger station	No.	1	73,442.75	73,442.75
14	III. Equipment Expense				
15	Power of the introduction of the frame	No.	1	7,057.38	7,057.38
16	Testing frame	No.	1	5,829.23	5,829.23
17	Intermediate distribution frame	No.	1	5,206.79	5,206.79
18	Ranking frame	No.	2	5,467.41	10,934.82
19	Optical Distribution Frame	No.	1	7,486.25	7,486.25
20	Digital Distribution Frame	No.	1	9,707.07	9,707.07
21	Electrification to the introduction of synthetical counter of the intermediate station	No.	2	5,757.35	11,514.70
22	Cable Monitoring Center	No.	1	57,450.96	57,450.96
23	SDH optical transmission add-drop multiplexer (ADM) to 622Mb /	No.	2	146,283.26	292,566.52
24	SDH optical transmission add-drop multiplexer (ADM) to 155Mb /	No.	4	57,292.48	229,169.92
25	DWDM / SDH network element management system	No.	1	238,993.34	238,993.34
26	Optical fiber transmission access network infrastructure equipment	No.	1	226,259.49	226,259.49
27	Optical fiber transmission access network unit equipment	No.	4	73,594.53	294,378.12
28	LowRate(USD)d Timing Supply Equipment	No.	1	220,783.53	220,783.53
29	GPS recever	No.	1	9,199.32	9,199.32
30	Access network management system	No.	1	141,285.30	141,285.30
31	Digital dispatching the main system	No.	1	183,643.67	183,643.67
32	Digital dispatching telephone duty units	No.	4	3,066.44	12,265.75
33	Digital Voice Recoder	No.	3	3,415.22	10,245.65
34	Switching power supply (300A)	No.	2	17,644.17	35,288.34
35	AC distribution screen	No.	1	116,009.54	116,009.54
36	DC power distribution screen (48V/1000A)	No.	1	11,577.27	11,577.27

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1.14 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
37	Switching power supply (300A)	No.	1	50,028.76	50,028.76
38	Storage battery (20Ah/12V)	No.	200	283.64	56,728.00
39	Environmental monitoring substation	No.	5	24,424.17	122,120.85
40	Environmental monitoring center	No.	1	54,080.98	54,080.98
41	Power lightning protection devices	No.	7	3,185.10	22,295.70
42	Program-controlled telephone PBX	No.	1	578,948.73	578,948.73
43	Main Distribution Frame	m	3000	22.26	66,780.00
44	Switchboard maintenance terminal (including billing terminal, printer, alarm equipment)	No.	1	43,895.90	43,895.90
45	Called shift telephone (mediate)	No.	1	17,544.17	17,544.17
46	Stations automatically / wire / magnet / called shift extension telephone	No.	340	92.00	31,280.00
47	Video of conference	No.	2	204,428.74	408,857.48
48	TV Network Management System of conference	No.	1	58,315.13	58,315.13
49	(2) Wireless Communication				
50	III. Equipment Expense				
51	B system wireless dispatch monitoring switchboard	No.	1	13,161.19	13,161.19
52	B system wireless scheduling switchboard	No.	2	22,818.87	45,637.74
53	B system radio scheduling (LTW4858-ZS)	No.	7	10,523.92	73,667.44
54	Fixed radio station ZD-1 (400MHz)	No.	6	2,153.02	12,918.12
55	Portable radio	No.	190	1,191.26	226,339.40
56	Antenna	No.	6	501.11	3,006.66
57	Lighting arrester	No.	6	116.80	699.60
58	Scheduling command adapter	No.	1	2,795.04	2,795.04
59	Wireless Train number checking equipment	No.	1	2,725.80	2,725.80
60	Public security wireless equipment	No.	1	94,378.42	94,378.42
61	Optical repeater (proximal)	No.	1	25,078.87	25,078.87
62	Optical repeater (remote)	No.	1	35,109.19	35,109.19
63	Fiber-optic repeate network	No.	1	34,336.21	34,336.21
64	(3) Other Communication				
65	III. Equipment Expense				
66	Communications work area maintenance vehicles	No.	2	67,133.16	134,266.32
67	Communications work area maintenance tools	No.	1	210,337.08	210,337.08
68	Wireless overhaul maintenance tools	No.	1	192,442.99	192,442.99
TOTAL OF BILL					8,088,500.08

SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCKS FOR THE MOMBASA - NAIROBI STANDARD GAUGE RAILWAY PROJECT

BILL NO. 1.2: SIGNALSYSTEM

1.21 Mombasa Relief Line					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Signal System for Mombasa Relief line	No.	3	2,815,637.11	8,446,911.33
	TOTAL OF BILL				8,446,911.33

1.22 Mombasa Station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Signal System				
2	1: Blocking Equipment				
3	(2) Blocking among automatic stations				
4	II. Installation Expense				
5	Laying signal cable with type of PJEA23. 12 core	m	4500	17.50	78,750.00
6	Electric connecting box	No.	3	257.08	771.24
7	Sensor	No.	3	128.18	384.54
8	Blocking of district station	No.	1	1,076.06	1,076.06
9	Electrical concentration of 5502 station in electrified section and combination of semi-automatic block	No.	3	85,848.64	257,545.92
10	III. Equipment Expense				
11	Equipment cost for outdoor axle sensor	No.	3	4,063.17	12,189.51
12	Equipment cost for indoor axle counter control system	No.	1	59,583.58	59,583.58
13	2. Control system for train operation				
14	(2) Cab signaling equipment				
15	II. Installation Expense				
16	Cab signaling inspection and test equipment. Subjective cab signaling. Main engine test stand	No.	1	395.34	395.34
17	Cab signaling inspection and test equipment. General-purpose cab signaling: Code sending box for comprehensive	No.	4	612.54	2,450.16
18	Cab signaling inspection and test equipment. Inspection and test stand	No.	1	200.20	200.20
19	Cab signaling inspection and test equipment. Switch pillar	No.	3	277.54	832.62
20	Cab signaling inspection and test equipment. Test loop line	m	600	7.62	4,572.00
21	Cab signaling inspection and test equipment. Test area	No.	6	4,206.10	25,236.60
22	III. Equipment Expense				
23	Portable and integrated code sending box for multi-information cab signaling test.	No.	5	4,504.52	22,522.60
24	Code sending box for cab signaling comprehensive test.	No.	2	11,005.35	22,010.70
25	Main engine test stand of integrated cab signaling	No.	1	76,781.48	76,781.48

NON - BINDING B.O.Q

1.22 Mombasa Station					
S.N	DESCRIPTION.	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
25	Test stand for cab signaling running	No.	2	68,250.20	136,500.40
27	Train running monitor and record device. Comprehensive test stand	No.	1	51,187.64	51,187.64
28	Pressure sensor test stand	No.	1	41,291.37	41,291.37
29	Test bench for velocity sensor	No.	1	40,950.11	40,950.11
30	(3) LEU and dot mode transponder equipment				
31	II. Installation Expense				
32	Dot mode transponder, passive	No.	47	100.00	4,700.00
33	III. Equipment Expense				
34	Pasive transponder	No.	47	4,603.47	216,363.09
35	3. Interlocking apparatus				
36	(2) Computer interlocking				
37	II. Installation Expense				
38	Station 6502 electric interlocking Group 10 switch in the electrification section	No.	1	468,758.24	468,758.24
39	Station 6502 electric interlocking Group 15 switch in the electrification section	No.	1	525,296.72	525,296.72
40	Station 6502 electric interlocking Group 60 switch in the electrification section	No.	1	1,596,765.60	1,596,765.60
41	Switch less 50 groups in microcomputer interlocking room than the increased part of electric interlocking	No.	2	8,311.74	16,623.48
42	Switch 51-100 groups in microcomputer interlocking room than the increased part of electric interlocking	No.	1	8,383.40	8,383.40
43	Foundation ground hardening of outdoor equipment for the purpose of one facility	No.	450	104.52	47,034.00
44	Foundation ground hardening of outdoor equipment for the purpose of adding one facility each time	No.	380	59.54	22,625.20
45	One towing point for electric single turnout internal lock close 43, 50kg/m, No. 9 and 12	No.	65	3,415.82	222,028.30
46	Two towing points for electric single turnout internal lock close 50kg/m, No.12	No.	21	9,698.58	203,670.18
47	Switch shield	No.	107	1,809.70	193,637.90
48	ZPW-2000 track circuit compensation capacitor railroad tie type	No.	126	320.42	40,372.92
49	Steel rail bond 25 m rail one plug one weld extrusion-welding	Km	22	5,554.02	122,188.44
50	ZPW-2000 coded transmit cabinet within the Station	No.	3	26,461.34	79,384.02
51	ZPW-2000 coded integrated cabinet	No.	3	12,439.72	37,319.16
52	Computer interlocking system is installed with 2=2-vote-2 type≤ 50 groups switch	No.	2	894.08	1,788.16
53	Computer interlocking system is installed with 2=2-vote-2 type≤ 100 groups switch	No.	1	1,444.82	1,444.82
54	Current-limiting resistor RJ-4.4/440 with fixed tap	No.	2	455.00	910.00
55	25-week lightning protection compensator FB-1	No.	28	299.32	8,380.96
56	25-week lightning protection compensator FB-2	No.	28	335.24	9,386.72

1.23 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
57	ZPW-2000 outdoor four-wire coded matching box HBP-R	No.	32	2,141.84	68,538.48
58	ZPW-2000 outdoor four-wire coded inductance capacitance box HBP-R	No.	42	1,059.94	44,517.48
59	ZPW-2000 indoor four-wire coded lightning protection and matching combination	No.	3	24,426.74	73,280.22
60	ZPW-2000 indoor four-wire coded resistance combination	No.	2	5,460.02	10,920.04
61	Alarm module for burnout of filaments	No.	92	191.56	17,623.52
62	Alarm host for burnout of filaments	No.	1	28,737.90	28,737.90
63	Signal lighting isolation transformer BXG-35	No.	88	359.24	31,613.12
64	Hydraulic breaker	No.	420	239.48	100,581.60
65	Signal power lightning protection box	No.	3	23,947.48	71,842.44
66	Safe relay JWXC-1700	No.	30	312.24	9,367.20
67	III. Equipment Expense				
68	Non-insulated transmitting box ZPW- F	No.	24	7,488.41	179,721.84
69	25-week rail testing panel PG-26	No.	1	1,367.74	1,367.74
70	25-week rail testing panel PG-48	No.	2	1,559.52	3,119.04
71	Computer interlocking equipment (2-10 groups)	No.	1	477,751.36	477,751.36
72	Computer interlocking equipment (11-16 groups)	No.	1	548,001.54	548,001.54
73	Computer interlocking equipment (51-60 groups)	No.	1	1,037,402.94	1,037,402.94
74	All electronic computer interlocking executing machine	No.	9	197,925.56	1,781,330.04
75	Microcomputer under the monitoring of all electronic computer interlocking	No.	3	70,434.20	211,302.60
76	Modular Intelligent power supply panel 15KVA with UPS	No.	2	229,200.31	458,400.62
77	Modular Intelligent power supply panel 20KVA with UPS	No.	1	253,325.40	253,325.40
78	Electric point machine ZD6-D	No.	65	8,016.67	521,083.55
79	Electric point machine ZD6-E	No.	21	8,450.74	177,465.54
80	Electric point machine ZD6-J	No.	21	8,016.67	168,350.07
81	4. Hump signal				
82	(1) Hump control system				
83	II. Installation Expense				
84	Hump microcomputer automatic centralized 2 beams, 12 tracks and 20 groups switch	No.	1	314,030.50	314,030.50
85	Semi-automatic control 2 beams and 12 tracks (Only having the third part)	No.	1	172,891.20	172,891.20
86	Shunt uniport 2 beams and 12 tracks	No.	1	40,568.40	40,568.40
87	Adding one point to the shunt uniport	No.	3	7,425.62	22,276.86

1.22 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
88	One towing point for electric single turnout internal lock close 43, 50kg/m, No. 9 and 12	No.	10	3,801.10	38,011.00
89	Hump signal all electric control system commissioning route controlling ≤20 groups switch	No.	10	108.98	1,089.80
90	III. Equipment Expense				
91	Electric point machine ZD7-C	No.	10	8,868.41	86,564.10
92	Hump Intelligent power supply panel	No.	1	137,919.98	137,919.98
93	All electric hump computer interlocking system	No.	1	975,001.79	975,001.79
94	(2) Retarder				
95	II . Installation Expense				
96	Excavating and filling in the cable pit (1-5 pieces) hard soil depth 0.8 m	m	1000	2.66	2,660.00
97	Lay signal cable PTYA23 (PTYAH23) type 12 cores	m	1500	12.52	18,780.00
98	Lay signal cable PTYA23 (PTYAH23) type 37 cores	m	600	22.14	13,284.00
99	Lay signal cable PTYA23 (PTYAH23) type 48 cores	m	1500	28.14	42,210.00
100	Steel tube protection passing one track cable	No.	16	117.30	1,876.80
101	Branching terminal box HF-7	No.	8	432.24	3,457.92
102	Electric power cable VV 0.6/1kV 3×35+1×16mm	m	500	35.20	17,600.00
103	Electric power cable VV 0.6/1kV 3×50+1×25mm	m	2500	48.62	121,550.00
104	The third retarder installation six sections	No.	12	38,290.82	459,489.84
105	III. Equipment Expense				
106	Electric retarder	No.	13	112,567.42	1,464,376.46
107	(3) Controllable stop system				
108	II . Installation Expense				
109	Excavating and filling in the cable pit (1-5 pieces) hard soil depth 0.8 m	m	2000	3.12	6,240.00
110	Lay signal cable PTYA23 (PTYAH23) type 12 cores	m	2000	13.54	27,080.00
111	Lay signal cable PTYA23 (PTYAH23) type 37 cores	m	600	24.92	14,952.00
112	Lay signal cable PTYA23 (PTYAH23) type 48 cores	m	1500	29.06	43,590.00
113	Steel tube protection passing one track cable	No.	16	129.82	2,077.12
114	Branching terminal box HF-7	No.	8	519.28	4,154.24
115	Electric power cable VV 0.6/1kV 3×4+1×2.5mm	m	500	6.24	3,120.00
116	Electric power cable VV 0.6/1kV 3×6+1×4mm	m	2500	10.78	26,950.00
117	System debugging automatically controlled by hump signal stop	No.	6	193.38	1,160.28
118	Hump signal outdoor equipment stopper	No.	12	1,080.62	12,967.44

1.22 Mombasa Station					
S.N.	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
119	III. Equipment Expense				
120	Stepper	No.	13	32,760.08	425,881.04
121	Power supply panel with UPS	No.	1	221,010.29	221,010.29
122	Stepper computer control system	No.	1	273,000.78	273,000.78
123	(4) Remote control and signal of hump locomotive				
124	II. Installation Expense				
125	Hump radio locomotive signal	No.	1	157,215.97	157,215.97
126	Radio remote control of hump locomotive remote control	No.	1	104,647.93	104,647.93
127	III. Equipment Expense				
128	Radio locomotive remote control mobile unit	No.	2	573,301.62	1,146,603.24
129	(6) Other hump equipment				
130	III. Equipment Expense				
131	Hump maintenance machine tool.	No.	1	39,863.16	39,863.16
132	Hump maintenance forklift	No.	1	45,582.23	45,582.23
133	Maintenance tool	No.	5	2,275.50	11,375.00
134	5. Signal maintenance and testing equipment				
135	II. Installation Expense				
136	Locomotive signal maintenance and testing section	No.	1	10,021.40	10,021.40
137	III. Equipment Expense				
138	Instruments of locomotive signal testing section	No.	1	81,900.24	81,900.24
139	6. Other signal equipment				
140	II. Installation Expense				
141	Thunder proof cabinet	No.	4	3,947.71	15,790.84
142	Signal microcomputer monitoring (station interlocking) station extension ≤25 groups switch Installation	No.	3	4,710.00	14,130.00
143	Signal microcomputer monitoring (station interlocking) station extension ≤25 groups switch debugging	No.	3	2,770.96	8,312.88
144	Signal microcomputer monitoring (station interlocking) station extension >25 groups switch Installation	No.	3	19,356.72	58,190.16
145	Signal microcomputer monitoring (station interlocking) station extension >25 groups switch debugging	No.	3	3,325.30	9,975.90
146	III. Equipment Expense				
147	Microcomputer detecting equipment (16-32 groups)	No.	3	63,117.78	189,353.34
148	Thunder proof cabinet	No.	4	65,001.49	260,005.96
149	Signal equipment comprehensive lightning protection system	No.	3	47,665.93	142,997.79

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1.22 Mombasa Station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(US$)	AMOUNT(USD)
150	Non-insulated transmitting box ZPW- F	No.	1	7,488.41	7,488.41
151	Electrical unit nodule	No.	24	6,111.10	146,666.40
152	ZPW-2000A compressive tester	No.	3	6,142.52	18,427.56
153	Station wagon	No.	3	35,575.00	106,725.00
154	Radio communication tool	No.	10	720.72	7,207.20
155	Electric point machine ZD6-D	No.	1	8,016.57	8,016.57
156	Electric point machine ZD6-E	No.	1	8,450.74	8,450.74
157	Electric point machine ZD6-J	No.	1	8,016.57	8,016.57
	TOTAL OF BILL				18,546,938.47

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1.33 Intermediate Stations

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Signal				
2	1. Block equipment in all directions				
3	(2) Block among automatic station				
4	II. Installation Expense				
5	Laying signal cable with type of PJZA23 12 core	m	108000	17.50	1,890,000.00
6	Axle counter equipment electric connecting box	No.	72	257.08	18,509.76
7	Axle counter equipment sensor	No.	72	126.18	9,228.96
8	block of station Indoor equipment of axle counter	No.	31	1,076.05	33,357.55
9	Electrical concentration of 8502 station in electrified section and combination of semi-automatic block	No.	72	85,848.64	6,181,102.08
10	III Equipment Expense				
11	Equipment cost of outdoor axle sensor	No.	76	4,083.17	308,600.92
12	Equipment cost of indoor axle counter control system	No.	38	59,583.56	2,264,175.28
13	2. Control system for train operation				
14	(1) Protecting device for train overspeeding				
15	II. Installation Expense				
16	data collecting for LKJ2000 monitoring recording equipment	Km	468	675.97	316,321.96
17	Inquiry transponder	No.	83	33,972.52	2,819,719.16
18	(3) LEU and dot mode transponder equipment				
19	II. Installation Expense				
20	Dot mode transponder, passive	No.	527	100.00	52,700.00
21	III. Equipment Expense				
22	Pasive transponder	No.	527	4,593.47	2,420,022.69
23	3. Interlocking apparatus				
24	(2) Computer interlocking				
25	II. Installation Expense				
26	Station 8502 electric interlocking Group 5 switch in the electrification section	No.	25	300,851.27	7,521,281.75
27	Station 8502 electric interlocking Group 10 switch in the electrification section	No.	6	468,758.24	2,812,549.44
28	Switch less 50 groups in microcomputer interlocking room than the increased part of electric interlocking	No.	31	8,311.74	257,663.94
29	Switch 51-100 groups in microcomputer interlocking room than the increased part of electric interlocking	No.	31	8,383.40	259,885.40
30	Foundation ground hardening of outdoor equipment for the purpose of one facility	No.	1120	104.52	124,378.30
31	Foundation ground hardening of outdoor equipment for the purpose of adding one facility each time	No.	595	59.54	35,426.30

1.23 Intermediate Stations					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
32	One towing point for electric single turnout internal lock close 43, 50kg/m, No. 9 and 12	No.	5	3,415.82	17,079.10
33	Two towing points for electric single turnout internal lock close 50kg/m, No.12	No.	168	9,698.58	1,629,361.44
34	Switch shield	No.	341	1,809.70	617,107.70
35	ZPW-2000 track circuit compensation capacitor railroad tie type	No.	1581	320.42	506,584.02
36	Steel rail bond 25 m rail one plug one weld extrusion-welding	No.	177	5,554.02	981,950.74
37	ZPW-2000 coded transmit cabinet within the Station	No.	31	26,461.34	820,301.54
38	ZPW-2000 coded integrated cabinet	No.	31	12,439.72	385,631.32
39	Computer interlocking system is installed with 2×2-vote-2 type≤ 50 groups switch	No.	31	894.08	27,716.48
40	Current-limiting resistor RJ-4.4/440 with fixed tap	No.	72	455.00	32,760.00
41	25-week lightning protection compensator FB-1	No.	140	259.32	41,904.80
42	25-week lightning protection compensator FB-2	No.	140	335.24	46,933.60
43	ZPW-2000 outdoor four-wire coded matching box HBP-R	No.	465	2,141.84	995,882.60
44	ZPW-2000 outdoor four-wire coded inductance capacitance box HBP-R	No.	775	1,059.94	821,453.50
45	ZPW-2000 indoor four-wire coded lightning protection and matching combination	No.	31	24,426.74	757,228.94
46	ZPW-2000 indoor four-wire coded resistance combination	No.	31	5,460.02	169,260.62
47	Alarm module for burnout of filaments	No.	992	191.55	190,027.52
48	Alarm host for burnout of filaments	No.	31	28,737.90	890,874.90
49	Signal lighting isolation transformer BXG-35	No.	476	359.24	170,998.24
50	Hydraulic breaker	No.	1500	239.48	359,220.00
51	Signal power lightning protection box	No.	31	23,947.49	742,371.38
52	Safe relay JWXC-1700	No.	403	312.24	125,832.72
53	III. Equipment Expense				
54	Non-insulated transmitting box ZPW- F	No.	279	7,488.41	2,089,268.39
55	25-week rail testing panel PG-26	No.	38	1,367.74	51,974.12
56	Computer interlocking equipment (2-5 groups)	No.	31	328,128.13	10,171,910.03
57	All electronic computer interlocking executing machine	No.	31	197,925.56	6,135,892.36
58	Microcomputer under the monitoring of all electronic computer interlocking	No.	31	70,434.20	2,183,460.20
59	Modular intelligent power supply panel 15KVA with UPS	No.	31	229,200.31	7,105,209.61
60	Electric point machine ZD6-D	No.	5	8,016.67	40,083.35
61	Electric point machine ZD6-E	No.	200	8,450.74	1,690,148.00
62	Electric point machine ZD6-J	No.	200	8,016.67	1,603,334.00

1.23 Intermadiate Stations					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
63	6. Other signal equipment				
64	II. Installation Expense				
65	Lightning protection cabinet	No.	31	3,947.71	122,379.01
66	Signal microcomputer monitoring system debugging	No.	31	854.52	26,490.12
67	Signal microcomputer monitoring (station interlocking) station extension ≤25 groups switch Installation	No.	31	4,710.00	146,010.00
68	Signal microcomputer monitoring (station interlocking) station extension ≤25 groups switch debugging	No.	31	2,770.96	85,899.76
69	III. Equipment Expense	No.			
70	Microcomputer detecting equipment	No.	31	63,117.78	1,956,651.18
71	Lightning protection junction box	No.	31	65,001.49	2,015,046.19
72	Signal equipment comprehensive lightning protection system	No.	31	47,685.93	1,477,563.83
73	Non-insulated transmitting box ZPW- F	No.	31	7488.41	232,140.71
74	Electrical unit nodule	No.	248	6,111.10	1,515,552.80
75	ZPW-2000A compressive tester	No.	15	6,142.52	92,137.80
76	Station wagon	No.	10	35,575.80	355,758.00
77	Radio communication tool	No.	25	720.72	18,018.00
78	Electric point machine ZD6-D	No.	15	8,016.67	120,250.05
79	Electric point machine ZD6-E	No.	15	8,450.74	126,761.10
80	Electric point machine ZD6-J	No.	15	8,016.67	120,250.05
81	Microcomputer monitoring maintenance terminal	No.	5	22,750.06	113,750.30
	TOTAL OF BILL				77,257,990.52

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1.24 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Signal				
2	1. Block equipment in all directions				
3	(2) Block among automatic station				
4	II. Installation Expense				
5	Laying signal cable with type of PJZA23 12 core	m	3000	17.50	52,500.00
6	Axle counter equipment electric connecting box	No.	2	257.08	514.16
7	Axle counter equipment sensor	No.	2	128.18	256.36
8	block of station indoor equipment of axle counter	No.	1	1,076.86	1,076.86
9	Electrical concentration of 6502 station in electrified section and combination of semi-automatic block	No.	2	85,948.64	171,897.28
10	III. Equipment Expense				
11	Equipment cost of outdoor axle sensor	No.	1	4,063.17	4,063.17
12	Equipment cost of indoor axle counter control system	No.	1	59,583.56	59,583.56
13	2. Control system for train operation				
14	(2) Cab signaling equipment				
15	II. Installation Expense				
16	Cab signaling inspection and test equipment Subjective cab signaling Main engine test stand	No.	1	395.84	395.84
17	Cab signaling inspection and test equipment General-purpose cab signaling Code sending box for comprehensive detection	No.	4	812.64	2,450.16
18	Cab signaling inspection and test equipment Inspection and test stand	No.	1	200.20	200.20
19	Cab signaling inspection and test equipment Switch pillar	No.	10	277.54	2,775.40
20	Cab signaling inspection and test equipment Test loop line	m	1000	7.82	7,829.00
21	Cab signaling inspection and test equipment Test area	No.	20	4,206.10	84,122.00
22	III. Equipment Expense				
23	Portable and integrated code sending box for multi-information cab signaling test.	No.	5	4,504.52	22,522.60
24	Code sending box for cab signaling comprehensive test	No.	2	11,005.35	22,010.70
25	Main engine test stand of integrated cab signaling	No.	1	76,781.48	76,781.48
26	Test stand for cab signaling	No.	2	68,250.20	136,500.40
27	Train running monitor and record device comprehensive test stand	No.	1	51,187.54	51,187.54
28	Pressure sensor test stand	No.	1	41,291.37	41,291.37
29	Test bench for velocity sensor	No.	1	40,950.11	40,950.11
30	(3) LEU and dot mode transponder equipment				
31	II. Installation Expense				

1.24 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
32	Dot mode transponder, passive	No.	50	100.00	5,000.00
33	III. Equipment Expense				
34	Pasive transponder	No.	50	4,603.47	230,173.50
35	3. Interlocking apparatus				
36	(2) Computer interlocking				
37	II. Installation Expense				
38	Station 6502 electric interlocking Group 20 switch in the electrification section	No.	1	634,158.06	634,158.06
39	Station 6502 electric interlocking Group 40 switch in the electrification section	No.	1	1,044,242.20	1,044,242.20
40	Station 6502 electric interlocking Group 60 switch in the electrification section	No.	1	1,596,765.60	1,596,765.60
41	Switch less 50 groups in microcomputer interlocking room than the increased part of electric interlocking	No.	2	8,311.74	16,623.48
42	Switch 51-100 groups in microcomputer interlocking room than the increased part of electric interlocking	No.	1	8,383.40	8,383.40
43	Foundation ground hardening of outdoor equipment for the purpose of one facility	No.	550	104.52	60,521.50
44	Foundation ground hardening of outdoor equipment for the purpose of adding one facility each time	No.	470	59.54	27,983.80
45	One towing point for electric single turnout internal lock close 45, 50kg/m, No. 9 and 12	No.	75	3,415.32	256,302.32
46	Two towing points for electric single turnout internal lock close 50kg/m, No.12	No.	22	9,698.56	213,368.76
47	Switch shield	No.	120	1,809.70	217,164.00
48	ZPW-2000 track circuit compensation capacitor railroad tie type	No.	92	320.42	29,478.64
49	Steel rail bond 25 m rail one plug one weld extrusion-welding	km	28	5,554.02	155,512.56
50	ZPW-2000 coded transmit cabinet within the Station	No.	2	26,461.34	52,922.68
51	ZPW-2000 coded integrated cabinet	No.	2	12,439.72	24,879.44
52	Computer interlocking system is installed with 2×2-vote-2 type≤ 50 groups switch	No.	2	894.08	1,788.16
53	Computer interlocking system is installed with 2×2-vote-2 type≤ 100 groups switch	No.	1	1,444.52	1,444.52
54	Single acting mechanical switch movement concrete foundation electric light	No.	20	2,487.72	49,754.40
55	Current-limiting resistor RJ-1.4/440 with fixed tap	No.	2	455.00	910.00
56	25-week lightning protection compensator FB-1	No.	43	299.32	12,870.76
57	25-week lightning protection compensator FB-2	No.	43	335.24	14,415.32
58	ZPW-2000 outdoor four-wire coded matching box HBP-R	No.	30	2,141.64	64,249.20
59	ZPW-2000 outdoor four-wire coded inductance capacitance box HBP-R	No.	40	1,059.94	42,397.60
60	ZPW-2000 indoor four-wire coded lightning protection and matching combination	No.	3	24,426.74	73,280.22
61	ZPW-2000 indoor four-wise coded resistance combination	No.	2	5,460.02	10,920.04
62	Alarm module for burnout of filaments	No.	68	191.56	13,026.08

1.24 Nairobi Station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
63	Alarm host for burnout of filaments	No.	1	28,737.90	28,737.90
64	Signal lighting isolation transformer BXG-35	No.	90	359.24	32,331.60
65	Hydraulic breaker	No.	600	238.48	143,088.00
66	Signal power lightning protection box	No.	3	23,947.48	71,842.44
67	Safe relay JWXC-1700	No.	22	312.24	6,869.28
68	III. Equipment Expense				
69	Non-insulated transmitting box ZPW- F	No.	20	7,488.41	149,768.20
70	25-week rail testing panel PG-25	No.	1	1,367.74	1,367.74
71	25-week rail testing panel PG-48	No.	4	1,559.52	6,238.08
72	Computer interlocking equipment (2-10 groups)	No.	1	477,751.36	477,751.36
73	Computer interlocking equipment (11-15 groups)	No.	1	546,001.54	546,001.54
74	Computer interlocking equipment (51-60 groups)	No.	1	1,037,402.94	1,037,402.94
75	All electronic computer interlocking executing machine	No.	11	197,925.56	2,177,181.16
76	Microcomputer under the monitoring of all electronic computer interlocking	No.	3	70,434.20	211,302.60
77	Modular intelligent power supply panel 15KVA	No.	1	229,200.31	229,200.31
78	Modular intelligent power supply panel 20KVA	No.	2	263,325.40	526,650.80
79	Electric point machine ZD6-D	No.	76	8,016.67	609,268.92
80	Electric point machine ZD6-E	No.	22	8,450.74	185,916.28
81	Electric point machine ZD6-J	No.	22	8,016.67	176,366.74
82	4. Hump signal				
83	(1) Hump control system				
84	II. Installation Expense				
85	Hump microcomputer automatic centralized 2 beams, 12 tracks and 20 groups switch	No.	1	314,030.50	314,030.50
86	Semi-automatic control 2 beams and 12 tracks (Only having the third part)	No.	1	172,591.29	172,591.29
87	Shunt uniport 2 beams and 12 tracks	No.	1	40,588.40	40,588.40
88	Shunt uniport adding one point	No.	3	7,425.62	22,276.86
89	One towing point for electric single turnout Internal lock close 43, 50kg/m, No. 9 and 12	No.	11	3,601.10	39,612.10
90	Hump signal all electric control system commissioning route controlling ≤20 groups switch	No.	11	108.98	1,198.78
91	III. Equipment Expense				
92	Electric point machine ZD7-C	No.	11	8,586.41	95,330.51
93	Hump Intelligent power supply panel	No.	1	137,919.96	137,919.96

1.24 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
94	All electric hump computer interlocking system	No.	1	975,001.79	975,001.79
95	(2) Retarder				
96	II. Installation Expense				
97	Excavating and filling in the cable pit (1-5 pieces) hard soil depth 0.8 m	m	1000	2.56	2,560.00
98	Lay signal cable PTYA23 (PTYAH23) type 12 cores	m	1500	12.52	18,780.00
99	Lay signal cable PTYA23 (PTYAH23) type 37 cores	m	600	22.14	13,284.00
100	Lay signal cable PTYA23 (PTYAH23) type 48 cores	m	1500	28.14	42,210.00
101	Steel tube protection passing one track cable	No.	16	117.30	1,876.80
102	Branching terminal box HF-7	No.	8	432.24	3,457.92
103	Electric power cable VV 0.6/1kV 3×35+1×16mm	m	500	35.20	17,600.00
104	Electric power cable VV 0.6/1kV 3×50+1×25mm	m	2500	48.62	121,550.00
105	The third retarder installation six sections	No.	8	38,290.82	306,326.56
106	III. Equipment Expense				
107	Electric retarder	No.	9	112,667.42	1,014,006.78
108	(3) Controllable stop system				
109	II. Installation Expense				
110	Excavating and filling in the cable pit (1-5 pieces) hard soil depth 0.8 m	m	2000	3.12	6,240.00
111	Lay signal cable PTYA23 (PTYAH23) type 12 cores	m	2000	13.54	27,080.00
112	Lay signal cable PTYA23 (PTYAH23) type 37 cores	m	600	24.92	14,952.00
113	Lay signal cable PTYA23 (PTYAH23) type 48 cores	m	1500	29.06	43,590.00
114	Steel tube protection passing one track cable	No.	16	129.82	2,077.12
115	Branching terminal box HF-7	No.	8	519.28	4,154.24
116	Electric power cable VV 0.6/1kV 3×4+1×2.5mm	m	500	6.24	3,120.00
117	Electric power cable VV 0.6/1kV 3×6+1×4mm	m	2500	10.78	26,950.00
118	System debugging automatically controlled by hump signal stop	No.	4	193.38	773.52
119	Hump signal outdoor equipment stopper	No.	8	1,080.62	8,644.96
120	III. Equipment Expense				
121	Stopper	No.	9	32,760.08	294,840.72
122	Power supply panel with UPS	No.	1	221,010.29	221,010.29
123	Stopper computer control system	No.	1	273,000.78	273,000.78
124	(4) Remote control and signal of hump locomotive				

1.24 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
125	II. Installation Expense				
126	Hump radio locomotive signal	No.	1	157,215.97	157,215.97
127	Radio remote control of hump locomotive remote control	No.	1	104,847.93	104,847.93
128	III. Equipment Expense				
129	Radio locomotive remote control mobile unit	No.	2	573,301.62	1,146,603.24
130	(6) Other hump equipment				
131	III. Equipment Expense				
132	Hump maintenance machine tool	No.	1	39,863.16	39,863.16
133	Hump maintenance forklift	No.	1	45,582.23	45,582.23
134	Maintenance tool	No.	5	2,275.00	11,375.00
135	5. Signal maintenance and testing equipment				
136	II. Installation Expense				
137	Signal maintenance depot	No.	1	4,186.01	4,186.01
138	Locomotive signal maintenance and testing section	No.	1	10,021.40	10,021.40
139	Signal maintenance depot (including hump mechanical maintenance depot)	No.	1	46,049.55	46,049.55
140	III Equipment Expense				
141	Instruments in signal testing section	No.	1	107,380.30	107,380.30
142	Instruments of locomotive signal testing section	No.	1	81,900.24	81,900.24
143	BT-01U/D type ZPW-2000A complete machine testing system	No.	1	87,340.19	87,340.19
144	Testing stand of point switch	No.	1	45,500.13	45,500.13
145	II. Installation Expense				
146	Thunder Proof Cabinet	No.	5	3,947.71	19,738.55
147	Signal microcomputer monitoring central exchange debugging	No.	1	461.83	461.83
148	Signal microcomputer monitoring system debugging	No.	1	743.92	743.92
149	Signal microcomputer monitoring (station interlocking) station extension ≤25 groups switch Installation	No.	1	4,710.00	4,710.00
150	Signal microcomputer monitoring (station interlocking) station extension ≤25 groups switch debugging	No.	1	2,770.96	2,770.96
151	Signal microcomputer monitoring (station interlocking) station extension >25 groups switch Installation	No.	2	19,396.72	38,793.44
152	Signal microcomputer monitoring (station interlocking) station extension >25 groups switch debugging	No.	2	3,325.30	6,650.60
153	III.Equipment Expense				
164	Microcomputer detecting equipment	No.	3	63,117.78	189,353.34
155	Thunder Proof Junction Cabinet	No.	5	65,001.49	325,007.45

1.24 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
156	Signal equipment comprehensive lightning protection system	Set	3	47,665.93	142,997.79
157	Non-insulated transmitting box ZPW. F (spare)	No.	1	7,488.41	7,488.41
158	Electrical unit module (spare)	No.	24	6,111.10	146,666.40
159	ZPW-2000A compressive tester.	No.	4	6,142.52	24,570.08
160	Station wagon	No.	3	35,575.00	106,725.00
161	Radio communication tool	No.	15	720.72	10,810.80
162	Electric point machine ZD6-D	No.	1	8,016.67	8,016.67
163	Electric point machine ZD6-E	No.	1	8,450.74	8,450.74
164	Electric point machine ZD6-J	No.	1	8,016.67	8,016.67
165	Server of microcomputer monitoring and maintenance center	No.	1	2,166,943.64	2,166,943.64
	TOTAL OF BILL				31,512,336.27

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BILL NO. 1.3 : INFORMATION SYSTEM

1.31 Mombasa Relief Line					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Information				
2	1. Public Foundation Platform				
3	II. Installation Expense				
4	Security Adjustable Information Equipment	No.	3	22,188.07	66,549.21
5	Buried Single-mode Optical Cable 8 cores	Km	10	17,494.27	172,616.71
6	Comprehensive Wiring	m2	800	52.25	41,800.00
7	III.Equipment Expense				
8	Black and White Laserjet Printers suitable for A3	No.	2	5,137.50	10,275.00
9	Router	No.	1	25,683.63	25,683.63
10	Double-layer Switcher	No.	1	4,037.50	4,037.50
11	Fire Wall	No.	2	32,105.98	64,211.96
12	Information System Lightning Protection	No.	1	51,369.18	51,369.18
13	UPS 5KVA	No.	1	35,958.62	35,958.62
14	Driving Video Monitoring	No.	1	95,421.98	95,421.98
15	Public Security Information System	No.	1	128,421.98	128,421.98
16	2. Application System				
17	Transportation and Production Organization				
18	III.Equipment Expense				
19	TMIS Subsystem Equipment	No.	1	96,316.00	96,316.00
	TOTAL OF BILL				792,561.77

1.32 Mombasa Station.

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Information				
2	1. Public Foundation Platform				
3	II. Installation Expensa				
4	Security Adjustable Information Equipment	No.	3	22,183.07	66,549.21
5	Passenger Station Broadcasting Equipment Medium	No.	1	53,682.72	53,682.72
6	Buried Single-mode Optical Cable 8 cores	Km	3	17,434.27	52,302.81
7	Comprehensive Wiring	m2	5000	52.25	261,250.00
8	III. Equipment Expense				
9	Station-yard Digital Centre Broadcast Control Equipment	No.	1	64,664.40	64,664.40
10	Station Broadcast Control Station	No.	1	11,557.92	11,557.92
11	Station-yard Wired Broadcasting Equipment 250W	No.	2	16,926.36	33,852.72
12	Station-yard Wired Broadcasting Power Amplifier Cabinet	No.	2	3,303.17	6,606.34
13	Station-yard Wired Broadcasting Loudspeaker	No.	8	288.95	2,311.60
14	Station-yard Level 2 Clock Synchronizer	No.	1	16,181.09	16,181.09
15	Station-yard Digital Slave Clock	No.	2	1,502.53	3,005.06
16	Station-yard Pointer Type Slave Clock	No.	2	2,427.16	4,854.32
17	Black and White Laserjet Printers suitable for A3	No.	3	5,137.50	15,412.50
18	Router	No.	3	25,683.63	77,050.89
19	Double-layer Switcher	No.	6	4,037.50	24,225
20	Fire Division Wall	No.	2	32,105.98	64,211.9
21	Information System Lightning Protection	No.	1	51,369.18	51,369.18
22	UPS 5KVA	No.	1	35,958.62	35,958.62
23	Information Maintain Equipment	No.	1	84,421.98	84,421.98
24	Public Security Information System	No.	1	128,421.98	128,421.98
25	Network wiring ark	No.	3	11,563.20	34,689.60
26	2. Application System				
27	(1) CTC System				
28	II. Installation Expensa				
29	Station Terminal of CTC System	No.	2	11,773.30	23,546.60
30	III. Equipment Expensa				

1.32 Mombasa Station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
31	Station Terminal of CTC System	No.	2	687,761.91	1,375,523.82
32	(2) Transportation and Production Organization				
33	III. Equipment Expense				
34	Passenger Transport Ticketing System	No.	1	84,421.98	84,421.98
35	Passenger Transport Departure System	No.	1	193,453.98	193,453.98
36	Passenger Transport Guidance System	No.	1	389,106.03	389,106.03
37	Passenger Transport Security Inspection System	No.	2	146,842.03	293,684.06
38	Passenger Transport Luggage System (include security inspection, departure terminal)	No.	1	262,474.03	262,474.03
39	Driving Video Monitoring	No.	1	95,421.98	95,421.98
40	Passenger Transport Station Monitoring (Medium)	No.	1	140,632.80	140,632.80
41	TMIS Subsystem Equipment	No.	1	96,316.00	96,316.00
	TOTAL OF BILL				4,057,181.18

1.33 Intermediate Stations

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Information				
2	1. Public Foundation Platform				
3	II. Installation Expense				
4	Security Adjustable Information Equipment	No.	77	22,183.07	1,708,096.39
5	Passenger Transport Broadcasting Equipment (Small)	No.	5	42,580.15	212,980.75
6	Buried Single-mode Optical Cable 8 cores	Km	36	17,434.27	627,633.72
7	Comprehensive Wiring	m2	30800	52.25	1,609,300.00
8	III. Equipment Expense				
9	Station-yard Digital Centre Broadcast Control Equipment	No.	5	64,684.40	323,422.00
10	Station Broadcast Control Station	No.	5	11,557.92	57,789.60
11	Station-yard Wired Broadcasting Equipment 250W	No.	5	16,926.36	84,631.80
12	Station-yard Wired Broadcasting Power Amplifier Cabinet	No.	5	3,303.17	16,515.85
13	Station-yard Wired Broadcasting Loudspeaker	No.	20	288.95	5,779.00
14	Station-yard Level 2 Clock Synchronizer	No.	5	16,181.09	80,905.45
15	Station-yard Digital Slave Clock	No.	10	1,502.53	15,025.30
16	Station-yard Pointer Type Slave Clock	No.	10	2,427.16	24,271.60
17	Black and White Laser Printers Biggest A3	No.	46	5,137.50	236,325.00
18	Router	No.	36	25,683.53	924,610.58
19	Double-layer Switcher	No.	36	4,037.50	145,350.0
20	Fire Division Wall	No.	41	32,105.98	1,316,345.18
21	Information System Lightning Protection	No.	31	51,369.18	1,592,444.58
22	UPS 5KVA	No.	31	35,958.82	1,114,717.22
23	Information Maintain Equipment	No.	1	84,421.98	84,421.98
24	Public Security Information System	No.	31	128,421.98	3,981,081.38
25	Network wiring ark	No.	31	11,563.20	358,459.20
26	2. Application System				
27	(1) CTC System				
28	II. Installation Expense				
29	Station Terminal of CTC System	No.	31	11,773.30	364,972.30
30	III. Equipment Expense				

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1.33 Intermediate Stations					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
31	Station Terminal of CTC System	No.	31	687,761.91	21,320,619.21
32	(2) Transportation and Production Organization				
33	III. Equipment Expense				
34	Passenger Transport Ticketing System	No.	5	84,421.98	422,109.90
35	Passenger Transport Departure System	No.	5	193,453.98	967,269.90
36	Passenger Transport Guidance System	No.	5	389,106.03	1,945,530.15
37	Passenger Transport Security Inspection System	No.	2	146,842.03	293,684.06
38	Passenger Transport Luggage System (include security inspection, departure terminal)	No.	5	262,474.03	1,312,370.15
39	Driving Video Monitoring	No.	31	95,421.98	2,958,081.38
40	Passenger Transport Station Monitoring (Medium)	No.	5	140,632.80	703,164.00
41	TMIS Subsystem Equipment	No.	5	96,316.00	481,580.00
TOTAL OF BILL					45,289,407.73

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1.34 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Information				
2	1. Public Foundation Platform				
3	II. Installation Expense				
4	Security Adjustable Information Equipment	No.	3	22,183.07	66,549.21
5	Passenger Station Broadcasting Equipment Medium	No.	1	63,582.72	63,582.72
6	Buried Single-mode Optical Cable 8 cores	Km	3	17,434.27	52,302.81
7	Comprehensive Wiring	m2	8000	52.25	418,000.00
8	III. Equipment Expense				
9	Station-yard Digital Centre Broadcast Control Equipment	No.	1	64,684.40	64,684.40
10	Station Broadcast Control Station	No.	1	11,557.92	11,557.92
11	Station-yard Wired Broadcasting Equipment 250W	No.	2	16,926.36	33,852.72
12	Station-yard Wired Broadcasting Power Amplifier Cabinet	No.	2	3,303.17	6,606.34
13	Station-yard Wired Broadcasting Loudspeaker	No.	12	288.95	3,467.40
14	Comprehensive Timing Supply Equipment BITS	No.	1	156,390.06	156,390.06
15	GPS Receiving Set	No.	1	7,157.92	7,157.92
16	Station-yard Central Clock Synchronizer	No.	1	16,181.09	16,181.09
17	Station-yard Digital Slave Clock	No.	4	1,502.53	6,010.12
18	Station-yard Pointer Type Slave Clock	No.	4	2,427.16	9,708.64
19	Black and White Laser Printers Biggest A3	No.	3	5,137.50	15,412.50
20	Router	No.	8	25,683.63	205,469.04
21	Double-layer Switcher	No.	11	4,037.50	44,412.50
22	Fire Division Wall	No.	2	32,105.98	64,211.96
23	Information System Lightning Protection	No.	1	51,369.18	51,369.18
24	UPS 5KVA	No.	1	35,958.62	35,958.62
25	Information Maintain Equipment	No.	1	84,421.98	84,421.98
26	Public Security Information System	No.	1	128,421.98	128,421.98
27	Network wiring ark	No.	3	11,563.20	34,689.60
28	2. Application System				
29	(1) CTC System				
30	II. Installation Expense				

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1.34 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
31	Control Centre of CTC System	No.	1	13,973.30	13,973.30
32	LED Screen for Control Centre of CTC System	No.	1	9,288.84	9,288.84
33	Station Terminal of CTC System	No.	3	11,773.30	35,319.90
34	III. Equipment Expense				
35	Control Centre of CTC System	No.	1	10,235,238.10	10,235,238.10
36	LED Screen for Control Centre of CTC System	No.	1	115,500.00	115,500.00
37	Comprehensive power supply panel 30KVA	No.	1	159,500.00	159,500.00
38	Station Terminal of CTC System	No.	3	687,761.91	2,063,285.73
39	(2) Transportation and Production Organization				
40	III. Equipment Expense				
41	Passenger Transport System Server	No.	2	159,684.80	319,369.60
42	Passenger Transport Ticketing System	No.	1	84,421.98	84,421.98
43	Passenger Transport Departure System	No.	1	193,453.98	193,453.98
44	Passenger Transport Guidance System	No.	1	389,106.03	389,106.03
45	Passenger Transport Security Inspection System	No.	2	146,842.03	293,684.06
46	Passenger Transport Luggage System (include security inspection, departure terminal)	No.	1	262,474.03	262,474.03
47	Driving Video Monitoring	No.	1	95,421.98	95,421.98
48	Passenger Transport Station Monitoring (Medium)	No.	1	140,632.80	140,632.80
49	Video Monitoring Center Equipment	No.	1	95,421.98	95,421.98
50	Data Server - Large	No.	1	269,684.80	269,684.80
51	TMIS Subsystem Equipment	No.	1	96,316.00	96,316.00
52	TMIS System Server	No.	1	257,445.20	257,445.20
	TOTAL OF BILL				16,720,057.04

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BILL NO : 2.1 ELECTRICITY SUPPLY SYSTEM

2.11 Mombasa Relief Line					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Power System of Mombasa Relief line	No.	1	7,281,939.00	7,281,939.00
	TOTAL OF BILL				7,281,939.00

2.12 Mombasa station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Power budget list for Mombasa station				
2	I. Power supply line				
3	II. Installation Expense				
4	(1) High voltage overhead line				
5	①High voltage overhead line(connected)				
6	Iron cross arm of 33kvoverhead line	Km	2	19,540.00	39,080.00
7	Wire erection (plain everglade) of 33kv without overhead ground wire LGJ-70	Km	6	4,822.87	28,937.22
8	②High voltage overhead line (substation)				
9	Iron cross arm of 33kVoverhead line	Km	5	19,540.00	97,700.00
10	Wire erection (plain everglade) of 33kV without overhead ground wire LGJ-50	Km	15	3,535.18	53,027.70
11	(5) High-voltage main cable line				
12	Underground direct burying section of 33kV cable is 95mm (for reference)	m	500	210.00	105,000.00
13	(6) Cable line of high-voltage station				
14	Underground direct burying section of 33kv cable is 70mm (for reference)	m	2000	193.20	386,400.00
15	(8) Low voltage cable line				
16	Underground direct burying of low-voltage copper conductor cable (4 core) is 185mm	m	2000	234.00	468,000.00
17	Underground direct burying of low-voltage copper conductor cable (4 core) is 150mm	m	3000	192.00	576,000.00
18	Underground direct burying of low-voltage copper conductor cable (4 core) is 70mm	m	5000	109.20	546,000.00
19	Underground direct burying of low-voltage copper conductor cable (4 core) is 35mm	m	5000	72.48	362,400.00
20	(9) Low voltage control cable line				
21	Laying control cable to under 30 core along rack pipe	m	6000	80.54	483,240.00
22	(10) Power circuit				
23	① Power overhead line				

2.12 Mombasa station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
24	Iron cross arm of 33kv overhead line	Km	15	19,540.90	293,100.90
25	Wire erection (plain everglade) of 33kv without overhead ground wire LGJ-120	Km	45	5,210.85	234,488.25
26	The second line power				
27	1. Power supply line				
28	II. Installation Expense				
29	(1) High-voltage overhead line				
30	①High-voltageoverhead line(connected)				
31	Iron cross arm of 35k Voverhead line	Km	10	19,540.00	195,400.00
32	Wire erection (plain everglade) of 33kv without overhead ground wire LGJ-50	Km	30	3,535.18	106,055.40
33	② Cable line of power				
34	Underground direct burying section of 33kv cable is 150mm (for reference)	m	5000	192.00	960,000.00
35	2. Power-supply device				
36	II. Installation Expense				
37	Installation of distribution substation (for reference)	No.	1	149,999.24	149,999.24
38	Installation of pole-mounted transformer (for reference)	No.	1	9,367.07	9,367.07
39	Installation of box-type transformer substation (for reference)	No.	10	2,913.85	29,138.50
40	III. Equipment Expense				
41	High-voltage switch cabinet	No.	15	56,799.00	851,985.00
42	High-voltage condenser	No.	2	45,439.20	90,878.40
43	Voltage regulator	No.	1	56,799.00	56,799.00
44	Alternating current screen	No.	1	11,359.80	11,359.80
45	Direct current screen	No.	2	11,359.80	22,719.60
46	Protective screen	No.	2	45,439.20	90,878.40
47	Measurement panel	No.	1	11,467.60	11,467.60
48	Video cabinet	No.	1	11,467.60	11,467.60
49	Comprehensive automatic system for substation	No.	1	151,464.00	151,464.00
50	Transformer 33/0.4 10kVA	No.	1	4,543.92	4,543.92
51	Box-type transformer substation 33/0.4 125kVA	No.	1	181,756.80	181,756.80
52	Box-type transformer substation 33/0.4 160kVA	No.	2	181,756.80	363,513.60

2.12 Mombasa station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
53	Box-type transformer substation 33/0.4 160kVA	No.	3	181,756.80	545,270.40
54	Box-type transformer substation 33/0.4 250kVA	No.	1	204,476.40	204,476.40
55	Box-type transformer substation 33/0.4 400kVA	No.	1	204,476.40	204,476.40
56	Box-type transformer substation 33/0.4 500kVA	No.	1	249,915.60	249,915.60
57	Box-type transformer substation 33/0.4 1000kVA	No.	1	249,915.60	249,915.60
58	Distribution box on pole	No.	1	2,271.96	2,271.96
59	3. Other electricity				
60	II. Installation Expense				
61	Motivate wiring along the line	KW	2322	509.11	1,182,153.42
62	One step of truss lamp bridge of 42m	No.	4	122,465.39	489,861.56
63	Installation of project lamp for iron tower	No.	6	55,325.32	331,951.92
64	Each step increased by truss lamp bridge of 42mm	No.	4	87,369.70	349,478.80
65	III. Equipment Expense				
66	Electric engineer vehicle	No.	1	45,439.20	45,439.20
67	Interphone	No.	4	302.93	1,211.72
68	4. Automatic control of electricity				
69	III. Equipment Expense	No.			
70	Electric remote terminal	No.	1	136,317.60	136,317.60
71	Low voltage monitoring terminal of signal power	No.	1	45,439.20	45,439.20
72	Video monitoring system	No.	1	136,317.60	136,317.60
	TOTAL OF BILL				11,146,564.48

2.13 Intermediate Stations

S.N	DESCRIPTION.	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Budget list of section electricity				
2	1. Power supply line				
3	II. Installation Expense				
4	(1) High-voltage overhead line				
5	Iron cross arm of 33kvoverhead line	Km	460	19,540.00	8,988,400.00
6	Erection LGJ-70 with wire of 33kv	Km	1380	4,822.87	6,655,560.60
7	(5) High-voltage main cable line				
8	Underground direct burying section of 33kv cable is 95mm	m	20000	210.00	4,200,000.00
9	(6) Cable line of high-voltage station				
10	Underground direct burying section of 33kv cable is 70mm	m	12000	193.20	2,318,400.00
11	(7) Cable line of high voltage bridge tunnel				
12	Underground direct burying section of 33kv cable is 95mm	m	35000	210.00	7,350,000.00
13	(8) Low voltage cable line				
14	Underground direct burying of low-voltage copper conductor cable (4 core) is 70mm	m	76000	109.20	8,299,200.00
15	Underground direct burying of low-voltage copper conductor cable (4 core) is 35mm	m	76000	72.48	5,508,480.00
16	(9) Low voltage control cable line				
17	Laying control cable to under 30 core along rack pipe	m	76000	80.54	6,121,040.00
18	(10) Power circuit				
19	① Power overhead line				
20	Power supply of distribution substation				
21	Iron cross arm of 33Kvoverhead line	Km	315	19,540.00	6,155,100.00
22	Wire erection (mountain area) of 33kv with overhead ground wire LGJ-120	Km	945	5,210.35	4,924,253.25
23	The second power supply of communication signal		1		
24	Iron cross arm of 33kvoverhead line	Km	240	19,540.00	4,689,600.00
25	Wire erection (mountain area) of 33kv with overhead ground wire LGJ-50	Km	720	3,535.18	2,545,329.60
26	② Cable line of power				
27	Underground direct burying section of 33kv cable is 150mm	m	35000	192.00	6,720,000.00
28	2. Power-supply device				
29	II. Installation Expense				

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2.13 Intermediate Stations

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Installation of distribution substation (for reference)	No.	7	149,999.24	1,049,994.68
31	Installation of pole-mounted transformer (for reference)	No.	91	9,367.07	852,405.37
32	Installation of box-type transformer substation (for reference)	No.	65	2,913.35	189,400.25
33	III. Equipment Expense				
34	High-voltage switch cabinet	No.	98	56,799.00	5,566,302.00
35	High-voltage condenser	No.	14	45,439.20	636,148.80
36	Voltage regulator	No.	7	56,799.00	397,593.00
37	Alternating current screen	No.	7	11,359.80	79,518.60
38	Direct current screen	No.	14	11,359.80	159,037.20
39	Protective screen	No.	14	45,439.20	636,148.80
40	Measurement panel	No.	7	11,467.60	80,273.20
41	Video cabinet	No.	7	11,467.60	80,273.20
42	Comprehensive automatic system for substation	No.	7	151,464.00	1,060,248.00
43	Transformer of 33/0.4 5kVA	No.	28	3,029.28	84,819.84
44	Transformer of 33/0.4 20kVA	No.	4	5,301.24	21,204.96
45	Transformer of 33/0.4 63kVA	No.	49	9,087.84	445,304.16
46	Transformer of 33/0.4 80kVA	No.	3	12,117.12	36,351.36
47	Transformer of 33/0.4 100kVA	No.	7	15,146.40	106,024.80
48	Box-type transformer substation 33/0.4 50kVA	No.	62	151,464.00	9,390,768.00
49	Box-type transformer substation 33/0.4 125kVA	No.	1	181,756.80	181,756.80
50	Box-type transformer substation 33/0.4 160kVA	No.	2	181,756.80	363,513.60
51	Distribution box on pole	No.	91	2,271.96	206,748.36
52	3. Other electricity				
53	II. Installation Expense				
54	Motivate wiring along the line	KM	4051	509.11	2,062,404.61
55	Installation material of project lamp for iron tower is 28m	No.	95	55,325.32	5,255,905.40
56	III. Equipment Expense				
57	Electric engineer vehicle	No.	7	45,439.20	318,074.40
58	Interphone	No.	28	302.93	8,482.04

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2.13 Intermediate Stations

S.N.	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
59	4. Automatic control of electricity				
60	III. Equipment Expense				
61	Electric remote terminal	No.	7	136,317.60	954,223.20
62	Low voltage monitoring terminal of signal power	No.	24	45,439.20	1,090,540.80
63	Video monitoring system	No.	7	136,317.60	954,223.20
64	Sectional switch remote terminal of connecting line	No.	31	46,553.33	1,443,153.13
65	Sectional switch	No.	31	30,292.80	939,076.80
	TOTAL OF BILL				109,125,277.01

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2.14 Nairobi station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Budget estimate list of Nairobi station				
2	I. Power supply line				
3	II . Installation Expense				
4	(1) High-voltage overhead line				
5	①. High-voltage overhead line (connecting)				
6	Iron cross arm of 33kvoverhead line	Km	2	19,540.00	39,080.00
7	Erection LGJ-70 with wire of 33kv	Km	6	4,822.87	28,937.22
8	②High-voltage overhead line (substation)				
9	Iron cross arm of 33kvoverhead line	Km	8	19,540.00	156,320.00
10	Wire erection (plain everglade) of 33kv without overhead ground wire LGJ-50	Km	24	3,535.18	84,844.32
11	(5) High-voltage main cable line				
12	Underground direct burying section of 33kv cable is 95mm	m	500	210.00	105,000.00
13	(6) Cable line of high-voltage station	Km			
14	Underground direct burying section of 33kv cable is 70mm	m	2000	193.20	386,400.00
15	(8) Low voltage cable line				
16	Underground direct burying of low-voltage copper conductor cable (4 core) is 185mm	m	3000	234.00	702,000.00
17	Underground direct burying of low-voltage copper conductor cable (4 core) is 150mm	m	5000	192.00	960,000.00
18	Underground direct burying of low-voltage copper conductor cable (4 core) is 70mm	m	5000	109.20	546,000.00
19	Underground direct burying of low-voltage copper conductor cable (4 core) is 35mm	m	7000	72.48	507,360.00
20	(9) Low voltage control cable line				
21	Laying control cable to under 30 core along rack pipe	m	8000	80.54	644,320.00
22	(10) Power circuit				
23	① Power overhead line				
24	Iron cross arm of 33kvoverhead line	Km	15	19,540.00	293,100.00
25	Wire erection (plain everglade) of 33kv without overhead ground wire LGJ-185 (for reference)	Km	45	7,015.05	315,677.25
26	The second line power				
27	Iron cross arm of 33kvoverhead line	Km	10	19,540.00	195,400.00
28	Wire erection (plain everglade) of 33kv without overhead ground wire LGJ-50	Km	30	3,535.18	106,055.40
29	② Cable line of power				

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2.14 Nairobi station

S/N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Underground direct burying section of 33kv cable is 240mm	m	5000	310.00	1,550,000.00
31	2. Power supply device				
32	II. Installation Expense				
33	Installation of distribution substation (for reference)	No.	1	149,999.24	149,999.24
34	Installation of pole-mounted transformer (for reference)	No.	1	9,367.07	9,367.07
35	Installation of box-type transformer substation (for reference)	No.	28	2,913.85	81,587.80
36	III. Equipment Expense				
37	High-voltage switch cabinet	No.	15	56,799.00	851,985.00
38	High-voltage condenser	No.	2	45,439.20	90,878.40
39	Voltage regulator	No.	1	56,799.00	56,799.00
40	Alternating current screen	No.	1	11,359.80	11,359.80
41	Direct current screen	No.	2	11,359.80	22,719.60
42	Protective screen	No.	2	45,439.20	90,878.40
43	Measurement panel	No.	1	11,467.60	11,467.60
44	Video cabinet	No.	1	11,467.60	11,467.60
45	Comprehensive automatic system for substation	No.	1	151,464.00	151,464.00
46	Transformer 33/0.4 10kVA	No.	1	4,543.92	4,543.92
47	Box-type transformer substation of 33/0.4 50kVA	No.	2	151,464.00	302,928.00
48	Box-type transformer substation of 33/0.4 63kVA	No.	2	151,464.00	302,928.00
49	Box-type transformer substation 33/0.4 125kVA	No.	4	181,756.80	727,027.20
50	Box-type transformer substation 33/0.4 160kVA	No.	3	181,756.80	545,270.40
51	Box-type transformer substation 33/0.4 250kVA	No.	1	204,476.40	204,476.40
52	Box-type transformer substation of 33/0.4 315kVA	No.	1	204,476.40	204,476.40
53	Box-type transformer substation 33/0.4 400kVA	No.	1	204,476.40	204,476.40
54	Box-type transformer substation of 33/0.4 630kVA	No.	1	204,476.40	204,476.40
55	Box-type transformer substation 33/0.4 1000kVA	No.	13	249,915.60	3,248,902.80
56	Distribution box on pole	No.	1	2,271.96	2,271.96
57	3. Other electricity				
58	II. Installation Expense				

2.14 Mairobi station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
59	Motivate wiring along the line	KM	13591	509.11	6,919,314.01
60	One step of truss lamp bridge of 42m	No.	4	122,465.39	489,861.56
61	Installation of project lamp for iron tower	No.	8	55,325.29	442,601.84
62	Each step increased by truss lamp bridge of 42mm	No.	4	87,369.78	349,479.80
63	III. Equipment Expense	No.			
64	Electric engineer vehicle	No.	2	45,439.20	90,878.40
65	Interphone	No.	3	302.93	2,423.44
66	4. Automatic control of electricity				
67	III. Equipment Expense				
68	Electric remote terminal	No.	1	136,317.60	136,317.60
69	Low voltage monitoring terminal of signal power	No.	4	45,439.20	181,756.80
70	Video monitoring system	No.	1	136,317.60	136,317.60
71	Electric power dispatching center	No.	1	757,320.00	757,320.00
TOTAL OF BILL					23,518,515.62

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BILL NO. 3.1 : WATER SUPPLY AND DRAINAGE

3.11 Mombasa Relief Line

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Water supply and drainage				
2	1. Water supply				
3	II. Installation Expense				
4	Water source				
5	Bore Hole with 300m	No.	1	53,623.66	53,623.66
6	Pipeline				
7	Iron pipe with DN150 mm	m	553	198.99	110,439.45
8	Iron pipe with DN100 mm	m	2960	144.45	427,572.00
9	Iron pipe with DN75 mm	m	185	136.98	25,341.30
10	Reservoir				
11	RC Rectangular reservoir with 600m3 capacity	No.	1	71,970.79	71,970.79
12	Other buildings				
13	Outdoor fire hydrant and DN 1200mm inner diameter with 1.5m deep	No.	15	2,186.77	32,801.55
14	Exhaust valve and DN 1200mm inner diameterwell with 2.0m deep	No.	13	2,275.32	29,579.16
15	Exhaust valve and DN 1200mm inner diameterwell with 1.5m deep	No.	15	2,474.20	37,113.00
16	Water Gauge and DN50mm well with 2.9m deep	No.	1	4,973.19	4,973.19
17	Formwork	m'	1000	27.98	27,980.00
18	Water Gauge and DN80mm well with 2.9m deep	No.	5	3,862.86	19,314.30
19	Installation of deep well pump	No.	1	724.90	724.90
20	Installation of fire pump	No.	2	292.14	584.28
21	Installation of manual monorail car and electric hoist	No.	4	121.00	484.00
22	Installation of centralized control equipment	No.	1	3,865.40	3,865.40
23	Installation of Clo2 disinfection equipment (40g/L)	No.	1	2,719.31	2,719.31
24	Installation of inverter water supply equipment	No.	1	4,925.84	4,925.84
25	Installation of feed-water pump	No.	2	816.73	1,633.46
26	Installation of fiberglass tank	No.	1	408.36	408.36
27	III. Equipment Expense				
28	Deep well pump	No.	1	7,247.90	7,247.90

3.11 Mombasa Relief Line

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
29	Feed-water centralized control equipment	No.	1	38,654.00	38,654.00
30	Cl02 disinfection equipment (40g/L)	No.	1	6,794.56	6,794.56
31	Inverter water supply equipment	No.	1	49,258.45	49,258.45
32	Fire pump	No.	2	8,153.29	16,306.58
33	Manual monorail car and electric hoist	No.	4	1,208.90	4,836.60
34	Exhaust valve	No.	13	340.62	4,428.06
35	Fire nozzles	No.	3	271.93	815.79
36	Fire hose	No.	6	510.44	3,062.64
37	Leak detector of Feed-water pipeline	No.	1	227.70	227.70
38	Feed-water pump	No.	2	2,039.02	4,078.04
39	Fiberglass tank	No.	1	4,083.64	4,083.64
40	2. Drainage				
41	II . Installation Expense				
42	Pipeline				
43	Reinforced Concrete DN1 16 mm with cement mortar interface in groundwater area	m	150	172.70	25,905.00
44	Concrete foundation of pipeline nominal diameter≤150	m	150	28.36	4,254.00
45	Reinforced Concrete DN200 mm with cement mortar interface in groundwater area	m	2400	238.79	573,096.00
46	Concrete foundation of pipeline nominal diameter≤200	m	2400	35.84	86,016.00
47	Reinforced Concrete DN300 mm with cement mortar interface in groundwater area	m	450	303.60	136,620.00
48	Concrete foundation of pipeline nominal diameter≤300	m	450	43.02	19,359.00
49	Other buildings				
50	DN500mm door type with 2.0m deep for Drain pipe outlet	No.	1	1,742.40	1,742.40
51	Formwork	m^2	500	27.98	13,990.00
52	Reinforced concrete No.1 for Rectangular septic tank	No.	5	8,026.00	40,130.00
53	Reinforced concrete No.5 for Rectangular septic tank	No.	2	22,416.13	44,832.26
54	Reinforced concrete No.1 for Boiler sewage and cooling pool (overflow)	No.	1	11,573.20	11,573.20
55	Reinforced concrete Q=50m for Advection oil separation tank	No.	1	100,066.25	100,066.25
56	Installation of submersible sewage pump	No.	2	482.90	965.80
57	Installation of manual monorail car and electric hoist	No.	1	121.90	121.90

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3.11 Mombasa Relief Line					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
58	Installation of SBR sewage treatment equipment	No.	1	4,832.30	4,832.30
59	Installation of disinfection equipment	No.	1	845.90	845.90
60	III. Equipment Expense				
61	Submersible sewage pump	No.	2	4,829.00	9,658.00
62	Manual monorail car and electric hoist	No.	1	1,208.90	1,208.90
63	SBR sewage treatment equipment	No.	1	48,323.00	48,323.00
64	Disinfection equipment	No.	1	8,455.70	8,455.70
	TOTAL OF BILL				2,127,941.52

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3.12 Mombasa station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Water supply and drainage				
2	I. Water supply				
3	II. Installation Expense				
4	Water source				
5	Bore Hole with 300m	No.	4	53,623.66	214,494.64
6	Pipeline				
7	Iron pipe with DN300 mm	m	2500	343.20	858,000.00
8	Iron pipe with DN250 mm	m	5000	198.99	994,950.00
9	Iron pipe with DN100 mm	m	16250	144.45	2,347,312.50
10	Iron pipe with DN75 mm	m	1250	136.98	171,225.00
11	Buildings				
12	Water tower				
13	RC Water tower with capacity 400m3 and 28m height	No.	1	260,450.52	260,450.52
14	Reservoir				
15	RC Rectangular reservoir with 1000m3 capacity	No.	1	173,328.36	173,328.36
16	Other buildings				
17	Outdoor fire hydrant and DN 1200mm inner diameter with 1.5m deep	No.	15	2,186.77	32,801.55
18	Exhaust valve and DN 1200mm inner diameterwell with 2.0m deep	No.	13	2,275.32	29,579.16
19	Exhaust valve and DN 1200mm inner diameterwell with 1.5m deep	No.	15	2,474.20	37,113.00
20	Water Gauge and DN80mm well with 2.9m deep	No.	6	3,862.86	23,177.16
21	Water Gauge and DN100mm well with 2.9m deep	No.	3	3,976.89	11,930.67
22	Water Gauge and DN50mm well with 2.9m deep	No.	10	3,254.91	32,549.10
23	Formwork	m²	2000	27.98	55,960.00
24	Installation of Clo2 disinfection equipment (20g/L)	No.	2	2,719.31	5,438.62
25	Installation of manual monorail car and electric hoist	No.	2	121.00	242.00
26	Installation of exhaust valve	No.	4	77.34	309.36
27	Installation of fire nozzle	No.	8	61.88	495.04
28	Installation of fire hose	No.	16	116.01	1,856.16
29	Installation of centrifugal pump	No.	4	292.14	1,168.56

3.12 Mombasa station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Installation of fire pump	No.	6	292.14	1,752.84
31	Installation of (oil depot)foam fire extinguishing system	No.	1	6,442.70	6,442.70
32	Installation of air-foam nozzle	No.	1	77.34	77.34
33	Installation of pc8 air-foam producer	No.	1	81.40	81.40
34	Installation of (feed-water) pipeline leak detector	No.	1	77.34	77.34
35	Installation of (horizontal)grinding wheel cutting machine	No.	1	301.63	301.63
36	Installation of bench drill press	No.	1	662.20	662.20
37	Installation of floor-type grinding wheel machine	No.	1	177.10	177.10
38	Installation of arc welding machine	No.	1	121.00	121.00
39	Installation of drilling machine	No.	1	563.20	563.20
40	Installation of pipe cutting machine	No.	1	661.10	661.10
41	Installation of pipe detector	No.	1	900.46	900.46
42	Installation of submersible pump of the working surface	No.	1	450.23	450.23
43	Installation of potable motor pump	No.	2	696.07	1,392.14
44	Feed-water centralized control equipment	No.	1	3,865.40	3,865.40
45	III. Equipment Expense				
46	Metal tracer wire	m	25000	0.55	13,750.00
47	Clo2 disinfection equipment (20g/L)	No.	2	6,794.56	13,589.12
48	Manual monorail car and electric hoist	No.	2	1,208.90	2,417.80
49	Exhaust valve	No.	4	340.62	1,362.48
50	Fire nozzles	No.	8	271.93	2,175.44
51	Fire hose	No.	16	510.44	8,167.04
52	Centrifugal pump	No.	4	2,899.60	11,598.40
53	Fire pump	No.	6	8,153.29	48,919.74
54	(Oil depot)foam fire extinguishing system	No.	1	64,422.60	64,422.60
55	Air-foam nozzle	No.	1	161.70	161.70
56	pc8 air-foam producer	No.	1	806.30	806.30
57	Leak detector of Feed-water pipeline	No.	1	227.70	227.70
58	(Horizontal)grinding wheel cutting machine	No.	1	629.20	629.20

3.12 Mombasa station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
59	Bench drilling machine	No.	1	6,603.30	6,603.30
60	Floor-type grinding wheel machine	No.	1	1,772.10	1,772.10
61	AC arc welding machine	No.	1	1,208.90	1,208.90
62	Drilling machine	No.	1	5,637.50	5,637.50
63	Pipe cutting machine	No.	1	724.90	724.90
64	Pipe detector	No.	1	9,663.50	9,663.50
65	Submersible pump of the working surface	No.	1	15,832.30	15,832.30
66	Potable motor pump	No.	2	1,449.80	2,899.60
67	30KW diesel generator	No.	2	42,663.50	85,327.00
68	Feed-water centralized control equipment	No.	1	38,654.00	38,654.00
69	2. Drainage				
70	II. Installation Expense				
71	Pipeline				
72	Reinforced Concrete DN110 mm with cement mortar interface in groundwater area	m	1000	172.70	172,700.00
73	Reinforced Concrete DN200 mm with cement mortar interface in groundwater area	m	14000	238.79	3,343,060.00
74	Reinforced Concrete DN300 mm with cement mortar interface in groundwater area	m	3000	303.60	910,800.00
75	Reinforced Concrete DN400 mm with cement mortar interface in groundwater area	m	2000	363.00	726,000.00
76	Concrete foundation of pipeline nominal diameter≤150	m	1000	28.36	28,360.00
77	Concrete foundation of pipeline nominal diameter≤200	m	14000	35.84	501,760.00
78	Concrete foundation of pipeline nominal diameter≤300	m	3000	43.02	129,060.00
79	Concrete foundation of pipeline nominal diameter≤400	m	2000	50.88	101,760.00
80	Other buildings				
81	Reinforced concrete-No.1 for Rectangular septic tank	No.	5	8,026.00	40,130.00
82	Reinforced concrete-No.2 for Rectangular septic tank	No.	10	11,050.60	110,506.00
83	Reinforced concrete-No.5 for Rectangular septic tank	No.	4	22,416.13	89,664.52
84	Reinforced concrete-No.7 for Rectangular septic tank	No.	1	36,404.50	36,404.50
85	Reinforced concrete-No.3 for Boiler sewage and cooling pool (overflow)	No.	1	17,529.70	17,529.70
86	DN500mm door type with 2.0m deep for Drain pipe outlet	No.	1	1,742.40	1,742.40
87	Reinforced concrete Q=160m for Advection oil separation tank	No.	1	173,046.50	173,046.50

3.12 Mombasa station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
88	Formwork	m³	1500	27.98	41,970.00
89	Installation of submersible sewage pump	No.	12	482.90	5,794.80
90	Installation of manual monorail car and electric hoist	No.	5	121.00	605.00
91	Installation of fluid gas DAF pump and air-handling pump	No.	2	242.00	484.00
92	Installation of sewage-disinfection equipment	No.	5	845.90	4,229.50
93	Installation of SBR sewage treatment equipment	No.	3	4,832.30	14,496.90
94	Installation of the non-powered sewage treatment equipment	No.	5	2,416.70	12,083.50
95	III. Equipment Expense				
96	Submersible sewage pump	No.	12	4,832.30	57,987.60
97	Manual monorail car and electric hoist	No.	5	1,208.90	6,044.50
98	Fluid gas DAF pump and air-handling pump	No.	2	2,415.60	4,831.20
99	Sewage-disinfection equipment	No.	5	8,455.70	42,278.50
100	Install SBR sewage-disinfection equipment	No.	3	48,323.00	144,969.00
104	non-powered sewage treatment equipment	No.	5	24,167.00	120,835.00
TOTAL OF BILL					12,445,691.22

3.13 Intermediate Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Water supply and drainage				
2	I. Water supply				
3	II. Installation Expense				
4	Water source				
5	Bore Hole with 300m	No.	31	53,625.66	1,662,345.46
6	Pipeline				
7	Iron pipe with DN200 mm	m	17250	198.99	3,432,577.50
8	Iron pipe with DN100 mm	m	92000	144.45	13,289,400.00
9	Iron pipe with DN75 mm	m	5750	136.98	787,635.00
10	Buildings				
11	Water tower				
12	RC Water tower with capacity 200m3 and16m height	No.	3	140,637.46	421,912.38
13	RC Water tower with capacity 100m3 and16m height	No.	28	96,201.52	2,693,644.24
14	Reservoir				
15	RC Rectangular reservoir with 100m3 capacity	No.	28	37,831.64	1,059,286.92
16	RC Rectangular reservoir with 300m3 capacity	No.	3	71,970.79	215,912.37
17	Other buildings				
18	Outdoor fire hydrant and DN 1200mm Inner diameter with 1.5m deep	No.	75	2,186.77	164,007.75
19	Exhaust valve and DN 1200mm inner diameterwell with 2.0m deep	No.	93	2,275.32	211,604.76
20	Exhaust valve and DN 1200mm inner diameterwell with 1.5m deep	No.	93	2,474.20	230,100.60
21	Water Gauge and DN80mm well with 2.9m deep	No.	63	3,862.86	243,360.18
22	Formwork	m²	8250	16.98	140,085.00
23	Installation of ultraviolet disinfection equipment	No.	31	844.80	26,188.80
24	Installation of manual monorail car and electric hoist	No.	62	121.00	7,502.00
25	Installation of deep well pump	No.	31	724.90	22,471.90
26	Installation of fire pump	No.	62	292.14	18,112.68
27	Feed-water centralized control equipment	No.	31	3,865.40	119,827.40
28	III. Equipment Expense				
29	Metal tracer wire	m	115000	0.55	63,250.00

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3.13 Intermediate Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Ultraviolet disinfection equipment	No.	31	8,455.70	252,126.70
31	Manual monorail car and electric hoist	No.	62	1,208.90	74,951.80
32	Fire nozzles	No.	62	271.93	16,859.56
33	Fire hose	No.	124	510.44	63,294.56
34	Deep well pump	No.	31	7,247.90	224,684.90
35	Fire pump	No.	62	8,153.29	505,503.98
36	Feed water centralized control equipment	No.	31	38,654.00	1,198,274.00
37	Drainage				
38	II. Installation Expense				
39	Pipeline				
40	Reinforced Concrete DN110 mm with cement mortar interface in groundwater area	m	4650	172.70	803,055.00
41	Reinforced Concrete DN200 mm with cement mortar interface in groundwater area	m	74400	238.79	17,765,976.00
42	Reinforced Concrete DN300 mm with cement mortar interface in groundwater area	m	13950	303.60	4,235,220.00
43	Concrete foundation of pipeline nominal diameter≤150	m	4650	28.36	131,874.00
44	Concrete foundation of pipeline nominal diameter≤200	m	74400	35.84	2,666,496.00
45	Concrete foundation of pipeline nominal diameter≤300	m	13950	43.02	600,129.00
46	Other buildings				
47	Reinforced concrete No.1 for Rectangular septic tank	No.	31	8,026.00	248,806.00
48	Reinforced concrete No.3 for Rectangular septic tank	No.	31	15,290.00	473,990.00
49	DN3000 Sewage pump station with 1.7m deep	No.	33	34,684.45	1,144,586.85
50	Reinforced concrete No.3 for Boiler sewage and cooling pool (overflow)	No.	33	11,673.20	385,215.60
51	Reinforced concrete No.3 for Rectangular septic tank	No.	9	11,050.60	99,455.40
52	Reinforced concrete Q=50m for Advection oil separation tank	No.	33	100,066.25	3,302,186.25
53	Formwork	m²	5000	16.98	84,900.00
54	Installation of submersible sewage pump	No.	124	482.90	59,879.60
55	Installation of manual monorail car and electric hoist	No.	62	121.00	7,502.00
56	Installation of decentralized sewage treatment equipment	No.	31	4,831.20	149,767.20
57	III. Equipment Expense				
58	Submersible sewage pump	No.	124	4,832.30	599,205.20

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BILL NO. 3.2 : MACHINERY SERVICE : PART 1

3.21 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD
1	Engineering				
2	Back-turning section and that of stationed locomotive				
3	II. Installation Expense				
4	Installation of three bench for internal combustion service equipment preparation site	No.	1	6,954.00	6,954.00
5	Installation of diesel oil reservoir 3×1000m of internal combustion service equipment	No.	1	961,521.60	961,521.60
6	Installation of engine oil reservoir 2×50m of internal combustion service equipment	No.	1	96,310.00	96,310.00
7	Installation of 8 crane pipe on two side of oil discharging bench of internal combustion service equipment	No.	1	15,780.00	15,780.00
8	Installation of fuel pump workshop with oil consumption of 40~80t per day of internal combustion service	No.	1	7,346.00	7,346.00
9	Installation of cooling water preparation workshop with water consumption of 70m per day of internal combustion service	No.	1	74,806.00	74,806.00
10	Installation of three bench for internal combustion service equipment preparation sit - Type 2	No.	1	8,298.00	8,298.00
11	Installation of diesel oil reservoir 3×1000m of internal combustion service equipment - Type 2	No.	1	337,447.50	337,447.50
12	Installation of engine oil reservoir 3×50m of internal combustion service equipment - Type 2	No.	1	31,964.00	31,964.00
13	Installation of 8 crane pipe on two side of oil discharging bench of internal combustion service equipment - Type 2	No.	1	25,438.00	25,438.00
14	Installation of fuel pump workshop with oil consumption of 40~80t per day of internal combustion service - Type 2	No.	1	33,826.00	33,826.00
15	Installation of cooling water preparation workshop with water consumption of 70m per day of internal combustion service - Type 2	No.	1	31,418.00	31,418.00
16	III. Equipment Expense				
17	Comprehensive discharging column for oil and water	No.	4	49,523.76	198,095.04
18	Manual dolly for sand transport	No.	2	75.84	151.68
19	Dynamic detector for wheel tread	No.	1	228,571.20	228,571.20
20	Cleaning machine for outer part of internal combustion locomotive	No.	1	457,142.40	457,142.40
21	Sand storage box on preparation site	No.	6	1,866.60	11,199.60
22	Management system for operation information	No.	1	502,858.84	502,858.84
23	Tool kit	No.	5	380.40	1,902.00
24	2 MB IC card	No.	100	75.60	7,560.00
25	Quality analysis microcomputer and printer	No.	1	4,761.60	4,761.60
26	Memory transfer box	No.	10	3,237.60	32,376.00
27	Ground card reader	No.	10	760.80	7,608.00
28	General tester for monitoring apparatus	No.	2	6,399.60	12,799.20
29	Adjustable DC stabilized power supply	No.	2	1,142.40	2,284.80

3.21 Mombasa Station

S.N	DESCRIPTION.	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Test bench for pressure sensor	No.	1	5,713.20	5,713.20
31	Test bench for velocity sensor	No.	1	8,761.20	8,761.20
32	Universal programming unit	No.	1	1,814.40	1,814.40
33	EPROM ultraviolet eraser	No.	1	151.20	151.20
34	AC arc welding machine	No.	1	1,828.08	1,828.08
35	Dust-removing grinder	No.	1	959.76	959.76
36	Bench drilling machine	No.	1	776.88	776.88
37	Bench drilling machine	No.	1	502.56	502.56
38	Bench drilling machine	No.	1	113.76	113.76
39	Shelf for parts	No.	1	380.40	380.40
40	Tool kit	No.	1	380.40	380.40
41	Insulation tester	No.	1	1,904.40	1,904.40
42	Contact resistance tester	No.	1	1,904.40	1,904.40
43	Brush pressure tester	No.	1	1,904.40	1,904.40
44	Circuit tester	No.	1	1,904.40	1,904.40
45	Tester for main circuit of portable internal combustion locomotive	No.	1	1,904.40	1,904.40
46	Tester for momentary grounding failure for main circuit	No.	1	1,904.40	1,904.40
47	Tester for failure of fuel system for diesel engine	No.	1	1,904.40	1,904.40
48	Tester for cylinder pressure of diesel engine	No.	1	1,904.40	1,904.40
49	Tester for pressure wave of fuel system	No.	1	1,904.40	1,904.40
50	Tester for instantaneous grounding	No.	1	1,904.40	1,904.40
51	Battery capacity tester	No.	1	1,904.40	1,904.40
52	Tester for boost pressure of booster	No.	1	1,904.40	1,904.40
53	Thermal current sand drying equipment	No.	1	190,666.32	190,666.32
54	Oil discharging device of microcomputer	No.	1	47,999.52	47,999.52
55	Anti-explosion single-beam under-hung crane	No.	1	45,714.24	45,714.24
56	Motor-driven oil tank pump	No.	3	379.20	1,137.60
57	Oil tank	No.	5	50.00	250.00
58	Counter scale	No.	1	75.60	75.60
59	Platform scale	No.	1	342.00	342.00

3.22 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
31	Test bench for pressure sensor	No.	1	5,713.20	5,713.20
32	Test bench for velocity seasor	No.	1	5,761.20	5,761.20
33	Universal programming unit	No.	1	1,814.40	1,814.40
34	EPROM ultraviolet eraser	No.	1	151.20	151.20
35	AC arc welding machine	No.	1	1,828.98	1,828.98
36	Dust-removing grinder	No.	1	959.76	959.76
37	Bench drilling machine	No.	1	776.88	776.88
38	Bench drilling machine	No.	1	502.56	502.56
39	Bench drilling machine	No.	1	113.76	113.76
40	Shelf for parts	No.	1	380.40	380.40
41	Tool kit	No.	1	380.40	380.40
42	Insulation tester	No.	1	1,904.40	1,904.40
43	Contact resistance tester	No.	1	1,904.40	1,904.40
44	Brush pressure tester	No.	1	1,904.40	1,904.40
45	Circuit tester	No.	1	1,904.40	1,904.40
46	Tester for main circuit of portable internal combustion locomotive	No.	1	1,904.40	1,904.40
47	Tester for momentary grounding failure for main circuit	No.	1	1,904.40	1,904.40
48	Tester for failure of fuel system for diesel engine	No.	1	1,904.40	1,904.40
49	Tester for cylinder pressure of diesel engine	No.	1	1,904.40	1,904.40
50	Tester for pressure wave of fuel system	No.	1	1,904.40	1,904.40
51	Tester for instantaneous grounding	No.	1	1,904.40	1,904.40
52	Battery capacity tester	No.	1	1,904.40	1,904.40
53	Tester for boost pressure of booster	No.	1	1,904.40	1,904.40
54	Thermal current sand drying equipment	No.	1	190,666.32	190,666.32
55	Oil discharging device of microcomputer	No.	1	47,999.52	47,999.52
56	Anti-explosion single-beam under-hung crane	No.	1	45,714.24	45,714.24
57	Motor-driven oil-tank pump	No.	3	379.20	1,137.60
58	Oil tank	No.	5	50.00	250.00
59	Counter scale	No.	1	75.60	75.60
60	Platform scale	No.	1	342.00	342.00

3.22 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
61	Dolly for oil tank transport	No.	1	75.60	75.60
62	Cooling water preparation device.	No.	1	38,095.20	38,095.20
63	Screw pump 2LB—100	No.	4	21,713.76	86,855.04
64	Screw pump 2LB—35	No.	4	14,856.48	59,425.92
65	Filter 2LB—500	No.	4	1,028.16	4,112.64
66	Filter 2LB—350	No.	4	913.68	3,654.72
67	Automatic control bench for fuel oil discharging	No.	1	310,514.25	310,514.25
68	Roots oil pump	No.	2	14,856.48	29,712.96
69	Vertical oil tank (1,000 cube)	No.	3	137,142.72	411,428.16
70	Accessory of oil tank	No.	3	22,857.12	68,571.36
71	Horizontal oil tank	No.	2	45,714.24	91,428.48
72	Accessory of oil tank	No.	2	9,142.56	18,285.12
73	Oil drain platform for parking place 8 on two sides	No.	1	75,190.40	75,190.40
74	Facility for engine oil discharging	No.	1	19,047.60	19,047.60
75	Tester for oil and water in internal combustion locomotive	No.	1	395,199.48	395,199.48
76	(2) Equipment overhaul				
77	II. Installation Expense				
78	Installation of intermediate repair depot (two benches) for overhauling internal combustion locomotive	No.	1	45,058.00	45,058.00
79	Installation of periodical repair depot (six benches) for overhauling internal combustion locomotive	No.	1	41,848.80	41,848.80
80	Installation of intermediate repair section in diesel engine workshop for overhauling internal combustion locomotive	No.	1	101,744.80	101,744.80
81	Installation of intermediate repair section in motor-wheel workshop for overhauling internal combustion locomotive	No.	1	42,372.00	42,372.00
82	Installation of water-resistance test station (one bench) for overhauling internal combustion locomotive	No.	1	10,124.00	10,124.00
83	Installation of intermediate repair depot (two benches) for overhauling internal combustion locomotive - Type 2	No.	1	27,360.00	27,360.00
84	Installation of periodical repair depot (six benches) for overhauling internal combustion locomotive - Type 2	No.	1	35,558.00	35,558.00
85	Installation of intermediate repair section in diesel engine workshop for overhauling internal combustion locomotive - Type 2	No.	1	64,164.00	64,164.00
86	Installation of intermediate repair section in motor-wheel workshop for overhauling internal combustion locomotive - Type 2	No.	1	54,980.00	54,980.00
87	Installation of water-resistance test station (one bench) for overhauling internal combustion locomotive - Type 2	No.	1	3,060.00	3,060.00
88	III. Equipment Expense				
89	Water-resistance test equipment	No.	1	182,856.96	182,856.96
90	Electric double-beam bridge crane	No.	1	91,428.48	91,428.48

3.22 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
91	Electric wheel drop engine	No.	1	53,970.88	53,970.88
92	Equipment for loading locomotive to storage	No.	2	28,570.80	57,141.60
93	Automatic constant current charger	No.	2	38,095.20	76,190.40
94	Electric lifting Locomotive	No.	2	86,856.48	173,712.96
95	Dust-removing Abrasive wheel	No.	2	480.00	960.00
96	Changer of coupler buffer device	No.	1	57,142.80	57,142.80
97	Single storage racks for cooler	No.	1	4,571.28	4,571.28
98	Storage rack of cylinder and	No.	2	4,571.28	9,142.56
99	Electric turning engine	No.	2	11,428.56	22,857.12
100	Battery portal	No.	1	22,857.12	22,857.12
101	Battery forklift	No.	1	13,713.84	13,713.84
102	Hydraulic jacks	No.	4	456.43	1,825.92
103	Storage racks of piston rod	No.	2	4,571.28	9,142.56
104	AC welder	No.	1	2,285.28	2,285.28
105	Bench drilling machine	No.	1	776.88	776.88
106	Electric hook gantry crane	No.	1	68,571.36	68,571.36
107	High-temperature cleaning machine	No.	2	44,799.84	89,599.68
108	Oil ground purification device	No.	2	22,857.12	45,714.24
109	Automatic hydraulic locking machine	No.	2	22,857.12	45,714.24
110	Tools and hanger for overhaul	No.	1	45,714.24	45,714.24
111	Explosion pressure gauge	No.	4	2,285.28	9,141.12
112	Automatic scrubber	No.	2	31,085.28	62,170.56
113	Dust-free cleaning section vehicles	No.	1	22,399.92	22,399.92
114	NC underfloor wheel and wheel lathe	No.	1	1,371,427.92	1,371,427.92
115	Battery electric flat carriage	No.	1	38,399.76	38,399.76
116	Electric double-beam bridge crane	No.	1	91,428.48	91,428.48
117	Electric hook gantry crane	No.	1	68,571.36	68,571.36
118	Overhaul equipment for pump supercharger	No.	1	457,142.40	457,142.40
119	Overhaul equipment for transmission case	No.	2	457,142.40	914,284.80
120	Overhaul equipment for cylinder and and sleeve	No.	2	457,142.40	914,284.80

3.22 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
121	Overhaul equipment for piston rod	No.	1	457,142.40	457,142.40
122	Magnetic flaw detector	No.	1	28,571.04	28,571.04
123	Ultrasonic flaw detector	No.	1	11,428.56	11,428.56
124	Electromagnetic flaw detector	No.	2	18,285.12	36,570.24
125	Fluorescent flaw detector	No.	1	34,285.68	34,285.68
126	Eddy current flaw detector	No.	1	8,858.56	8,858.56
127	Tire heating equipment	No.	1	91,428.48	91,428.48
128	Motor overhaul equipment	No.	2	182,856.96	365,713.92
129	Disassembly and assembly equipment for motor wheel pair	No.	2	228,571.20	457,142.40
130	Overhaul equipment for bearing and bearing box	No.	2	274,285.44	548,570.88
131	Overhaul equipment for cooler and heat exchanger workshop	No.	1	457,142.40	457,142.40
132	Fusion welding platform	No.	1	380.40	380.40
133	AC welder	No.	1	3,046.80	3,046.80
134	Silicon rectifier arc welder	No.	1	3,046.80	3,046.80
135	Oxygen cylinder car	No.	1	189.60	189.60
136	Acetylene cylinder car	No.	1	189.60	189.60
137	Acetylene cylinder	No.	5	380.40	1,902.00
138	Oxygen cylinder	No.	5	380.40	1,902.00
139	Storage rack for oxygen cylinder	No.	2	380.40	760.80
140	Overhaul operation line for burning system standardization	No.	1	48,533.16	48,533.16
141	"K" size analyzer	No.	1	4,525.20	4,525.20
142	"B" size drafformter	No.	1	4,525.20	4,525.20
143	Pressure wave detector of injection tube of diesel engine	No.	1	1,142.64	1,142.64
144	Overhaul operation line for electric standardization	No.	1	22,399.92	22,399.92
145	Overhaul operation line for instrument standardization	No.	1	22,399.92	22,399.92
146	Rim injector tester	No.	1	1,142.64	1,142.64
147	Portable detector for locomotive circuit	No.	1	1,142.64	1,142.64
148	Test platform for air valve grinding of air compressor	No.	1	28,571.04	28,571.04
149	Distributing valve grinding machine	No.	1	194,285.52	194,285.52
150	Brake valve grinding machine	No.	1	194,285.52	194,285.52

3.29 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
151	Brake hose wind-water pressure test bench	No.	1	6,856.56	6,856.56
152	Hose shanger	No.	1	2,239.92	2,239.92
153	Mobile air compressor	No.	1	41,142.24	41,142.24
154	Comprehensive experiment table of brake	No.	1	33,142.32	33,142.32
155	Grinding plate	No.	1	14,856.48	14,856.48
156	Motor-driven single beam suspending crane	No.	4	68,571.36	274,285.44
157	Electric hoist	No.	1	22,857.12	22,857.12
158	Common lathe	No.	1	73,142.64	73,142.64
159	Shaper	No.	1	41,142.24	41,142.24
160	Universal lifting milling machine	No.	1	45,714.24	45,714.24
161	Radial drilling machine	No.	1	22,857.12	22,857.12
162	Bench drilling machine	No.	1	959.76	959.76
163	Dust-removing Abrasive wheel	No.	2	776.88	1,553.76
164	Battery charge and discharge equipment	No.	1	54,856.80	54,856.80
165	Bearing test line	No.	1	548,570.88	548,570.88
166	Screw air compressor	No.	1	19,428.48	19,428.48
167	Efficient oil-water separator	No.	1	1,142.64	1,142.64
168	Non-heated regeneration dryer	No.	1	1,142.64	1,142.64
169	Waste oil tank	No.	1	227.52	227.52
170	Compressed air distributor	No.	1	228.24	228.24
171	Gas storage tank	No.	1	227.52	227.52
172	Electric double-beam bridge crane (32t)	No.	1	182,856.96	182,856.96
173	Electric hook gantry crane	No.	1	68,571.36	68,571.36
174	Washing machine for body parts of diesel engine	No.	1	114,285.60	114,285.60
175	Washing machine for wheel pair of diesel engine bogie	No.	1	1,828,571.04	1,828,571.04
176	Operating area of cooler and heat exchanger	No.	1	457,142.40	457,142.40
177	Operating area of diesel engine	No.	1	914,284.80	914,284.80
178	Overhaul operating platform of air compressor	No.	1	22,857.12	22,857.12
179	Test platform of air compressor	No.	1	760.80	760.80
180	Air reservoir	No.	1	11,428.56	11,428.56

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3.22 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
181	LX mode electric suspending crane	No.	1	13,713.84	13,713.84
182	Bench drilling machine	No.	1	959.76	959.76
183	Electric double-beam bridge crane	No.	1	68,571.36	68,571.36
184	Electric hook gantry crane	No.	1	45,714.24	45,714.24
185	Battery electric flat carriage	No.	1	63,999.60	63,999.60
186	Experimental stand of exciter of auxiliary motor	No.	1	76,190.40	76,190.40
187	Load test platform of tradtion motor	No.	1	114,285.60	114,285.60
188	Mobile pressure test platform	No.	1	22,856.40	22,856.40
189	Running-in test rack of axle suspension bush of tradtion motor	No.	1	1,904.40	1,904.40
190	Motor insulation detector	No.	1	1,904.40	1,904.40
191	Contact resistance detector	No.	1	1,904.40	1,904.40
192	Motor turn-to-turn voltage tester	No.	1	1,904.40	1,904.40
193	Electric double-beam bridge crane	No.	2	182,856.96	365,713.92
194	Spring pressure test platform	No.	1	7,618.80	7,618.80
195	Changer of coupler buffer device	No.	1	57,142.80	57,142.80
196	Dust-removing Abrasive wheel	No.	2	959.76	1,919.52
197	Bench drilling machine	No.	2	778.86	1,533.76
198	Equipment for leading locomotive to storage	No.	1	28,570.80	28,570.80
199	Test platform of oil-pressure damper	No.	1	22,856.40	22,856.40
200	Battery electric flat carriage	No.	1	61,256.88	61,256.88
201	Battery portal	No.	1	15,542.64	15,542.64
202	Electric turning engine	No.	1	11,428.56	11,428.56
203	Storage racks of Dongfeng 4 locomotive	No.	1	4,571.28	4,571.28
204	Bogie sling	No.	1	7,618.80	7,618.80
205	Hanger of main diesel engine generator	No.	1	7,618.80	7,618.80
206	Intermediate repair platform	No.	1	19,047.60	19,047.60
207	Electrical pressure test pump	No.	1	379.20	379.20
208	Storage rack of cooler group	No.	1	4,571.28	4,571.28
209	Separate hydraulic jacks	No.	1	456.48	456.48
210	Top pick of pump supercharger	No.	1	456.48	456.48

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3.22 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
211	Electric lifting Locomotive	No.	1	86,356.48	86,356.48
212	Electric double-beam bridge crane	No.	2	68,571.36	137,142.72
213	Battery electric flat carriage	No.	1	61,255.38	61,255.38
214	Work section of pump supercharger	No.	1	457,142.40	457,142.40
215	Work section of transmission device	No.	1	411,428.16	411,428.16
216	Assembly section	No.	1	502,856.64	502,856.64
217	Work section of crankshaft and camshaft	No.	1	453,928.22	453,928.22
218	Painting device of locomotive	No.	1	1,028,357.02	1,028,357.02
219	(3) Outdoor process pipelines				
220	II. Installation Expense				
221	Process pipelines installation outside the internal combustion room	No.	1	1,274,000.00	1,274,000.00
222	Rescue train device				
223	II. Installation Expense				
224	Installation of rescue train No. 1, 2 and 3	No.	1	64,040.00	64,040.00
225	III. Equipment Expense				
226	Rescue train of special grade	No.	1	4,937,142.85	4,937,142.85
227	Dust-removing Abrasive wheel	No.	1	959.76	959.76
228	Bench drilling machine	No.	1	776.88	776.88
229	AC arc welding machine	No.	1	1,828.08	1,828.08
230	Welding platform	No.	1	418.80	418.80
231	silicon rectifier charger	No.	1	114,286.32	114,286.32
232	Sectional material bench	No.	1	571.20	571.20
233	Bench for single person	No.	2	228.48	456.96
TOTAL OF BILL					28,304,570.37

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BILL NO. 3.3: MACHINERY SERVICE - PART 2

3.31 Mombasa Station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Maintenance and repair section				
2	II. Installation Expense				
3	Machine workshop Installation-Type 1	No.	1	8,152.00	8,152.00
4	Internal combustion workshop Installation-Type 1	No.	1	4,284.00	4,284.00
5	Benchwork workshop Installation-Type 1	No.	1	1,122.00	1,122.00
6	Fusion welding workshop Installation-Type 1	No.	1	14,850.00	14,850.00
7	Benchwork 2 workshop Installation-Type 1	No.	1	7,910.00	7,910.00
8	Machine workshop Installation-Type 2	No.	1	7,560.00	7,560.00
9	Internal combustion workshop Installation-Type 2	No.	1	574.00	574.00
10	Benchwork workshop Installation-Type 2	No.	1	826.00	826.00
11	Fusion welding workshop Installation-Type 2	No.	1	40,984.00	40,984.00
12	Benchwork 2 workshop Installation-Type 2	No.	1	81,316.00	81,316.00
13	III.Equipment Expense				
14	Fusion welding workshop				
15	Hack saw machine	No.	1	37,800.00	37,800.00
16	Bench	No.	2	1,800.00	3,600.00
17	Water tank	No.	1	360.00	360.00
18	AC arc welding machine	No.	1	4,320.00	4,320.00
19	Silicon rectifier arc welder	No.	1	4,200.00	4,200.00
20	Tool kit	No.	1	1,800.00	1,800.00
21	Vehicle	No.	1	43,800.00	43,800.00
22	Electric single-beam bridge crane	No.	1	70,800.00	70,800.00
23	Welding fume dirt catcher	No.	1	7,800.00	7,800.00
24	Hand-held grinder	No.	1	2,580.00	2,580.00
25	Oxygen acetylene welding	No.	1	9,180.00	9,180.00
26	Electric hoist	No.	1	3,240.00	3,240.00
27	Internal combustion workshop				
28	Bench	No.	4	1,800.00	7,200.00

3.31 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
29	Tool kit	No.	2	1,800.00	3,600.00
30	Storage rack	No.	2	1,800.00	3,600.00
31	Electric single-beam bridge crane	No.	1	70,800.00	70,800.00
32	Abrasive wheel workshop		1		
33	Bench drilling machine	No.	1	4,200.00	4,200.00
34	Dust-removing Abrasive wheel	No.	1	4,320.00	4,320.00
35	Valve grinding machine	No.	1	6,960.00	6,960.00
36	Lounge				
37	Locker	No.	4	1,800.00	7,200.00
38	Charging room				
39	Automatic constant current charger	No.	1	50,400.00	50,400.00
40	Bench	No.	1	1,800.00	1,800.00
41	Blacksmith workshop				
42	Air hammer	No.	1	2,880.00	2,880.00
43	Air hammer	No.	1	3,120.00	3,120.00
44	Dust-removing Abrasive wheel	No.	1	3,840.00	3,840.00
45	Water tank	No.	2	360.00	720.00
46	Tool kit	No.	2	1,800.00	3,600.00
47	Storage rack	No.	3	1,800.00	5,400.00
48	Anvil	No.	2	780.00	1,560.00
49	Silencer	No.	2	4,200.00	8,400.00
50	Forge hearth	No.	2	27,600.00	55,200.00
51	Machine tool workshop				
52	Gap-bed lathe	No.	1	87,600.00	87,600.00
53	Common lathe	No.	1	62,400.00	62,400.00
54	Shaper	No.	1	33,600.00	33,600.00
55	Universal knee-type milling machine	No.	1	31,200.00	31,200.00
56	Tool kit	No.	3	1,800.00	5,400.00
57	Storage rack	No.	2	1,800.00	3,600.00

3.31 Mombasa Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
58.	Benchwork workshop				
59	Cylindrical vertical drilling machine	No.	1	37,200.00	37,200.00
60	Tool kit	No.	3	1,800.00	5,400.00
61	Bench	No.	3	1,800.00	5,400.00
62	Laying-out platform	No.	1	2,400.00	2,400.00
63	Storage rack	No.	2	1,800.00	3,600.00
64	Abrasive wheel workshop				
65	Dust-removing Abrasive wheel	No.	1	1,580.00	1,580.00
66	Bench drilling machine	No.	1	1,520.00	1,820.00
67	Electrician workshop				
68	Electrician bench	No.	2	4,200.00	8,400.00
69	Storage rack	No.	2	1,800.00	3,600.00
70	Tool kit	No.	2	1,800.00	3,600.00
71	Bench	No.	1	1,800.00	1,800.00
72	Electrothermal blowing dry box	No.	1	4,320.00	4,320.00
73	Measuring room				
74	Testing bench	No.	1	1,800.00	1,800.00
75	Railway offset gauge detector	No.	1	3,300.00	3,300.00
76	Railway offset gauge detector	No.	1	4,320.00	4,320.00
	TOTAL OF BILL				914,098.00

3.32 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Maintenance and repair section				
2	II. Installation Expense				
3	Machine workshop Installation-Type 1	No.	1	8,152.00	8,152.00
4	Internal combustion workshop Installation-Type 1	No.	1	4,284.00	4,284.00
5	Benchwork workshop Installation-Type 1	No.	1	1,122.00	1,122.00
6	Fusion welding workshop installation-Type 1	No.	1	14,850.00	14,850.00
7	Benchwork 2 workshop Intallation-Type 1	No.	1	7,910.00	7,910.00
8	Machine workshop Installation-Type 2	No.	1	7,560.00	7,560.00
9	Internal combustion workshop Installation-Type 2	No.	1	574.00	574.00
10	Benchwork workshop Installation-Type 2	No.	1	826.00	826.00
11	Fusion welding workshop installation-Type 2	No.	1	40,984.00	40,984.00
12	Benchwork 2 workshop intallation-Type 2	No.	1	81,316.00	81,316.00
13	III.Equipment Expense				
14	Fusion welding workshop				
15	Hack saw machine	No.	1	37,800.00	37,800.00
16	Bench	No.	2	1,800.00	3,600.00
17	Water tank	No.	1	360.00	360.00
18	AC arc welding machine	No.	1	4,320.00	4,320.00
19	Silicon rectifier arc welder	No.	1	4,200.00	4,200.00
20	Tool kit	No.	1	1,800.00	1,800.00
21	Vehicle	No.	1	43,800.00	43,800.00
22	Electric single-beam bridge crane	No.	1	70,800.00	70,800.00
23	Welding fume dirt catcher	No.	1	7,800.00	7,800.00
24	Hand-held grinder	No.	1	2,580.00	2,580.00
25	Oxygen acetylene welding	No.	1	9,180.00	9,180.00
26	Electric hoist	No.	1	3,240.00	3,240.00
27	Internal combustion workshop				
28	Bench	No.	4	1,800.00	7,200.00
29	Tool kit	No.	2	1,800.00	3,600.00

3.32 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Storage rack	No.	2	1,800.00	3,600.00
31	Electric single-beam bridge crane	No.	1	70,800.00	70,800.00
32	Abrasive wheel workshop				
33	Bench drilling machine	No.	1	4,200.00	4,200.00
34	Dust-removing Abrasive wheel	No.	1	4,320.00	4,320.00
35	Valve-grinding machine	No.	1	6,960.00	6,960.00
36	Lounge				
37	Locker	No.	4	1,800.00	7,200.00
38	Charging room				
39	Automatic constant current charger	No.	1	50,400.00	50,400.00
40	Bench	No.	1	1,800.00	1,800.00
41	Blacksmith workshop				
42	Air hammer	No.	1	2,880.00	2,880.00
43	Air hammer	No.	1	3,120.00	3,120.00
44	Dust-removing Abrasive wheel	No.	1	3,840.00	3,840.00
45	Water tank	No.	2	360.00	720.00
46	Tool kit	No.	2	1,800.00	3,600.00
47	Storage rack	No.	3	1,800.00	5,400.00
48	Anvil	No.	2	780.00	1,560.00
49	Silencer	No.	2	4,200.00	8,400.00
50	Forge hearth	No.	2	27,600.00	55,200.00
51	Machine tool workshop				
52	Gap-bed lathe	No.	1	87,600.00	87,600.00
53	Common lathe	No.	1	62,400.00	62,400.00
54	Shaper	No.	1	33,600.00	33,600.00
55	Universal knee-type milling machine	No.	1	31,200.00	31,200.00
56	Tool kit	No.	3	1,800.00	5,400.00
57	Storage rack	No.	2	1,800.00	3,600.00
58	Benchwork workshop				

3.32 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
59	Cylindrical vertical drilling machine	No.	1	37,200.00	37,200.00
60	Tool kit	No.	3	1,800.00	5,400.00
61	Bench	No.	3	1,800.00	5,400.00
62	Laying-out platform	No.	1	2,400.00	2,400.00
63	Storage rack	No.	2	1,800.00	3,600.00
64	Abrasive wheel workshop				
65	Dust-removing Abrasive wheel	No.	1	1,580.00	1,580.00
66	Bench drilling machine	No.	1	1,620.00	1,620.00
67	Electrician workshop				
68	Electrician bench	No.	2	4,200.00	8,400.00
69	Storage rack	No.	2	1,800.00	3,600.00
70	Tool kit	No.	2	1,800.00	3,600.00
71	Bench	No.	1	1,800.00	1,800.00
72	Electrothermal blowing dry box	No.	1	4,320.00	4,320.00
73	Measuring room				
74	Testing bench	No.	1	1,800.00	1,800.00
75	Railway offset gauge detector	No.	1	3,300.00	3,300.00
76	Railway offset gauge detector	No.	1	4,320.00	4,320.00
77	Comprehensive Track Detection Train	No.	1	7,255,600.00	7,255,600.00
TOTAL OF BILL					8,169,693.00

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BILL NO. 3.4 : THE FACILITIES FOR LOCOMOTIVE

3.41 Mombasa Station					
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Vehicle				
2	Train repair section				
3	II : Installation Expense				
4	Benchwork workshop installation	No.	1	1,948.00	1,948.00
5	Rechargeable lighting fixture repair workshop installation	No.	1	1,914.00	1,914.00
6	Manual installation works for derailer	No.	5	592.00	2,960.00
7	Infrared axle temperature detector (second generation) Installation	No.	3	18,822.00	56,466.00
8	Outdoor process pipelines installation	No.	1	180,664.00	180,664.00
9	III. Equipment Expense				
10	Equipment of train repair section	No.	1	1,201,783.68	1,201,783.68
11	Manual derailer	No.	5	6,960.00	34,800.00
12	Dust-removing Abrasive wheel	No.	2	864.00	1,728.00
13	Bench drilling machine	No.	2	2,303.00	4,606.00
14	Bench	No.	2	500.40	1,000.80
15	Washing machine	No.	1	1,584.00	1,584.00
16	Platform scale	No.	2	1,800.00	3,600.00
17	Oil jack	No.	4	626.40	2,505.60
18	Storage rack	No.	4	324.00	1,296.00
19	Tool kit	No.	4	453.60	1,814.40
20	Charger	No.	1	9,000.00	9,000.00
21	One-way Infrared detector	No.	2	248,040.00	496,080.00
22	Infrared repeater	No.	1	132,600.00	132,600.00
23	In-motion weighing bridges	No.	2	101,250.00	202,500.00
TOTAL OF BILL					2,337,550.48

3.42 Intermediate Stations

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Vehicles				
2	Other vehicle equipment				
3	II. Installation Expense				
4	Installation of truck performance detection system	No.	5	18,820.00	94,100.00
5	Installation of infrared axle temperature detector	No.	22	18,822.00	414,084.00
6	III. Equipment Expense				
7	Truck Performance Detection System	No.	5	994,285.20	4,971,426.00
8	Two-way infrared detector	No.	22	381,600.00	8,395,200.00
	TOTAL OF BILL:				13,874,810.00

3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
1	Freight train section				
2	II. Installation Expense				
3	Installation of repair depot	No.	1	99,894.00	99,894.00
4	Installation of bogie workshop	No.	1	28,964.00	28,964.00
5	Installation of bogie washing shed	No.	1	13,356.00	13,356.00
6	Installation of axle workshop	No.	1	45,710.00	45,710.00
7	Installationof antifriction bearing workshop	No.	1	10,134.00	10,134.00
8	Installation of accessory repair workshop	No.	1	14,400.00	14,400.00
9	Installation of repair depot for coupler buffer devicen	No.	1	29,530.00	29,530.00
10	Installation of brake workshop	No.	1	7,192.00	7,192.00
11	Installation of repair workshop for infrared monitoring facility	No.	1	650.00	650.00
12	Installation equipment repair workshop	No.	1	13,888.00	13,888.00
13	Installation of wheel storage site	No.	1	3,050.00	3,050.00
14	Installation of laboratory and material shed (warehouse)	No.	1	508.00	508.00
15	Installation of measuring room	No.	1	1,100.00	1,100.00
16	Installation of repair shed	No.	1	8,382.00	8,382.00
17	Installation repair depot - Type 2	No.	1	172,466.00	172,466.00
18	Installation of bogie workshop - Type 2	No.	1	63,150.00	63,150.00
19	Installation of bogie washing shed - Type 2	No.	1	40,178.00	40,178.00
20	Installation of axle workshop - Type 2	No.	1	76,644.00	76,644.00
21	Installation of antifriction bearing workshop - Type 2	No.	1	6,592.00	6,592.00
22	Installation of accessory repair workshop - Type 2	No.	1	12,838.00	12,838.00
23	Installation of repair depot for coupler buffer device - Type 2	No.	1	23,338.00	23,338.00
24	Installation of brake workshop - Type 2	No.	1	17,460.00	17,460.00
25	Installation of repair workshop for infrared monitoring facility - Type 2	No.	1	286.00	286.00
26	Installation of equipment repair workshop - Type 2	No.	1	11,284.00	11,284.00
27	Installation of external process pipe - Type 2	No.	1	258,494.00	258,494.00
28	Installation of laboratory and material shed (warehouse) - Type 2	No.	1	286.00	286.00
29	Installation of measuring room - Type 2	No.	1	526.00	526.00

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3.49 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
30	Installation of external process pipe - Type 2	No.	1	44,822.00	44,822.00
31	III. Equipment Expense				
32	Repair shop				
33	electric double-beam bridge crane Gn=16t S=22.5m	No.	2	148,572.00	297,144.00
34	air operated LDP single coupler	No.	50	11,142.72	557,136.00
35	Assembling and disassembling device for the complete draft gears	No.	3	22,331.52	66,994.56
36	DC-AC arc welder ZX7-500	No.	6	4,428.72	26,573.32
37	Mobile rivet	No.	3	23,809.20	71,427.60
38	Diesel fork lift truck Q=2t	No.	2	25,714.08	51,428.16
39	Repository concentration pressure testing system	No.	1	240,000.48	240,000.48
40	Compressed air drying cleaning cartridge 8m3	No.	1	5,857.20	5,857.20
41	Tool kit	No.	6	1,142.64	6,855.84
42	Storage rack	No.	6	855.80	5,140.80
43	Battery cart Q=1t	No.	2	10,952.40	21,904.80
44	Mobile trolley air-powered trigger	No.	4	11,428.80	45,715.20
45	Diesel fork lift truck Q=3t	No.	3	34,285.68	102,857.04
46	Top center plate hydraulic riveter	No.	2	78,857.28	157,714.56
47	Bogie sling	No.	2	2,857.20	5,714.40
48	Bogie to bogie				
49	Large decomposition sling	No.	1	30,952.80	30,952.80
50	Bogie electric turntable	No.	1	38,571.12	38,571.12
51	Axle artificial turntable	No.	3	16,571.52	49,714.56
52	Large assembly dedicated sling	No.	1	35,714.40	35,714.40
53	Frame cleaning transmission line 48m	No.	1	948,571.20	948,571.20
54	Frame cleaner	No.	2	210,286.08	420,572.16
55	Mud scraper	No.	1	54,856.80	54,856.80
56	Bogie sling	No.	1	37,143.36	37,143.36
57	Bogie maintenance line 47.2 m	No.	1	401,713.92	401,713.92
58	Crossing pole lifting mechanism	No.	2	8,570.88	17,141.76

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3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
59	Side frame swing bolster turnover inspection machine	No.	1	82,857.60	82,857.60
60	Side frame sizer	No.	2	42,857.28	85,714.56
61	Side frame maintenance line 23 m	m	2	262,857.60	525,715.20
62	Swing bolster turnover tooling	No.	2	42,857.28	85,714.56
63	Side frame entire moving tooling	No.	1	71,428.32	71,428.32
64	Side frame post wear plate riveting tooling	No.	2	25,714.08	51,428.16
65	Torque wrench ZZB-800D	No.	2	102,857.76	205,715.52
66	Cressing pole assembly jig	No.	1	200,000.16	200,000.16
67	Balance hanger	No.	4	20,342.88	81,371.52
68	Bearing- saddle slide wedge inspection line 12m	m	1	41,142.24	41,142.24
69	Bearing- saddle automatic measuring machine CZA-II	No.	1	135,999.36	135,999.36
70	Three small items double deck transmission line 36m	m	1	124,571.52	124,571.52
71	Automatic inspection matching machine of bolster spring	No.	1	72,000.00	72,000.00
72	Electric double beam bridge crane Gn=5t S=25.5m	No.	1	62,857.44	62,857.44
73	DC-AC arc welder ZX7-400	No.	4	14,857.20	59,428.80
74	Hydraulic pressure station	No.	1	208,582.56	208,582.56
75	Tool kit	No.	6	1,142.88	6,857.28
76	Storage rack	No.	10	857.16	8,571.60
77	Bogie hauling machine	No.	2	34,095.60	68,191.20
78	Engine block special magnetic detection machines	No.	1	3,904.80	3,904.80
79	Truck center plate dismantling and fitting tooling	No.	1	11,905.20	11,905.20
80	Intelligent combination automatic trigger	No.	1	180,000.00	180,000.00
81	Air-powered trigger	No.	4	12,571.20	50,284.80
82	Mobile rivet	No.	2	34,286.11	68,572.22
83	Brake beam to beam				
84	Brake beam transmission line 11m	m	1	25,142.40	25,142.40
85	Brake beam gasket decomposer	No.	1	14,286.24	14,286.24
86	Complete brake beam automatic sizing, rust removal and defection equipment CCJ-J	No.	1	248,571.36	248,571.36
87	Brake beam bush fitting machine	No.	1	14,286.24	14,286.24

3.4.3 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
88	Brake beam block holder spline detection machine FXJ-II	No.	1	111,428.64	111,428.64
89	Brake beam maintenance line (long line) 33 m	m	1	132,000.48	132,000.48
90	Brake beam tensile strength tester	No.	1	77,142.24	77,142.24
91	Brake beam maintenance line (short line) 15 m	m	1	60,000.48	60,000.48
92	Brake beam double deck transmission line	m	1	73,143.36	73,143.36
93	Electric single-beam bridge crane Gn=1t S=19.5m	No.	1	28,000.08	28,000.08
94	Balance hanger	No.	3	15,256.80	45,770.40
95	DC-AC 2m welder ZX7-400	No.	3	11,142.72	33,428.16
96	micro control brake beam detection machines	No.	1	129,999.60	129,999.60
97	Vertical core plate integrated drilling machine	No.	2	317,714.40	635,428.80
98	Balance hanger PJ010 R=2500mm	No.	3	15,256.80	45,770.40
99	Core plate maintenance transmission line 15m	No.	1	35,714.40	35,714.40
100	Core plate CO2 shielded welding HXP-II	No.	4	238,095.60	952,382.40
101	Balance hanger PJ010 R=1500m	No.	2	9,028.80	18,057.60
102	Bogie hearth resistance furnace RT2-90-10	No.	1	23,564.56	23,564.56
103	Four-column universal hydraulic press Y32-100	No.	1	17,085.60	17,085.60
104	Single-column adjusting press-assembly hydraulic press Y41-63	No.	1	12,571.20	12,571.20
105	Pillar type vertical drilling machine Z5140	No.	1	10,000.08	10,000.08
106	Tool kit	No.	5	5,714.64	28,573.20
107	Equipment maintenance area				
108	Plain lathe C630A φ615×3000	No.	1	37,142.64	37,142.64
109	Plain lathe C6140 φ400×1000	No.	1	18,205.92	18,205.92
110	Plain lathe C620-1 φ400×1000	No.	1	12,857.04	12,857.04
111	Universal knee-and-column milling machine X6132 320×1320	No.	1	18,571.68	18,571.68
112	Squaring machine BC60100	No.	1	20,286.00	20,286.00
113	Radial drilling machine Z3050×16 φ50	No.	1	19,428.48	19,428.48
114	Punching shearing machine Q34-16	No.	1	14,260.32	14,260.32
115	Desktop drill machine Z512A φ12	No.	1	1,142.64	1,142.64
116	Bench	No.	1	856.80	856.80

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3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
117	Grinder with dust collector MC3030	No.	1	1,000.08	1,000.08
118	Tool kit	No.	7	7,428.24	51,997.68
119	Face plate 1500*1000	No.	1	11,428.56	11,428.56
120	Maintenance storage rack for coupler	No.	1	17,143.20	17,143.20
121	Complete decomposer for coupler	No.	1	64,285.20	64,285.20
122	Stepping line of buffer 18 m	m	1	34,285.20	34,285.20
123	Coupler yoke	No.	1	111,428.40	111,428.40
124	Storage bin for coupler knuckle and accessories	No.	1	1,904.40	1,904.40
125	Buffer turnover machine	No.	1	7,142.40	7,142.40
126	Magnetic detection machines CJW-2000 for coupler yoke	No.	1	165,713.76	165,713.76
127	Turnover welding tooling of yoke	No.	2	62,857.44	125,714.88
128	Stepping line of yoke 21 m	m	1	47,999.52	47,999.52
129	Between the Coupler				
130	Buffer underground transmission lines 20m	m	1	58,571.36	58,571.36
131	Hook head overhaul line 42m	m	1	288,000.00	288,000.00
132	Coupler knuckle transmission lines 12m	m	1	41,142.24	41,142.24
133	Buffer lifter	No.	2	45,714.24	91,428.48
134	Yoke dipping drying line	m	1	240,000.48	240,000.48
135	Yoke stepper line (crawled line) 6m	No.	1	17,143.20	17,143.20
136	Coupler assembly machine (270T)	No.	1	77,142.24	77,142.24
137	Power-driven single-beam crane hoisted Gn=1t S=13.5m	No.	2	34,285.68	68,571.36
138	DC-AC arc welder ZX7-500	No.	4	17,714.16	70,856.64
139	Diesel fork lift truck Q=2t	No.	2	45,714.24	91,428.48
140	Tool kit	No.	5	8,857.28	44,143.68
141	Lifting lug inlayed machine	No.	1	35,714.40	35,714.40
142	Grinder with dust collector MC3030	No.	1	1,666.80	1,666.80
143	Coupler knuckle and accessories shot blasting machine Q378E	No.	1	89,523.60	89,523.60
144	Coupler knuckle inspection machine GS-III	No.	1	98,095.20	98,095.20
145	DC-AC arc welder ZX7-400	No.	2	7,428.24	14,856.48

3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
146	DC-AC arc welder ZX7-500	No.	1	4,428.72	4,428.72
147	Coupler knuckle automatic submerged arc welding machine HS-1000	No.	2	140,952.60	281,904.60
148	Balance hanger PJ010,R=2500mm	No.	3	15,256.80	45,770.40
149	Welding repair platform	No.	4	4,571.28	18,285.12
150	Four-column universal hydraulic press Y32-100	No.	1	17,085.60	17,085.60
151	Coupler knuckle painted line 27m	m	1	38,571.50	38,571.50
152	Coupler knuckle reaming inlayed machine XLK-A	No.	1	94,285.20	94,285.20
153	Lorry joint milling machine LHK-A	No.	2	351,999.36	703,998.72
154	Coupler cavity milling machine XQ-B	No.	1	284,571.36	284,571.36
155	Coupler four-hole milling machine XK-B	No.	1	193,142.88	193,142.88
156	Balance hanger	No.	3	16,560.00	49,680.00
157	Tool-kit	No.	7	8,640.00	60,480.00
158	Fluorescent magnetic particle inspection machine of microcontroller the round flat pla	No.	1	82,200.00	82,200.00
159	Braking room				
160	Three-way valve external cleaning machine	No.	1	72,000.00	72,000.00
161	Three-way valve decomposition bench	No.	2	18,144.00	36,288.00
162	Ultrasonic cleaning machine	No.	2	297,216.00	594,432.00
163	Three-way valve accessories cleaning bench	No.	3	47,376.00	142,128.00
164	Three-way valve overhaul bench	No.	2	13,824.00	27,648.00
165	Accessories inspection and replacement bench	No.	2	13,824.00	27,648.00
166	Sub-transmission lines	m	1	112,608.00	112,608.00
167	Rubber ring and parts checked maintenance bench	No.	2	13,824.00	27,648.00
168	Three-way valve grinding calibration bench	No.	2	17,280.00	34,560.00
169	Assembly bench	No.	3	27,360.00	82,080.00
170	The main transmission lines	m	1	168,480.00	168,480.00
171	Proportional valve test bed	No.	1	112,320.00	112,320.00
172	Bench drilling machine	No.	1	1,368.00	1,368.00
173	Automatic solid storage	No.	1	411,552.00	411,552.00
174	Proportional valve sensing valve decomposition assembly bench	No.	2	18,720.00	37,440.00

3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
175	Multi-valve test bench (with microcontroller)	No.	1	36,000.00	36,000.00
176	Angle cock test bench(with microcontroller)	No.	1	43,200.00	43,200.00
177	Brake hose wind-water pressure test bench	No.	2	97,200.00	194,400.00
178	120 Valve test bench	No.	3	445,824.00	1,337,472.00
179	Three-way valve cache bench	No.	4	22,752.00	91,008.00
180	Three-way valve transport car	No.	8	28,600.00	228,799.97
181	Storage rack 2000×600×1800mm	No.	2	1,728.00	3,456.99
182	Lockers 800×600×1900mm	No.	14	8,640.00	120,960.00
183	Double fitter bench	No.	1	1,152.00	1,152.00
184	Sensing valve test bench	No.	1	92,400.00	92,400.00
185	Axle room				
186	Bearing retreat unloading machine	No.	2	188,640.00	377,280.00
187	Wheel set flushing machine	No.	2	273,600.00	547,200.00
188	Wheel set size detection system	No.	2	649,008.00	1,298,016.00
189	3000 Wheel set inspection machine	No.	2	432,000.00	864,000.00
190	Axle microcomputer control automatic ultrasonic inspection machine	No.	2	460,800.00	921,600.00
191	All-digital intelligent ultrasonic flaw detector	No.	8	319,999.68	2,559,997.44
192	Wheel device	No.	5	25,776.00	128,880.00
193	Power-driven single-beam crane hoisted Gn=3t S=19.5m	No.	1	31,392.00	31,392.00
194	Tool kit	No.	7	7,488.00	52,416.00
195	Axle artificial turntable	No.	3	49,716.00	149,148.00
196	Single wheel bearing running-in machine	No.	2	325,728.00	651,456.00
197	Intelligent trigger	No.	3	373,824.00	1,121,472.00
198	Signs marking machine	No.	2	108,571.68	217,143.36
199	Bearing pressure installed capacity	No.	2	331,200.00	662,400.00
200	Ground storage system	No.	1	354,240.00	354,240.00
201	Journal online measurement system	No.	1	800,640.00	800,640.00
202	Power-driven single-beam crane hoisted Gn=2t S=16.5m	No.	4	28,008.00	112,032.00
203	Tool kit	No.	5	4,572.00	22,860.00

3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
204	CNC Wheel Lathe	No.	1	788,572.80	788,572.80
205	Power-driven single-beam crane hoisted Gn=2t S=22.5m	No.	1	31,464.00	31,464.00
206	Tool kit	No.	2	2,289.60	4,579.20
207	Axle artificial turntable	No.	12	165,744.00	1,988,928.00
208	Two-wheeled running-in machine	No.	1	214,286.40	214,286.40
209	Grinder with dust collector MC3030	No.	1	1,008.00	1,008.00
210	Rolling bearing room				
211	Sealed cover demolition machine	No.	1	35,712.00	35,712.00
212	Parts cleaning machine	No.	1	71,520.00	71,520.00
213	Tool kit	No.	1	1,152.00	1,152.00
214	Storage rack	No.	18	25,800.00	464,400.00
215	Bearing inner diameter intelligent detection system	No.	1	180,000.00	180,000.00
216	Bearing three-dimensional storage shelf	No.	1	262,857.60	262,857.60
217	Stacker	No.	2	629,280.00	1,258,560.00
218	Tool kit	No.	1	1,152.00	1,152.00
219	Bearing ultrasonic cleaning machine	No.	1	21,384.00	21,384.00
220	Bearing poacher	No.	1	27,624.00	27,624.00
221	Bearing dryer	No.	1	27,600.00	27,600.00
222	Bearing seal cover assembly machine	No.	1	32,280.00	32,280.00
223	Sealed cover torque test machine	No.	1	42,360.00	42,360.00
224	Smart oiling and fat-liquoring machines	No.	1	56,400.00	56,400.00
225	Tool kit	No.	2	3,840.00	7,680.00
226	Bearing parts transmitting slide	No.	1	5,880.00	5,880.00
227	Measuring instrument of outer diameter of bearing outer circle	No.	1	2,760.00	2,760.00
228	Measuring instrument of bent mouth diameter of bearing outside circle	No.	1	1,092.00	1,092.00
229	Measuring instrument of inner diameter of bearing inside circle	No.	1	2,076.00	2,076.00
230	Measuring instrument of outer diameter of bearing sealing seat	No.	1	1,608.00	1,608.00
231	Measuring instrument of inner diameter of bearing sealing seat	No.	1	900.00	900.00
232	Measuring instrument of bent mouth diameter of bearing sealing seat	No.	1	864.00	864.00

3.43 Nairobi Station					
S/N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
233	Measuring instrument of bearing sealing seat width	No.	1	691.20	691.20
234	Measuring instrument of large surface wear of bearing inner circle	No.	1	1,348.00	1,348.00
235	Measuring instrument of wearing depth of sealing seat	No.	1	1,303.20	1,303.20
236	Measuring instrument for side-clearance of holding support	No.	1	2,160.00	2,160.00
237	Measuring instrument for lip (sealed by oil) wear of outer diameter surface of sealing seat	No.	1	1,800.00	1,800.00
238	High automatic measuring instrument of moving clearance assembly of bearing axis	No.	1	18,960.00	18,960.00
239	High detection (large sub-machine) of moving clearance assembly of bearing axis	No.	1	11,952.00	11,952.00
240	6000 circular magnetic particle inspection machine	No.	1	102,840.00	102,840.00
241	Tool kit	No.	1	1,142.64	1,142.64
242	Backstop microcomputer matching machine	No.	1	23,100.00	23,100.00
243	Electronic scale	No.	1	576.00	576.00
244	microcomputer	No.	1	2,880.00	2,880.00
245	The spare parts room				
246	Tool kit	No.	4	1,142.64	4,570.56
247	Storage rack	No.	2	864.00	1,728.00
248	Wheel-hiding shed				
249	Power-driven single-beam crane hoisted Gn=6t S=22.5m	No.	2	31,680.00	63,360.00
250	Air compressor room				
251	Screw air compressor GA132-10	No.	2	78,624.00	157,248.00
252	Heatless regenerative dryers WZG-20/8	No.	1	15,840.00	15,840.00
253	Compressed air distributor	No.	1	1,152.00	1,152.00
254	Gas tank C-4/0.8	No.	2	6,048.00	12,096.00
255	Dust fine filter FL-20/8	No.	1	568.80	568.80
256	Internal combustion hangar				
257	Power-driven single-beam crane hoisted Gn=2t S=7.5m	No.	1	15,004.80	15,004.80
258	Internal combustion adjuster JY-500	No.	1	960,480.00	960,480.00
259	Plate-frame type pressing oil filter BAY-100	No.	1	3,360.00	3,360.00
260	Bench	No.	1	864.00	864.00
261	Bench drilling machine Z4012	No.	1	1,008.00	1,008.00

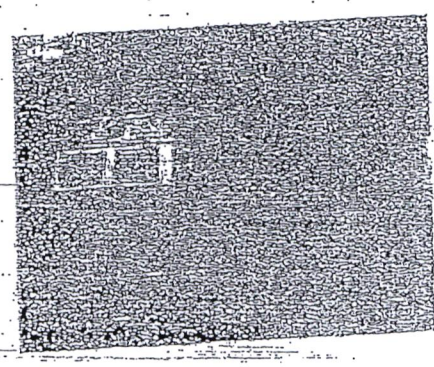
S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
	3.43 Nairobi Station				
262	Grinder with dust collector MC8630	No.	1	1,008.00	1,008.00
263	Storage rack 2000×600×1800m	No.	1	720.00	720.00
264	Storage cabinet 1100×500×1800m	No.	1	864.00	864.00
265	Constant-current charger HGGZ172-55/150	No.	1	32,280.00	32,280.00
266	Pure water storage tank φ800×1000m	No.	2	288.00	576.00
267	Material warehouse and shed				
268	Power-driven single-beam crane hoisted Gn=2t S=13.5m	No.	1	17,856.00	17,856.00
269	Storage rack	No.	168	864.00	145,152.00
270	Diesel forklift Q=5t	No.	1	53,280.00	53,280.00
271	Garage				
272	Bench drilling machine Z4012	No.	1	1,008.00	1,008.00
273	Bench	No.	1	864.00	864.00
274	Grinder with dust collector MC3060	No.	1	993.60	993.60
275	Tool kit	No.	1	1,152.00	1,152.00
276	Storage rack	No.	1	864.00	864.00
277	Constant current charging machine HGCZ103-50/72	No.	1	3,960.00	3,960.00
278	Medium-sized truck 5t	No.	3	50,040.00	150,120.00
279	Mini-vehicle 1.5t, with double-cab seats	No.	2	35,100.00	70,200.00
280	Large bus with 45 seats	No.	1	257,184.00	257,184.00
281	Medium bus with 12 seats	No.	2	120,960.00	241,920.00
282	Laboratory measurement room				
283	Laboratory equipment	No.	1	181,440.00	181,440.00
284	Measurement laboratory equipment	No.	1	96,480.00	96,480.00
285	Electric switch control device	No.	1	268,272.00	268,272.00
286	Manual derailer	No.	10	3,840.00	38,400.00
287	Office building				
288	microcomputer	No.	18	2,880.00	51,840.00
289	Station repair depot				
290	Electric double-beam bridge crane	No.	1	74,304.00	74,304.00

3.43 Nairobi Station

S.N	DESCRIPTION	UNIT	QUANTITY	RATE(USD)	AMOUNT(USD)
291	All-in-one machine of hot riveting	No.	1	115,200.00	115,200.00
292	Silicon rectifier welding machine	No.	1	780.00	780.00
293	Silicon rectifier welding machine	No.	1	900.00	900.00
294	Inverter DC welding machine	No.	3	1,440.00	4,320.00
295	DC welding machine	No.	1	600.00	600.00
296	Gas shielded arc welding of carbon dioxide	No.	1	744.00	744.00
297	Electric platform porter	No.	1	1,560.00	1,560.00
298	Electric lifting Locomotive	No.	16	2,760.00	44,160.00
299	25t Electric lifting Locomotive	No.	2	9,360.00	18,720.00
300	Micro-control tester	No.	3	1,224.00	3,672.00
301	Welding fume dirt catcher	No.	1	360.00	360.00
302	Buffer handling car	No.	2	756.00	1,512.00
303	Bus service workshop				
304	II. Installation Expense				
305	(2) Production workshop				
306	Installation of bus service equipment	No.	1	301,625.80	301,625.00
307	Installation of bus service equipment - Tpye 2	No.	1	532,750.80	532,750.80
308	III. Equipment Expense				
309	Bus service equipment	No.	1	1,424,025.60	1,424,025.60
310	Train repair section				
311	II. Installation Expense				
312	Benchwork workshop installation	No.	1	1,948.00	1,948.00
313	Rechargeable lighting fixture repair workshop installation	No.	1	1,014.00	1,014.00
314	Manual installation for derailer	No.	5	592.00	2,960.00
315	Installation of infrared axle temperature detector (second generation)	No.	2	18,822.00	37,644.00
316	Installation of infrared bearing temperature repeater	No.	1	6,548.00	6,548.00
317	Installation of infrared central host	No.	2	6,546.00	13,092.00
318	Commissioning cost on infrared bearing temperature detector system	No.	1	10,060.00	10,060.00
319	Outdoor process pipelines installation	No.	1	180,664.00	180,664.00

316

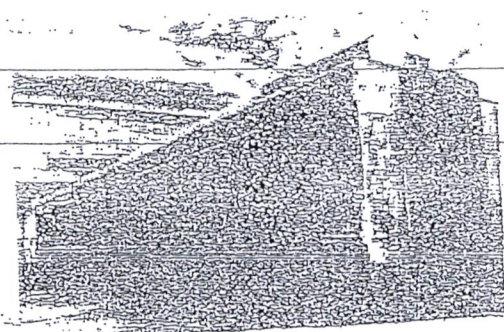
3) DF_{4D}



DF_{4D}

Model	DF4D
Gauge	1,435 mm
Length	21,100 mm
Width	3,309 mm
Height	4,755 mm
Engine type	16V240ZJB
Transmission	electric (AC-DC)
Top speed	Passenger 120 km/h Freight 100 km/h
Power output	2,430 kW
Tractive effort	Passenger 827.500 KN starting, 243 KN continuous Freight 435 KN starting, 324 KN continuous

2. Rolling Stocks for Passenger



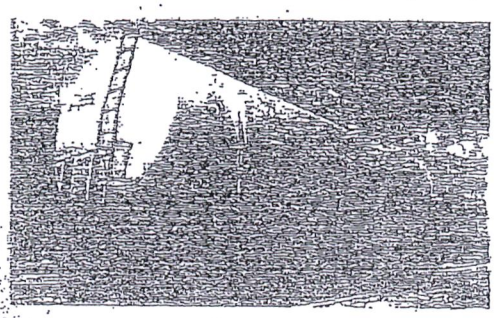
25G

Model	25G
Seats	Hard Seats 116 Soft Seats 72 Dining Car 48
Gauge	1,435 mm
Length	Ordinary 25,580 mm AC Generator Car 23,580mm
Width	3,105 mm
Height	4,438 mm
Electric Supply	AC Generator Car AC380V
Top speed	120 km/h

397

3. Rolling Stocks for Freight

1) Fuel tank Wagon

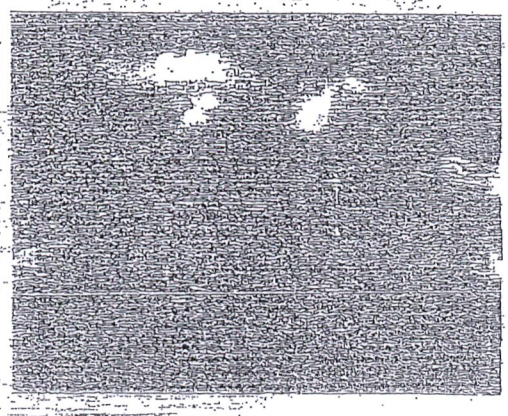


G60K

Model	G60K
Gauge	1,435 mm
Length	10,460 mm
Width	2,912 mm
Height	4,477 mm
Empty Capacity	2 m³
Effective Capacity	60 m³
Gross Capacity	62 m³
Dead Load	20.4 t
Carrying Capacity	53 t
Top speed	100 km/h

10

2) Common Freight Wagon



C70

Model	C70
Gauge	1,435 mm
Length	13,976 mm
Width	3,242 mm
Height	3,143 mm
Gross Capacity	77 m³
Dead Load	23.6 t
Carrying Capacity	70 t
Top speed	120 km/h

20

3) Container Flat Wagon



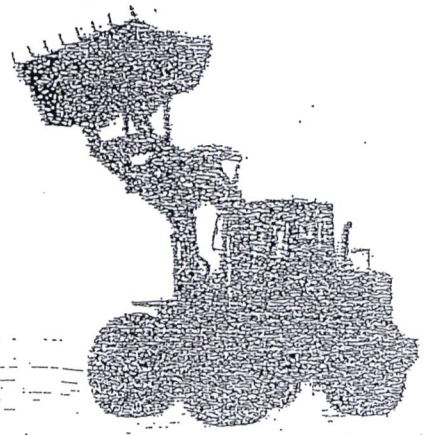
X2X

Model	X2X
Gauge	1,435 mm
Length	19,466 mm
Width	3,140 mm
Height	290 mm
Dead Load	22 t
Carrying Capacity	78 t
Top speed	120 km/h

30

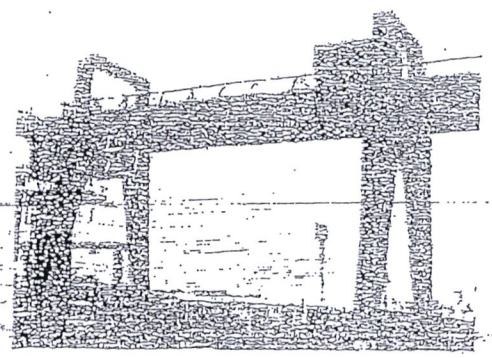
375

4. Loaders



Item	
Pocket Capacity	5 m^3
Max. Height of load	≥3,180 mm
Length	≤8,700 mm
Height	≤3,560 mm
Dead Load	≤92 t
Rated Power	≥175 KW
Range of Speed	5-40 km/h

5. Gantry Crane



Item	
Rated Weight	40 t
Hoisting Speed (full load)	≥30m/min
Carts Speed (full load)	≥75m/min
Working Speed (full load)	≥60m/min
Unilateral stroke	≥60m/min

6. Reach Stackers for Freight Containers



Item	
Gross Weight	103 t
Hydraulic system displacement	210cm³/r
Hydraulic system pressure	290bar

Appendix C: Table of Adjustment Data for Changes in Cost

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Item	Description	Source of Index	Base Value	Base Date	Proposed Weighting
a	Fixed Coefficient	-	-	-	0.10
b	Fuels	KNBS-CECI	15,141.53	June.2012	0.08
c	Cement	KNBS-CECI	6,193.13	June.2012	0.08
d	Labour	KNBS-CECI	6,497.65	June.2012	0.08
e	Steel Products	KNBS-CECI	1696.03	June.2012	0.05
f	Rail Transport Equipment	CEMAC	99.4	July.2012	0.30
g	Wires, Cables, Fiber Optic Cable and Electrical Equipment	CEMAC	92.1	July.2012	0.11
h	Communications Equipment	CEMAC	96.3	July.2012	0.20
					1.00

Note: Considering most of the equipments shall be imported from china, we choose the PRICE INDEX from CHINA ECONOMIC MOMOTORING & ANALYSIS CENTER (CEMAC)

The Source of index, Base Value and Base Date are attached below.

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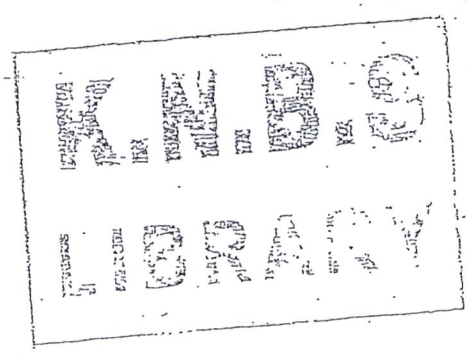
KENYA NATIONAL BUREAU OF STATISTICS

KNBS
KENYA NATIONAL BUREAU OF STATISTICS
Keeping you informed

P. O. BOX 30266
00100 Nairobi GPO, Kenya
Telephone: Nairobi 3175826/8, 317613/22, 317623, 317651

Fax: 254-020-315977
Email: director@knbs.go.ke
Website: www.knbs.go.ke

OUR REF KNBS/39/13/010 17.08.2012



To
Project Manager
All Project Managers
China Road and Bridge
P. O. Box 39037 - 00623
NAIROBI

RE: CONFIRMATION OF CONSTRUCTION PRICE INDEX

I hereby confirm that the Building, Civil Engineering and Overall Construction indices are the true publications from Kenya National Bureau of Statistics.

Therefore, please contact the undersigned in case of any queries

Thanks for your corporation.

Yours sincerely,

DOMINIC O. ODUGE
FOR: DIRECTOR GENERAL

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CIVIL ENGINEERING COST INDEX - 2012

Material Specification	Dec '72	Dec 2011	Apr	May	Jun
SAND	100	9872.746	9993.031	10087.8	10231.89
AGGREGATE	100	10413.29	10540.16	10640.12	10792.1
CEMENT	100	5975.745	6048.552	6105.914	6193.13
HYDRATED LIME	100	6245.61	6321.705	6381.658	6472.812
TIMBER	100	8543.522	8652.674	8734.734	8859.499
Concrete Pipes	100	6794.879	6877.665	6942.891	7042.062
Concrete Precast	100	6393.344	6471.238	6532.61	6625.92
CONCRETE PRODUCTS	100	6734.693	6816.746	6881.394	6979.686
EXPLOSIVES	100	5195.574	5258.875	5308.749	5384.578
Fuels	100	14610.04	14788.05	14928.3	15141.53
Bitumen	100	17098.65	17836.72	18005.88	18263.07
Lubricants	100	10940.57	11073.86	11178.89	11338.56
FUEL, BITUMEN & LUBRICANTS	100	14340.23	14515.55	14754.16	14964.91
RMS Rods	100	7186.134	7273.687	7342.669	7447.55
Structural Steel	100	2715.07	2748.15	2774.212	2813.839
Corrugated Steel Pipes	100	340.1948	344.3397	347.6053	352.5704
Guard Rails 12 GAUGE thick	100	543.946	550.5733	555.7948	563.7336
Gabion Mesh 2m	100	863.4629	873.9831	882.2717	894.8739
STEEL PRODUCTS	100	1636.5	1656.439	1672.143	1696.033
HARDWARE	100	4522.536	4577.637	4621.05	4687.056
ALL MATERIALS	100	5492.247	5563.659	5616.423	5696.646
Unskilled Labour	100	6743.636	7243.636	7243.636	7243.636
Semi-skilled Labour	100	6987.671	7538.836	7538.836	7538.836
Skilled Labour	100	4876.667	5280.333	5280.333	5280.333
LABOUR	100	6022.558	6497.649	6497.649	6497.649
TOTAL (LABOUR & ALL MATERIALS)	100	5741.431	6002.524	6030.495	6073.023

Source: Kenya National Bureau of Statistics:

CEMAC 中国经济景气监测中心

NATIONAL BUREAU OF STATISTICS
CHINA ECONOMIC MONITORING & ANALYSIS CENTER
57 Yuetan Nanjie, Sanlihe, Beijing, China 100826 Tel:010-63375680 Fax:010-63375679

No: CEMAC2012-306

PRICE INDEX IN CHINA

(Jul.2011=100)

Item	Index	Time
Rail transportation equipment	99.4	Jul.2012
Wires, cables, fiber optic cable and electrical equipment	92.1	Jul.2012
Communications equipment	96.3	Jul.2012

National Bureau of Statistics
China Economic Monitoring & Analysis Center
Aug.16,2012

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Appendix D: MINUTES OF NEGOTIATION

404

COMMERCIAL CONTRACT FOR THE SUPPLY AND INSTALLATION OF THE FACILITIES, LOCOMOTIVES AND ROLLING STOCK FOR THE MOMBASA – NAIROBI STANDARD GAUGE RAILWAY PROJECT

MINUTES OF THE NEGOTIATIONS BETWEEN KENYA RAILWAYS (KR) AND CHINA ROAD AND BRIDGE CORPORATION (CRBC) FROM 27-08-12 TO 30-08-12

1. Negotiating Teams

1.1 Kenya Railways

Name	Designation
Solomon Ouna	PM (SGR&CS) - Chairing
Alfred Matheka	GM (F)
Maxwell Mengich	IM
Lucy Mjoroge	PLM
Marianne Kitany	ICTM
Stanley Gitari	Ag. CS
David Mwadali	ERSM

1.2 China Road and Bridge Corporation

Name	Designation
Li Qiang	GM Kenya Office
Xiong Shiling	DGM Kenya Office
Yang Jie	AGM Kenya Office
Zhou Yihua	Engineer Kenya Office
Peng Dapeng	GM Marketing Department HQ
Li Changgui	DGM Marketing Department HQ
Li Ming	Design Engineer HQ
Gao Mingzhi	Design Engineer HQ

2. Draft Agreement

The draft Agreement was tabled and discussed. It was noted that the legal sections had been examined by the KR Legal Section and subsequently forwarded to the Permanent Secretary Ministry of Transport (MoT) requesting him to seek legal opinion of the Attorney General. Reply is awaited from MoT.

3. Negotiations

SECTION 1: Contract Agreement and Sellers Power of Attorney

Agreed

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SECTION 6: The Delivery of Commodities

Agreed

SECTION 7: The Inspection and Approvals

7.2 Inspections will be done by qualified technical appointees of the Seller and the Buyer

SECTION 8: Training and technical assistance

8.2 Training outfit to include provision of tools, training material, documents and one simulator for training locomotive drivers and technicians.

8.4 To include controllers (traffic, power and signaling/communications) and revenue collectors.

8.6, 8.7 All the costs related to Technical Asaistance Team locally to be provided for in the contract sum.

SECTION 9: The technical documentation & after sales services

9.3 The Seller shall provide two (2) years of running spares for locomotives, rolling stock and other equipment within the contract sum, refer to the Bill No. 5.01 in the bill of quantities. Spares requirement shall be decided jointly by both parties.

The Seller shall provide spare major assemblies of locomotives, rolling stock and other equipment within the contract sum, refer to the Bill NO.5.02 in the Bill of Quantities. The actual numbers and types shall be decided jointly by both parties.

SECTION 10: The trials and technical performances

10.3 Any cost incurred by the Buyer as a result of such postponement shall be borne by the Seller.

SECTION 11: Conditions of contract

Amendments

Insert "in writing" between the words "parties" and "and".

Document upon delivery

Add the following items to the clause:

4) Calibration documents
5) Calibration certificates
6) Master gauges (Master Calibrators) to help in calibrations

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SECTION 2: Letters of award and Acceptance

Agreed

SECTION 3: The scope of the contract

Under Paragraph 3.3, add item (7) for the supply of a wide range of spares covering items listed under items (1) to (6), refer to the Bill NO.5 in the Bill of Quantities.

SECTION 4: The price of contract

4.3 The variation indices are provided in the document on page 30, Appendix C: Table of Adjustment Data for Changes in Cost.

4.5 KR to consult Ministry of Finance on issues regarding waiver of taxes for procured items

SECTION 5: The schedules of payment

Agreed as follows:

REF	CERTIFICATE DESCRIPTION	PERCENTAGE OF CONTRACT PRICE	CONDITIONS OF SUBMISSION
1	First installment	40% 20% for locomotives and rolling stock 20% for facilities	Within one month from the date of the effectiveness of the contract and confirmation by both the financial institutions of china and the ministry of finance of Kenya regarding such effectiveness and acceptance by the buyer of the first installment guarantee
2	Second installment	20%	Within one month from the completion of supply and installation of 30% of the total quantity of facilities (in line km of railway including stations and depots in the section), except locomotives and rolling stock
3	Third installment	10%	Within one month from the completion of supply and installation of 60% of the total quantity of facilities (in line km of railway including stations and depots in the section), except locomotives and rolling stock
4	Fourth installment	10%	Within one month from the completion of supply and installation of 100% of the total quantity of facilities (in line km of railway including stations and depots in the section), except locomotives and rolling stock
5	Fifth installment	10%	Within one month from the date the locomotives and rolling stock are ready for delivery at the Chinese main port
6	Sixth installment	10%	Within one month from the date the locomotives and facilities are tested and commissioned
	total	100%	

10

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Variation of price

Add the following paragraph to be the last paragraph

Whereas the non – binding Bill of Quantities is based on the Feasibility Study and Preliminary Design, both parties agree that the quantity of items shall be adjusted according to detailed design within the Contract Price. During the execution of this contract, if the market price fluctuates and substantially affects either party, both parties shall negotiate a new unit price and adjust the quantity of items within the Contract Price. Above mentioned adjustments shall meet the requirements of the function.

The Bill of Quantities

This is a Non-Binding Bill of Quantities prepared based on the Feasibility Study and Preliminary Design.

1. Communication systems

The system to include built in redundancy in the form of a ring circuit for fibre optic cable and VHF coverage for the entire line

2. Electricity Supply Systems

Mains power supply will be by a 33 KV overhead line running within the railway corridor for the whole length of the Railway (from Embakasi to Mombasa) and supplied from the National Grid connecting Mombasa to Nairobi. Step down facilities to be provided at every station. The 33 KV line will be supplied from several points to guarantee uninterrupted power supply.

3. Water supply and Drainage

Agreed

4. Machinery service

Two (2) rescue trains equipped as per Chinese Standards to be provided (one to be based in Mombasa, the other in Nairobi)

5. Facilities for the locomotive

The following additional equipment to be provided:

- One (1) under-floor wheel lathe to be provided as part of the workshops equipment
- One (1) track-recording machine
- Two (2) in-motion weighing bridges (one at Changamwe the other at Embakasi)

6. Station Platform

Agreed

7. Air Conditioners (AC

Item 3.5: Quantities to be decided at detailed design stage

8. Locomotives and Rolling Stock

8.1 Coaches to be increased from 34 to 40 to enable KR run passenger trains consisting of 17 coaches each. CRBC confirmed that it will be possible to achieve specified operational performance of passenger trains (120 Kph) with the 17 coached hauled by one passenger train locomotive

8.2 Passanger train locomotives to supply power to all the coaches

8.3 Number of freight wagons to be increased from 1,611 to 1,620 and to include Container Flats, Box Wagons, Hopper Wagons Side-bottom discharge (for conveying bulk commodities), open wagons etc. Requirements in each category will be agreed at the detailed design stage.

8.4 CRBC to ensure harmonization of rolling stock specification within the region (including Ethiopia) for future seamless operation of trains

8.5 KR/GoK will undertake due diligence of manufacturing facilities and equipment specification at procurement stage

9. Negotiations on Contract Price

9.1 The Contract Price once agreed will be binding on both parties.

9.2 The quantities may be varied depending on the detailed designs and prevailing prices at the detailed design stage.

9.3 Changes in quantities will be discussed and agreed by both parties.

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9.4 Taking into account the Feasibility Study and Preliminary design, the Contract Price was negotiated to US$ 1,146,791,008.75 (United States Dollars One billion, one hundred forty six million, seven hundred ninety one thousand, and eight, Cents seventy five) from the original proposal of US$ 1,204,812,404.15 (United States Dollars One billion, two hundred four million, six hundred twelve thousand, four hundred four, Cents fifteen).

10. Signatures

Signed on this 29th day of August, 2012 on behalf of:

Kenya Railways

Name	Designation	Signature
Solomon Ouria	PM (SGR&CS) – Chairing	
Alfred Matheka	GM (F)	
Maxwell Mengich	IM	
Lucy Njoroge	PLM	
Marianne Kitany	ICTM	
Stanley Gitari	Ag. CS	
David Mwadalt	ERSM	

China Road and Bridge Corporation

Name	Designation	Signature
Li Qiang	GM Kenya Office	
Xiong Shiling	DGM Kenya Office	
Yang Jie	AGM Kenya Office	
Zhou Yihua	Engineer Kenya Office	
Peng Dapeng	GM Marketing Department HQ	
Li Changgui	DGM Marketing Department HQ	
Li Ming	Design Engineer HQ	
Gao Mingzhi	Design Engineer HQ	

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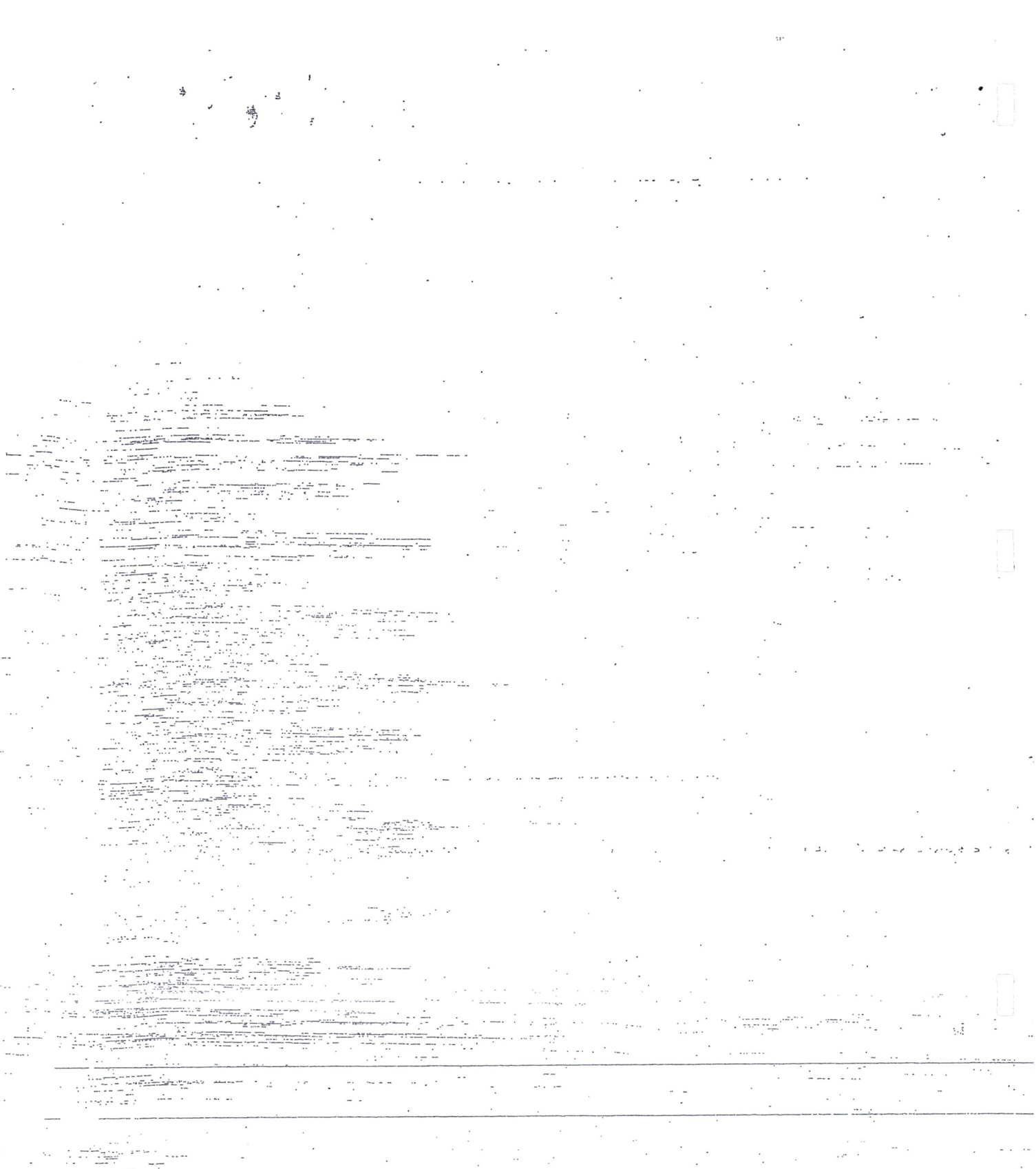

ANNEXURE 4

KENYA RAILWAYS
right on track

REQUEST FOR PROPOSAL (RFP)

FOR

CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVE AND ROLLING STOCK.

TENDER NO. KRC/PLM/009/13-14

DATE OF ISSUE

CLOSING DATE: THURSDAY, 5th SEPTEMBER 2013
CLOSING TIME: 12.00 NOON EAST AFRICAN TIME

The Managing Director
Kenya Railways Corporation
P.O. Box 30121-00100
NAIROBI, KENYA.

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Annex I.	Large Assignments: Lump-Sum Payments	98

SECTION I - LETTER OF INVITATION

TO: (*Name and Address of Consultants*) *Date*

Dear Sir/Madam,

RE: CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVE AND ROLLING STOCK.

1.1 Kenya Railways Corporation (KRC) invites proposals for the following consultancy services; Consultancy Services for Design Review and Construction Supervision for the Construction of a Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock.

1.2 The request for proposals (RFP) includes the following documents:

Section I	-	Letter of invitation
Section II	-	Information to consultants
		Appendix to Consultants information
Section III	-	Technical proposals
Section IV	-	Financial proposal
Section V	-	Terms of Reference
Section VI	-	Standard Contract Form

1.3 Upon receipt, please inform us

(a) that you have received the letter of invitation

(b) whether or not you will submit a proposal for the assignment

Yours sincerely

L.N. Njoroge

PROCUREMENT & LOGISTICS MANAGER
FOR: MANAAGING DIRECTOR
KENYA RAILWAYS
P. O. BOX 30121 00100
NAIROBI – KENYA

TEL. +254-20 – 2221211, 2210111, 2210200;TEL: +254-728 603 581/2; FAX: +254-20-340049; E-MAIL: procure@krc.co.ke; WEBSITE: www.krc.co.ke

SECTION II – INFORMATION TO CONSULTANTS (ITC)

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2.4	Financial proposal	9
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SECTION II: - INFORMATION TO CONSULTANTS (ITC)

2.1 Introduction

2.1.1 The Client named the Appendix to "ITC" will select a firm among those invited to submit a proposal, in accordance with the method of selection detailed in the appendix. The method of selection shall be as indicated by the procuring entity in the Appendix.

2.1.2 The consultants are invited to submit a Technical Proposal and a Financial Proposal, or a Technical Proposal only, as specified in the Appendix "ITC" for consulting services required for the assignment named in the said Appendix. A Technical Proposal only may be submitted in assignments where the Client intends to apply standard conditions of engagement and scales of fees for professional services which are regulated as is the case with Building and Civil Engineering Consulting services. In such a case the highest ranked firm of the technical proposal shall be invited to negotiate a contract on the basis of scale fees. The proposal will be the basis for Contract negotiations and ultimately for a signed Contract with the selected firm.

2.1.3 The consultants must familiarize themselves with local conditions and take them into account in preparing their proposals. To obtain first hand information on the assignment and on the local conditions, consultants are encouraged to liaise with the Client regarding any information that they may require before submitting a proposal and to attend a pre-proposal conference where applicable. Consultants should contact the officials named in the Appendix "ITC" to arrange for any visit or to obtain additional information on the pre-proposal conference. Consultants should ensure that these officials are advised of the visit in adequate time to allow them to make appropriate arrangements.

2.1.4 The Procuring entity will provide the inputs specified in the Appendix "ITC", assist the firm in obtaining licenses and permits needed to carry out the services and make available relevant project data and reports.

2.1.5 Please note that (i) the costs of preparing the proposal and of negotiating the Contract, including any visit to the Client are not

reimbursable as a direct cost of the assignment; and (ii) the Client is not bound to accept any of the proposals submitted.

2.1.6 The procuring entity's employees, committee members, board members and their relative (spouse and children) are not eligible to participate.

2.1.7 The price to be changed for the tender document shall not exceed Kshs.1,000/=

2.1.8 The procuring entity shall allow the tenderer to review the tender document free of charge before purchase.

2.2 Clarification and Amendment of RFP Documents

2.2.1 Consultants may request a clarification of any of the RFP documents only up to seven [7] days before the proposal submission date. Any request for clarification must be sent in writing by paper mail, cable, telex, facsimile or electronic mail to the Client's address indicated in the Appendix "ITC". The Client will respond by cable, telex, facsimile or electronic mail to such requests and will send written copies of the response (including an explanation of the query but without identifying the source of inquiry) to all invited consultants who intend to submit proposals.

2.2.2 At any time before the submission of proposals, the Client may for any reason, whether at his own initiative or in response to a clarification requested by an invited firm, amend the RFP. Any amendment shall be issued in writing through addenda. Addenda shall be sent by mail, cable, telex or facsimile to all invited consultants and will be binding on them. The Client may at his discretion extend the deadline for the submission of proposals.

2.3 Preparation of Technical Proposal

2.3.1 The Consultants proposal shall be written in English language

2.3.2 In preparing the Technical Proposal, consultants are expected to examine the documents constituting this RFP in detail. Material deficiencies in providing the information requested may result in rejection of a proposal.

2.3.3 While preparing the Technical Proposal, consultants must give particular attention to the following:

(i) If a firm considers that it does not have all the expertise for the assignment, it may obtain a full range of expertise by associating with individual consultant(s) and/or other firms or entities in a joint venture or sub-consultancy as appropriate. Consultants shall not associate with the other consultants invited for this assignment. Any firms associating in contravention of this requirement shall automatically be disqualified.

(ii) For assignments on a staff-time basis, the estimated number of professional staff-time is given in the Appendix. The proposal shall however be based on the number of professional staff-time estimated by the firm.

(iii) It is desirable that the majority of the key professional staff proposed be permanent employees of the firm or have an extended and stable working relationship with it.

(iv) Proposed professional staff must as a minimum, have the experience indicated in Appendix, preferably working under conditions similar to those prevailing in Kenya.

(v) Alternative professional staff shall not be proposed and only one Curriculum Vitae (CV) may be submitted for each position.

2.3.4 The Technical Proposal shall provide the following information using the attached Standard Forms;

(i) A brief description of the firm's organization and an outline of recent experience on assignments of a similar nature. For each assignment the outline should indicate *inter alia,* the profiles of the staff proposed, duration of the assignment, contract amount and firm's involvement.

(ii) Any comments or suggestions on the Terms of Reference, a list of services and facilities to be provided by the Client.

(iii) A description of the methodology and work plan for performing the assignment.

(iv) The list of the proposed staff team by specialty, the tasks that would be assigned to each staff team member and their timing.

(v) CVs recently signed by the proposed professional staff and the authorized representative submitting the proposal. Key information should include number of years working for the firm/entity and degree of responsibility held in various assignments during the last ten (10) years.

(vi) Estimates of the total staff input (professional and support staff staff-time) needed to carry out the assignment supported by bar chart diagrams showing the time proposed for each professional staff team member.

(vii) A detailed description of the proposed methodology, staffing and monitoring of training, if Appendix "A" specifies training as a major component of the assignment.

(viii) Any additional information requested in Appendix "A".

2.3.5 The Technical Proposal shall not include any financial information.

2.4 Preparation of Financial Proposal

2.4.1 In preparing the Financial Proposal, consultants are expected to take into account the requirements and conditions outlined in the RFP documents. The Financial Proposal should follow Standard Forms (Section D). It lists all costs associated with the assignment including; (a) remuneration for staff (in the field and at headquarters), and; (b) reimbursable expenses such as subsistence (per diem, housing), transportation (international and local, for mobilization and demobilization), services and equipment (vehicles, office equipment, furniture, and supplies), office rent, insurance, printing of documents, surveys, and training, if it is a major component of the assignment. If appropriate these costs should be broken down by activity.

2.4.2 The Financial Proposal should clearly identify as a separate amount, the local taxes, duties, fees, levies and other charges imposed under

the law on the consultants, the sub-consultants and their personnel, unless Appendix "A" specifies otherwise.

2.4.3 Consultants shall express the price of their services in Kenya Shillings.

2.4.4 Commissions and gratuities, if any, paid or to be paid by consultants and related to the assignment will be listed in the Financial Proposal submission Form.

2.4.5 The Proposal must remain valid for 60 days after the submission date. During this period, the consultant is expected to keep available, at his own cost, the professional staff proposed for the assignment. The Client will make his best effort to complete negotiations within this period. If the Client wishes to extend the validity period of the proposals, the consultants shall agree to the extension.

2.5 Submission, Receipt, and Opening of Proposals

2.5.1 The original proposal (Technical Proposal and, if required, Financial Proposal; see para. 1.2) shall be prepared in indelible ink. It shall contain no interlineations or overwriting, except as necessary to correct errors made by the firm itself. Any such corrections must be initialled by the persons or person authorised to sign the proposals.

2.5.2 For each proposal, the consultants shall prepare the number of copies indicated in Appendix "A". Each Technical Proposal and Financial Proposal shall be marked **"ORIGINAL"** or **"COPY"** as appropriate. If there are any discrepancies between the original and the copies of the proposal, the original shall govern.

2.5.3 The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked **"TECHNICAL PROPOSAL,"** and the original and all copies of the Financial Proposal in a sealed envelope clearly marked **"FINANCIAL PROPOSAL"** and warning: **"DO NOT OPEN WITH THE TECHNICAL PROPOSAL"**. Both envelopes shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address and other information indicated in the Appendix "ITC" and be clearly marked, **"DO NOT OPEN, EXCEPT IN PRESENCE OF THE OPENING COMMITTEE."**

2.5.4 The completed Technical and Financial Proposals must be delivered at the submission address on or before the time and date stated in the Appendix "ITC". Any proposal received after the closing time for submission of proposals shall be returned to the respective consultant unopened.

2.5.5 After the deadline for submission of proposals, the Technical Proposal shall be opened immediately by the opening committee. The Financial Proposal shall remain sealed and deposited with a responsible officer of the client department up to the time for public opening of financial proposals.

2.6 Proposal Evaluation General

2.6.1 From the time the bids are opened to the time the Contract is awarded, if any consultant wishes to contact the Client on any matter related to his proposal, he should do so in writing at the address indicated in the Appendix "ITC". Any effort by the firm to influence the Client in the proposal evaluation, proposal comparison or Contract award decisions may result in the rejection of the consultant's proposal.

2.6.2 Evaluators of Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded.

2.7 Evaluation of Technical Proposal

2.7.1 The evaluation committee appointed by the Client shall evaluate the proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria as follows

		Points
(i)	Specific experience of the consultant related to the assignment	(5-10)
(ii)	Adequacy of the proposed work plan and methodology in responding to the terms of reference	(20-40)
(iii)	Qualifications and competence of the key staff for the assignment	(30-40)
(iv)	Suitability to the transfer of Technology Programme (Training)	(0-10)
	Total Points	**100**

Each responsive proposal will be given a technical score (St). A proposal shall be rejected at this stage if it does not respond to important aspects of the Terms of Reference or if it fails to achieve the minimum technical score indicated in the Appendix "ITC".

2.8 Public Opening and Evaluation of Financial Proposal

2.8.1 After Technical Proposal evaluation, the Client shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and Terms of Reference, indicating that their Financial Proposals will be returned after completing the selection process. The Client shall simultaneously notify the consultants who have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals and stating that the opening ceremony is open to those consultants who choose to attend. The opening date shall not be sooner than seven (7) days after the notification date. The notification may be sent by registered letter, cable, telex, facsimile or electronic mail.

2.8.2 The Financial Proposals shall be opened publicly in the presence of the consultants' representatives who choose to attend. The name of the consultant, the technical Scores and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. The Client shall prepare minutes of the public opening.

2.8.3 The evaluation committee will determine whether the financial proposals are complete (i.e. whether the consultant has costed all the items of the corresponding Technical Proposal and correct any computational errors. The cost of any un-priced items shall be assumed to be included in other costs in the proposal. In all cases, the total price of the Financial Proposal as submitted shall prevail.

2.8.4 While comparing proposal prices between local and foreign firms participating in a selection process in financial evaluation of Proposals, firms incorporated in Kenya where indigenous Kenyans own 51% or more of the share capital shall be allowed a 10% preferential bias in proposal prices. However, there shall be no such preference in the technical evaluation of the tenders. Proof of local incorporation and citizenship shall be required before the provisions

of this sub-clause are applied. Details of such proof shall be attached by the Consultant in the financial proposal.

2.8.5 The formulae for determining the Financial Score (Sf) shall, unless an alternative formulae is indicated in the Appendix "ITC", be as follows:- $Sf = 100 \times {}^{FM}/_{F}$ where Sf is the financial score; Fm is the lowest priced financial proposal and F is the price of the proposal under consideration. Proposals will be ranked according to their combined technical *(St)* and financial *(Sf)* scores using the weights *(T*=the weight given to the Technical Proposal: *P* = the weight given to the Financial Proposal; $T + p = 1$) indicated in the Appendix. The combined technical and financial score, S, is calculated as follows:- $S = St \times T\% + Sf \times P\%$. The firm achieving the highest combined technical and financial score will be invited for negotiations.

2.8.6 The tender evaluation committee shall evaluate the tender within 30 days of from the date of opening the tender.

2.8.7 Contract price variations shall not be allowed for contracts not exceeding one year (12 months).

2.8.8 Where contract price variation is allowed, the variation shall not exceed 10% of the original contract price

2.8.9 Price variation requests shall be processed by the procuring entity within 30 days of receiving the request.

2.9 Negotiations

1.1.1. Negotiations will be held at the same address as "address to send information to the Client" indicated in the Appendix "ITC". The aim is to reach agreement on all points and sign a contract.

1.1.2. Negotiations will include a discussion of the Technical Proposal, the proposed methodology (work plan), staffing and any suggestions made by the firm to improve the Terms of Reference. The Client and firm will then work out final Terms of Reference, staffing and bar charts indicating activities, staff periods in the field and in the head office, staff-months, logistics and reporting. The agreed work plan and final Terms of Reference will then be incorporated in the "Description of Services" and form part of the Contract. Special attention will be paid to getting the most the firm can offer within the available

budget and to clearly defining the inputs required from the Client to ensure satisfactory implementation of the assignment.

1.1.3. Unless there are exceptional reasons, the financial negotiations will not involve the remuneration rates for staff (no breakdown of fees).

1.1.4. Having selected the firm on the basis of, among other things, an evaluation of proposed key professional staff, the Client expects to negotiate a contract on the basis of the experts named in the proposal. Before contract negotiations, the Client will require assurances that the experts will be actually available. The Client will not consider substitutions during contract negotiations unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were offered in the proposal without confirming their availability, the firm may be disqualified.

1.1.5. The negotiations will conclude with a review of the draft form of the Contract. To complete negotiations the Client and the selected firm will initial the agreed Contract. If negotiations fail, the Client will invite the firm whose proposal received the second highest score to negotiate a contract.

1.1.6. The procuring entity shall appoint a team for the purpose of the negotiations.

2.10 Award of Contract

2.10.1 The Contract will be awarded following negotiations. After negotiations are completed, the Client will promptly notify other consultants on the shortlist that they were unsuccessful and return the Financial Proposals of those consultants who did not pass the technical evaluation.

2.10.2 The selected firm is expected to commence the assignment on the date and at the location specified in Appendix "A".

2.10.3 The parties to the contract shall have it signed within 30 days from the date of notification of contract award unless there is an administrative review request.

2.10.4 The procuring entity may at any time terminate procurement proceedings before contract award and shall not be liable to any person for the termination.

2.10.5 The procuring entity shall give prompt notice of the termination to the tenderers and on request give its reasons for termination within 14 days of receiving the request from any tenderer.

2.10.6 To qualify for contract awards, the tenderer shall have the following:

(a) Necessary qualifications, capability experience, services, equipment and facilities to provide what is being procured.
(b) Legal capacity to enter into a contract for procurement
(c) Shall not be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the foregoing.
(d) Shall not be debarred from participating in public procurement.

2.11 Confidentiality

2.11. Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the winning firm has been notified that it has been awarded the Contract.

2.12 Corrupt or fraudulent practices

2.12.1 The procuring entity requires that the consultants observe the highest standards of ethics during the selection and award of the consultancy contract and also during the performance of the assignment. The tenderer shall sign a declaration that he has not and will not be involved in corrupt or fraudulent practices.

2.12.2 The procuring entity will reject a proposal for award if it determines that the consultant recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question.

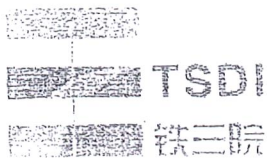
2.12.3 Further a consultant who is found to have indulged in corrupt or fraudulent practices risks being debarred from participating in public procurement in Kenya.

ANNEXURE 5

SUBMISSIONS TO THE PUBLIC INVESTMENT COMMITTEE ON SGR

The Third Railway Survey and Design

Institute Group Corporation



AUGUST 2014

in the aspects of transport network planning, compilation of specifications, survey, design and consultancy. TSDI has come out at the top of the 100 best survey and design firms of the country in terms of its overall strength. It has been approved by the Lloyd's Register Quality Assurance, Health and Safety Management System and Environmental Management System. TSDI owns Transit Survey and Design Engineering Lab, Academician Experts Program and Post-doctoral Program, which are equipped with advanced instruments. Being the holder of government-issued Class A qualification certificates concerning engineering design, it is qualified to undertake all the design services in 21 engineering design industries of China. As an international member of FIDIC, it is also qualified to contract to the assignment of overall contracting within the admissible scope of Class I qualification certificates concerning overall contracting of construction.

TSDI has accomplished the survey and design of more than 60,000km railway, of which more than 34,000km were open to traffic by the end of 2013, amounting to over one third of the total of the state. TSDI has accomplished the design of 8,100km high-speed railway including railways under construction and open to traffic, TSDI makes great contribution to China's railway construction and it has completed the survey and design of foreign railways over 4,000 km, earning high

international reputation.

As the overall designer, TSDI undertakes the design of Beijing-Shanghai high-speed railway and also completed the design of a large number of large-scale railway stations and integrated traffic terminals such as Beijing South Railway Station, Tianjin Railway Station, and Shanghai Hongqiao Railway Station and so on. TSDI comes out at the top of the occupied market share in the field of urban mass transit. As the overall contractor, it has accomplished design tasks of 13 lines in 6 cities, which are Shenzhen, Shanghai, Beijing, Tianjin, Shenyang and Dalian. In China, TSDI takes the lead in the research and design of maglev system. As for the international design and consultancy, TSDI has accomplished or been undertaking the survey, design and consultancy works of 70 projects in more than 30 countries, such as Tanzania to Zambia Railway Project, Kenya Mombasa to Nairobi Railway Project, Ethiopia Addis Ababa to Djibouti Railway Project, Sierra Leone Mining Railway Project, Nigeria railway project, Philippines railway project, Thailand High Speed Railway Project and so on.

In the past 50 years or more, The 3rd Railway Survey & Design Institute has obtained various awards totaling 277pieces, in which there is 1 piece of Lu Ban Award, 6 pieces of Zhan Tianyou Award, 11 pieces of National Gold Award, 23 pieces of Silver Award and 5 pieces of Bronze Award;

and 124 pieces of national and provincial (ministerial) award for progress in science and technology. The standards and specifications complied by itself have won 78 pieces of national and provincial (ministerial) award, in which there is 1 piece of National Gold Award, 6 pieces of Silver Award, and 3 pieces of Bronze Award; and the software developed independently have won 64 pieces of national and provincial (ministerial) award, in which there are 9 pieces of National Silver Award and 8 pieces of Bronze Award.

TSDI's Performance in Africa

No.	Name of Project	Country/Type of project	Work period	Completion Status
1	Addis Ababa-Djibouti Port Railway Project in Ethiopia	Ethiopia, Djibouti/project management, design consultation and project supervision	Feb. 2013- now	In progress
2	Project aiding to repairing and renovation of Tanzania-Zambia Railway	Tanzania, Zambia/preliminary survey and feasibility studies	2012.3-2013.3	Completed
3	Internal EPC of implementation management of aiding to Nairobi municipal road reconstruction project in Kenya	Kenya/project management and supervision	2007.6-2008.9	Completed
4	Repairing and renovation of Bongor-Baia Railway and dedicated Railway of Luanda Port in Angola	Angola/railway survey design	2003.4-2005.10	Completed
5	Research on railways and highways planning consultation in northern region of Kenya	Kenya/transportation planning study	2011.8-2011.12	Completed
6	Research on special national transportation planning consultation in Zambia	Zambia /transportation planning study	2012.3-2012.12	Completed

Main Consultancy & Construction Supervision Performance of TSDI

No.	Name of Project	Country	Standard	Work Scope	Client	Contract Amount	Construction Contractor	Work Period	Completion Status
1	Addis Ababa-Djibouti Port Railway Project	Ethiopia &Djibouti	Chinese Railway Standard	Consultancy of Design Review and Construction Supervision	Ethiopian Railway Corporation Djibouti Railway Corporation.	$46,454,377 USD	CRECG (China Railway Engineering Corporation Group) CRCC (China Railway Construction Corporation)	2013.02-Now	In progress
2	Harbin-Dalian Passenger Dedicated Railway JL-3 Section	China	Chinese Railway Standard	Consultancy of Design Review and Construction Supervision	Harbin-Dalian Passenger Dedicated Railway Company	$26,280,000 USD	CCCC (China Communications Construction Company Ltd.)	2007.8-2012.12	Completed
3	Zhengzhou-Xi'an Passenger Dedicated Railway	China	Chinese Railway Standard	Consultancy of Design Review and Construction Supervision	Zhengzhou-Xi'an Passenger Dedicated Railway Company	$2,900,000 USD	CRCC (China Railway Construction Corporation)	2005.9-2009.9	Completed
4	Beijing-Shijiazhuang Passenger Dedicated Railway	China	Chinese Railway Standard	Consultancy of Design Review and Construction Supervision	Beijing-Shijiazhuang Passenger Dedicated Railway Company	$5,830,000 USD	CRCC (China Railway Construction Corporation)	2008.10-2012.7	Completed
5	Beijing-Shanghai High Speed Railway	China	Chinese Railway Standard	Consultancy of Design Review and Construction Supervision	Beijing-Shanghai High Speed Railway Company	$17,600,000 USD	CCCC (China Communications Construction Company Ltd.) CRECG (China Railway Engineering Corporation Group)	2008.1-2011.6	Completed
6	Shijiazhuang-Wuhan Passenger Dedicated Railway	China	Chinese Railway Standard	Consultancy of Design Review and Construction Supervision	Beijing-Guangzhou Passenger Dedicated Railway Company	$8,870,000 USD	CRECG (China Railway Engineering Corporation Group)	2008.10-2012.6	Completed

7	Guangzhou-Zhuhai Urban Rail Project	China	Chinese Railway Standard	Design Review and Construction Supervision	Guangdong Zhujiang Delta Urban Rail Transit Company	$13,550,000 USD	CRECG (China Railway Engineering Corporation Group) CRCC (China Railway Construction Corporation)	2005.12-2009.6	Completed
8	Tianjin-Qinhuangdao Passenger Dedicated Railway	China	Chinese Railway Standard	Construction Supervision	Tianjin-Qinhuangdao Passenger Dedicated Railway Company	$7,650,000 USD	CRCC (China Railway Construction Corporation)	2008.11-2012.10	Completed
9	Panjin-Yingkou Passenger Dedicated Railway	China	Chinese Railway Standard	Construction Supervision	Beijing-Shenyang Passenger Dedicated Railway Company	$5,560,000 USD	CRCC (China Railway Construction Corporation)	2009.6-Now	In Progress
10	Beijing-Tianjin High Speed Railway Extention Line	China	Chinese Railway Standard	Construction Supervision	Jinbin Intercity High Speed Railway Company	$3,730,000 USD	CRCC (China Railway Construction Corporation)	2009.7-Now	In Progress
11	Haerbin-Qiqihaer Passenger Dedicated Railway	China	Chinese Railway Standard	Construction Supervision	Haerbin-Qiqihaer Passenger Dedicated Railway Company	$7,017,000 USD	CRCC (China Railway Construction Corporation)	2009.10-Now	In Progress
12	Hangzhou-Changsha Passenger Dedicated Railway	China	Chinese Railway Standard	Construction Supervision	Shanghai-Kunming Passenger Dedicated Railway Company	$13,320,000 USD	CRECG (China Railway Engineering Corporation Group) CRCC (China Railway Construction Corporation)	2010.04-Now	In Progress
13	Shanxi Central-South Railway	China	Chinese Railway Standard	Construction Supervision	Jinjiluyu Railway Corridors Company	$3,830,000 USD	CRCC (China Railway Construction Corporation)	2010.04-Now	In Progress
14	Hefei-Fuzhou Railway	China	Chinese Railway Standard	Construction Supervision	Beijing-Fuzhou Railway Company	$7,280,000 USD	CRECG (China Railway Engineering Corporation Group)	2010.03-Now	In Progress

1.2 Background of the Tendering of the SGR

Consortium Composition

TSDI noticed an International Tender Notice: Request for Proposal on Consultancy Services for SGR by Kenya Railways Corporation in July, 2013. A delegation of TSDI then was sent to Nairobi to follow up such information, when APEC approached us and also invited Ms. Edon International who have vast experience on architectural works locally and internationally. TSDI had a very good cooperation with APEC during the bidding for the project Design, Build and Finance of the Nairobi JKIA Commuter railway. So we decided to form a consortium with APEC and EDON.

With a consortium of three team members and relevant experience, we proceeded to prepare both the Technical and Financial proposals for the SGR Project.

KENYA RAILWAYS CORPORATION

REQUEST FOR PROPOSAL

CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA, AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVES AND ROLLING STOCK.

INTERNATIONAL TENDER NOTICE: TENDER NO. KRC/PLM/009/13-14

Kenya Railways is a State Corporation (KRC) established under Kenya Railways Corporation Act (Cap 397) of the Laws of Kenya.
Pursuant to its mandate to develop and operate railways in the country and in line with its Strategic Plan and Vision 2030, the Corporation intends to develop high capacity, high speed standard gauge railway from the port of Mombasa to Nairobi. In this regard, the Corporation will engage Engineering, Procurement and Construction (EPC) contractor to deliver a turnkey project for the civil works, track works and procurement and installation of facilities, locomotives and rolling stock.

KR now invites proposals from qualified consulting firms for the following services: Consultancy Services for Design Review and Construction Supervision for the Construction of a Standard Gauge Railway from Mombasa to Nairobi, Kenya, and procurement and installation of facilities, locomotives and rolling stock.

Interested eligible consultants may view/obtain further information or download the RFP documents from KR's website: www.krc.co.ke/procurement starting from Wednesday 24th July 2013. Completed RFP documents in plain sealed envelopes clearly marked with the 'Tender No' and the "Description of the Tender" shall be addressed to:

THE MANAGING DIRECTOR
KENYA RAILWAYS CORPORATION
P.O. BOX 30121 – 00100
NAIROBI, KENYA

and be deposited in the Tender Box in the office of The Procurement Manager, Kenya Railways Headquarters, Block C 1st Floor, Workshops Road – off Haile Selassie Avenue on or before 12.00 noon East African Time on Thursday 29th August 2013. The RFP documents will be opened thereafter in the presence of the tenderers' representatives who choose to attend at the Kenya Railways Headquarters, Block C, 1st Floor Conference Room.

L. NJOROGE
PROCUREMENT MANAGER
FOR: MANAGING DIRECTOR

Kenya Vision 2030

KENYA RAILWAYS

Technical Proposal

Technically, our consortium drew from the broad experience of TSDI where the latter has done 60,000kms of railway line and both APEC and EDON's market leadership in the civil engineering and architectural fields respectively. Both firms are also well versed and experienced in contract administration and documentation. Subsequently, our consortium selected staff broad

requisite exeperience in all areas of the SGR Project including Track/Rolling Stock to ensure that quality is not compromised in any way.

Finally our team presented a technical proposal which we believed was perfectly in line with the requirements of the TOR and one which we believed was competitively had chances to win.

Financial Proposal

The pricing regime for the consortium was informed by varoius underpinng factors as follows ;

I. Opportunities to be availled by the successful completion of the SGR project

From the Terms of Reference, it was clear that the SGR section from Mombasa to Nairobi was only part of the programme of the SGR project. i.e 15% of the total envisaged line length from Mombasa to Kigali via Kampala with the branchline to Juba in South Sudan. As such, by entering into the SGR market and

successfully implementting it, it only meant further opportunities. To this the consortium resolved to offer a very competitive price based on :

Price = Cost + Minimal overheads + Minimal Profits

The consortium foresaw the compensation for profits being through future opportunities whose chances will be highly increased after entering the market and effective implementing the same to the highest standards ever.

II. A high proportion of the local staff.

Informed by the Kenyan Government efforts to strengthen local capacity, the consortium constituted a team of experts comprising of 60% Kenyan Nationals and 40% Chinese nationals. Given the manmonth rates for the Kenyan nationals are relatively low, the intended effect was to have a competitively low price.

III. The stiff competition presented by the interest shown during pre-bid conference.

During the pre-bid conference, it was clear that there were firms from all over the world who were interested in the project. Our experience in the market for the last 10 years has shown that firms from the eastern part of the world and in particular the chinese firms can quote prices which a very very low. This probably because they are all government entities with other guiding interests rather than profits. During the pre-bid meeting the chinese associated firms were more than seven and our consortium had then to price competitively inorder to win.

Pecking Order ;

In the consortium, TSDI is the Lead Firm producing the Team Leader and APEC and EDON are members in the consortium with each producing a Deputy Team Leader.

2. Working Content and Responsibility of TSDI

Explanation of Design Review Group Input for SGR Project

2.1 The SGR Project applies Chinese Railway Standard and Specification. The EPC contractor (CRBC) is responsible for the preliminary design and construction drawing design (detailed design);

2.2 During the bidding in October of 2013, the Consortium discussed the division of work and took consideration of the following aspects:

2.2.1 The SGR project applies Chinese Railway Standard and Specification. The engineers of TSDI are experienced and very familiar with Chinese Railway Standard and Specification.

2.2.2 The local engineers of APEC and EDON know local conditions quite well and are full of local experiences.

In view of the above aspects and based on the experience and qualifications of the consortium members, the consortium discussed and reached consensus and the general principle that TSDI is mainly responsible for design review and APEC&EDON are mainly responsible for construction supervision.

3. Statement on the Independence of TSDI

The Third Railway Survey and Design Institute Group Corporation ("TSDI" for short) is an enterprise legal person legally established in China in accordance with the laws and regulations of the People's Republic of China. There's no equity relationship in the manner of control or joint control between TSDI and CRBC, which is shown as below.

Key

SASAC --- State-owned Assets Supervision and Administration Commission of the State council

CRC --- China Railway Corporation

CCCC --- China Communications Construction Co., Ltd

CRECG --- China Railway Engineering Corporation Group

CRIC --- China Railway Construction Investment Company

CRBC --- China Road and Bridge Corporation

CRGL --- China Railway Group Limited

TSDI --- The Third Railway Survey and Design Institute Group Corporation

CRCC ---China Railway Construction Corporation

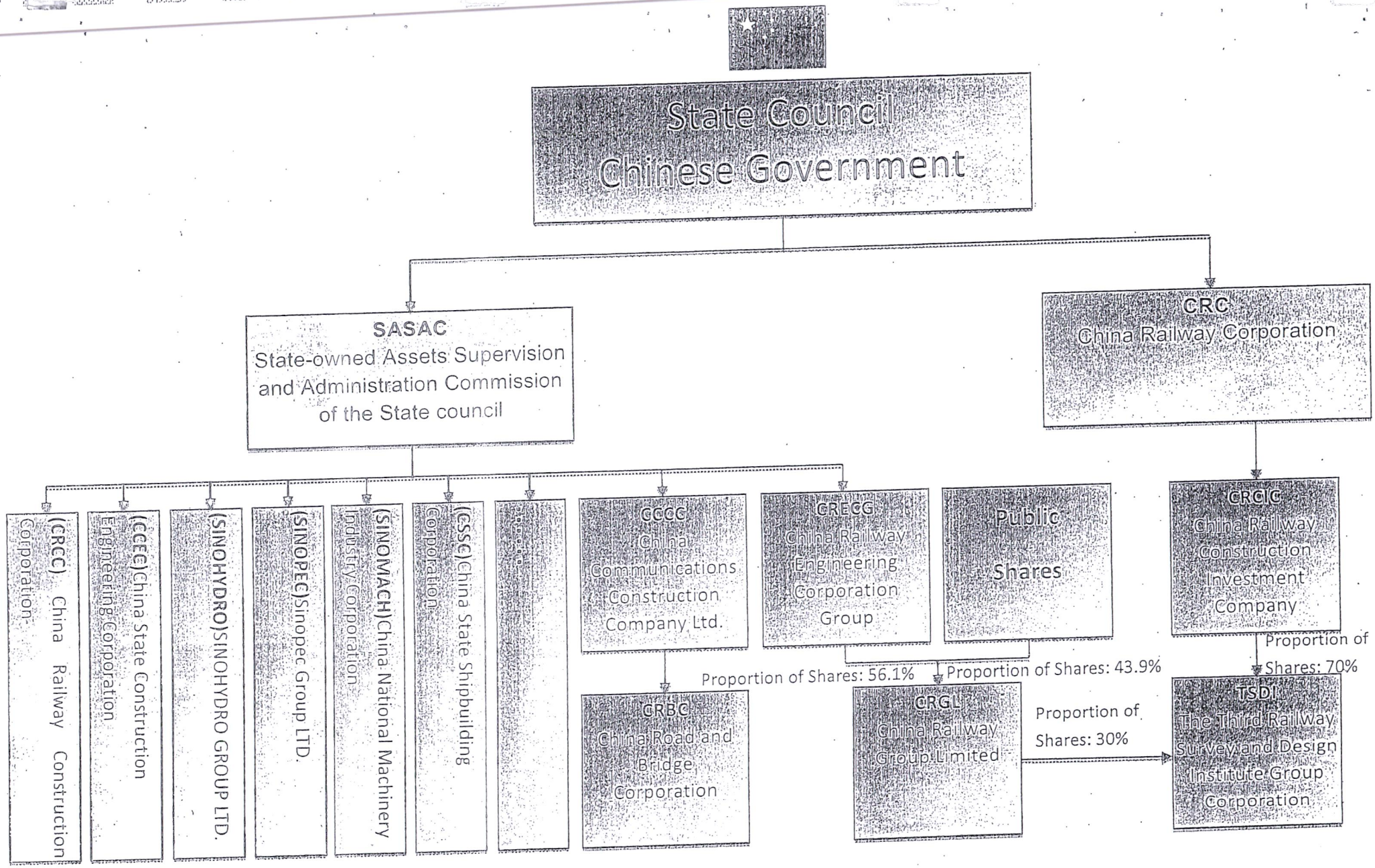
CCEC --- China State Construction Engineering Corporation

SINOHYDRO ---Sinohydro Group Ltd.

SINOPEC ---Sinopec Group LTD.

SINOMACH --- China National Machinery Industry Corporation

CSSC --- China State Shipbuilding Corporation


State Council
Chinese Government
SASAC
State-owned Assets Supervision and Administration Commission of the State council
CRC
China Railway Corporation
(CRCC) China Railway Construction Corporation
(CCEC)China State Construction Engineering Corporation
(SINOHYDRO)SINOHYDRO GROUP LTD.
(SINOPEC)Sinopec Group LTD.
(SINOMACH)China National Machinery Industry Corporation
(CSSC)China State Shipbuilding Corporation
CCCC
China Communications Construction Company Ltd.
GRECG
China Railway Engineering Corporation Group
Public
Shares
CRCIC
China Railway Construction Investment Company
Proportion of Shares: 70%
Proportion of Shares: 56.1%
Proportion of Shares: 43.9%
CRBC
China Road and Bridge Corporation
CRGL
China Railway Group Limited
Proportion of Shares: 30%
TSDI
The Third Railway Survey and Design Institute Group Corporation

SASAC (State-owned Assets Supervision and Administration Commission of the State council) is an exclusive authority under direct management of the Chinese State Council. Authorized by the State Council, in accordance with the Company Law of the People's Republic of China and other administrative regulations, SASAC performs investor's responsibilities; supervises and manages the state-owned assets of the enterprises under the supervision of the Central Government (excluding financial enterprises), and enhances the management of the state-owned assets.

CRC---China Railway Corporation (CHINA RAILWAY for short) is a solely state-owned enterprise established under the approval of the State Council of the Chinese Government according to the Law of Industrial Enterprises Owned by the Whole People of the PRC. CHINA RAILWAY is under the administration of the central government, and the Financial Ministry of Chinese Government shoulder the responsibility as the capital contributor on behalf of State of Council, and Ministry of Transport and State Railway Administration have supervision on CHINA RAILWAY.

CRCIC---China Railway Construction Investment Company is the state railway investment organization solely invested by China Railway Corporation.

TSDI---The Third Railway Survey and Design Institute Group

Corporation is the subsidiary corporation of China Railway Construction Investment Company holding 70% of share and the rest 30% is held by China Railway Group Ltd.

CRECG---China Railway Engineering Corporation Group is a central enterprise under supervision of SASAC.

CRGL---China Railway Group Ltd. is a listed company initiated and set up by CRECG with shareholding ratio of 56.1% and the remaining is public shares.

CCCC---China Communications Construction Co., Ltd is a central enterprise under supervision of SASAC.

CRBC---China Road and Bridge Engineering Co., Ltd is the wholly-owned subsidiary of China Communications Construction Co., Ltd.

In summary, there is no equity relationship in the manner of control or joint control between TSDI and CRBC. There is no legal basis if you doubt the independence and fairness just because they are all registered in China.

According to the stipulations of the International Accounting Standard 24 --- Related Party Disclosures (IAS 24), two entities without any other relationship simply because they are controlled by the government in common are not related parties.

supervisory panels to the supervised enterprises on behalf of the state council and takes charge of daily management of the supervisory panels.

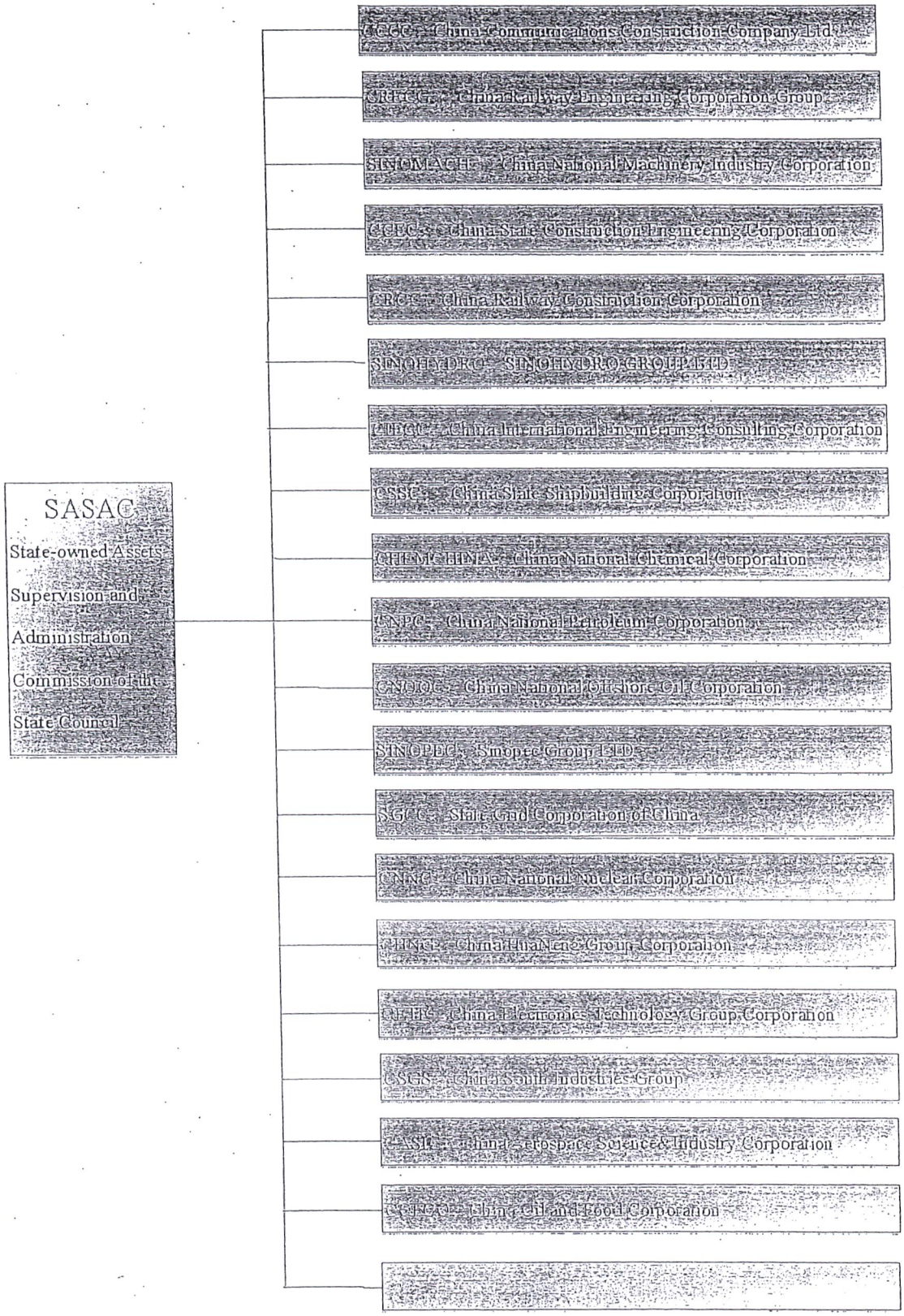
(6) SASAC is responsible for organizing the supervised enterprises to turn the state-owned capital gains over to the state, participates in formulating management system and methods of the state-owned capital operational budget, and is responsible for working out the state-owned capital operational budget and final account and their implementation in accordance with related regulations.

(7) SASAC is responsible for urging the supervised enterprises to carry out the guiding principles, policies, related laws and regulations and standards for safety production and inspects the results in accordance with the responsibilities as investor.

(8) SASAC is responsible for the fundamental management of the state-owned assets of enterprises, works out draft laws and regulations on the management of the state-owned assets, establishes related rules and regulations and directs and supervises the management work of local state-owned assets according to law.

(9) SASAC undertakes other tasks assigned by the State Council.

5. Structure Chart of SASAC



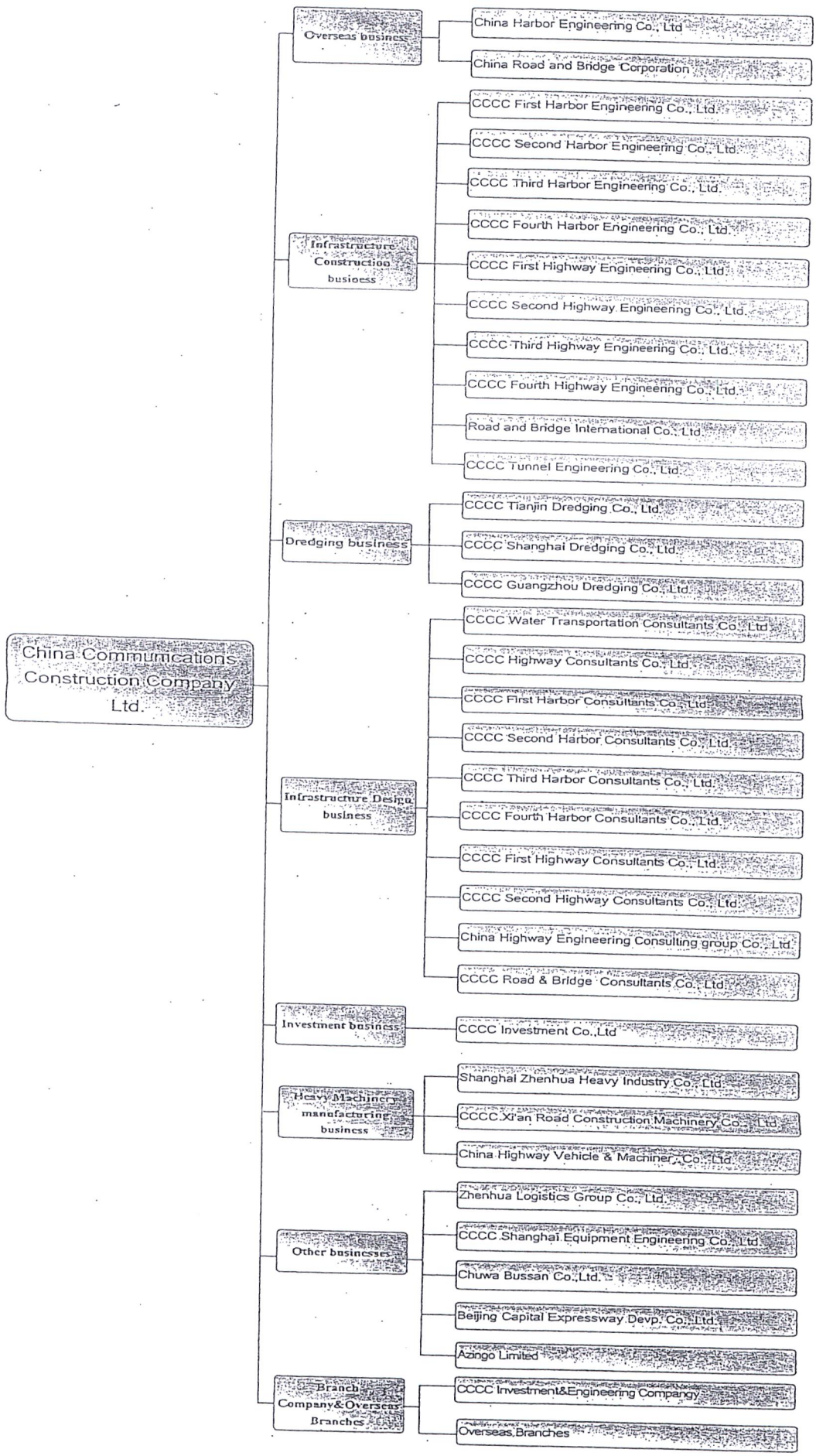
List of SOEs under SASAC

1	China National Nuclear Corporation	63	China Automobile Industry Corporation
2	China Nuclear Engineering Group Corporation	64	China Machinery Industry Group Corporation
3	China Aerospace Science and Technology Corporation	65	China Mechanical Engineering Research Institute
4	China Aerospace Science & Industry Corporation	66	Chinese Academy of Agricultural Mechanization Sciences
5	Aviation Industry Corporation of China	67	Sinosteel Corporation
6	China State Shipbuilding Corporation	68	China Metallurgical Construction Group Co., Ltd.
7	China Shipbuilding Industry Corporation	69	China Iron and Steel Research Institute
8	China North Industries Group Corporation	70	China National Chemical Corporation
9	China South Industries Group	71	China National Chemical Engineering Group Corporation
10	China Electronics Technology Group Corporation	72	China National Chemical Construction Corporation
11	China National Petroleum Corporation	73	Sinolight Corporation
12	China Petrochemical Corporation	74	China Light Industry Foreign Economic and Technological Cooperation Corporation
13	China National Offshore Oil Corporation	75	China Light Industrial Corporation for Foreign Economic and Technical Co-operation
14	State Grid Corporation of China	76	China National Arts & Crafts (Group) Corp.
15	China Southern Power Group Corporation	77	China National Salt Industry Corporation
16	China HuaNeng Group Corporation	78	China Hi-Tech Group Corporation
17	China Datang Group Corporation	79	China National Materials Group Corp., Ltd.
18	China Huadian Group Corporation	80	China National Building Material Group Corporation
19	China Guodian Corporation	81	China Nonferrous Metal Mining (Group) Co., Ltd.
20	China Power Investment Corporation	82	Beijing General Research Institute of Mining and Metallurgy
21	China Three Gorges Corporation	83	China International Itellectech Corp
22	Shenhua Group Corporation Ltd.	84	China Far East International Trading Corporation
23	China Telecommunications Corporation	85	CHINA NATIONAL INVESTMENT & GUARANTY CO.,LTD
24	China Network Communications Group	86	China geo Engineering Corporation
25	China Mobile Communications Corporation	87	China Real Estate Development Corporation
26	China Electronic Information Industry Group	88	China CNR Corporation Limited

	Co., Ltd.		
27	China First Automobile Works Group	89	Corporation Limited
28	Dongfeng Motor Corporation	90	China Railway Signal & Communition Corp
29	China First Heavy Machinery Group Co., Ltd.	91	China Railway Engineering Construction Group Corporation
30	China Second Heavy Machinery Group Co., Ltd.	92	China Railway Construction Corporation Limited
31	Harbin Power Equipment Group Co., Ltd.	93	China Communications construction company limited
32	China Dongfang Electric Corporation	94	China National Postal and Telecommunications Appliances Corp
33	Anshan Iron and Steel Group Corporation	95	China Satellite Communications Corporation
34	Shanghai Bao Steel Group Corporation	96	China Academy of Telecommunications Technology
35	Wuhan Iron and Steel Company	97	China Water Investment Group Corporation
36	Aluminum Corporation of China	98	China agricultural development group corporation
37	China Ocean Shipping(Group) Corporation	99	China's agricultural reclamation (group) corp
38	China Shipping(Group)Corporation	100	China National Seed Group Corporation
39	China National Aviation Holding Company	101	Chinatex Corporation
40	China Eastern Airlines Group	102	China National Arts and Crafts Import and Export Corporation
41	China Southern Airlines Group	103	China National Light Industrial Products Import and Export Corporation
42	Sinochem Corporation	104	China National Service Corporation for Chinese Personnel Working Abroad
43	China Oil and Food Corporation	105	China National Biotec Group
44	China Minmetals Corporation	106	China record corporation
45	China General Technology Holding Co., Ltd.	107	China Forestry Group Corporation
46	China State Construction Engineering Corporation	108	China National Pharmaceutical Group Corporation
47	China Grain Reserves Corporation	109	CITS Group Corporation
48	State Development&Investment Corporation	110	China Architecture Design & Research Group
49	China Merchants Group	111	China Poly Group Corporation
50	China Resources(Group)Co., Ltd.	112	China Electronics Engineering Design Institute
51	HongKong China Travel(Group)Co., Ltd.	113	China National Administration of Coal Geology
52	China Energy Conservation Investment Corporation	114	ChinaTravelSkyHoldingCompany

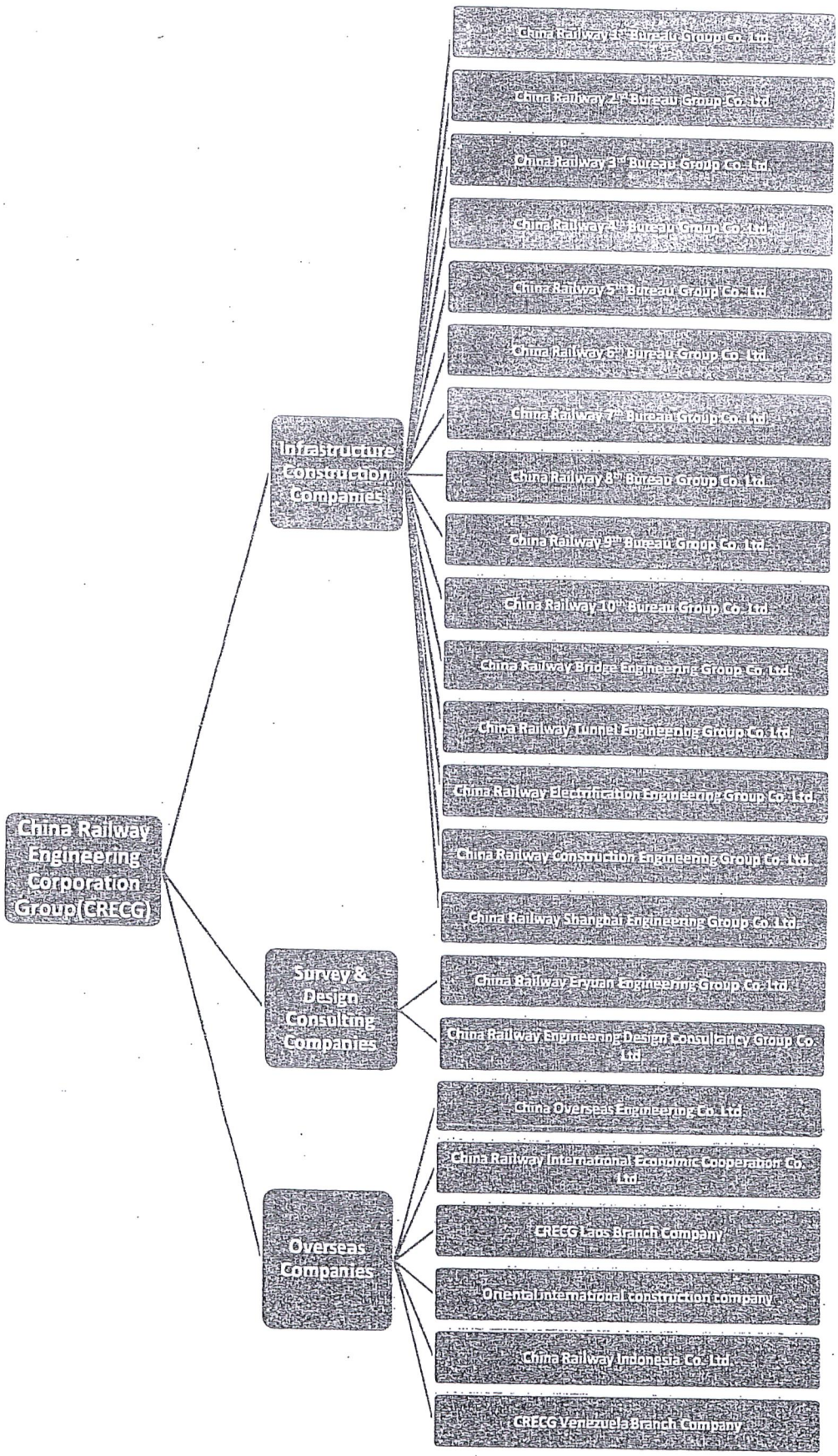
53	China Hi-tech Investment Group Co., Ltd.	115	China National Aviation Fuel
54	China International Engineering Consulting Corporation	116	ChinaAviationSuppliesImp. &Exp. Group Corporation
55	China Grain and Oil Group Corporation	117	China Power Engineering Consulting (Group) Corporation
56	China National Packaging Corporation	118	HYDROCHINA CORPORATION
57	Chinese Commerce Enterprise Group Co., Ltd.	119	Sinohydro Group Ltd.
58	China Huafu Trade Development Group Corporation	120	China National Gold Group Corp
59	China Chengtong Holding Corporation	121	China Gezhouba Corporation
60	China Huaxing Group Corporation	122	China railway materials corporation
61	China National Coal Group Corporation	123	China Tietong Telecom
62	China Coal Research Institute		

6.2 Internal Organization Chart of CCCC

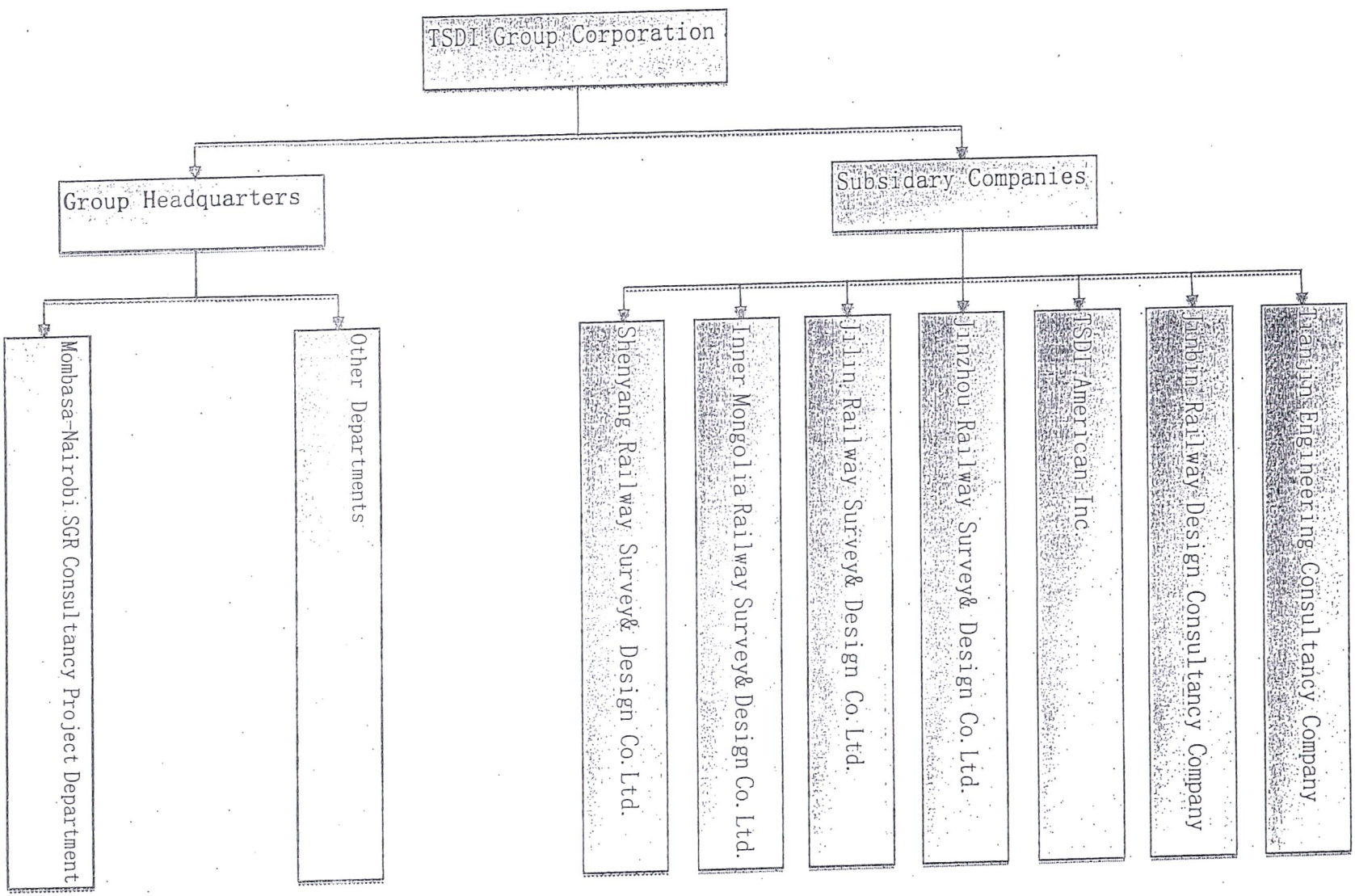


6. Internal Organization Chart of CRECG and CCCC

6.1 Internal Organization Chart of CRECG

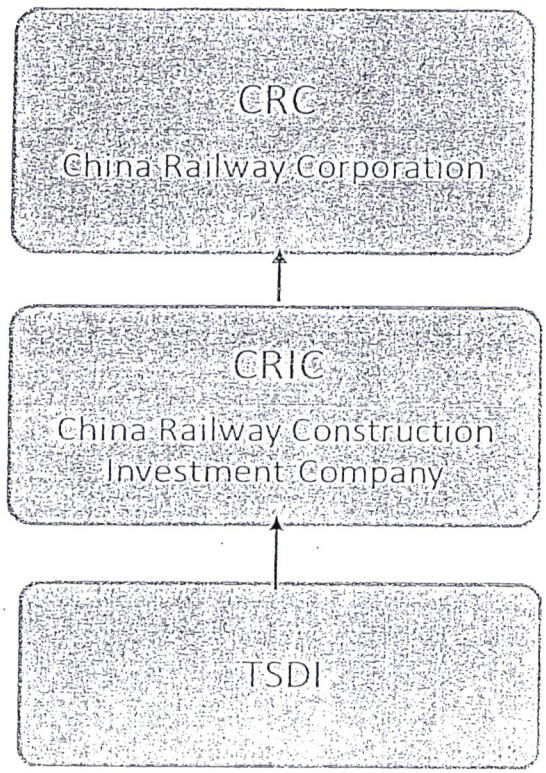


7. Organization Chart of TSDI



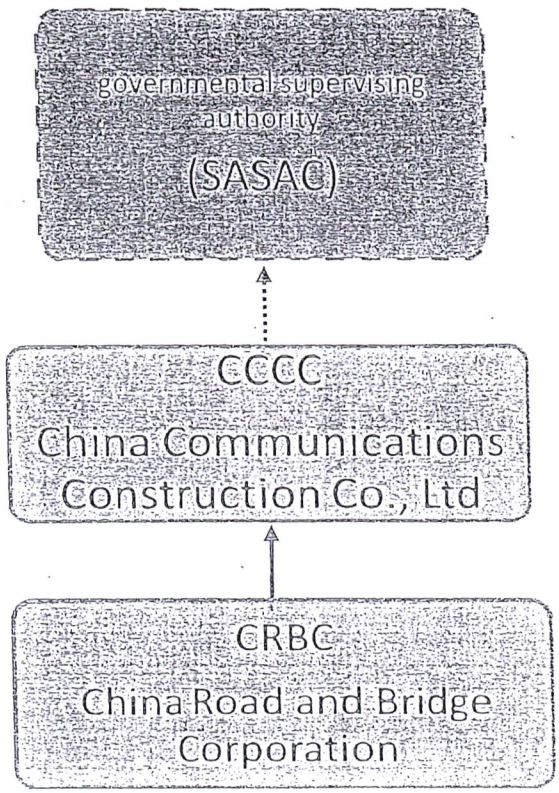
8. TSDI and CRBC REPORTING STRUCTURE

8.1 Reporting structure of TSDI



Note: The profit of TSDI will be reported to CRIC and then to CRC

8.2 Reporting structure of CRBC



The Profit of CRBC will only be reported to CCCC. SASAC is just responsible for supervison

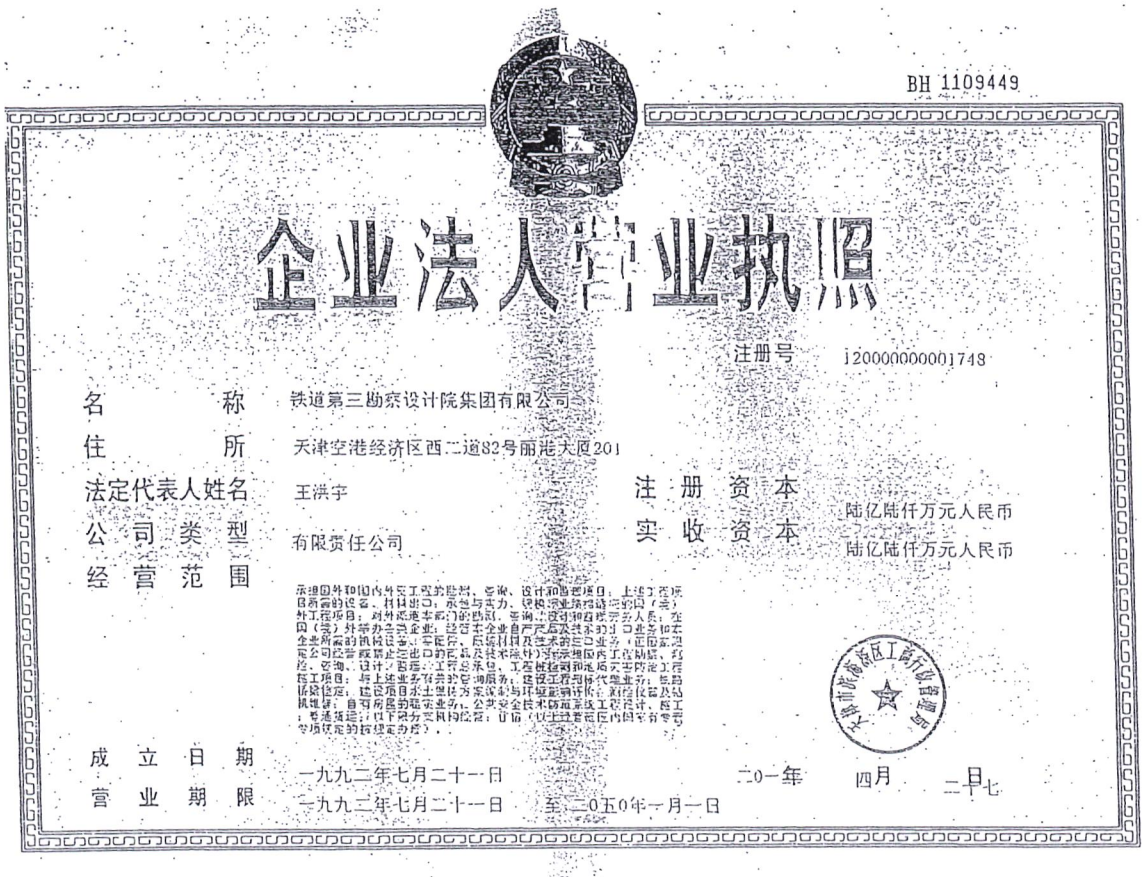
9. Conclusion

TSDI has taken more than 70 overseas projects in 30 different countries and accumulated rich experiences and expertise. TSDI is the top railway survey and design corporation in China and has accomplished the survey and design of more than 60,000km railway. TSDI is quite familiar with Chinese Railway code and specifications.

TSDI takes great importance to Kenya Mombasa to Nairobi SGR Project and is willing to share our rich railway expertise and experiences with Kenya. TSDI will also do best to undertake technical training and transfer and help Kenya local railway technical level.

TSDI looks forward to taking the opportunity to provide best consulting service for the project and promoting friendship of Kenya and China through our best efforts.

APPENDIX: Qualifications of TSDI



BH 1109449

企业法人营业执照

注册号 120000000001748

名　　称　铁道第三勘察设计院集团有限公司

住　　所　天津空港经济区西二道82号丽港大厦201

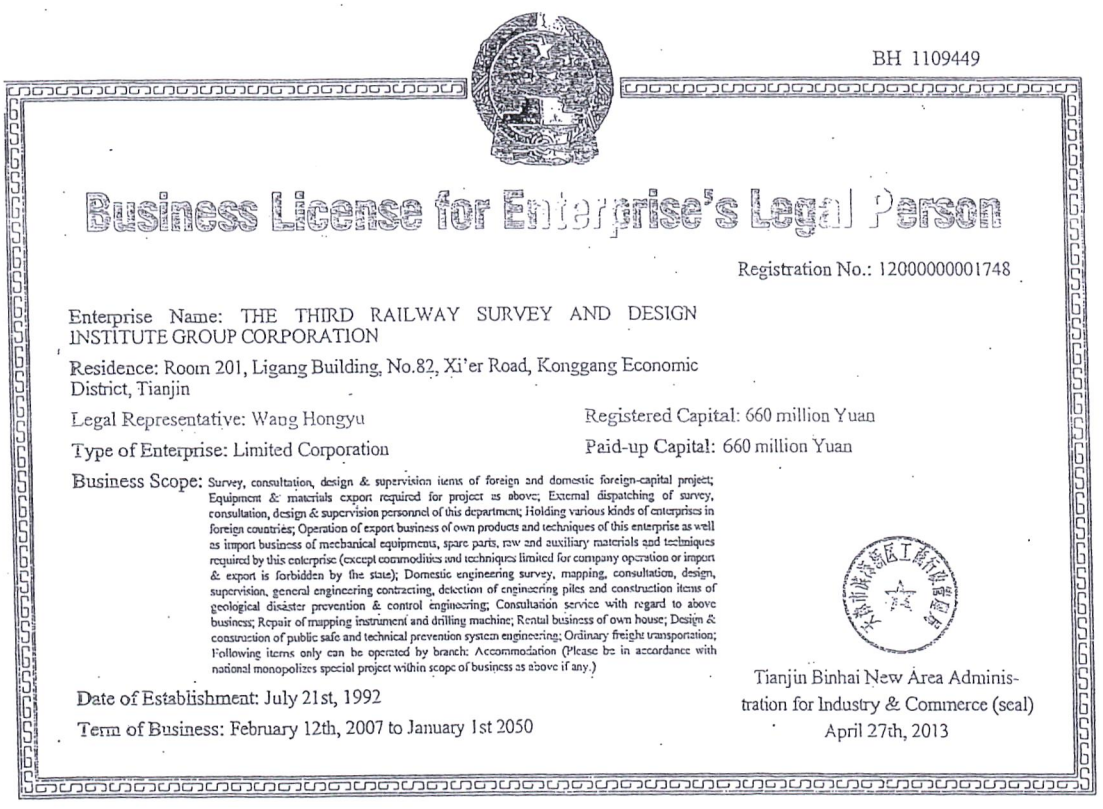
法定代表人姓名　王洪宇　　注册资本　陆亿陆仟万元人民币

公司类型　有限责任公司　　实收资本　陆亿陆仟万元人民币

经营范围　承担国外和国内外资工程的勘察、咨询、设计和监理项目；上述工程项目所需的设备、材料出口；承包与实力、经济技术援外相适应的国（境）外工程项目；对外派遣本系统的勘察、咨询、设计和监理等各类人员；在国（境）外举办各类企业；经营本企业自产产品及技术的出口业务和本企业所需的机械设备、零配件、原辅材料及技术的进口业务；（国家公司经营或禁止进出口的货品及技术除外）对外承揽国内工程的勘察、设计、咨询、设计（甲级）工程总承包、工程监理和施工总承包（特级工程施工项目；施工总承包）有关的管理服务；建设工程项目技术经济咨询；地质灾害危险性评估；地震安全性评估；建设项目水土保持方案编制与环境影响评价；测绘仪器及钻机维修；自有房屋的租赁业务。公共安全技术防范系统工程设计、施工；普通货运；（以下限分支机构经营：甘肯（以上经营范围在国家有专项规定的按规定办理）。

成立日期　一九九二年七月二十一日　　二〇一年　四月　二十七日

营业期限　一九九二年七月二十一日　至　二〇五〇年一月一日



BH 1109449

Business License for Enterprise's Legal Person

Registration No.: 12000000001748

Enterprise Name: THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION

Residence: Room 201, Ligang Building, No.82, Xi'er Road, Konggang Economic District, Tianjin

Legal Representative: Wang Hongyu　　Registered Capital: 660 million Yuan

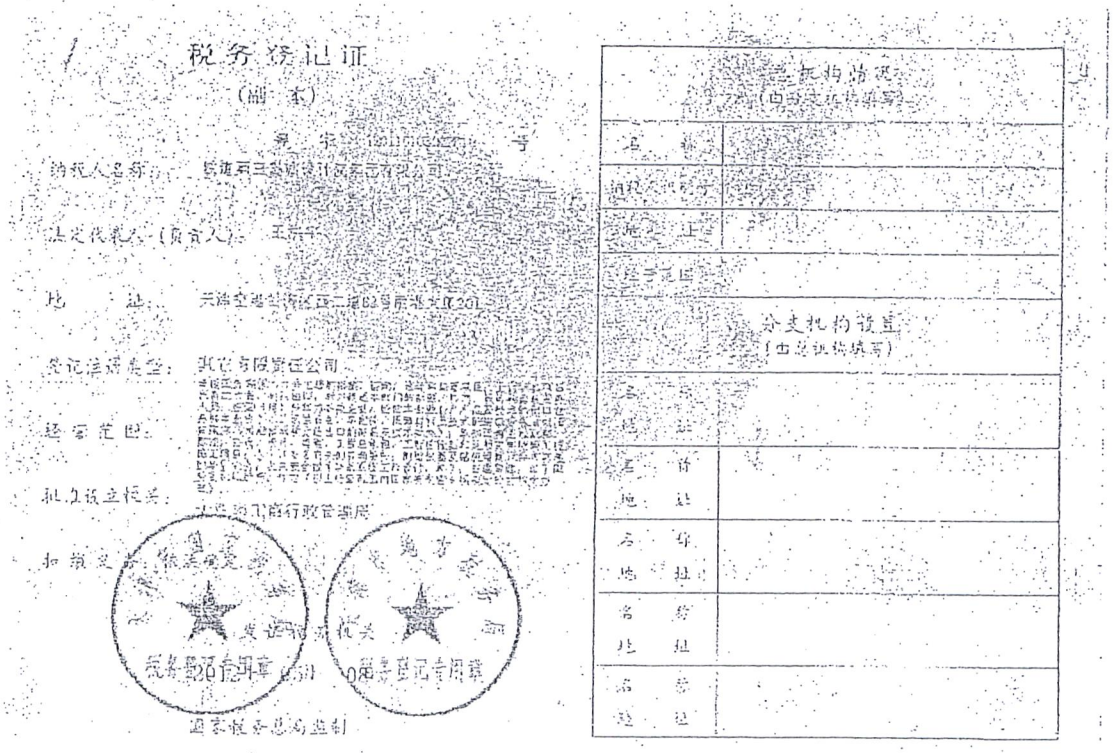
Type of Enterprise: Limited Corporation　　Paid-up Capital: 660 million Yuan

Business Scope: Survey, consultation, design & supervision items of foreign and domestic foreign-capital project; Equipment & materials export required for project as above; External dispatching of survey, consultation, design & supervision personnel of this department; Holding various kinds of enterprises in foreign countries; Operation of export business of own products and techniques of this enterprise as well as import business of mechanical equipments, spare parts, raw and auxiliary materials and techniques required by this enterprise (except commodities and techniques limited for company operation or import & export is forbidden by the state); Domestic engineering survey, mapping, consultation, design, supervision, general engineering contracting, detection of engineering piles and construction items of geological disaster prevention & control engineering; Consultation service with regard to above business; Repair of mapping instrument and drilling machine; Rental business of own house; Design & construction of public safe and technical prevention system engineering; Ordinary freight transportation; Following items only can be operated by branch: Accommodation (Please be in accordance with national monopolizes special project within scope of business as above if any.)

Date of Establishment: July 21st, 1992

Term of Business: February 12th, 2007 to January 1st 2050

Tianjin Binhai New Area Administration for Industry & Commerce (seal)
April 27th, 2013



税务登记证

（副本）

总机构情况（由总机构填写）	
名称	
纳税人识别号	
地址	
登记注册类型	
分支机构情况（由总机构填写）	
名称	
纳税人识别号	
地址	
名称	
地址	
名称	
地址	

Tax Registration Certificate

(Duplicate)

Jin Taxation Zi No.1 20116103062810

Taxpayer Name: The Third Railway Survey and Design Institute Group Corporation

Legal Representative (principal): Wang Hongyu

Address: Room 201, Ligang Mansion, No.82, Western 2nd Road, Konggang Economic District, Tianjin

Type of Registration: other limited liability company

Business Scope: Survey, consultation, design & supervision items of foreign and domestic foreign-capital project; Equipment & materials export required for project as above; External dispatching of survey, consultation, design & supervision personnel of this department; Holding various kinds of enterprises in foreign countries; Operation of export business of own products and techniques of this enterprise as well as import business of mechanical equipment, spare parts, raw and auxiliary materials and techniques required by this enterprise (except commodities and techniques limited for company operation or import & export is forbidden by the state); Domestic engineering survey, mapping, consultation, design, supervision, general engineering contracting, detection of engineering piles and construction items of geological disaster prevention & control engineering; Consultation service with regard to above business; Repair of mapping instrument and drilling machine; Rental business of own house; Design & construction of public safe and technical prevention system engineering; Ordinary freight transportation; Following items only can be operated by branch: Accommodation (Please be in accordance with national monopolized special project within scope of business as above if any.)

Approval Establishment Authority: Tianjin City Administration for Industry & Commerce

The Duty of Withdrawal is stipulated in accordance with the law.

Tax Authority of Issue:

Special Seal for Tax Registration of State Taxation Bureau of Tianjin City (seal)

Special Seal for Tax Registration of Local Taxation Bureau of Tianjin City (seal)

May 8, 2012

Made By the State Administration of Taxation

Head Office Status (Filled by branches)	
Name	
Identification number of taxpayer	
Address	
Business scope	
Branch Structuring (Filled by head office)	
Name Address	
Name Address	
Name Address	
Name Address	
Name Address	

测 绘 资 质 证 书

单 位 名 称：铁道第三勘察设计院集团有限公司

法定代表人：王洪宇

等级及编号：甲测资字12002002

有 效 期 至：2014 年 12 月 31日

业 务 范 围：

地理信息系统工程；摄影测量与遥感；大地测量：卫星定位测量、三角测量、水准测量、大地测量数据处理；工程测量：控制、地形、市政工程、建筑工程、精密工程、线路工程、地下管线、桥梁、隧道、变形(沉降)观测、形变、竣工测量。***

发证机关(印章)
铁三院投标项目专用章
2011 年 1 月 10日

国 家 测 绘 局 制

Certificate of Surveying and Mapping Qualification

Enterprise Name: THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION

Legal Representative: Wang Hongyu

Grade and Certificate No.: Class-A C. Z. Z. 12002002

Valid till: December 31st, 2014

Business Scope:

Geographic information system works; photogrammetric survey and remote sensing; geodetic survey: satellite positioning survey, triangulation, levelling survey, geodetic survey data processing; engineering survey: control, topography, municipal works, architectural works, precise engineering, alignment, underground pipelines, bridge, tunnel, deformation (settlement) observation, deformation, finish construction survey. ***

发证机关(印章)
Issued by: State Bureau of Surveying and Mapping (seal)
January 10th, 2011

Certificate made by State Bureau of Surveying and Mapping



评 估 单 位

资质等级证书

铁道第三勘察设计院集团有限公司经审查核定为甲级地质灾害危险性评估单位，特发此证书。

发 证 机 关

中华人民共和国国土资源部

证书编号：国土资地灾评资字第（ 2005102001 ）号

发证日期：2012 年 02 月 13 日

有效期至 2015 年 02 月 12 日



Evaluation Entity

Qualification Level Certificate

This is to certify that THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION is ratified as Class A Geological Hazard Evaluation Entity after examination.

Issuing Organization:

中华人民共和国国土资源部
Ministry of Land and Resources of the People's Republic of China (seal)

Certificate No.: G.T.Z.D.Z.P.Z.Z. No. (2005102001)

Date of Issue: February 13th, 2012

Valid till: February 12th, 2015



工程造价咨询企业

甲级资质证书

企业名称：铁道第三勘察设计院集团有限公司

证书编号：甲120112520311

有效期：自2013年01月01日

至2015年12月31日

发证机关：铁三院投标项目专用章

2012 年 12 月 26 日

中华人民共和国住房和城乡建设部制



Consulting Enterprise for Engineering Construction Cost

Class A Qualification Certificate

Enterprise Name: THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION

Certificate Number: Class A 120112520311

Valid from January 1st, 2013
to December 31st, 2015

Issued by: Ministry of Housing and Urban-Rural Development of the People's Republic of China (Seal)

Date: December 26th, 2012

Certificate made by Ministry of Housing and Urban-Rural Development of the People's Republic of China

工程咨询单位资格证书

单位名称：铁道第三勘察设计院集团有限公司　　资格等级：甲级

专　业	服务范围
铁路、城市轨道交通	规划咨询、编制项目建议书、编制项目可行性研究报告、项目申请报告、资金申请报告、评估咨询、工程设计*、招标代理*
公路、通信信息、市政公用工程（市政交通）、建筑、火电	编制项目建议书、编制项目可行性研究报告、项目申请报告、资金申请报告、评估咨询、工程设计*、招标代理*
水文地质	编制项目建议书、编制项目可行性研究报告、项目申请报告、资金申请报告、招标代理*
工程测量	规划咨询、编制项目建议书、编制项目可行性研究报告、项目申请报告、资金申请报告、评估咨询、招标代理*
岩土工程、市政公用工程（给排水）	编制项目建议书、编制项目可行性研究报告、项目申请报告、资金申请报告、工程设计*、招标代理*
生态建设和环境工程	编制项目可行性研究报告、项目申请报告、资金申请报告、工程设计*、招标代理*
综合经济	评估咨询

以上各专业均涵盖了本专业相应的节能或相关环境治理内容。取得编制项目可行性研究报告、项目申请报告资金申请报告、编制固定资产投资项目节能评估文件的能力；取得评估咨询资格的单位，具备对固定资产投资项目节能评估文件进行评审的能力。

证书编号：工咨甲 20220070005

证书有效期：至 2017 年 08 月 14 日　　2012 年 08 月 15 日

带*部分，以国务院有关主管部门颁发的资质证书为准

中华人民共和国国家发展和改革委员会制

Qualification Certificate of Engineering Consulting Enterprise

Enterprise Name: THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION　Qualification Level: Class A

Profession	Service Scope
Railway, Urban Rail Transit	Planning consulting, composing feasibility report, composing project proposal, project application report, fund application report, evaluation consulting, engineering design*, bidding proxy*
Highway, Communication & Information, Municipal Utilities (Public Transportation), Architecture, Thermal Power	Composing project proposal, composing feasibility report, project application report, fund application report, evaluation consulting, engineering design*, bidding proxy*
Hydrogeology	Composing project proposal, composing feasibility report, project application report, fund application report, bidding proxy*
Engineering Survey	Planning consulting, composing project proposal, composing feasibility report, project application report, fund application report, evaluation consulting, bidding proxy*
Geotechnical Engineering, Municipal Utilities (Water Supply and Drainage)	Composing project proposal, composing feasibility report, project application report, fund application report, engineering design*, bidding proxy*
Ecological Construction, Environment Engineering	Composing feasibility report, project application report, fund application report, engineering design*, bidding proxy*
Comprehensive Economy	Evaluation Consultation

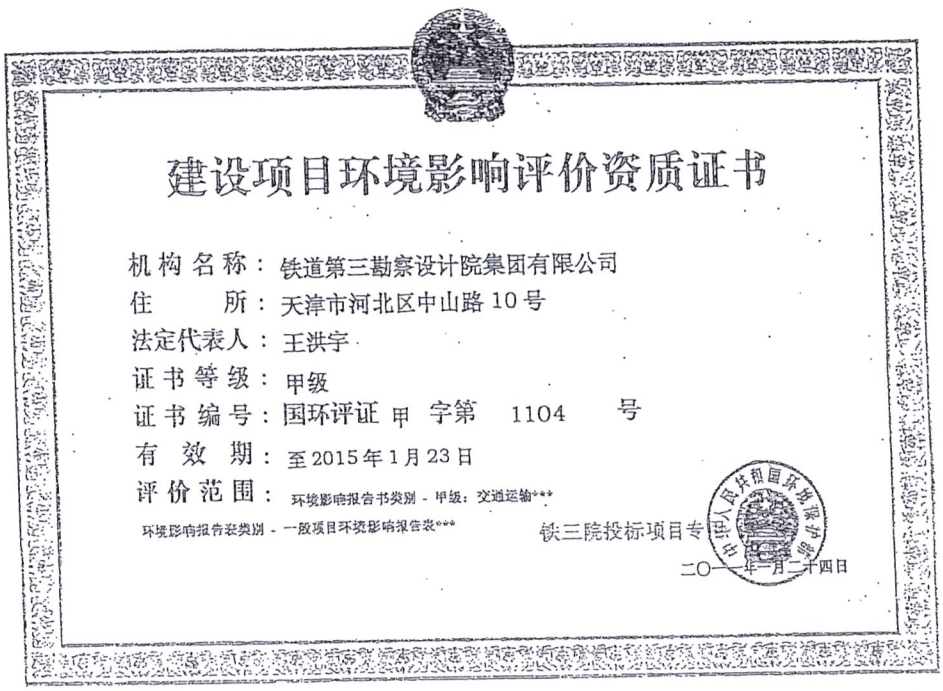
Professions above cover corresponding contents including energy conservation and environmental governance. Enterprise has obtained qualification to compose project application report and feasibility report; has the ability to compose energy assessment documents of fixed assets investment projects; obtained assessment and consultation eligibility has the ability to examine energy assessment documents of fixed assets investment projects.

Certificate Number: Engineering Consulting Class A 20220070005
Valid Till: August 14th, 2017

Issuing organization:
National Development and Reform Commission (Seal)
August 15th, 2012

Words with * shall be as the criterion as qualification certificate issued by relevant State Council departments.

Certificate made by National Development and Reform Commission of the People's Republic of China



建设项目环境影响评价资质证书

机构名称：铁道第三勘察设计院集团有限公司
住　　所：天津市河北区中山路10号
法定代表人：王洪宇
证书等级：甲级
证书编号：国环评证甲字第　1104　号
有效期：至2015年1月23日
评价范围：环境影响报告书类别 - 甲级：交通运输***
环境影响报告表类别 - 一般项目环境影响报告表***

铁三院投标项目专用

二〇一一年一月二十四日



Qualification Certificate of Environmental Impact Assessment for Construction Project

Name of Institution: THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION
Address:No. 10, Zhongshan Road, Hebei District, Tianjin
Legal Representative: Wang Hongyu
Certificate Grade: Class A
Certificate No.: G.H.P.Z. Class A No. 1104
Valid till: January 23rd, 2015
Evaluation Scope: Category of Environmental Impact Report – Class A: traffic and transportation ***
Category of Environmental Impact List – Environmental Impact List of General Project ***

Ministry of Environmental Protection of the People's Republic of China (Seal)
January 24th, 2011



企 业 名 称 ：铁道第三勘察设计院集团有限公司

经 济 性 质 ：有限责任公司

资 质 等 级 ：工程设计综合资质甲级

可从事资质证书许可范围内相应的建设工程总承包业务以及项目管理和相关的技术与管理服务。******

工 程 设 计

资 质 证 书

证书编号：A112000110

有 效 期：至2018年06月27日

发证机关：

中华人民共和国住房和城乡建设部制

2013年06月27日

No.AZ 0027728



Enterprise Name: THE THIRD RAILWAY SURVEY AND DESGIN INSTITUTE GROUP CORPORATION

Economic Properties: Limited Corporation

Qualification Level: Class A Comprehensive Qualification of Engineering Design

Corresponding general contracting of construction project, project management, related technical and management services within permission scope of the qualification certificate ******

Engineering Design

Qualification Certificate

Certificate No.: A112000110

Period of validity: To June 27th, 2018

Certificate made by: Ministry of Housing and Urban - Rural Development of the People's Republic of China

Issuing Organization: Ministry of Housing and Urban- Rural Development of the People's Republic of China (seal)

June 27th, 2013

No.AZ 0027728

水土保持方案编制资格证书

单位名称：铁道第三勘察设计院集团有限公司

编制机构：机械动力和环境工程设计处

证书等级：甲级

证书编号：水保方案 甲 字第 081 号

有 效 期：自 2013 年 9 月 6 日至 2016 年 9 月 5 日

2013年9月6日

Qualification Certificate of Soil and Water Conservation Scheme Compilation

Name of Entity: THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION

Department of Compilation: Mechanical Power and Environmental Engineering Design Department

Certificate Grade: Class A

Certificate No.: Soil and Water Conservation Scheme Class A No. 081

Term of Validity: From September 6th, 2013 to September 5th, 2016

Chinese Society of Soil and Water Conservation (seal)

September 6th, 2013

工程勘察证书

甲　级

单位名称：铁道第三勘察设计院集团有限公司

业务范围：工程勘察综合类甲级。

证书编号：020004-kj

有效期：****

发证部门：

2007 年 6 月 4 日

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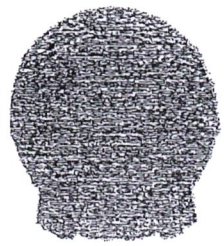

Certificate of Engineering Survey

Class A

Enterprise Name:THE THIRD RAILWAY SURVEY AND DESIGN INSTITUTE GROUP CORPORATION

Business Scope:Class A Comprehensive Qualification of Engineering Survey. (Blank part below)

Certificate No.: 020004-kj

Valid till: ****

Issued by: Ministry of Construction of the People's Republic of China (Seal)

Date: June 4th, 2007

Certificate printed by Ministry of Construction of the People's Republic of China

ANNEXURE 6

KENYA RAILWAYS

TENDER No. KRC/PLM/009/13-14

CONSULTING SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISIO FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBAS TO NAIROBI KENYA AND PROCUREMENT OF AND INSTALLATION OF FACILITIE LOCOMOTIVES AND ROLLING STOCK

TECHNICAL EVALUATION REPORT OF BIDDERS' PROPOSALS

MONDAY 21ST OCTOBER TO TUESDAY 5TH NOVEMBER 2013

RAILWAY HEADQUARTERS - NAIROBI

TABLE OF CONTENTS

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ONE	BACKGROUND INFORMATION	3
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CHAPTER ONE

BACKGROUND INFORMATION

1. The Kenya Railways Mandate

Following the concession of Kenya Railways on 1st November 2006, the Kenya Railways Mandate was revised to include the following activities:

i) Management of the Concession Agreement;

ii) Management of Non-Conceded Assets;

iii) Planning and development of metropolitan rail transport systems;

iv) Promotion and facilitation of national railway network development;

v) Development and Management of inland waterways;

vi) Development and Management of the Railway Training Institute.

In order to meet some of the objectives of Mandate (iv), GoK and Kenya Railways propose to develop a modern high capacity standard gauge railway between Mombasa and Malaba/Kisumu. The Railway will be developed in two phases: Phase 1 Mombasa – Nairobi, Phase 2: Nairobi – Malaba/Kisumu. The Government is currently in the process of identifying suitable funding model to support the construction of the project. In the meantime, in order to ensure that the project is delivered as per quality and scope described in the Feasibility Study and Preliminary Design Report, KR intends to engage a qualified consultant to undertake the designs review and construction supervision.

2. The bidding process

19th July, 2013: KR advertised for qualified consulting firms to submit bids for the Design Review and Construction Supervision for the development of the Mombasa – Nairobi standard gauge railway.

(See Annex 1: Advertisement for the tender and Annex 2: Notification of posting of the RFP Document in the KR Website)

22nd August, 2013: Bidders briefing – Minutes attached as **Annex 3**

The closing date for the submissions was supposed to be 29th August, 2013 but was extended to **26th September, 2013** following a request at the Bidders' briefing – letter of extension attached as **Annex 4**.

CHAPTER THREE

EVALUATION OF TECHNICAL PROPOSALS

Evaluation Criteria

1. All the three (3) firms: **Team Engineering, TSDI/APEC/EDON and Korea Rail Network Authority** qualified to proceed on to Technical Evaluation.

2. **Methodology for the Technical Evaluation**

Each member of the Evaluation Committee assessed the Proposal and independently awarded marks for each item in the evaluation criteria. The Committee then deliberated on the marks awarded and where necessary moderated. The final score was an average of the sum of the scores for each member of the Committee.

3. **Evaluation Criteria**

The evaluation criteria are as spelled out in Paragraph 2.7.1 (page 39 of the RFP Document) of the APPENDIX TO INFORMATION TO CONSULTANTS and is divided into four (4) sections:

	Section	Maximum points
1.	Specific experience of the consultant related to the assignment	10
2.	Adequacy of the proposed work plan and methodology in responding to the terms of reference	32
3.	Qualifications and competence of key staff for the assignment	50
4.	Suitability to the Capacity Building Programme and training	8
	TOTAL	100

4.0 Summary of Technical Evaluation score

Below is the summary of the technical evaluation for each bidder. **Annex 5** contains the breakdown of the details of scores from each evaluator for each of the Bidders evaluated.

	Evaluation Criteria	Maximum score	Team Engineering	TSDI/APEC/E DON	Korea Rail Network
			Actual score		
1.	Specific experience of the consultant related to the assignment	10	7.5	8.0	6.7
2.	Adequacy of the proposed work plan and methodology in responding to the terms of reference	32	24.0	26.7	27.0
3.	Qualifications and competence of key staff for the assignment	50	37.4	46.7	42.7
4.	Suitability to the Capacity Building Programme and training	8	7.0	7.2	7.0
	TOTALS		75.9	88.6	83.4

4. **Comments on the Technical Evaluation score**

1. **Team Engineering**
   - **Specific experience of the consultant related to the assignment:**
     - Projects presented are low valued and within Southern Africa Region only
     - Projects lack variety – mostly about PRASA and Gautrain
   - **Adequacy of the proposed work plan and methodology in responding to the terms of reference:**
     - Comments on TOR are not detailed and lack suggestions
     - Details on environmental considerations missing
     - Details on scope of work and timelines not properly defined
   - **Qualifications and competence of key staff for the assignment**
     - Staff involved in low value projects with little to no relevance to commuter rail development
     - The firm provided an environmental expert from outside the country with a commitment that the consultant will team up with a local registered expert.

     Where the firm is the successful bidder, it will need to provide local environmental expert with the required qualification (registere with NEMA as lead EIA expert) before it is awarded the contract.
   - **Suitability to the Capacity Building Programme and training:**
     - Training of trainers not considered in depth

2. TSDI/APEC/EDON

No major weakness identified

3. Korea Rail Network Authority

- **Specific experience of the consultant related to the assignment:**
  - Lead firm lacks experience in similar regions
  - Lead firm experience in commuter rail development is limited
- **Qualifications and competence of key staff for the assignment:**
  - Personnel lack experience in commuter rail development
- **Suitability of the Transfer of Technology including suitable training Programme:**
  - Programmes stated in narrative form and lacks detail

6.0 Findings of the Technical Evaluation

	Bidder	Score (%)
1.	Team Engineering	75.9
2.	TSDI/APEC/EDON	88.6
3.	Korea Rail Network Authority	83.4

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

1.0 Conclusions

The following firms scored above 70% in the Technical Evaluation and therefore qualify to proceed to Financial Evaluation stage in line with Section 2.6.3 (Page 36) of the APPENDIX TO INFORMATION TO CONSULTANTS:

- **Team Engineering**
- **TSDI/APEC/EDON**
- **Korea Rail Network Authority**

2.0 Recommendations

The Technical Evaluation Committee recommends that the following firms proceed to financial evaluation stage:

- **Team Engineering**
- **TSDI/APEC/EDON**
- **Korea Rail Network Authority**

CHAPTER FIVE

SIGNATURES

Dated this 5th day of November, 2013

	NAME	ROLE	SIGNATURE
1.	Mr. Philip Mainga	Chairperson	5/11/13
2.	Eng. Solomon Ouna	Member	05/11
3.	Ms. Gillian Soi	Member	12/11/13
4.	Mr. Leonard Tonui	Member	05/11/13

EVALUATOR'S SCORE CARDS – ATTACHMENT 8A

Consultant's name: TSDI/APEC/EDON

CRITERIA/SUB-CRITERIA		Maximum Scores	EVALUATORS 1	2	3	4	Aver Scor
1. Firms experience							
Railway Infrastructure Design Review and construction supervision up to and including commissioning		6	5.0	5.0	4	5.2	4
Construction materials and equipment specification and procurement		2	1.2	1.7	1.6	1.5	1
Experience in similar regions/geographical area		1	1	1	1	1	1
Reference from Employers		1	0.6	0.8	0.7	0.7	(
TOTALS		10	7.8	8.5	7.3	8.4	
2. Adequacy of proposed work plan and methodology							
1. Comments on TOR		2	2	2	2	2	
2. Technical approach and methodology	i) Level of completeness	9	7	6.8	7	7.4	
	ii) Level of detail and responsiveness	9	7.8	8.0	7.5	7.4	
	i) Computer aided design and list of software	4	4	4	4	4	
	ii) Organisation structure and staffing	2	2	2	2	2	
3. Work plan	i) Logical and sequential	3	2	2	3	2	
	ii) Main activities of the assignment (Form 3)	3	1.8	2	2.2	2	
TOTALS		32	26.6	26.8	27.7	26.8	

CRITERIA/SUB-CRITERIA	Maximum Scores	EVALUATORS 1	2	3	4	A Sc
3. Key professional staff						
Project team leader	8	7.0	7.0	6.0	6.0	
Railway Track and structures	6	4.8	5.2	4.8	5.2	
Lead Contract Specialist	3	2.7	2.4	2.4	2.5	
Quality assurance expert	3	3	3	3	3	
Bridge and structural engineering expert	3	3	3	3	3	
Geotechnical engineer	2	2	2	2	2	

Senior hydraulics/hydrology	2	2	1.8	1.8	1.6	
Railway signalling engineer	2	1.8	2	1.8	2	
Telecommunication and ICT Engineer	2	2	2	2	2	
Railway electrification	2	2	2	2	2	
Transport logistics expert	2	2	2	2	2	
Rolling stock expert	2	2	2	2	2	
Engineering surveyor	2	2	2	2	2	
Resident Engineers (5)	5	5	5	5	5	
Architect	1.5	1.5	1.5	1.5	1.5	
Quantity surveyor	1.5	1.5	1.5	1.5	1.5	
Environmental Impact assessment Expert	1.5	1.5	1.5	1.5	1.5	
Social expert	1.5	1.5	1.5	1.5	1.5	
TOTALS	50	47.3	47.4	45.8	46.3	

		EVALUATORS				
CRITERIA/SUB-CRITERIA	Maximum Scores	1	2	3	4	Aver Scor
4. Suitability of the transfer of technology including suitable training programme						
Training programme local	2	2	1.6	1.8	1.8	
Capacity building programme for serving staff	4	3.6	3.8	3.5	3.3	
Capacity building programme for RTI trainers	2	1.8	2	1.7	1.7	
TOTALS	8	7.4	7.4	7	6.8	

EVALUATOR'S SCORE CARDS – ATTACHMENT 8B

Consultant's name: TEAM ENGINEERING INTERNATIONAL LTD

CRITERIA/SUB-CRITERIA		Maximum Scores	EVALUATORS 1	2	3	4	Ave Scor
1. Firms experience							
Railway Infrastructure Design Review and construction supervision up to and including commissioning		6	5	4.5	4.0	4.5	
Construction materials and equipment specification and procurement		2	1.2	1.5	1.0	1.5	
Experience in similar regions/geographical area		1	1.0	0.7	0.0	0.8	
Reference from Employers		1	0.8	0.6	0.5	0.6	
TOTALS		**10**	**7.5**	**6.8**	**5.5**	**7.4**	
2. Adequacy of proposed work plan and methodology							
1. Comments on TOR		2	1	1	1	1	
2. Technical approach and methodology	i) Level of completeness	9	5	6	5	7	
	ii) Level of detail and responsiveness	9	8	7	6	7	
	iii) Computer aided design and list of software	4	3	3.5	3	2.5	
	iv) Organisation structure and staffing	2	2	2	2	2	
3. Work plan	i) Logical and sequential	3	2	2	2	2	
	ii) Main activities of the assignment (Form 3)	3	1.8	1	1.5	1.7	
TOTALS		**32**	**28.8**	**22.5**	**20.5**	**23.2**	

CRITERIA/SUB-CRITERIA	Maximum Scores	EVALUATORS 1	2	3	4	Av Sc
3. Key professional staff						
Project team leader	8	8	6	7	7	
Railway track and structures	6	4.6	5.4	6	4.0	
Lead contract specialist	3	2.5	2.7	2.8	2.0	
Quality assurance expert	3	3.0	3.0	3.0	3.0	
Bridge and structural engineering expert	3	1.0	1.0	1.0	1.0	
Geotechnical engineer	2.0	1.5	1.0	1.0	0.5	
Hydrology and hydraulics	2.0	1.0	1.0	1.0	1.0	
Railway signalling engineer	2.0	2.0	2.0	2.0	2.0	

Telecommunication and ICT Engineer	2.0	2.0	2.0	2.0	2.0	
Railway electrification	2.0	0.5	1.5	1.4	0.6	
Transport logistics expert	2.0	1.5	1.5	1.6	1.4	
Rolling Stock Expert	2.0	1.0	2.0	1.8	1.2	
Engineering surveyor	2.0	0.8	0.7	0.7	1	
Resident Engineers	5	5	5	5	5	
Architect	1.5	0.6	1	0.7	0.9	
Quantity surveyor	1.5	0.8	1.0	0.6	0.8	
Environmental Impact Assessment Expert	1.5	1.1	0.7	0.7	0.7	
Social expert	1.5	0.2	0.2	0.2	0.2	
TOTALS	50	37.1	37.7	38.5	34.3	

		EVALUATORS				
CRITERIA/SUB-CRITERIA	Maximum Scores	1	2	3	4	
4. Suitability of the transfer of technology including suitable training programme						
Training programme local	2	2	1.7	1.6	1.9	
Capacity building programme for serving staff	4	3.5	2.8	3	3.5	
Capacity building programme for RTI trainers	2	2.0	2.0	2.0	2.0	
TOTALS	8	6.1	5.3	5.9	5.9	

EVALUATOR'S SCORE CARDS – ATTACHMENT 8C

Consultant's name: KORAIL

CRITERIA/SUB-CRITERIA		Maximum Scores	EVALUATORS 1	2	3	4	A Sc
5. Firms experience							
Railway Infrastructure Design Review and construction supervision up to and including commissioning		6	4.5	3.5	3.5	4.5	
Construction materials and equipment specification and procurement		2	1.4	1.5	1.6	1.5	
Experience in similar regions/geographical area		1	0.5	0.7	0.5	0.7	
Reference from Employers		1	0.6	0.5	0.7	0.6	
TOTALS		10	7.0	7.2	6.3	7.3	
6. Adequacy of proposed work plan and methodology							
7. Comments on TOR		2	2	2	2, 2	2	
8. Technical approach and methodology	i) Level of completeness	9	6.5	7.8	7,7	7.5	
	ii) Level of detail and responsiveness	9	8	7	7,7	6	
	v) Computer aided design and list of software	5	4	3.3	2.5	3	
	vi) Organisation structure and staffing	2	1.4	1.7	1.4	1.5	
9. Work plan	i) Logical and sequencial	3	2.5	3	2, 2.0	2.5	
	ii) Main activities of the assignment (Form 3)	3	2	2	2, 2.5	2	
TOTALS		32	26.4	26.8	23.9	24.5	

CRITERIA/SUB-CRITERIA	Maximum Scores	EVALUATORS 1	2	3	4
3. Key professional staff					
Project team leader	8	7.5	6.5	7.5	6.5
Railway Track and structures	6	5.4	4.6	5.0	4.0
Lead contract specialist	3	2.4	2.3	2.8	2.5

Quality assurance expert	3	1.8	1.6	1.2	1.4	
Bridge and structural engineering expert	3	2.4	2.0	1.6	2.0	2.
Geotechnical engineer	2	1.8	1.4	1.6	1.2	1.
Senior hydrology/hydraulics	2	1.8	1.2	1.3	1.7	1
Railway signalling engineer	2	1.5	1.4	1.6	1.5	1
Telecommunication and ICT Engineer	2	1.8	1.8	1.8	1.8	1
Railway electrification	2	1.7	1.9	2.0	2.0	1
Transport logistics expert	2	2.0	2.0	2.0	2.0	2
Rolling Stock Expert	2	2.0	2.0	2.0	2.0	2
Engineering surveyor	2	2.0	2.0	2.0	2.0	2
Resident Engineers (5)	5	5	5	5.0	5	
Architect	1.5	1.5	1.5	1.5	1.5	
Quantity surveyor	1.5	1.5	1.5	1.5	1.5	
Environmental Impact assessment Expert	1.5	1.5	1.5	1.5	1.5	
Social expert	1.5	1.2	0.8	0.9	1.1	
TOTALS	50	44.8	41.0	42.8	41.2	

		EVALUATORS				
CRITERIA/SUB-CRITERIA	Maximum Scores	1	2	3	4	Ave Scor
10. Suitability of the transfer of technology including suitable training programme						
Training programme local	2	2.0	2.0	2.0	2.0	
Capacity building programme for serving staff	4	3.5	3.4	3.5	3.6	
Capacity building programme for RTI trainers	2	1.5	1.5	1.5	1.5	
TOTALS	8	7	6.9	7	7.1	

ANNEXURE 7

EDON CONSULTANTS INTERNATIONAL LTD.
Architects, Project Managers & Design Builders

Timau Plaza, 3rd Floor, Argwings Kodhek Rd.,
P.O. Box 19684 00202, Nairobi - Kenya,
Tel: +254-20-3878345 / 3874901,
Fax: +254-20-3861925, Mobile: +254-722 795799
or P.O. Box 189, Juba, Southern Sudan,
Sat: +8821655520982, Mobile: +256477105689,
Email: info@edoninternational.com,
Website: http://www.edoninternational.com.

ır Ref:

ite:

SUBMISSION TO PIC ON SGR PROJECT

BY

EDON CONSULTANTS INTERNATIONAL LTD.

21st August 2014

14th August 2014

SUBMISSION TO PIC ON SGR PROJECT BY EDON CONSULTANTS INTERNATIONAL LTD.

1.0 COMPANY INTRODUCTION

1.1 Edon Consultants International Ltd. was established in 1982 as a sole proprietorship in Kenya under Arch. Jeremiah Ndong. The firm later expanded and became an International Limited Liability Company in 2000, and opened offices in Uganda, South Sudan and Namibia.

1.2 The Company is registered by:-

i) Board of Registration of Architects and Quantity Surveyors (BORAQS)
ii) Ministry of Public Works
iii) Architectural Association of Kenya
iv) ISO Certification in progress

1.3 Edon Consultants International Ltd. currently has core staff of 26 professionals, sub-professionals and support staff.

1.4 The current Directors and their shareholding are as follows:-

1.4.1	Jeremiah E. O. Ndong	-	650 shares
1.4.2	Hellen A. O. Ndong	-	250 shares
1.4.3	Richard N. Oduori	-	50 shares
1.4.4	Tobias Okoth Okuthe	-	50 shares
			1000 shares

2.0 TENDERING FOR SGR PROJECT

2.1 The Request for Proposal (RFP) for Consultancy Services for Design, Review and Construction Supervision for the Standard Gauge Railway from Mombasa to Nairobi was advertised through International Tender Notice on 19th July 2013.

We initially ignored the advertisement because it looked like a purely Engineering Project. We did not, therefore attend the pre-bid conference.

2.2 However, after the pre-bid conference held on 22nd August 2013, APEC Engineers contacted us and requested that we form a Consortium, after noticing that there

was need for Architectural input in the RFP. We also established that APEC Engineers had associated with TSDI of China, with whom they had previously tendered for the KRC, Nairobi-JKIA commuter railway bid.

3.0 CONSORTIUM JOINT VENTURE SUBMISSION AND AWARD

3.1 Edon Consultants International Ltd. subsequently held discussions with APEC Engineers and TSDI of China and proceeded to form a consortium and prepared a Technical and Financial Proposal for the SGR project. The three consortium members (TSDI, APEC and EDON) signed a Framework Agreement (MoU) for a Joint Venture Partnership which we submitted with the Request for Proposal.

3.2 After submitting the Technical and Financial Proposals, we became a consortium of TSDI-APEC-EDON and our identity in relation to the SGR tender changed to the consortium name.

3.3 We received a notification of award dated 15th May 2014 informing us that our consortium, TSDI/APEC/EDON tender had been accepted.

3.4 After notifying the Client of our acceptance, the consortium members met and signed a Firm Consortium Agreement.

3.5 In the Consortium Agreement, the Third Railway Survey and Design Institute Group of China (TSDI) produces the Team Leader. APEC Engineers and Edon Consultants are consortium members and each produces a Deputy Team Leader.

4.0 COMPETITIVE BIDDING

4.1 In submitting our bid, the consortium offered very competitive rates in order to win the tender. EDON as a member of the team was particularly aiming at gaining experience in this first phase of 485 km in order to position itself to bid from a position of experience for future phases totaling 3,200 km covering Nairobi-Malaba, Lamu-Nadapal and Nairobi-Moyale among other branches. Our goal was therefore to make minimum profit, but build Capacity for the future.

5.0 SIGNING OF CONTRACT WITH KENYA RAILWAYS CORPORATION

5.1 After Negotiations, the Client, Kenya Railways Corporation invited the consortium TSDI-APEC-EDON, to sign the Contract Agreement on 3rd June 2014.

6.0 ROLE OF EDON CONSULTANTS IN SGR SUPERVISION

6.1 Each of the individual consortium members has produced a team of experts for the supervision contract.

6.2 Edon Consultants International Ltd. is assigned the mandate of design review and supervision construction for the building woks of the 33 Railway Stations. We are also represented in the Design Review Team and the Management of the contract through one deputy team leader, Mr. Jeremiah Ndong, produced by our firm.

6.3 In line with the RFP objective to strengthen local capacity and knowledge transfer, the consortium overall staff is constituted by 60% Kenyan Nationals and 40% Chinese.

ANNEXES

1. Form CRP 12 – List of Director and Shareholding
2. RFP Advertisement
3. TSDI/APEC/EDON Memorandum of Understanding to submit a joint bid.
4. Notification of Award
5. TSDI/APEC/EDON Consortium Agreement
6. Consultancy Agreement between KRC and TSDI/APEC/EDON
7. Edon Consultants Company Profile

	NAME	COMPANY	DESIGNATION	EMAIL	SIGNATURE
22.	DIETRICHT BREDENKAMP	AURECON	TECHNICAL DIRECTOR	DIETRICHTB@AURECONGROUP.COM	
23.	Gerhard Meyburgh	Aurecon	Commercial Manager	Gerhard.Meyburgh@aurecongroup.com	
24.	ADUKE RATIMO	Otieno Odongo & Partner Engineers Ltd	Director	eraduke@yahoo.com info@coopaconsult.com	
25.	ALASTAIR BUSH	AURECON	BUSINESS DEVELOPMENT	Alastair.Bush@Aurecongroup.com	
26.	Sylvia Isoke	CPCS	Business Development	sisoke@cpcs.ca	
27.					
28.					
29.					

	NAME	COMPANY	DESIGNATION	EMAIL	SIGNATURE
30.	Kelvin Liu	CREEC	Country Rep.	Kelvin0726@MSN.com	
31.	Rajeev Dwivedi	OID PLC	CEO	rajeevadwivedi@oidaddis.com	
32.	Anoop Gupta	OID PLC	Representative	anoop.gupta@oialliance.com	
33.	MAURICE OTIENO	KOREA RAILWAY ~~Consultants~~ NETWORK AUTHORITY	Representative	Samextiger@hanmail.net Owuor@prmtmp.com	
34.	Allan Baragu	Korea Railway Network Authority	Representative	Samextiger@hanmail.net Kaluaro@prmconsultants.com	
35.	Lee Kang Suk	Korea Railway Network ~~Authority~~	Representative	samextiger@hanmail.net	
36.	Guillaume PATRICOT	EGIS	Country manager	guillaume.patricot@egis.fr	
37.					

	NAME	COMPANY	DESIGNATION	EMAIL	SIGNATURE
38.	Samer Tamimi	Hill Intl	Vice President	samertamimi@hillintl.ca	
39.	Ramez Shahik	Hill international	Sr. BD officer	ramezshahik@hillintl.com	Ramez
40.	Yan Hua	TSDT	manager	yanhua@tsdi.com.com	Yan Hua
41.	Samuel Kimani	TSDI	Architect	njuguna.kimani@gmail.com	
42.	Lin Weidong	TSDI	Chief Engineer	linweidong@tsdig.com	
42.	Ma Li	TSDI	Business manager	mali_tsdi@foxmail.com	
43.	Richmond Munithi	Metropolitan Millenasse	Local representative (addendum)	info@sintmond.com OV	
44.	Milorad	MM SPZ	MD	m.dragicevic@metropolitanamilanese.it	

ANNEXURE 9

Kenya Railways Corporation

TENDER COMMITTEE MINUTES

TENDER COMMITTEE MEETING NO.: 234

HELD ON 15TH MAY, 2014 AT 10.40 AM

PRESENT

1. Eng. Maxwe Mongich	-	Chairperson
2. Mr. Alfred M. Iseka	-	V/Chair
3. Eng. Benedict Kimau	-	Member
4. Ms. Lucy Njoroge	-	Secretary
5. Ms. Jemimah Matu	-	Member
6. Mr. Stanley Gitari	-	Member
7. Mr. John L. Muchera	-	Member
8. Mr. Maurice Barasa	-	Member

OBSERVERS

1. Mr. Julius M. Riungu	-	IEK
2. Mr. Kariuki Muchemi	-	KEPSA

IN ATTENDANCE

1. Eng. Solomon Ouna	-	PM - SGR
2. Mr. Victor Wahome	-	Land Surveyor

AGENDA

1. Confirmation of Minutes of TCM No.233 held on 6th May, 2014.
2. Tender No.KRC/PLM/009/13-14 - Consultancy Services for Design Review and Construction Supervision for the Construction of a Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock.
3. Tender No.KRC/PLM/017/2013 - Provision of Consultancy Services on the Preparation of Rap for the Standard Gauge Railway from Mombasa to Nairobi.
4. Contract No.KRC/PLM/18/2012 - Consultancy Services for Procurement of Master Planning and Feasibility Study for the Proposed Development of Modern Office Suites and Shopping Malls at Kisumu Estate - Variation of Contract.
5. Contract No.KRC/PLM/20/2012 - Consultancy Services for Procurement of Master Planning and Feasibility Study for the Construction of a Parking Silo and Mixed Use Development at Syokimau - Variation of Contract.
6. Tender No.KRC/PLM/24/13-14 - Manufacture, Supply and Installation of various Level Crossing Signs within Nairobi Region.
7. Tender No.KRC/PLM/30/13-14 - Provision of Cleaning, Sanitary, Gardening, Garbage Collection and Disposal Services for KRC Estates.
8. AOB.

INTRODUCTION & ADOPTION OF THE AGENDA

The Chairperson called the meeting to order and welcomed all members. Members introduced themselves including Eng. Riungu and Eng. Muchemi who were Independent Observers from the Institute of Engineers of Kenya (IEK) and KEPSA respectively. The Agenda was introduced by the Secretary. The Committee adopted all the agenda except No.7.

MINUTE NO.001/234/14 - CONFIRMATION OF MINUTES NO.233 HELD ON 6TH MAY, 2014

Minutes No.233 were confirmed as true records of the proceedings. They were proposed by Eng. B. Kimau and seconded by Mr. M. Barasa.

MINUTE NO.002/234/14 - TENDER NO.KRC/PLM/009/13-14 - CONSULTANCY SERVICES FOR DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE CONSTRUCTION OF A STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI, KENYA AND PROCUREMENT AND INSTALLATION OF FACILITIES, LOCOMOTIVE AND ROLLING STOCK

In order to meet some of the objectives of its Mandate (iv), the Corporation and the GoK propose to develop a modern high capacity standard gauge railway between Mombasa and Malaba/Kisumu in two phases; Phase 1 Mombasa - Nairobi, Phase 2 Nairobi - Malaba/Kisumu. The Corporation intends to engage a qualified consultant to undertake the designs review and construction supervision.

The tender was advertised in the local dailies on 19th July, 2013 with a closing date of 29th August, 2013. However, following a request by the bidders, the closing date was extended to 26th September, 2013. A total of nine (9) firms responded by submitting their bids.

Evaluation of the bids were completed and submitted to the Tender Committee for approval.

Tender Committee Deliberations

The Tender Committee noted the following:

1. That the Consultant will approve the designs, supervise the works, ensure quality control, approve payment certificates and represent the client.
2. That there will be 5 Resident Engineers each to handle about 100km so that the project is completed on time.

3. That the Commercial Contract only became effective after signing of the financing agreements.
4. That KRC is the implementing Agency of the SGR but does not have internal capacity of the consultancy therefore sourced from outside.
5. Noteworthy is the mandatory requirement No.9 *"Key members of the project team with the skills and experience specified in the Table ensuring that supporting documents for the CRITICAL REQUIREMENTS are submitted. The personnel to be available throughout the project"*
6. That the Technical Evaluation Committee analyzed the CVs submitted by the various firms and the results are as detailed below:

    i. Project Team Leader
    ii. Expert in railway track (permanent way) design and construction
    iii. Quality Assurance Expert (Materials Engineer)
    iv. Expert in Civil Engineering contracts
    v. Geotechnical engineer
    vi. Expert in bridges and structures
    vii. Senior hydrology/hydraulics Engineer
    viii. Expert in railway signaling/train control
    ix. Expert in telecommunication & ICT
    x. Expert in railway electrification
    xi. Expert in transport logistics and operations
    xii. Locomotives and Rolling Stock Expert (Mechanical Engineer)
    xiii. Expert in Engineering and Land Surveying
    xiv. Senior Architect
    xv. Senior Quantity Surveyor
    xvi. Environment Expert
    xvii. Social Impact & Resettlement Expert
    xviii. Five Resident Engineers - Civil (Team Leaders for each part of contract)

7. That the Ministry of Energy and Kenya Electricity Transmission Company (KETRACO) had been given upto March, 2014 to confirm dedicated power to SGR and systems have been designed for electrification to be implemented at whatever stage of the project.
8. That Environmental Expert for TEAM did not meet a mandatory requirement of having a minimum of Master of Science degree in environmental science or environmental engineering.
9. That TSDI was consistent with names and met all the Mandatory requirements.
10. That TSDI/APEC/EDON Consortium has local participation while the other two do not and this may explain their very competitive pricing.
11. That in the Technical Proposal Evaluation, the following three firms passed and proceeded to the Financial Opening stage:

Firm	Evaluated Score	Weighting Factor 0.7
Team Engineering	75.9	53.13
TSDI/APEC/EDON	88.6	62.02
Korea Railway Network	83.4	58.38

Financial Opening

Financial bids were received from the three firms as follows:

Firm	Bid Amount (US$)
Team Engineering	73,922,750
TSDI/APEC/EDON	41,184,638
Korea Railway Network	82,277,096

The Bids were weighted as follows:

Firm	Bid Amount (US$)	Weighting Factor 0.3
Team Engineering	73,922,750	16.71
TSDI/APEC/EDON	41,184,638	30.00
Korea Railway Network	82,277,096	14.16

Final Combined Scores:

Firm	Weighting Factor 0.7	Weighting Factor 0.3	Total (%)	Ranking
Team Engineering	53.13	16.71	69.84	3
TSDI/APEC/EDON	62.02	30.00	92.02	1
Korea Railway Network	58.38	14.16	72.54	2

The Financial Evaluation Team recommended award of contract to Messrs. TSDI/APEC/EDON at their quoted price of US$41,184,638 (United States Dollars Forty One Million, One Hundred Eighty Four Thousand, Six Hundred and Thirty Eight Only); all taxes inclusive.

Tender Committee Resolutions

The Tender Committee approved award of contract to Messrs. TSDI/APEC/EDON at a tender sum of US$41,184,638 (United States Dollars Forty One Million, One Hundred Eighty Four Thousand, Six Hundred and Thirty Eight Only), all taxes inclusive.

MINUTE NO.003/234/14- TENDER NO.KRC/PLM/017/2013 - PROVISION OF CONSULTANCY SERVICES ON THE PREPARATION OF RAP FOR THE STANDARD GAUGE RAILWAY FROM MOMBASA TO NAIROBI

The Tender Committee in its sitting No. 233 of 6th May, 2014 approved the recommendations of the Tender Processing Committee that M/s Zamconsult Consulting Engineers and M/s Geosurv Systems Ltd proceed to the Financial Bid Opening Stage having attained minimum score of 70% (49/70) in the Technical Evaluation stage.

The Financial proposals were opened on 11th May, 2014 and evaluation done based on the quality-cost evaluated bid. The Tender Processing Committee recommended award of the contract to M/s Geosurv Systems at a total cost of Kshs.65,461,662.00 exclusive of local taxes. The local taxes to be negotiated.

Tender Committee Resolutions

The Tender Committee approved for negotiations with the winning bidder on their bid prior to award and subsequent contract signing.

MINUTE NO.004/234/14 - CONTRACT NO.KRC/PLM/18/2012 - CONSULTANCY SERVICES FOR PROCUREMENT OF MASTER PLANNING AND FEASIBILITY STUDY FOR THE PROPOSED DEVELOPMENT OF MODERN OFFICE SUITES AND SHOPPING MALLS AT KISUMU ESTATE - VARIATION OF CONTRACT

The Contract was awarded by the Tender Committee in its sitting of 24th April, 2013 to M/s Maestro Architects Ltd as follows:

i) Phase 1 & 2 at their Tender Price of Kshs.28,012,000.00, inclusive of VAT.

ii) Phase 3 & 4 was to be negotiated based on Provision of the Architects and Quantity Surveyors Act CAP 525 Fourth Schedule (Part 3).

OBSERVATIONS

1. Financial Proposal Submission Form provided in the RFP document page 36 of 70 had stated that these amounts (Refer to Bid Amount) are exclusive of the local taxes, which shall be identified during negotiation and shall be added to the above amount (Tender Sum).

2. The bidder in his Financial Proposal submission expressly indicated that the Tender Prices was Nett as per the Financial Proposal Submission Form (Bidder Tender Financial Proposal Document Page 3).
3. The Evaluation Committee did not capture this and the recommendation of the award was silent of issues of taxes, levies and duties applicable.
4. The Tender Committee awarded the Contract to M/s Maestro Architects Consortium at their Tender Price of Kshs.28,012,000.00, inclusive of VAT for Phase 1 & 2.
5. Subsequently the Contract Document prepared indicated the contract sum as Kshs.28,012,000.00, inclusive of VAT for Phase 1 & 2.

The bidder had written requesting review of the figures quoted in the Award Letter as well as the Contract document issued to them to reflect that the Final Tender Sum was exclusive of VAT as per their Tender document.

The Tender Committee was requested to review the award and approve variation of the Contract by 16% to cater for VAT; Kshs.28,012,000.00+ Kshs.4,481,920.00 (16%) = Kshs.32,493,920.00, to enable issuance of an addendum to the Contract.

Tender Committee Resolutions

The Tender Committee directed that letters should be issued to the Consultant to confirm that the VAT was the only tax applicable and that they shall not be making further claims on the same.

MINUTE NO.005/234/14 - CONTRACT NO.KRC/PLM/20/2012 CONSULTANCY SERVICES FOR PROCUREMENT OF MASTER PLANNING AND FEASIBILITY STUDY FOR THE CONSTRUCTION OF A PARKING SILO AND MIXED USE DEVELOPMENT AT SYOKIMAU - VARIATION OF CONTRACT

The Contract was awarded by the Tender Committee in its meeting of 24th April, 2013 to M/s EDG & Atelier Consortium as follows;

i) Phase 1 & 2 at their Tender Price of Kshs.23,866,800.00, VAT inclusive.

ii) Phase 3 & 4 was to be negotiated based on Provision of the Architects and Quantity Surveyors Act CAP 525 Fourth Schedule (Part 3)

OBSERVATIONS

1. Financial Proposal Submission Form provided in the RFP document page 36 of 70 had stated that these amounts (Refer to Bid Amount) are exclusive of the local taxes, which shall be identified during negotiation and shall be added to the above amount (Tender Sum).
2. The bidder in his Financial Proposal submission expressly indicated that the Tender Prices was Nett as per the Financial Proposal Submission Form (Bidder Tender Financial Proposal Document).
3. The Evaluation Committee did not capture this and the recommendation of the award was silent of issues of local taxes.
4. The Tender Committee awarded the Contract to M/s EDG & Atelier Consortium as follows; Phase 1 & 2 at their Tender Price of Kshs. 23,866,800.00, inclusive of VAT.
5. Subsequently the Contract Document prepared indicated the contract sum as Kshs.23,866,800.00, inclusive of VAT.

The bidder had written highlighting that the fees quoted were exclusive of VAT and that Clause 4(a) of the Contract is erroneous.

The Tender Committee is requested to review the award and approve variation of the Contract by 16% to cater for VAT; Kshs.23,866,800.00 + Kshs.3,818,688.00 (16%) = Kshs.27,685,488.00, to enable issuance of an addendum to the Contract.

Tender Committee Resolutions

The Tender Committee directed that letters should be issued to the Consultant to confirm that VAT was the only tax applicable and that they shall not be making further claims on the same.

MINUTE NO.006/234/14 - TENDER NO.KRC/PLM/24/13-14 - MANUFACTURE, SUPPLY AND INSTALLATION OF VARIOUS LEVEL CROSSING SIGNS WITHIN NAIROBI REGION

The Corporation initiated a process of procuring a contractor to undertake Manufacture, Supply and Installations of Level Crossing Signs.

The Tender was floated in the local dailies and the following eleven firms (11) firms bought/downloaded the tender document:

1. M/s Zahra Signs Systems Ltd

2. M/s Jamod Agencies
3. M/s Pinnacore Printers
4. M/s Counties Commuter Welfare
5. M/s Logistics and Energy Africa
6. M/s ABCOS International
7. M/s Philafe Engineering
8. M/s Josswa Plumbers & General Contractors
9. M/s Tuma Engineering Services
10. M/s Mukesh Technical Services Ltd
11. M/s Pelican Signs Ltd

The Tender was opened on 24th April, 2014 and the following six (6) firms responded:

1. M/s Jamod Agencies
2. M/s Philafe Engineering
3. M/s Josswa Plumbers & General Contractors
4. M/s Tumac Engineering Services
5. M/s Mukesh Technical Services Ltd
6. M/s Pelican Signs Ltd

Evaluation process was completed and the Tender Processing Committee recommended award to M/s Jamod Agencies at a total cost of Kshs.1,400,000.00 (Shillings One Million, Four Hundred Thousand Only), VAT inclusive.

Tender Committee Resolutions

The Tender Committee approved award of contract to M/s Jamod Agencies at a total cost of Kshs.1,400,000.00 (Shillings One Million, Four Hundred Thousand Only), VAT inclusive.

MINUTE NO.007/234/14 - ANY OTHER BUSINESS

The Tender Committee directed that in future Bid Prices must be inclusive of all taxes and an email be done by the Secretary to all staff and Heads of Departments to that effect.

There being no any other business, the meeting adjourned at 1.50 pm.

Prepared by:

Name.....Lucy Njoroge.....Sign:.....Date: 22/05/2014
(Secretary)

Confirmed as a true record of the proceedings:

Name:.....Eng Maxwell Mungich.....Sign.....Date: 22/05/2014
(Chairperson)

ANNEXURE 10

ANNEXURE 11

TSDI-APEC-EDON CONSORTIUM AGREEMENT

This Agreement is made on this *19th day of May 2014* between The Third Railway Survey and Design Institute Group Corporation, of 300142 Yard 82, Xi'er Road, Tianjin City (hereinafter called the " Leader Member") on one part;

And

APEC Consortium Limited, Consulting Engineers, Mapera Court, Opposite Uhuru Gardens, Lang'ata Road, P.O. Box 3786-00100, Nairobi, Kenya (hereinafter called the "Consortium Member"), on the Second part.

And

EDON Consultants International Ltd, Timau Plaza, Argwings Kodhek Road, P.O. Box 19684-00202, Nairobi, Kenya (hereinafter called the "Consortium Member"), on the Third part.

WHEREAS:-

A. The Consortium entered into a pre-bid agreement on *8th October 2013* (hereinafter called the "Pre-Bid Contract Agreement") for purposes of submitting Technical and Financial Proposals with the Kenya Railways Corporation (KRC). in the Republic of Kenya (hereinafter called the "Client") to provide consultancy services in connection with Consultancy Services for Design Review and Construction Supervision for the Construction of Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock- Tender No. KRC/PLM/009/13-14.

B. The Consortium has been awarded the said Consultancy Services and the Consortium members now agree to legalise the Internal Consortium Agreement and provide the same consultancy services in consideration of the payments to be made to them by the Client.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. In this Consortium Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions, hereinafter referred to.

2. The following documents shall be deemed to form and be read and construed as part of this Consortium Agreement:

   i. The Conditions herein and FIDIC Conditions of Contract (relevant version);
   ii. The Main Agreement;
   iii. Schedules 1, 2, 3, 4, 5 and 5.1 attached with the Consortium Agreement;

IN WITNESS WHEREOF, the parties hereto have caused this Consortium Agreement to be executed the day and year first written before.

FOR AND ON BEHALF OF
The Third Railway Survey
& Design Institute Group Corporation

By: Mr. Gao Songdong
Director

300142, Xi'er Rd.
Tianjin City
China

Witness :

Signature : .....

Name : .....

(Address)

FOR AND ON BEHALF OF
APEC Consortium Limited, Consulting Engineers

By: Eng. J. M. Karanja
Managing Director

Mapera Court
Opposite Uhuru Gardens, Lang'ata Road
P.O Box 3786-00100
Nairobi-Kenya

Witness :

Signature : WANGAI MAINA ADVOCATE P. O. Box 42508 NAIROBI - 00100

Name : .....

APEC CONSORTIUM LTD.
P.O. BOX 3786 - 00100 NAIROBI
TEL 254 020 6006283 0722 509762
FAX 254 020 6006229
Email apecltd@wananchi.com
apecltd@gmail.com
biz@apecltd.co.ke

(Address)

FOR AND ON BEHALF OF
EDON Consultants International Ltd

By: Arch. Jerry E.O Ndong.
Managing Director

Timau Plaza
Argwings Kodhek Road
P.O Box 19684-00202
Nairobi-Kenya

Witness :

Signature : .....

Name : .....

(Address)

EDON CONSULTANTS INTERNATIONAL LTD.
Date
Timau Plaza, 3rd Floor
Argwings Kodhek Rd.
Tel: (+254-2)387831, 3878346
Fax: (+254-2)386 1925
P.O. Box 19684-00202 NAIROBI

THE CONDITIONS

1.0 Definitions and Interpretation

1.1 Definitions

The following words and expressions shall have the meanings assigned to them, except when the context otherwise requires.

1.1.1 "Agreement" means this Consortium Agreement between the Consortium members including Schedules 1,2,3,4,5 and 5.1 attached hereto;

1.1.2 "Client" means the person, firm, company or body named in the Services Contract Agreement signed between the Kenya Railway Corporation and the Consortium that has appointed the Lead Member to provide consultancy services;

1.1.3 "Project" means the Construction of Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock for which the Works are to be provided, and, in connection with which, the Client has appointed the Consortium as a Leader Member to provide consultancy services;

1.1.4 "Works" mean the permanent works to be constructed for the achievement of the Project;

1.1.5 "Services" mean the consultancy services to be performed by the Consortium under the Main Agreement.

1.1.6 "Main Agreement" means the Consultancy Agreement between the Consortium and the Client;

1.1.7 "Agreed Compensation" means additional sums which are payable under the Agreement;

1.1.8 "Consortium Member Consultancy Services" means those Services which are to be provided by the Consortium and such other services to be provided to the Client by the Consortium which are specified in this Agreement as outlined in Schedule 2; and

1.1.9 "Country" means the country named in Schedule 1 where the Project is located.

1.2 Interpretation

1.2.1 The headings in this Agreement shall not be used in its interpretation.

1.2.2 The singular includes the plural and the masculine includes the feminine and vice-versa where the context so requires.

1.2.3 All references in the Agreement are to clauses numbered in this Agreement and not to those in any other document forming part of this Agreement unless otherwise stated.

2.0 General Provisions

2.1 Commencement and Completion

The Consortium's services shall commence and complete at the times or within the periods stated in Schedule 1 subject to extensions in accordance with this Agreement.

2.2 Main Agreement

In case of conflict between the Main Agreement and the other clauses of this Agreement, the documents shall rule in the order prescribed herein, or, if no order is prescribed, the appended clauses of the Main Agreement shall have precedence.

2.3 Languages and Law

2.4.1 The language in which this Agreement shall be written is English;

2.4.2 The laws of the Republic of Kenya shall apply to this Agreement.

2.4 Variations

The Agreement can be varied, by written agreement of the Leader Member and Consortium Members, on application by either of them.

2.5 Assignment and Associate Contracts

2.5.1 The Consortium Member may engage any other party(ies) to carry out parts of his Services but this will however, in no way exclude the Consortium Member from the liabilities, obligations, benefit or penalties as provided in the Consortium Agreement and absolve him from maintaining and delivering quality services acceptable to the Client.

2.5.2 The Consortium Member shall not without the written consent of the Leader Member assign the benefits from the Agreement, other than by a charge in favour of the Consortium Member's bankers of any monies due or to become due under the Agreement.

2.5.3 None of the Consortium Members shall assign obligations under the Agreement without the written consent of the other Party(ies).

2.6 Successors

This Agreement shall not be dissolved by the death or demise of either of Consortium Members. Their respective rights and obligations shall pass to their successors.

2.7 Communications

Unless otherwise expressly stipulated in Schedule 1, all communications between the Leader Member and any of the Consortium Members in connection with the Member's Services and this Agreement, both written and oral, shall be in the language of the Agreement.

2.8 Notices

Notices under the Agreement shall be in writing and will take effect from receipt at the address stated in Schedule 1. Delivery can be by hand or facsimile (fax) message against a written confirmation of receipt or by registered letter or by fax/e-mail subsequently confirmed by letter.

3.0 Obligations of the Members

3.1 Performance of the Consortium Consultancy Services

The Consortium Member and Leader Member shall carry out the Consultancy Services upon the terms and conditions set out in this Agreement.

3.2 Normal, Additional and Exceptional Services

3.2.1 Normal Services are those described in Schedule 1.

3.2.2 Additional Services are those described as such in Schedule 1 specifically or which by written agreement of the Leader Member and other Members are otherwise additional to Normal Services.

3.2.3 'Exceptional Services' are those which are neither 'Normal', nor 'Additional Services' but which are necessarily required to be performed by the Consortium in accordance with Clause 8 of this Agreement.

3.3 Skill, Care and Diligence

3.3.1 The Leader Member and the Consortium Members shall exercise reasonable skill, care and diligence in the performance of its obligations under the Consortium Agreement.

3.3.2 The Leader Member and the Consortium Members shall carry out the Consortium Consultancy Services so that no act or omission of the Consortium Members and Leader Member in relation thereto shall constitute, cause or contribute to any breach by the Leader Member of any of its responsibilities, obligations or liabilities under the incorporated provisions of the Main Agreement.

3.4 Remuneration

The payments to the Members in the Consortium will dovetail the payment schedule in the Main Agreement as given at Schedule 4 and in accordance with Schedule 5 shall constitute the only payments to the Consortium Member and Leader Member in connection with this Agreement.

The Consortium Member and Leader Member shall prepare and submit their invoice which shall contain such details as the Client reasonably may require in sufficient time to enable the Leader Member submit the Fee-note/Invoice to the Client.

3.5 Leader Member Representative

For the administration of the Agreement the Leader Member shall designate an individual to be his Representative. Such Representative shall have full authority to act on behalf of the Leader Member for all purposes in connection with this Agreement.

The Leader Member's Representative from the date of this Agreement shall be the person so designated in Schedule 1. The Leader Member may from time to time replace the Representative and shall give the Consortium Members notice in advance of any such replacement.

3.6 Instructions and Directions

3.6.1 The Consortium Member shall comply with all reasonable instructions and directions in relation to their Consultancy Services and/or this Agreement issued to the Consortium Member by the Leader Member Representative as in the Main Agreement or any other person designated by the Consortium with prior information to the Consortium Member about such change of authorized representative.

3.6.2 If the Consortium Member receives direct instructions or directions from the Client, it shall forthwith inform the Leader Member with a copy of the instruction or direction, if given in writing.

3.7 Programme of Work

3.7.1 The Consortium Member shall provide their Consultancy Services in accordance with the programme of work set out in Schedule 2 or as amended from time to time.

3.7.2 The reimbursement due to the Consortium Member under the Consortium Agreement shall be adjusted in respect of any such amendments or variations.

3.8 Confidentiality

The Consortium Member shall not, during the performance of the Consultancy Services (save in the proper course of its duties) or at any time after expiry or termination of this Agreement, disclose to any person or otherwise make use of any confidential information which it has obtained or may in the course of this Agreement obtain relating to the Consortium, the Client, the Main Agreement or otherwise. The Leader Member shall not disclose to any person anything contained in this Agreement without the prior written consent of the Consortium Member.

4.0 Obligations of the Leader Member

4.1 Information and Assistance

The Leader Member shall furnish to the Consortium Member without charge and within a reasonable time all pertinent data and information available to it and which is necessary for the Consortium Member to provide the required services.

The Leader Member shall give its decision on all substantive matters, including documents, properly referred to it for decision within a reasonable time.

4.2 Payment

4.2.1 The Consortium Member shall be paid by the Client against the invoices of the Consortium Member for their services including all costs, expenses and overheads incurred in the performance of the services. The payment shall be made in accordance with the schedule and stages as detailed in the Main Agreement and effected within thirty (30) days.

4.2.2 The Leader Member shall extend the recoverable advance payment to the Consortium Member to the extent of the percentage of fees and on a recoverable basis against an insurance guarantee to be provided by the Consortium Member to the Leader Member.

4.3 Equipment and Facilities

4.3.1 The Leader Member shall provide the equipment and facilities stated in Schedule 3 for use by the Consortium Members for as long as may be necessary for the performance of the Consortium's Consultancy Services.

4.3.2 Equipment provided by the Leader Member for the use of the Consortium Member shall be the property of the Consortium and shall be so marked. Upon completion or termination of the Consortium's Consultancy Services the Consortium Member shall furnish to the Leader Member inventories of the equipment and dispose of the same/or returned as directed by the Leader Member.

5.0 Liability

5.1 Indemnity by Consortium Member

The Consortium Member shall indemnify the other Members against each and every liability which the Consortium may incur to any other person whatsoever and against the adverse effects of all claims, including claims by public/third parties to the extent that the same arise as a result of the Consortium Member's breach of the services.

5.2 Financial Limit of Compensation

The financial limit of compensation shall be governed by conditions as set out in Schedule - 5 of this agreement. The Consortium Member shall bear the same responsibilities and obligation towards the Consortium, as the Consortium shall have towards the Client.

5.3 Liability for Patents and Copyrights

The Consortium Member shall be liable for any violation of legal provisions or rights of third parties in respect of patents and/or copyrights introduced in documents prepared by him.

6.0 Suspension and Termination

6.1 Termination of Main Agreement

If the Main Agreement is terminated or if the engagement of the Leader Member is terminated by either the Leader Member or the Client in accordance with the provisions of the Main Agreement, then the Leader Member may at any time thereafter terminate this Agreement forthwith by notice to the Consortium Member. Upon receipt of such notice, the Consortium Member shall take immediate steps to bring the services to a close and to reduce expenditure to the minimum. The effective date of

termination of this Agreement shall be 30 days after receipt of such notice by the Consortium Member, unless some other shorter or longer period is agreed between the Leader Member and the Consortium Member.

6.2 Termination for Breach

6.2.1 In the event of any breach by the Consortium Member of its obligations under this Agreement, which the Consortium Member shall fail to remedy within thirty (30) days after receiving notice from the Leader Member specifying the breach and requiring its remedy, then the Leader Member may at any time thereafter terminate this Agreement forthwith by notice to the Consortium Member

6.2.2 In the event of any breach by the Leader Member of the obligations under this Agreement, which the Leader Member shall fail to remedy within thirty (30) days after receiving notice from the Consortium Member specifying the breach and requiring its remedy, then the Consortium Member may at any time thereafter terminate this Agreement forthwith by notice to the Leader Member.

6.3 Changed Circumstances

If circumstances arise for which the Consortium Member is not responsible and which make it impossible for him to perform in whole or in part the Services in accordance with the Agreement, he shall promptly dispatch a notice to the Leader Member in writing.

In these circumstances, if certain Services have to be suspended, the time for their completion shall be extended until the circumstances no longer apply, plus a reasonable period to be mutually agreed but not exceeding one month for resumption of them.

If the speed of performing certain Services has to be reduced, the time for their completion shall be extended by the Leader Member as may be made necessary by the circumstances.

6.4 Entitlement of Consortium Member upon Termination

Upon termination of this Agreement under Clause 6.1, Sub-clause 6.2.1, or postponement of the Consultancy Services under Clause 6.3, and subject to the obligation of the Consortium Member to reduce expenditure to a minimum, as stated in Clause 6.1, the Consortium Member shall be entitled to be paid:

- all amounts which are due to it under this Agreement up to the effective date of such termination or postponement, less the amounts previously paid to the Consortium Member in respect of them as stipulated in the Main Agreement

- all costs incidental to the orderly termination of the Consultancy Services;

6.5 General Obligations on Termination

Termination of this Agreement howsoever arising shall be without prejudice to the rights and remedies of either Member in relation to any negligence, omission or default of the other, prior to such termination.

7.0 Exceptional Services

7.1 Upon the occurrence of circumstances described in Clause 6.3 or abandonment or suspension or resumption of Services or upon termination of the Consortium Agreement otherwise than under the provisions of Clause 6.2.2, any necessary work or expense by the Consortium Member extra to the Normal and Additional Services shall be regarded as Exceptional Services.

The performance of Exceptional Services shall entitle the Consortium Member to extra time necessary for their performance and to payment for performing them, subject to the Leader Members' prior approval.

8.0 Arbitration

8.1 Arbitration Procedures

Any dispute arising between the Leader Member and the Consortium Member in connection with or arising out of this Agreement which cannot be amicably resolved between them in accordance with the terms of this Agreement shall be settled by arbitration in accordance with the rules stated in Schedule 1.

8.2 Award Enforcement

Judgment upon the award rendered in any arbitration proceedings may be entered in any court having jurisdiction by either the Leader Member or the Consortium Member or application may be made to such court for a judicial acceptance of the award and an order for enforcement (as the case may be).

8.3 Copyright

Copyright in the work produced by the Consortium Member shall remain vested with the Client.

8.4 Continuing Obligations

Any reference to arbitration shall not relieve either Member from any liability for the due and punctual performance of its obligations under this Agreement.

Schedule - 1

Project and Agreement Particulars

CLAUSE 1.1 Definitions

The Client is Kenya Railway Corporation

The Consultancy services are for Consultancy Services for Design Review and Construction Supervision for the Construction of Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock- Tender No. KRC/PLM/009/13-14

The Services which are to be provided to the Client by the Consortium in connection with the Project are:

Consultancy Services for Design Review and Construction Supervision for the Construction of Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock- Tender No. KRC/PLM/009/13-14

The Country where the Project is located is Kenya.

CLAUSE 2.1 Commencement and Completion

The Consortium shall commence the Consultancy Services at the time and stages they have been programmed by item of services in the Main Agreement.

CLAUSE 2.2 Main Agreement

Refer Contract for Consultancy Services dated and signed on 3rd June 2014 between the Kenya Railway Corporation (the "Client") and TSDI/APEC/EDON Consortium.

CLAUSE 2.3 Languages and Law

The Language of the Agreement shall be English.

The Law, which is to apply to this Agreement, shall be the Laws of the Republic of Kenya.

CLAUSE 2.8	Notices
	The representatives of the Parties respectively for personal receipt of notices under the Agreement shall be the following:
	-for Leader Member : Mr Gao Songdong, Leader Member Representative
	- for Consortium Member: Eng. James M. Karanja, Managing Director of APEC Consortium Ltd.
	- for Consortium Member: Arch. J. E. O. Ndong, Managing Director of Edon Consultants International Ltd
CLAUSE 3.5	The Consortium Member's Representative shall be Eng. J. M. Karanja The Consortium Member's Representative shall be Arch. J. E. O. Ndong
CLAUSE 4.1	The Leader Member's Representative shall be Mr Gao Songdong
CLAUSE 4.2	Payment
	As per Clause 4.2.1 and Schedule 5 and 5.1 attached.
CLAUSE 5.3	Duration of Liability
	The period within which proceedings may be issued shall be in accordance with Kenyan Law.
CLAUSE 8.1	Arbitration
	Any arbitration proceedings in accordance with Clause 8.1 shall be in accordance with the Main Agreement.

Schedule - 2

Scope and Programme of the Consultancy Services

The services to be provided by the Consortium shall conform to the requirement of the Main Agreement. These include, as and when necessary, providing Local and International Professional Staff and Supporting Staff who shall render necessary services as required under this project to the full satisfaction of the Client. In addition, these include, as and when required, providing equipments, which shall render necessary services as required under this project to the full satisfaction of the Client. The scope of services as per the Main Agreement shall be considered as the maximum work to be carried out by the Consortium. Any extension of scope shall be accepted and carried out by the Consortium at a separate cost to be mutually agreed upon by and between the Leader Member and Consortium Member. However, any work carried out by the Consortium Member, contingent upon the scope of the work in the Main Agreement shall not be separately paid for.

The programme of work for the Consortium shall be that as set out in the Main Agreement. The Consortium shall, however, comply with any modification that becomes necessary to the programme during the Inception Report stage and also during later part of the services.

Schedule - 3

Facilities and Equipment to be provided by Leader Member

The Leader Member shall facilitate provision to the Consortium Member the necessary facilities and equipment, if and when obtained from the Client and Engineering Procurement Construction (EPC) contractor, as also all reports and documentation from various sources. The Consortium Member shall use these for the purpose of the project work and return the same to the Consortium in the same condition on completion of their Services.

Schedule - 4

Payment Schedule

As per the provisions in the Main Agreement

Schedule - 5

Payment to the Consortium Member

Payment to the Consortium Member shall become due at the same stages and intervals as indicated in the Main Agreement for payment to the Leader Member. The Consortium Member shall raise their invoices at these stages for their services and the Leader Member, after checking their correctness, shall incorporate relevant information in their invoices to the Client for payment.

The Leader Member will indicate in the invoices that the Client pays the Consortium Member directly by indicating the amount payable and the associated tax in the name of the Consortium Member.

Schedule 5.1

Consortium Members' Staff Distribution

Consultancy Services for Design Review and Construction Supervision for the Construction of Standard Gauge Railway from Mombasa to Nairobi, Kenya and Procurement and Installation of Facilities, Locomotive and Rolling Stock- Tender No. KRC/PLM/009/13-14

See the Attachment herein signed by the consortium members.