Towards a Globally Competitive and Prosperous Nation

KENYA VISION 2030 FLAGSHIP PROJECTS PROGRESS REPORT (FY 2018/2019)

REPUBLIC OF KENYA

KENYA VISION 2030

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and Prosperous Nation

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ADR	-	Alternative Dispute Resolution
ADT	-	Antiretroviral Dispensing Tool
AFFA	-	Agriculture Food and Fisheries Authority
AG	-	Attorney General
AGOL	-	African Gas and Oil Company Limited
AGPO	-	Access to Government Procurement Opportunities
ANC	-	Antenatal Care
ARVs	-	Antiretrovirals
ASALs	-	Arid and Semi-Arid Lands
AWS	-	Automatic Weather Stations
BPO	-	Business Process Outsourcing
CAN	-	Calcium Ammonium Nitrate
CAP	-	Content Access Point
CARPS	-	Capacity Assessment and Rationalization of the Public Service
CBC	-	Competency Based Curriculum
CCIs	-	Charitable Children Institutions
CDACC	-	Curriculum Development Assessment and Certification Council
CECs	-	County Environment Committees
CEMIS	-	County Education Management Information System
CIC	-	Commission for the Implementation of the Constitution
CIDPs	-	County Integrated Development Plans
CIPEV	-	Commission of Inquiry on Post-Election Violence
CMA	-	Capital Markets Authority
CMIPS	-	Central Meteorological Information Processing System
CMMP	-	Capital Markets Master Plan
CoK	-	Constitution of Kenya
CPIMS	-	Child Protection Information Management System
CT-OVC	-	Cash Transfer – Orphans and Vulnerable Children
DAP	-	Diammonium Phosphate
EA	-	Environmental Audit
EACC	-	Ethics and Anti-Corruption Commission
ECDE	-	Early Childhood Development Education
EEZ	-	Exclusive Economic Zone
EIA	-	Environmental Impact Assessment
EMCA	-	Environmental Management and Coordination Act
EMIS	-	Education Management Information System
EOI	-	Expression of Interest
EPI	-	Environmental Performance Index
EPPs	-	Expanded Polystyrene Panels
ERP	-	Enterprise–wide Resource Planning
ESP	-	Economic Stimulus Programme
FDI	-	Foreign Direct Investments
FinTech	-	Finance and Technology
FY	-	Financial Year
GAW	-	Global Atmospheric Watch
GDP	-	Gross Domestic Product
GER	-	Gross Enrolment Rate
GEWE	-	Gender Equality and Women Empowerment
HEST	-	Higher Education, Science and Technology
HISP	-	Health Insurance Subsidy Programme
HIV	-	Human Immunodeficiency Virus
HRH	-	Human Resource for Health
IBS	-	Industrial Building System
ICT	-	Information, Communication and Technology
ICU	-	Intensive Care Unit
IDPs	-	Internally Displaced Persons
IEC	-	Information Education & Communication
IGRTC	-	Intergovernmental Relations Technical Committee
IIBRC	-	Interim Independent Boundaries Review Commission
IICDRC	-	Interim Independent Constitutional Dispute Resolution Court
IIEC	-	Interim Independent Electoral Commission
IMIS	-	Integrated Meteorological Information System
IOCs	-	International Oil Exploration Companies
ISO	-	International Organization for Standardization
ISSBs	-	Interlocking Stabilized Soil Blocks
ITES	-	Information Technology Enabled Services
JKIA	-	Jomo Kenyatta International Airport
JKUAT	-	Jomo Kenyatta University of Science and Technology
KALRO	-	Kenya Agriculture and Livestock Research Organization
KEMSA	-	Kenya Medical Supplies Authority
KEPHIS	-	Kenya Plant Health Inspectorate Service
KICC	-	Kenyatta International Convention Centre
KIRDI	-	Kenya Industrial Research and Development Institute
KISIP	-	Kenya Informal Settlement Improvement Programme
KKV	-	Kazi Kwa Vijana
KNBS	-	Kenya National Bureau of Statistics
KNBS	-	Kenya National Bureau of Statistics
KNH	-	Kenyatta National Hospital
KNQA	-	Kenya National Qualification Authority

KNSDI	-	Kenya National Spatial Data Infrastructure
KOJ	-	Kisumu Oil Jetty
KoTDA	-	Konza Technopolis Development Authority
KPA	-	Kenya Ports Authority
KPRL	-	Kenya Petroleum Refineries Limited
KRA	-	Kenya Revenue Authority
KSA	-	Kenya Sports Academy
KWS	-	Kenya Wildlife Service
LAPSSET	-	Lamu Port South Sudan Ethiopia Transport Corridor
LCB	-	Low Cost Boarding
LDD	-	Learners Digital Devices
LEZ	-	Livestock Export Zone
LIA	-	Leadership and Integrity Act
LMIS	-	Logistics Management Information System
LPG	-	Liquefied Petroleum Gas
MAT	-	Multi-Agency Team
MDAs	-	Ministries Departments and Agencies
MDCAs	-	Ministries, Departments, Counties and Agencies
MES	-	Managed Equipment Service
MFI	-	Microfinance Institutions
MGR	-	Metre Gauge Railway
MICE	-	Meetings Incentives Conferences and Events
MoU	-	Memorandum of Understanding
MTI	-	Medium-Term Intervention
MTP	-	Medium-Term Plan
MTRH	-	Moi Teaching and Referral Hospital
NAICEC	-	Nairobi International Convention and Exhibition Centre
NaMSIP	-	Nairobi Metropolitan Services Improvement Project
NCI	-	National Cohesion and Integration
NCIC	-	National Cohesion and Integration Commission
NEMA	-	National Environment Management Authority
NEMIS	-	National Education Management Information System
NER	-	Net Enrolment Rate
NIFC	-	Nairobi International Finance Centre
NPI	-	Natural Products Industry
NQCL	-	National Quality Control Laboratory
NSNP	-	National Safety Net Programme
NYS	-	National Youth Service
OBA	-	Output-Based Approach
ODPP	-	Office of the Director of Public Prosecution
OPCT	-	Older Persons Cash Transfer
OSC	-	One-Stop Centre
OVC	-	Orphans and Vulnerable Children
PAS	-	Performance Appraisal System
PNC	-	Postnatal Care
PPP	-	Public-Private Partnership
PWDs	-	Persons with Disabilities
PWSD-CT	-	Persons with Severe Disabilities – Cash Transfer
SEZ	-	Special Economic Zones
SME	-	Small and Medium-Sized Enterprises
SNP	-	Sustainable Neighbourhood Project
STI	-	Science, Technology and Innovation
SYPT	-	Subsidized Youth Polytechnic Tuition
TA	-	Transition Authority
TDD	-	Teacher Digital Devices
TJRC	-	Truth Justice and Reconciliation Commission
TMIS	-	Teacher Management Information System
TTI	-	Technical Training Institutes
TVET	-	Technical Vocational Education and Training
UACA	-	Urban Areas and Cities Act
UNCAC	-	United Nations Convention Against Corruption
VDB	-	Vision 2030 Delivery Board
WEDF	-	Women Enterprise Development Fund
WEF	-	Women Enterprise Fund
WHO	-	World Health Organization
YALI	-	Young Africa Leaders Initiative
YECs	-	Youth Empowerment Centres
YEDF	-	Youth Enterprise Development Fund

FOREWORD

JANE KARUKU, MGH
CHAIRPERSON
KENYA VISION 2030
DELIVERY BOARD

Since the inception of The Kenya Vision 2030 Blueprint, the country has been implementing programs and projects that aim to deliver this Vision.

The implementation is spearheaded by the Vision 2030 Delivery Secretariat, which works in collaboration with Government Ministries, State Departments and other stakeholders both in the public and private sectors, to ensure fidelity to the objectives and timelines of delivery.

FY 2018/2019 marks the close of the first decade in the implementation of the transformation blueprint and the beginning of the final twelve years of transformation (MTP III- 2018 – 2022). It is worth noting that during the first decade, which comprises Medium-Term Plans I & II, the transformation journey was marked with sustained success in many areas with the country achieving great milestones. The success is widespread and covers all the three Pillars of the Vision, i.e., social, political and economic as well as the Enablers/ Foundations. Admittedly, the achievements would not be possible without the commitment of the stakeholders who have played an active role in supporting the Vision.

This Annual Report provides a detailed scope of the activities of the Vision 2030 Delivery Secretariat during the FY 2018/19. It illustrates the projects undertaken during the year, highlighting the successes, challenges and lessons learnt. The annual report considers the incremental changes realized over time and the factors influencing the delivery of the Vision.

As I present this report to you, I am invigorated by the collective achievements that we have made as a country, especially in the building of a cohesive society that is actively working to improve the lives and livelihoods of Kenyans. We have made significant milestones in strengthening our economic capabilities, underlined by sustained economic growth. The growth is fueled by a robust service sector and a vibrant productive economy.

In transforming the economy, the implementation of the Vision during the year targeted eight priority sectors, which make up more than 57% of Kenya's Gross Domestic Product (GDP). These sectors also provide for nearly half of the country's total formal employment. They include Tourism; Agriculture and Livestock; Trade; Manufacturing; IT Enabled Services/ BPO, Financial Services; Oil, Gas and Mineral Resources; and Blue Economy. In the period, Kenya's Real Gross Domestic Product (GDP) expanded by 6.3 per cent in 2018 compared to 4.9 per cent in 2017. The growth is attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities.

MTPs I & II brought to the fore the real value of creating strong foundations of socio-economic development. Evidently, the progress made towards building a democratic political system that is issue-based, people-centered, result-oriented and accountable to the public cannot be gainsaid.

Today, more than ever, we are closer to achieving the transformation of Kenya's political governance system. Since the promulgation of the Constitution in 2010, Kenya has made enormous strides in advancing devolution, promoting public participation in policymaking, and strengthening the three arms of government: The Executive, The Judiciary and The Legislature.

In preparing this annual report, the Secretariat consulted widely with both Government and Non-Governmental stakeholders to assess and document the actual progress of development projects being undertaken under the Vision. The team also sought to engage with the public and direct beneficiaries of the projects under this framework to ascertain the impact of transformation.

On behalf of the Board of Directors of Vision 2030, I recognize and appreciate the efforts of the Secretariat, Ministries and State Departments for their invaluable support throughout the year. I particularly acknowledge the technical support provided by MDA's and the State Department for Planning alongside other teams.

ACKNOWLEDGEMENT

The Government established Kenya Vision 2030 Delivery Secretariat (VDS) to ensure timely implementation of the flagship projects. The Secretariat operates under the overall guidance of the Kenya Vision 2030 Delivery Board (VDB), which plays a policy-making and advisory role.

The VDS provides strategic leadership and direction in the realization of Vision 2030 goals as well as closely collaborating with line Ministries, Departments, Agencies and the Private sector in tracking the implementation of Kenya Vision 2030 and its Medium-Term Plans (MTPs).

In line with this mandate, the Secretariat developed, through consultation with Ministries, Departments Agencies (MDA's) and The State Department for Planning, this Kenya Vision 2030 Flagship Projects Implementation Progress Report covering the Financial Year 2018/2019. The report outlines the progress made towards the realization of Kenya Vision 2030. The report also highlights key achievements, challenges, lessons learnt and recommendations in the implementation of our country's development agenda.

The VDS acknowledges and recognizes technical support provided by MDAs and The State Department for Planning during the preparation of this Report. The Report was validated through a consultative forum with MDAs who provided valuable inputs that greatly aided its finalization.

Kenya is ours to build. May we dwell in Unity, Peace and Liberty, and may plenty be found within our borders.

Kenneth Mwige

KENNETH MWIGE
DIRECTOR GENERAL
VISION 2030 DELIVERY SECRETARIAT

EXECUTIVE SUMMARY

The three Pillars (Social, Political and Economic) of Vision 2030 are anchored on Foundations/Enablers for national transformation and a stable macroeconomic framework. These Foundations/Enablers are: Infrastructure, Information and Communication and Technology (ICT), Science, Technology and Innovation (STI), Land Reforms, Human Resource Development (Labour and Employment), Security, Peace Building and Conflict Resolutions, Public Service Reforms; National Values and Ethics and Ending Drought Emergencies.

FOUNDATIONS / ENABLERS

Infrastructure is an important enabler of socio-economic development. The sector aspires for a country firmly interconnected through a network of roads, railways, ports, airports, waterways and telecommunications. The Government has continued to develop efficient and effective infrastructure, which is a key enabler for other sectors as envisaged in Kenya Vision 2030.

During FY 2018/2019 in MTP III, investment in infrastructural programmes and projects was focused on accessibility, quality, functionality, job creation, disaster preparedness and protection of the environment. Investing in infrastructural development will support achievement of the "Big Four" initiatives by building on the on-going developments in the road, rail, marine, air, energy, and ICT.

In the Road sub-sector, some of the projects earmarked included the expansion of roads to enhance domestic and regional trade. In the first year of implementation of MTP III, a total of 2,222kms of road were constructed, repaired/rehabilitated or expanded. This was against a target of 1,788kms for that period. Some of the challenges experienced during the period included: Inadequate financing, high capital investment requirements in roads construction, high road construction and maintenance cost, inadequate enforcement of traffic regulations and axle load limits, among others.

The objective of the Rail sub-sector is to develop an integrated rail network and provide efficient and safe rail services. This is implemented by the Kenya Railways Corporation (KRC). To this end, achievements under FY 2018/2019 include: implementation of SGR Phase 2 A – Nairobi to Narok (Emurtoto) 120 Km; Progress of works achieved in the construction of in the first quarter was 91.80 per cent. SGR Phase 2 B – Narok (Emurtoto) to Kisumu (262 Km), Facilitation of the financing arrangements between Kenya Railways, the National Treasury and China Exim Bank was underway, development of Terms of Reference for the Procurement of a consultation for RAP was completed in the quarter under review and Terms of Reference for the procurement of a consultant for design review and construction supervision was developed in the second quarter and was awaiting financing.

The Airport sub-sector saw the modernization of the JKIA and Moi International Airport's re-development of Kisumu Airport and the rehabilitation of other airports. Completed and ongoing projects include: JKIA Pavements and Lighting System Works - Overall progress was estimated at 68 per cent, Kisumu Airport Runway Strengthening - NOTAM for Segment 5 issued on 19th March , 2019, Segment 5 works commenced on 18th March, 2019, Suneka Airstrip: Runway rehabilitation works, the Contract was signed on 28th September, 2018, topographical survey was complete, Evaluation process for the Runway and Apron was complete, Kitale Airstrip: Apron and runway works; Evaluation report signed on 8th August, 2019, Due diligence to follow, Complete 10 per cent of Apron and runway works. Migori Airstrip: Fencing, Apron and runway works, evaluation report signed on 8th August, 2019, due diligence to follow, Complete fencing and 10 per cent of Apron and runway works among others.

The improvement of the Shipping and Maritime facilities has seen the development of the Second Container Terminal. Phase II construction commenced and the progress was at 12.43 per cent. Further, the construction of the first three (3) Berths at Lamu Port was 42 per cent complete with the first berth completed and awaiting commissioning. Feasibility studies and preliminary designs were ongoing for the development of Dongo Kundu Free Port, while the Environmental Impact Assessment (EIA) was completed in quarter one Shimoni Port, the Feasibility Study was completed, the Shimoni Project Appraisal Team (PAT) report and recommendations finalized and submitted to public-private partnership node.

In the Energy sub-sector, connections to electricity increased to 7,095,039 customers in FY 2018/2019 from 6,782,158 in FY 2017/2018, the total installed capacity increased to 2712MW from 2341MW from FY 2017/18, 697.86Km of transmission lines and two (2) transmission substations were completed, 342.7Km of new medium voltage distribution lines and 21 distribution substations were completed, 223 public facilities were connected to electricity, 24,447 and 451 street lighting points and transformers were installed respectively, 101.3Ha of land was planted with trees to protect hydro-power water catchment areas, four (4) wells were drilled in Menengai and one in Bogoria-Silali which resulted to cumulative MWe increase to 171.4MWe in Menengai project areas and 22 energy investment and general audits were conducted.

To enhance connectivity in off-grid areas two (2) hybrid stations were constructed. In the development of the nuclear power programme, 30 people were trained in nuclear related courses both locally and internationally in accredited institutions and 70 public awareness


Flamingos at Lake Nakuru

forums were held. Several measures were taken to enhance promotion and development of renewable energy as an alternative source of energy.

The Government of Kenya recognizes the importance of ICT in economic development and has therefore initiated major steps to promote its use. One of the major initiatives that the Government is pursuing is to improve ICT infrastructure in order to bridge the digital divide and lower the cost of communication. The Government is also levelling the ground through development and implementation of policy and regulations aimed at attracting investment within the sector. It must be emphasized that the Government recognizes information as a resource which must be generated, collected, organized, leveraged, secured and preserved to enhance national prosperity.

The Vision recognizes the role of Science, Technology and Innovation (STI) in a modern economy, in which new knowledge plays a central role in wealth creation, social welfare and international competitiveness. Under MTP III, the sector drives the transformation agenda by supporting the "Big Four" initiatives and by ensuring that all sectors have access to new technologies in order to increase productivity and efficiency. During the MTP III period, the sector targets to increase research funding from 0.79 per cent to 2 per cent of the GDP in order to attain position 85 in the Global Competitiveness Index ranking out of 137 countries by 2022 from position 91 in 2016.

Land is an important factor of production. This is because it provides the foundation for all other activities such as agriculture, industries, mining, housing and urban development, public health, water and sanitation. For this reason, the Kenya Government prioritized upgrading policies and programmes covering overall land use, security of tenure, wider access to land titles, and a transparent and secure land registration system. Secure access to land, proper land use planning, and equitable access to land are essential ingredients to food security, growth in investments and industries and improved general household incomes given the country's reliance on agriculture.

ECONOMIC AND MACRO PILLAR

The theme of the Economic and Macro Pillar is to move the economy up the value chain. The objective of the pillar is to improve the prosperity of all regions of the country by maintaining a sustained growth of at least 10per cent Gross Domestic Product growth rate. Eight priority sectors that make up over 57 per cent of Kenya's GDP and provide for nearly half of the country's total formal employment were targeted, Tourism; Agriculture and Livestock, Trade, Manufacturing; IT Enabled Services/ Business Processing Outsourcing, Financial Services, Oil, Gas and Mineral Resources and Blue Economy.

Real Gross Domestic Product (GDP) is estimated to have expanded by 6.3 per cent in 2018 compared to 4.9 per cent in 2017. The growth was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Agricultural activities benefited from sufficient rains that were well spread throughout the country. Similarly, the increased precipitation was a significant boost to electricity generation and consequently favourable to growth during the review period. The Agriculture, Forestry and Fishing sector growth accelerated from a revised growth of 1.9 per cent in 2017 to 6.4 per cent in 2018. The manufacturing sector expanded by 4.2 per cent compared to a revised growth of 0.5 per cent in 2017 mainly buoyed by increased agro-processing during the review period. Other sectors that grew notably in 2018 include Electricity Supply, Transportation and Storage, Information and Communication Technology, Accommodation and Food Services at 10.5, 8.8, 11.4, 16.6 per cent, respectively in 2018.

The growth realized was anchored on a relatively stable macroeconomic environment in 2018. Inflation remained low at 4.7 per cent in 2018 compared to 8.0 per cent in 2017 majorly as a result of considerable declines in prices of food after the shortage experienced in 2017. The current account deficit narrowed to stand at KSh 441.8 billion in 2018 compared to KSh 503.4 billion in 2017 mainly due to a faster growth of imports of goods and services.

The goal of the Tourism Sector is to make Kenya a top 10 long haul tourist destination offering a high end, diverse and distinctive visitor experience. The Tourism sector registered an improved performance in 2018 compared to 2017. The number of international visitor arrivals increased by 14.0 per cent from 1,778.4 thousand in 2017 to 2,027.7 thousand in 2018 while the tourism earnings increased from KSh. 119.9 billion in 2017 to KSh. 157.4 billion in 2018. The improved performance is attributed to amongst others, stable political environment, withdrawal of travel advisories, improved security and increased investor confidence in the country. The period registered growth in aviation industry in the country including increase of charter flights from key cities in Europe to Kenya, increased flights frequency and routes as well as inauguration of the Nairobi-New York route in October 2018 which contributed to the increased international arrivals. The visits by foreign dignitaries and revitalized marketing efforts also contributed to the increased arrivals and tourism earnings over the period.

Agriculture remained the dominant sector in the economy accounting for about a third of the total value of the economy. Growth in Agriculture Value Added at constant prices increased to 6.6 per cent in 2018 from 1.8 per cent recorded in 2017. The improved performance during the year under review was due to favourable weather conditions for both crops and livestock production occasioned by the long rains in 2018. Maize production increased by 26.0 per cent from 35.4 million bags in 2017 to 44.6 million bags in 2018. Production of tea and coffee recorded growths of 12.1 and 7.0 per cent, respectively, during the review period. The volume of fresh horticultural exports increased by 6.1 per cent to 322.6 thousand tonnes in 2018. The value of marketed livestock and livestock products increased by 8.3 per cent to KSh 146.8 billion during the year under review. During the review period, the prices of tea and coffee declined by 15.5 per cent and 15.3 per cent to KSh 25,896.47 and KSh 40,286.41, respectively, per 100 kilograms. The price paid for wheat increased by 11.2 per cent from KSh 3,197.99 per 100 kilograms in 2017 to KSh 3,555.50 per 100 kilograms in 2018. The total domestic sugar production increased by 30.6 per cent from 376.1 thousand tonnes in 2017 to 491.1 thousand tonnes in 2018. Overall, marketed production increased by 11.4 per cent from KSh 446.9 billion in 2017 to KSh 497.9 billion in 2018.

The main objective of the Trade Sector is to be a formal sector that is Efficient, Multi-tiered, Diversified in Product Range and Innovative. It is poised to be one of the key sectors in the economic development of the country. This is mainly because the sector acts as the main link between production and consumption which are the two main attributes that drive the economy of a country. As at 2018, trade contributed about 13 per cent of the country's GDP.

The value of imports rose by 2.0 per cent to KSh 1,760.2 billion in 2018, while total export earnings rose by 3.2 per cent to KSh 612.9 billion, over the same period. In 2018, trade balance widened by 1.4 per cent to a deficit of KSh 1,147.3 billion from a deficit of KSh 1,131.5 billion in 2017. The leading exports were tea, horticulture, articles of apparel and clothing accessories, coffee, titanium ore and concentrates, collectively accounting for 62.0 per cent of the total domestic export earnings. The export-import ratio improved slightly from 34.4 per cent in 2017 to 34.8 per cent in 2018. The Kenyan Shilling strengthened against the US dollar to an average exchange rate of KSh 101.29 in 2018 compared to KSh 103.41 in 2017. The overall balance of payments position improved to a surplus of KSh 105.8 billion in 2018 from a deficit of KSh 16.9 billion in 2017. The current account balance improved by 12.2 per cent from a deficit of KSh 503.4 billion in 2017 to a deficit of KSh 441.8 billion, in 2018. Net financial inflows grew by 21.6 per cent from a surplus of KSh 546.7 billion in 2017 to KSh 664.6 billion in 2018, mainly driven by a 40.5 per cent increase in inflows of foreign direct investment. According to the World Bank, Kenya in 2018 improved on the global Ease of Doing Business ranking to position 80 out of 190 countries compared to position 92 in 2017.

The main objective of the Manufacturing Sector is to ensure a Robust Diversified and Competitive Sector in the country. This is to be done through job creation, generating foreign exchange and attracting foreign direct investment. The manufacturing real value added increased by 4.2 per cent in 2018 compared to a growth of 0.5 per cent in 2017. The manufacturing output volume expanded by 5.1 per cent in 2018 from a revised contraction of 0.8 per cent in 2017. This was mainly on account of increase in production of dairy products, tea, coffee and sugar due to favourable weather conditions. However, the plastic products, wood and other products of wood, and other non-metallic mineral products sub-sectors registered declines in the review period.

CBK governor displaying new currency

The Producer Price Index (PPI), which excludes Value Added Tax (VAT) and transport cost of the finished products, increased by 0.9 per cent in 2018 mainly due to increase in prices of wood and products of wood and cork except furniture and chemicals and chemical products. Formal employment in the manufacturing sector increased by 1.4 per cent to 307,592 persons in 2018 accounting for 11.1 per cent of the total formal employment. The number of local employees working in the Export Processing Zone (EPZ) enterprises rose from 54,764 persons in 2017 to 56,945 persons in 2018. Credit advanced to the Sector by commercial banks and industrial financial institutions rose from KSh 315.3 billion in 2017 to KSh 335.7 billion in 2018.

The Financial Services Sector strives to have a vibrant and globally competitive financial sector driving a high level of savings to finance Kenya's investment needs. Financial services play a critical role in development of a country's economy by providing better intermediation between savings and investments. The financial sector in Kenya comprises of banking, insurance, capital markets and pension funds. In 2018, the Central Bank Rate (CBR) was reviewed downwards twice from 10.00 per cent to 9.50 per cent in March 2018 and then to 9.00 per cent in July 2018, signalling easing monetary policy stance. This was aimed at reducing the cost of borrowing, money supply and boosting economic activity. Consequently, overall interest rates dropped during the review period except for the interbank rate. The 91-Day Treasury bill dropped to 7.34 per cent in December 2018 from 8.01 per cent in December 2017. Annual average inflation eased from 8.0 per cent in 2017 to 4.7 per cent in 2018.

Extended broad money supply (M3) grew to KSh 3,337.8 billion in 2018. The commercial banks liquidity ratio rose from 46.4 per cent in December 2017 to 50.6 per cent in December 2018. The advances to deposits ratio declined significantly to 78.4 per cent in December

2018 down from 83.5 per cent in 2017. This was due to commercial banks opting for less risky lending in the form of Government securities.

The Nairobi Securities Exchange (NSE) 20-Share index dropped by 23.7 per cent to 2,834 points in December 2018, with the market's capitalization standing at KSh 2,102 billion in December 2018. The value of bonds traded rose to KSh 558 billion in 2018 from KSh 429 billion in 2017.

The Oil and other mineral resources sector endeavours to make Kenya the regional Oil, Gas and Minerals hub. The value of mineral output increased by 5.9 per cent from KSh 28.7 billion in 2017 to KSh 30.4 billion in 2018. Titanium ore minerals accounted for 66.1 per cent of the total value of output. The value of soda ash output increased by 7.9 per cent from KSh 6.3 billion in 2017 to KSh 6.8 billion in 2018. Similarly, the value of gold output increased from KSh 1.5 billion recorded in 2017 to KSh 2.0 billion in 2018. The quantity of titanium ore minerals produced declined from 643.5 thousand tonnes in 2017 to 597.7 thousand tonnes in 2018. Similarly, salt, gemstones (rough), gemstones (cut) and gold declined by 71.3, 59.2, 36.8 and 6.1 per cent in 2018, respectively. However, soda ash and diatomite output increased to 339.0 thousand tonnes and 1.5 thousand tonnes in 2018. The mining of fluorspar was not undertaken in 2018 due to the closure of Kenya Fluorspar Mining Company.

The development and exploitation of the Blue Economy has the potential to contribute towards the attainment of the "Big Four" initiatives due to its enormous forward and backward linkages with other productive sectors in wealth and employment creation especially in food security, the service and manufacturing sectors. Total fish output increased from 135.1 thousand tonnes in 2017 to 148.3 thousand tonnes in 2018. Fresh water fish increased from 111.8 thousand tonnes in 2017 to 124.1 thousand tonnes in 2018. Lake Victoria accounted for 66.1 per cent of the total fish landed with an output of 98.2 thousand tonnes in 2018. Marine fish landed increased by 4.1 per cent to 24.2 thousand tonnes. The continued low share of marine fish landing is attributed to lack of technology and inadequate facilities necessary for fishing in deep waters.

The total value of fish output rose by 4.5 per cent to KSh 24.0 billion in 2018. The value of fish from freshwater sources grew from KSh 18.6 billion in 2017 to KSh 19.4 billion in 2018. Fish landed from fresh water sources accounted for 81.0 per cent of the total value of fish. Similarly, the value of fish from marine sources increased by 4.4 per cent from KSh 4.4 billion in 2017 to KSh 4.6 billion in 2018.

SOCIAL PILLAR

The core of the Social Pillar of the Kenya Vision 2030 is to invest in the people of Kenya. It seeks to build a just and cohesive society enjoying equitable social development in a clean and secure environment. This is to be realized through transformation and implementation of policies, programmes and projects in six priority sectors namely: Education and Training, Health, Environment, Water and Sanitation; Population, Urbanization and Housing, Gender, Youth and Vulnerable Groups and Sports, Culture and Arts. Additionally, these policies will be grounded on a strong Science, Technology and Innovation (STI) foundation.

Overall, the Social Pillar sectors registered remarkable improvements in their performance with a majority of the targets met and others surpassed. However, progress within each sector varies depending on various factors that generally influence the implementation of each flagship project. The missing of targets was attributed to the poor performance of some projects, inadequate funding, and weak legislation. Funding for most of the programmes in the six priority sectors has continued to increase over time.

Remarkable improvements have been made in the Education and Training Sector. Generally, enrolment rates at all levels were on a rising trend however some regional disparities were revealed. Education sector witnessed a general increase in the number of educational institutions across all categories, most notable being in public vocational training centres which grew by 26.6 per cent. Total pupil enrolment in Early Childhood Development Education (ECDE) centres rose by 3.0 per cent to stand at 3.4 million in 2018. Similarly, enrolment in primary and secondary schools grew by 1.3 per cent and 4.0 per cent, respectively, in the review period. However, university enrolment is expected to decline by 1.7 per cent to 513,182 in FY 2018/19 academic year.

Significant progress has been realized in the Health Sector due to various interventions including training of health care providers to offer quality maternal services, the Linda Mama initiative and the Beyond Zero Campaign. A total of 1,084,506 expectant mothers were registered and 681,023 deliveries were recorded under the Linda Mama Programme. National Hospital Insurance Fund (NHIF) membership increased by 13.2 per cent to 7.7 million in FY 2017/18. The total number of health facilities increased by 9.8 per cent to 10,820 in 2018. The number of registered health personnel grew by 6.3 per cent to 175,681 in 2018. The number of registered births increased by 22.9 per cent from 923,487 in 2017 to 1,135,378 in 2018. By the end of FY 2018/19, the HIV prevalence rate stood at 4.7 per cent while Domestic Financing Proportion for the HIV response was at 31 per cent.

Literacy programme in school

The main objective of the Environment, Water and Sanitation Sector is to promote and safeguard the state of Environment for Economic growth. The general performance of the specific outcomes in the Environment, Water and Sanitation Sector were realized through implementation of various projects and programmes. For the Environment sub-sector, during the 2018/19, the proportion of land area under forest cover increased from 7.24 per cent to 7.27 per cent and 32 forest research technologies were developed. For the Water and Sanitation sub-sector, improving of water supply in urban areas was estimated at 75 per cent in 2018 compared to 70.3 per cent in 2016. The national sanitation coverage (which includes sewerage and on-site sanitation) was estimated at 68 per cent in 2017. This was achieved through rehabilitation of sewerage schemes in Nairobi, Kisumu, Mombasa, Kericho, Kisii, Nyahururu and Murang'a, and the construction of new sewerage schemes at Othaya, Ruiru, Isiolo, Bomet, Garissa, Siaya, Bondo and Kitui. Environmental and Social Impact Assessment (ESIA) was undertaken for Kocholia project in Busia County.

In the Population, Urbanization and Housing sector, the main objective is the improvement in the quality of life of all Kenyans – the supreme goal of vision 2030 – cannot be achieved if large sections of the rural and urban population are inadequately housed. When the Vision was launched in 2008, the Government took cognizance that the quality and adequacy of low-income housing is better in the rural areas than in the low-income urban areas. However, although majority of the Kenyan population reside in the rural areas, rapid urbanization mainly due to rural-urban migration and high urban growth rate are significant dynamics impacting on the socioeconomic development of the Kenyan society. The Kenya Vision 2030 envisages that with the right urban planning strategy, it will be possible to change the lives of millions of Kenyans for the better. Additionally, urban areas are symbols of prosperity since the concentration of activities in urban areas allows for specialization and exchange-processes which are essential to economic growth.

During the period under review, Kenya's population grew rapidly at an estimated annual rate of 2.7 per cent. To improve living conditions in slums and informal settlements, 9 counties benefited from the installation of infrastructure projects and regularization of tenure security.

The Government directly constructed 1,370 housing units and also facilitated the acquisition of 124 units to Civil Servants through mortgage facilities. 239 market stalls completed and 6 market stalls and external works under construction in redevelopment of Soweto East Zone "B" at Kibera. 5 research centres were constructed in Baringo County, Kisumu County, Murang'a County, Garissa County and Nyandarua County to promote the use of sustainable low-cost housing building materials and technologies.

Equity in access, control and participation in resource distribution for improved livelihoods of women, youth and vulnerable groups is the key rallying call for the gender, youth and vulnerable group sector. The Sector is composed of three sub-sectors namely Gender, Youth and Vulnerable Groups sub-sectors. Kenya has a generally youthful population who bear the greatest burden of unemployment. The Kenya Vision 2030 emphasizes the need to equip the youth with competitive and employable technical and vocational skills. Additionally, it envisages gender equity in power resource distribution and improved livelihoods for all vulnerable groups. Therefore, the sector plays a critical role in creation of an enabling environment for socio-economic service delivery and human resource utilization with a view to achieving desirable national economic growth and development.

A number of interventions have been undertaken to promote gender equality and women empowerment, youth empowerment and cushion vulnerable groups. These include increasing affirmative action funds to Women Enterprise Fund, Uwezo Fund, Youth Enterprise Development Fund, Prevention and Response to Gender Based Violence (GBV) and eradication of Female Genital Mutilation (FGM), Establishment of National Safety "Inua Jamii" to empower the poor and vulnerable to enhance their capacities and opportunities, Disability Main streaming to include and provide accessibility among Persons with Disabilities, Child Community Support Services to strengthen child protection services, The National Youth Service Act No. 17 of 2018 was enacted in December 2018 and came into force on 2nd February 2019. The National Youth Service was upgraded, and enrolment increased to provide skills and training to 21,870 youth per year.

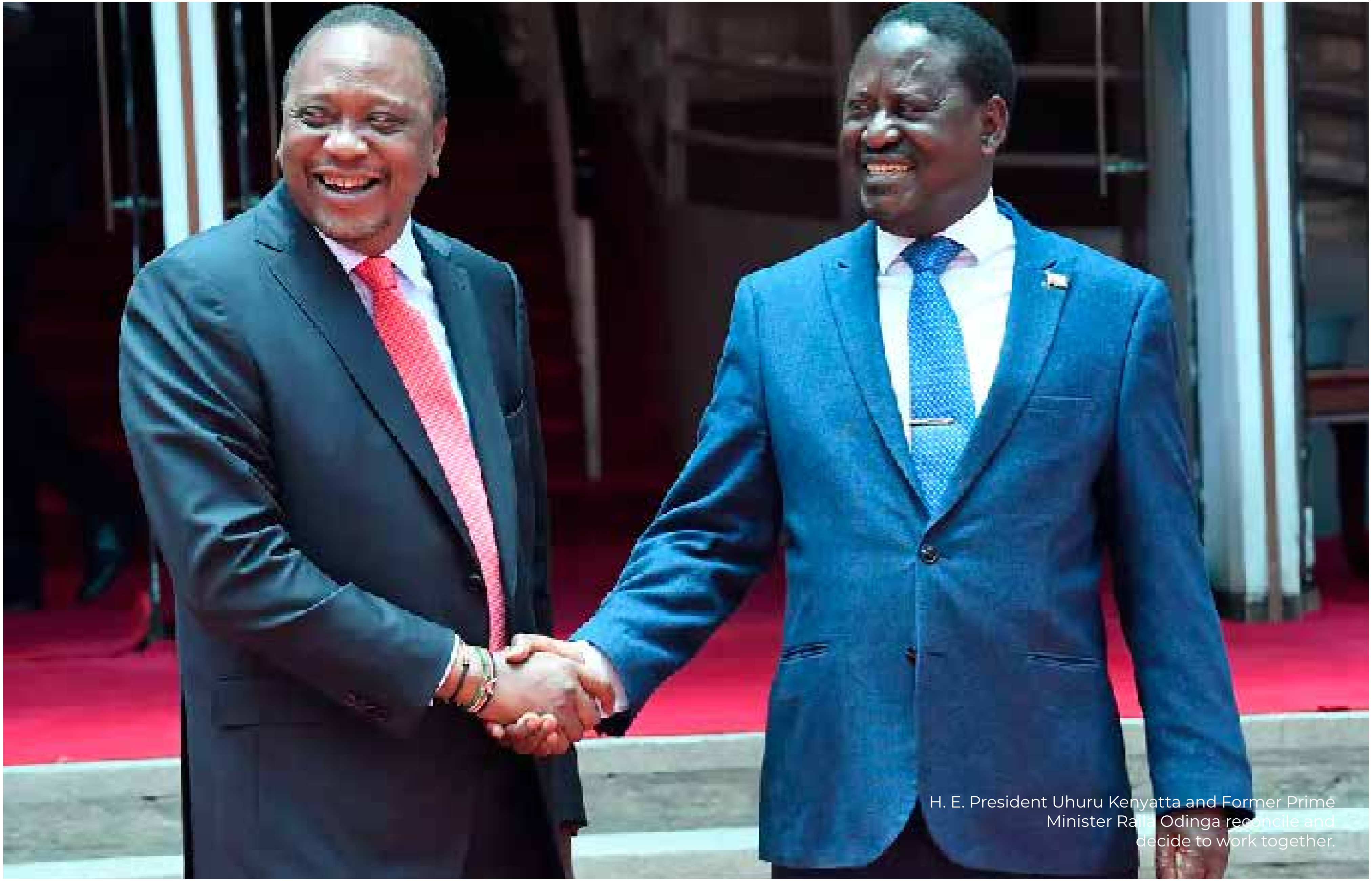
The Sports, Culture and the Arts Sector plays a crucial role in the overall national development. The Sector is made up of three sub sectors namely Sports, Culture and Arts sub sectors. Kenya continues to excel in sports at international level as well as in preserving its cultural identity and the arts. Kenya Vision 2030 recognizes that regulation and effective exploitation of Public Benefits Organizations (PBOs), positive promotion and effective exploitation of our cultural diversity, preservation and promotion of national heritage, sports and arts are critical to socio-economic, political and cultural development.

A national policy on heritage and culture was developed aimed at creating an enabling environment for the development of creative cultural industry, the Kenya National Library of Kenya has been implemented and is 88.4 per cent complete. This will help to improve access to information and knowledge sources to all communities. In implementing the Anti-Doping Act 2016, the Agency successfully carried out a total number of 1,216 tests and Anti-Doping Rule Violation cases were prosecuted and concluded. By the end of FY 2018/19, Sports Kenya recorded an average completion of 44 per cent on building and rehabilitation of Sports Stadia. The National Sports Lottery Fund transitioned to the new Sports, Arts and Social Development Fund established under the Public Finance Management Regulations 2018.

POLITICAL PILLAR

The Political Pillar of Kenya Vision 2030 envisages a democratic political system that is issue-based, people-centered, result-oriented and accountable to the public. It envisions the transformation of the country's political governance system to take place across six strategic areas: rule of law, electoral and political processes democracy and improved public service delivery transparency and accountability,public administration reforms and security, peace building and conflict management. Since the inauguration of the Constitution in 2010, Kenya has made enormous strides in advancing devolution, promoting public participation in policy-making and in strengthening the three arms of government: The Executive, Judiciary and Legislature.

During the period under review, measures were undertaken to strengthen governance at all levels of Government to facilitate the achievement of the Government's "Big Four" initiatives. Achievement of the "Big Four" initiatives calls for an enabling legal, policy and regulatory framework that ensures prudent management of available public resources. Such reforms include: ensuring that elections are free, fair and violence free, strengthening governance and the fight against corruption, ensuring a level playing field for businesses and entrepreneurs, deepening public financial management reforms, fostering financial



H. E. President Uhuru Kenyatta and Former Prime Minister Raila Odinga reconcile and decide to work together.

sector development and financial management reforms, fostering financial sector development and reforms, modernizing the criminal justice system, and improving Kenya's ranking in governance at political and financial levels. It will also require close collaboration between National Government and County Governments through enhanced financial support and capacity building for County Governments.

The Pillar has two sectors: (1) Devolution, and (2) Governance and Rule of Law. Devolution is by far one of the most significant initiatives in governance undertaken since independence and is a key sector under the Political Pillar. The system of devolved government in Kenya was introduced by the Constitution of Kenya (CoK) 2010. The Constitution prescribes the national values and principles of governance which include sharing and devolution of power to provide basis for Kenya's system of devolved government. The devolved system of government has had a significant level of success since its inception. Devolved government interventions under Devolution were aimed at revolving around the enactment and enforcement of supportive legislations, strengthening of governance institutions, planning and budgeting to ensure adequate resource allocation and management, and enhancement of human and technical capacities at national and county levels. The sector supports the Government "Big Four" initiatives by developing policies and legislation that effectively support inclusion, good governance, equity and efficient service delivery at the County level.

Devolution sector flagship projects are aimed at deepening devolution, strengthening competencies of County governments and involve capacity building and technical support, and embracing public participation, strengthening planning, budgeting, public financial management and resource mobilization at County level, strengthening intergovernmental relations and structures, strengthen public service and rationalizing human resource functions across national and County governments and the development of industrial clusters covering various counties based on dominant economic activities, and implementation of One-County-One Product initiative which aims at promoting development of industries in each county based on products and resources potential unique to each county.

Effective devolution required massive resources for capacity building and technical assistance, part of which was realized through civic education. It is notable that during the period under review, more services become available to the citizens through the devolved units. However, some challenges were encountered in the implementations of projects and programmes under the Political Pillar that included, poor harmony between the national and county governments due to slow phase of aligning laws to the constitution and the complex nature of devolution and a dis-engaged citizenry that is not supportive of the participatory anti-corruption efforts.

The governance and the rule of law sector aims at ensuring an effective, accountable and ethical leadership; and promotion of a just, democratic society in line with the Constitution and laws of the country. It is also intended to provide a secure environment and strong governance institutions that will propel citizens to full attainment of stable and sustainable socio-economic and political development. Kenya's devolved system of government aims at contributing to the enhancement of service delivery and citizens' participation in governance.

During the period under review, the Governance and the Rule of Law sector partially or to a greater extend implemented the following flagship projects, Implementation of the Constitution and Legal Reforms, Leadership, Ethics and Integrity, National Cohesion and Integration, Legal Aid and Awareness, Judicial Transformation and Strengthening the Criminal Justice System. Also, County Governments and the National Governments played an important role in planning and implementation of programmes and projects of Kenya Vision 2030. The projects and programmes of key importance were the enactment and enforcement of supportive legislation, allocation of adequate budgetary resources and enhancement of human and technical capacities in all counties.

The main challenges to implementation of the activities under Political Pillar were limited resources including capacity and financial resources that led to under-achievement of targets set within the period under review. This was exacerbated by delayed release of resources, slow implementation of the legal and policy framework and limited public participation in the policy, legislative and planning as well as budget process, limited civic awareness on the Constitution and inadequate adherence to values and principles of ethics. Development and harmonization of key policies was also hampered by lengthy and complex processes which in turn delayed the development and enactment of key legislation necessary for the implementation of the Constitution and access to justice for Kenyans.

CHAPTER ONE
INTRODUCTION

INTRODUCTION

The medium-term macroeconomic framework for the period 2018-2022 is consistent with the Kenya Vision 2030. It aims at putting the economy on a sustainable growth of 7 per cent by end of the Plan period. The implementation of the framework will be supported by policy, legal, institutional and structural reforms that will be implemented by the Government to strengthen macroeconomic stability, improve business environment and transparency and accountability in use of public resources. The framework will support realization of Vision 2030 and the "Big Four" initiatives, SDGs and aspirations of Africa's Agenda 2063 which seek to achieve broad based inclusive growth that will contribute towards reduction of poverty, income inequality, and employment creation.

After the successive implementation of the MTP II covering the 2013-17 period, the implementation of the MTP III commenced in earnest with notable developments in the macroeconomic environment. The main goal of the MTP III macroeconomic framework for the period 2018-2019 was to put the economy on a high and inclusive growth trajectory to achieve a double-digit growth rate by the end of the Plan period. The framework also targeted to create more jobs including enhancing the share of formal sector jobs. Attainment of these objectives is anchored on a macroeconomic foundation that ensures stability in price level, sustainable fiscal deficits, increased share of infrastructure investments to GDP, sustained levels of public sector debt and balance of payments, transparent and accountable use of public resources and a conducive business environment.

MACROECONOMIC PERFORMANCE

Economic Growth

As the economy entered the MTP III phase, it continued to exhibit a strong, resilient and broad-based economic growth. Economic growth during the period under review averaged 5.9 per cent against an MTP III target for the period of 5.9 per cent- the target was met. In 2018, the real GDP expanded by 6.3 per cent compared to 4.8 per cent recorded in 2017 (Table 1). The strong performance was attributed to improved growth of agriculture sector which expanded by 6.0 per cent from 1.6 per cent in 2017, which was attributed to favourable weather conditions which resulted in increased yields of crops and animals. The services sector growth remained robust at 7.0 per cent from 6.5 per cent in 2017. The services sector was supported by resilience in the Wholesale and Retail, Accommodation and Restaurants, Transport and Storage, and Information and Communication. In addition, the Industry sector resurged to 5.5 per cent from 3.9 per cent in 2017.

The growth was underpinned by the resurgent manufacturing sector which expanded by 4.3 per cent, by following increased agro-processing activities and Government effort to support manufacturing under the Big Four Agenda. The Construction sector grew to 6.9 per cent was attributed to increased investment in high quality government infrastructure investment in roads, railways, water works and housing under the affordable housing scheme. Similarly, increased precipitation was a significant boost to electricity generation and consequently was favourable to economic growth.

In 2019, real GDP expanded by 5.4 per cent supported by the resilience of the Services Sector despite the impact of delayed onset and below average rainfall which affected agriculture output in the first half of 2019.


Coffee farmer harvesting

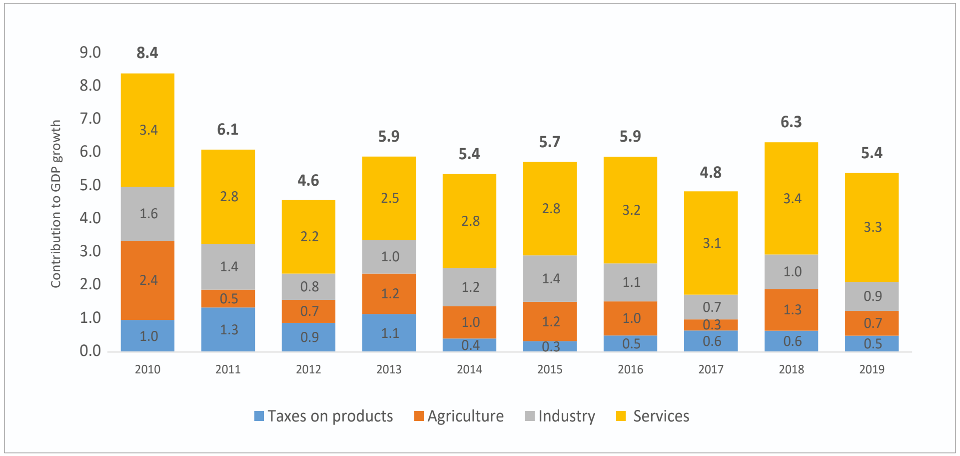
Table 1: *Real GDP Growth by Sector*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Agriculture	10.1	2.4	3.1	5.4	4.4	5.3	4.7	1.6	6.0	3.6
2. Non-Agriculture	7.9	7.3	5.0	6.0	5.6	5.8	6.2	5.7	6.4	5.9
2.1 Industry	8.7	7.2	4.2	5.3	6.1	7.3	5.9	3.9	5.5	4.7
Mining & Quarrying	31.7	19.0	19.0	-4.2	14.9	12.3	9.5	4.5	2.7	2.5
Manufacturing	4.5	7.2	-0.6	5.6	2.5	3.6	3.1	0.7	4.3	3.3
Electricity & water supply	6.3	9.4	9.6	6.6	6.1	8.5	8.4	7.0	8.0	7.0
Construction	19.1	4.0	11.3	6.1	13.1	13.8	9.9	8.4	6.9	6.4
2.2 Services	7.3	6.1	4.7	5.4	6.0	6.0	6.8	6.5	7.0	6.7
Wholesale & Retail Trade	9.6	8.3	6.9	8.4	6.9	5.9	3.7	5.8	6.9	6.6
Accommodation & restaurant	-0.5	4.1	3.1	-4.6	-16.8	-1.3	13.3	14.3	16.6	10.3
Transport & Storage	5.0	7.1	2.9	1.3	5.5	8.0	6.5	7.2	8.5	7.8
Information & Communication	17.4	22.1	2.6	12.5	14.5	7.4	9.9	11.0	11.3	9.0
Financial & Insurance	17.7	4.6	6.0	8.2	8.3	9.4	6.9	2.6	5.3	6.6
Public Administration	1.4	2.4	4.0	2.8	5.6	5.5	5.6	4.7	6.7	8.1
Professional, Administration & Support Services	2.9	2.0	3.9	3.6	3.2	2.5	4.5	3.7	5.9	4.9
Real estate	5.0	7.1	2.9	1.3	5.6	7.2	8.8	6.1	4.1	5.3
Education	10.2	7.5	11.0	6.3	7.8	4.9	5.3	5.2	5.8	5.4
Health	6.2	-2.6	-2.8	7.7	8.1	5.8	4.8	4.3	4.4	5.8
Other services	3.6	1.5	2.3	4.6	4.2	3.9	4.3	5.1	4.9	5.1
FISIM	15.9	9.1	10.1	5.2	11.3	13.5	0.5	-4.3	0.9	6.1
2.3 Taxes on products	9.2	12.6	7.5	9.5	3.4	2.8	4.4	5.7	5.6	4.4

Source: *Kenya National Bureau of Statistics*

The strong performance witnessed in FY 2018/19 was largely driven by the Services Sector. During the period under review the contribution of the Services Sector averaged 3.4 per centage points while that of the Industry sector averaged 1.0 per centage point. The contribution of Agriculture to growth has continued to remain low and averaged 1.0 per centage points. The dominance of the Services Sector in growth is an indication of the strides the country is making in moving towards achieving the goals and objectives of Vision 2030.

Figure 1: *Contribution to real GDP growth (per centage points)*



Source: Kenya National Bureau of Statistics (KNBS)

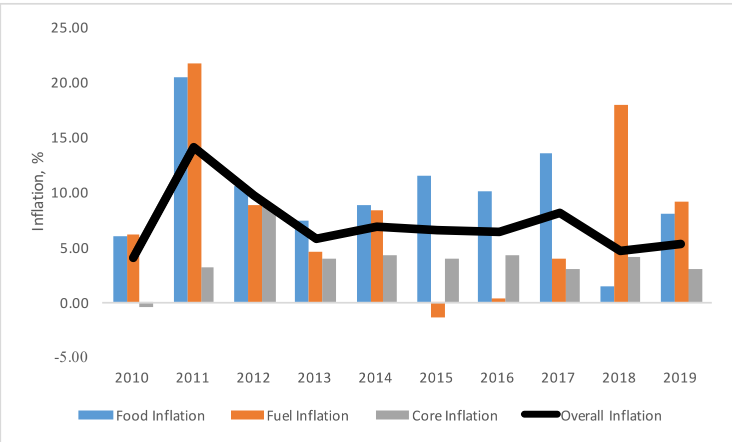
INFLATION

The MTP III commenced in an environment of low and stable inflation which was well within the medium-term target band of 2.5 per cent and 7.5 per cent as envisaged in MTP III. Inflation rate declined to 4.7 per cent in 2018 from 8.0 per cent in 2017. The significant reduction in overall inflation was driven by significant decline in food inflation to 1.4 per cent from 13.5 per cent in 2017. The significant decline in food inflation during the period was as a result of favourable weather conditions which were experienced across the country which improved food supply. However, fuel inflation increased to 17.8 per cent from 3.9 per cent in 2017 in line with trends in international energy prices developments. In addition, the government ban on illegal logging and charcoal burning elevated the price of charcoal and related products. Similar to the MTP II phase, core inflation remained low and stable reflective of prudent monetary policy management by the Central Bank of Kenya. It rose marginally to 4.0 per cent from 3.0 per cent in 2017.

In 2019, inflation remained around the mid-point of the medium-term target. It increased marginally to 5.2 per cent from 4.7 per cent in 2018. The observed increase was on account of the increase in food inflation to 8.0 per cent from 1.4 per cent. The increase in food inflation during the year was on account of the delayed onset and below average rainfall which was experienced in the first half of the year. Fuel inflation declined to 9.1 per cent from 17.8 per cent in line with the falling prices of international oil prices and the dissipating impact of the government ban on illegal logging and charcoal burning.

Happy woman at the market.

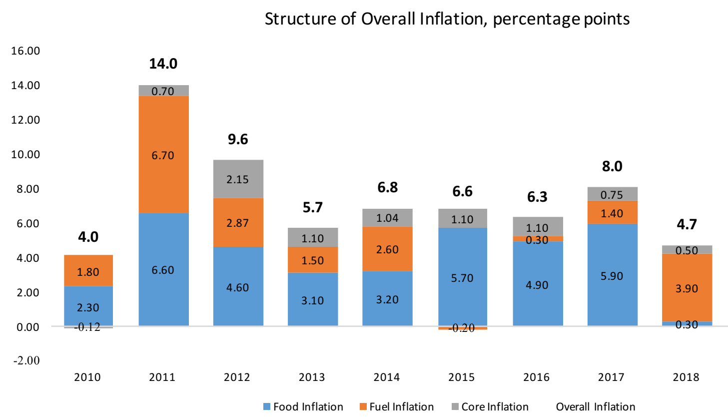
Figure 2: *Evolution of Inflation*



Source: *Kenya National Bureau of Statistics (KNBS)*

Consistent with the MTP II phase, inflation has been a food phenomenon as it rises and falls with developments in food inflation. As shown in Figure 3 in 2017 when inflation increased to 8.0 per cent, food inflation accounted for 5.9 per centage points. In 2018, inflation declined significantly to 4.7 per cent, the contribution of food Inflation declined to 0.3 per centage points. Notably the contribution of core inflation has remained low during the period under review, which reflects the ability of the Central Bank to manage demand pressures and spillover effects of fuel inflation to overall inflation.

Figure 3: *Structure of Overall Inflation*



Source: *Kenya National Bureau of Statistics (KNBS)*

INTEREST RATES

The MTP III which commenced in 2018 was characterized by the carry-over impact of the repeal of the Central Bank of Kenya (CBK) Act, in September 2016 to usher in interest rate controls in Kenya. The repealed law required lending institutions to peg their lending and deposit rates to the Central Bank of Kenya Rate (CBR). The deposit rates were required to be at least 60 per cent of the CBR while the lending rate was to be at a maximum of 4 per cent above the CBR.

Table 2: *Evolution of Interest Rates*

	2008 - 12	2013	2014	2015	2016	2017	2013 - 17	2018	2019	2018 - 19
Deposit rate	5.2	6.5	6.6	6.9	7.1	7.5	6.9	7.9	7.1	7.5
Saving rate	1.6	1.6	1.5	1.6	2.9	6.3	2.8	6.4	4.7	5.5
Lending rate	15.6	17.3	16.5	16.2	16.6	13.7	16.0	13.1	12.4	12.8
Central Bank Rate (CBR)	9.5	8.8	8.5	10.1	10.7	10.0	9.6	9.3	8.9	9.1

Source: *Central Bank of Kenya*

The declining trend of the lending rate was governed by the direction the CBR moved at the time. The CBR which stood at 10 per cent in 2017 became the reference rate for deposit and lending rates. As the CBR rate declined to an average of 9.3 per cent in 2018, the lending rate declined to an average of 13.1 per cent. The same trend was witnessed in 2019. As the interest rate cap took effect, the impact on the economy started to become evident. As result the law governing interest rate cap was repealed in late 2019.

EXCHANGE RATE

The country continues to pursue a floating exchange rate policy in line with the Vision 2030. In such an environment, movement in exchange rate is driven by the market forces with the CBK role being reduced to monitoring and dealing with excess volatility. Similar to the MTP II phase, the exchange rate has remained stable. It stood at an average of 103.4 against the US in 2017, however it appreciated to 101.3 against the US dollar in 2018. In 2019, it stood at an average of 102.0 against the US dollar. The stability of the exchange rate has largely been driven by a healthy foreign exchange reserves buffer at the CBK which stood at US D 7.9 billion in 2017, increasing to US D 8.6 billion in 2018 and USD 9.1 billion in 2019 (Table 3). This foreign exchange cover, which averaged 5.8 months of import cover, meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import.

Money Transfer system

__Table 3:__ Exchange rate and Foreign Exchange Reserves

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Exchange rate (Ksh/USD)	69.2	77.4	79.2	88.8	84.5	86.1	87.9	98.3	101.5	103.4	101.3	102.0
Gross Reserve (USD Million)	4,974.6	4,813.1	5,148.3	5,515.3	6,762.0	7,710.8	9,122.9	9,528.9	1,0108.4	1,0321.6	1,1522.6	1,2629.0
o/w Official	3,266.8	3,280.9	3,881.0	4,111.6	5,105.4	5,995.7	7,357.8	7,320.8	7,937.2	7,933.6	8,653.3	9,1222.3
Commercial Banks	1,707.8	1,532.2	1,267.4	1,403.7	1,656.6	1,715.0	1,765.1	2,208.1	2,171.1	2,387.9	2,869.4	3,506.7
Import cover (36 mnths imports)	4.2	3.6	3.9	3.8	4.1	4.2	4.8	4.6	5.2	5.3	5.8	5.7
Remittances inflows (USD billions)						903.8	9,86.2	1,032.2	1,077.1	1,100.5	1,185.1	1,054.3
Current Account (per cent of GDP)	-6.0	-4.6	-6.1	-9.3	-8.7	-9.9	-10.5	-6.9	-5.8	-7.2	-5.8	-5.8

__Source:__ Central Bank of Kenya (CBK)

EXTERNAL SECTOR

The current account deficit remained sustainable during the period under review. It narrowed to an average of 5.8 per cent of GDP in 2018-19 from 7.2 per cent of GDP in 2017 (Table 3). The improvement in the current account reflects improvements in the exports, mainly horticulture, tea and coffee receipts. In addition, receipts from the tourism sector continued to remain high. On the other hand, the value of oil imports remained high reflective of the elevated international oil prices.

The average price of crude oil increased from US Dollars 54.91 per barrel in 2017 to US Dollars 71.48 per barrel in 2018 mainly because of supply cuts by major oil producing nations (OPEC, Russia and USA) until mid-year, as well as geopolitical tensions involving some oil rich nations. However, in the second half of the year OPEC, Russia and USA increased oil supply mainly to compensate for declines in oil supply from Venezuela and Iran, which were affected by political instabilities and USA sanctions respectively.

REPUBLIC OF KENYA
KENYA VISION 2030

CHAPTER TWO
FOUNDATIONS FOR NATIONAL TRANSFORMATION

INTRODUCTION

The successful implementation of Enablers/ Foundations is crucial for realization of the Kenya Vision 2030 and the "Big Four" initiatives. The Government continues to invest in building a strong and solid foundation for economic transformation and industrialization. In this regard, the MTP III focuses on implementing policies, programmes and projects as well as the legal and institutional reforms that will strengthen the Foundations for national transformation, unlock growth potential and build the resilience of the economy.

INFRASTRUCTURE

"Deploying World Class Infrastructure Facilities and Services"

Infrastructure plays a critical role in facilitating and accelerating socio-economic development in the country. The Government has continued in its efforts to develop efficient and effective infrastructure, which is a key enabler for other sectors as envisaged in Kenya Vision 2030. During MTP III, investment in infrastructure programmes and projects will focus on accessibility, quality, functionality, job creation, disaster preparedness and protection of the environment. Investing in infrastructural development will support achievement of the "Big Four" initiatives by building on the on-going infrastructural developments in road, rail, marine, air, energy, and ICT.

ROADS SUB-SECTOR

Expansion of Roads Programme

Location: Nationwide

Objective: To enhance domestic and regional trade through upgrading of the national and county roads network.

Implementing Agencies: Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), Kenya Rural Roads Authority (KeRRA) Kenya Wildlife Service (KWS) - within National Parks, and National Transport and Safety Authority (NTSA).

East Africa Road Network Project (EARNP)

Location: Nationwide

Objective: To construct and manage national trunk roads that enhance socio-economic growth and prosperity.

Implementing Agencies: Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), Kenya Wildlife Service (KWS) - within National Parks, and National Transport and Safety Authority (NTSA).

Project Progress: Achievement as at the end of FY 2018/19 was: Isebania – Kisii, Progress at 28 per cent; Kisii – Ahero, Progress at 44.33 per cent; Kitale– Endebess – Suam road (C45), Progress at 31 per cent.

The Kenya Transport Sector Support Project (KTSSP)

Location: Nationwide

Objective: To increase the efficiency of road transport along the Northern Corridor and the Tanzania – Kenya – Sudan road corridor and to improve the institutional arrangements and capacity in the transport sector.

Implementing Agencies: Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), Kenya Wildlife Service (KWS) within National Parks, and National Transport and Safety Authority (NTSA).

Project Progress: Kisumu – Kakamega, Kakamega – Kaburengu, Webuye – Kitale and the 3 interchanges at Nyahururu, Njoro & Mau Summit turn off projects were substantially completed, Kisumu Boys Roundabout – Mamboleo Junction, Project progress at 89 per cent. Dialing of Athi River - Machakos Turn off, Progress at 61 per cent.

East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP)

Location: Floret-Kitale-Lodwar-Nadapal

Objective: To promote and facilitate regional economic integration between Kenya and South Sudan.

Implementing Agency: Kenya National Highways Authority (KeNHA).

Project Progress: Upgrading of Kalobeiyei River – Nadapal, Progress was estimated at 32 per cent,Upgrading of Lokitaung Junction - Kalobeiyei River, Progress at 28 per cent; Upgrading of Lokitaung Junction- Lodwar, Progress at 47 per cent, Upgrading of Lodwar -Loichangamatak, Progress at 31 per cent, Upgrading of Lokichar – Loichangamatak, design completed, Financing of the project was pending.

National Urban Transport Improvement Project (NUTRIP)

Location: Nairobi and Mombasa

Objective: It aims to improve the efficiency of road transport along the Northern Corridor by enhancing the capacity of the road section from the Jomo Kenyatta International Airport (JKIA) turn off through Westlands to Rironi.

Implementing Agency: Kenya National Highways Authority (KeNHA).

Project Progress: Capacity Enhancement for James Gichuru – Rironi – 39Km, works are ongoing at a physical progress of 27 per cent, Capacity Enhancement for JKIA – Likoni Road – Final report design report submitted – Inception and acceptance had been done and certificate of completion issued. Dualling of Magongo (A109L) Road: Progress is at 56.9 per cent with 2.5 km constructed. Furthermore, Port Reitz/Moi International Airport Access Road (C110) was completed in the beginning of the financial year (9km).

Nairobi Express-way Project (JKIA - James Gichuru Road)

Location: Nairobi

Project Progress: The China Roads and Bridges Corporation (CRBC) submitted a Privately Initiated Investment Proposed (PIIP) for the Nairobi Express way Project to the State Department for Infrastructure, through the Kenya National Highways Authority on 12th March 2019. The PIIP was forwarded to the Public Private Partnerships (PPP) committee in accordance with Section 61 of the PPP Act 2013 and after interactions, an approval was granted on 15th March 2019 for the project to move forward to negotiation stage. Through support by the World Bank, the Ministry undertook a Procurement process for selection of a Concessionaire to Finance, Design, Construct, and Operate and Toll the highway from JKIA to Rironi. A preferred Bidder was selected, and the project reached Commercial Close.

Mombasa Port Area Road Development Project (MPARD)

Location: Mombasa

Objective: To facilitate logistics around the Mombasa Port area from the new container terminal to the Northern Corridor and the Mombasa Southern Bypass along which the Dongo Kundu Special Economic Zone will be developed and beyond. The improved traffic route will help achieve overall economic and social development in Kenya and neighbouring East African Countries.

Implementing Agency: Kenya National Highways Authority (KenHA)

Miritini - Mwache - Kipevu Link Road and Moi International Airport Access Road

Project Progress: Inspection for substantial completion has been done and the Taking over Certificate issued to the Contractor. Project is currently under Defects Notification Period.

Mombasa Southern Bypass Road: (Mwache – Mteza Section)

Project Progress: Procurement process has been completed and the Contract awarded to the successful bidder, M/s Fujita/Mitsubishi Corporation Consortium. Contract was signed on 18th April 2019 and Pre-Commencement meeting held on 5th July 2019. Contractor is currently mobilizing. The Parties are working on expediting the Precedent Conditions to commencement.

Mombasa Southern Bypass Road: (Mteza – Kibundani section)

Project Progress: Procurement process has been finalized and the Contract was signed on 6th July 2018. Letter of Award was issued to the successful Bidder and kick off meeting held on 12th February 2019. The project commenced on 1st March 2019. The Physical Works Progress is at 3.42 per cent against a time elapse of 20.8 per cent.

North Eastern Transport Improvement Project (NETIP)

Location: Isiolo, Wajir and Mandera

Objective: To enhance the connectivity between Kenya and Somalia as well as Ethiopia. This would be achieved through increasing transport efficiency, facilitating trade and development along the Isiolo – Wajir – Mandera road as well as connecting the area with information and communication technologies. The section from Isiolo – Kulamawe – Modogashe and Wajir – Kotulo – Dabasiti – Elwak are financed through World Bank (IDA) and GoK, Elwak – Rhamu is financed through GoK while Samatar – Wajir will be financed by the Middle East Banks.

Project Progress: The designs for the road sections are ongoing.

Implementing Agency: Kenya National Highways Authority (KenHA)

Nuno – Modogashe

Project Progress: The progress stands at 97per cent; Isiolo – Kula Mawe, Kula Mawe – Modogashe: Design ongoing and Construction is scheduled to commence in FY 2020/2021. In the case of Modogashe – Samatar, Samatar – Wajir, Wajir – Kutulo, Wajir – Kutulo, Kutulo – Elwak, Elwak – Rhamu and Rhamu – Mandera, the project agreement was signed in December 2018. The Financing term sheets were signed between the service provider and lenders. The credit was under review by The National Treasury during the financial year and the projects are expected to reach financial close by December 2019. Thereafter construction will commence in FY 2020/21.

Kibwezi – Kitui - Isiolo

Location: Kibwezi, Mutomo, Kitui, Isiolo

Objective: The project aims at enhancing regional integration by linking the Port of Mombasa via Kibwezi to Moyale, through Northern Kenya and into Ethiopia. It involves upgrading to bitumen standard the Kibwezi – Isiolo road.

Implementing Agency: The Kenya National Highways Authority (KenHA)

Project Progress: The Kibwezi – Mutomo – Kitui: The project progress stands at 54.9 per cent with 59 km upgraded to bitumen standards.

Regional Mombasa Port Road Access Project: Mombasa – Mariakani (A109) Highway Project

Location: Mombasa and Kwale

Objective: The road forms part of National Highway (A109) between Mombasa and Nairobi. It is also an important link in the Northern Corridor in East Africa, which provides crucial access between Mombasa and Nairobi, Uganda, Rwanda, Burundi and Democratic Republic of Congo (DRC). It also serves South Sudan and will play an increasingly important role for the country's economic development.

Implementing Agency: Kenya National Highways Authority

Project Progress: Lot 1 – Mombasa – Kwa Jomvu: The project progress stands at 57 per cent with 13.5 km achieved during the year. Lot 2 – Kwa Jomvu – Mariakani: Design works ongoing.

Decongestion of Cities and Urban Areas Program

Location: Major Cities and Urban Areas

Objective: To ensure efficient traffic flow, enhance goods and services delivery in major urban cities and towns in the country.

Implementing Agency: Kenya Urban Roads Authority (KURA)

Project Progress: During 2018-19 the progress made on projects undertaken to address the decongestion in cities, towns and urban centres was as follows.

Completed projects: The following projects were completed (100 per cent) in the review period. Construction of Missing Link Roads (dualling) and Non-Motorized Transport (NMT) Facilities in Starehe, Makadara, Westlands, Mathare, Kamukunji constituencies comprising of 11.2km and 30.4km of NMT, Outering Road Improvement Project consisting of construction of 13km four-lane road with service lanes; Rehabilitation and dualling of 8.5km and 1.5km single carriageway of Upper Hill Roads Phase II, Construction of 15km Waiyaki Way - Redhill Link,– 100per cent JICA, was completed, Dualling of Ngong Road Phase II (Prestige – Dagoretti Corner under JICA, Construction of a Flyover across the Northern Bypass and 2km approaches at Kahawa West, Construction of Access Road to Ruai Police Station, Upgrading to Bitumen Standards of Mlolongo - Kware - Katani Link Road (Phase I) 8km, Upgrading of Kamuyu - Kinunga Road Phase II was 95 per cent, Upgrading of 3km Syokimau - Katani Phase II, Upgrading of 5km Eastlands Roads, Construction of Access to Embakasi (Infinity) Industrial Park Phase I, Construction of 11km Annex Loop Roads and Upper Elgon View Loop Roads in Eldoret, Rehabilitation and Upgrading of 4.2km Industrial Area Roads Phase I, Upgrading to bitumen standards of 7km Lenana - Muchugia – Dagoretti Market Link Road; Improvement of Kitale Township Roads -Trans-Nzoia County-(District Hospital Ndowasco Rd-Showground); Upgrading and Maintenance of Kapenguria Township Roads, Rehabilitation and upgrading of 3km Eastleigh Estate Access Roads.

Ongoing Projects: In the same period of review there were others at various stages and their progress was as follows;

Construction to bitumen standards of Meru Bypass Roads which was under NUTRIP programme; Construction of Missing Link Roads (dualling) and Non-Motorized Transport (NMT) Facilities in Starehe, Makadara, Westlands, Mathare, Kamukunji constituencies comprising of 11.2km and 30.4km of NMT was at 98 per cent, and Construction of Kangundo Road - Greater Eastern Bypass Link Road.

Dualling of 5.1km Ngong Road (Dagoretti Corner - Karen Roundabout Section was at 4 per cent, Construction of 23km of Meru bypass was at 90 per cent Construction of Ngong Road - Kibera - Kungu Karumba - Langata Road (Missing Link No. 12) was at 70 per cent, Construction of 8km Nyahururu Bypass 20 per cent, Construction of 3km Upper Hill - Mbagathi Link Road was at 70 per cent, Construction of Kericho Bypass (Phase I) 60 per cent, Construction of Kahawa Sukari Estate Access Roads at 60 per cent, Construction of Kangundo Road - Greater Eastern Bypass Link Road 60 per cent, Improvement to paved standards of Bomet-Kapsimotwa Road 60 per cent, Improvement of Lady Irene-Mandizini-Muslim-Nambaya-Junction D258 & Wakili Road at 40 per cent, Improvement to Bitumen Standards of Mokowe Township Roads, Lamu County at 30 per cent, Improvement of Wote Township Roads at 65 per cent, Improvement of Maua Town Roads 40 per cent, Improvement to Bitumen Standards of Nakuru CBD Roads 70 per cent, Upgrading of 14 km Hola Township Roads 80 per cent Improvement to Bitumen Standards of Eldoret Township Roads, Uasin Gishu County at 70per cent, Construction to Bitumen Standards of Jomvu Kuu – Jitoni – Rabai Road, Mombasa County at 40 per cent, Construction of County Road and Garissa Ndogo-Sankuri Link Road, Garissa County at 60 per cent. Improvement to Bitumen Standards of 5.2km Kapkwen-Kapsimotwa-Silibwet Road Bomet County 70 per cent, Rehabilitation of Old Malindi Road, Mombasa County at 50 per cent, Construction of Thika Bypass 6.5 per cent, Construction of Thika Bypass 55 per cent, Construction of Kiogoro - Gesure - Itibo - Masongo Roads 15per cent, Upgrading to Bitumen Standards of Mandera Town Roads 50 per cent.

Thika Super highway

Projects that were under design during MTP I and II were completed as follows; Syokimau - Katani Road Phase III, Design of Nairobi Eastern Region Missing Link, Design of Upper Hill Overpasses and Nairobi Western Region Missing Links, Design of Kisii Bypasses - (Suneka-Kiogoro bypass, Kiogoro-Kegati Bypass, Nyakoe-Kegati Bypass, Suneka-Nyakoe Bypasss and Major Link Roads within Kisii County), Design for dualling of Northern and Eastern Bypass. Design still ongoing due to the nature of the arrangement (PPPs) include Second Nyali Bridge under Public Private Partnerships (PPP) and the JICA Viaduct from Enterprise road to over railways to Haile Selassie.

National Urban Transport Improvement Project

Location: Major Cities and Urban Areas

Implementing Agency: Kenya Urban Roads Authority (KURA).

Objective: It aims to improve the efficiency of road transport along the Northern Corridor by enhancing the capacity of roads. Under KURA this objective was realized through construction of Eastern and Western bypasses in Meru town. It also finances the improvement of the institutional capacity and arrangements in the urban transport sub-sector.

Project Progress: Construction of 23km Meru bypasses in Meru County was ongoing and was approximately 80 per cent at the end FY 2018-2019 Under NUTRIP programme, designs were undertaken for 100 junctions in Nairobi for the installation of

Mombasa road interchange

Intelligent Traffic Signaling (ITS) and design for a Traffic Management Centre (TMC) was completed.

Challenges and Lessons Learnt: In the process of implementation of urban roads programme, the following challenges were noted to be prevalent, encroachment of road reserve by traders, private developers and service providers, inadequate road corridor due to poor urban development planning and or non-adherence to the Development plan leading to unnecessary acquisitions of land, high cost of land acquisitions in urban areas, unplanned installations of services along the road corridor leading to additional costs of relocations and Exchequer delay in realise of budgetary allocations for payments when due. This has led to slow progress and claims in some projects; Exchequer limited budget which is far below the expected capital demand for urban infrastructure development and increasing rural urban migrations leading to increased need for provision of Non-Motorised Traffic (NMTs) facilities which are again hampered by limited corridor space and limited budget provisions.

In the process, it is noted that due to the continued pressure on urban road infrastructure facilities and demand for enhanced provisions of both vehicular and pedestrian facilities, it is important that the following measures should be considered, there is need to increase budgetary allocations for urban roads and NMTs to match up with the increased demand hence reduce congestion and enhance health and safety in all major urban area, all service providers (Energy, communications, water and sewerage sectors should provide budgetary allocations annually for relocation of services that are within the right of way for road infrastructure in urban areas and/or reimburse the same in the event that a Road Authority incurs costs on the same), all service providers must seek clearance from Roads Authorities whenever they are installing any service line within the road reserve in order to allow for proper planning for both the road and the service being installed, there is need for review of Land Act to provide for compulsory surrender on all undeveloped plots fronting roads without the need for compensation since on application for property development the owners are required to surrender a sizeable frontage area for road corridor, however when undeveloped the same is not required even if a public development such as a road is underway. In most cases the owner gets compensated for what in the end is meant to be surrendered.

Roads 10,000 Low Volume Sealed Roads Program

Location: Nationwide

Objective: To upgrade 10,000 Km of roads to bitumen standard to improved accessibility and mobility in rural areas to support primary growth sector to the economy.

Implementing agency: Kenya Rural Roads Authority (KeRRA).

Project Progress: In using the Low Volume Seed Road concept under R10,000 Programme, the Authority has rolled out the Programme in forty-three (43) Counties. Since inception of the Programme in January 2016, a total of 3,225.5 Km has been upgraded to bitumen standard.

Challenges and Lessons Learnt: Inadequate financial, technological and experience/managerial local contractor capacity to undertake roadworks leading to slow progress in some projects; demand for payments of Cess by County Governments for construction materials; delays in relocation of utility services (Water pipes, power posts and internet cables), depletion of natural sources of construction materials leading to environmental concerns and associated high costs of acquiring the same, the land tenure system in Kenya is privately ownership and this results in huge acquisition costs. Inadequate sustainable budget to pay for pending certification.

Recommendations and Way Forward: Liaise with County Governments to waive Cess charged on construction materials. Encourage joint ventures amongst the contractors to leverage the existing capacity. Liaise with service providers through the Regional Development Coordination Committee. Lobby for enhanced budgets and explore alternative road development technologies.

Policy Reforms

Develop Construction Industry Policy

Location: Nationwide

Objective: To provide a framework for enhancing construction industry performance.

Implementing Agency: National Construction Authority (NCA)

Project Progress: In the first quarter, a task force to prepare the Construction Industry Policy comprising of representatives from stakeholders was appointed by the Executive Director. The task force prepared a draft CIP which was subjected to stakeholder consultations providing views to refine the draft. The CIP was refined and presentations of the same were made to the NCA Board of Directors. A validation workshop was held to finalize on the draft CIP. In the fourth quarter, the Authority submitted the draft CIP to Council of Governors for comments/No Objection for onward submission to the Cabinet Secretary James Macharia EGH.

Challenges and Lessons Learnt: The development, review and approval processes are slow and this slows the pace of reforms turned over in the review period.

Recommendations and Way Forward: Accelerate the development, approval and implementation of the various policy reforms.

Development of Centre for Construction Industry Development

Location: Konza Techno City

Objective: To address challenges that beleaguer the construction industry.

Implementation Agencies: National Construction Authority (NCA)

Project Progress: At the beginning of 2018/2019, the Authority undertook to pay for the allocated land at the Konza Techno City to the tune of Ksh 65 million. This would pave way to procure services of consultants to commence design work on construction of the Centre for Construction Industry Development. By the end of financial year 2018/2019, the Authority was yet to pay for the Konza land and procure services of consultants to commence work on construction as it was awaiting concurrence from the Ministry of Transport, Infrastructure, Housing and Urban Development.

Challenges and Lessons Learnt: Delays in approval from the parent Ministry.

Recommendations and Way forward: The Authority shall make a follow up with the parent Ministry for requisite approvals. Adequate fund allocation.

Road Safety Programme

Location: Nationwide

Objective: The main objective is to reduce the incidence of road crashes and their impact on the economy by decreasing annual fatalities and injuries by 6 per cent and 4 per cent respectively.

Implementing Agency: National Transport and Safety Authority (NTSA)

Project Progress: NTSA developed a comprehensive five-year road safety plan, which is anchored on the five pillars of: road safety management, safer roads and mobility, safer vehicles, safer road users, and post-crash response. The safety plan was subjected to stakeholders for review and validation to promote an integrated approach in tackling road safety interventions.

The status of the additional sub-programmes was;

Development of County Specific Action Plans
In accordance with Section 21 and 22 of the NTSA Act, the Authority coordinated the establishment of county transport and safety committees (CTSC) to oversee the management and regulation of the road transport system by the Authority at the county level. The Authority enhanced capacity for County Governments on road safety and helped in the development of six County Specific Road Safety Action Plans for the county governments of Machakos, Nairobi, Nakuru, Makueni, Busia and Uasin Gishu.

Automation of additional services on Transport Integrated Management System (TIMS) Portal
NTSA automated additional services for ease of doing business in terms of monitoring and enhanced access to services through TIMS. The services included online platform for Smart Driving License applications, motor vehicle registration including diplomatic vehicles, transfers for succession and write-offs, motor vehicle inspection processes, registration, driver training and testing processes.

Compliance Audits: The Authority undertook a compliance audit on high-risk roads along the Northern Corridor (Mombasa Road and Waiyaki way) and along Thika Road. The recommendations were compiled and communicated to Road Agencies for action.

Bus Body Standards: The Authority rolled out implementation of standards for Bus Bodies. All passenger vehicle bus bodies under construction were inspected to ensure 100 per cent compliance with license conditions before licensing. 18 Bus Body builders were licensed in the year under review.

Public Education and Awareness: The Authority implemented safety programme aimed at educating the public on safer road use. A total of 106 public education programmes on road safety were undertaken and a total of 45,596 stakeholders were involved.

Research and Surveys: The Authority carried out research on effective and evidence-based road safety interventions through safety campaigns and post campaign evaluations. In relation to this, the Authority also conducted a baseline survey to assess knowledge and public awareness on safer road use.

Issuance of Smart Driving License (Smart DL): The Authority rolled our issuance of smart DL and electronic stickers, where a total of 96,921 Smart driving licenses were issued to drivers.

Validation of Driving Schools: The Authority carried out inspection of 760 driving schools both as a routine exercise and for purposes of re-validating the licenses.

Rehabilitation of Miritini Inspection Centre in Mombasa: The Authority commenced rehabilitation of Miritini Regional office in Mombasa and automation of motor vehicle test lanes at the Miritini centre to enhance quality and efficiency in service delivery.

Challenges and Lessons Learnt: The main challenge is increasing road crashes. Road traffic crashes are a major social, economic, development and public health problem. On a daily basis, someone is injured, hospitalized or killed instantly on our local roads. It is estimated that close to 3,000 lives are lost annually on our roads through sheer negligence of both the driver and pedestrian, ignoring the basic rules of driving and crossing the road. Other challenges include: exceeding of speed limits, driving without licences, and unroadworthy motor vehicles. Hence, the need for a comprehensive transport reform. As lesson learnt, intervention to curb crashes require a systems approach where all stakeholders are committed to tackle the menace as a public issue.

Recommendations and Way Forward: To address the aforementioned challenges, it is necessary that the interventions leading to enhanced transport sector performance be pursued. These will include the following:

- Leveraging on Technology by introducing new generation number plates that are machine readable

- Ensuring that all Public Service Vehicle body construction adheres to KS 372 Body Buidling Standard to reduce severity of crashes.

- Managing speeds on the road and ensuring strict adherance to the KS2295 standard.

- Outsourcing of Motor Vehicle Inspection Centres with an aim of increasing capacity to ensure that all vehicles are roadworthy and subjected to regular inspection in compliance with the Traffic Act.

- Enhancing Driving skills through a Comprehensive Driver Training and Testing.

- Implementing National and county specific Road Safety Action Plans in line with the UN Decade of Action.

- Enabling legislation: Government policy framework is key to providing facilitation for project conception, design, implementation and management, enhanced research and enforcement.

Development of the 50-year Transport Master Plan

Location: Nationwide

Objective: To prepare a comprehensive strategy and master plan for the transport sector in Kenya to guide development and management of transport infrastructure to enhance socio-economic growth and prosperity.

Implementing Agencies: State Department for Transport, Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), Kenya Wildlife Service (KWS) within National Parks, and National Transport and Safety Authority (NTSA).

Project Progress: During the period under review, a consultancy study that had stalled in 2015 was revived and the concept note submitted to World Bank for funding.

Challenges and Lessons Learnt: The project experienced funding challenges after lapse of credit.

Recommendations and Way Forward: There is need to mobilize resources for completion of the study.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To promote timely implementation of programs and projects through Policies, Legal and Institutional Reforms.

Implementing Agencies: State Department for Transport, relevant Ministries and Agencies, State Law Office and Kenya Law Reforms Commission.

Project Progress: An Integrated National Transport Policy (INTP) was prepared and granted Parliamentary approval. A Sessional Paper on transport sector development was also prepared and presented to Parliament for legislative enactment and approved in 2012. The adoption of the Sessional Paper by Parliament led to implementation of the recommendations of the INTP, including institutional reforms undertaken within the transport sector. The INTP has been reviewed to capture emerging issues.

RAILWAYS SUB-SECTOR

Expansion of Railway Transport

Location: Nairobi - Naivasha

Objective: To develop an integrated rail network and provide reliable, efficient and safe rail services

Implementing Agency: Kenya Railways Corporation (KRC)

Project Progress: During the period under review, the following achievements were made to expand rail network in the country.

The SGR Phase 2A – Nairobi to Naivasha was constructed up to a completion rate of 91.80 per cent. The project involved construction of 120km of Standard Gauge Railway line, construction of 5 railway stations and installation of signalling and communication equipment.

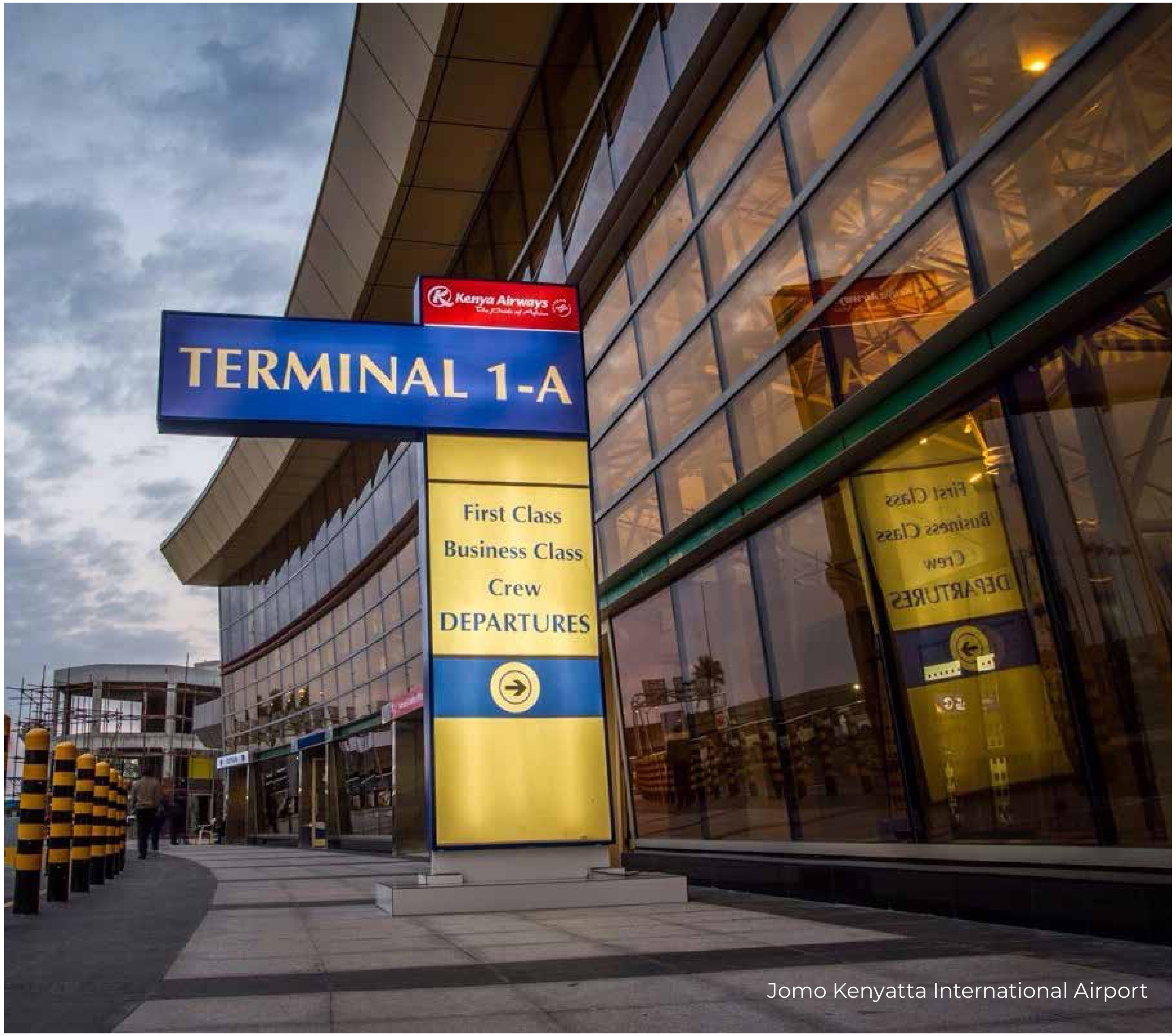
Challenges and Lessons Learnt: High cost of resettlement of Project Affected Persons (PAPs)/ Resettlement Action Plan (RAP) implementation and lengthy land acquisition processes.

Recommendations and Way Forward: There should be adequate stakeholder engagement during project initiation and implementation process.

Improvement of Nairobi Commuter Rail (NCR) services

Location: Nairobi and its environs

Objective: To improve rider comfort, increase reliability of services and reduce the transit time for commuters.



Jomo Kenyatta International Airport

Implementing Agency: Kenya Railways Corporation (KRC)

Project Progress: During the period under review, construction and rehabilitation of 10 stations under the Nairobi Rail Network (NCR) improvement project was at varied completion rates as follows: Ruiru – 99 per cent, Kikuyu – 96per cent, Kahawa – 96 per cent, Dandora – 96 per cent, Githurai – 96per cent, Embakasi Village – 95 per cent, Athi River – 91per cent, Mwiki – 99 per cent, Donholm – 45 per cent, Pipeline – 95 per cent.

Challenges and Lessons Learnt: Delay in implementation led to lapse of project period for the World-Bank funded project hence hampering timely completion of the project, high cost of resettlement of Project Affected Person (PAPs) and delayed exchequer releases by the National Treasury.

Recommendations and Way Forward: Adequate stakeholder engagement and public participation is critical to successful execution of projects.

AIRPORTS SUB-SECTOR

Expansion and Modernization of Aviation facilities programme

Location: Nationwide

Objectives: To expand and modernize Jomo Kenyatta International Airport (JKIA), Moi International Airport (MIA), Kisumu International Airport (KIA), scheduled airstrips countrywide and Air Navigation Services equipment.

Implementing Agencies: Kenya Airports Authority (KAA), Kenya Civil Aviation Authority (KCAA).

Project Progress: Achievements as at the end of FY 2018/19 were:

Pavements and Lighting System Works at JKIA which covered replacement of the entire approach lighting fittings, cables, transformer and Precision Approach Path Indicators for Runway 06 and 24. Stakeholders' consultation was concluded, Notice to Airmen issued by KCAA and contractor commenced works. Deep cans have been delivered and installed, excavation and backfilling completed, ducting network and construction of concrete light bases also completed. Overall progress was estimated at 68 per cent. The anticipated benefits of the project include to maintain an excellent safety record, enhance efficiency of operations, inject resilience and improve on-time performance at the airport.

Remodelling of JKIA Terminals 1B, C & D: The project involves re-organizing of the Terminal Units 1B, 1C and 1D with the aim of increasing the capacity from the currently installed 7.5 million passengers per annum. The Consultancy Services Contract was completed on 21st June 2019. The project benefits include enhancing capacity of the terminal building, improving operational efficiency and increasing commercial space for service level enhancement and non-aeronautical revenue growth.

Proposed Rehabilitation Works for Cargo Village, JKIA: The project entailed refurbishment the of existing commercial building including new flooring, new roof, WC alteration and improvements, new ceilings, repainting and external works and external wall finishes; Status is at 100 per cent. The project benefits include to aesthetically improve the commercial facility as well as create direct and indirect employment during the contract period.

Kisumu Airport Runway Strengthening: The project involves strengthening the runway and widening the shoulders. This is to enhance the airport capacity to handle larger aircraft and process more passengers. The planning to Year 2030 for the Airport was for a throughput capacity of 225,000 passengers per annum. Overall progress at the end of FY 2018/19 was 99per cent with the following components; 2.5Km runway completed, Segment 1, 3 & 4 – 100 per cent, Segment 2 – 100 per cent, Segment 5 – 99 per cent. Among the project benefits is ability to handle larger aircraft, improved passenger experience and improved safety standards at the airport.

Pavements Rehabilitation at MIA: The project was initiated to address pavements failure at MIA attributed to unstable sandy soils that have led to numerous sink holes on the airside. Components of the project include: Rehabilitation of the runway, taxiways and apron, airfield lighting including upgrading existing above ground level, sink hole remediation and slope stabilization, rainwater harvesting and drainage works. The contract was signed on 28th May 2018 and both letters of commencement for the consultant and the contractor issued on 28th May 2018. As at the end of reporting period, mobilization was complete, rehabilitation works on runway 15-33 and several taxiways commenced, rainwater harvesting tank construction in progress, drainage works in progress, and ground stabilization survey completed. The overall progress was estimated at 30 per cent against a time lapse of 50 per cent. Once completed the project will enhance airport safety standards through elimination of sink holes, improve on passenger experience, and lead to increased efficiency of air transport.

Runway Rehabilitation Works at Suneka Airstrip: This was part of Government's initiative to open up new areas with facilities for air transport. The project involves laying of new pavement structural layers on the runway and apron and widening of the runway. The contract was signed on 28th September 2018. As at the end of reporting period, topographical survey was complete, evaluation process for the runway and apron was complete, design review and preparation of construction drawings completed. The overall progress was estimated at 10 per cent. The project will be instrumental in opening up previously unreached areas, enhance emergency response and increase mobility for the region through efficient air transport.

Apron and Taxiways Civil Works at Manda Airstrip: The project was awarded during the reporting period awaiting signing of the contract and finalization of Material Handling and Logistical Support Contract which was a separate project. The benefits of the project include enhancing airstrip's safety and to improve passenger experience.

Other planned projects: Some projects that have not started but are planned for implementation include; Apron and Car Park Works at Ukunda Airstrip, Apron and Car Park Works at Kakamega Airstrip, Fencing, Apron and Car Park Works at Migori Airstrip and Apron and Runway works at Kitale Airstrip.

Direct Flights to United States of America: Following the award of the Federal Aviation Administration (FAA) International Aviation Safety Assessment (IASA) Category I Status in February 2017, Kenya through Kenya Airways launched flights to the USA in October 2018.

Aviation safety: The International Civil Aviation Organization conducted in July 2018 a safety audit to establish the level of compliance with international requirements in civil aviation and Kenya scored 78.02 per cent placing it among the top ten countries in Africa.

Air Navigation Facilities and Equipment: The construction of the Area Control Centre at Mlolongo which is also expected to act as the Disaster Recovery Centre progressed to 80 per cent. In order to support air navigation services equipment wind and solar power back system was installed at Ngong and solar at Mwakirunge, In Kisumu, Very High Frequency communication system was installed to improve air traffic management in the western part of the country. The initial World Geodetic Survey (WGS) survey was done at Wajir and Lokichoggio and a maintenance survey done at Nanyuki and Lamu Airports to support the development of flight procedures. Improvements in airspace management were also undertaken by upgrading 28 Performance Based Navigation (PBN) routes from Required Navigation Performance (RNP 10) to Area Navigation (RNAV 5) Routes. The air navigation routes around Mombasa International Airport were reorganized to incorporate the operations at Ukunda Airport which started in October 2018 following the completion of installation of the Mobile Control Tower at the airport. Parallel tracks on the airways between JKIA and Wajir were also developed and published and their use started from 28th February 2019.

Aviation Training: To improve training capacity at the East African School of Aviation, Power Plant equipment (Engine & Propeller) and Fluids Mechanics training equipment were installed and commissioned.

Challenges and Lessons Learnt: Inadequate financing for capital projects, Implementing projects on active airports causes interruption to regular operations, Engagement with external parties such as consultants and financiers take time thereby affecting project completion, inadequate skilled manpower in all facets of project implementation and management and delayed land acquisition and resolution of boundary disputes.

In order to improve on the delivery of projects, key lessons learnt include the need for innovative financing solutions for capital projects, sustaining collaboration in human capacity development on project management, extensive private sector and stakeholder participation and the need for flexible procurement laws that allow innovation and creativity in project delivery.

Recommendations and Way Forward: Alternative and innovative financing options such as PPPs need to be explored, involvement of all key stakeholders/ lenders in the entire project cycle, continuous training to build human resource capacity, monitoring and Evaluation to be integrated into the organizational structure for tracking project's progress, feasibility studies to be undertaken before commencement of projects to mitigate against stalling, delays, and scope creep of projects and involvement of National Land Commission (NLC) at project formulation stage where land acquisition and compensation will be required.

PORTS SUB-SECTOR

Improvement of Shipping and Maritime Facilities

Location: Mombasa, Lamu and Kisumu

Objective: To provide efficient and competitive port services to facilitate global trade.

Implementing Agency: Kenya Ports Authority (KPA)

Project progress:

Shimoni Port: Shimoni Project Appraisal Team (PAT) report and recommendations were finalized and submitted to PPP node. Evaluation on the next step were on-going to include PPP process with the PPP Unit. In Quarter 2 of 2018/19, a formal letter was written to the PPP unit for the submission of the feasibility study report for the development of Shimoni Port under the PPP agreement for review and Evaluation as required under the section 35(1) of the PPP Act 2013. The Authority was awaiting approval from PPP unit to proceed to the transaction stage. Progress to tendering and construction of the project was subject to an approval of the feasibility study by the PPP Unit which was delayed.

Second Container Terminal Phase II: Improvement of the shipping and maritime facilities has seen the development of the Second Container Terminal Phase II construction commenced. This project entails the construction of Berth 22 with an additional container yard capacity of 450,000 Twenty Feet Equivalent Units and was commissioned in September 2018. The construction works on Berth 22 has since begun and been progressed to 25.94 per cent by the end of June 2019.

Lamu Port: This project has been under implementation since MTP I. Further, the Construction of the first three Berths at Lamu Port was at about 69.75 per cent completion as at end of June 2019 with the first Berth complete awaiting commissioning.

Kipevu Oil Terminal (KOT) Relocation: The present position of Kipevu oil terminal is between two container terminals (Berth 19 and 20) and poses a great safety risk to port users. This project entails relocation of the current KOT to a new site near the navy base which is safer and will create a bigger terminal consisting of 4 berths with ability to handle bigger vessels of up to 200,000 Deadweight ton (DWT). The Project had progressed to 12.5 per cent as of 30th June 2019 which was against a target of 30per cent giving a negative variance of 17.5 per cent. The delays were as a result of delayed tax exemption clearance by The National Treasury, hence construction delay.

KPA building at the port of Lamu

Dongo Kundu Free Port: the project entails the construction of first Berth to catalyze development of Special Economic Zone (SEZ) at Dongo Kundu to facilitate industrialization and trade. The Environmental Impact Assessment (EIA) on Port component was undertaken in Q1. The Feasibility study was ongoing. The Dongo Kundu detailed feasibility study was completed by the end of FY 2018/19 as had been targeted. The project will commence upon securing funding.

Kisumu Port: Following the handing over of the Kisumu Port to Kenya Ports Authority (KPA) from Kenya Railways, the Authority commissioned a study to undertake a detailed analysis of the current and future viability of Kisumu Port, and the other Kenyan Lake Victoria piers, with a view to providing rational investment decisions on rehabilitation and repair works at the ports. The Authority contracted consultants, Royal Haskoning DHV and MA Consulting Group, who prepared and presented the final study report in October 2018. The report was adopted by the Board and endorsed for implementation. Improvement of infrastructure began in May 2019.

Challenges: Delay in release of exchequer funding for Lamu Port, lengthy PPP processes that inhibits uptake of projects (especially small ports) by the private sector, land acquisition delayed owing to lengthy PPP process (required approval from PPP to proceed). Involvement of multiple implementation partners slows down decision making and implementation – i.e. There was a stall of work at Dongo Kundu SEZ because of environmental concerns raised by stakeholders (Mombasa Port Development Project, Phase II).

Lessons Learnt: It is important to embed the Monitoring and Evaluation (M&E) function into the organization structure. This is to ensure effective implementation and tracking of achievements through a robust monitoring, evaluation and reporting of progress; cascade and automate the Strategic Plan through the Balanced Score Card model, the Authority will continue to implement and improve on the performance-based management system by having all staff sign performance scorecards and automate the same for ease of tracking achievements versus targets. The Strategy Management office therefore needs to be equipped with the necessary tools and staff to perform this function, consider alternative financing through PPP. Owing to the huge debt exposure of the country, loan financing exerts more strain on the debt situation. The best alternative to finance projects is internal financing. However, since the Authority runs numerous projects concurrently requiring huge capital outlays, another good option is PPP financing. PPP financing is a new frontier in project financing. However, adoption of the approach is quite cumbersome making PPP unattractive to potential investors. To mobilize the private sector to buy in the idea, there is need to refine the tedious PPP procedure; Involve stakeholders/lenders in the entire process flow to avoid lengthy approval processes where a project involves a number of stakeholders/ lenders and undertake adequate feasibility studies before commencement of projects to mitigate against issues relating to revision of scope of work. In addition, the Authority shall ensure full disclosure by contractors is done before commencement of projects in order to manage/budget funds appropriately.

Recommendations and Way Forward: Expedite release of funds for capital projects from the exchequer at the beginning of every financial year, Joint procurements with involvement of lenders in the entire process flow to avoid lengthy approval processes, Review of the PPP law to encourage uptake of the Private Sector on capital projects. Removal of non-value addition processes is key, close liaison between the Parent Ministry and The National Treasury to reduce the time taken to approve tax exemption requests, stakeholder forums and engagements to resolve project issues (Dongo Kundu and Shimoni Port) and for projects that involve multiplicity of implementing agencies, it is important to have clear coordination mechanisms to avoid duplicity of effort and slow implementation of projects.

Acquisition of one Ferry Craft

Location: Mombasa

Objective: To modernize and improve service delivery at the Likoni and Mtongwe channels by acquiring one ferry craft to boost the existing fleet of ferry crafts.

Implementing Agency: Kenya Ferry Services (KFS)

Project progress: The project is on-going at 85per cent. Full Hull welding completed, full hull painting completed, installation of auxiliaries and fitting of furniture done.

Challenges and Lessons Learnt: The project was delayed due to a dispute between the shipyard and KFSL that arose because of a court injunction that had stopped the construction of the ferry.

Recommendations and Way Forward: Fasten resolution of disputes and request contractor to Fast Track construction of the ferry. Adequate and continuance Stakeholder engagement is critical to success of the project.

Ferry Service Programme

Location: Mombasa, Lamu, Kwale, Kilifi, Kisumu, Homa Bay, Siaya, Busia, Turkana and Marsabit.

Objective: To expand water transport in Mombasa Counties, Counties surrounding Lake Victoria and Counties surrounding Lake Turkana and establishing cruise ships and floating hotels network on the Indian Ocean, Lake Victoria and Lake Turkana.

Implementing Agency: Kenya Ferry Services (KFS)

Project progress: This project was at initial stage and approved by the Board.

Challenges and Lessons Learnt: The project experienced funding challenges.

Recommendations and Way Forward: Tourism is a key revenue earner for the Country and thus it is beneficial to review the plan to incorporate the Private Sector for its achievement.

Cable Car Express Project

Location: Mombasa

Objective: To provide an alternative mode of crossing the Likoni Channel and also boost tourism since it is expected to be the first of its kind in East Africa.

Implementing Agencies: Kenya Ferry Services (KFS), Likoni Cable Car Express Limited.

Project progress: This project commenced within the renew period. This is a (PIIP) project. In the 2018/2019, the Board completed negotiations with Project Company and signed a commercial agreement.

Challenges and Lessons Learnt: Lengthy PPP approval processes have delayed realization of the project.

Recommendations and Way Forward: Adequate Stakeholder engagement is critical to success of project. Fast tracking of PPP approval processes.

ENERGY SUB-SECTOR

Power Transmission

Location: Nationwide

Objective: Increased electricity access through upgrading and expansion of national power transmission network.

Implementing Agencies: Kenya Electricity Transmission Company (KETRACO), Kenya Power & Lighting Company (KPLC), Energy and Petroleum Regulatory Authority (EPRA) formerly Energy Regulatory Commission (ERC), Ministry of Energy (MOE).

Project Progress: During the plan period, a total of 5,121Km of power transmission lines and 77 high voltage substations were to constructed in addition to an ultra-modern National Control Centre, and construction of transmission lines in off-grid areas to connect them to the national grid. Further, regional interconnector transmission lines (Ethiopia-Kenya, Kenya-Uganda and Kenya-Tanzania) will be constructed.

The Eastern Electricity Highway Project Kenya – Ethiopia 500kV HVDC Interconnector: Procurement of materials was at 96 per cent, Valuation of land was complete at 438.5km, Tower foundations-1,547 were completed out of 1,555, Tower erection- 1,513 of 1,555 were completed, stringing-588.39km were completed while Engineering design for converter station was 99.5 per cent complete. Convertor station civil works was on-going at 97 per cent.

Olkaria-Lessos-Kisumu 300km 400/220kV Transmission Line: Designs for transmission line and substations were completed, Procurement of materials was 95 per cent complete, Sub-station civil works at 99 per cent for Olkaria II and 98 per cent for Kibos substation, Tower foundations: 528 of 810 were complete while for Tower erection-287 of 810 towers were erected.

Lessos-Tororo 127Km 220kV Interconnector: Tower foundations- 63 out of 419 foundations were completed, Tower erection- 48 out of 419 towers were completed. Lessos substation- 43 per cent was complete. No progress in the period due to litigation following termination of contractor.

96Km -400kV Kenya-Tanzania Power Interconnector: Engineering design was complete while Procurement was at 78.5 per cent, for Tower testing- 2 of 4 had been tested.

The 431Km-132kV Power Transmission Improvement Projects (Bomet- Sotik 33Km, Ishiara-Kyeni 33km; Mwingi - Kitui – Wote- Sultan Hamud 153Km, Olkaria-Narok-68Km, Lessos-Kabarnet-65Km, Nanyuki-Nyahururu 79Km and associated substations). Mwingi-Kitui-Wote: Tower foundations-70 of 287 were completed, Tower erection-24 of 287 completed, Olkaria-Narok, 164 of 188 foundations were completed and 80 of 188 Towers erected, Lessos-Kabarnet, 126 of 186 towers were erected, 168/186 foundations completed, Nanyuki-Nyahururu - 232 of 248 Foundations were completed while 231 of 248 Towers were erected. 42km Wote-Sultan Hamud line was completed.

The 153Km Machakos-Konza-Kajiado-Namanga transmission line (Isinya-Namanga 96km): Namanga substation was completed. There was no progress in project construction due to wayleaves acquisition challenges.

100km Sondu-Ndhiwa-Awendo 132kV transmission line (Sondu-Ndhiwa 69km): Design and Procurement of materials were completed, 174 of 182 Towers foundations and 32 of 182 Towers were erected.

The Nairobi-Ring 400kV Transmission line: Lot A Isinya & Athi River 220/66kV substations: Substations construction was completed, Lot B: Kimuka & Malaa 220/66kV substations- Kimuka substation- Civil works were 92 per cent complete, Electromechanical works at 95 per cent while for Malaa Substation - Civil works was at 30 per cent complete.

428Km-400kV Loiyangalani-Suswa Transmission line: 434.5Km Transmission line was completed and energized.

96Km Megan-Isiolo-Nanyuki Transmission line (Nanyuki-Isiolo 70km): Foundations: 269No. completed out of 283 towers, Tower erection: 268 No. of 283 towers, Stringing- 66km completed in MTP II. No progress was made in the period due to way leaves acquisition challenges.

138km Turkwel-Ortum-Kitale transmission line: 37.62km of Stringing were completed in the period adding up to 80kms of completed in both MTP II and 2018/19, Kitale Substation – Erection of equipment structures were complete. Control building was 58 per cent complete while for Ortum substation- Erection of gantry and support structures were also complete. Control building was 57 per cent complete.

Isinya 400/220kV Substation: Substation was completed -100 per cent.

Challenges: Inadequate budget for compensation of on-going projects hampered progress, Delays in disbursement of budgetary allocation, Way leaves acquisition challenges arising from rejection of offers for land compensation following disputes in valuation of land, Work stoppages due to cases filed in respect of wayleaves acquisition, Encroachment of way leave trace, Vandalism of transmission assets, Contractor performance issues leading to termination of projects, Lengthy litigation following project termination, Growing contingent liabilities arising from claims from contractors following work stoppages and Insecurity in some projects' areas all affected progress.

Lessons Learnt: Close collaboration among relevant stakeholders and synchronization of planning and funding of pre-construction activities is critical in project implementation, close engagement with government agencies and use of alternative mechanisms for dispute resolution can speed up resolution of wayleaves challenges.

Recommendations and Way Forward: Adoption of alternative financing options e.g. Engineering Procurement and Construction and financing, PPP, PIIP, Amendment of the Land Act to anchor all compensation policies and guidelines within the applicable laws through regulation to address issues of way leave acquisition stalemates, adequate budgetary allocation for pre-construction activities including way leave acquisition, legislation to deal with compulsory acquisition and encroachment of way leaves and strict penalties for vandalism of infrastructure assets, Alternative dispute resolution framework be developed and institutionalized and development of framework for due diligence of contracts procured through lender domestic preferences.

Alternative Energy Sources and Technologies

Location: Nationwide

Objective: To promote alternative sources and new technologies of energy for socio-economic development.

Implementing Agencies: Energy & Petroleum Regulatory Authority (EPRA), Renewable Energy Corporation (REREC), Ministry of Energy (MOE) and Independent Power Producers (IPPs).

Projects progress; 75 Solar photovoltaic were installed in public institutions. 100 previously installed PVs were also maintained during the year and 195 inspected for preventive maintenance.

Solar/wind water pumping systems - 20 systems were installed in community boreholes in Arid and Semi-Arid areas. Support and development of community small hydro power projects - The 2nd generation turbine was fabricated and installed in Ngerechi community project in Murang'a County.

Construction of institutional biogas plants – 2 biogas plants were installed and commissioned in public institutions in Kericho Boys High School and Bukura Agricultural College.

Construction of Domestic biogas plants – 250 biogas plants were constructed and commissioned. 16 existing energy centres were rehabilitated. 8 tree nurseries were established in 8 energy centres raising 200,000 seedlings.

Re-afforestation of degraded hydropower dams catchment areas and water towers –101.3 hectares were afforested.

Establishment of woodlots - 67 woodlots were established in Nyeri, Embu, Tharaka Nithi, Kitui and Meru Counties in farmers plots near the catchment areas.

Garissa solar project

22 investment Grade Audits & General Audits were undertaken. Installation and rehabilitation of wind masts and data loggers – maintenance of 49 windlass and data loggers was done.

Challenges and Lessons Learnt: Limited data on biomass and other selected technologies; unsustainable use of biomass with attendant negative impacts on the environment, inadequate legal and regulatory framework for promoting new and alternative energy sources, low awareness on benefits of renewable technologies, inadequate research and development on technologies and competing interests over land use between energy production, food production and other commercial uses.

Recommendations and Way Forward: Develop and implement public awareness programs on the benefits and potential of new and alternative energy sources, review the existing legal, fiscal, regulatory and institutional framework, provide appropriate incentives to private investors in the sector, undertake comprehensive baseline study on new and alternative energy sources, promote alternative sources of energy and technologies such as Liquefied Petroleum Gas, biogas and solar as a substitute for biomass and collaborate with other relevant ministries and stakeholders to promote the new and alternative energy technologies.

Policy, Legal and Institutional Reforms

The Energy Act, 2019 was enacted on 12th March 2019 and became effective on 28th March 2019 and the draft Energy Policy was submitted to the Cabinet.

Distribution Network Expansion and Improvement

Location: Nationwide

Objective: To increase electricity access and reliability through upgrading and expansion of distribution network and associated infrastructure.

Implementing Agencies: Energy & Petroleum Regulatory Authority (EPRA), Rural Electrification and Renewable Energy Corporation (REREC), Kenya Electricity Generating Company PLC (KENGEN), Geothermal Development Company (GDC), Ministry of Energy (MOE), Kenya Power & Lightning Company (KPLC).

Project Progress:
The Government endeavors to construct 116 new primary distribution substations with a distribution capacity of 2,809 MVA and 1,244 km of associated 66KV and 33KV lines as well as 20 new bulk supply substations and installation of 336.5MVAR power compensation equipment in 15 transmission substations. The total number of new and upgraded substations completed during the period was twenty - three substations, seven new substations and sixteen upgraded distribution substations. The seven new substations are Mukurweini 33/11kV, Kisumu South 33/11kV, Molo 33/11kV, Sirisia 33/11kV, Endebess 33/11kV, Lamu 33/11kV and Sosiot 33/11kV. The sixteen upgraded substations are Rabai Reactors, Naivasha 132/33kV, Makutano 132/33kV, Kamburu 132/33kV, Diani 33/11kV, Miritini 33/11kV, Syokimau 66/11kV, Matasia 66/11kV, Makande 33/11kV, Siaya 33/11kV, Mwatate 33/11kV, Kisian 33/11kV, Rangala 132/33kV, Rabai 220/132kV, Mtito Andei Reactors and Mangu 132/66kV. The MV distribution lines added into the existing grid network was 342.7 kms associated with the above new sub stations.

Improved power reliability implies that outages are kept at a minimum, thereby reducing the average number of interruptions experienced by the system and customers. During the period under review, the System Average Interruption Frequency Index (SAIFI) was 22.2 against a target of 30 interruptions, whereas the Customer Average Interruption Duration Index (CAIDI) which indicates the average outage duration that a customer would experience was 4.03 hours against a target of 5.5 hours. This was achieved through replacing overhead distribution power lines across major towns and their environs with underground distribution power lines and intensified network maintenance activities.

Challenges and Lessons Learnt: Vandalism of electricity infrastructure, harsh terrain and poor road network thus slowing project implementation, insecurity in some regions, inadequate funds for way leave acquisition, delays in processing of tax exemptions affecting timely implementation of projects, inadequate cash flow by Turnkey contractors during project implementation and government policy on logging affecting supply of poles and way leave issues. Delay in global exemptions affected delivery of materials. Contractor performance issues leading to termination during project implementation.

Substantial and sustained government funding and political support is crucial to the success of electrification projects; enhanced support from development partners is necessary to supplement local funding, community participation and ownership is essential for implementation and sustainability of electrification projects, procurement of specialized equipment from manufacturers to guarantee quality and continuous sensitization of stakeholders on the role of various players in the power supply chain is of essence. Sustained network modernization and maintenance will ensure that power outages are reduced.

Recommendations and Way Forward: The National Treasury to fast track processing of tax exemptions; carry out due diligence during recruitment of contractors; application of alternative innovative materials for poles i.e. concrete, plastics and working closely with other stakeholders to assist the vulnerable in the society.

Universal Access

Location: Nationwide

Objective: To improve socio-economic development through connecting electricity to public institutions and households.

Implementing Agencies: Kenya Power & Lightning Company (KPLC), Energy & Petroleum Regulatory Authority (EPRA), Rural Electrification and Renewable Energy Corporation (REREC), Ministry of Energy (MOE).

Project Progress: A total of 5 million new households were targeted for connection to electricity through grid and off-grid solutions. During the period under review 440,822 customers were connected bringing the cumulative number of customers to over 7 million. Implementation of electrification of public facilities is expected to continue with 15,739 facilities targeted over the MTP III period. In FY 2018/19, 451 new transformers were installed, 222 public facilities were electrified and 16 solar mini-grid projects were commissioned in the counties of Wajir, Turkana, Marsabit, Mandera and Garissa in the effort to supply electricity to towns and regions off the interconnected grid.

To stimulate the 24-hour economy, and the public street lighting project continued being implemented with 24,447 lanterns installed (18,003 Government of Kenya funded schemes and 6,444 County funded schemes). The project covers Nairobi County, 52 other major town centres and County headquarters among others. Off peak tariff was introduced for large commercial industrial consumers under the Time of Use Tariff.

Challenges and Lessons Learnt: Inability of some customers to pay both connection fees and bills for those connected; power theft in informal settlements; high electricity commercial losses, vandalism of already installed street lights and non-payment of electricity bills and maintenance costs by the county governments: Insecurity in some regions and delays in land acquisition for construction of power stations; delays in processing of tax exemptions and clearance of goods at the port.

Substantial and sustained government funding and political support is crucial to the success of rural electrification, enhanced support from development partners is necessary to supplement local funding, community participation and ownership is essential for implementation and sustainability of rural electrification projects an enabling policy and regulatory framework is vital in achieving rural electrification objectives to address various concerns like land use, bills payment, clear separation of roles and responsibilities between the implementing agencies; procurement of specialized equipment from manufacturers to guarantee quality; and continuous sensitization of stakeholders on the role of various players in the power supply chain by the Ministry of Energy.

Recommendations and Way Forward: Looking for supportive mechanism to aid in enhancing connectivity of vulnerable members of the society to power. Introduction of serialized lanterns to make it easier to identify vandalized units, engaging with County governments for collaborative framework and working closely with relevant security agencies to deal with vandalism. Diversification of revenue sources for projects implementation, enhanced participation and involvement of the stakeholders/communities in projects, adequate planning of newly rolled out projects, leveraging on ICT in project management and enhancing policy and regulatory framework to strengthen collaborations with other sector players.

Increase Power Generation

Location: Nationwide

Objective: To increase cost-effective power generation to meet the projected demand to support socio-economic development.

Implementing Agencies: Kenya Electricity Generating Company PLC (KenGen), Energy & Petroleum Regulatory Authority (EPRA), Rural Electrification and Renewable Energy Corporation (REREC), Kenya Electricity Generating Company PLC (KENGEN), Geothermal Development Company (GDC), Ministry of Energy (MOE).

Project Progress: During the period, 508MW was added to the grid of which 300MW was from Lake Turkana Wind Power, 158MW was from Olkaria V and 50MW from REREC Garissa Solar is still undergoing commissioning tests. It was anticipated that an additional 2.3MW from Kenya tea development Authority power would be added to the grid.

158MW Olkaria V - Completed, commissioned and Synchronized to the National grid.

83.3MW Olkaria 1 Unit 6 – Commenced the construction works for both the Steam Field Development and Power Plant.

140MW Olkaria VI PPP: The PPP Committee granted approval of the Feasibility study, Preparation of Request for Quotation (RFQ) is ongoing.

50.7MW Olkaria 1 Rehabilitation – Commenced procurement of EPC contractor. 42.5MW Seven Forks Solar PV Plant - Feasibility study was completed.

100MW Muhoroni Solar/Wind Power Plant feasibility study completed.

Menengai 465MW: All CPs for the Project Implementation and Stem Study Agreement effectiveness were fulfilled, Fulfillment ESIA & RAP studies were undertaken in Bogoria- Silali block, The CPs under the PPA and PISSA were completed, Completion of the steam Gathering System (97 per cent), awaiting commissioning as the power plants have not been constructed by the Independent Power Producers, Land identification for Menengai West was completed, negotiation with landowners and signing of lease process started.

Bogoria-Silali Block 300MW: Water supply system, civil works and installation of equipment and construction of water tank bases completed, erection of water storage tanks 1, 2, 3 & 4 for the water intake Pump Station (PS) 2 and Paka completed; Installation of Pump Stations PS1 and 2 are complete and undergoing testing; installation of panels for tank 5 ongoing- 90 per cent completed, access roads to the project sites completed- 103 kms, Construction of drill pads in Paka (2) and Korosi (2) completed, maintenance ongoing, one rig move to Paka was completed and drilling commenced in the subsequent financial year, A total of 60km of 10 inch Victualic main transmission line was installed and undergoing pretesting, supply of GI pipes for water the water distribution- 100per cent achieved.

Suswa Block 300MW: Arbitration was ongoing

Challenges and Lessons Learnt: Delayed implementation of some flagship projects which meant that the energy demand didn't grow as expected forcing the sector to slow down implementation of some power generation projects, delayed and/or inadequate financing for project, some Independent Provider Producers projects are behind their original implementation schedules due to challenges in meeting stringent financiers conditions, challenges related to wayleave acquisition, high stakeholders expectations, difficult drilling conditions and uncertainties that are related to geothermal exploration. Long arbitration period, long lead time to meet conditions precedent before project implementation.

Recommendations and Way Forward: Fast-tracking implementation of flagship projects to spur growth in energy demand. The Government should come up with a mechanism of acquiring project land from communities that may be holding them to reduce on time before a project starts. This will also mitigate on costs implications.

Nuclear Power Development Programme

Location: Nationwide

Objective: To diversify energy resources for power generation.

Key activities: Development of a legislative and regulatory framework, site identification of the nuclear power plants, continued capacity building through both national programme and international partnerships, public education and advocacy.

Implementing Agencies: Nuclear Power & Energy Agency (NuPEA), Ministry of Energy (MOE), Energy & Petroleum Regulatory Authority (EPRA).

Project Progress: A Strategic Environmental Assessment (SEA) report was developed and submitted to National Environment Management Authority for approval.

The establishment of a policy, legal and regulatory framework for the nuclear power programme progressed through finalization of the National Nuclear Energy Policy, Nuclear Regulatory Bill 2018 and accession to nuclear conventions through submission of a cabinet memorandum and accompanying report to the Ministry of Energy.

The identification of site and supporting facilities progressed through commencing development of terms of reference for site characterization and carrying out a site and external events expert review with the International Atomic Energy Agency.

A reactor technology assessment (RTA) report, industrial involvement survey report, a funding and financing analysis of a nuclear power programme report and national policy and strategy for nuclear security and physical protection were developed.

The development of research reactor programme infrastructure commenced. A public communication, information, education and stakeholder management strategy was implemented to increase public awareness.

Challenges and Lessons Learnt: Continuous stakeholder engagement is necessary for the progress of the programme, collaboration with other organizations that are involved in the programme should be strengthened, successful implementation of programme initiatives will require increased budgetary allocation.

Recommendations and Way Forward: Enhance participation and involvement of stakeholders in the programme and enhance budgetary support for development of the programme.

LAPSSET SUB-SECTOR

LAPSSET Corridor Program

Location: Lamu-Isiolo-Lokichar-Nakodok and Isiolo - Moyale (Lamu, Garissa, Meru, Isiolo, Samburu, Turkana and Marsabit Counties).

Objective: To open up northern Kenya and provide a reliable transport corridor for Ethiopia and South Sudan.

Implementing Agencies: KPA, KeNHA, KRC, State Department for Petroleum and KPC, KAA, TARDA and Ministry of Tourism and Wildlife and SEZA.

Coordinated by the LAPSSET Corridor Development Authority (LCDA)

Project Progress: Lamu Port (1st three Berths): As at the close of the FY 2017/18, the project completion rate was 51.1 per cent and 54.5 per cent against a target of 57.1 per cent as at October 2018 due to suspension of major works by the contractor because of outstanding payments. The project completion level as at December 2018 was 59.69 per cent and 69.75 per cent as at end of June 2019. Lamu Port (Agri-Bulk and Oil Terminal): Transaction Advisor procured, inception report finalized and draft feasibility studies and environmental scoping report prepared as at June 2019. Port Utility Infrastructure: Port headquarter building completed and operational; phase I of Port Management Housing Scheme at 90 per cent completion level; Power delivered to the Port infrastructure through a Rabai 220Kv line and Water reticulation done, however, both quantity and quality unfavourable for port operations.

LAPSSET Highways: As at June 2019, Isiolo – Marsabit – Moyale (505Km) was completed and operational; Lamu – Garissa- Isiolo (530Km), PPP negotiation was ongoing between KeNHA and Development Bank of Southern Africa led Consortium for financing and construction; and Lamu Port Link Road (10Km) at 5 per cent; Lamu – Witu – Garsen (115Km) at 35 per cent; Isiolo – Lereta – Lokichar, feasibility study and detailed designs were ongoing; Upgrading of Lokichar – Lodwar – Nakodok was as follows: Kalobeiyei River – Nadapal (80Km) at 32 per cent, Lokitaung Junction - Kalobeiyei River (80Km) at 28 per cent, Lokitaung Junction - Lodwar (80Km) at 47 per cent, Lodwar –Loichangamatak (50Km) at 31 per cent and Lokichar – Loichangamatak (40Km) - design completed and financing of the project was pending.

LAPSSET Corridor SGR: Phase 1 (Lamu – Isiolo – Moyale): pre-feasibility study was completed, Concepts of modernization of stations and linkage between Isiolo and Nairobi to commuter services was also developed.

Crude Oil Pipeline: Turkana – Samburu – Isiolo – Meru – Garissa – Lamu) - Front End Engineering Designs (FEEDs) and Environmental and Social Impact Assessment (ESIA) finalized, Notice to acquire project land gazetted and Preliminary inspection, survey and valuation of project land commenced.

LAPSSET Airports: Manda Airstrip Passenger Terminal Building and Pavement completed, Isiolo Airport Passenger Terminal Building and 1.4Km runway completed and Notice to acquire land for Lamu International Airport gazetted.

High Grand Falls Multi-Purpose Dam: Feasibility study and detailed engineering designs completed,Build Operate Transfer (BOT) partner was identified and negotiation was ongoing.

Resort Cities (Lamu, Isiolo, and Turkana): Notice to acquire land gazetted and Request for securitization made to National Land Commission (NLC).

Lamu Special Economic Zone (SEZ): Preliminary Master Plan and Investment Framework developed, Integrated Transport Master Plan for SEZ and proposed Lamu Industrial City developed Feasibility study was completed and Environmental Scoping Report prepared and Notice to acquire land gazetted.

Challenges and Lessons Learnt: Lengthy legal procedures for land acquisition which impacted on overall implementation pace of some project components, inadequate budget to finance inspection, survey and valuation of the LAPSSET Corridor Land and ultimate acquisition, projects require huge financial outlay and budgetary allocation has been low to fully components, Emerging competition from similar projects being implemented within the region, Competing priorities faced by the implementing agencies in thus slowing down the implementation process.

PPP model which was approved for LAPSSET Corridor Program has proved bureaucratic and infeasible given most projects are Greenfield and Need to provide budget for Transaction Advisory Services for project packaging to improve bankability for uptake by potential private sector investors.

The LAPSSET Corridor Program traverses an area characterized with security concerns, from extremism to cattle rustling to boundary disputes which affects its attractiveness to investors, Lack of a common and shared approach (i.e., Regional Coordination Framework) for coordination and implementation of the LAPSSET Corridor cross-boundary components among the footprint countries despite being conceptualized as a regional programme.

There has been delays in disbursement of funds to the implementing agencies by the National Treasury. For instance, Kenya Ports Authority which leads to demobilization of equipment and outstanding payments to the Contractor hence upward review of the contract value.

Recommendations and Way Forward: Need to review the applicable laws governing projects financing including Public Private Partnership (PPP) Act to facilitate project uptake by potential private sector investors; Need for adequate government/public sector resource commitment towards project at all stages (project preparation, design, implementation) which is important for project delivery on time for avoidance of cost escalation, required enhanced private sector involvement and PPP procurement process that is flexible to allow private sector investors entry. Need to establish common and shared policies, legal and regulatory framework as well as engineering designs for the trans-boundary projects with footprint countries and a LAPSSET Regional Coordination Framework to operationalise a Regional Coordination Agency similar to Northern Corridor Transit and Transport Coordination Authority.

The Government should prioritize and enhance resource allocation for key projects such as Lamu – Garissa – Isiolo Road which is the missing link between Lamu Port and Isiolo – Moyale, strengthen collaboration and partnership between National and County governments and other stakeholders to facilitate the process of land acquisition, Deploy a well-coordinated Multi – Agency Security Team to the corridor and surrounding environment to make it safer for operationalisation. Timely disbursement of funds to implementing agencies to avoid demobilization of equipment and outstanding payments.

Other Programmes and Projects- Public Works Sub-Sector

Improvement of Living and working Conditions in Government Buildings

Location: Nationwide

Objective: To develop and maintain cost effective public buildings which are environment friendly and sustainable that will improve living and working conditions in Government buildings.

Implementing Agency: State Department for Public Works.

Project Progress: In order to achieve improved living and working conditions in Government buildings, the State Department for Public Works has Completed 3 No. stalled government buildings projects i.e. Kericho Ardhi house, Kibish Police station and GSU base camp. The Kenya Institute if Business Training (KIBT) was handed over to the client. Other ongoing projects are at advanced stages of completion namely: Kenya Industrial Training Institute (KITI) at 60 per cent which was handed over to client for funding completion, Voi Pool housing at 70 per cent, Kabarnet Medical Training College at 68 per cent, Migori District Headquarters Phase I at 86 per cent and Mathare Nyayo at 58 per cent. The State Department further designed, documented and supervised to completion 90No. new government/ building projects and rehabilitated/ maintained 78 No. buildings at both Ministries, Departments, Agencies as well as Counties.

Challenges and Lessons Learnt

i. Austerity measures on budget cuts has led to some projects implementation being postponement.
ii. Site identification problems especially on implementation of County Headquarter projects.
iii. Land use conflicts and unavailability of land on which public projects are to be implemented.
iv. Legal and contractual challenges arising from arbitration and contractual issues affecting project implementation negatively.

Recommendations and Way Forward

i. Resource mobilization.
ii. Completion of Public Works Policy which is still at the drafting stage.
iii. Completion of Public Works Policy which is still at the drafting stage.
iv. Continued capacity building of contractors and other stakeholders in the construction industry to come up with standard buildings and
v. Collaboration with stakeholders in carrying out research on appropriate affordable construction materials continuously.

Development and Maintenance of Coastline Infrastructure and Inland Water Transport; and improvement of Communication in Human Settlements

Location: Coastal region and Nationwide

Objective: To protect land and property from sea wave action, flooding and erosion and enhance accessibility into and out of waters and enhance communication between human settlements and in areas of difficult terrain.

Implementing Agency: State Department for Public Works.

Project Progress: To achieve improved water transport, accessibility into and out of waters and protect land and property from sea wave erosion, the sub- sector constructed 54 meters' length of seawall at Ndau. Further, Mokowe Jetty was constructed to 15 per cent level of completion and 28 No. footbridges were completed across counties for safe crossing of rivers, streams and for easy accessibility to areas with difficult terrain.

Challenges and Lessons Learnt

Devolved government means that county infrastructure projects be funded at the countygovernment level. However, seawalls, jetties, footbridges and river protection works are sited on county boundaries and international waters leading to lack of clear ownership. For this reason, construction of these projects should be funded by the National Government.

Recommendations and Way Forward

i. Resource mobilization.
ii. The National Government should fund construction of projects such as seawalls Jetties and footbridges.

ICT Cs awarding the winner of ICT business skills

Revamping / Restructuring of Supplies Branch

Location: Industrial Area - Nairobi

Objective: To develop the capacity, enhance efficiency and promote transparency in service delivery.

Implementing Agency: State Department for Public Works, Supplies Branch.

Project Progress: 72 term supply contracts for procurement of common user items to government institutions were developed. Refurbishment of the Supplies Branch warehouses were undertaken.

Challenges and Lessons Learnt: Inadequate funding coupled with lack of exchequer for implementation of projects.

Recommendations and Way Forward: Resource mobilization.

INFORMATION AND COMMUNICATION TECHNOLOGY

"Leveraging ICTs for Increased Competitiveness"

Information, Communication Technology (ICT) has been identified as a key foundation sector under the Kenya Vision 2030. The sector will continue to play that role under the "Big Four" and other sectors. It also plays a catalytic role in enhancing productivity and lowering the cost of achieving the Government's "Big Four" and other development initiatives. As Kenya prepares to take advantage of the Fourth Industrial Revolution" that brings together digital, biological and physical technologies, it will increasingly depend on the quality of ICT in national infrastructure, regulatory and business environment, human capacity, ICT usage and investment among others. It is in this regard that the government has heavily invested in ICT sector, and its application to the real sectors such as financial intermediation, e-commerce and governance. These trends will be accelerated under MTP III.

National ICT Infrastructure Programme

This is a nationwide program aimed at improving universal access to ICT services. It involves connecting Kenya to the international broadband highway as well as connecting all major towns in the country. The sub-components of the program include: National Optic Fiber Backbone Infrastructure (NOFBI), County Connectivity Project Phase III, Government Common Core Network (GCCN) Programme, Integrated Government Unified Communication System

Project; Eastern Africa Regional Transport, Trade and

Development Facilitation Project; Digital Terrestrial Television Coverage; Migration from Medium Wave to FM Radio Transmission, e-Waste Management Centre's, National Addressing System (NAS) and Data Disaster Recovery Centre (DRC).

National Optic Fiber Backbone Infrastructure (NOFBI)

Location: Nationwide

Objective: The NOFBI will be extended by an additional 2,500 Km of fibre to connect at least 290 offices at the sub-county level, educational centres, Level 4 and above hospitals, police stations and other key County Government offices.

Implementing Agencies: Ministry of ICT and Information and Communication Technology Authority (ICTA).

Project Progress: Provision of connectivity in all the 47 counties and provides Last Mile Fibre Connectivity to County Headquarters from the Backbone for improved government service delivery: The National Optical Fibre Backbone Infrastructure Phase II Expansion (NOFBI II E) OFC spans over 2500 kilometres covering 290 sub-counties. In the FY 2018/19, a total of 2442km had been completed covering 270 sub-counties sites.

Challenges and Lessons Learnt: Road expansion that destroys existing NOFBI Infrastructure, Rapid consumption of existing resources, insecurity in some regions, vandalism and resistance by local communities in prioritization of other basic services.

Recommendations & Way Forward: Formalize collaboration with the road agencies to safeguard existing infrastructure and incorporation of fibre under any new road roll-out, re-investment to expand current infrastructure capacity, categorization of NOFBI infrastructure as critical infrastructure to be protected by state and involve local communities, security agencies and other MDAs during the roll out of the project.

County Connectivity Project Phase III

Location: Counties/Nationwide

Objective: This will entail interconnecting all 47 counties through a last mile wired and wireless network into one homogeneous government network, using the NOFBI as the primary back haul medium.

Implementing Agency: Ministry of ICT

Project Progress: All the forty-seven (47) county headquarters were connected to the National Optic Fibre Backbone Infrastructure (NOFBI) cable and Seventy (70) buildings via wireless to provide the last mile connectivity at the county level. In addition, co-location and related services to host twenty-nine (29) sites across the country was acquired.

Challenges and Lessons Learnt: No Challenge.

Recommendations and Way Forward: Ensure the 29 sites identified across the country are fast tracked.

Government Common Core Network (GCCN) Programme

Location: Nationwide

Objective: The GCCN will be redesigned and expanded to include a redundant link to all within Nairobi for a robust, reliable, and secure government core connectivity network. This will enhance connectivity to provide MDAs with secure usage within the physical network.

Implementing Agencies: Ministry Interior and National Coordination, Ministry of ICT (MoICT) and Information Communication Technology Authority (ICTA).

Project Progress: The network was extended to cover state agencies that are housed in private buildings within and outside Nairobi, further, 12 additional network engineers were recruited to maintain the infrastructure to ensure availability and reliability of the networks.

Challenges and Lessons Learnt: Non-incorporation of ICT cabling in new building designs, lack of a harmonized data management system.

Recommendations and Way Forward: Complete works already started in connecting government at national and county levels, implement systems that deliver quality services to the public and optimizing on the ICT infrastructure, get email systems working optimally so government officers do not depend more on public email systems (e.g. Gmail and Yahoo accounts), ensure government websites are well updated with comprehensive information, while providing online services responsively.

Eastern Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP)

Location: Nationwide

Objective: The general scope of this portion of the EARTTDFP is to rehabilitate the existing fibre optic from Eldoret to Lodwar and extended to Nadapal with a wireless link. This will ensure that broadband connectivity is available while the construction of the main cable is underway.

The rehabilitation works along the route involves relocations (of fiber optic cable), construction of new shelters, refurbishment of existing equipment rooms, installation of new fibre optic cable (underground and aerial) and repair of civil infrastructure.

Implementing Agencies: Ministry of ICT, Information Communication Technology Authority (ICTA).

Project Progress: Time elapsed from commencement date is approximately 24 months i.e. 23rd July 2018 to 24th July 2020. The overall work progress was at 83 per cent against 85 per cent-time progression. The contractor must therefore take adequate steps and precaution including mobilization and additional resources to complete the wireless scope which will ensure the project meets its key delivery dates.

Technical Progress: As at 30th June 2018, the Outside Plant (OSP) works were complete which include trenching, laying of HDPE pipes, construction of gabions as well as laying of warning tape and backfilling. The only outstanding work was the installation of the wireless connection from Lodwar to Nadapal.

Challenges and Lessons Learnt: The biggest challenge facing the project is delivery of wireless equipment. The contractor had confirmed that the wireless equipment would be delivered in the country in the first week of August 2021. Crime and insecurity - there were some insecurity incidences experienced earlier during this project roll out. The incidents were mainly around the Kainuk area which caused some delays in the project implementation as teams could not access the sites. Extreme weather - The project area experienced heavy rainfall leading to landslides and flooding.

Recommendations and Way Forward: Community engagement at the start of the project to ensure no friction between project team and the local communities. Proper planning to account imported equipment.

Northern Eastern Corridor Transport Improvement Project (NETIP)

Location: Northern Eastern, Kenya

Objective: The project will involve construction of fiber spurs rings and connecting institutions and communities along the Northern Eastern road corridor between Isiolo and Mandera.

Implementing Agency: Ministry of ICT

Project Progress: Project has not Kicked off

Challenges and Lessons Learnt: Slow progress

Recommendations and Way Forward: Fast-track the implementation.

Digital Terrestrial Television (DTT) Coverage

Location: Nationwide

Objective: Roll-out will continue to the unserved and under-served areas to ensure the remaining 22 per cent of the Country is covered.

Implementing Agencies: Communication Authority of Kenya (CAK) and Broadcasting Signal Distributors (Signet).

Project Progress: Digital Terrestrial Television (DTT) Coverage: Roll out will continue to the un-served and under-served areas to ensure the remaining 22per cent of the country is covered: Key Output: DTT coverage rolled to the remaining 22per cent of the country, KPI: Population of the Country Covered by the Digital Signal. The progress was at 86.0per cent as at end of FY 2018/2019.

Challenges and Lessons Learnt: The low pace of roll out of DTT Coverage was as a result of financial challenges facing Kenya Broadcasting Corporation.

Recommendations and Way Forward: BSD to roll out coverage as per the License Conditions under the Universal Service Obligations and provide financial support to KBC.

e-Waste Management Centres

Location: Nationwide

Objective: e-Waste Management Centre's will be established in six (6) economic zones across the country.

Implementing Agency: Ministry of ICT

Project Progress: Project Stalled

Challenges and Lessons Learnt: Lack of budgetary allocation.

Recommendations and Way Forward: Provide adequate funding.

National Addressing System (NAS)

Location: Nationwide

Objective: The NAS will be rolled-out.

implementing Agencies: Ministry of ICT, Communications Authority of Kenya.

Project Progress: Task Force was formed to develop an integrated NAS database with members from various government agencies and Google Maps. The Task Force developed an integrated addressing system; addressing standards, NAS memorandum to be forwarded to the Cabinet for approval, NAS policy framework to regulate the system, identified a pilot area within Nairobi CBD and developed an RRI pilot work plan for implementation within 100 days.

Challenges and Lessons Learnt: Inadequate funding

Recommendations and Way Forward: Ensuring Budgetary Allocation for project.

Data Disaster Recovery Centre (DRC)

Location: Konza Technopolis

Objective: This entails finalization of the Centre to safeguard Government data.

Implementing Agency: Ministry of ICT

Project Progress: Project did not Kick off

Challenges and Lessons Learnt: Inadequate funding

Recommendations and Way Forward: Ensuring Budgetary Allocation for project.

National Information Security Programme

Location: Nationwide

Objective: Enhancement of Government Common Core Network (GCCN) Security; Implementation of Security policies and deployment of firewall at all the gateways, Development and implementation of security framework for the entire GoK Cloud and establish a Cyber Security Research Institute.

Implementing Agency: Ministry Interior and National Coordination, Ministry of ICT (MoICT) and Communication Authority of Kenya (CAK).

Project Progress: Develop Cyber Security Infrastructure:KeyOutput:Cybersecurityinfrastructure developed, KPI: per cent of Cyber Security Initiatives Implemented. The cyber security command Centre was commissioned and operationalised as at the end of FY 2018/2019.

Challenges and Lessons Learnt: Increased detection of cyber security incidences.

Recommendations and Way Forward: Ensure that the cyber space is secure at all times.

Universal Access to ICT Programme

Location: Nationwide

Objective: Provision of basic Voice Infrastructure under Universal Service Obligation; and Provision of Broadband Connectivity to Schools under Universal Service Obligation and Provision of Broadband Connectivity to Schools under Universal Service Obligation.

Implementing Agency: Communication Authority of Kenya (CAK).

Project Progress:

Provision of Basic Voice Infrastructure under Universal Service Obligation: Key Output: Basic Voice Infrastructure 2G Connectivity in all Un-served and Under-Served Areas in the Country. KPI: per cent of Areas Covered by 2G Network. The progress as at the end of FY 2018/2019 was: 96.2 per cent (2G), 93.0 per cent (3G) and 47.0 per cent (4G).

Provision of Broadband Connectivity to Schools under Universal Service Obligation: Key Output: Broadband Connectivity to Public Secondary Schools and Tertiary Institutions Provided, KPI: per cent of Schools and Tertiary Institutions Connected with Broadband Infrastructure. The progress was at 70.7 per cent by the end of FY 2018/2019.

Challenges and Lessons Learnt: Security issues, Local communities – prioritization of services. Sustainability of the project.

Recommendations and Way Forward: Involve local communities, security agencies and other MDAs during the roll out of the USF projects.

e-Government Services Programme

Location: Nationwide

Objective: Digitization of Government records; Kenya Open Data Initiative (KODI) will be strengthened to make public data sets accessible and in a usable format; and Digital Government Economy Programmes.

Implementing Agencies: Ministry Interior and Coordination of National Government, Ministry of Information, Communication and Technology (MoICT) and ICTA, the government operationalised the National Integrated Monitoring and Evaluation System (NIMES) and the County Integrated Monitoring and Evaluation Systems (CIMES).

Challenges and Lessons Learnt: Inadequate funding and system failure.

Recommendations and Way Forward: Provision of adequate funding.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To promote timely implementation of programmes and projects various Policies, Legal and Institutional Reforms will be undertaken.

Implementing Agencies: Relevant Ministries and Implementing agencies, State Law Office.

The following policy, legal and institutional reforms will be implemented for the effective delivery of ICT programmes and projects:

i Policy reforms

Review of the National ICT Master Plan, National Broadband Strategy and the National Cyber Security Strategy in line with the National ICT Policy 2017, Develop ICT Sector Standards for industry self-regulation, Develop and implement Digitization Strategy, Roadmap and Standards, Review the e-waste management Policy and Develop National Addressing System Policy, Regulations and Standards.

ii Legal Reforms

Enact the critical infrastructure bill to guard against the destruction of ICT infrastructure, Review of ICT Regulations; review the Kenya Information Communications Act, Review Kenya Broadcasting Corporation (KBC), Postal Corporation of Kenya (PCK), Government Advertising Agency (GAA) and Kenya News Agency (KNA) Bills, Acts and Gazette Notices and Develop National Addressing System Regulations and Standards.

iii Institutional Reforms

The Government will restructure the Kenya Broadcasting Corporation (KBC), Postal Corporation of Kenya (PCK), Government Advertising Agency (GAA) and Kenya News Agency (KNA) to make them vibrant and viable government institutions.

Challenges and Lessons Learnt: Although there was significant progress made in the implementation of proposed legal reforms during the review period, there is still much to be done in order to address identified bottlenecks that potentially undermine progress in nearly all the sectors. The speed of development, review and approval by Cabinet and the subsequent enactment of laws by the National Assembly are slow and thus this slows the pace of reforms turned over in the review period.

Recommendations and Way Forward: The Government will endeavour to accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the projects.

SCIENCE, TECHNOLOGY AND INNOVATIONS

"Accelerating the transition to an innovation - led and Knowledge Based Economy"

Science, Technology and Innovation (ST&I) Sector is a key enabler of the three Pillar of Vision 2030. Under MTP II, the Government committed to facilitate the development of a highly skilled human resource base that would sustainably support and trigger innovation in priority areas. Under MTP III, the sector will drive the transformation agenda by supporting the "Big Four" initiatives and by ensuring that all sectors have access to new technologies in order to increase productivity and efficiency. During MTP III, the sector targets to increase research funding from 0.79 per cent of the GDP in order to attain position 85 in Global Competitiveness Index ranking out of 137 countries by 2022 from position 91 in 2016.

Lab technician in the lab

The National Physical Science Research Laboratory for Engineering and New Production Technologies

Location: Nationwide

Objective: The research units will provide consulting, engineering, fabrication and calibration services for both public institutions and private businesses. The Laboratory will incorporate research Centre's for the following highly specialized emerging sciences: electronics, telecommunications and computing, nuclear science for peaceful applications and mining and mineralogy.

Implementing Agencies: NACOSTI, MoE, MOLHUD, MOTI

Project Progress: NPSRL strategy was developed during the MTP II period. The scope of the project entailed construction of the 11 high technology laboratories at the KONZA TECHNOPOLIS. Phase one of the project to cost Ksh 700 Million commenced on February 6th 2017 and is expected to be completed in 2021 and the whole project is expected to be completed in 2028.

The process for procuring a consultant to do the designs for three laboratories was terminated due to time lapse occasioned by lack of a procurement officer. The draft designs for the three laboratories namely: The Theoretical and Computational Sciences Laboratory, Material Science and Engineering Laboratory and Mineralogy and Nanotechnology Laboratory were finalized in FY 2018/19. The Five (5) acres of land was provided by the Konza Technopolis Development Authority for the construction of the laboratories.

Challenges and Lessons Learnt: Inadequate funding to the project and lack of a project procurement officer.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the project. Project support officers and availability of adequate funds are key in timely project implementation.

Centre for Nanotechnology Research

Location: Nationwide

Objective: The Centre will focus on specialized research and technology development in Nanoscience. Access to the Centre will be open to the broader nanotechnology practitioners in academia, industry and investment partners.

Implementing Agencies: MoE, NACOSTI, Universities, Research Institutions

Project Progress: No establishment of Kenya Institute of Nanotechnology (KIoN) but KIRDI is putting up a building which will have a component to hold Nano Lab and its about 64 per cent complete.

Challenges and Lessons Learnt: Inadequate funding to the project; the draft policy needs to be reviewed and prioritize the components of nano to be implemented in the short, medium and long term.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the project. The draft nanotechnology policy was last done in 2015 and there is need to review the policy with stakeholders and there should be an ongoing sensitization to create awareness of potential of nanotechnology to the economy.

Space Science Technology Development Programme

Location: Nationwide

Objective: Enhancing the teaching, research and development of space science and subsequent use of space technology for peaceful purposes.
Implementing Agencies: NACOSTI, Ministry of Defense

Project Progress: Kenya space agency has been established and the board was inaugurated in 2018. During the period Kenya launched its home-designed satellite. The cube satellite was launched from the Japanese module of the International Space Station. The nanosatellite was designed by Kenyan scientists at the University of Nairobi.

The cube satellite will be utilized in various sectors including weather forecasting, food security mapping, livestock and wildlife monitoring, besides disaster management.

Centre for Microsatellite Technology Development

Location: Nationwide

Objective: The Centre will be established to undertake advanced research in the areas of satellite technology development, manufacturing, launch and operation.

Implementing Agencies: MoE, NACOSTI, NRF Universities

Project Progress: Observatory built and telescope installed.

Challenges and Lessons Learnt: Inadequate funding to the project.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the project.

The Square Kilometre Array (SKA)

Location: Nationwide

Objective: This will involve building a large radio telescope with a node in Kenya to be used as a research facility for astrophysics, engineering, surveying, mathematics and information technology to generate "Big Data". To this end, the Longonot Earth Station will be acquired from Telkom Kenya for conversion into a radio telescope.

Implementing Agencies: MoE, NRF and NACOSTI

Project Progress: NACOSTI has developed a framework for management of the SKA project and acquired High-Performance Computing (HPC) data Centre in FY 2018/19.

Challenges and Lessons Learnt: Inadequate and timely funding to the project.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the project.

Establishment of an Optical Astronomical Observatory

Location: Nationwide

Objective: This observatory will undertake advanced research, training and outreach in basic space science with relevance to astrophysics, mathematics, engineering and technology.

Implementing Agencies: MoE, NACOSTI, NRF Universities.

Project Progress: Observatory built and telescope installed.

Challenges and Lessons Learnt: Inadequate funding to the projects

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the project.

National Renewable Energy Research Laboratory

Location: Nairobi or Konza

Objective: The laboratory will be established to conduct advanced research and development in the areas of solar energy, wind energy and biofuels.

Implementing Agencies: Ministry of Energy (MOE), NuPEA, NACOSTI, NRF, KALRO &, KIRDI.

Project Progress: The LAB has not been established. The Ministry of Energy is yet to get land for the Project.

Challenges and Lessons Learnt: Inadequate funding for the project.

Recommendations and Way Forward: The Ministry of Energy and NuPEA to work closely with other government agencies to acquire land for the project and mobilize resources for the construction and operationalisation of the Lab.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Science, Technology, Engineering and Mathematics (STEM) Programme

Location: Nationwide

Objective: Enhance the capacity of education institutions (secondary schools) to provide STEM education by facilitating the provision of modern and high-end STEM equipment and training for STEM teachers and school leaders.

Implementing Agencies: Ministry of Education (MoEd), Centre for Mathematics Science and Technology Education in Africa - CEMASTEA (MoE), NACOSTI, NRF, Universities, Kenya National Bureau of Statistics (KNBS), KENIA, Public Service Commission (PSC); Ministry of Labour and Social Protection (MoL&SP).

Project Progress: In the period FY 2018/19 CEMASTEA trained 1,132 County Trainers who in turn trained 9,482 mathematics and science teachers in the counties Similarly 3,547 teachers were trained on ICT integration in education. Another group of 1,200 teachers were trained on how to strengthen the quality of STEM education by working collaboratively as communities of practitioners through school-based lesson study. The Centre also trained 110 INSET Centre Principals on how to effectively manage capacity development Centre's during training to ensure teachers are supported and motivated.

In FY 2016/17 CEMASTEA introduced the STEM Model Schools programme where selected secondary schools are supported to become model Centre's of excellence in STEM Education. In this regard the Centre trained 329 teachers in FY 2017/18 on STEM interdisciplinary approach. 317 of these teachers were trained on Robotic Science/Artificial Intelligence in 2018/19. 98 Principals of the STEM Schools were also trained on transformative leadership; were trained in 2017/18 while 98 were trained in 2018/19. To enhance deep learning of STEM, the Model Schools were provided with high value mathematics, science, and ICT equipment worth KSh. 32 Million in 2016/17 and KSh. 75 Million in 2017/18. In FY 2018/19, the Centre did not provide equipment due financial constraints. Besides training and equipment, the Centre supported county-based STEM Fairs as well as Regional and National Robotics Competitions.

In the period under review, The Centre also trained at 82 County Trainers and 1,458 mathematics and science teachers at Primary Level. Creating interest and passion for STEM needs to be cultivated in the early years. CEMASTEA also trained 190 stakeholders who support the implementation of STEM education at county level. In the same period 5 Training Modules were developed. In 2017/18 CEMASTEA developed a portal through which teachers can access support materials and submit assignments. A book on STEM Lesson Study was developed and published in 2017/18 while two manuscripts were developed and submitted for review by publishers in 2018/19. The Centre also developed and submitted to the Ministry of Education the concept not on the "Enhancing STEM Capacities for Health and Wealth Through Education and Training" that was to form part of Kenya's proposal to the Yokohama TICAD VII.

Challenges and Lessons Learnt: Inadequate funding to cover the whole nation at go thus training done at cohorts. Inadequate fiscal resources purchase all equipment (in fact the equipment is bought from funding sought from internal programmes cost containment measures) that could accelerate the impact of the programmes.

Recommendations and Way Forward: CEMASTEA has sought to nurture STEM capacities through capacity building of STEM teachers to develop foundational STEM skills and practices, strengthen STEM attitudes, values and ethics, and promote early choice of careers in STEM. The Centre has also established the STEM Model Schools Programme intended model STEM education through neo-disciplinary approach to teaching and learning, establishment of STEM Maker-spaces, provision of STEM equipment and resources, and introduction of artificial intelligence science such as robotics.

Kenya Advanced Institute of Science and Technology

Location: Nationwide

Objective: The project will facilitate the human and infrastructure capacity building for the institute.

Implementing Agencies: MoE, NACOSTI, Konza Techpolis and Ministry of ICT.

Project Progress: Ministry of Education (MoE) through KoTDA issued RFP for the Education and Architectural Engineering Consulting Services to the four (4) short listed bidders in June 2018 and closed in July 2018.

The State Department of University Education & Research upon evaluation of the RFPs contracted KAIST (Korea Advanced Institute of Science and Technology) in Consortium with SAMOO and SUNJIN to do architectural and curriculum designs vide KAIST-Contract -001-2017-2018 2018/2019 signed on 30th November 2018. A Kick-off meeting was held at Konza on 12th February 2019 and an Inception Report submitted by the consultants. The Consortium of KAIST, SAMOO and SUNJIN submitted Schematic Designs on 19th April 2019 and Final Designs on 23rd December 2019.

Challenges and Lessons Learnt: Inadequate funding

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the project.

Establishment of Institute of Applied Sciences

Location: Nationwide

Objective: The institute will be established and modelled along the German Universities of Applied Sciences where training in engineering and applied sciences will be hands-on and industry oriented.

Implementing Agencies: MOE, NACOSTI, NRF and KEMRI.

Project Progress: A delegation led by PS Crops and Research MoALF visited UK on study tour of Synthetic Biology LABs.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead Agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Enhancement of the Centres of Excellence in Universities and Research Institutions

Location: Nationwide

Objective: The project will provide advanced laboratory equipment and accesses to e-learning resources to the Centres of excellence already identified and establish new ones in other universities and research institutions.

Implementing Agencies: NACOSTI, NRF and KEMRI

Project Progress: Three centres of excellence were established under the Southern and Eastern Africa Higher Education Centres of Excellence project at Egerton, Moi and Jaramogi Oginga Odinga Universities. Egerton University is implementing a project in sustainable agriculture and agribusiness management, Moi in phytochemicals, textile and renewable energy and Jaramogi Oginga Odinga University of Science and Technology for sustainable use of insects as food and feeds (insefoods).

Eight public universities were supplied with engineering and applied science teaching and research equipment. These include University of Nairobi, Dedan Kimathi University of Technology, Technical University of Mombasa, Meru University of Science and Technology, Technical University of Kenya, South Eastern Kenya University (SEKU), Multimedia University of Kenya and Masinde Muliro University of Science and Technology. In agricultural research KALRO (former KARI) is a CoE in dairy and horticulture.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

National Skills Inventory and Audit for ST&I

Location: Nationwide

Objective: The project will establish a database on the status of the national ST&I human resource capacity and skills in science, engineering and technology in relation to the job market needs. This will inform the development of a National Critical Skills Development Strategy.

Implementing Agencies: MOE, NACOSTI, MOLHUD, MOTI.

Project Progress: A tool is being developed to capture data from Research Institutions. This will later be expanded to other institutions.

Challenges and Lessons Learnt: Inadequate funding to the projects

Recommendations and Way Forward: The CEOs of the lead Agencies should work in tandem with the lead Ministries so as to deliver on the projects.

The African Science, Technology and Innovation Observatory

Location: Nationwide

Objective: This project will facilitate the establishment of the Kenyan node of the African Science, Technology and Innovation Observatory for the collection, analysis and reporting on ST&I indicators.

Implementing Agencies: MoE, NACOSTI, NRF and Universities.

Project Progress: Observatory built and telescope installed.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Coordination of Technology and Innovation Commercialization Programme

Location: Nationwide

Objective: Ensuring an effective innovation system to harness the potential offered by modern science and technology for social and economic advancement.

Implementing Agencies: Ministry of Education (MoE), NACOSTI, KENIA, NRF, KIPI, KALRO, KIRDI, KEMRI, Universities.

Project Progress: Two sites for the establishment of the ST&I park in the first phase have been identified at the Konza Technopolis and Dedan Kimathi University of Technology.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

County Technology and Innovation Delivery Services Programme

Location: Nationwide

Objective: Establish and empower county technology and innovations advisory and prospecting centres to coordinate technology transfer and adoption.

Implementing Agencies: MoE, NACOSTIT, Universities and Research Institutions

Project Progress: The Kenya National Innovations Agency (KENIA) is being enhanced so that it can decentralize to the counties. However, there are centres particularly by KALRO and KIRDI in some counties.

Challenges and Lessons Learnt: Inadequate funding to the projects

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Establishment of County Technology and Innovations Advisory and Prospecting Centres

Location: Nationwide

Objective: Establish Centres of Excellence in Biotechnology Research in Research and Higher Learning Institutions.

Implementing Agencies: MOE, NACOSTI, Universities and Research Institutions.

Project progress: Ongoing

Challenges and Lessons Learnt: Inadequate funding to the projects

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Development of Human Capacity for Biotechnology Research and Product Development.

Location: Nationwide

Objective: Establish Centres of Excellence in Biotechnology Research in Research and Higher Learning Institutions.

Implementing Agencies: MOE, NACOSTI, Universities and Research Institutions.

Project progress: Ongoing.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Public Education and Awareness on Biotechnology and Biosciences

Location: Nationwide

Objective: Establish Centres of Excellence in Biotechnology Research in Research and Higher Learning Institutions.

Implementing Agencies: MOE, NACOSTI, Universities and Research Institutions. Project progress.

Challenges and Lessons Learnt: Inadequate funding to the projects.

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Delivery of genetically modified (GM) crop varieties for commercial production by Kenyan farmers.

Location: Nationwide

Objective: Establish Centres of Excellence in Biotechnology Research in Research and Higher Learning Institutions.

Implementing Agencies: MOE, NACOSTI, Universities and Research Institutions.

Project progress: Ongoing

Challenges and Lessons Learnt: Inadequate funding to the projects

Recommendations and Way Forward: The CEOs of the lead agencies should work in tandem with the lead Ministries so as to deliver on the projects.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To promote timely implementation of programmes and projects various Policy, Legal and Institutional Reforms were to be undertaken.

Implementing Agencies: Relevant Ministries and Agencies, State Law Office.

i Policy Reforms

The following policies have been developed: Science Technology and Innovations Policy, The National Biotechnology Development Policy, Kenya Space Science and Technology Policy.

The following policies will be developed: The Biosciences Policy, The Atomic Energy Policy, Kenya Institute of Nanotechnology Policy, Natural Products Policy, National Intellectual Property Policy, National Innovation Policy, National Research in Health Policy; and Indigenous knowledge and Technology Policy.

ii Legal Reforms

The following bills will be reviewed and enacted: The Biosciences Bill, The Atomic Energy Bill, Kenya Institute of Nanotechnology Legal Framework; and Natural Products Bill.

iii Institutional Reforms

The sector will strengthen the human and institutional capacity for the following ST&I related institutions: The National Commission for Science, Technology and Innovation (NACOSTI), The Kenya National Innovation Agency (KENIA), The National Research Fund (NRF); The Kenya Space Agency (KNSA), The Kenya National Academy of Sciences (KNAS), The Kenya Agricultural and Livestock Research Organization (KALRO); The National Biosafety Authority (NBA), The Technical Vocational Education and Training Authority (TVETA); The Commission for University Education (CUE), The Higher Education Loans Board (HELB) The Universities Funding Board (UFB), The Curriculum Development, Assessment and Certification Council (CDACC) and The Kenya National Qualification Framework (KNQF).

Challenges and Lessons Learnt: Although there was significant progress made in the implementation of proposed legal reforms during the review period, there was still much to be done in order to address identified bottlenecks that potentially undermine progress in nearly all the sectors. The speed of development, review and approval by Cabinet and the subsequent enactment of laws by the National Assembly were slow and thus slowed down the pace of reforms.

Recommendations and Way Forward: The Government should endeavour to accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the projects.

LAND REFORMS

“Globally Competitive Sustainable Land Management”

Land is a critical resource in the planning and development of all the major sectors of the economy and society. These include agriculture, industries and mining, housing and urban development, public health, water and sanitation, all of which are vital components of the “The Big Four”. Land Management policies should in addition take into full account the increasing population, environmental sustainability, and vagaries of global climate change. Considerable progress was made in this Sector under MTP II, and MTP III will further accelerate the progress.

Land is a key driver of rapid economic transformation. For this reason, the Kenya Government will review policies and programme covering overall land use, security of tenure, wider access to land titles, and transparent and secure land registration system. Secure access to land, proper land use planning, and equitable access to land are essential ingredients to food security, growth in investments and industries and improved general household incomes given the country’s reliance on agriculture. The Sector has identified and prioritized appropriate programmes and projects to be implemented during the Plan period to enable land to effectively play its critical role as well as support “The Big Four” initiatives in manufacturing, universal health coverage, decent and affordable housing and food security and nutrition.

National Registration, Processing and Issuance of Title Deeds

Location: Nationwide

Objective: To ensure speedy processing and registration of land title deeds. In accordance with the Land Registration Act, 2012, a National Land Title Register was to be established, which will contain all land in the country. This involves geo-referencing all parcels of land, conversion of existing land under various registration statutes to the above Act, transfer of converted records to county registries and issuance of both hard copy and digital certificate of titles.

Implementing Agencies: National Land Commission and Ministry of Lands and Physical Planning.

Project Progress: A total of 417,767 registered titles in the FY 2018/2019 were processed.

Challenges and Lessons Learnt: Late release of exchequer, ever increasing pending bills and austerity measures resulting to budgetary cuts affected implementation of registration and issuance of title deeds, inefficiencies associated with management of manual land records system and huge backlog of Land adjudication disputes.

Recommendation and Way Forward: More resources and greater focus should be put on building the systems and capacities necessary for improved land administration and management. Recruitment of more land registrars to the counties to speed up the process of registration and issuance of land titles.

National Land Management Information System (NLMIS)

Location: Nationwide

Objective: To develop a transparent, decentralized, affordable, effective and efficient GIS based Land Information Management System for effective administration and management of land resource.

Implementing Agencies: Ministry of Lands and Physical Planning, MoICT and National Land Commission.

Project Progress: Services being provided on the Online Platform include, application and approval of consent in Nairobi, Lease processing, land rent payment and clearance, title searches in Nairobi, application for valuation and printing of titles in Kitale, Murang'a, Kisii, Kakamega and Lamu and Payment confirmation of Stamp duty.

Challenges and Lessons Learnt: The Ministry faced challenges which included late release of exchequer and austerity measures resulting to budgetary cuts that affected implementation of programmes and projects, inefficiencies associated with manual land records system and insecurity of land records as a result of cybercrime.

Recommendation and Way Forward: Secure integrity of land records by building stronger systems that protect against cybercrime and capacities necessary for management and administration of land resource.

Implementation of the National Spatial Plan

Location: Nationwide

Objective: The National Spatial Plan will facilitate higher productivity through more efficient allocation of land, equity and sustainability in land use and easy access to land and territorial space. It will focus on resource potential growth regions, high rain fed agriculture potential, irrigated agriculture and livestock potential, large scale livestock production and potential for Blue Economy. It will also involve enhancing national competitiveness; modernization of agriculture; diversifying tourism; managing human settlements; integrating national transport network, provision of appropriate infrastructure; and conserving natural environment.

The National Spatial Plan constitutes the basis for preparation of Sector Plans with more precise details on project location and zoning for relevant social and economic development. At the county and local level, land use plans will be used to achieve integrated and sustainable land use planning, and to promote harmony and mutual cooperation in planning between competing needs in the country.

Implementing Agency: Ministry of Lands and Physical Planning

Project Progress: County and Sector specific guidelines developed.

Challenges and Lessons Learnt: Budgetary cuts and inadequate technical capacity have affected development and implementation of County specific spatial plans.

Recommendation and Way Forward: Provide adequate funding.

National Land Value Index

Location: Nationwide

Objective: The sector will finalize the National Land Value Index to guide taxation on underutilized private arable land, leasing of vacant Government land for commercial farming, agro-processing and manufacturing, creation of strategic housing land bank to facilitate affordable housing and curb speculation on land.

Implementing Agency: Ministry of Lands and Physical Planning.

Project Progress: The exercise commenced in February 2017, Concept paper was developed which constituted (10 per cent) of land value index. As at FY 2018/2019, 70 per cent of land value Index had been developed for the following 6 counties: Mombasa, Kericho, Bomet, Kisumu, Narok and Nakuru.

Challenges & Lessons Learnt: Lack of acceptance by project affected persons is a foreseen risk that can be mitigated through sensitization and public awareness.

Recommendations and Way Forward: Strengthen legal and institutional framework and continuous review of the index will lead to sustainability.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To promote timely implementation of programmes, projects and Policies. Various Legal and Institutional Reforms will be undertaken.

Implementing Agencies: Ministry of Land and Physical Planning, State Department for Infrastructure and Implementing agencies, State Law Office, National Assembly.

i Policy Reforms
During the period under review the following reforms were undertaken: Finalized Kenya National Spatial Data Infrastructure Policy.

National Land Policy review framework; The framework is to recommend to the National Government to undertake a comprehensive review of the land policy as well as provide a roadmap for the review as outlined in the Constitution of Kenya, 2010 Article 67 (1) (b) and National Land Commission Act 2012 Section 5 (1) (b) " to recommend a national land policy to the National Government". Equally, the policy provides for a review after 10 years taking into account dynamics in the land sector.

ii Legal Reforms
Reviewed the Physical Planners Registration Act, Cap 536 (PPRA), Aligned Rating Act cap 267, Valuation for Rating Act Cap 266 and Survey Act Cap 299 to the Constitution and other recently enacted land laws; and Finalized Physical Planning Bill 2015 (PPA) and Physical Planning Regulations.

Challenges and Lessons Learnt: The speed of development, review and approval by the relevant institutions is slow and this affects the desired reforms in this sector. Thus there is still much to be done to address the impediments that potentially undermine the reform process in project implementation.

Recommendations and Way Forward: The National Assembly and State Law office should fast track the approval and implementation of the various policies, legal and institutional reforms key to the achievement of the projects.

PUBLIC SECTOR REFORMS

"A Citizen-Focused and results- oriented public service"

Kenya's nationhood and its development are dependent on professional, innovative and efficient public sector whose employees are well remunerated. Its services must be transparent and corruption free. Public Sector plays a critical role in providing overall policy direction and leadership to the country, initiating national legislation, as well as provision of public services ranging from security, health, education, water and sanitation among others. An efficient, effective, equitable and ethical public sector is vital to the successful implementation of policies, programmes and projects outlined in Kenya Vision 2030 and its Medium Term Plans (MTPs).

Under the third MTP, these will be achieved through building and strengthening institutional capabilities in the public service, sound financial management, efficient and fair collection of taxes, and transparent process. These reforms will place emphasis on the delivery of public services and the implementation of government "Big Four" transformative agenda.

Huduma Kenya Integrated Service Delivery Model (One-Stop-Shops)

Location: Nationwide

Objective: The Huduma Kenya Service Delivery Programme aims at turning around public service delivery by providing efficient and accessible Government services at the convenience of citizens through various integrated (one-stop-shop) service delivery platforms, namely i) Huduma Citizen Service Centres. ii) Huduma web portal. iii) Huduma Mobile Application. iv) Huduma Contact Centre. v) Integrated Huduma payment gateway.

Implementing Agency: Huduma Kenya Secretariat

Project Progress: In FY 2018/2019, the following were achieved: 1) increased access to Government services by (i) deploying one hundred and eight (108) MDAs services at the Huduma Centres. The Huduma Centres have served over fifty-one (51) Million customers; (ii) establishing and operationalising two (2) new service delivery channels (a) Huduma Mashinani outreaches, over 300 Huduma Mashinani outreaches held serving over 1.5M customers; and (b) Huduma Kiosks, operationalised one (1) Huduma Kiosk which has served over 10,000 citizens. 2) Enhanced citizen to government interactions by promoting high service delivery standards attaining a customer (citizens) satisfaction level of 97 per cent. 3) Enabled the BIG 4 agenda by providing NTSA, NCA, NHIF, and provided a platform (front-office) for Affordable Housing Programme (BomaYangu) for registering citizens and contributions). 4) Has deployed a Customer Relationship Management system across the service delivery channels to capture, track and resolve all customer complaints, suggestions and complements. 4) Hosts GHRIS database. 4) Has won six (6) National and International awards.

Huduma Centre in Kibra

Challenges: (1) Service delivery: (i) Frequently sought services were not available at the Huduma Centres; (ii) deployment, disruption, and withdrawal of services by MDACs without consultation with the Secretariat, (iii) Inconsistency in adhering to service delivery charter time lines, (iv) Frequent system downtimes, (iv) Lack of one-stop-shop payment gateway, (v) Inadequate specialized working tools and materials and High MDACs staff turnover, (vii) Delayed integrations of ICT systems. 2) Inadequate funding has led to inconsistent corrective and preventive maintenance of ICT and physical infrastructure exposing the programme to risks including, safety, security and cyber-attacks and system downtimes.

Lesson Learnt: (i) Political goodwill and top leadership support at the National and County Level Government play a crucial role in instituting the widespread change management of deploying the Huduma Kenya Service Delivery Programme at a large scale. (ii) Inter-ministerial Service Leaders meeting held quarterly resolves service delivery bottlenecks. (iii) Continuous performance monitoring through performance scorecard enhances continual improvement of services offered under Huduma Service Delivery Channels. (iv) Kenyans visit Huduma Centre for assistance, including digital and mobile pathways. Given the significant education, resource, and connectivity gaps among communities, physical Huduma Centres remain crucial in terms of ensuring that all citizens' needs are met, (v) Continued innovation is a necessity especially in this era of disruptions.

Recommendations: (i) Institute a Legal framework to establish and govern the one-stop-shop service delivery model to ensure the enforcement of service delivery standards across the Huduma Service Delivery Channels. (ii) Increased funding to ensure prompt corrective and preventive maintenance to enhance safety and security. (iii) Continued innovations.

Way Forward: (i) A Legal Framework to establish and govern the one-stop-shop service delivery model. (ii) Support continued innovations. (iii) Adequate funding for service improvements, corrective and preventive maintenance. (iv) A forum with the Government leadership to deliberate on cross-cutting matters on service provision.

Upgrading of Kenya School of Government

Location: Nairobi, Embu, Baringo, Matuga and Mombasa.

Objective: Upgrading of the Kenya School of Government in order to inculcate public service values and ethics as well as enhance transformative leadership. The school will also be used to promote core competencies for personnel within the public service sector.

Implementing Agency: Kenya School of Government

Project Progress: KSG continued with the development of infrastructural facilities and the curriculum for both national and county governments' officials. The curricula included programmes such as transformational leadership, management for results, business process re-engineering, public service values and principles, performance management, and information, communication and technology. Focus on training shifted to competency-based training and capacity building for improved service delivery as well as attitudinal change. The Big Four agenda was introduced during this financial year and the school main-streamed it into its existing programmes as well as development of new curriculum.

Challenges and Lessons Learnt: Insufficient funding of counties has led to reduced training in the counties where the school had previously made some progress. However, the consultancy, research and advisory services activities were increased. Renovations and refurbishment of hostels at the school was also done to accommodate more participants and increase revenue to ensure financial sustainability.

Recommendations and Way Forward: Wide stakeholders support is key in the development and implementation of industrial training programmes; Adoption of modern technologies is instrumental for efficient implementation of programmes.

Capacity Assessment and Rationalization of the Public Service (CARPS)

Location: Nationwide

Objective: The Sector will implement Phase II and III of CARPS. It will also develop public service strategies, norms and standards and adopt a Unified Human Resource Management Information and Payroll Number Generating System in the public service.

Implementing Agency: KSG

Project Progress: KSG continued with the development of infrastructural facilities and the curriculum for both national and county governments' officials. The curricula included programmes as transformational leadership, management for results, business process re-engineering, public service values and principles, performance management, and information, communication and technology. Focus on training shifted to competency-based training and capacity building for improved service delivery as well as attitudinal change.

Challenges and Lessons Learnt: Minimal expansion of formal sector jobs, Lack of a coherent unifying policy, legal and institutional framework to address training concerns.

Wide stakeholders support is key in the development and implementation of industrial training programmes, Adoption of modern technologies is instrumental for efficient implementation of programmes.

Recommendations and Way Forward: Wide stakeholders support is key in the development and implementation of industrial training programmes; adoption of modern technologies is instrumental for efficient implementation of programmes.

National Capacity Building Framework

Location: Nairobi, Embu, Baringo, Matuga and Mombasa

Objective: The Sector will continue to implement the national capacity building framework, anchored under the induction and training, technical assistance to counties, inter-governmental sectoral forums, civic education and public awareness, institutional support and strengthening pillars.

Implementing Agency: Kenya School of Government

Project Progress: KSG continued with the development of infrastructural facilities and the curriculum for both national and county governments' officials. The curricula included programmers as transformational leadership, management for results, business process re-engineering, public service values and principles, performance management, and information, communication and technology. Focus on training shifted to competency-based training and capacity building for improved service delivery as well as attitudinal change.

Challenges and Lessons Learnt: Minimal expansion of formal sector jobs; lack of a coherent unifying policy, legal and institutional framework to address training concerns. Wide stakeholders support is key in the development and implementation of industrial training programmes; adoption of modern technologies is instrumental for efficient implementation of programmes.

Recommendations and Way Forward: Wide stakeholders support is key in the development and implementation of industrial training programmes; adoption of modern technologies is instrumental for efficient implementation of programmes.

Human Resource Management and Development for Public Service Transformation

Location: Nationwide

Objective: To Improve human resource management and development in the Public Service.

Implementing Agencies: Public Service Commission and MDAs.

i Policy Reforms

The Public Service Commission (PSC) continued to recruit for MDAs and undertake review of organizational structures and staffing levels and ensured positions created in the MDAs were filled by appointing qualified officers to take up the offices. The Commission provided technical support to counties on human resources management matters focusing on recruitment, human resource management, discipline and appeals handling.

The development of a citizen-centered strategy that puts the citizen at the Centre of service delivery is underway. The strategy advocates for the establishment of a citizen service delivery contact centre which will allow citizens to call for assistance and also give feedback on service delivery. On decentralization of service delivery, plans are underway to decentralize some of the Commission's services to regional level.

The Commission is mandated by the constitution to promote the national values and principles of governance as well as values and principles of the Public service in the public service and report annually to the president and parliament on the extent to which the values and principles are complied with. The annual report was prepared and submitted accordingly.

The public service discipline manual was reviewed and draft Public Service Performance Management regulations were developed. The grading structure for the public service was reviewed and the 17-tier grading structure implemented.

Going forward, the Commission intends to hire interns into the service and place some officers on contract especially in higher job groups thus policies on Internship Management and Employment on Contract are being developed to guide the public service.

ii Legal Reforms

The Commission is in the process of developing Public Service regulations to implement the Public Service Act, 2017 and the Public Service Performance Management regulations as well as the Public Service Excellence Award Framework.

Challenges and Lessons Learnt: Although there was significant progress made in the implementation of proposed activities during the review period, there is still much to be done. The speed of development, review and approval by Cabinet and the subsequent enactment of laws by The National Assembly are slow and thus slow the pace of reforms.

Recommendations and Way Forward: The Government should endeavour to accelerate the development, approval and implementation of the various policies, legal and institutional reforms key to the achievement of the programmes.

LABOUR AND EMPLOYMENT

"Provide Every Kenyan with Decent and Gainful Employment"

According to the 2019 Kenya Population and Housing Census, 76.7 per cent of the country's population is under 35 years of age with the youth aged 18-35 years comprising of 30.6 per cent of the population. An essentially young population with relevant job skills could be a great asset to the country and it puts Kenya in a competitive position to attract capital by taking advantage of the labour pool. The result would be "the demographic dividend" contributing to high economic growth, through rising savings as a result of lower dependency ratio. However, unemployment remains a major social and economic problem for Kenya. According to the 2nd Quarter, 2020 Quarterly Labour Force Report, the unemployment rate in the country was 10.4 per cent with long term unemployment recorded at 3.1 per cent.

The Sector therefore, will continue to play a key role in the achievement of the aspirations of the Kenya Vision 2030 through the creation of jobs, improvement of productivity and promotion of conducive working conditions for Kenyans. The Sector's goals are well aligned to the constitution which has entrenched labour, employment and social security rights as well as the protection of vulnerable groups. The Sector will be critical in achieving the country's "Big Four" initiatives on manufacturing, housing, food and nutrition security and universal health coverage. The Sector will implement various programmes and projects that will also lead to achievement of the Sustainable Development Goal (SDG) number eight (8) on decent work and economic growth.

Labour Market Information System

Location: Nationwide

Objective: Implement a policy to govern the collection, analysis, storage, retrieval and dissemination of labour market information. The programme will also involve development of modules for facilitating information exchange between the East Africa Community (EAC) Partner States, migrant workers and Kenyans in Diaspora. In addition, a Technical and Vocational Education and Training (TVET) module for provision of information on vocational training will be developed.

Implementing Agency: Ministry of Labour and Social Protection.

Project Progress: The Kenya Labour Market Information System (http://www.labourmarket.go.ke) was developed and Launched in year 2017. Since then, the system has undergone through upgrading to make it more relevant to the needs of labour market. The Sector finalized Informal Sector Skills and Occupations Survey (ISSOS) data collection and analysis exercises; developed five (5) Application Programme Interfaces (API) to make it easy to get secondary data from institution with critical labour market data. Key data has continued to be updated into the system such as the ISSOS data, the energy sector skills profile survey report, Four Quarterly Job Opportunity Analysis reports where 174,570 job vacancies announced in the country were analyzed, and World Bank Skills towards Employment and productivity (STEP) analysis report.

Challenges and Lessons Learnt: High cost of gathering data and government austerity measures, which slows down the amount of data collected and analysed thus slowing down updating of the system; majority of institutions that have labour market data do not have Application Programme Interface thus making it impossible to connect with them to main data from their systems, inadequate server capacity of the System to hold the large amount of data that is being generated.

Recommendations and Way Forward: Procurement of server capacity for the KLMIS to ensure the System does not go down, develop a crawler to facilitate collection from systems of the institutions that do not have APIs and allocate resources to facilitate data collection because a system is as good as the data it has.

Strengthening linkages between the industry and training institutions

Location: Nationwide

Objective: The Government will strengthen the industrial attachment framework as one of the ways towards bridging skills gaps in the country.

Implementing Agency: Ministry of Labour and Social Protection.

Project Progress: The Ministry achieved the following through the National Industrial Training Authority towards strengthening linkages between industry and training institutions: Trained 38,384 persons in industrial skills in collaboration with accredited training providers, trained 78 Persons through the Apprenticeship scheme and 10 persons under indentured Learnership scheme, Placed 26,429 students on industrial attachment to learn from world of work, Assessed and certified 58,075 candidates through the government trade test in various trades, developed seventeen (17) assessment guidelines for trade test areas at various grades and levels, and Assessed and registered 106 new training providers and renewed registration of 641 training providers giving a total of 461 valid registered training providers and registered 1,910 new employers to enhance training levy collection.

Challenges and Lessons Learnt: Lengthy and tedious process of reviewing the Industrial Training (amendment) Act, 2011, low uptake in Carpentry and Joinery (CAJ) and painting and decorating (PAD) under training of worker in construction industry, Inadequate and obsolete training equipment in some Industrial Training centres (ITCs), Inadequate training workshop space vis- a -vis industrial training demands; Frequent and rapid changes in technology required in the industry, Frequent down time in the ERP system leading to interruption of services and low capacity to capture all key NITA, The low funding and delayed release of development projects by the Government; Low uptake of attaches by the employers.

The following lessons were learnt during the period under review: Targets in relation to the Big Four agenda require extensive collaboration with industry, government agencies and development partners to support specific training programmes, there was a gap in certification of welders and plumbers thus hindering them from achieving the big four agenda, Activities extracted from the Strategic Plan and incorporated into the performance contracts had a better performance; Competence assessment through Trade Test had received international recognition with candidates of more than 8 nationalities having participated, the number of candidates with competence assessment have gained equal recognition as persons with higher academic qualifications including degree holders and since majority are KCSE candidates, this has boosted their transition rate into post-secondary education and self-employment.

Recommendations and Way Forward: The following recommendations are made to enhance strengthening of industry- training institutions linkages: Review the National Policy on Industrial Training and Attachment to provide for compulsory engagement of apprentices by employers and recruitment of apprentices, establish a specific incentive to attachment providers and lecturers to participate in industrial attachment and enhance skills level in the continuously changing technological world, fast track review of the Industrial Training Act in order to implement legal and statutory reforms as stipulated in the NITA transformation document, lobby the County Governments to establish and finance industrial training committees in the counties with representation from employers, employee organization, NITA, community, informal sector organizations and county government, enhance partnerships in industrial training with the informal sector by among others establishment of mobile training trucks to take training closer to the people, introduce short and flexible industrial training programs to cater for the informal sector(MSE), mount short training programmes for groups of small levy compliant enterprises and the informal sector to improve participation of industrial training.

National Internship Programme

Location: Nationwide

Objective: Implement the National Internship Policy and National Internship Programme aimed at facilitating placement of graduates in internships.

Implementing Agency: Ministry of Labour and Social Protection.

Project Progress: The Draft National Internship Policy and Guidelines were finalized and forwarded to the National Treasury where comments were received and incorporated. The Draft is awaiting discussion with National Development Implementation Technical Committee (NDITC) for approval before forwarding it to Cabinet. In addition, a National Employment Authority Integrated Management System (NEAIMS) and an on-line portal (www.neaims@go.ke) for registration and placement of graduates in internship programme have been developed. The portal will facilitate registration of persons seeking for internship positions, registration of internship positions by employers and matching of interns with vacancies.

Challenges and Lessons Learnt: Slow pace in the approval of the Internship Policy and Guidelines.

Recommendations and Way Forward: There is need to fast track the approval of the Internship Policy and Guidelines in order to provide framework for implementation of internship programme in the country.

Research and Training in Occupational Safety and Health

Location: Nationwide

Objective: Construction and equipping of the National Occupational Safety and Health Institute will be completed.

Implementing Agency: Ministry of Labour and Social Protection.


Youth in his workshop

Project Progress: The Phase I of the project is 71.6 per cent complete. The internal fixtures works are currently on-going. Pending works include: structured cabling for Voice, Data and CCTV, installation of Kitchen and air conditioning equipment, mechanical works, electrical works, installation of Lifts, internal partitioning and finishes.

Challenges and Lessons Learnt: The project has taken long to completion hence considerable resources will be required to redo some works like floor tiles which have detached. Inconsistent budgetary allocation for the project have affected payments to a point that contractor usually feels as if their payments are not forthcoming hence the work progress is usually affected.

Recommendations and Way Forward: There is need to allocate funds to ensure completion of the Project to avoid its deterioration.

Establishment of Alternative Dispute Resolution Mechanism (ADR)

Location: Nationwide

Objective: Establish an institutional mechanism for Alternative Dispute Resolution (ADR) for labour and employment disputes as provided for under Article 159 (2) (c) of the Constitution.

Implementing Agency: Ministry of Labour and Social Protection.

Project Progress: Towards establish of Alternative Dispute Resolution (ADR) the Cabinet Secretary for Labour gazetted the list of 13 Conciliators on 13th February, 2019 comprising of eminent labour practitioners in accordance with Section 66 of the Labour Relations Act, 2007 to fast-track resolution of labour disputes. ADR had commenced conciliation of the Kenya Union of Clinical Officers (KUCO), COG and MOH dispute.

Challenges and Lessons Learnt: Weak Alternative Dispute Resolution (ADR) mechanism, upsurge in industrial action in the public sector.

Recommendations and Way Forward: Recent upsurges in disputes, especially in the public sector call for alternative dispute resolution mechanisms which are accessible, cost effective and expeditious and at the same time preserve harmonious industrial relations. The capacity of ADR will be strengthened including development of Rules for its operation. In addition, the Labour Relation (Amendment) Bill will be finalized to operationalise the Alternative Dispute Resolution (ADR) Mechanism.

Promotion of Fundamental Principles of Rights at the Workplace

Location: Nationwide

Objective: To expedite settlement and arbitration of industrial disputes and to address the decent work deficit in the country.

Implementing Agencies: MoL&SSS, FKE, COTU

Project Progress: Towards promotion of fundamental Principles of Rights at the workplace, the Sector resolved 6,817 labour disputes out of the 8,714 disputes received translating to 78.2 per cent of the reported disputes; apprehended 46 strikes and lock-outs, conducted 8,160 workplace inspections on terms and conditions of employment and analysed 264 Collective Bargaining Agreements for conformity with Wage Orders and the labour laws.

Challenges and Lessons Learnt: Inadequate capacity of institutions of social dialogue, inadequate human and financial resources, closure and scaling down of the operations of most businesses.

Recommendations and Way Forward: Capacity building of workers and employers on labour laws, capacity building Employment and Labour Relations Court and institutions of social dialogue, enhancement of human and financial resources.

Employment Promotion

Location: Nationwide

Objective: To modernize existing public and private employment offices for improved employment services.

Implementing Agencies: MoLSS&S, NEA, ICTA

Project Progress: Construction of a National Employment Promotion Centre in Kabete, as a one-stop-shop for coordination and promotion of employment in the country was at 48.1 per cent completion level, toward modernization of employment offices, Kasarani employment offices were constructed and equipped to facilitate provision of employment services in the regions, placed 36,528 job seekers in employment through the Public Employment Services after providing them with employment-related counseling services.

Challenges and Lessons Learnt: Inadequate human and financial resource capacity, adoption of modern technologies is instrumental for efficient implementation of programmes, the dual nature of

ICT as an employment seeking tool and a jobs creator can be exploited to promote innovative job search and matching technologies which create employment opportunities, the world of work is fast changing and the jobs we have today might not be there tomorrow hence the need to embrace changes in the world of work, wide stakeholders support is key in the development and implementation of programmes.

Recommendations and Way Forward: Provide the requisite human and financial resources.

Foreign Employment Services

Location: Select Countries

Objective: To develop orientation and re-entry programmes to prepare and sensitize Kenyan immigrants on the nature of jobs abroad, their terms and conditions, the rights, obligations and remedies of the workers in case of violations.

Implementing Agencies: MoLSS&S, NEA, MoFA

Project Progress: Vetted and licensed 154 Private Employment Agencies (PEA) to recruit Kenyans for foreign jobs, trained 15,789 Kenyan migrant workers on homecare management to equip them with skills required to work in foreign labour markets.

Challenges and Lessons Learnt: Lack of comprehensive Policy and Legal Framework on Labour Migration, Inadequate Bilateral Labour Migration Agreements; Lack of reliable Labour Market Information; Culture Shock for Migrant Workers; lack of Return and Reintegration Framework, weak coordination among actors of labour migration and inadequate institutional capacities for organizations involved in labour migration.

Recommendations and Way Forward: Develop a robust framework to regulate and manage labour migration.

Occupational Safety and Health

Location: Nationwide

Objective: To enhance occupational safety and health at workplaces.

Implementing Agencies: MOLSSS, MOE, MOEP, MOH, COTU, AG, AKI, IRA FKE, COTU, Media, PSC, MODP, TNT, Research Institutions, Universities, DPs.

Project Progress: Towards implementation of the National Occupational Safety and Health Policy which seeks to integrate occupational safety and health issues in all management systems in the country, the sector established an OSH Research Institute whose construction works were at 71.6 per cent by the end of FY 2018/19 Financial Year, medically examined 78,516 workers in hazardous occupations to ascertain their health status, examined 18,228 hazardous equipment in workplaces, trained 21,427 members of Health and Safety Committees.

Challenges and Lessons Learnt: Inadequate regulation of the emerging sectors such as exploration of the newly discovered oil and gas reserves resources may lead to occupational hazards, weak occupational safety and health culture, low levels of awareness on occupational safety and health issues amongst workers, employers and the public.

Recommendations and Way Forward: Provision of necessary support to enhance development of regulations for emerging sectors, enhanced awareness in OSH issues, enhanced budgetary support in implementation of OSH programmes and projects.

Productivity Management

Location: Nationwide

Objective: To inculcate productivity culture in public and private sector

Implementing Agencies: Ministry of Labour and Human Resource Development (MLHRD), PCK, Public Sector, Federation of Kenyan Employers (FKE), Central Organization of Trade Unions (COTU).

Project Progress: Towards implementation of the National Productivity Policy that provides a framework for anchoring productivity initiatives and provide the required impetus for effective productivity management in the country, the Sector trained 445 Productivity Experts from both public and private sectors of the economy to spearhead productivity improvement in the country and implemented Productivity Improvement Programmes (PIP) in 32 institutions across the country to help them reduce on wastage of raw materials, processing time and cost of production and to be model institutions on productivity.

Challenges and Lessons Learnt: Low levels of productivity and competitiveness in the country.

Recommendations and Way Forward: Establishment of a National Committee on Productivity to spearhead national productivity campaign, undertake targeted productivity sensitization forums for managers and workers both in the public and the private sectors institutions, integrating productivity concepts and tools into education curriculum.

Transformation of the National Social Security Fund (NSSF) into a Pension Scheme

Location: Nationwide

Specific Objective: To enhance coverage of social protection in both informal and formal sector through transformation of the National Social Security Fund (NSSF) to a pension scheme.

Implementing Agencies: MOLSSS, NSSF, TNT, Social partners, AG, MODP.

Project Progress: The National Social Security Fund (NSSF) Act, No. 45 of 2013 was assented to in December 2013 thus effectively transforming the Fund from a Provident Fund to a Pension Scheme. Towards implementation of the Act, the Fund increased its presence across the country by establishing NSSF Desks in fifty (50) Huduma Centres in a bid to enhance access of social security services, collections of member contributions grew from KSh. 14.2 billion in FY 2017/18 to KSh. 15.1 billion in FY 2018/19; the number of active members grew from 2.4 million members in 2017/18 to 2.5 million members in 2018/19 and the Fund paid due benefits in an average of 22 working days.

Challenges and Lessons Learnt: Court cases which hamper full implementation of NSSF Act No. 45 of 2013. The court cases suspended implementation of Section 18, 19, 20 and 71. Although the Fund had increased its outreach through presence in 50 Huduma centres by the end of the financial year, embracing ICT as an enabler will enhance member registration in the Fund.

Recommendations and Way Forward: Need for continued stakeholder engagements and use of strategic partnerships to enhance social security coverage through complementarity between the partners, embrace ICT as an enabler to the Fund's business, increased investment in automation of more of the Fund's services to enhance the members experience as a means for greater access to information, higher performance, improved decision making by administrators in the management and delivery of Social Security to Kenyans workers.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To promote timely implementation of programmes and projects through various policies, legal and institutional reforms.

Implementing Agencies: Relevant Ministries and Agencies, State Law Office.

i Policy Reforms

Develop the National Wages and Remuneration Policy, Develop the Policy on Labour Market Information Management, Develop the National Skills Development Policy, Develop the Labour Relations Policy, Review the National Occupational Safety and Health Policy, 2012, Develop the National Internship Policy and Develop the Labour Migration Policy.

The Sector is in the process of developing National Wages and Remuneration Policy, Develop the National Skills Development Policy, the Labour Relations Policy, the National Internship Policy, and the Policy on Labour Migration.

ii Legal Reforms

Review the Labour Laws (Occupational Safety and Health Act, 2007; Work Injury Benefits Act, 2007, Labour Institutions Act, 2007, Labour Relations Act, 2007, Employment Act, 2007 and National Social Security Fund Act, 2013), Develop and review the Occupational Safety and Health Practitioners' laws, Develop the Labour Migration Management Act and Finalize the National Productivity Bill.

iii Institutional Reforms

Develop the National MSE Coordination Strategy and Monitoring and Evaluation Mechanism, Establish an Alternative Dispute Resolution (ADR) Mechanism; Review, establish and operationalise Wages Councils to guide in the fixation of terms and condition of employment in the various sectors, Operationalise the Occupational Safety and Health Institute, establishment of Occupational Diseases Fund (ODF), Operationalise the National Employment Authority, Reactivate the National Manpower Development Committee (NMDC), Transform the Directorate of Occupational Safety and Health Services (DOSHS) to a Semi-Autonomous Organization and Strengthen the capacity of institutions established under the MSE Act No. 55 of 2012: MSE Authority, MSE Tribunal, Registrar of MSEs and MSE Fund.

Challenges and Lessons Learnt: Although there was significant progress made in the implementation of proposed legal reforms during the review period, there is still much to be done in order to address identified bottlenecks that potentially undermine progress in nearly all the sectors. The speed of development, review and approval by Cabinet and the subsequent enactment of laws by The National Assembly are slow and thus this slows the pace of reforms turned over in the review period.

Recommendations and Way Forward: The Government will endeavour to accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the projects.

NATIONAL VALUES AND ETHICS

"A value-driven, Ethical, Peaceful, United and prosperous Nation"

During the MTP I and II period, the Government initiated the process of inculcating national values as key components of good governance and a harmonious society. In the MTP III period, greater emphasis will now be put on enforcing laws and policies that enhance the realization of national values and ethical behavior. The Constitution of Kenya is the foundation for national values and ethics. Advancement of national values and ethics is key to the realization of cohesive, values driven and prosperous nation.

A stable and cohesive nation will be the foundation for achieving the "Big Four" which will ultimately enhance the attainment of the Kenya Vision 2030. This will involve ordinary Kenyans, the public sector, Faith Based Organizations (FBOs), the private sector, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), and Development Partners (DPs). These have contributed significantly to the inculcation of national values, ethics and morality as well as promotion of cohesion and integration by facilitating dialogue, capacity development, public education and awareness, cohesion monitoring, advocacy, research and media engagement. Faith-based institutions have particularly demonstrated remarkable commitment to peace and social harmony in Kenya in the past, working in partnership with governments at national and county level.

Under the MTP III, Kenya will strengthen national cohesiveness and national values that will inform an ethical institutional framework. The national leadership will play a leading role in the process that will include widespread public mobilization and education and enforcement of relevant policies and legislation.

Enforcement of Policy, Legal and Institutional Frameworks

Location: Nationwide

Objective: To empower implementing institutions to effectively discharge their mandates in the promotion of national values and ethics by reviewing and implementing policy and legal frameworks.

Implementing Agencies: Relevant Ministries and Implementing agencies, State Law Office.

i Policy Reforms

During the reporting period, the Senate adopted the Sessional Paper No. 2 of 2016 on the National Slum Upgrading and Prevention Policy which seeks to promote, secure and protect dignified lives and livelihood of the poor and people living and working in slums by strategically integrating them into the social, political and economic framework in line with the Constitution. Separately the National Assembly adopted the Sessional Paper No. 3 of 2016 on the National Housing Policy to facilitate the provision of adequate shelter and a healthy living environment at an affordable cost to all socio-economic groups in Kenya. A draft National Policy for Street Families Rehabilitation was also developed to ensure that marginalized and most vulnerable members of the society access basics of life. The Privacy and Data Protection Policy to operationalise Article 31 of the Constitution was developed to guide on the management of personal data in the information life cycle and the commitment of the Government to protect the personal data including the personal sensitive data. The National Information, Communication and Technology Policy was also reviewed to address emerging security issues, including disability and child protection issues.

During the reporting period. a study of laws and policies was commissioned across the following sectors: Health, Public Finance Management, Agriculture, Trade and Investments, Land and Physical Planning, Urban Development and Natural Resource Management. The study audited compliance of county policies and legislation with the constitution, analysed the relevance of national policies and legislation to the devolved system of governance and identified gaps and challenges impeding harmonization and alignment of policies and legislation across the national and county levels.

To improve the capacity of public institutions in main streaming national values in their programmes and activities, a total of 95 focal point persons from MDAs were trained on national values during the reporting period. In addition, 598 members of national cohesion and values committees from various MDAs were trained on main streaming and promotion of national values and principles of governance within their institutional programmes and procedures as required under Sessional Paper No.8 Of 2013 on national values and principles of governance. Separately, to enhance the capacity of the youth in the promotion of national cohesion, a total of 157 youths from Kilifi, Kwale, Meru and Embu counties were trained on national cohesion and integration, In addition a total of 139 faith based leaders from Bomet, Narok, Baringo and Tana River counties were trained on national cohesion and values to enhance the role of FBO leaders in the promotion of national cohesion as provided in the sessional Paper no. 9 of 2013 on national cohesion and integration.

ii Legal reforms

The National Cohesion and Integration Act No. 12 of 2008 was reviewed and a stakeholder consultative forum on the formulation of the Kenya National Values Standards was conducted that validated a concept paper to guide the overall development of the Standard. To entrench integrity and ethics in public service, the Regulatory Framework for Implementation of the Bribery Act, 2016 which obligates public and private sector organizations to establish and implement appropriate corruption prevention mechanisms was developed. In addition, Cabinet adopted the Data Protection Bill, 2018 to promote the right to privacy.

In enforcing integrity and ethics in the public service, corruptly acquired property valued at approximately KSh.7.5 Billion was traced with civil proceedings instituted in court for recovery. During the reporting period, assets worth KSh.2.5 Billion were recovered while Ksh.264.4 Million were frozen through preservation orders issued by the court pending determination of the recovery proceedings. Assets recovery suits involving assets worth KSh.3.7 Billion were instituted and are at various stages of determination before the courts. Among the notable recoveries were a 5-acre public land worth KSh.2 Billion in Kilimani, Nairobi belonging to the University of Nairobi and a 2.6-acre plot at Uhuru Garden, Mombasa.

Further, 294 intelligence probes and 157 integrity tests on public officers were conducted resulting in 22 disruptions of potential corruption and loss of public funds approximated at KSh.3.2 Billion. Out of the 157 public officers subjected to integrity tests, 107 failed and appropriate action taken. A total of 6,400 candidates were vetted for appointment to both levels of government as part of enforcement of Chapter 6 of the Constitution. In addition, 7,690 copies of Guidelines on Conflict of Interest were issued to public officers to equip them with the requisite capacity for compliance with integrity and ethics laws. In enforcing codes of conduct and ethics, a total of 498 reports of ethical breaches were received, out of which 131 files were concluded and recommendations for administrative action made. In addition, to anchor national values and ethics in the teaching profession, disciplinary actions were taken against 639 teachers involved in various unprofessional malpractices and unethical conduct during the reporting period.

iii Institutional Reforms

To entrench appreciation of cultural diversity in learning institutions, Amani Clubs trainings were conducted in different counties reaching 350 teachers and 1,555 students from 36 schools. A national essay writing competition on peace, cohesion and integration was conducted whereby 438 students from 189 schools participated. Further, 4 community dialogue forums were conducted to promote peaceful co-existence and 6 forums for 630 women and 430 youth on healing and reconciliation processes were conducted.

Further, to strengthen the role of the youth in the promoting national unity and ethics, trained 174 youth from Nandi county on national values and cohesion and 50 youth from Kakamega and Nandi Counties participated in an exchange program to promote peaceful coexistence through home stays and sports.

To promote national values and ethics in the National Police Service, an award scheme for officers upholding good governance, integrity, transparency and accountability in the service was introduced. This scheme includes, the Chandaria Award and the Inspector General's Award scheme. The Service also trained 30,000 officers from lowest to the highest ranks on good governance, integrity, transparency and accountability.

To further entrench national values and ethics in the public service, the National Integrity Academy was established and operationalised during the reporting period to offer structured integrity training for all public officers and provide certified courses on ethics. To mainstream ethics in the education sector, 265 school managers were trained on ethics, 94 integrity clubs were established in schools and 109,659 teachers and students were sensitized on ethics and integrity

Challenges and Lessons Learnt: Limited human and financial capacity of the implementing institutions, slow pace of the review process, Slow process in the conclusion of corruption related cases.

Although there was significant progress made in the implementation of various legal and policy documents, there is still much to be done to ensure full implementation of the existing policy and legal framework. The speed of development, review and approval by Cabinet and the subsequent enactment of laws by The National Assembly are slow and thus this slows the pace of reforms turned over in the review period.

Recommendations and Way Forward: The Government will endeavour to accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the projects. The justice system to endeavour to fast-track completion of corruption related cases pending before courts of law.

ENDING DROUGHT EMERGENCIES

"Planning for drought: An end to drought emergencies and food insecurity in Kenya"

Climate Change negatively affects the pattern, quantity and frequency of rainfall. Dwindling amount of rain result in long spells of drought in many parts of the country which adversely affect crop farming and livestock production. Unusually heavy floods tend to follow drought episodes. These adversities are likely to worsen with climate change. However, they can be significantly mitigated if adequate and appropriate measures are taken in advance. Ending Drought Emergencies (EDE) has therefore been recognized as one of the key foundations for national development.
To enhance food and nutrition security under "The Big Four" initiatives, the Sector, will implement programmes and projects to address the twin challenges of climate change i.e. drought and floods.

National Integrated Drought Early Warning System

Location: ASAL Counties.

Objective: To provide reliable and timely drought and food security information to communities, government and non-governmental actors for appropriate and timely response.

Implementing Agency: National Drought Management Authority (NDMA).

Project Progress: The project supports analysis and synchronization of drought early warning data collected from the ASAL Counties. Achievements of the 2018/2019 FY are: 1) Produced 23 monthly county drought early warning bulletins, 2) produced 12

Maize harvesting

national monthly drought early warning bulletins, 3) provided monthly ward remote sensing information, 4) produced 24 remote sensed Vegetation Condition Index (VCI) reports and 5) produced and disseminated 66 food security assessment reports for concerted action by state and non-state actors. In addition, NDMA started piloting use of mobile phone technology in data collection and transmission to replace the manual paper questionnaires that have been used for decades. This would improve on accuracy and efficiency in drought early warning data and their transmission to headquarters.

The Authority also improved the accuracy and reliability of biophysical indicators, such as rainfall data, cumulative amounts, and distribution by combining and triangulating data from various sources and sectors, including Kenya Meteorological Department (KMD), Famine Early Warning Systems Network (FEWS NET) and World Food Programme (WFP).

Challenges and Lessons Learnt: There was limited funding that necessitated sourcing for more funds from the European Union to fill the funding gap.

Recommendations and Way Forward: Drought early warning is a priority programme that should be fully funded by the Government. There is therefore need for more funding to reduce the funding gap.

Hunger Safety Net Programme (HSNP)

Location: Implemented in four counties namely Turkana, Marsabit, Mandera and Wajir

Objective: To deliver regular cash transfers to 100,000 poor households in four arid counties and scale up to other households affected by calamities such as drought.

Implementing Agency: National Drought Management Authority (NDMA).

Project Progress: In 2018/2019, an average of 98,039 households received their bi-monthly cash transfer of Kshs. 5,400 against a target of 100,000 households. A further 24,404 households received emergency cash transfers during drought. Noting the importance of the project to the vulnerable groups, formulation of phase III of the HSNP was completed during this reporting period. The new phase would cover four additional counties of Samburu, Garissa, Isiolo and Tana River and be funded by the GoK, World Bank and the DFID.

Challenges and Lessons Learnt: Although no serious challenges were faced while implementing this programme, it was noted that the cash transfer scale-up was a good model that was being adopted by various partners as a cost effective and efficient way of responding to emergencies as opposed to provision of food aid.

Recommendations and Way Forward: More MDAs and partners should adopt the cash transfers as an efficient way of responding to emergencies.

National Drought Emergency Fund (NDEF)

Location: Nationwide

Objective: To ensure timely and rapid response when drought strikes. The project will improve welfare and resiliencies of the beneficiaries through protection of livelihoods, multi-sectoral drought emergency interventions beyond the capacity of the affected communities and county governments. The project also aims at institutionalization of a predictable scaling up system to be activated when drought strikes. This is the successor and consolidation of the EU/GoK funded ASAL Drought Contingency Fund (DCF) from a project phase to institutionalization in line with the Vision 2030 Development Strategy for Northern Kenya and Other Arid Lands.

Implementing Agency: National Drought Management Authority (NDMA)

Project Progress: The National Drought and Disaster Contingency Fund was debated in parliament in 2015-2016 and renamed the National Drought Emergency Fund (NDEF). The NDEF was subsequently established through the National Drought Management Authority Act 2016. Following the establishment, the National Treasury capitalized the fund in 2016/17 with Ksh. 2 billion. During FY 2018/19, the process of operationalizing the Fund was still on, with the Attorney General advising that the Fund should not have been established under the NDMA Act but through the Public Finance Management (PFM) Act. With this advice, the process of amending the NDMA Act, 2016 to remove establishment of the NDEF was initiated in parliament. This notwithstanding, the Kshs. 2 billion was still held at the NDEF Account awaiting operationalisation of the Fund.

Challenges and Lessons Learnt: The legal advice to establish the NDEF through the PFM Act instead of the NDMA Act delayed operationalisation of the Fund. The parliamentary processes were beyond the control of NDMA.

Recommendations and Way Forward: Necessary follow-ups with the National Assembly and the Senate are necessary to ensure the amendments are fast-tracked.

Integrated Knowledge Management System for Drought

Location: Nationwide

Objective: Ensure centralized management of drought risk management related information for ease of access.

Implementing Agency: National Drought Management Authority (NDMA).

Project Progress: NDMA finalized a knowledge management strategy. During the reporting period, the knowledge needs of various stakeholders were documented and the requirements of the proposed Knowledge Management and Information Sharing Platform for NDMA specified. This was done in a participatory way in which stakeholders at both national and county levels were involved.

Challenges and Lessons Learnt: Although consultation was the best approach in developing the strategy, it is slow and therefore it took long to finalize the strategy.

Recommendations and Way Forward: Fast-track the completion and operationalisation of the KM & IS platform.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To enhance evidence-based policy, legislative and institutional frameworks for effective implementation of programmes and projects.

Implementing Agencies: Relevant Ministries and Implementing agencies, State Law Office,

Policy Reforms
Review of the National Policy for the Sustainable Development of Arid and Semi-Arid Lands was still going on. The draft was at discussion with various stakeholders.

i Legal Reforms
The process of undertaking amendment of the NDMA Act 2016 to allow establishment of the National Drought Emergency Fund (NDEF) through the PCM Act was initiated ready for tabling in parliament.

ii Institutional Reforms
County peace structures (County Peace Committees) and Conflict Early Warning Early Response Mechanisms were supported in 23 ASAL Counties.

Challenges and Lessons Learnt: Due to the extensive stakeholder participation in policy and legal reforms, strategic focus and dedication is required to ensure timely completion.

Recommendations and Way Forward: There is need to accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the projects.

SECURITY, PEACE BUILDING AND CONFLICT RESOLUTION

"A Nation of Peace and Stability: A Society free from Danger and Fear"

Security is a key incentive for attracting investment as it provides an enabling environment for individuals and businesses to thrive. The economic growth and development anticipated in the Kenya Vision 2030 can only be achieved and sustained in a peaceful, stable and secure environment.

The sector aims at guaranteeing every person in Kenya freedom from danger (protection from physical or direct violence), and freedom from fear (a sense of safety and overall well-being). National security and protection of individuals and property, peace building and conflict resolution are cross-cutting themes of Vision 2030 and will continue to be of paramount importance to the Government of Kenya.

Urban Areas Camera Surveillance

Location: Nairobi, Mombasa, Eldoret, Nakuru and Kisumu.

Objective: To implement a national CCTV project in Nairobi, Mombasa, Kisumu and Nakuru (Including establishment of a command control centre with an Integrated Security Intelligence and Surveillance System).

Implementing Agency: National Police Service

Project Progress: 252 CCTVs installed in the FY 2018/2019.

Challenges and Lessons Learnt: Inadequate funding,Delayed Exchequer Releases by the National Treasury, lengthy procurement processes - external and internal sourcing of security equipment takes a lot of time to be concluded, variations in the projects contract sums, Nature of the projects makes it difficult to follow up or monitor (security projects), delayed project implementation due to piecemeal funding leading to project cost variations.

Police officers have been empowered through capacity building and specialized training that has improved service delivery, political goodwill and top leadership support and police reforms is very useful in crime prevention and investigation.

CCTV installation in Nairobi

Recommendations and Way Forward: Provide adequate funding for security projects, release of exchequer for security projects be fast-tracked, the Public Procurement and Disposal Act, 2015 be reviewed with a view to shortening the procurement processes and minimizing contract variations, continuously empower police officers through capacity building and specialized training to improve service delivery; Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects, State Department of Public Works to work in harmony with project implementers.

Prison Infrastructure Modernization (Completion and Equipping the 6 Model Prison facilities)

Location: Mwingi, Nyamira, Kwale, Kaloleni, Rachuonyo and Vihiga.

Objective: To ensure provision of modern facilities and services for inmates.

Implementing Agency: Kenya Prison Service

Project Progress: The completion rate of the six model prisons is at 10 per cent.

Mwingi Prison: Basic components have been constructed, prisoners' wards, perimeter fence, borehole, barrier gates and a few staff houses. Currently, the prison is operational; however, there are still other components that are still under construction e.g. industry workshop.

Kaloleni Prison: This prison has various projects under construction such as prisoners mixed block, a health facility, septic tank, drilling of boreholes is ongoing, perimeter wall, barrier gate and guard room. These projects are at various levels of completion.

Vihiga Prison: The prison has several ongoing projects that include construction of office block, construction of fence, prisoners' wards, and construction of staff houses. These projects are at various levels of completion.

Rachuonyo Prison: It was an existing prison that required additional infrastructure and the ongoing projects include construction of a barrier gate, completion of a guard room, construction of a mixed block for prisoners, construction of an industry workshop: all at various levels of completion.

Kwale Prison: Construction of a perimeter wall, construction of a multi purpose hall/dining hall, septic tank, and staff houses. The septic tank is complete and is in use.

Nyamira Prison: This prison has two ongoing projects. Staff houses and completion of prisoners' wards.

Challenges and Lessons Learnt: Lack of a clear road map for flagship project implementation, lengthy procurement process; frequent reallocation/cuts of budget, change of priorities, Delayed Exchequer Releases, poor coordination of project implementing agencies, inadequate resources to fully roll out all the projects necessary to fully equip and reform the Kenya Prisons Service.

Recommendations and Way Forward: Provide adequate funding to fully equip and reform the Kenya Prisons Service, release of exchequer for prisons projects be fast-tracked, the Public Procurement and Disposal Act 2015 be reviewed with a view to shortening the procurement processes, Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects, State Department for Public Works to work in harmony with project implementers.

Construction of Prisons Staff Houses

Location: Nationwide

Objective: To provide decent housing to prisons staff officers and security of prisons.

Implementing Agency: Kenya Prisons Service.

Project Progress: 11 houses were completed, however the State Department of Housing completed 350 houses through the National Police Service / Kenya Prisons Service Housing Scheme.

Challenges and Lesson Learnt: Lack of a clear road map for flagship project implementation, lengthy procurement process, frequent reallocation/cuts of budget, change of priorities, Delayed Exchequer Releases, poor coordination of project implementing agencies, inadequate resources to fully roll out all the projects necessary to fully equip and reform the Kenya Prisons Service.

After the policy shift to pay officers house allowances at market rates, they had to reside outside the prisons. This has caused a security threat to the prisons and the prisoners hence the need to have a minimum number of staff residing inside the prisons.

Recommendations and Way Forward: Provide adequate funding to fully equip and reform the Kenya Prisons Service, release of exchequer for prisons projects be fast-tracked, the Public Procurement and Disposal Act 2015 be reviewed with a view to shortening the procurement processes, Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects, State Department of Public Works to work in harmony with project implementers.

Forensic Laboratory

Location: Nairobi

Objective: To establish a modern functional forensic laboratory to support the ongoing war on crime. The key elements include the procurement and equipping of the laboratory and the simultaneous development of appropriate human capacity to manage this new function.

Implementing agency: National Police Service (NPS)

Project Progress: The construction of the forensic laboratory is 100 per cent complete. The process of equipping and operationalizing the forensic laboratory was initiated.

Challenges and Lesson Learnt: Delayed release of exchequer.

Recommendations and Way Forward: Project funding to be based on approved work plans, release of exchequer for security projects be fast-tracked. Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects, State Department of Public Works to work in harmony with project implementers.

Police Staff Reforms including Housing

Location: Nationwide

Objective: To build and modernize capacity of the National Police Service including improving conditions of housing.

Implementing Agency: National Police Service (NPS)

Project Progress: Overhauled 6 Choppers that enhanced aerial police patrols in the country, 600 housing units completed for Police Officers, Implemented the new police uniforms (Persian Blue) as per the Policy Framework and Strategy on police reforms by kitting 16,858 police officers, Improved mobility through acquisition of 1,700 assorted vehicles through leasing program for the NPS, 108,570 Police officers were put under Group Life Insurance and Comprehensive Medical Cover.

Challenges and Lessons Learnt: Budget cuts, delayed Exchequer Releases by the National Treasury, lengthy procurement processes.

Police Modernization is very useful in crime prevention and investigation, capacity building remains critical in improvement of service delivery, emerging crime such as terrorism and cross border crimes requires officers to have up-to-date sophisticated equipment, and Political goodwill and top leadership support are important for security goals to be achieved.

Recommendations and Way Forward: Procurement process be shortened to expedite projects completion; acquire up-to-date sophisticated equipment to combat emerging crime such as terrorism and cross border crimes, project funding to be based on approved work plans, release of exchequer for security projects be fast-tracked, Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects; State Department of Public Works to work in harmony with project implementers.

The President inspecting guard of honor during National ceremony

Establishment of National Security Data Centre

Location: Nationwide

Objective: To systematically buttress the war on crime, and to accelerate the sharing of information across all security and policing agencies. A key objective of this project will be to integrate all security information into a single national security database covering the whole of Kenya.

Implementing Agency: National Police Service

Project Progress: This project had not taken off by end of FY 2018/19.

Challenges and Lessons Learnt: Lack of funds to implement the project.

Recommendations and Way Forward: This project needs to be prioritized in subsequent financial years; Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects, State Department of Public Works to work in harmony with project implementers.

Completion of Integrated Population Registration System (IPRS)

Location: Nationwide

Objective: To integrate population registration databases.

Implementing Agency: National Registration Bureau.

Project Progress: Integrated Population Registration System (IPRS) was completed and operationalised.

Challenges and Lessons Learnt: It is possible for multiple agencies to work together to deliver an integrated online system that delivers better services to Kenyans.

Recommendations and Way forward: Inculcate learnt lessons in implementation of other multi-agency projects; Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects, State Department of Public Works to work in harmony with project implementers.

Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To enhance evidence-based policy, legislative and institutional frameworks for effective implementation of programmes and projects.

Implementing Agencies: Relevant Ministries, Departments and Agencies

i Policy Reforms

The National Security Policy was finalized and rollout; the Community Policing Policy was finalized and cascaded to the 47 counties; reviewed the policy on Military Humanitarian Civic Activities/Aid to Civil Authority, the National Drug and Substance Abuse Control Policy was at final stages of development; developed a draft Peace Building and Conflict Management Policy, developed a draft policy on Small Arms and Light Weapons (SALWs) in line with regional and international conventions, Private Security Regulatory Policy was finalized, developed the National Disaster Risk Management Policy, developed the draft Correctional Services Policy, this Policy is before the National Assembly), and developed the National Counter Violent Extremism (CVE) Strategy.

ii Legal Reforms

Enacted National Police Service Act (Amendment) 2014, finalized and enacted the organized Crime Bill, (Amendment) 2015, finalized and enacted Security Laws Amendment Act, (SLAA), 2014, reviewed and implemented the Proceeds of Crime and Anti-Money Laundering Prevention Act, Revised 2012 (POCAMLA) , 2012, harmonized Liquor Licensing Act and Traditional Liquor Licensing Act, Developed and Implemented the Witness Protection Act, 2012, finalized the Hate Speech Bill, 2014, Reviewed the Firearms Act; Reviewed the Refugee Act, Reviewed the Narcotics Drugs and Psychotropic Substances (Control) Act, 1994, Reviewed the Armed Forces Act to enhance its integration of HCA activities, enacted the Alternative Dispute Resolution (ADR) Act to institutionalize peace building and conflict transformation in the country, Amended the National Police Service Commission Act 2011, and, Amended the National Police Service Act, 2011.

iii Institutional Reforms

Deepened reforms being implemented in the Provincial Administration especially the integrity and attitude change reforms to make the officers more people friendly, enhanced the capacity of both human resource and equipment of security agencies; established and operationalised Independent Police Oversight Authority (IPOA) to deal with public complaints, established a framework for co-ordination of public and private security stakeholders, Implemented the Integrated Population Registration System (IPRS), enhanced the capacity and operationalised NACADA, provided a framework for stakeholder partnership for effective emergency response and rescue services; restructured the Peace Building and Conflict Resolutions Secretariat and structures at all levels, Restructured the mechanism for identifying persons for registration in the districts along the international borders, Restructured the Kenya National Focal point on Small Arms and

Light Weapons and, built the capacity of Forensic investigation unit through provision of appropriate equipment and specialized training.

Project Progress: Draft policies developed during the period included: Community Correctional Policy; Gaming Policy, Bail Information and Supervision Policy; Victim of Offences Policy and Aftercare Policy. Other milestones include: Enactment of the Kenya Citizens and Foreign National Management Service Act, 2011, enactment and publication of the Kenya Citizenship and Immigration Act, 2011, Established county security committees and finalized County Policing Authority Guidelines, Internal Affairs Unit was established and operationalised, National Police Service Act 2011, Miscellaneous Amendments on appointments of DIG KPS, DIG APS and Director / DCI including redefining the role of the Commission in the appointments, Constitutional Amendments on Security Reforms, 2015 approved by the National Assembly and, National Administration Act was enacted.

The following were also done: Policy guidelines on recruitment, appointments, promotions, transfers, deployment and discipline of members of the National Police Service by the National Police Service Commission, Gazetted bond and bail policy, NPSC regulations including those for Transfer and Deployment, Recruitment and Appointments, 2014; HRM General Regulations, Transfer of Sentenced Prisoners Act was enacted by Parliament in 2015; Reviewed and forwarded Amendments on the Kenya Prisons Act Cap 90, the Borstal Institution Act Cap 92, and the Community Service Orders Act No.10 of 1998, to Parliament, Policy guidelines on over sighting, investigation against police officers, inspection of police premises and operations of IPOA were gazetted, DCI was established and strengthened as a semi-autonomous institution under Section 20 of the NPC Act 2011, NPS policies were developed including: Fleet Management, ICT, Gender, Communication and Corruption Prevention, National Coroner and Private Security Regulation bills were finalized and Coordinated the review of legislation on SALW.

Challenges and Lessons Learnt: Although there was significant progress made in the implementation of the proposed legal reforms during the review period, there is still much to be done in order to address identified bottlenecks (lengthy policy review processes) that potentially undermine progress in nearly all the sectors. The speed of development, review and approval by Cabinet and the subsequent enactment of laws by the National Assembly are slow, affecting the pace of reforms.

Recommendations and Way Forward: The relevant Ministries, Departments and Agencies should endeavour to accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the programmes and projects, Vision 2030 Secretariat to work with the National Treasury to ring-fence funds for flagship projects.


The President during the passing out of GSU

CHAPTER THREE
ECONOMIC PILLAR

INTRODUCTION

The Economic Pillar aims to achieve and sustain an average economic growth rate of 10 per cent per annum until 2030. The eight (8) key sectors under the Economic Pillar are, Tourism, Agriculture and Livestock, Manufacturing, Trade, Business Process Outsourcing (BPO)/Information Technology Enabled Services (ITES), Financial Services, Oil, Gas and Mineral Resources and the Blue Economy.

The next section highlights the sector performance achievements of flagship programmes and projects for the eight sectors under the Economic Pillar. It also provides the challenges, lessons learnt and recommendations per flagship programmes/projects.

TOURISM SECTOR

The goal of the Tourism Sector is to make Kenya a top 10 long haul tourist destination offering a high end, diverse and distinctive visitor experience. Some of the indicators that inform performance in the Tourism Sector include, tourist arrivals (both international and cross border), domestic bed-nights and Tourism earnings. Growth in tourist arrivals has a positive effect on tourism earnings.

The Tourism sector registered improved performance in 2018 attributable to growth in aviation including introduction of charter flights from key cities in Europe, increased flight frequency and routes and the inauguration of the Nairobi-New York route in October 2018. In addition, the growth was supported by a stable political environment, improved security, withdrawal and relaxation of travel advisories and enhanced investor confidence. The performance was also boosted by visits by foreign dignitaries and revitalized marketing effort. Tourism earnings increased by

Tourism CS Hon. Najib Balala receiving tourist

31.3 per cent to Ksh.157.4 billion in 2018. The number of international arrivals increased by 14 per cent to 2,027.7 thousand in 2018. Hotel bed night occupancy increased by 20.1 per cent to 8,617.9 thousand in 2018, of which 52.1 per cent were occupied by residents, indicating growing importance of domestic tourism.

The number of international conferences expanded by 6.8 per cent to 204 in 2018 from 191 in 2017, while that of local conferences increased by 7.9 per cent to 4,147 in 2018 from 3,844 in 2017. At the same time the number of international delegates rose by 5.6 per cent to 67,743 from 64,167 in 2017 while the number of local delegates rose by 3.7 per cent to 647,042 in 2018 from 623,749 in 2017. This may partly be attributed to high-profile international conferences and meetings held in 2018. The number of visitors to national parks and game reserves rose by 20.3 per cent to 2,868.9 thousand while that of visitors to museums, snake parks and historical sites grew by 32.3 per cent to 1,034.3 thousand in 2018. The robust performance of tourism in 2018 indicates the sector is poised to achieve the set targets by 2020 as contained in the Third Medium Term Plan (MTP III) 2018-2022. The targets include: The number of international arrivals rising to 2.1 million, tourism earnings at Ksh 145.0 billion and, hotel bed-night occupancy by Kenyans at 5.5 million.

Coastal Beach Tourism

Location: Mombasa, Kilifi, Kwale and Lamu

Objective: To improve beach products and enhancement of priority beach nodes (popular beach areas) through rehabilitation of Mombasa waterfront development (Mama Ngina Drive and Jomo Kenyatta Public beach), development of little theatre in Mombasa, development and implementation of a beach Strategy, Cruise Ship Programme, Incentive Programme to Drive Tourists, establishment of Hotels Refurbishment Fund; development of Shanzu Creek Tourism Development City, tapping into the Blue Economy and attraction of international hotel brands to invest in the coastal region.

Implementing Agencies: Ministry of Tourism and Wildlife, Tourism Finance Corporation and County Governments of Mombasa, Kilifi, Kwale and Lamu

Project Progress: The rehabilitation of Mama Ngina waterfront - a famous public recreational park located towards the southern end of the Mombasa city adjacent to Likoni ferry - into an iconic sea front recreational area was 85 per cent complete in June 2018. Additionally, the renovated Little Theatre Club in Mombasa was renovated. The development of coastal tourism has also resulted in clusters of beach hotels within one kilometer of the shoreline which are served with access roads, electricity, water and other basic infrastructure.

Challenges and Lessons Learnt: The implementation of the project faces the following challenges: poor waste management, threats to marine park and beach ecology, inadequate budgetary allocations, resistance from locals and conservationists' groups, and poor coordination between county governments and the implementing agency.

Recommendations and Way forward: There is need to enhance beach cleanliness, enhance visitors' security and safety, improve beach environment for marine species, enhance partnership with hotels and communities, there is also need for adequate budgetary allocations, enhanced collaboration with the county governments and addressing of issues raised by conservationists.

The rehabilitation of the Jomo Kenyatta Public Beach, Malindi sea front, Lake Naivasha waterfront and the Kisumu waterfronts are planned for implementation during the MTP III period.

Wildlife (Safari) Product

Location: Kajiado, Narok and Kenya Wildlife Services Parks

Objective: To develop and implement a detailed Maasai Mara tourism development strategy.

Implementing Agencies: Ministry of Tourism and Wildlife, Kenya Wildlife Service

Project Progress:

Amboseli: Completed maintenance of 398 Km of road; Total for Namanga-Kimana is 112km and Ol-Tukai-Irimito 102km. and other circuit roads is 184Km of road. Maintenance for the 1.2 Km Amboseli Airstrip was also completed. Concept and planning of the Magical Kenya 'elephant naming' completed and will start in 2020 and will be held on a yearly basis every September on the World Elephant Day. There has also been participation in Marketing trade fairs locally and internationally.

Development and transformation of KWS parks into a signature Africa safari product: Concept for the Kenya Parks initiative was completed in FY 2018/2019. The maintenance of 57 Km circuit road for Lake Nakuru as well as 1.4Km Naishi Airstrip was completed. Other progress made include the maintenance of a total of 1,583Km of roads in 8 parks. Maintenance of 5 KWS airstrips with a total runway of 38.2 Km were done. Tender for the upgrading of 1.6 Km runway for Kilaguni Airstrip to bitumen standard has been advertised. Several marketing initiatives were also carried out.

Challenges and Lessons Learnt: Human-wildlife conflicts, inadequate funds for infrastructural development and the effects of climate change adversely affected ecological integrity, especially in the more arid areas such as the Amboseli. This has resulted in serious water shortage resulting in loss of pasture for herbivores, livestock incursion into the Park leading to competition for pasture/water and spread of zoonotic diseases. Other remarkable challenge is on invasive plant species, shrinking of wildlife dispersal areas due to land use changes, insecurity and poaching in some parks, limited funding and inadequate road network in some areas. There is also the challenge of dynamic tourism demand which also led to tourists' preferences changing with technology, limited visitor accommodation in several Parks, Narrow tourism experience/product range and rise in water level in L. Nakuru which has forced flamingoes to migrate due to shortage of food.

Recommendations and Way Forward: Creation and securing of wildlife corridors/dispersal areas needs to fast tracked. There is need for increased funding for infrastructural development into and within the parks, and exploration of different financial models and incentivizing private sector players to invest in tourism. There is need to encourage community conservancy for ownership and also encourage PPP to develop eco-lodges through incentives. The Government should also put effort capacity development on conservation education and livestock husbandry to reduce human wildlife conflict and livestock incursion in parks during dry seasons. There is also need to strengthen collaboration with the County Government on development and implementation of county master plan which put into consideration expansion of wildlife space.

Development of Isiolo, Turkana and Lamu Resort Cities

Location: Lamu, Isiolo and Turkana

Objective: To harness and tap into the rich tourism potential and create new tourism corridor by developing Lamu, Isiolo and Lake Turkana Resort cities.

Implementing Agencies: Ministry of Tourism and Wildlife, County Governments of Isiolo, Turkana, LAPSSET Corridor Development Authority

Project Progress: There was no milestone achieved in the project over the period under review.

Challenges and Lessons Learnt: The main setback is inadequate funding allocation. Land issues, insecurity, limited coordination between different Government agencies and communities being wary of losing their grazing land have also affected implementation of the projects.

Recommendations and Way Forward: Increased funding allocation to the State Department for Tourism is critical to enable the implementation of the resort cities. Fast-tracking the implementation of the national spatial plan and adopting whole-of-government approach for better coordination is key to successful implementation of the project. There is need also to sensitize communities about the potential value of the resort cities. There is need to ensure better security measures are put in place to address insecurity challenges.

Niche Products Development and Diversification

Location: Kenyatta International Conference Centre, Bomas of Kenya, Kisumu, Mombasa.

Objective: To market Kenya as a conference tourism destination in the region and continent and attract more business visitors by attracting high-end international hotel chains and investing in new conference facilities.

Implementing Agencies: Ministry of Tourism and Wildlife, Kenyatta International Convention Centre (KICC), National Museums of Kenya and Bomas of Kenya.

Project Progress: The feasibility study for the Nairobi International Convention and Exhibition Centre (NAICEC) was approved by the PPP Unit paving for a Public Private Partnership. The sector participated in four (4) international MICE Expos during the year 2018-2019 to market Kenya as a preferred MICE destination internationally. The process of establishing a National Convention Bureau to enhance destination's competitive edge in terms of bidding for international conferences and events is at an advanced stage. The KICC continued with the modernization and expansion of the conference facility and is reported to be at 34.34 per cent complete. During the FY 2018-2019, the following components of the Modernization project were being implemented, Refurbishment of the Courtyard and driveway phase 1, Installation of Solar panels (240 Grid Power) and development of a prefabricated expo centre at the COMESA ground was also initiated.

Towards implementation of the National Mice Strategy, the Ministry of Tourism and Wildlife established Kenya National Convention Bureau (KNCB) to sustainably promote Kenya as a leading (MICE) destination. The KICC modernization and expansion project continued with rehabilitation of Tsavo Ballroom (Interior & Roof)) being completed in FY 2018/19. The refurbishment of the Courtyard and driveway was undertaken and currently stand at 67.5 per cent completion rate. The phase I installation of 800 Solar panels (240 Grid Power) project is complete and phase II is scheduled to commence in FY 2021/22.

On cultural tourism, BOMAS of Kenya continued with preservation and maintenance of authentic Kenyan culture by packaging Suba and Makonde dances and developed 'elements dance' aimed at safeguarding our environment.

Challenges and Lessons Learnt: The main challenges have been: inadequate funding for the projects, lack of subvention funds for bidding, breach of contract on feasibility study of NAICEC, lack of coordination between government agencies and county government, land ownership, and land use issues.

Recommendations and Way Forward: In order to address the above challenges, there is need to: explore alternative sources of funding, review of land lease agreement to allow for other uses, with other stakeholders develop pre- and post-conference packages that ensure delegates experience the magical Kenya during their conference days and establish and operationalise a National Convention Bureau.

Destination Marketing Programmes

Location: Nation and International

Objective: To market Kenya as a leading tourism destination, promote domestic tourism and increase diversity of tourism products and services for promotion and marketing.

Implementing Agency: Kenya Tourism Board (KTB)

Project Progress: Kenya registered improved tourism performance in 2018, the international tourism arrivals increased from 1.78 million in 2017 to 2.02 Million in 2018, while earnings increased by from Kshs. 119.9 billion in 2017 to Kshs. 157 billion in 2018. Similarly, domestic bed nights grew from 7,174.2 thousand in 2017 to 8,617.9 thousand in 2018 which demonstrated an improvement in domestic tourism activity.

In MTP III, the focus for destination marketing was not only to grow the tourism arrivals and earnings but to also to increase the diversity of tourism product to counter the challenge of a narrow tourism product range experienced in marketing the destination in MTP II. Various initiatives were undertaken over the period to promote and market the destination, this included amongst others online consumer campaigns, joint marketing campaigns with trade (hoteliers, tour operators, travel agents and airlines), KTB together with trade also participated in International events and Exhibitions to promote Kenya as the preferred travel destination. KTB also participated in a series of Public Relations and Marketing initiatives in the U.S market aimed at increasing positive destination publicity prior to the New York direct flight launch. Key sporting events such as the Magical Kenya Golf Tournament were undertaken to positively profile the destination and increase its brand equity. KTB also pursued strategic partnership with both tourism and non-tourism stakeholders such as the airlines and Kenya Tea Development Agency (KTDA) respectively in marketing the destination. To diversify the tourism product range, KTB introduced the Top and Signature experience, whereby 15 new applications were received, evaluated and later launched for promotion and marketing of the destination.

To boost domestic tourism, KTB undertook familiarization trips with some of the key tourism stakeholders through the Hidden Gems of Kenya program, KTB also hosted forums with the tourism stakeholders namely, Western Kenya Tourism Circuit/ Lake region and Coast Tourism stakeholder forum to increase Tourism Industry Engagement.

The Tourism Regulatory Authority classified forty (40) tourism establishments in FY 2018/19 bringing the total number of classified establishments to 211 with a bed capacity of 26,786 beds. Further, 3 minimum standards were developed namely, standards and guidelines for tours and travel operations (Class C), Class A and B hospitality facilities and code of practice. The object of the standards is to instill professionalism and ensure quality services delivery.

Challenges and Lessons Learnt: Some of the challenges experienced over the period included: Inconsistent funding which affected the implementation of activities over the period. Coordination challenges were experienced in working with the counties. Lack of organization among the tourism stakeholders and low brand conversion continued to be experienced.

Recommendations and Way Forward: There is need to clearly position and communicate the diversity of the Kenyan destination experience, through signature experience mapping. Building Magical Kenya affinity with prospective visitors e.g. refresh collaterals for use across all source markets events and activities is required.

The sector needs to explore new funding models for tourism marketing in Kenya, there is need to diversify funding sources from the traditional ones. There is need to strengthen coordination with the counties through the county working groups. Tourism industry associations can be strengthened by increasing joint marketing initiatives to realize synergy.

Tourism Training and Capacity building

Location: Nairobi, Kilifi

Objective: To enhance the capacity and quality of tourism training.

Implementing Agencies: Kenya Utalii College (KUC), Tourism Fund and State Department for Tourism.

Project Progress: Kenya Utalii College has continued to offer two-degree programs in Hospitality Management and Travel and Tourism Management through collaboration with the University of Nairobi in addition to training of Middle and High-level workforce for the Hospitality Industry. A total of 2,959 graduated from KUC in 2018. To improve institutional capacity, construction of the Practical Training Lab (Scaled down to Individual Training Kitchen only) is ongoing at 25per cent completion rate.

To expand Tourism Training capacity, sector is undertaking the construction of Ronald Ngala Utalii College in Kilifi. The Ronald Ngala Utalii College will have a capacity of 1,000 students and is at 54per cent completion level.

Challenges and Lessons Learnt: Inadequate funding and changes in budget provisions through budget cuts, has resulted in time extension and attracted interests and penalties by contractors and consultants. Similarly, inadequate funding has led to scaling down of the KUC individual training kitchen and affected its timely implementation.

Recommendations and Way Forward: Fast-track the implementation of the RNUC though enhanced funding.

AGRICULTURE AND LIVESTOCK

The main objective of the Agriculture, Livestock and Fisheries Sector is to be an *'Innovative, Commercially Oriented and Modern Farming, Livestock and Fisheries Sector.* This sector is commonly referred to as the backbone of the Kenyan economy since it accounts for over 65 per cent of the country's total exports and provides 18 per cent of formal employment and over 60 per cent of the total employment in the country as at 2018. It contributes about 31.5 per cent of the country's GDP and 75 per cent of industrial raw materials.

Agriculture remained the dominant sector in the economy accounting for about a third of the total value of the economy. Activities of Agriculture, Forestry and Fisheries were vibrant in 2018 mainly because of favorable weather conditions that characterized the year under review. The sector's growth accelerated from a revised growth of 1.9 per cent in 2017 to 6.4 per cent in 2018. The growth was mainly driven by a marked improvement in crops and animal production that benefited significantly from the sufficient rains during the period under review. Increased supply of food crops was mirrored in a significant drop in prices of key food crops during the review period. The quantities of key food crops such as maize, irish potatoes and vegetables increased notably in 2018 compared to depressed performances reported in 2017.

Performance of the sector was further supported by significantly improved performances in other agricultural sub sectors. Production of tea grew by 12.1 per cent to stand at 493 thousand tons in 2018 compared to a 7.0 per cent decline recorded in 2017. Similarly, the sector's performance was buoyed by increased production of coffee from 38.6 thousand tonnes in 2017 to 41.4 thousand tonnes in 2018. In the sugar cane sub sector, improved performance was reflected in the quantity of cane delivered to millers which rose by 7.0 per cent to stand at 5.3 million tonnes in 2018. Horticultural activities remained robust in 2018, though growths in output of the respective crops were relatively slower than in 2017. Area under irrigation increased by 67.3 per cent to 15,853 acres in 2018. Further, in a bid to ensure adequate irrigation water, water harvesting and storage capacity increased from 4,596,074m3 in 2017 to 12,884,737m3 in 2018.

The value of marketed livestock and livestock products increased by 8.3 per cent to KSh 146.8 billion in 2018. The quantities of milk delivered to the dairy processors increased by 18.4 per cent from 535.7 million litres in 2017 to 634.3 million litres in 2018 while quantities of milk and cream processed also recorded an increase of 10.6 per cent from 410.6 million litres in 2017 to 454.1 million litres in 2018. In addition, processed butter and ghee and cheese recorded increases of 10.8 per cent and 15.5 per cent, respectively, in 2018. The number of livestock slaughtered has been increasing over time. The number of cattle and calves slaughtered rose by 7.4 per cent from 2,590.0 thousand heads in 2017 to 2,781.7 thousand heads in 2018. Similarly, the total number of goats and sheep delivered to slaughter houses increased by 11.3 per cent to stand at 10,247.6 thousand heads during the review period. The same trend was witnessed with the number of pigs slaughtered increasing by 7.8 per cent from 360.1 thousand heads in 2017 to 388.2 thousand in 2018.

Implementation of the Agriculture Reform Legislations

Location: Nationwide

Objective: To review, harmonize and rationalize the legal framework in terms of regulatory, licensing, processing and marketing roles of agricultural parastatals.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, Agriculture and Food Authority (AFA).

Project Progress: The Nuts and Oil Crops Strategy, Root and Tuber Crops Strategy 2019 were developed. Further to align the sub sector specific regulation to Crops Act (Crops Irish potato) Regulations, 2019 and Crops (Coffee General) Regulations 2019 were developed and gazetted. On the other hand, harmonization of the regulation was done to guide the sector in the spirit of the Acts (AFA, KALRO and Crops) and the Kenyan Constitution 2010. However, a private members Tea Bill has been drafted proposing a raft of changes including the delinking of Tea Regulation from AFA and reinstatement of the Tea Ad Valorem Levy. A private members Sugar Bill has also been introduced proposing changes in the Sugar sub sector.

Challenges and Lessons Learnt: Litigation from the stakeholders delayed implementation of the Regulations and also financial constraints due to budget cuts and late release of funds were an impediment to timely operationalisation of desired reforms. Inadequate collaboration and linkages between County and National government in adherence to Schedule 4 of the constitution of Kenya.

Recommendations and Way Forward: There is need for sensitization and involvement of the stakeholders on legal reforms. Lobby for more resources from Government and development partners to implement legal reforms. Strengthen collaboration between the two levels of Government. There is need to continue the implementation of the Agricultural sector reforms in order to hasten attainment of Food and Nutrition security.

Fertilizer Cost Reduction

Location: Nationwide

Objective: The objective of this programme is to make fertilizer more affordable and easily accessible to farmers and to increase agricultural production by improving the purchasing and supply chain and supporting the local manufacture of fertilizer.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, KALRO.

Project Progress: During the MTP III plan period, the sub sector plan to shift subsidy provision from bulk procurement to acquisition of a range of inputs from multiple providers through e-voucher system. This is aimed at promoting private sector participation in fertilizer distribution and trigger more investment by fertilizer input suppliers and reach more categories of farmers wherever they are.

In FY 2018/2019 period, the sub sector managed to procure 44,250 MT of subsidized fertilizer which benefitted 81,298 farmers against a target of 200,000 MT due to several challenge budgetary constraints.

In support of the 3-tiered fertilizer cost reduction strategy, KALRO is currently undertaking analysis of soil samples to scientifically determine levels of soil acidity and has since recommended farmers' sensitizations on organic farming.

Challenges and Lessons Learnt: The fertilizer subsidy program was constrained by inadequate funding thus covering 20 per cent of the targeted beneficiaries. Fertilizer subsidy alone will not lead to increased production unless other factors like extension staff recruitment, retention and motivation are promoted. Governance structures at the county level determines the level of success of the subsidy program.

Recommendations and Way Forward: The project should be implemented in collaboration with development partners to bridge budgetary deficits so that many categories of the targeted farmers can access the subsidy. There is need to strengthen agricultural data collection system which is critical in tracking performance indicators by providing requisite resources. There is need to develop M& E system to track the impact of fertilizer interventions on overall production.

ASALs Irrigation Project

Galana-Kulalu Food Security Project (GKFSP)

Location: Kilifi and Tana River

Objectives: The objective of the project is to enhance national food security in productivity and optimization of the ranches through targeted investments on crop, livestock and fisheries production. To increase the country's arable land by increasing the area of ASAL land under irrigation to between 600,000 – 1.2 Million acres.

Implementing Agencies: Ministry of Water, Sanitation and Irrigation and National Irrigation Authority.

Project Progress: The Government initiated the development of irrigation infrastructure on a 10,000-acre model farm in the Galana Kulalu Food Security Project in 2013. At the end of MTP II, Centre pivot systems had been installed commanding 3,300 acres' irrigation area. In FY 2018/19, drip system installation was completed covering 1,800 acres therefore bringing total acreage developed to 5,100 acres. It also included construction of intakes, filtration stations and lined water retention ponds which is still ongoing. In FY 2018/19, over 2,410 acres have been put under crop with a production of an average of 31 bags (90Kg) of maize on 2,080 acres, 125 acres' pasture grass, 125-acre green grams, 40 acres cotton and 40 acres soya per acre per season in a three-crop cycle per year.

Challenges and Lessons Learnt: Inadequate budgetary provisions, other challenges are high sediment load and floods from Galana River, poor road network affecting accessibility, poor network coverage hence poor communication within and to the project area, lack of clarity of roles on production due to numerous government directives, insufficient project conceptualization and planning, insecurity, human/wildlife conflict, human vandalism and theft, contractual issues, inadequate labour and specialized skills because of the nomadic nature of the surrounding community, disease and pest control, lack of connection to national electricity grid .

High cost of operation due to the use of pump fed irrigation systems. Lack of a bridge over the Galana river course way making project inaccessible during floods. Sustainability on commercialization of the model farms where the right choice of crops, proper rotation plan and cheaper alternatives energy sources is a challenge. Lack of infrastructural establishment to benefit the local community including churches, mosque, schools, health facilities to open up the areas for future expansion. It is important to conduct anthropological studies and get the community buy in before initiating a project of such magnitude. Wide stakeholder consultation is critical for smooth implementation of the project.

Recommendations and Way Forward: There is need to fast track construction of the dam. Mobilize resources for phase II and identify suitable firms to partner in PPP. Mobilization and Sensitization of the local community on the benefits of the project. Increase stakeholder and partners in areas of resources contribution project design and project execution, Capacity building is a major strength for the success of this project.

Construct bridge and accessible roads and electricity. Provision of Social amenities for the workers and the local community. Consider optimal land utilization plan and resettlement of local communities living within the proximity of the project. Provision of funding for the next project phase by donor partners and Government which includes expansion of irrigation infrastructure. Establishment of excellent centres of agricultural training for youths, farmers and co-operatives and commercialization of maize and other commodities in Galana Kulalu Food Security Project.

Bura Gravity Irrigation Project

Location: Bura, Tana River

Objectives: The objective of the project is to enhance national food security in productivity and optimization of the ranches through targeted investments on crop, livestock and fisheries production.

Implementing Agencies: Ministry of Water, Sanitation and Irrigation and National Irrigation Authority.

Project Progress: Construction works for Bura Irrigation and Settlement Scheme Rehabilitation Project was contracted at a sum of Kshs. 7,355,829,104. The Government of Kenya (GoK) is financing 70per cent (Kshs 5,149,080,372.80) of the project cost while 30per cent (Kshs 2,206,748,731.20) is financed by Arab partners comprising of Kuwait Fund for International Development, Arab Bank for Economic Development in Africa (BADEA) and OPEC Fund for International Development (OFID).

The project construction commenced on 27th May 2013 and was due for practical completion on 26th November 2015. The request by the contractor for extension of time was granted with concurrence of the financiers to 27th March 2018. The contractor did not complete the works by the time but had submitted a request for extension however, this was not considered because there were new developments in which the contractor was declared bankrupt and NIA terminated the contract and recalled the performance bond.

Consequently, NIA has planned to complete the pending works. As agreed with the project financiers, this will be executed in three lots; Lot 1 covering the intake and sheet-piling works, Lot 2 covering the balance of the new gravity canal works and Lot 3 covering the rehabilitation of existing infrastructure. The Contractor has commenced construction works for the intake and sedimentation basin. NIA is now engaging with the donors on the actions to complete the remaining works in LOT 2 and LOT 3 valued at Kshs.3.4 billion. During the FY 2018/19 financial year, the progress of the implementation was at 31 per cent.

Challenges and Lessons Learnt: Inadequacy of the GoK counterpart funding has been a challenge. Progress in implementations of the project has been hampered by community disruptions. Inadequate capacity by the contractor in terms of funds and human resource leading to termination of the contract. There is need to ensure the projects are properly designed and involving the community in formulation of the project. The major projects should be sub-divided and offered into lots to minimize the entire project implementation cycle.

Recommendations and Way Forward: GoK needs to offer counterpart fund to hasten project completion. Subdivide the project into lots during recruitment. Sensitize the community and get their acceptance before rolling out the project during the project feasibility stage.

Food and Nutrition Security Programme

Location: Nationwide

Objective: To improve food and nutrition security by increasing maize, rice and potatoes production.

Implementing Agency: Ministry of Agriculture, Livestock, Fisheries and Cooperatives.

Project Progress: In FY 2018/2019 a total of 44.6 million bags of maize and 1.9M MT of Irish potatoes have been produced against a target of 67 million bags maize and 4.4 million MT of Irish potatoes by 2022.

At the Strategic Food Reserve 0.4 Million bags of maize have been reserved as at FY 2018/2019 at the national food reserve. In enhancing agricultural production through the mechanization programme, during FY 2018/2019, 6 tractors, 15 walking tractors,4 rice harvesters were acquired and distributed. Crop diversification /generation diversity efforts have been concerted to improve the livehoods of farmers in miraa growing areas. The Ministry distributed 270,000 planting materials, 1000 MT seed and 800,000 fruit tree seedlings. The Agriculture insurance programme has also managed to insure 416,982 farmers (smallholder farmers and pastoralists) against a target of 900,000 farmers.

Challenges and Lessons Learnt: Overdependence on rain fed agriculture, spreading too thin with the limited resources hence not able to accomplish the set targets, high cost of production, high pre and post-harvest losses, lack of involvement of the youths and instability of producer prices instability of producer prices.

Recommendations and Way Forward: Accelerate the rate of irrigation in the country, prioritize on the projects with higher impact, promote conservation agriculture and develop early maturing varieties, subsidize farm inputs targeting smallholder farmers and zero-rate or tax reduction on the inputs, involvement of youth in agriculture with increasing their access to productive factors and initiation of market linkages for farm produce and initiation of market linkages for farm produce.

Disease Free Zones

Location: Bachuma –Taita Taveta

Objective: To facilitate access of livestock and livestock products to local, regional and international markets, improve sustainable rural livelihoods and food security and strengthen institutions in the livestock sub-sector.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives and State Department of Livestock.

Project Progress: In MTP III, the focus of implementation of the DFZ was on the Bachuma LEZ. Phase I of Bachuma LEZ involves construction of an export quarantine station and associated support facilities. The scope of works in this phase is to be undertaken in two cycles of contracts. The first contract launched on 2nd March, 2015 at a sum of Kshs. 115,218,279.03. The facilities under this cycle include the construction of bio-security fences and gates, cattle, camel and sheep/goat pens/sheds, rehabilitation of laboratory building, rehabilitation of staff houses, water reticulation, electrical installation in the rehabilitated staff houses, borehole drilling and equipping and animal protection trench.

The second cycle of Phase I of Bachuma LEZ was procured at a contract sum of Kshs. 257,196,003.39 with a 52-weeks contract period with effect from 23rd March 2016. This cycle involves construction of emergency slaughterhouse, incinerator unit, administration office, pest control/examination crushes; water storage tanks, extension of existing fence to enclose support facilities, two watch towers, fodder barn, workshop, handlers rest rooms; offloading ramps, roads, utilities, underground water tank, electrical works, mechanical works.

The project was not funded from FY 2016/17 to FY 2017/18 financial years with funding resuming at the supplementary level of FY 2018/19. The construction works continued in the MTP III, and by end of FY 2018/2019 the Project completion level of Phase I of Bachuma LEZ was 50 per cent complete. With the construction of bio-security fences, cattle, camel and sheep/goat pens/sheds, rehabilitation of laboratory building, rehabilitation of staff houses, water reticulation, electrical installation in the rehabilitated staff houses, bore hole drilling and animal protection trench completed. While in the second cycle the following works are ongoing, construction of emergency slaughterhouse, incinerator unit, administration office, pest control/examination crushes, water storage tanks, fodder barn, workshop, handlers rest rooms, offloading ramps, roads, utilities, underground water tank.

Challenges and Lessons Learnt: The delayed payments due to lack of budgetary allocation, inadequate coordination among the technical bodies, additional works arising from wild animal interference and expiry of the contracts due to slow implementation rate related to budgetary constraints. Main streaming PPP arrangement in the management and expansion of Bachuma LEZ has proved very difficult due to the lengthy process provided for by the Public Private Partnership Act of 2013 and limited resources that does not support engagement of a Transaction Advisor.

Recommendations and Way Forward: There is need to pursue other avenues of engaging the private sector arrangements in the completion and management of the project is needed.

The State Department need to re-strategize the model of the other disease-free zones programme in Coastal Region, Laikipia-Isiolo Complex, Uasin Gishu and Garissa Counties.

TRADE

The main objective of the Sector is to transform trade into *'a formal sector that is efficient, multi-tiered, diversified in product range and innovative.* Trade is poised to be one of the key sectors in the economic development of the country as it provides linkage between production and consumption which are the two main attributes that drive the economy of a country.

The contribution of trade to GDP increased to 7.6 per cent in 2019 from 7.5 per cent in 2018. According to the World Bank Report on Ease of Doing Business, Kenya improved on the global Ease of Doing Business ranking to position 80 out of 190 countries in 2018 compared to position 92 in 2017. Similarly, a review of the sector's performance in 2018 revealed that the sector remained one of the major contributors to wealth and employment creation in the economy. However, value of exports declined from Ksh. 614.3 Billion to Ksh.596.7 Billion. During the same period, imports increased from Ksh. 1,764.5 Billion to Ksh. 1,806.3 Billion resulting to widening of trade imbalance from Ksh. 1,150 Billion to Ksh.1,209.7 Billion.

Mombasa port

Table 4: *Value of Total Exports and Imports (Ksh. Billions)*

Particulars	2017	2018	2019
Export	597.9	614.3	596.7
Imports	1,736.5	1,764.5	1,806.3
Trade Balance	(1,138.6)	(1,150.2)	(1,209.7)

Source: *Economic Survey 2018-2019*

Kenya's exports increased through 2017 and 2018. A decline of 2.8per cent was registered in 2019 which results in exports worth Kshs. 596.7 billion.

Kenya's imports on the hand increased consistently through the period from Kshs 1,736.5 billion in 2017 to Kshs. 1,806.3 billion in 2019. Consequently, trade deficit increased consistently from Kshs. 1,138.6 billion in 2017 to Kshs. 1,209.7 billion in 2019.

Table 5*: Value of Kenya Exports and Imports to EAC (Ksh. Billions)*

Particulars	2017	2018	2019
Exports	134.0	130.0	140.4
Imports	70.7	71.9	67.7
Trade Balance	63.3	58.1	72.7

Source: *Economic Survey 2018-2019*

Table 6: *Value of Kenya's Exports and Imports from COMESA (Ksh. Billions)*

Particulars	2017	2018	2019
Exports	169.4	161.1	164.2
Imports	125.1	119.5	126.7
Trade Balance	44.3	41.6	37.5

Source: *Economic Survey 2018-2019*

Building Tier One Retail Markets

Location: Athi-River - Machakos

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development, County Government of Machakos.

Objective: To construct a Tier "1" Retail Market in Athi River to improve supply chain efficiency.

Project Progress: The Tier "1" Retail Market in Athi River was meant to be a pilot project and was expected to be replicated in all Counties. The drawing of scheme and detailed designs for the proposed Tier "1" retail market has been completed. In addition, geotechnical and topological surveys have been carried out. The designs for the market have been disseminated in six identified counties, namely: Mombasa, Nairobi, Taita-Taveta, Murang'a, Uasin Gishu and Kisumu, for development of similar markets.

Challenges and Lessons Learnt: The project has not received funds since FY 2014/15 and therefore little progress has been achieved in terms of completion of architectural drawings and actual construction. Lack of clarity on the institution to spearhead construction of the market after the devolution of domestic trade and construction of markets function has also delayed construction.

Recommendations and Way Forward: The project has very high private sector traction and therefore need for the Government to prioritize completion. The Tier "1" retail market should be replicated across the counties and therefore partnership with the Council of Governors is key in implementation. Due to inadequate resources for construction of the markets in all Counties, the markets can be funded through the PPP framework.

Development of Wholesale Hubs

Location: Maragua - Murang'a

Implementing Agencies: Ministry of Industry, Trade and Cooperatives, County Government of Murang'a

Objective: To construct a wholesale hub in Maragua to improve the supply chain and expand formal market outreach.

Project Progress: A concept paper for the construction of the Wholesale Hub market in Maragua has been developed. The Sector was allotted twenty (20) acres of land in Murang'a town for construction of the market. Preliminary designs for the market have been developed and Geo-technical and topographical surveys undertaken in collaboration with Department of Public Works.

Challenges and Lessons Learnt: The project has not received any budgetary allocation since FY 2014/15 and therefore little progress was achieved in terms of completion of architectural drawings and actual construction. The two levels of Government need to collaborate in implementing mega projects like the wholesale hub.

Recommendations and Way Forward: The Government to fund completion of the Wholesale Hub or negotiate for PPP funding with the Private Sector, foreign investors and individual investors. The project can be implemented in collaboration with the devolved units.

Export Credit Guarantee Scheme

Location: Nationwide

Objective: To unlock the credit potentials in the export sector by creating a facility to provide guarantees to exporters and importers of Kenyan goods and services and operationalisation of the Export Credit Guarantee Scheme.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development; Export Promotion Council (Now Kenya Export Promotion and Branding Agency, after merger of the former Export Promotion Council and Brand Kenya Board).

Project Progress: A draft Bill on Kenya Credit Guarantee Scheme has been prepared to provide the legislative framework for establishment of a Kenya Credit Guarantee Scheme Authority and a Kenya Credit Guarantee Fund. The aim of the Authority and Fund is to provide mechanisms for guaranteeing of lenders in respect of credit facilities extended to eligible borrowers. The scheme targets to cover credit facilities advanced to MSEs in sectors such as tourism, wholesale and retail trade, agribusiness, and manufacturing. The scheme also seeks to guarantee traders engaged in exports and value addition, financial services and educational institutions. Towards operationalizing the scheme, the Credit Guarantee Scheme Policy and Bill was developed and forwarded to the Cabinet for approval.

Challenges and Lessons Learnt: The capacity for MSMEs to absorb finance requires that their financial literacy is enhanced before disbursing the funding hence training must be a pre-requisite, which is lacking. Secondly, financial data on MSMEs, which is critical in credit appraisals, is scanty. There is a need for a proper stakeholder analysis and sensitization of all relevant stakeholders and policy makers on project proposals so that all aspects of projects are captured as intended.

Recommendations and Way Forward: Training programs should be targeted at the micro-enterprises' individual growth stage and should incorporate components of business mentorship. Government can establish partnerships with lenders to develop an online platform where MSMEs are registered and their credit history captured for use by lenders. Additionally, the scheme should target formalized businesses that meet the basic compliance, for example, tax compliance, county trading licensing as the minimum. Preference should be given to youth and women-led businesses to support affirmative action as an incentive for promoting entrepreneurship. The established SME Credit guarantee scheme to be strongly export biased so that the initial idea of having an Export guarantee scheme is addressed.

Establishment of Kenya National Multi-Commodities Exchange (KOMEX)

Location: Nationwide

Objective: To provide structured trading for agricultural and non-agricultural commodities.

Implementing Agency: Ministry of Industrialization, Trade and Enterprise Development

Project Progress: Following the Cabinet Directive in January 2019, the National Commodities Exchange was registered under the name "Kenya National Multi-Commodities Exchange Limited (KOMEX)" as a Private company limited by shares under the Companies Act of 2015, with an authorized capital of Ksh.2 Billion. To provide for seed capital of the exchange, the Sector developed a capitalization plan, issued the Information

Memorandum (IM) and invited subscription from potential investors. Eleven (11) potential subscribers committed to inject Ksh.600 million as seed capital for operationalizing the exchange.

The Capital Markets Act was amended to provide for regulation of spot commodities trading. In addition, existing Legal and Regulatory framework that would affect smooth operations of the Commodity Exchange Ecosystem were reviewed and proposed amendments submitted to the Office of the Attorney General for processing. The Warehouse Receipt System (WRS) Act, 2019 was enacted to regulate warehouse licensing, certification, standards and grading, as well as issuance of WRS receipts. Further, the Commodities Market Regulations was Gazetted to support implementation of the WRS Act.

Challenges and Lessons Learnt: Challenges affecting the implementation of the project include low awareness on opportunities available to farmers through KOMEX and limited seed capital for operationalisation of KOMEX.

Recommendations and Way Forward: There is need for the Government to encourage private sector investors, farmers and cooperatives to provide seed capital for operationalisation of KOMEX.

Second Generation Single Window System Implementation

Location: Nationwide

Objective: To enhance the Single Window system and improve its functionalities in order to facilitate trade.

Implementing Agency: Kenya Trade Network Agency

Project Progress: The Second-Generation Single Window System will use a technology platform that easily allows for change of business rules in the system as required by business at any given time. There will be an overhaul of the user configuration module for enhanced security of the System. Among other benefits, the Second-Generation Single Window System will upgrade the risk management module to a robust risk management engine that is based on artificial intelligence.

The project kicked off in FY 2018/19 after a presentation of business cases. The United Nations recommends that a Single window should be upgraded after every five (5) years to ensure it serves its purposes and integrates new technology. In FY 2018/19, the agency concluded a procurement contract with the provider, after a thorough gap analysis and business reengineering of the Single Window Environment.

Challenges and Lessons Learnt: The implementation of the project has been slowed down by lack of adequate resources to run the project.

Recommendations and Way Forward: To ensure that the country fully benefits form the Single Window system, the government needs to enact supportive policies such as the Trade Facilitation Bill, that will ensure that all trade projects are processed through the System. There is also a need to allocate ample resources towards the project implementation to ensure it is implemented in good time. The Single window system is very expensive to maintain and implement, currently the system provides a free service to the users. The government will need to evaluate the systems sustainability to ensure it meets its objective. This could be done through charging a minimal application fee.

MANUFACTURING

The main objective of the sector is to have '*a Robust, Diversified and Competitive Manufacturing Sector in the country.* The sector has a high potential of investment attraction, employment creation, export expansion, stimulus for agricultural sector growth and provision of forward and backward linkages with all other sectors. The sector has a strategic role in technology and innovation as it is a major platform for diffusion of new technologies to other sectors of the economy. It has been identified as the key driver for economic growth and development under the "Big Four" Plan in Kenya. Its overall goal is to increase its contribution to Gross Domestic Product (GDP) by at least 15per cent by 2022, increase level of foreign direct investments to $2 billion and improve ease of doing business ranking from 80 in 2017 to 50 by 2022.

Activities in the manufacturing sector were robust in 2018 compared to the constrained performance in 2017. During the year under review, the sector grew by 4.2 per cent compared to a revised growth of 0.5 per cent in 2017. The sector's performance was largely supported by agro-processing activities and production of beverages that recovered from considerable declines in 2017. Under production of food and beverages, improved growths were recorded in manufacture of sugar (30.3 per cent), processing of liquid milk (18.5 per cent), processing of black tea (12.1 per cent); manufacture of beer and stout (6.3 per cent), manufacture of bread (5.8 per cent) and soft drinks (4.2 per cent). Other sub-sectors that showed better performance in 2018 included manufacture of maize meal products (0.4 per cent), edible oils (2.1 per cent) and manufacture of wheat flour (1.1 per cent).

Similarly, the sector's performance was enhanced by increased manufacture of non-food products, although some declines in production of some products were

Construction of Kenanie Leather

reported in 2018. Within this category, activities that steered growth included assembly of motor vehicles (15.7 per cent), manufacture of drugs (14.1 per cent) and laundry soap (11.8 per cent). However, manufacture of cement and that of clinker declined by 2.6 and 2.5 per cent, respectively, during the period under review. Credit to manufacturing activities increased from Kshs 315.5 billion in 2017 to Kshs 336.0 billion in 2018. The Producer Price Index (PPI) which measures change in prices of goods sold by producers at basic prices grew by 0.9 per cent in 2018 due to increased prices of raw materials. The local employees engaged by Export Processing Zone enterprises stood at 56,945 persons by 2018.

Development of SME Parks

Location: Nationwide

Objective: To promote industrial dispersion and balanced economic development in the country through identification of land, provision of infrastructure facilities, development and management services. This will harness opportunities by establishing processing parks in strategic locations with rich raw materials.

Implementing Agency: Ministry of Industrialization, Trade and Enterprise Development.

Project Progress: During FY 2018/19, 22 Constituency Industrial Development Centres were upgraded to provide working sites for the MSEs and operationalisation of Kariobangi MSE Centre of Excellence was at 90 per cent completion level. The implementation of the SME parks in various identified sites (Eldoret, Kisumu, Mombasa, Nakuru, Nairobi & Taita Taveta) was delayed due to non-allocation of resources for their development.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: Inadequate budgetary allocation for development and provision of basic infrastructure facilities for the SME parks and delays in identification of suitable land for development of SME parks across the 47 counties.

Recommendations and Way Forward: There is need to increase budgetary allocation, develop fiscal /procedural incentives to attract the private sector to participate in the development of SME parks and close collaboration with the County Governments in identifying suitable land for SME parks development and integration in the County Spatial Plans.

Special Economic Zones (SEZ) Programme

Location: Lamu, Mombasa and Kisumu

Objective: To facilitate the setting up of Special Economic Zones in Mombasa, Kisumu and Lamu to increase Foreign Direct Investment, increase exports, create employment, generate foreign exchange earnings and enable knowledge and technology transfer.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development and Special Economic Zones Authority.

Project Progress: During FY 2018/19, The Special Economic Zones (SEZ) Act, 2015 and the Special Economic Zones Regulations 2016 were operationalised with appointment of the Board for SEZ Authority and deployment of staff from various government agencies. The SEZ Authority Gazetted Three (3) Public SEZs and 6 private SEZs.

Dongo Kundu SEZ Design and development of off-site infrastructure (Port, Mombasa Southern By-Pass, access road, power transmission, water supply and drainage system) commenced with funding from a concession loan and grant aid from the Japanese Government. The Resettlement Action Plan by KPA was finalized, awaiting validation of valuation report for compensation and commenced geological and geotechnical survey.

For Kisumu SEZ, Identification and acquisition of land measuring 1,000 acres from Miwani Sugar Company is awaiting Cabinet approval.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: Resettlement of squatters in Dongo Kundu delayed the commencement of SEZ infrastructure development, inadequate staffing and inadequate budgetary allocation.

Recommendations and Way Forward: There is need to allocate adequate resources for development basic infrastructure facilities for Dongo Kundu and Lamu SEZs and full operationalisation of the SEZ Authority. In addition, the Ministry in collaboration with County Government of Kisumu need to fast-track the acquisition of land for Kisumu SEZ. There is need to integrate the SEZ programme with the National and County Spatial Plans.

Research, Technology and Innovation Programme

Location: Nairobi and Kisumu

Objective: To expand physical infrastructure, upgrade equipment, enhance human capital and accumulation and technological upgrade to facilitate innovation, technology transfer to MSMEs, improve product designs and promote product innovations.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise and Kenya Industrial Research and Development Institute (KIRDI).

Project Progress: During the FY 2018/19 the Leather Laboratory in Kisumu was operationalised and started offering technology transfer through incubation, provision of Common Manufacturing Facilities and training to MSMEs. The completion level of the construction of the industrial research laboratories at Nairobi, South B increased slightly by 2 per cent from 62 per cent in FY 2017/18 to 64per cent in FY 2018/19 due to low budget allocation.

Challenges and Lessons Learnt: The challenges experienced during the implementation was limited budgetary allocation which hindered the completion of the projects.

Recommendations and Way Forward: There is need to increase budgetary allocation for completion of infrastructure facilities at Nairobi, South B and Fast track the finalization and enactment of KIRDI Bill.

Iron and Steel Programme

Location: Lamu and Nairobi

Objective: To establish an integrated iron and steel mill for production of high-grade steel for use by industries, promote exploitation of locally available raw materials and attract high value manufacturing industries.

Implementing Agency: Ministry of Industrialization, Trade and Enterprise Development through Numerical Machining Complex (NMC)

Project Progress: During the FY 2018/19, the Ministry and NMC made efforts to keep the integrated iron and steel mill project running by engaging with potential Technology Partners, Joint Venture Investors and Financiers for the development of the project. The LAPSSET Authority agreed to avail land for the project measuring 750 acres for the development of the integrated iron and steel mill with proximity to the Lamu Port, Amu Power and Lamu SEZ.

The modernization of the existing Foundry Plant at NMC commenced with a view to upgrading it to a mini steel mill by adding rolling facilities. The mini steel mill will enable production of high-grade engineering steel which is currently being imported. Two induction furnaces for production of iron and steel were installed, while planning for the rolling section is ongoing. This has resulted to increase in manufacture of steel industrial parts to 55,000 and foundry steel castings of 107 tons in the year.

Challenges and Lessons Learnt: Implementation of the steel mill project was delayed due to lack of clear policy, a weak institutional and legal framework to guide the project implementation, delay in finalization and adoption of steel industry strategy, inadequate budgetary allocation and weak collaboration among implementing agencies. It is important to take cognizance of the long lasting and deep reaching economic benefits associated with the steel industry.

Recommendations and Way Forward: There is need for the Ministry to revive the National Steering Committee (NSC) and Technical Committee to drive the project. The Ministry to fast-track the development of the integrated iron and steel mill by (1) acquiring suitable land (2) provide basic infrastructure including water, power and rail/roads (3) complete the quantification and qualification of available iron ore and coal. There in need to provide the financial resources for development of the project and fast-track the completion of Iron and Steel Policy and Bill.

Establishment of One Stop Centre (OSC)

Location: Nairobi

Objective: To enhance Ease of Doing Business, lower cost of doing business, attract Foreign Direct Investments (FDI) and Domestic Direct Investments (DDI) and increase job creation.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development and Kenya Investment Authority.

Project Progress: During FY 2018/19, the operationalisation of the One Stop Centre (OSC) continued with the hosting of the following institutions, Kenya Revenue Authority, Department for Immigration, National Environment Management Authority (NEMA), Kenya Power, Federation of Kenya Employers, Business Registration Services and Export Processing Zones Authority. The OSC provided seamless, faster and timely facilitation services to investors, by fast-tracking approvals, licensing and permits needed by investors to start business. The OSC facilitated investment proposals worth Kshs 68.33 billion that created 8,616 new jobs.

Challenges and Way Forward: The challenges experienced during the implementation of the project include: Inadequate funding and inconsistencies in the provision and dissemination of investment information and data among MDAs and others institutions.

Recommendations and Way Forward: To facilitate investments attraction, there is need to provide adequate resources for completion of the One Stop Centre, implementation of the Kenya Investment Policy (KIP) and operationalisation of the Investment Council. There is need for continuous improvement in Business environment and engage with the County Governments in setting up of County Investment Units.

Development of the Industrial Clusters - Kenya Leather Industrial Park (KLIP)

Location: Kinanie - Machakos

Objective: To propel Kenya towards becoming a regional leather and leather products manufacturing hub, which in turn leads to wealth and employment creation for Kenyans.

Implementing Agencies: Ministry of Industrialization Trade and enterprise Development and Kenya Leather Development Council (KLDC) and Export Processing Zones Authority (EPZA).

Project Progress: During FY 2018/19, the Construction of Common Effluent Treatment Plant (CETP) was at a completion level of 18 per cent, Operations block was at 30 per cent completion level, Draft National Leather Policy developed and 2 km Internal Roadwork cleared and graded.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: Inadequate budgetary allocation and Lack of a National Leather Policy, weak institutional and legal framework.

Recommendations and Way Forward: There is need to fast-track the finalization and adoption of the National Leather Policy and enactment of the Kenya Leather Development Bill.

Industrial Clusters Programme - Upgrading of Training and Production Centre for Shoe Industry (TPCSI), Thika and Kariokor Common Manufacturing Facility

Location: Kiambu and Nairobi

Objective: To upgrade and modernize machinery for the Training and Production Centre for Shoe Industry (TPSI), Thika and Kariokor Common Manufacturing Facility for provision of common manufacturing services.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development and Kenya Leather Development Council (KLDC).

Project Progress: During FY 2018/19, the following machines for common manufacturing facility were installed for TPCSI Thika, 13 Stitching Machines and one machine for Leather Skiving, Edge Folding, Press Button Fitter / Setter, Riveting, Band Knife Splitting, Hot Edge Finishing, Strap Cutting, Hot Melt Edge Folding, Numbering Stamping & Embossing, Trimming and Rounding-off, Heat setter, Sole pressing attaching, Drier machine, Compressor, CAD/CAM machine Laser Cooler System, Grinding and roughing, Brushing, levelling and polishing, Shoe last extracting, Eyeleting and a Hydraulic Swing Arm cutting press. KLDC collaborated with Nairobi City County for provision of working space at Kariokor for the SMEs in leather and leather products manufacturing.

Challenges and Lessons Learnt: The challenge faced is inadequate resources for upgrading works There is need to fast-track the installation, testing and commissioning of the machinery for use in training and common manufacturing facility.

Recommendations and Way Forward: There is need to provide adequate resources for completion of the upgrading workshops at Thika TPCSI and Workshops at Kariakor.

Development of the Industrial Clusters - Athi River Textile Hub

Location: Athi River - Machakos

Objective: Project objective is to promote and facilitate export-oriented investments through provision of basic infrastructure facilities that are key in attracting and retaining investors in textiles value chain at the Export Processing Zones.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development and Export Processing Zones Authority (EPZA).

Project Progress: During FY 2018/19, the construction of industrial warehouses phases I (4 clusters of large industrial sheds each with 4 units and 8 SMEs incubation sheds each with 2 units all totaling to 40,320 square meters) was at of 80 completions level per cent and paved 14 Kms of New Internal Access roads. This contributed to increase in cumulative capital investments at EPZs to Kshs 105.76 billion and exports from EPZs reached Kshs 73.56 billion in 2018.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: inadequate budgetary allocation for development and completion of industrial warehouses, restriction on access to domestic market for products from EPZs and inadequate marketing and promotion to attract more investments.

Recommendations and Way Forward: In order to reduce the impediments to attracting and retaining export-oriented investments, there is need to increase the funding level, review the EPZ legal framework and continue with improving the overall business environment for the country.

Accreditation, Intellectual Property Rights and Standards Infrastructure Programme

Location: Nationwide

Objective: Project objective is to strengthen the standards infrastructure to meet the rapidly changing consumer needs, preferences and quality requirements which include standardization, metrology, testing and quality management including certification and accreditation and protection of intellectual property rights (IPRs).

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development, Kenya Bureau of Standards, KIPI & KENAS.

Project Progress: During the FY 2018/19, KIPI registered 408 patents, 124 utility models and 176 industrial designs. The upgrading and equipping Kenya Bureau of Standards (KEBS) testing laboratories at Eldoret was at 85per cent completion rate and 66 & 725 standards developed to support the Big Four agenda and the industry respectively. The number of Conformity Assessment Bodies (CABs) assessed was 124 and newly accredited bodies were 3. In addition, the Kenya Accreditation Service Bill was submitted to the Cabinet for Approval.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: Inadequate budgetary allocation for development and completion of Standards and Accreditation Infrastructure facilities for testing and calibration services and for registration of IPRs and weak legal framework for accreditation services affected the delivery of service to the SMEs and large enterprises.

Recommendations and Way Forward: The is need to allocate adequate resources for implementation of the Accreditation and Standards in the country.

Micro Small and Medium Enterprises Development Programme - Branding and Marketing of Kenyan MSMEs Products

Location: Nationwide

Objective: Project objective is aimed at enhancing productivity, quality and competitiveness of MSMEs products through provision of technology, design, product development, standardization, and protection of innovations and industrial property rights.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development, KIPI, KEBS, KIRDI.
Project Progress: During FY 2018/19, KEBS certified 10,265 products from large firms and 3,076 SMEs products and compliance of products to standards in the market reached 94 per cent. During the same time, KIPI enhanced intellectual property rights protection by maintaining intellectual property desks at Public Universities for registration of innovations developed from the universities and for advisory services to youth/startups.

In addition, KIRDI developed and transferred 7 new technologies and upgraded 20 MSMEs products and incubated 584 MSMEs who created over new 1,000 jobs.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: Inadequate budgetary allocation to further facilitate the protection of industrial property rights by the Start-ups / SMEs, limited facilities for incubation of SMEs and limited access to the free-available IPRs from KIPI database for usage by the SMEs.

Recommendations and Way Forward: To provide adequate resources for implementation of industrial property rights including free registration of innovations from the youth, start-ups and SMEs, avail the free expired IPRs for usage, enhancing the product certification for the SMEs/large firms by KEBS and enhancing accreditation services.

Skills Development for the Manufacturing Sector

Location: Nakuru

Objective: Project objective is to transform Kenya Industrial Training Institute (KITI) into a centre of excellence for providing skilled manpower for the industrial sector.

Implementing Agencies: Ministry of Industrialization, Trade and Enterprise Development, Kenya Industrial Training Institute (KITI).

Project Progress: During FY 2018/19, KITI trained 2,150 students on industrial and entrepreneurship skills. In addition, the construction of infrastructure facilities (hostel, central stores, walkways, workshops) slightly increased from 41 per cent to 45 per cent due to low budgetary allocation.

Challenges and Lessons Learnt: The challenges experienced during the implementation of the project include: inadequate budgetary allocation training of youths and industrial workers and for completion of training infrastructure facilities.

Recommendations and Way Forward: There is need to provide adequate resources for completion of the infrastructure facilities for training on industrial and entrepreneurship skills.

Natural Products Industry Initiative

Location: Nationwide

Objective: To harness a vibrant natural products industry premised on creating an interphase between indigenous knowledge and science and technology on the one hand and the best of business expertise on the other hand in order to generate a range of products in the nutritional, personal care, phyto-medicine, and household care categories.

Implementing Agencies: Ministry of Sports, Culture and Heritage and the National Museums of Kenya.

Project Progress: During FY 2018/19, the Draft Natural Products Industry Policy was developed awaiting Cabinet Approval. In addition, a Legal Notice to establish NPICB (Natural Products Industry Coordination Board) was prepared and submitted to Office of the President for concurrence and approval. Indigenous knowledge data collection protocols for documenting, profiling and securing indigenous knowledge was developed as part of the training materials in Baringo and Vihiga counties. In two Counties, 43 selected officers were trained in indigenous knowledge documentation, preservation and utilization. A pre-clinical research proposal was prepared on the ethno-botanical use of Mturi turi (Abrus precatorius) seed as a natural contraceptive and submitted to the Sports, Arts and Social Development Fund (SASDF) for consideration and funding.

Under the African Indigenous Vegetable (AIV) value chain project in Vihiga County, quality certified seeds were procured and distributed to more than 2,500 farmers and were trained on Good Agricultural Practices (GAP). This effort is to boost the production segment of the AIV value chain. AIVs are highly nutritious and richly endowed with unique health promoting minerals and vitamins and have high content of antioxidants that mop up cancer causing free radicals from the body.

Challenges and Lessons Learnt: The key challenge facing the project is the lack of the Natural Products Industry Policy and Legal Framework for a conducive and supportive environment to enable the harnessing of the natural products sub-sector in the country. Insufficient funding has affected the implementation of project activities.

Recommendations and Way Forward: The pending approval of the Natural Products Industry Policy / Legal Notice needs to be fast tracked by the Cabinet. The Vision 2030 Delivery Board (VDB) should lobby for the approval of the pending policy/legal notice. In addition, there is need for Budgetary allocation for the establishment of extensive Aloe Plantations and basic processing facilities and incentives to attract the private sector to invest in manufacturing of Natural Products including the aloe based finished products.

BUSINESS PROCESS OUTSOURCING (BPO) AND IT-ENABLED SERVICES

The objective of this sector is to be ***a top off-shoring destination in Africa.*** The Business Process Outsourcing sector continues to be a key enabler of growth across most sectors of the economy as economic agents leverage on availability of technologies to grow their businesses and maximize returns.

According to the Economic Survey of 2019, the sector continued to be a key enabler of growth across most sectors of the economy as economic agents leverage on availability of technologies to grow their businesses and maximize returns from their investments. During the review period, the sector grew by 11.4 per cent in 2018 compared to 11.0 per cent in 2017. The sector's growth was bolstered by the continued expansion of the telecommunications sub-sector especially mobile telephony and internet services that have been integrated into most personal and business activities. Most telecommunications indicators pointed to accelerated activity in the sector. The number of call minutes rose by 26.8 per cent to 55.9 billion minutes in 2018 compared to 44.1 billion minutes in 2017. During the period under review, the number of mobile transactions increased significantly (65.5 per cent) while the total number of transactions rose from 1.5 billion in 2017 to 1.7 billion in 2018. A total of Kshs 4.0 trillion was transacted through mobile money in 2018 compared to Kshs 3.6 trillion recorded in 2017.

Konza Technopolis

Location: Konza Technopolis

Objective: The project is aimed at developing a globally competitive smart city by creating an enabling environment through utilization of ICT for socio-economic development.

Konza Technopolis is a smart city designed and implemented by the government of Kenya to enhance Kenya's innovation ecosystem and digital economy by providing the missing infrastructural and technological links.

The Government is financing the implementation of Konza National Data Centre and Smart City Facilities to bridge technological gaps to ensure the city is established to smart city standards as envisaged in the city's Masterplan, the Vision 2030 Blueprint and the Kenya's Digital Economy Blueprint – 2019.

To bridge the infrastructural gaps in the city, the Government is financing the Horizontal Infrastructure project which is implemented through EPC-F. The Horizontal Infrastructure project entails establishment of Phase 1 Streetscapes, Waste water Reclamation Facility, Municipal/ Public Buildings and Parks among others.

Implementing Agency: Konza Technopolis Development Authority (KoTDA).

Project Progress: The project is being implemented in 4 phases, the first phase which cover 400 acres is currently under development. The progress of key infrastructural projects undertaken to establish and operationalise Phase 1 of the Technopolis are as outlined below:

i. Konza Complex
The project comprises of Office Block, Conference Facility and Hotel Block which is financed at a cost of Ksh. 3.9 Billion. The project accommodates the City's Headquarters from where city administration and coordination of onsite projects is undertaken. Currently, the Office Block is 98 per cent complete and has been operationalised and occupied with extra space available for letting to tenants. Construction of

Konza Data Centre

the Conference Facility which falls under Phase 2 of the project is to commence FY 2020/21.

ii. Horizontal Infrastructure financed through EPC-F Horizontal Infrastructure project implemented through EPC-F (Engineer, Procure, Construct with Finance) at a cost of Kshs. 40 Billion comprising of Roads and Streetscapes, Wastewater Reclamation Facility, Municipal/Public Buildings and Parks is on-going and is currently at 15 per cent completion.

iii. Master Delivery Partner Two (MDP2) Consultancy The MDP2 Consultancy, at a cost of Kshs. 3.8 Billion provides smart city technical support for the Authority as it implements Phase 1 of the city. The smart city technical support is provided in the areas of Project Leadership, Finance Planning, Project Communications, Development Guidelines, Land Administration, Design Management and Construction Management. The overall project completion rate is at 30 per cent.

iv. Konza National Data Centre and Smart City Facilities. The Government is implementing the Konza National Data Centre and Smart City Facilities project at a cost of Kshs. 17 billion to support all ICT dependent applications, processes and technologies nationally. Currently, Phase 1 of the Data Centre is fully completed, and clients are being on boarded. While construction for the second Phase namely the Primary Data Centre has commenced and is at structural (civil works) stage with a completion rate of 50 per cent.

v. Investor Outreach
The city has delineated 134 parcels of land within Phase 1 of Konza Technopolis for investments. So far, the city has attracted a total of one hundred (100) investment interests drawn from public and private sectors as well as international investors. A total of fifteen (15) investors have been cleared to invest in the city in the areas of Academia, Health, Technology, Energy and Real Estate.

Challenges and Lessons Learnt: The challenges experienced by the project in the period under review were: Force Majeure due to extreme wet weather conditions, especially in FY 2018/19 which slowed down pace of implementation for Horizontal Infrastructure, pending enactment of the KoTDA Bill and inadequate technical staff.

Recommendations and Way Forward: The Authority will need to continue to pursue partnerships which will be critical to achieving offsite infrastructural progress of construction of a Bulk Water Supply line from Thwake Dam to Konza Technopolis, extension of the Nol-Turesh Pipeline to Konza Technopolis, connections of the city to new power lines, rehabilitation of the Nairobi – Konza Technopolis Metre Gauge Railway (MGR) line and the Konza MGR–Lukenya Station as well as dualling of Mombasa – Nairobi Road (A109) to ease traffic flow between Konza Technopolis and Nairobi.

The Authority will also need to mobilize adequate and sustainable financing to meet the Authority's mandate and adapt to the changing needs of the Government, businesses, and the city's residents. In so doing, it will create and sustain a strong brand and image of Konza Technopolis to position the city as a premier global destination for investments, research, innovation and nurturing startups. Fast-tracking the enactment of the KoTDA Bill is critical. Recruitment of adequate staff both technical and non-technical to allow knowledge transfer when consultants and contractor exit is also required.

FINANCIAL SERVICES

The sector strives to have '*a vibrant and globally competitive financial sector driving high level of savings to finance Kenya's investment needs* . Financial services play a critical role in development of a country's economy by providing better intermediation between savings and investments. This goes hand in hand with enhancing mobilization of investment funds for the realization of the Vision 2030. The financial sector in Kenya comprises of banking, insurance, capital markets and pension funds.

Performance of the financial and insurance sector was stronger in 2018 compared to constrained growth in 2017 following the introduction of capping of interest rates in 2016. The growth realized in the period under review was mainly supported by considerable improvements in financial activities despite a deceleration in the growth of insurance activities. The sector expanded by 5.6 per cent in 2018 compared to 2.8 per cent in 2017.

During the review period, domestic credit rose by 4.6 per cent in 2018 compared to 8.7 per cent in 2017. Growth of credit to the National Government was slower (13.6 per cent) in 2018 compared to 27.5 per cent in 2017. Similarly, credit to the private sector expanded by 1.9 per cent in 2018 compared to 4.1 per cent growth in 2017. Money supply rose by 10.1 per cent in 2018 compared to 9.6 per cent growth in 2017. The interest income earned by commercial banks rose by 30.7 per cent from Kshs 368.2 billion in 2017 to Ksh 379.6 billion. This growth was mainly driven by interest from investment in government securities which increased by 13.4 per cent in the review period. The growth of interest income from loans and advances contracted by 1.7 per cent in 2018. Insurance activities slowed down to 5.2 per cent growth in 2018 from 6.5 per cent in 2017. This was evident in the slowdown in the growth of gross premium income from 13.6 per cent in 2017 to 5.3 per cent in 2018.

Table 7: *Financial Sector Performance, 2017 vs 2018*

Financial services	2017	2018
Market capitalization (Ksh Bn)	2,521.77	2,102.02
Equity Turnover (Ksh Bn)	171.611	175.657
Bond Turnover (Ksh Bn)	435.918	562.716
Domestic credit to private sector (Ksh Mn)	2,496,453	2,422,000
Banking assets (net) (Ksh Bn)	4,002	4,308
Domestic credit to Government (Ksh Bn)	755.698	956.300

Source: *Capital Markets Authority (CMA)*

Nairobi International Financial Centre (NIFC)

Location: Nairobi

Objective: To establish Kenya as a leading financial Centre in Eastern, Central and Southern Africa.

Implementing Agencies: The National Treasury and the NIFC Authority

Project Progress: The NIFC is managed by the NIFC Authority, which was established by the NIFC Act in 2017. During FY 2018/19, key milestones have been accomplished towards realizing the NIFC objectives. These include: the development of the draft organization structure and procurement of office, request for the appointment of NIFCA Board members has been made, and the draft documents that govern the operating framework of the NIFC developed and issued to Financial Sector regulators for comment, prior to public consultation. The draft documents included: NIFC General Regulation and General Rules, Steering Council Terms of Reference and Draft Memorandum of Understanding (MOU) between the NIFC Authority and Financial Sector regulators. In addition, the procurement of branding NIFCA is in progress.

Challenges and Lessons Learnt: Until recently the pace of implementation has been slow which has impacted overall enthusiasm, however the renewed impetus will revive the interest.

Recommendations and Way Forward: There is need for all government entities, when called upon, to support the NIFC Authority in order to speed up the implementation of the project and meet the desired goals.

Deepening of Capital Markets

Location: Nationwide

Objective: To promote long term investments by creating a conducive environment for the capital markets.

Implementing Agencies: The National Treasury and Capital Markets Authority.

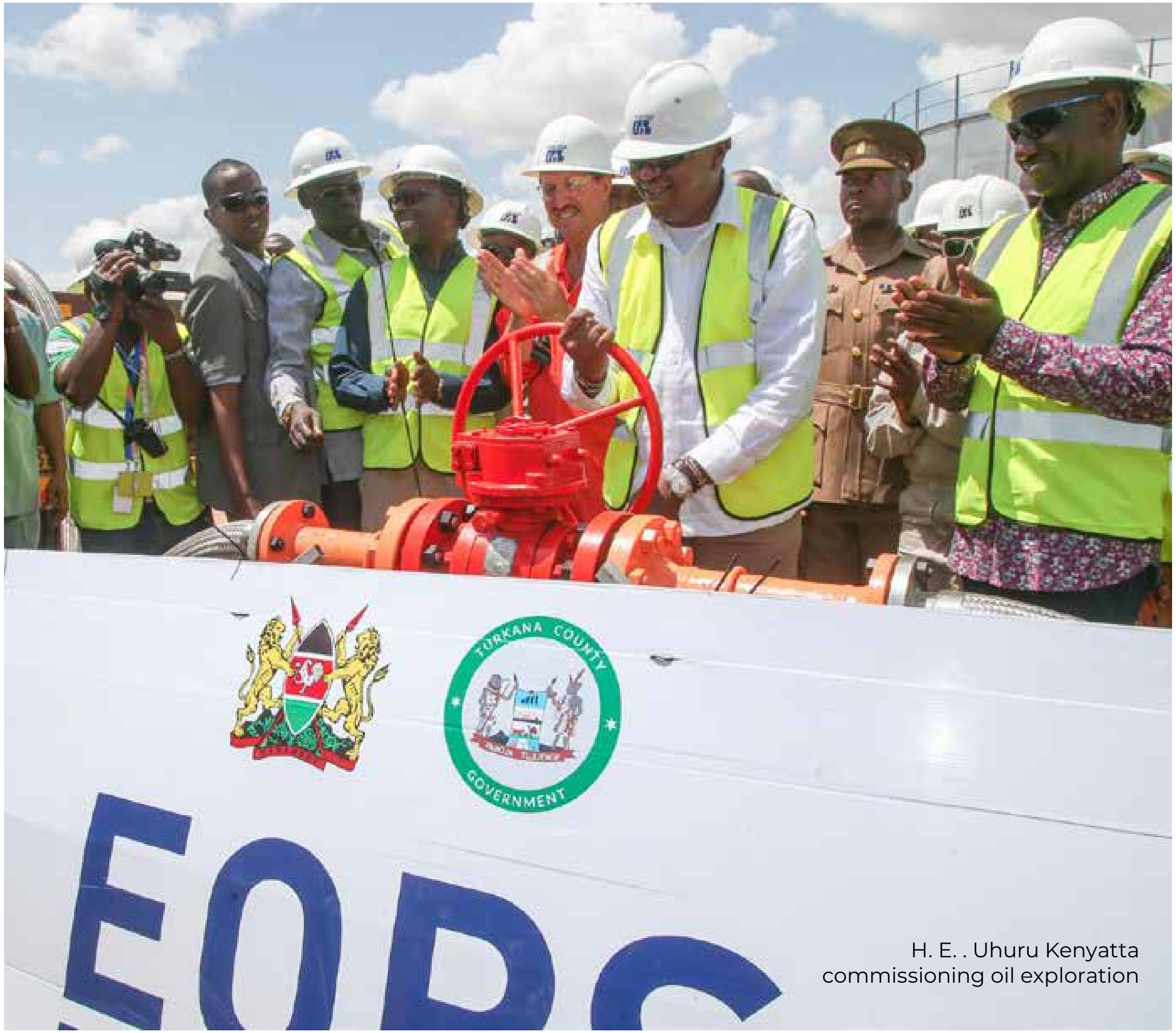
Project Progress: The Capital Market Master Plan (CMMP) was finalized and launched in November 2014. As at end of FY 2018/19, the implementation of the Capital Markets Master Plan was at 45 per cent. The status however rose to 54 per cent as at end of December 2019. Some of the key achievements during FY 2018/19 include, amendments to Capital Markets Act, 2018 to make the capital markets regulatory environment more facilitative, gazettement of the Capital Markets (Securities Lending and Borrowing, Short selling Regulations 2018), enactment of the Warehouse Receipt System Act 2019, implementation of a new trading system at the Nairobi Securities Exchange, Implementation of a new central depository system at the Central Depository & Settlement Corporation (CDSC), and operationalisation of the Capital Markets Regulatory Sandbox framework, with three (3) innovators admitted in the Sandbox.

Challenges and Lessons Learnt: Slow legislation process and low uptake of capital markets products has been a challenge. The low investor confidence as a result of the two (2) collapsed banks as well as poor performance of some listed companies continued to suppress the investors interest in capital markets products and services. A key lesson learned is the need for high level involvement and appreciation by all stakeholders in the critical role capital markets can play in mobilization of long-term financial resources.

Recommendations and Way Forward: There is need for the Authority to strengthen its strategic influence to ensure that the projects in the master plan are achieved especially where results are dependent on other agencies. A good strategic influence with entities such as Parliament remains paramount. There is also need for a financial sector crisis management framework following failure of 2 banks. Stakeholder mapping and more strategic engagement is needed. New investor education strategies are also required to enhance uptake of products. More critical is implementation of Regulatory sandbox to support Fintech innovations. Amendment of the Capital Markets Act to strengthen Authority's enforcement capacity is also required.

OIL, GAS AND MINERAL RESOURCES

Oil, Gas, and Mineral Resources is a strategic sector in facilitating economic growth and development. The objective is *'Promoting sustainable development of the Extractive Sector'*. The sector has the potential to boost the country's economic growth and development through increased export earnings, development of infrastructure, employment creation and improvement of social welfare. Petroleum is a priority sub-sector in the realization of the Sustainable Development Goals (SDGs) Goal No. 7 of reliable, clean and affordable energy for all by 2030. Ongoing oil discoveries within the country will transform Kenya from being a net importer of petroleum products to self-sufficiency and also delve into exportation. The sector endeavors to make Kenya the regional oil, gas and minerals hub.



H. E. . Uhuru Kenyatta commissioning oil exploration

Commercialization of the Oil and Gas Discoveries

Location: Nationwide

Project objective: To ensure maximum exploitation of the existing Oil and Gas deposits in Kenya.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Petroleum.

Project Progress: Commercialization of the Oil and Gas discoveries is an ongoing process where thirty-six Petroleum Exploration Blocks were marketed. More blocks became vacant because companies surrendered blocks back to the Government. However, based on the information available, various International Oil Companies have expressed interest and sought further information on the thirty-six open blocks.

Challenges and Lessons Learnt: The project has faced various challenges including: land acquisition which has caused delays and increased costs of undertaking the project, inadequate financial resources, high incidences of insecurity in the project area, inadequate technical skills in the sector and data on Oil and Gas has not been easily available.

Recommendations and Way Forward: A framework on land acquisition for the petroleum sub-sector should be developed so as to ease implementation of the project. Financial resources allocation should be enhanced while security in the project areas should be prioritized. There is need for specialized and continuous training in the oil and gas sector and investment in data collection, storage and management should be enhanced.

Complete Early Oil Pilot Scheme (EOPS) Project

Location: Turkana (South Lokichar)

Objective: To evacuate early crude oil from early oil discoveries in the Lokichar South Oil fields to Mombasa for export so as to introduce the Kenyan oil to the international market ahead of full field production.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Petroleum.

Project Progress: In the oil and gas sub-sector, the Early Oil Pilot Scheme (EOPS) implementation is ongoing. Production and trucking of crude oil is at 2,000 barrels per day. This has been eased by enactment of the Petroleum law, approval of ERC operating licenses and NEMA Environmental and Social Impact Assessment approvals which have made achievement of the target possible. The first export of Kenyan Crude Oil of 240,000 barrels is expected to be done in the first quarter of FY 2019/20.

Challenges and Lessons Learnt: Challenges faced during implementation of the projects include insecurity in the oil fields, poor road network and high local community expectations on shared revenue from production.

Recommendations and Way Forward: There is need to enhance security in all project areas prior to implementation. Relevant infrastructure should be put in place before full field development and sensitization carried out to the local community on project expectations.

Capacity Development for Oil and Gas through the Kenya Petroleum Technical Assistance Project (KEPTAP)

Project Location: Government institutions

Project Objective: To enhance capacity in the Oil and Gas Sub-Sector by training Government Personnel on Oil and Gas.

Implementing Agencies: Ministry of Petroleum and Mining, State Department for Petroleum& KEPTAP.

Project Progress: Under capacity development for Oil and Gas through KEPTAP, 349 staff of petroleum sub-sector management institutions from various government agencies have been trained in 71 oil and gas related courses within and outside the country out of which 33 per cent were females and 67 per cent male.

Challenges and Lessons Learnt: Lack of a transparent and clear selection criterion for beneficiaries.

Recommendations and Way forward: A clear selection criterion for the beneficiaries should be developed to ensure a fair, open and transparent selection process.

Construction of Lokichar-Lamu Crude Oil Pipeline

Location: Turkana, Samburu, Isiolo, Meru, Garissa and Lamu.

Objective: To evacuate Oil by Pipeline from Production Fields in Lokichar to Lamu.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Petroleum.

Project Progress: The construction of Lokichar-Lamu crude oil pipeline is gaining traction as Joint Development Agreements (JDA) have been signed and the Pipeline Steering Board (PSB), the Pipeline Project Management team (PPMT) and Fibre Optical Cable (FOC) system have been operationalised. FEED and ESIA tenders were awarded in FY 2017/18 and the Front-End Engineering Design (FEED) work is ongoing. Community sensitization is still ongoing with Lamu, Garissa, Meru and Marsabit Counties complete and only Turkana and Samburu County remaining. Make up water route is set to start and be completed in the FY 2019/20 before construction of the oil pipeline commences.

Challenges and Lessons Learnt: Challenges faced during implementation of the programme include the Land acquisition process being too lengthy while the pipeline route which runs alongside the LAPSSET Corridor has not been completed.

Recommendations and Way Forward: Land access and Acquisition Framework should be fast tracked and community sensitization meetings should be undertaken as a priority in Turkana and Samburu Counties.

LPG Distribution and Storage Project in Mombasa and Nairobi

Project Location: Mombasa and Nairobi

Project Objective: To increase and ease distribution of Liquefied Petroleum Gas (LPG) by enhancing storage capacity in Nairobi and Mombasa.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Petroleum.

Project Progress: The Project has not started.

Challenges and Lessons Learnt: No budgetary allocation for the project during FY 2018/19.

Recommendations and Way Forward: Budgetary allocation for the project should be done in future so as to implement the Project.

Enhancement of Petroleum Products Storage Capacity in Mombasa

Project Location: Mombasa

Project Objective: To rehabilitate and increase storage capacity for petroleum products.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Petroleum.

Project Progress: Storage tanks in Mombasa were rehabilitated and capacity increased by 100,000m^3.

Challenges and Lessons Learnt: There were no major challenges in implementing the project as all the resources required were provided on time.

Recommendations and Way Forward: Provision of required resources on time eases the process of Project implementation.

Establishment of Centre of Excellence in Oil and Gas

Project Location: Kenya Pipeline Company, Oil and Gas Institute, Morendat, Naivasha.

Project Objective: To establish and train world class personnel in the Oil and Gas Sector.

Implementing Agency: Kenya Pipeline Company

Project Progress: The establishment of a centre of excellence in Oil and Gas has seen Kenya Pipeline Company commence engagements with Southern Alberta Institute of Technology (SAIT) Canada with a view to collaborate in provision of world class training at Morendat Institute of Oil and Gas (MIOG). The Institute has so far trained 210 Kenyans on technical courses covering instrumentation and control, basic and advanced firefighting, oil jetty operation and laboratory technologies.

Challenges and Lessons Learnt: It was challenging to establish initial engagement with other institutes of learning on training collaborations.

Recommendations and Way Forward: Continuous engagement and collaboration with other oil and gas institutes of excellence is vital in provision of world class training.

Mwananchi LPG Project (National Liquefied Petroleum Gas Enhancement Project)

Project Location: Nationwide

Project Objective: To promote use of LPG as a clean fuel alternative to biomass among low-income households.

Implementing Agency: Ministry of Petroleum and Mining

Project Progress: The Mwananchi LPG project has not commenced as there was no budgetary allocation for the project.

Challenges and Lessons Learnt: Inadequate budgetary allocation

Recommendations and Way Forward: Budgetary allocation for Flagship Projects should be a priority.

Quality Assurance of Petroleum Products

Project Location: Nationwide

Project Objective: To ensure quality and secure petroleum products are consumed in the market.

Implementing Agency: Ministry of Petroleum and Mining.

Project Progress: Monitoring of motor fuels to prevent use of adulterated fuels was enhanced by undertaking quality assurance of petroleum products where 14,280 samples were tested.

Challenges and Lessons Learnt: Monitoring of quality of petroleum products nationally is labour intensive and requires a lot of human and financial resources to accomplish.

Recommendations and Way Forward: There is need to recruit more inspectors to carry out the quality assurance and allocate more financial resources so as to increase the coverage.

Geological Surveys

Project Location: Nationwide

Project Objective: To undertake geological surveys nationally to evaluate the mineral potential of the country.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Mining.

Project Progress: Airborne Geophysical surveys work was initiated and the implementation of the project was changed from a contracted consultant to a team of multi-agency government institutions due to the complexity nature of the project.

Challenges and Lessons Learnt: the information of the project is at the custody of the multi- agency government team and can only be released once the team completes the work.

Recommendations and Way Forward: the State Department for Mining should be allocated resources to carry out monitoring of this project since it is the mandated authority on matter geological survey in Kenya.

Internationally Accredited Mineral Certification Laboratory (IAMCL)

Project Location: Nairobi

Project Objective: The main objective of this project is to generate revenue from certification of minerals in the country and East Africa.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Mining

Project Progress: The infrastructure work for this IAMCL is complete and equipping is being done in phases.

Challenges and Lessons Learnt: The certification of the laboratory to international standards has not been done since equipping is not completed.

Recommendations and Way Forward: Fast track the ISO17025:2017 by undertaking the basic steps and completing the acquisition and installation of the equipment.

Establishment of Geological Data Bank

Project Location: Nairobi

Project Objective: to be a repository for all geological data and information in the country.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Mining.

Project Progress: installation of IT infrastructure was 100 per cent complete with 90 per cent of hard copy records having been scanned and 60 per cent cataloguing done. Database design and development is 30 per cent done.

Challenges and Lessons Learnt: Most of the geological data for Kenya is in the custody of British geological survey and that in Kenya is not updated. The project is fully sponsored by the Government of Kenya hence it has suffered from frequent budget rationalization.

Recommendations and Way Forward: There should be continuous Capacity building and knowledge transfer in all the critical areas which can be done in collaboration with Development Partners. Enhance Data Bank on Oil, Gas and other minerals. Further, data repatriation from British geological survey should be fast tracked.

Enhancing Mining for Development

Project Location: Nationwide

Project Objective: the main objective of this project is to enhance development of mineral resources through value addition to increase the competitiveness of these minerals.

Implementing Agency: Ministry of Petroleum and Mining, State Department for Mining.

Project Progress: In the Mining sub-sector, as at FY 2018/2019 extraction of heavy sand in Kwale County was ongoing and construction of Voi gemstone centre was completed with feasibility study for Vihiga granite centre, Kakamega Gold refinery and Kisii soapstone value addition centre completed.

Challenges and Lessons Learnt: Most minerals in the country are sold in their raw form hence they fetch very minimal revenue. The equipment required for these value addition centres are not locally available and are very expensive to import.

Recommendations and Way Forward: Fast track the construction and equipping of the reaming value addition centres in the country and train the required manpower to carry out the required polishing and faceting of the gemstone products.

Capacity Building of Artisanal and Small-Scale Miners (ASM)

Project Location: Nationwide

Project Objective: Empowerment of the artisanal and small scale miners with knowledge on mine health and safety and necessary mining technologies to minimize risk while mining.

Implementing Agencies: Ministry of Petroleum and Mining, State Department for Mining.

Project Progress: A total number of 1000 artisanal and small-scale miners have been trained.

Challenges and Lessons Learnt: Use of mercury and cyanide in gold amalgation, mine collapse due to non adherence to required standards.

Recommendations and Way Forward: Continuous training and inspections to ensure adherence to laid down regulations. Collaboration with partners supporting mining activities is key to achievement of the objective.

Minerals and Metals Commodity Exchange and Mineral Promotion and Investment

Project Location: Nationwide

Project Objective: To have a mineral trading hub in Kenya to enable individuals invest in minerals and metals for income generation.

Project Progress: The Minerals and Metals exchange is part of the established Kenya commodity exchange. This will enable the exchange of minerals and metals as well.

Challenges and Lessons Learnt: It has taken a while to have the framework for minerals and metals commodity exchange to be approved and the National Mining Corporation is not fully operational.

Recommendations and Way Forward: Fast track the approval of the Minerals and Metals commodity exchange framework, and operationalise the National Mining Corporation. There is also need to carry out value addition of minerals to improve the country's competitiveness.

BLUE ECONOMY

The Blue Economy Sector, a component of the Economic Pillar entails sustainable use of aquatic and marine spaces including oceans, seas, coasts, lakes, rivers, and underground water. The objective is ***'to Sustainably manage and develop the Blue Economy resources for enhanced socio-economic benefits to Kenyans'.*** It encompasses a range of productive sectors, including fisheries, aquaculture, tourism, transport, ship building, energy, bio prospecting and underwater mining and related activities. Kenya is rich in coastal and maritime resources (230,000-km2 Exclusive Economic Zone) that have a high potential to contribute towards the attainment of the Big Four initiatives. This is due to the many forward and backward linkages with other productive sectors in wealth and employment creation, food and nutritional security and in the service and manufacturing sectors. The fisheries sub-sector plays an important role in the economic and social development of our Country where it supports over 2 million people directly and indirectly. Kenya's national annual fish production is about 135,000 metric tons (MT) valued at about Ksh. 24 billion (Economic Survey, 2019).

Total fish output increased from 135.1 thousand tonnes in 2017 to 146.7 thousand tonnes in 2018. Fresh water fish increased from 111.8 thousand tonnes in 2017 to 122.4 thousand tonnes in 2018. Lake Victoria accounted for 66.1 per cent of the total fresh water fish landed with an output of 98.2 thousand tonnes in 2018. Marine fish landed increased by 4.1 per cent to 24.2 thousand tonnes. The continued low share of marine fish landing is attributed to lack of technology and inadequate facilities necessary for fishing in deep waters.

The total value of fish output rose by 4.5 per cent to Ksh. 25.56 billion in 2018. The value of fish from freshwater sources grew from Ksh. 18.58 billion in 2017 to Ksh. 20.99 billion in 2018. Fish landed from fresh water sources accounted for 81.0 per cent of the total value of fish. Similarly, the value of fish from marine sources increased by 4.4 per cent from Ksh. 4.37 billion in 2017 to Ksh. 4.57 billion in 2018.

Development of the Blue Economy Programme

Location: Nationwide

Objective: To sustainably manage and develop the Blue Economy resources for enhanced socio-economic benefits to Kenyans.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives; Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works; and Ministry of Tourism and Wildlife.

Project Progress: During the review period, a directory of stakeholders in Kenya's Maritime Blue Economy (Blue Pages) was developed and published. Content and materials for sensitization of the Young Population on the Blue Economy was developed and 3,314 learners from 15 primary and secondary schools in Mombasa, Kilifi, Kwale, Tana River and Lamu Counties sensitized. In order to promote Kenya as a centre for agro-based Blue Economy, 23 awareness forums were undertaken in Coastal counties for county governments and other stakeholders sensitized on the Blue Economy through the Blue Economy Implementation Standing Committee. An Inter-Agency Technical Working Group was constituted which has developed a road map for development of a Maritime Spatial Plan (MSP). The MSP will provide useful input in the development of a Blue Economy Master Plan. 10 Beach Management Units (BMUs) in Lake Turkana were trained in order to operate as commercial entities.

To ensure sustainable utilization of marine and aquatic resources, the Kenya Fisheries Advisory Council and Kenya Fisheries Industries Corporation were established while Boards of Management for Kenya Fisheries Service, Kenya Fish Marketing Authority and Fish Levy Trust Fund operationalised in line with the Fisheries Management and Development Act (FMDA) 2016.

Challenges and Lessons Learnt: The challenges that have been faced include; trafficking in illicit cargo in water, Inadequate policy integration and uncoordinated development in the Blue Economy sector, lack of supportive legislative framework and policies, insufficient training facilities and equipment to offer training required for qualification and certification under the Standards of Training Certification and Watch-keeping (STWC '78) Convention coupled with weak Monitoring, Control and Surveillance (MCS) have been experienced.

There has also been inadequate sharing of maritime information at the international and regional level, increased Illegal, unregulated and unreported (IUU) fishing activities in water bodies, inadequate appropriate technology to exploit marine resources and low adoption of such modern fishing and aquaculture technologies, pollution arising from developments around the basins such as agricultural, industrial and urban development that negatively affect marine ecological system, insecurity at sea, inadequate regional institutional framework for collaboration in some of the trans-boundary water bodies and lack of agro-ecological specific fish strains for aquaculture ;low investment in fisheries and aquaculture and low value addition coupled with inadequate post-harvest fisheries infrastructure such as cold storage facilities and markets and inadequate data on Blue Economy.

Recommendations and Way Forward: There is need to develop and enhance Policies and supportive legislative and Institutional to enable collaboration and cooperation amongst the different stakeholders in the Blue Economy Sector.

Fisheries and Maritime Infrastructure Development Programme

Location: Nationwide

Objective: To provide enabling infrastructure for the sustainable exploitation of the Blue Economy.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives and Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.

Project Progress: During the review period, the construction of Malindi fish market (2 per cent) and Mombasa fish markets (2 per cent), Shimoni Police sentry and kitchenette (7 per cent) commenced while the construction of Shimoni Mariculture Centre was initiated. Towards the establishment of the Liwatoni Fishing Port, a contract for renovation and rehabilitation works at Liwatoni Fisheries Complex was awarded.

Challenges and Lessons Learnt: Implementation of the project was affected by delay in the disbursement of funds under development budget for it was uploaded in the IFMIS by the end of the 1st quarter. Inadequate efficient monitoring and evaluation mechanism to facilitate fast tracking projects implementation and reporting.

Recommendations and Way Forward: Support and co-operation between the relevant National and County Governments institutions, plus the project beneficiaries is paramount in the successful implementation and completion of the project as scheduled.

Exploitation of Living Resources under Blue Economy Programme

Location: Coastal Region

Objective: To increase: socio-economic benefits from Kenya's EEZ and marine aquaculture, fish production from inland bodies, per capita fish consumption and the diversity of export markets for Kenyan fish and fishery products.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.

Project Progress: 146.5 MT of fish was landed and the per capita fish consumption in the country stood at 4kg by end of 2019. Toward establishing a National fishing and merchant fleet that will the help the country exploit in a sustainable manner the marine fisheries resources, a Memorandum of Understanding (MoUs) for a joint venture was signed between Everland Foods Ltd and Zhejiang Hairong Ocean Fishing Co. Ltd of China to deploy two basket vessels for crabs. Fish stocks in natural and manmade small water bodies were enhanced by stocking 8,000 fish brooders and restocking of rivers and dams with 720,000 fingerlings in a bid to increase fish production from inland water systems. One new community group from Kwale County (in Nyumba Sita and Funzi villages) was engaged in sea weed farming and 300 sea-weed farmers supported

Challenges and Lessons Learnt: The key challenges encountered in implementation of the projects were: inadequate staff and skills for fish quality assurance; inadequate capacity and skills for management and exploitation of deep-sea fisheries, lack of an integrated policy framework for development of the Blue Economy and delays in release of development budget. It is important that planned activities receive adequate funding as scheduled to ensure successful implementation of the same. It is crucial for The National Treasury to ensure that disbursement of the exchequer is in line with the approved cash flow plans to minimize disruptions and delays in implementation of projects and programmes.

Recommendations and Way Forward: There is need to provide budgetary allocation to cater for the operationalisation of the institutions created by the Fisheries Management and Development Act, 2016. These include: The Kenya Fisheries Service, the Kenya Fish Marketing Authority and Fish Levy Trust Fund among others for improved management and development of the fisheries sector and service delivery.

Aquaculture Business Development Programme

Location: 15 Counties (Nyeri, Kirinyaga, Meru, Homa Bay, Migori, Kakamega, Embu, Tharaka Nithi, Machakos, Kajiado, Kiambu, Busia, Siaya, Kisii and Kisumu).

Objective: To raise the efficiency and sustainability of on-going and new aquaculture activities.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, Relevant County Governements.

Project Progress: The aim of the programme is to increase incomes, food security and nutritional status of the rural poor households through fish farming. During the review period, the National Project Coordination Unit was established in Nyeri and a Regional Coordination Office established in Kisumu. A Programme Implementation Manual and Work Plans were developed. The project was launched in the first six implementing counties (out of the targeted 15 counties) in Nyeri, Kirinyaga, Meru, Homa Bay, Migori, and Kakamega where the stakeholders were sensitized on the project.

Challenges and Lessons Learnt: Some of the challenges included: delays in disbursement of finances to the Programme Operational Accounts and delays in obtaining No Objection from the Financier (IFAD) to implement activities especially approval of Terms of Reference (ToRs) and Tender documents for consultancy services.

Recommendations and Way Forward: Timely support from key project stakeholders especially National Government, County Governments and Financiers, International Fund for Agricultural Development (IFAD) is critical for implementing programme activities. An efficient mechanism to fast-track delays in disbursement of funds and obtaining No Objection from the financier is required.

Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) Programme

Location: Coastal Region (Mombasa, Lamu, Kwale, Kilifi and Tana River)

Objective: To increase the socio-economic benefits from Kenya's marine fisheries while safeguarding resource sustainability.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, County Governments of Mombasa, Lamu, Kwale, Kilifi and Tana River

Project Progress: The Government of Kenya (GoK) requested support from the World Bank under the Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED) to enhance economic benefits and coastal livelihoods from marine fisheries and coastal aquaculture while safeguarding associated ecosystems' integrity. During the review period, the GoK received Project Preparation Advance (PPA) funds from the World Bank towards the financing of preparation activities which involved undertaking ten (10) baseline consultancy studies out which eight (8) studies were completed.

Challenges and Lessons Learnt: The implementation of the project was slowed down due to the lengthy consultative process between the agencies involved. Support and co-operation between the relevant National and County Governments institutions, plus the project beneficiaries is paramount in the successful implementation and completion of the project as scheduled.

Recommendations and Way Forward: Stakeholders' involvement at all stages of project cycle including, design, implementation, reviews, monitoring and evaluation among others is necessary to ensure timely implementation, ownership and sustainability of the projects.

Aquaculture Technology and Development and Innovation Transfer Programme:

Location: Nationwide

Objective: To increase uptake of aquaculture technologies, innovations and improve safety of farmed fish.

Implementing Agency: Ministry of Agriculture, Livestock, Fisheries and Cooperatives.

Project Progress: During the review period, the Ministry upgraded aquaculture facilities at Sagana (60 per cent) and Kiganjo (100 per cent) that provide on hand training to fish farmers. Towards promoting the uptake of aquaculture technologies and innovation, ten innovative aquaculture market outlets were established and two national fish gene banks were developed. Further, 35 learning institutions in aquaculture technologies and innovations transfer were engaged on the implementation of Recirculation Aquaculture and Aquaponics Systems

Challenges and Lessons Learnt: Implementation of the project was affected by delay in the disbursement of funds under development budget for it was uploaded in the IFMIS by the end of the 1st quarter.

Recommendations and Way Forward: The National Treasury to ensure timely uploading of budgets within the first month of every Financial Year and release of exchequer.

Monitoring, Control and Surveillance Programme

Location: Nationwide

Objective: To establish fishing effort and trend of catches for evidence-based management while also enhancing safety of fish from natural water bodies.

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, Kenya Marine and Fisheries Research Institute; Kenya Fisheries Services.

Project Progress: During the period under review, the Ministry undertook one fisheries frame survey (which is a census of on all fishing vessels and gear) for Lake Victoria in between February and March 2019.

Challenges: Budget cuts slowed down the process of border points audit and collection of samples for fish and fish feed.

Recommendations and Way Forward: Fast track the completion and operationalisation of the National Fish Quality Laboratories. This will cut down on the cost of sending the samples outside the country for analysis.

Development of Fish Quality Laboratories Programme

Location: Nairobi, Mombasa and Kisumu

Objective: To enhance safety of fish and fish products consumed locally and exported.

Implementing Agency: Ministry of Agriculture, Livestock, Fisheries and Cooperatives.


Fish farming at Lake Victoria

Project Progress: The Ministry awarded contracts for renovation and rehabilitation works at the Kisumu laboratory; construction of access road, parking, and storm drainage at Nairobi laboratory and laboratory works and reconstruction of perimeter wall at Mombasa laboratory. In order to enhance safety of fish from natural water bodies, 1,600 samples of fish, fish feed and fish habitats were collected and analysed; ten border inspection points audited and twenty fish audit inspections were conducted. The ministry is also in the process of recruiting staff for the laboratories that are meant to serve fish players in Kenya and East African region.

Challenges and Lessons Learnt: Lack of inclusivity of relevant professionals and stakeholders in the design of the project resulting to some oversights like staffing of the laboratories and consequently delaying their operationalisation and Lack of the relevant laboratories staff to operationalise the labs and delays in their recruitment.

Recommendations and Way Forward: Fast track the recruitment of relevant staff, remaining works and processes to make the labs operational.

Rehabilitation of Fish Landing Sites in Lake Victoria Programme

Location: Lake Victoria.

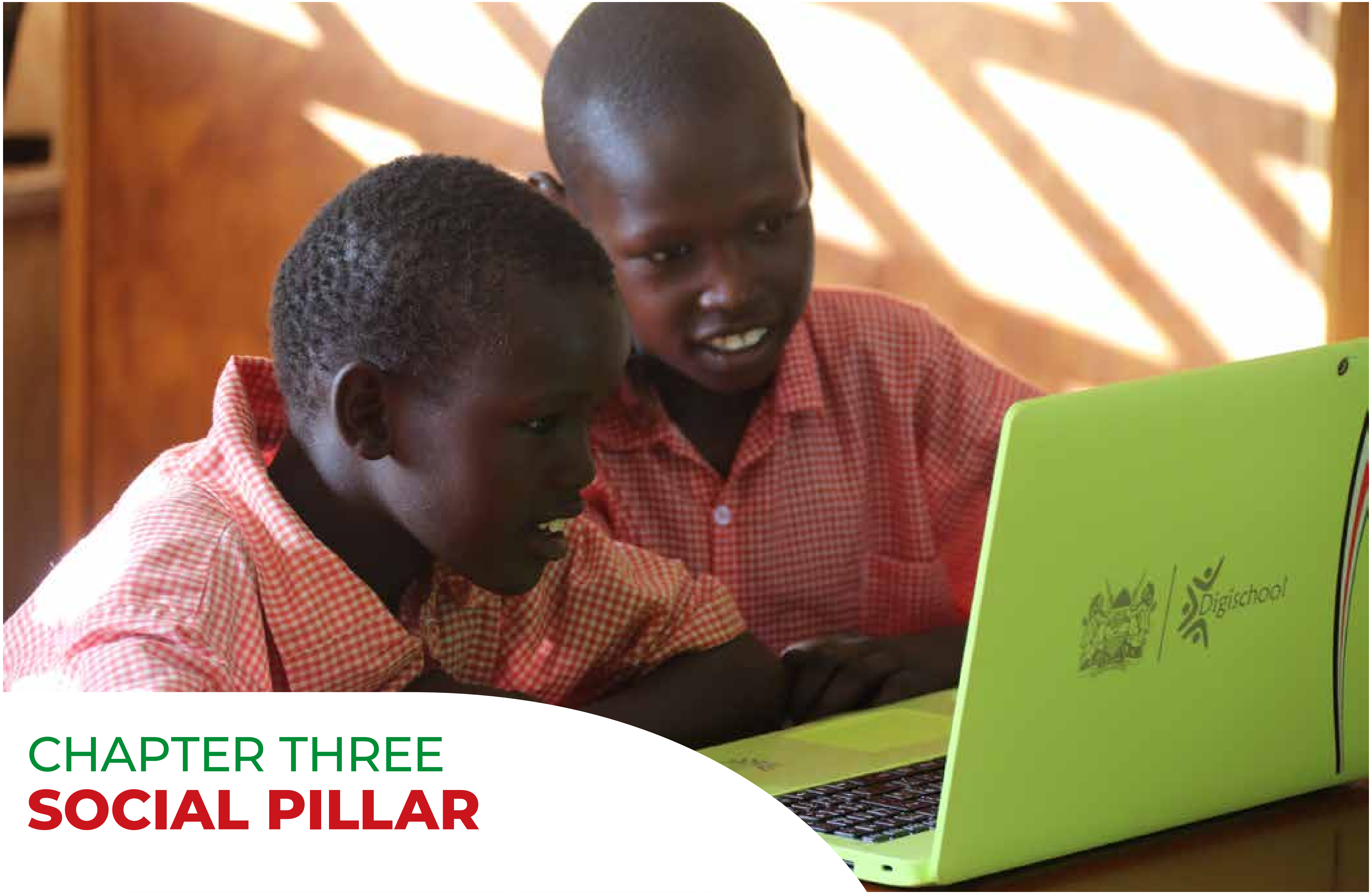
Objective: To improve fish handling facilities in order to reduce post-fishing losses

Implementing Agencies: Ministry of Agriculture, Livestock, Fisheries and Cooperatives, Kenya Marine and Fisheries Research Institute

Project Progress: During the review period, the project targeted to rehabilitate Six fish landing sites in Mulukhoba (Busia County), Ogal (Kisumu County), Luanda K'otieno (Siaya County), Sori (Migori County), Wichlum and Nyadhiwa in Homa Bay County along the Lake Victoria. The landing sites are at various stages of completion.

Challenges and Lessons Learnt: Some of the challenges encountered include; rising Lake Victoria water levels which disrupted the rehabilitation works, delayed payments due to untimely release of exchequer, inadequate monitoring and supervision on the projects implementation and delay in re-tendering of remaining works for e.g. Wichlum and Nyandhiwa fish landing sites.

Recommendations and Way Forward: The National Treasury to ensure timely uploading of budgets within the first month of every financial year and release of exchequer to facilitate timely payments and put up an efficient monitoring and evaluation mechanism to fast-track projects implementation and reporting.



CHAPTER THREE
SOCIAL PILLAR

INTRODUCTION

The Social Pillar aims to achieve a just and cohesive society enjoying equitable social development in a clean and secure environment.

It consists of six major sectors; Education and Training, Health, Environment, Water and Sanitation; Population, Urbanization and Housing, Gender, Youth and Vulnerable groups and Sports, Culture and Arts. Infrastructure development is incorporated within these sectors as part of the social service delivery. Progress within each sector varies dependent on various factors that generally influence the implementation of flagship projects.

EDUCATION AND TRAINING

"Globally Competitive, Quality Education, Training and Research for Sustainable Development"

The Sector is composed of Early Learning and Basic Education, Vocational and Technical Training, Post Training and Skills Development and University Education sub-sectors and their respective agencies as well as the Teachers Service Commission (TSC). The Sector priorities include: actualization of the right to free and compulsory basic education, improvement of post basic education, enhancement of quality and relevance of education, integration of ICT into teaching and learning, enhancement of financing in education and training and improvement of governance. The Sector will contribute to the Big Four Agenda by providing the requisite skilled human resource and promoting research and development.

Universal Secondary Education

Location: Nationwide

Objective: To ensure that all candidates who sit for the Kenya Certificate of Primary Education are guaranteed a place in Secondary School.

Implementing Agency: State Department for Early Learning and Basic Education.

Project Progress: The Government of Kenya implements the Free Day Secondary Education (FDSE) initiative, where subsidies are provided to all secondary school students in such schools. This has partly contributed to increased enrolment from 1.9 million in 2012 to 2.8 million in 2018/2019. Despite these efforts, Gross Enrolment Rate (GER) and Net Enrolment Rate (NER) are low even though the GER gained by 16 per cent while the NER gained by 14 per cent between 2013 and 2018. The GER was estimated at 70.3 per cent and NER was estimated at 53.2 per cent, respectively, in 2018. Hence about 53 per cent of eligible children attend secondary school against the world's average of 65per cent.

Challenges and Lessons Learnt: Close to 47 per cent of the eligible children do not attend secondary schools. Generally, access is low among children with special needs and those from rural areas, urban informal settlements, ASAL and less endowed areas; conflict-prone regions, including refugee camps, as well as those from poor households. Secondary education completion in North Eastern and Coast regions is about one third that of Central and Nairobi regions. In the North Eastern and Coast regions, more than 7 out of 10 do not go up to the end of secondary education. Factors contributing to low access among these children and thus increasing disparities are: poverty, direct costs (uniforms, transport among others), poor health, negative cultural practices, insecurity, long distances covered to schools and inadequate gender and child friendly facilities that mainly disadvantage girls and children with special needs, among others. As it is the case for primary level, enrolments among girls is higher than boys (at the macro level and in some regions). However, girls remain disadvantaged in some regions such as ASAL areas.

The Secondary Education Sub-Sector is also faced with a number of governances, management and accountability issues. These include: (i) Weak accountable governance structures and weak monitoring and tracking systems, (ii) Inadequate management skills for principals and Boards of Management, (iii) Mismanagement/misappropriation of resources and funds at the school level, (iv) Lack of implementation and monitoring of codes of conduct for management, teachers and other school personnel to prevent school-related exploitation and abuse of learners, (v) Lack of standards for maximizing physical safety in and around schools, (vi) Lack of a framework on how to engage communities in the establishment, management and governance of schools and, (vii) Undue political interference in the management of schools. An efficient and effective secondary education will require that all stakeholders are aligned towards the goal of safe and equitable learning for girls and boys alike.

Recommendations and Way Forward: There are disparities in access to secondary education. To ensure that all eligible learners are enrolled and retained in public secondary schools, the top priority is for Government to meet the full direct cost of day secondary education. Besides undertaking a differentiated unit cost for secondary education that accounts for among others, inflation, regional disparities and heterogeneities across schools, this requires schools to have adequate child friendly facilities. There is need to develop a framework to guide education interventions in vulnerable areas, establish a fund to support learners from vulnerable backgrounds, provide medical insurance cover to students in all public secondary schools, sensitize communities on cultural attitudes hindering access to secondary education, particularly for girls and adapt existing infrastructure in secondary schools to facilitate inclusive education. There is, therefore need to have a clear focus, cultivate a collaborative culture, deepen learning and secure accountability in secondary education.

Technical Vocational Education and Training (TVET) Infrastructure and Equipment

Location: Nationwide

Objective: To increase access, promote equity and improve quality and relevance of TVET training.

Implementing Agencies: State Department for Vocational and Technical Training (VTT), Technical and vocational Education and Training Authority (TVETA).

Project Progress: The project implementation is ongoing.

Challenges and Lessons Learnt: Inadequate infrastructure facilities for technical courses, inadequate and absolute equipment and uncoordinated investment of various funding initiatives.

The shift to Complete Based Educational and Training approach is likely to be slowed down by the dilapidated physical infrastructure and obsolete equipment as well as inadequate facilities that characterize most TVET institutions across the country.

Machin e installation in a technical college

Recommendation and Way Forward. There is need to increase resources for appropriate infrastructure development at Technical and Vocational Colleges (TVCs) and Vocational Training Centres (VTCs) to improve the quality of learning. Also conduct an assessment on capacity of physical facilities in TVET; fast track completing construction of at least one TVC in every constituency, expand 220 TVCs from a one department to a minimum of five department institution; rehabilitate existing TTIs and equip them with state-of-the-Art equipment.

Basic Education Competency Based Curriculum (CBC)

Location: Nationwide

Objectives: To ensure that education nurtures the potential of every learner and provide different pathways.

Implementing Agency: Kenya Institute of Curriculum Development (KICD), State Department for Early Learning and Basic Education, Kenya National Examinations Council (KNEC).

Project Progress: During the Financial Year 2018/19, 41 curriculum designs were developed. In addition, 8 curriculum designs for grade 4 were adapted to suite learners with visual, hearing and physical impairment, teacher handbook for learners with special needs education for intermediate level was developed and disseminated and a total of 215,500 curriculum implementers trained. These include Master Trainers, Champion Teachers, Curriculum Support Officers, Education Officers and Teachers. 150 electronic curriculum support materials were designed, developed, produced and disseminated under the same year of review and Monitoring of the National Implementation of CBC in Pre-Primary 1 and 2 and Grades 1, 2 and 3 was conducted.

In the same period, KICD carried out an online capacity building for the teachers, developed curriculum designs and curriculum support materials for Grade 4, curated 60 digital items for learners in Primary and Secondary schools to support Digital Literacy Programme (DLP), developed and disseminated 2000 Radio schools broadcast programmes and 18,000 EDU TV channel programmes. Further, a total of 180,000 hits were recorded on Kenya Education Cloud (KEC). In addition to this. Developed 20 curriculum designs for Grades 4, 5 and 6, and adapted 8 of the 20 curriculum designs to suit learners with special needs.

During the FY 2018/19, the process of book evaluation was reviewed to ensure quality of the content and quality of the learner's course books and teachers guides. All the curriculum supports materials submitted by publishers CBC Grade 4 were evaluated and almost of the approved curriculum support materials published in the Orange Book. In the same year, KICD continued with construction of an ultra-modern Education Resource Centre (ERC). Once completed, the Centre will house language laboratories, science laboratories and demonstration rooms. These facilities will specifically enhance development of curricula that will improve quality, equity and access to education, through promotion of science, technology and innovation. The facility will empower curriculum specialists to carry out experiments, demonstrate and test ideas, simulate and model concepts. The ERC will strengthen the capacity of the Institute in the development of practical, quality and relevant curricula that conforms to the ideals of the Kenya's Vision 2030 and Sustainable Development Goals.

Regarding the Competency Based Assessment(CBA) the following was achieved: Kenya Early Years Assessment (KEYA) pilot was carried out in 100 primary schools and tools for carrying out KEYA assessment in FY 2019/2020 developed, Training Manual on CBA for Early Years Education was developed and shared with all master trainers, trainer of trainers and all the trained Education officials, online system for identification of learners and analysis of results for CBA developed up to Grade 3, during the period, the following officers were trained on CBC/CBA, 57 Test Development officers, 1213Curriculum support officers, 91,000 Grade 1 to 3 teachers, Education officers in MoE (CDEs SCDEs, QASOs) and all TSC CDEs.

Further, KNEC trained an additional 15 SNE examiners to strengthen the integration of special needs learners. During the period under review. The Kenya National Examinations Council conducted the following studies in order to monitor leaner achievement in the education sector:

- *Early Grade Mathematics (EGMA) Class 2 end-line study;*
- *Monitoring Learners Achievement (NASMLA) Class 3 Study;*
- *Monitoring Learners Achievement (NASMLA) Class 7 Study; and*
- *Monitoring Learner Achievement (MLA) Form 2 Study.*

Challenges and Lessons Learnt: Inadequate human, physical and financial resources to implement the CBC. Instructional materials to meet individual needs of each and every learner at all levels was inadequate. Curriculum designs and syllabuses developed only up to Grade 3 making it a challenge to develop the CBA framework past Grade 3. Inadequate understanding of the new assessment concepts. Inadequate stakeholder engagement especially parents who are key in implementation of the new modes of assessment. In addition large class sizes which are not supportive of the new assessment approaches, few teachers are trained in SNE therefore recruitment is challenging. Kenya's 8:4:4 curricula, especially its form of assessment (which was largely summative), placed too much focus on exam passing rather than skill and knowledge acquisition. The curriculum was last reviewed more than ten years ago, although international trends demand that a curriculum needs to be revised every five years. A good curriculum contributes to the development of thinking skills and the acquisition of relevant knowledge that learners need to apply in the context of their studies, daily life and careers.

The public has not changed its mindset on modes of assessment. Parents are key players in the new mode of assessment. Therefore, there is need to empower them through capacity building. There is an increase in SNE candidates due to integration of special needs learners in the education system. The new mode of assessment will determine the number of SNE examiners that will be required in the plan period.

The framework for Competency Based Assessment is not fully operationalised. In addition, Alignment and upgrading of Teacher Training Colleges requires heavy investment which Government financing cannot meet. Assessment at various levels of education is important to ensure implementation of the curriculum.

Recommendations and Way Forward: The curriculum, needs to be a channel that brings about mastery of acceptable global competencies. The curriculum should reflect the Kenya National Development Agenda reflected in the Constitution, Vision 2030 and Sessional Paper No. 2 of 2015 that proposes a competency-based curriculum; establishment of a National Learning Assessment system, early Identification and Nurturing of Talents; introduction of National Values in the curriculum and introduction of three learning pathways at Senior Secondary School level. There is need for mind-set change on the new mode of assessment by the public. Training of teachers in lower primary should be conducted continually. TSC has started the phased-out trainings on the CBC and CBA.

Awareness creation on the new Curriculum and modes of assessment to all education stakeholders to be supported, need to improve the teacher-pupil ratio in basic education.

Competency Based Education and Training (CBET) for TVET

Location: Nationwide

Objectives: To ensure that TVET courses are competency-based and aligned to the labour market demands.

Implementing Agencies: State Department for Vocational and Technical Training (VTT), Curriculum Development Assessment and Certification Council (CDACC).

Project Progress: A total of 164 competency-based curriculum were developed and rolled out in the year 2018/19 while 164 occupational standards in collaboration with the industry were developed. In the same period, 16 out of 50 TVET competence assessment centres were established and operationalised and capacity building on CBET was conducted to 300 trainers/instructors/ lecturers/ assessors/verifiers and other TVET stakeholders. Further, capacity building was conducted to 5194 of another category of assessors and verifiers while 22 staff were recruited for TVET Curriculum Development Assessment and Certification (CDACC).

Challenges and Lessons Learnt: lack of competent CBET trainers and facilities in TVET institutions which slowed down implementation of CBET; and weak participation among industry experts in the development of CBET. Additionally, there is unwillingness among industry players to become assessment centres, inadequate human resource capacity, limited resources, overlapping roles with other agencies and Lack of informed framework for engaging the industry.

Recommendations and Way Forward: There is need for an increased collaboration and partnership in implementation of CBET programmes. Sensitization of the industry and other stakeholders as well as policy change, recruitment of staff to fully operationalise the CDACC's mandate, provision of the policy guidance on implementation of the TVET Act, 2013, as per Section (4) and (5), establishment and implementation of a framework for engaging the industry; development and implementation of a Work Integrated Learning Policy and automation of TVET institutions and their assessment centres. All key stakeholders should be involved in implementation of projects from design stage.

Kenya National Qualification Framework (KNQF)

Location: Nationwide

Objectives: To promote life-long learning through recognition of acquired skills and knowledge.

Implementing Agency: Kenya National Qualification Authority (KNQA), State Department for Vocational and Technical Training (VTT).

Project Progress: KNQA was set up in 2015 as set out in the Kenya National Qualifications Framework act no. 22 of 2014 (and KNQF Regulations, 2018) to help coordinate and harmonize the various levels of education and to create a database of all qualifications in the country.

Challenges and Lessons Learnt: The gazetted National Qualifications Regulations are applicable to all qualifications from primary to PhD level (10 levels). However, acceptability of the Kenya National Qualifications Framework is still low to the stakeholders who are yet to be sensitized on the same; this calls for increased support to KNQA to facilitate the sensitization of the stakeholders. The education and training lacks regulations of qualification leading to uncoordinated qualifications awarding bodies, fraudulent qualifications, lack of credibility and quality qualifications.

Recommendations and Way Forward: There is a need to standardize and harmonize the country's qualifications by putting in place a system for setting standards defining expected knowledge, skills and understanding needed for labour market employment, self-employment or further education within Kenya education and training system and beyond the country borders. There is also need to operationalise KNQA to create linkages between the qualifications awarding bodies. All necessary policy and legislative frameworks should be put in place before commencement of projects.

National Education Management Information System (NEMIS)

Location: Nationwide

Objectives: To establish a data system for use in E&TS; Conduct Data Needs Assessment from data providers and users.

Implementing Agency: State Department for Early Learning and Basic Education

Project Progress: The roll out of NEMIS has been successful in registering close to 10 Million learners from basic education institutions since inception. The NEMIS was designed and upgraded to support emerging reforms in the sector. At the end of Financial Year 2018/19, Local Area Network (LAN) in the Ministry Headquarters (Jogoo House) was upgraded at 100 per cent. Further, all Learning Institutions at primary and secondary were registered and warded unique codes. Enrolment in these schools as captured in NEMIS stood at 97 per cent and 60 per cent respectively.

Challenges and Lessons Learnt: system maintenance and security risks, operational legal and institutional framework, and technical and managerial capacity constraints. The low rate of enrolment at Primary level is attributed to inadequacies in birth certificates which are a requirement for registration.

The education and training sector is also faced with a general lack of harmony in the data management system. Data for planning purposes is either inaccurate, incomplete or untimely. There also exists weak linkage between ICT and EMIS departments which calls for a need to strengthen data capture and verification on an electronic platform for disbursement of grants to institutions and develop a unique identifier code for students.

The existing data management practices in the sector do not support evidence-based, timely, reliable and correct data. Institutions within the education sector operate in silos and use different data systems that do not talk to each other, occasioning mismatch of information and data sets. Currently, there is overlapping school level data maintained by TSC, KNEC and MOE. Each of these institutions maintain separate data sets with separate school codes for the same school, causing challenges in harmonization of the data sets.

Data from VTCs from the counties is scarce and unpredictable and it takes a long time to collect when need arises while timeliness and accuracy of the data is not efficient.

The demand for education has led to proliferation of privately run and non-formal education institutions which offer low quality teaching. Some of these institutions are not registered by MOE and therefore possess challenge of capturing information for coordination and quality assurance purposes. Obtaining data on special needs and adult education institutions in terms of learners, staff and infrastructure is also a constraint.

NEMIS has the potential to deal with inconsistencies of Kenya's large and complex education sector that serves millions of students in about 84,000 learning institutions including reducing possible financial impropriety as the per capita free primary education and free day secondary funds will be sent to schools based on registered learners.

Recommendations and Way Forward: Going forward, the system needs to be expanded to include learners from, Pre-Primary, TVET, and University Sub-Sectors. In addition, the programme should be designed to incorporate the following activities: Finalize the legal and policy framework governing the management of NEMIS, develop a criterion for including refugees and foreign learners in the NEMIS system, Carry out a system assessment at the HQ, County and institutional (schools and college) levels to establish infrastructural, technical and human capacity gaps affecting effective

NEMIS implementation, Provide basic training in NEMIS system management to education officials at national and decentralized offices; provide basic training in NEMIS system management to heads of learning institutions; provide basic training in NEMIS system management to other stakeholders in the education sector, provide advanced training to the NEMIS technical team on development, security and data analysis, provide adequate infrastructure at the Ministry headquarters, counties and learning institutions to support NEMIS, establish county NEMIS centres with the role of building the capacity for usage of NEMIS data to facilitate planning at the county level; link the TVET Management Information System (TVMIS) and University Education Management Information System (UEMIS) to NEMIS and Collaborate with KNQA to develop an Integrated National Learner Records Database and integrate it to NEMIS.

Continuous capacity expansion and capacity building of those manning the system and also expand the system to meet the fast-growing needs of the education system.

National Skills Development

Location: Nationwide

Objectives: To enhance coordination of education and training

Implementing Agencies: State Department for Vocational and Technical Training (VTT) and State Department for Post Training and Skills.

Project Progress: To improve TVET industry linkage, currently, it is mandatory for all trainees to undergo industrial attachment lasting not less than three months before completing their course of choice. There have been deliberate efforts to set up production units in most of the TVET institutions in order to expose the trainees to real work experience. Despite this, TVET programmes in Kenya are characterized by poor industry linkages. With devolution, management of vocational training centres was assigned to county governments while issues related to policy, quality assurance, capacity building and curriculum remain functions of the national government. Under this arrangement, prioritization of vocational training varies from county to county. In addition, some counties have come up with legislation without consideration of national legislation especially the TVET Act, 2013. This programme seeks to improve collaboration between the two levels of governance through the following activities.

Challenges and Lessons Learnt: TVET institutions are spread across different ministries and there is no uniformity in the categorization of the institutions across the ministries. Several ministries therefore oversee the management of public TVET institutions. Domiciling TVET institutions in different ministries is meant to ensure that there is a broad range of professionals to serve relevant economic sectors. However, this arrangement creates difficulties due to multiplicity of testing and certification standards. This situation has implications on standardization of training, quality assurance, recognition of prior learning, and further education of TVET graduates due to the absence of a framework for mutual recognition of qualifications. In addition, the diverse TVET management structures and the sharing of supervisory responsibilities by various government bodies and ministries leads to inefficiencies in the system. These inefficiencies lead to duplication and segmentation of training, and the absence of a common platform for developing coherent policies and joint initiatives.

There is inadequate industry participation in the formulation of the curriculum, and therefore graduates do not have relevant skills that match the labour market needs. This mismatch between demand and supply of labour has led to unemployment and low productivity. The sector also lacks tracer studies and labour market information to provide data on skill demands.

Recommendations and Way Forward: A framework of institutional arrangements has to be established to coordinate the relevant collaborating stakeholders and create an enabling environment for them to participate effectively. The institutional arrangement will provide a framework through which the TVET system will be revitalized for optimum impact on the economy. This will lead to TVET being aligned to industry skills requirements, great attention being paid to building skills in the informal sector and entrepreneurial skills being enhanced. Additionally, meeting the skills demanded by industry, increasing private sector participation and significantly contributing to economic growth will be realized.

There is potential to strengthen private sector involvement in areas such as curriculum development, financing and industrial attachment through the following activities: Develop and operationalise Kenya National Skills Development Framework, Develop and implement system standards and guidelines for TVET –Industry linkages, Conduct tracer studies in TVET, and Establish a national skills inventory of TVET programmes.

In addition, there is need to review the structure of the TVET sub-sector and its agencies.

Undertake a functional analysis of TVET and its implementing agencies and review the existing policy and legal instruments to identify and resolve overlaps.

National Psycho-Education Assessment and Placement Centre

Location: Nationwide

Objectives: To enhance assessment and placement of learners with special needs and disabilities.

Implementing Agencies: Kenya Institute of Special Education, State Department for Early Learning and Basic Education

Project Progress: During MTP II, the National Psycho-Education Assessment Centre at KISE, was fully constructed and partially equipped. This helped open operations at a low scale for all areas of specializations where assessment of children with special needs were 4,283 cases. The project implementation has provided the country with a unique facility, putting it ahead of the pack on issues of assessment, therapy, habilitation, rehabilitation, and school placement. The Ministry was also able to train EARCs from 5 different counties in partnership with MOE and UNICEF.

Challenges and Lessons Learnt: The project implementation has had a few difficulties: The Project was extensive and required diverse knowledge to implement, and for it to fit the specific requirements for the areas of specialization. Also the possibility of completing all aspects of the project before launch was difficult, thus the facility had to be launched with some unfinished sections; limited flow of funding with half of GoK funding allocations cut affected the completion rate and procurement of most of the equipment was from foreign manufacturers. This caused delays in the delivery of equipment. Importation risks due to the option of procuring equipment through local suppliers which requires placing full payment before manufacture of items we also challenge. Deployment of existing personnel for operations at the facility stretched to other areas where they had been deployed, since no full-time staff have been posted for the facility. This was essential due to the higher numbers of clients seeking services at the Centre. It is therefore important to provide adequate resources for recruitment of more personnel.

Recommendations and Way Forward: Due to the complexity of the project, there emerged a need for phasing the project to have operations started for critical areas as others were being processed. This would help deal better with delays in funding as well as spontaneous logistical planning for full operationalisation including human resource for the project. There is a need to have a sufficient multi-disciplinary team of personnel for daily operations, in order to fully operationalise project design and outcomes.

In order to harness benefits of its completion and envisaged outcomes, it is proposed that the funding for the project be provided in time. Further, the funding for the Institute should be enhanced to allow for engagement of additional full-time staff for the Centre to create a capacity to serve as many clients as seek service at the facility daily. In addition, there should be considered funding for capacity building of staff on modern assessment techniques and service delivery, research and rehabilitative therapy.

The facility being a National Referral Centre (NRC), there is need to fully develop a national personnel structure for assessment. That is, at Regional, County and Sub county EARCs, to help attend to assessment at all levels, with referrals to the NRC.

Enterprise Development Incubators

Location: Nationwide

Objectives: To support creativity and innovation, research and development in education and training;

Implementing Agencies: State Department for University Education and Research and State Department for Vocational and Technical Training (VTT).

Project Progress: During the period under review, an assessment of national Science and Technology Parks needs was undertaken and a 10 - year National Master Plan to guide the determination of location of the on-going and future establishment and development of Science Parks in Kenya were developed. Business plans for the Science Parks in Kenya were also developed. Designs for the National S&T Parks at Dedan Kimathi University of Science and Technology and Konza Technopolis were completed in the 2016/2017 FY. Construction works for the two pioneer National S&T Parks did not commence fully owing to the rationalization of the development budget that saw the process of procuring a contractor for the construction of the Design, Materials and Manufacturing (DMM) building commence.

Challenges and Lessons Learnt: Delayed development of a formal, comprehensive and integrated national policy (Sessional Paper) on ST&I for the country; Inadequate funding; inadequate infrastructure and equipment for research, higher education and training institutions especially for physical sciences; and inadequate relevant skills at University levels for emerging sectors such as oil, gas, earth minerals and the blue economy. There is innovation potential of the Kenyan youth that ought to be exploited.

Recommendation and Way Forward: There is need for provision of adequate funding for the project to be implemented as scheduled.

Teacher Provision, Competence and Professional Development

Location: Nationwide

Objectives: To improve the provision and competence of teachers at the basic education level.

Implementing Agency: Teachers Service Commission

Project Progress: As at the end of 2018/19, a total of 13,700 additional teachers were recruited. Out of this number, 8,700 were meant to support 100 per cent transition, while 5,000 were replacements. The Teacher Professional Development (TPD) Policy Framework was also rolled out during the period under review. This framework was designed to strengthen the in-service capacity building for teachers and align it to the Competency Based Curriculum (CBC). At the roll out, 90,806 teachers and heads of Public schools and 22,417 teachers from Private Schools went through various modules of teacher development programmes during the FY 2018/19. During the same period an impact assessment of the Teacher Performance and Appraisal System (TPAD) was conducted and its on-line module reviewed.

Challenges and Lessons Learnt: TSC estimates an overall teacher shortage of 96,345. This includes 38,054 at the primary school level and 58,291 at the post primary school level. The projected shortages are expected to rise to 84,478 for secondary schools and 34,941 for primary schools by the year 2023. This is as a result of the rapid growth in school enrolment, attributable to the implementation of the Free Primary Education (FPE) and Affordable Day Secondary School Education programmes, as well as the establishment of new schools. The implementation of the Competency Based Curriculum has placed an extra demand on the teaching resource, especially at the primary school level. The traditional metrics of Pupil to Teacher Ratio (PTR) and the target of 40:1 envisaged in MTP I may no longer be feasible. This has necessitated a comprehensive review of the existing teacher staffing norms and development of a policy framework on deployment of teachers at all levels. The existing structures for capacity building and continuous professional development for serving teachers are still weak and inefficient.

Recommendations and Way Forward: There is a need for the government to devise a sustainable model of hiring teachers, especially if the expectations of the 100 per cent transition from primary to secondary school and the new CBC are to be effectively met. The shortfall in the supply of teachers at the secondary school level calls for innovative approaches, such as recruitment of teachers on contract basis, institutionalization of the internship programme for teachers and in certain cases, the sharing of teachers across schools for elective subjects. In addition, the government must support and formalize alternative modes of curriculum implementation that mitigate teacher shortages at all levels.

The Sector, through TSC will design a framework that explores global perspectives in teacher professional development with a view to establishing a coordinated and structured professional development for teachers in Kenya. Teachers acquire requisite skills, competences, attitudes and encourage lifelong learning and expectations of the 21st Century learning outcomes. The focus should be in main streaming the School-based Teacher Support System (SbTSS) model currently undertaken on a pilot basis. This will also entail establishment and equipping of Teacher Support Resource Centres at zonal level.

Laptops and Assistive Technology for Learners with Special Needs

Location: Nationwide

Objectives: To improve the quality of learning for the visually impaired & physically challenged learners.

Implementing Agency: State Department for Early Learning and Basic Education.

Project Progress: A total of 882,765 Learners Digital Devices (LDDs), 43,777 Teacher Digital Devices (TDDs), 21,133 Content Access Point (CAP) and 19,409 projectors were supplied to primary schools. Additionally, 91,526 education professionals were trained to support the programme and integration of ICT and assistive technology to learners with special needs. In the FY under review, ICT packages were procured and delivered to 166 schools. These packages include, 11 computers, a projector, a laptop and digital curriculum content. A total of Kshs. 16.6 million was disbursed to schools to facilitate installation of Local Area Network (LAN) at Kshs. KSh 100,000 per school.

The Digital Literacy Program was championed by the government of Kenya in 2013. Its main objective was to entrench Learners with 21st Century learning skills. That is Creative Thinking, Innovative and Collaborative Learning. The ministry of ICT Authority being the implementation body. MOE, DSNE play an advisory role for inclusion of Learners with Special Needs and disabilities and chairs the DLP, SNE SUB-Committee at ICT Authority. This phase emphasizes the need for Learners "using to learn" technology. Special needs education Learner Digital Devices will also be supplied and installed in SNE schools. Devices will have applications like screen magnifiers, screen readers, note takers and configurations to support various needs of SNE Learners.

Challenges and Lessons Learnt: Teacher training not well targeted as the SNE section still has glaring gaps. cost of procuring the devices was high with limited funding, dysfunctional charging units, and inappropriate devices for some category of learners like those with physical disabilities and intellectual disabilities. Utilization of devices, more training and follow up to be done for SNE schools and other relevant educators. Low uptake of emerging technology by the teachers/instructors.

Recommendations and Way Forward: Need to revise cost of capitation hampering SNE inclusion in distribution and training on ICT and Assistance technologies, acquisition of devices for schools left out in DLP phase one. Also, effective monitoring and Evaluation of SNE in DLP by SNE sub-committee, MOE DLP Technical Committee and other implementing agencies for ICT Integration of SNE in regular schools.

Student Financing

Location: Nationwide

Objectives: To ensure needy students are adequately funded to complete their training.

Implementing Agencies: Higher Education Loans Board, State Department for Vocational and Technical Training and University Education and research.

Project Progress: The number of students funded through the Higher Education loan program increased from 261,375 at total of funding cost of KSh 9.757 Billion in 2016/2017 to 304,906 students at a total funding cost of KSh 11.486 Billion in FY 2018/2019.

The number of postgraduate students funded through HELB increased from 1,943 in 2016/17 to 2,847 in 2018/19 FY at a cost of 219.08 million and KSh. 327 million respectively.

The number of students receiving scholarships was 99 students in both 2016/17 & 2017/18 FYs and increased to 108 in 2018/19 FY. The amount was KSh. 28.25M in both 2016/17 and 2017/18. The amount increased to KSh.30.65 million FY 2018/19.

The number of students receiving bursary funds was 20,994 students in both 2016/17 and 2017/18 and increased to 40,378 students in 2018/19. The amount disbursed was Kes. 137 million in 2016/17 and 2017/18 and increased to KSh. 237M in 2018/19 inclusive of KSh. 100M for TVET students.

In the financial year 2016/2017, Ksh 892.4 million was disbursed as TVET loans benefiting 31,853 students, in 2017/2018 KES1.311 Billion was disbursed to 44,047 students. The amount increased to Kes.1.712 billion disbursed to 68,369 students in 2018/2019.

Approximately 63,800 trainees in TVET institutions received Subsidized Youth Polytechnic Tuition (SYPT) funds. The National government provision of a conditional grant totaling to Kshs. 2,000 million in FY 2017/18 and Kshs. 960.6 million in FY2018/19 respectively benefitted 58,107 and 86,934 trainees with capitation at a rate of 15,000 each.

Challenges and Lessons Learnt: Inadequate budgetary allocations have made it difficult to: increase the average loan granted per student by 10 per cent annually in response to the rising costs of living and to implement the Government policy directive on funding students in foreign universities. Loan repayment default due to increasing unemployment and under-employment of loan beneficiaries adversely affects the funding available for student budget and actualization of creation of a National Higher Education Financing revolving fund.

The non-tax allowable/exempt donations to HELB makes it unattractive for corporate donors who would have tax benefits. Restrictive legal framework makes it difficult to implement some products such as sheria compliant financing products and get into meaningful fund management partnerships with higher education financiers like the Counties and Constituencies.

There is lack of coordination in student financing resulting to inefficiency in implementation of the project.

Recommendations and Way Forward: The average loan granted per student should be responsive to the rising costs of living. Funds should be provided to support some students in foreign universities who are equally needy as those studying in local Universities. Economic conditions have an effect on loan repayment. Review the HELB Act of 1995 to create a conducive environment for HELB's operations. There is also Develop a data base to capture all financier of the trainees.

NHIF card registration

HEALTH

"Equitable, Affordable and Quality Health Care of the Highest Standard"

The Health Sector is key to ensuring that the populace is healthy and productive. The Sector will pay special attention to the "Big Four" initiatives with particular focus on the achievement of Universal Health Coverage by implementing programmes that increase health insurance coverage, increase access to quality healthcare services and offer financial protection to people when accessing healthcare. The Kenya Health Policy 2014-2030 supports implementation of various MTP III priorities in the Health Sector to address prevention, diagnosis and treatment leading to universal health care. The Government will also facilitate implementation of programmes and projects that will lead to the attainment of Sustainable Development Goal (SDG) No. 3 (Ensure healthy lives and promote well-being for all at all ages) and aspiration of Africa's Agenda 2063.

Social Health Protection Programme

Location: Nationwide

Objectives: To provide medical cover for elderly & Persons with Severe Disabilities (PWSD); To increase prepaid health insurance coverage for the poor, To increase utilization of health facilities for deliveries, To enable people access primary healthcare, To increase utilization of health insurance cover, To increase access to basic health services.

Implementing Agencies: National Hospital Insurance Fund, Ministry of Health

Project Progress:

- The Linda Mama Programme: Under this programme, a total of 1,084,506 expectant mothers were registered and 681,023 deliveries were recorded as at the end of FY 2018/19.
- Health Insurance Subsidy Programme (HISP) for the poor: In the period under review, a total of 181,968 households were recorded as having accessed the public subsidies.
- Health Insurance for the elderly & Persons with Severe Disabilities (PWSD): During the year 2018/19, a provision of health insurance services was given to all the 42,000 persons.
- Health Insurance for Secondary School Students (Eduafya): In the Financial Year 2018/19 a total of 2,702,485 secondary school students were covered under the enhanced health insurance scheme Eduafya.

Challenges and Lessons Learnt: Delays in disbursement of premiums, limited resources leading to a scale down, high deaths reported due to old age and/or health complications for older persons, an increase in defaulters in the informal sector because of free maternity; challenges in registration using the USSD platform due to lack of smartphones and poor understanding of the registration procedure; slow uptake by private and Faith Based facilities because of the low reimbursement rates, lack of financial autonomy since most of the NHIF reimbursements for Linda Mama do not flow to the health facility directly but instead flow to the County Treasury and this restricts the health facility's ability to conduct financial planning based on its needs in many of the government facilities, spatial distribution and distance to facilities creates a barrier to access e.g. Marsabit, Kajiado, Lamu, Turkana.

Recommendations and Way Forward: Counties should consider investing in additional healthcare facilities as a last mile initiative, Identify and adopt innovative methods to encourage Linda Mama beneficiaries to seek Antenatal Care (ANC) and Postnatal Care (PNC) services, Public education campaign for Linda Mama in FY 2019-2020; Timely disbursement of program funds, Impact assessment for Linda Mama.

Medical Tourism Programme

Location: Nationwide

Objectives: To build capacity in specialized renal care within the EAC region; to manage trauma incidences; To provide specialized care and training, to market Kenya as a destination hub for medical tourism, To provide specialized services in oncology, mental health, renal health and Non-Communicable Diseases among others; To enhance marketing of medical tourism products.

Implementing Agencies: Kenyatta National Hospital (KNH), Moi Teachers and Referral Hospital (MTRH), Ministry of Health, Ministry of Tourism

Project Progress:

Construction and Equipping of Cancer Centre at Kenya National Hospital (KNH)
The project site was handed over in August 2018 after signing of contracts. Against a target of completing Phase I entailing construction of the sub structure, the following was achieved in FY 2018/19: Excavation, Bases concreting and Basement slab concreting at 100 per cent, ongoing works include, steel fixing in basement walling which stood at 80per cent by the end of the review period, formwork to basement walling at 60per cent, concreting to basement, walling columns concreting in basement at 60 per cent and formwork to ground floor slab at 30 per cent, total works stood at 30 per cent completion as at 42 weeks of the projected 52 weeks.

Construction of a 300-Bed Private Hospital at KNH
During the same period, the Hospital targeted to complete Phase I entailing the development of a feasibility study to show the viability of the project. As at the end of 2018/19, the Contract was awarded to carry out a feasibility study and the final feasibility study report was approved by the Kenyatta National Hospital (KNH) Board of Management awaiting approval by the Public Private Partnership (PPP) unit approval.

Upgrade of the KNH Renal Centre
Against a target of constructing a substructure and concluding finishing works, achievements as at the end of FY 2018/19 included completed construction of substructure and installation of services and external works. Cumulatively, the works done were at approximately 85per cent complete and the contractor had requested for an extension up to 31st July 2019.

Day Care Surgical Centre at KNH
Against a target of completing finishing works and commence resource mobilization for equipping of the facility, the following activities were undertaken by the end of FY 2018/19 period: Construction works stood at 95 per cent while Resource mobilization efforts for equipping of the centre had commenced. The project was reported to be on the 6 months' defects liability period as from Friday 23rd August 2019 when the project was handed over to the Hospital. Resource Mobilization for equipping the facility is currently in progress.

Mother and Child Hospital at KNH
This project has not started yet.

700 bed Children's Hospital at KNH
This project has not started yet.

2,000 accommodation units, training and shopping complex
This project has not started yet

Renovation of the main kitchen, Microwave waste processor, Boundary wall and modern security gate, Parking site
Not started yet.

Equipping and Expansion of Intensive Care Unit (ICU) and High-dependency Unit (HDU) at Moi Teaching and Referral Hospital (MTRH)
4 ICU units for neurosurgical unit were procured and operationalised in addition to 17 ICU and 3 HDU units done in 2017/18 FY. As at the end of FY 2018/19, there were a total of 24 ICU units at MTRH.

Construction and Equipping of Bio-Safety Laboratory (BSL 2) and Isolation Centre/Wards at MTRH
During the year 2018/19, construction works stood at 70per cent completion while equipping of the laboratory and training did not commence pending completion of the construction works.

Construction and Equipping of MTRH Rehabilitation Complex
Not started yet however the project was incorporated in the proposed 2,000 bed multispecialty MTRH Projects at Kiplombe, Eldoret.

Overhaul of MTRH Water and Sewerage System
Not started yet.

Installation of Photovoltaic Panels and utilization of Solar Power at MTRH
Within the review period, 4 flood lights were installed in Chandaria Cancer and Chronic Diseases centre/ Medical Ward, Farewell Home/Histopathology, Police Residence and Warehouse were at 100 per cent completed and operationalised by the end of FY 2018/19.

Construction of Pediatric Oncology Centre at MTRH
Not started yet however, resource mobilization was initiated.

Construction of Records Management Centre at MTRH
Not started yet however, the project was incorporated in the proposed 2,000 bed multispecialty MTRH Projects at Kiplombe, Eldoret.

Construction and Equipping of Ear, Nose and Throat (ENT) Centre at MTRH
Not started yet.

Equipping of MTRH Radiotherapy Unit
Procurement of radiotherapy machines was done during the period under review and the hospital was awaiting delivery of machines which were expected by December 2019. Internal bunker finishing works were ongoing in preparation of installation of the machines and the work included installation of electrical and ICT components, linear accelerator base frame and installation of Neutron Shield Door.

Establishment of Cardiac Catheterization Laboratory at MTRH
Not started yet.

Equipping the Dialysis Centre at MTRH
Through Managed Equipment Service (MES), 5 Dialysis machines and water treatment plants were installed at the Renal Unit in the FY 2018/19.

Expansion of Multi-Calibration Laboratory at MTRH
Awaiting shipment of Gas flow measurement, Vital Signs Simulator and Infra-Red Thermometers.

Completion of Private Wing II OPD at MTRH
Not started yet.


Mathare Korogocho hospital under construction

Construction of a Burns Unit at MTRH
Not started yet, resource mobilization commenced.

Installation of 1.5 T MRI
Not started yet.

Installation of 64-Slice CT Scan
This project was completed and operationalised.

Modernization of Medical Equipment
During the FY 2018/19, Supply and delivery of 100 hospital beds, 5 Phototherapy Units for Kangaroo ward, 5 incubators for New Born Unit (NBU) and 5 CPAPS for NBU were completed.

Challenges and Lessons Learnt: Delay in funding for projects as well as insufficient funding for capital projects. PPP in needed for resource mobilization to supplement the Government resources in implementation of projects.

Recommendation and Way Forward: timely disbursement of projects funds as well as sufficient funding for capital projects to enable implementation.

Health Infrastructure Programme

Location: Nationwide

Objectives: To improve access to quality health care services, strengthen the supply chain for multiple health commodities; to offer medical training,To improve response to the increasing NCDs, to strengthen laboratory services, increase community led high impact interventions, improve access to health services.

Implementing Agencies: Ministry of Health, County Governments, Kenya Medical Supplies Authority, Kenya Medical Training College.

Project Progress: During the year 2018/19, additional components in the Medical Equipment Service (MES) project were provided and the project expanded into 10 more areas. Kenya Medical Training College (KMTC) Campuses were constructed in Mandera, Taita, Voi and Lamu Counties. Kshs 152, 096,135.50 was disbursed in full to Mandera, Kshs. 130, 000,000 disbursed and received in full in Taita while Kshs 19,975,321 was disbursed in full to Voi. All these projects were still ongoing by the end of the review period. Lamu's project was ongoing but using internally generated funds since the College was yet to receive its funding set aside in the budget totaling to Kshs.20, 000,000. The Lamu College project has 2 phases: Phase 1 incorporated rehabilitation of former hospital wards and staff houses into classrooms and hostels respectively, whose completion rate stood at 72 per cent by the end of the period. Phase II incorporated rehabilitation of former hospital offices into office block whose completion stood at 10 per cent by the end of the period.

Challenges and Lessons Learnt: Delayed funding for KMTC earmarked projects; health programmes remain heavily donor dependent; Inadequate infrastructure and skewed distribution of available infrastructure with a strong bias towards the urban areas as well as existence of obsolete equipment.

Recommendation and Way Forward: There is need for timely disbursement of funds and resource mobilization strategies are necessary for sustainable financing of health services.

Community High Impact Health Interventions Project

Location: Nationwide

Objective: To implement high impact health interventions in line with the existing community health strategy in National Integrated Community Case Management (iCCM), Strengthen community health units to promote healthcare interventions; Scale-up Nutrition Intervention at community level; and Use Community Health Workers to scale up health insurance coverage.

Implementing Agencies: National Aids Control Council (NACC), Ministry of Health.

Project Progress: By the end of FY 2018/19, the HIV prevalence rate stood at 4.7 per cent while Domestic Financing Proportion for the HIV response was at 31 per cent. Additionally, identification of fast consumable HIV commodities for engaging with stakeholders was conducted and linkage and retention in treatment and care for persons diagnosed with HIV increased through aPNS.

Further, a total 5,000 Community Health Workers were trained to improve Quality Integrated Community Case Management (iCCM) services at community level, 4,000 functional Community Health Units were increased, and 4,000 Community Health Units were equipped with kits. Additionally, there was improved data reporting at Community level.

Challenges and Lessons Learnt: Increase in new HIV infections among young people between the ages of 15- 24, Low domestic resource mobilization for HIV programmes, Poor reporting from NGOs that receive donor financing for HIV programmes and weak condom distribution channels. Adequate reporting systems need to be put in place to enhance accountability for funds earmarked for HIV and AIDs programmes.

Recommendation and Way Forward: there is need to implement Evidence based Behavioral HIV prevention interventions, Enhanced coordination with the NGO Coordinating Board to increase utilization of the HIPORS among NGOs is necessary for implementing HIV programmes; Develop HIV Prevention strategies targeting Adolescents and young people; Increase Domestic financing of HIV programs commensurate with the declining external financing. The National and County governments should own and drive the HIV response without depending on external donor financing.

Digital Health Programme

Location: Nationwide

Implementing Agency: Ministry of Health, Kenya Medical Training College (KMTC).

Objectives: To transform the health care delivery system through digital health, To improve health system performance, To optimize the functionality of the national reporting systems, To automate KMTC systems.

Project Progress: During the FY 2018/19, 250 Public Health facilities were digitized, 14 Digital E-Health Hubs were established, a Robust Health platform was put in place and the DHIS 2 and KMHFL systems were enhanced. Additionally, KMTC put in place and operationalised an ERP system. Further, quality health standards were mainstreamed in all health facilities, new HIV infections reduced by 75per cent (as in the KASF) and AIDS related mortality reduced by 25 per cent. Notably, Malaria and TB Prevalence also reduced.

Other achievements include; Increased Pentavalent 3 coverage at the national level (Penta 3) from 82 per cent (2017) to 88per cent in 2019, Increased Measles containing vaccine (first dose) coverage at the national level (MCV1) from 82 per cent (2017) to 88 per cent (2019), Increased per centage of Counties with Penta3 coverage from 55 per cent in 2017 to 75 per cent in 2019, Proportion of immunizing health facilities in the 47 counties reporting zero stock-outs for nationally available vaccines (Pentavalent) From 85 per cent to 95 per cent in 2019.

Challenges and Lessons Learnt: Weak multi-sectoral coordination of programmes and projects in the sector; inadequate infrastructure and skewed distribution of available infrastructure with a strong bias towards the urban areas as well as existence of obsolete equipment; High new HIV/AIDS infections among adolescents and the youth was recorded.

Recommendations and Way Forward: A multi-sectoral approach is essential for successful implementation of the health sector programmes and projects. There is need to prioritize infrastructure in remote areas and initiate youth friendly HIV/AIDS prevention programmes.

New baby incubators at Mama Lucy Hospital

Human Resource for Health Programme

Location: Nationwide

Objectives: To provide adequate number of human resources for health for efficient service delivery.; To build the capacity of the specialized and sub-specialized health workers to improve health outcomes.

Implementing Agencies: Kenya Medical Training College, Ministry of Health, County Governments.

Project Progress:

- Training of mid-level health professional, KMTC graduated a total 10,869 health professionals in 18 different cadres. Funds received in full for the entire program.
- Training of the specialized and sub-specialized health workers, the funding for the programme was received in full for the financial year 2018/2019 as per the Estimates. A total of 300 specialized and sub-specialized health workers were trained.
- Capacity build County Public Health Officers on food, and Water, Sanitation and Hygiene (WASH) interventions; (MOH to provide updates on progress).
- Establishment of Kenya Institute of Health Management, and (MOH to provide updates on progress).
- Recruitment of additional health workers (MOH to provide updates on progress).

Challenges and Lessons Learnt: low absorption of Human Resource for Health due to inadequate resources; skewed distribution of the health workers across counties.

Recommendation and Way Forward: Establish and Operationalise the Health Service Commission and prioritize funding for HRH.

Quality of Care of Patients and Health Workers Safety Programme

Location: Nationwide

Objectives: To improve the care and safety of patients. Implementing Agencies: Ministry of Health, County Governments

Project Progress: ISO 9001:2015 QMS Certification for Level 5 & 6 facilities; service delivery charters in all facilities, existence of the quality management framework (Kenya Quality Model for Health), isolation units highly infectious diseases, equipping of both National and County hospitals through the Managed Equipment Service (MES) Programme.

Challenges and Lessons Learnt: Inadequate emergency services for delivery and under-utilization of existing antenatal services, Inadequate capacity for emergency and disaster preparedness, Inadequate infrastructure and skewed distribution of available infrastructure with a strong bias towards the urban areas as well as existence of obsolete equipment.

Recommendations and Way Forward: ensure that that the county facilities are adequately equipped and staffed, every health facility to have a provision for emergency services and build capacity in all health facilities for Basic Life Support.

ENVIRONMENT, WATER AND SANITATION

“Enhancing Clean, Safe and Sustainable Environment to Access Water and Sanitation Services”

The Environment, Water, Sanitation and Regional Development Sector has an important role in ensuring the sustainability of natural resources in the country. It is also aligned to the relevant SDGs, Africa Agenda 2063 and other regional development initiatives. The Sector will contribute towards achieving the “Big Four” initiatives on universal health coverage, food and nutrition security, manufacturing and affordable housing. During the Plan period, the Sector will focus on the conservation and management of forests, wildlife resources, water catchments, and management of wetlands, restoration of degraded land, green economy, waste management, pollution control, integrated regional development, water resources management, increase access to water and sanitation and mitigation and adaptation to the effects of climate change among other programmes.

Waste Management and Pollution Control

Location: Nationwide

Objective: To improve solid waste management in urban and rural areas.

Implementing Agencies: National Environment Management Authority, State Department for Environment and Forestry.

Project Progress: During the Financial Year 2018/2019, monitoring the implementation of ten minimum points was undertaken in 7 towns i.e. Mombasa, Nakuru, Thika, Eldoret, Kisumu, Kajiado, Machakos and Tana River and a Sensitization of 7 County Governments on national Solid Waste Management was undertaken. In addition, the Kibarani dumpsite was rehabilitated and transformed into a recreation park by the County government of Mombasa together with other government Agencies and private sector stakeholders.

Challenges and Lessons Learnt: Inadequate policy and legal framework to guide data and information sharing, partnerships, inadequate specialized equipment for data collection (e.g. air quality measurement and laboratory analysis).

Necessary policy frameworks are critical in undertaking stakeholders' engagement and public participation.

Recommendations and Way Forward:

- Enhance the human and financial capacity of NEMA.
- Build capacity of County Governments in solid waste management including investments in waste management technologies and disposal sites.

Modernization of meteorological service

Location: Nationwide

Objective: To integrate emerging technologies in the improvement of provision of meteorological services and information in order to meet user needs.

Implementing Agencies: Kenya Meteorological Department (KMD), Ministry of Environment and Forestry.

Project Progress: During the financial year 2018/19, an Integrated Meteorological Data Collection System (IMDCS) for integrating and monitoring data from automated platforms was installed, implementation of the Aircraft Meteorological Data Relay (AMDAR) Processing System was initiated and a Memorandum of Agreement with Kenya Airways was executed to equip the aircraft with the requisite data collection equipment.

Challenges and Lessons Learnt: Lengthy procurement processes resulting in delays in project implementation, delays in project implementation occasioned by external factors such as input from technical MDAs among others.

It is critical to take into consideration procurement processes while conceptualizing projects to ensure timely implementation.

Recommendation and Way Forward: The population are more enlightened on weather and climate hence demand more user driven services and products; Implement National Framework for Climate Services (NFCS).

Rehabilitation and Protection of Water Towers

Location: Water Towers in Mt. Elgon, Mau, Cherangany Hills, Aberdares and Mt. Kenya

Objective: To rehabilitate and restore five water towers and other selected areas.

Implementing Agencies: Kenya Water Towers Agency, Kenya Forest Service, Ministry of Environment and Forestry.

Project Progress: In the period under review, 589,855.36 Ha of degraded forest sites were rehabilitated mainly within the five water towers. Tree planting for, gulley erosion control and terracing, protection of springs and rivers was carried out in areas adjacent to Mau Forest Complex. Protection of 125,500 ha of Mau complex and protection of two (2) springs in Taita Hills (Mwandagegu and Mwatoko) for community to access water was carried out. Springs and river line protection of Ndarugo River, Muthira Riverine, River Yala, and Chepkoilel river was also done. During the period, 4 Model Tree Nurseries, were established in Kilifi, Nyeri, Nakuru and Kisumu with combined capacity to produce over 4million high quality tree seedlings for rehabilitation and reforestation. Additionally, 6 model demonstration farm plots were established in Taita hills, Nandi, Mau and Kakamega while 2 bamboo tree nurseries were established in Kaptagat and Vihiga for income generating activities and capacity building of 9 groups on propagation and utilization. Further, the process of Gazettement of ten (10) water towers namely; 387.3 Ha Wire forest, 80.93 Ha Yekanga Hills, 469.53 Ha Maragoli Hills, 301.9 Ha Mbooni forest, 370.54 Ha Iveti forest, 765.8 Ha Loitoktok forest, 793.2 Ha Kierera hills forest, 192.23 Ha Nyeri Hill forest, 139.93 Ha Ngangao forest and 296.61 Ha Mang'ea forest covering ten (10) Counties was undertaken. The process is 95per cent complete; A Water Towers Conservation and Coordination policy and Kenya Water Towers Bill were developed to provide a framework to enhance conservation, coordination and sustainable management of water towers and their ecosystems as well as resolve conflicts between government and communities regarding natural resources, deter into encroachment and further degradation of these natural assets. The documents are 95 per cent complete; A framework for potential payment of ecosystem services for Aberdares water tower was developed as well as an Integrated Water Towers Monitoring Framework to support acquisition of real time data for water towers surveillance for informing policy.

Challenges and Lessons Learnt: Delay in release of funds hampered achievement of most of the programme activities. Increased frequency of severe weather and extreme climate events affected implementation of the development activities. Inadequate policy on institutional and legal framework on forestry research access to gazetted forest land to establish experimental plots and seed sources. Lack of water towers coordination framework on water towers conservation. Capacity building is critical for increased public participation in project implementation.

Recommendation and Way Forward: Active involvement of local communities is essential in the success of projects, there is need to broaden stakeholder engagement to include private sectors and creation of synergy with other government agencies to reduce duplication, there is need to gazette the Water Towers not gazetted and carry out boundary alignment to enhance their rehabilitation, conservation and protection, there is also need to strengthen and finalize policy documents and regulations governing the Water Towers; Further, there is need to develop a resource mobilization strategy for financing sustainable management of water towers and a water towers coordination framework on water towers conservation.

Strengthening Environmental Governance

Location: Nationwide

Objectives: To provide enabling policies, legislation and institutional arrangement.

Implementing Agencies: National Environment Management Authority, Ministry of Environment and Forestry.

Project Progress: During the FY 2018/19, several policy-oriented reforms were developed. These include; Waste strategy and regulation, Waste management Bill and Policy, Draft Kenya Meteorology Policy, National Climate Change Action Plan (2018-2022) and Green Economy Strategy and Implementation Plan. Others include, Preparation of draft County Environmental Functions (CEF) document, meeting to discuss the tools for devolution of Environmental Functions to counties and Training of National Environment Trust Fund staff on environmental sustainability. This process was initiated with financial support from GGEP project of DANIDA. Climate Change Fund Regulations developed to operationalise the Climate Change Act, 2016.

Challenges and Lessons Learnt: Financial constraints, which were as a result of delays in the release of funds and low budgetary allocation thus negatively affecting project implementation and maintenance of equipment, inadequate policy and legal framework to guide data and information sharing, partnerships, inadequate specialized equipment for data collection (e.g. air quality measurement and laboratory analysis). Long consultative legislative process which requires a lot of resources to meet the constitutional requirement of stakeholder participation and ownership. It's critical to have necessary policy and legal frameworks before initiation of projects.

Recommendation and Way Forward: Enhance the human and financial capacity of NEMA. Need to review and amend existing environmental policies and legislation in line with emerging issues in the sector. Collaborative framework between the Ministry, Parliament, county governments and other stakeholders is paramount.

Advertent weather modification programme

Location: Nationwide

Objectives: To aid in the mitigation of adverse impacts of severe weather and extreme climate events.

Implementing Agencies: Kenya Meteorological Department, Ministry of Environment and Forestry.

Project Progress: During FY 2018/19, the cluster system for the climate diagnostic laboratory were installed.

Challenges and Lessons Learnt: Inadequate funding for specialized capacity development in weather modification.

Recommendation and Way Forward: Need to establish a remote backup database and a systems redundancy Centre. The decentralization of services to county level has created awareness and increased demand for services; Collaborative projects have greatly contributed to the expansion of data collection networks and diversification of services.

Rehabilitation of Urban Rivers

Location: Nationwide/Urban Centres

Objective: To rehabilitate and protect riparian areas in urban areas.

Implementing Agency: Ministry of Environment and Forestry.

Project Progress: A total of 22 KM of Nairobi river riparian zones was rehabilitated and protected through the removal of sludge and cleaning of the river. In addition, 600,000 indigenous tree seedlings were planted at the end of FY 2018/19 period.

Challenges and Lessons Learnt: Inadequate funding has affected the rehabilitation of urban rivers. encroachment of riparian areas.

Recommendation and Way Forward: Need to continue funding for the project, collaborative framework between the national and county governments is essential in rehabilitation of urban rivers.

Promotion and Piloting of Green Energy

Location: Nationwide

Objective: To promote green energy options by piloting innovative options that can be commercialized in order to make Kenya a world leader in its green energy mix.

Implementing Agencies: NETFUND, NEMA, Ministry of Environment and Forestry

Project Progress: During the period, 20 green innovations and best practices that contribute to environmental sustainability and climate change action from the 47 counties identified, recognized and awarded, 3 concept notes and 1 proposal developed on Green Innovations, built Green points in 9 counties for adoption of green technologies & practices.

Challenges and Lessons Learnt: Longer time than expected in stakeholders' consultation

Recommendation and Way Forward: Need for a strategic Partner to implement the already developed Policies and Plans.

The Plastic Bags Initiative

Location: Nationwide

Objective: To monitor, compliance enforcement and stakeholders' engagements on the total ban of plastic bags pursuant to the Gazette Notice No. 2334 of March, 2017 on the ban on use, manufacture and importation of all plastic bags.

Implementing Agency: NEMA

Project Progress: Remarkable progress was made in the year 2018/19 with regards to the ban of use of plastic bags. The success is attributed to increased sensitization and engagements forums through media talks and interviews on various local and international media houses and publications on several platforms. In the same period, the NEMA undertook a public consultation both at Regional and National levels on the finalization of plastic regulations. The draft regulations were forwarded for relevant approvals and a Draft Plastic take back framework was developed.

Additionally, a total of 1173 inspections on enforcement of the Ban on plastic bags was undertaken in all 47 counties with 133 prosecution cases registered in courts. Alongside this, inspections on compliance with the ban on plastics were undertaken in all the 47 Counties. From this exercise, law breakers were apprehended, taken to court and fined. These include; 168 in Nairobi, 76 in Kajiado, 85 in Kiambu, 45 in Machakos and 55 in Mombasa. Out of this, 21 were arrested in Busia County. Others include; processing of 1432 Plastic exemption applications, issuance of 857 clearances, review of 611 applications, and issues to address raised and 164 applications reviewed and rejected.

The reduction in use and littering of the banned plastics was rated 85 per cent successful. However, continuous and enhanced inspections will continue to ensure the gains are not lost and to curtail contraband banned plastics from across the border.

Challenges and Lessons Learnt: Inadequate officers to continuously monitor and enforce compliance to the plastic ban, smuggling of the banned plastic bags from neighboring countries. There is need to engage the manufacturers of Plastic bags in successful implementation of the project.

Recommendation and Way Forward: Need for continuous public sensitization on plastic ban and engagements forums with various stakeholders undertake multi agency approach to curtail smuggling of banned plastics at the border points into the country.

Forest Conservation and Management

Location: Nationwide

Objectives: To increase forest cover from 7.24per cent in 2016 to 8per cent in 2022.

Implementing Agency: Kenya Forestry Service, Kenya Forest Research Institute (KEFRI), Ministry of Environment and Forestry.

Project Progress:
During the Financial Year 2018/19, the proportion of land area under forest cover increased from 7.24 per cent to 7.26per cent In addition to this, there was an increase of forest cover from 0.14 Million Hectares to 2.59 Million

Hectares of gazetted forest. This was achieved through Gazettement of new forest blocks in various counties. Further, 60,645 hectares of mangroves in the coastal region were protected and conserved. Additionally, 158 Ha of Bamboo forests were planted in the water towers, 6,574 Ha of forest plantations were planted countrywide in the gazetted forest reserves, 5281 Ha of forest land was cleared of the invasive species to restore the sites to the original pristine state , 17,558 Ha of commercial tree woodlots established on private farms countrywide, 28, 000 Kgs seeds of various tree species were collected and processed for sowing, 44ha of seed stands and orchards were established as well as 6,500 seedlings of species that are difficult to propagate were also raised in tree nurseries across all eco-regions.

Challenges and Lessons Learnt: Erratic weather conditions; The high cost of constructing forest roads, insecurity incidences in some of the forest areas, threat from pests and diseases; High cost of firefighting, growing need to support forest extension on farmlands are major challenges; ban on use Polythene tubes, Shortage of quality seeds, limited species diversity, difficulties in seed collection, storage and germination, Changes in policy, legal and social aspects; balancing of the need for infrastructure development and the ecological functions performed by forests, inadequate funding for conservation and sustainable management of forests, forest fires, frost, threat from pests and diseases, the high cost of roads establishment, Insecurity in some forest areas, changes in government policy affects plantation management; inadequate skills in bamboo propagation. adequate stakeholder and public sensitization are needed in successful implementation of the project.

Recommendation and Way Forward: There is a growing need to support forest extension on farmlands; adopt innovative approaches to regenerating

Child enjoying clean water

mangroves in marine ecosystems, operationalise the Transition Implementation Plans (TIPs) on transfer of devolved forestry functions, adopting appropriate technology in tree growing and embrace private commercial forestry practice, restore forest ecological integrity and increase biodiversity and Promotion of bamboo-based product entrepreneurship.

Forest Research and Development

Location: Nationwide

Objective: To develop forest research technologies for sustainable management of forest and allied natural resources.

Implementing Agency: Kenya Forest Research Institute.

Project Progress: As at the end of FY 2018/19, 32 forest research technologies were developed and an establishment of 21.4Ha of seed orchards and 22.8 Ha of seed stands was done; 20,860 Kgs of quality seeds from various commercial tree species was produced for national afforestation programme, 61,500 planting materials of difficult to propagate tree species raised for domestication, 45 field days were undertaken to demonstrate successful technologies, and 9 Bamboo trainings on propagation, management and utilization undertaken. In addition, 4 tree products including; lotion from Xemmenia americana, Animal feed from Cactus species, Soap from sandalwood, and Soap detergent from Sasbenia sesban were developed in the same period.

Challenges and Lessons Learnt: Limited research land affected establishment of research projects and programme, forest products development processes and quality controls require more time and resources to be linked to entrepreneurs, invasive species that posed a remarkable challenge to various ecosystems across the country and need for secure land for long term seed sources. Adoption of forest technologies was affected by inaccessibility and lack of awareness by a large number of stakeholders on how to acquire and implement them.

Recommendation and Way Forward: Need to provide adequate funding for research in development of new technologies and dissemination of technologies for development. Limited access to appropriate technologies. Adequate resources should be availed to enable quality research and products provision to stakeholders and more land should be sourced from state agencies and private land owners.

Wildlife Conservation and Management

Location: Nationwide

Objective: To protect and conserve wildlife resources

Implementing Agency: State Department for Wildlife

Project Progress: In wildlife conservation, mapping and documentation of wildlife migration corridors and various dispersal areas were realized. An Integrated Database System which incorporates wildlife research was also developed.

Challenges and Lessons Learnt: Delay in disbursement of funds; Human and wildlife conflict.

Recommendation & Way Forward: Continually engage with the National Treasury for timely release of Funds.

Water Resources Management Programme

Location: Nationwide

Objective: To conserve and Protect Water Resources.

Implementing Agencies: Ministry of Water and Sanitation, Water Resource Authority.

Project Progress: A total of 16 Water Resources Users Associations were supported in Sub Catchment Management Plans (SCMP) implementation during the FY 2018/19 which included: desilting and fencing of a water pan, protection of 3 springs to ensure the water quality is maintained, construction of a 15,000m3 cattle trough, alternative water resources storage- Installation of 16 rain water harvesting tanks increasing the capacity to 160,000m^3 serving about 10,000 households. 8 Telemetric stations were constructed to ensure water resources data is transmitted real time. 49 regular gauging stations were also rehabilitated. This was occasioned by the long rains experienced during the year.

Challenges and Lessons Learnt: Undertaking activities in private owned land e.g. springs, cattle troughs. Encroachment of public land by developers, inadequate funding. Unpredictable weather conditions, flooding of rivers resulting to water monitoring stations being washed away and vandalism of the water monitoring stations remain to be challenge, this not with-standing telemetric stations allow for real-time data sent out to servers at any given time.

Recommendation and Way Forward: Sustainability of the projects require linking them to livelihood activities, public land to be availed to WRUA capacity assessment tool that ensures the needs are brought on board and stakeholders participate in undertaking activities; collaborate with County and National Government through Chiefs for enhanced security to monitoring stations; automate water resources monitoring devices and equipment's to Telemetric devices to minimize effects of destruction from floods; intensify Public awareness on importance of monitoring stations.

Provision of Water to poor unserved areas including informal settlements

Location: Nationwide

Objective: To increase access to safe water and sanitation in underserved areas

Implementing Agency: Water Sector Trust Fund

Project Progress: 23 urban water and sanitation projects completed, benefiting 173,944 additional people with improved access to water and sanitation services. 87 rural water and sanitation projects out of a target of 110 were financed leading to improved access to 289,536 additional people in underserved rural areas.

Challenges and Lessons Learnt: limited capacity by the implementing partners to effectively implement medium sized water projects, financing challenges by some Counties on co-funded projects. It's important to undertake adequate training for project implementers to enhance capacity.

Recommendation and Way Forward: Engagement of County Resident Engineers, County Resident Monitors and service support agents (consultants) to provide technical support to projects during preparation and implementation. Also engagement with support institutions through MOUs with clear Terms of Reference, engagement with Counties on possible areas of collaboration for enhanced synergy and continued capacity development of the implementing partners to effectively implement projects.

The Equalization Fund should be restructured to allocate earmarked funding for water and sanitation improvement in the underserved and marginalized areas.

Transboundary Waters

Location: Nationwide

Objective: Enhance cooperation in sustainable management and development of shared water resources.

Implementing Agency: Ministry of Water and Sanitation

Project Progress: During the review period, Environmental and Social Impact Assessment (ESIA) was undertaken for Kocholia project in Busia County. In addition, MoU signed for Lake Chala/Jibe & Umba river basin.

Challenges and Lessons Learnt: Inadequate institutional framework for management of trans-boundary resources and delayed implementation of the signed MOUs.

Recommendation and Way Forward: Securing binding agreements as opposed to non-binding MOUs is highly recommended.

Water Harvesting and Storage Programme

Location: Nationwide

Objective: To increase water storage and availability capacity.

Implementing Agency: Ministry of Water and Sanitation.

Project Progress: In FY 2018/19, the progress of Muruny Siyoi Dam and water supply project in West Pokot stood at 60 per cent on average. This achievement represents the dam component to 53 per cent, and water component at 67per cent respectively.

Over the same period, Thwake Dam in Makueni stood at 20.2 per cent cumulatively on civil works and funds had been released to pay the remaining 186 Project Affected Persons (PAPs). Others include; negotiations with Kenya Forest Service which are nearly concluded awaiting final clearance and approval to allow Bosto dam in Kipsonoi river, South West of Mau Forest to be located inside forest, Mwache Dam in Kwale County achieved an overall of 2 per cent progress as the process of procuring a consultant for RAP was ongoing and awarding of contract was awaiting a "No Objection".

Overall progress for Itare dam in Nakuru County stood at 27 per cent as at the same period because the project was temporarily stopped due to the contractor's financial problems.

With regards to the Karemenu II Dam and water supply project in Kiambu County, the overall progress stood at 14 per cent against an annual target of 20 per cent. Other achievements during the same year of review include; Ruiru II Dam's overall progress at 5 per cent, Kisii Water Storage (Bunyunyu Dam) Progress at 10per cent on preliminary works and 150 small dams/pans constructed with storage capacity of 3 billion m^3.

Challenges and Lessons Learnt: Delays in disbursement of government counterpart funding and delay in implementation of RAP/ land compensation. It's important to undertake adequate stakeholder and public engagements in land compensation

Recommendation and Way Forward: Securing land early for capital infrastructure projects; timely release of funds.

Urban Water supply

Location: Nationwide

Objective: To increase access to safely managed water and sanitation supply in urban areas

Implementing Agencies: Ministry of Water and Sanitation, Water Service Institutions

Project Progress: During FY 2018/19, the overall coverage of the population with access to safe drinking water rose from 60per cent in 2017 to 62.9 per cent in 2018/19. Over the same period, urban water supply coverage increased from 57 per cent to 59 per cent. The increase in water coverage was achieved through expansion of water supplies in major towns.

All the tariffs approved in FY 2018/19 had a social tariff be implemented in each of the respective Water Service Provider areas.

Access to sewerage in urban areas rose to 17 per cent in 2018/19 up from 16 per cent by 2017 arising from extensions of the existing sewerage networks.

Challenges and Lessons Learnt: Delays in disbursement of government counterpart funding to co-funded projects; delay in granting of 'No Objection' to financing of projects by the Development Partners; delay in regularization of development partner funds sent directly to Water Sector Trust Fund by the National Treasury.

Recommendation and Way Forward: Continuous engagement with Ministry of Water & Sanitation and Irrigation and the National Treasury for timely release of Funds; Engagement of service agents (consultants) to provide technical support to projects during preparation and implementation; sensitization workshops for Counties as key players in delivery of Vision 2030, the Sectoral Medium Term Plans should be launched so as to create awareness among stakeholders, the progress reviews to be conducted biannually.

Rural Water supply

Location: Nationwide

Objective: To increase access to safely managed water and sanitation supply

Implementing Agencies: Ministry of Water and Sanitation, Water Service Institutions

Project Progress: The programme was to achieve universal access to safe water in rural areas. National Rural water supply coverage improved from 47.1 per cent in 2013 per cent to 50.2 per cent in 2017. Rural access was boosted through the rehabilitation and extension of rural water schemes where 199 new water and sanitation projects were constructed, 410 existing rural water supplies were rehabilitated and 276 new boreholes were drilled and equipped. However, it is important to note that most of the functions under this sub programme are implemented directly by the county governments since this aspect of water services is now devolved. During the FY 2018/19, 57 out of 138 rural water projects and 37 out of 82 rural sanitation projects were financed.

Challenges and Lessons Learnt: Delays from support institutions in proposal development especially in rural areas; Inadequate Capacity of Implementing Agents to implement projects; Limited Cooperation by some Counties on co-funded projects, collaboration on last mile connectivity. Provision of adequate capacity in terms of training is critical in successful implementation of projects is critical.

Recommendation and Way Forward: There is need to engage the relevant bodies in project designs; Engagement with Support Institutions through MOUs with clear Terms of Reference, Engagement with Counties on possible areas of collaboration for synergy.

Water Research Programme

Location: Nationwide

Objective: To enhance the Technical Capacity of the Sub-Sector.

Implementing Agencies: Kenya Water Institute, Water Sector Trust Fund and Regional Centre on Ground Water Resource Education, Training & Research, Ministry of Water and Sanitation.

Project Progress: In FY 2018/19, the activity of operationalizing Water Resource Centre (1st phase - construction) at Kenya Water Institute achieved a cumulative progress of 86 per cent, establishment of Water sector research funding mechanism - advertisement for consultancy to develop research financing framework was done.

H. E. President Uhuru Kenyatta launch cheap housing units in Machakos

Institutional Reforms: in 2018/19, all water sector institutions have transitioned as per Water Act 2016 except the Water Appeals Board which is yet to transition to Water Appeals Tribunal. The Operationalisation of Water Act 2016 was undertaken, a final transition plan was developed, and public consultation undertaken. The Ministry also developed a final national water policy and a Cabinet Memo was forwarded to the Cabinet for approval. Draft Transboundary water policy and legal framework were also developed. Further, the Ministry initiated the preparation of three strategies namely: National Water Services and Sanitation Strategy, National Water Resources Management Strategy and National Water Harvesting and storage Strategy.

Challenges and Lessons Learnt: Inadequate resources mobilization strategy is needed to enhance mobilization of resources for this and other water projects.

Recommendation and Way Forward:
Institutionalization and Mobilization of funds for research.

POPULATION, URBANISATION AND HOUSING

"Quality population with adequate and decent housing in a sustainable environment"

Kenya's population is projected to increase to 50.8 million by 2022 from 47.7 million recorded in the 2019 Kenya Population and Housing Census Results. The high population growth exerts pressure on agricultural land and available resources leading to rural-urban migration. On the other hand, rapid urbanization leads to various challenges including increased demand for housing and associated infrastructure. The Government has prioritized affordable housing in the "Big Four" Agenda and targets to facilitate the construction of 500,000 affordable and decent houses by 2022. This is expected to create an additional 350,000 jobs, provide, market for manufacturers and building materials suppliers and raise real estate and construction sector contribution to GDP from 5per cent in 2016 to 14per cent by 2022.

Affordable Housing Programme

Location: Nationwide

Objective: To facilitate production of affordable housing units and to improve the lives of people living in informal settlements.

Implementing Agencies: State Department for Housing and Urban Development

Project Progress: Construction of 400,000 affordable housing units Construction of 1, 370 housing units at Park road is at 5 per cent completion level, Construction of 20,000 units at Makongeni-call for expression of interest and evaluation done and letters of intent of award given, Construction of 5,500 housing units at Mavoko-finalizing of negotiations with the developer, constructions of 7,000 housing units at Starehe-Request for Proposal issued, Construction of 4,200 housing units at Shauri Moyo-Request for Proposal issued, construction of 2,000 housing units at Konza city- call for expression of interest done; bid evaluation to identify strategic partners that include Financiers, Contractors, Developers, Land owners and Building Technology owners is ongoing; 26 counties committed (MoUs signed) to deliver 2,000 units each and land identification ongoing. The following documents to guide the process have been developed: Development Framework Guidelines, regulations to operationalise the Housing Fund, legal Agreements to govern the process.

Construction of 100,000 social housing units
Enumeration and physical verification of PAPs is complete at Kibera and Mariguini informal settlements.

Completion of 462 housing units at Mavoko
Project was completed in June, 2019

Construction of 7,394 housing Units for National Police and Kenya Prison Services Construction of 750 units at 85 per cent completion level, 744 units at 65 per cent completion level

Construction of 10,400 housing units under the Civil Servants Housing Scheme
Construction of 250 units completed and offered for sale in Kisumu; 200 units in Kiambu at 55 per cent completion level, 220 units in Embu at 65 per cent completion level, 200 units in Machakos at 75 per cent completion level, 9 other sites (Nakuru, Murang'a, Kakamega, Nyeri, Kisii, Mombasa, Garissa, Eldoret and Meru) are under preparation for development of 1,350 units.

Facilitation of 1,220 Civil Servants with Mortgage
A total of 124 Civil Servants had benefited from the Civil servants' mortgage scheme as at 31st March 2019. Other applications are under processing through KCB and Housing Finance

Redevelopment of Soweto East Zone "B" at Kibera, Nairobi
239 market stalls completed. 6 market stalls and external works under construction

Refurbishment of 12,400 Government pool housing units
70 per cent of 2,400 Government houses refurbished

Refurbishment of staff houses in 10 State Houses and Lodges
30 housing units refurbished in FY 2018/19

Replacement of asbestos roofs in 4,000 government housing units.
The project did not take off due to funding challenges.

Completion of 180 housing units at Stone Athi, Machakos County
In FY 2018/19, 180 housing units were completed at Stone Athi in Machakos County by NHC.

Challenges and Lessons Learnt: Legal cases on housing levy. The works were delayed by lack of budgetary provision in 2017/18 FY but the project is now ongoing.

Recommendation and Way Forward: measures need to be put in place to ensure certainty of cash flow which is key in attracting housing investors; inadequate budgetary allocation leads to delayed projects and More engagement with stakeholders to end court cases on housing levy.

Research and Development on Appropriate Building Materials and Technologies (ABMT)

Location: 5 Counties (Baringo, Kisumu, Murang'a, Garissa and Nyandarua).

Objective: To promote the use of sustainable low-cost housing building materials and technologies.

Implementing Agencies: State Department for Housing and Urban Development, National Housing Corporation (NHC).

Project Progress: In the review period, 5 centres for research and development were constructed in Kabarnet, Baringo County; Nyakach, Kisumu County; Kigumo, Murang'a County, Balambala, Garissa County; and Olkalau, Nyandarua County. Further, 1400 relevant personnel were trained on ABMT and training conducted in established centres and on construction sites using interlocking brick making machines. NHC trained 465 artisans on the use of Expanded Polystere (EPS) and produced 132,973 square meters of panels.

Challenges and Lessons Learnt: Success of the project depends on Land availability which depends on the goodwill of the local community. The project is dependent on imported machines with no availability of spare parts locally. Early involvement of communities ensures that suitable land is availed for establishment of centres.

Recommendation and Way Forward: Continuous engagement with stakeholders is key before and after establishment of the centres to ensure the goal is realized. Engage Numerical Machining Complex to manufacture a local machine with enough spare parts.

Physical and Social Infrastructure in Slums and Informal Settlements in Selected Urban Areas

Location: Various urban centres

Objective: To improve quality of life for people living and working in Informal Settlements.

Implementing Agency: State Department for Housing and Urban Development

Project Progress: During the FY 2018/19, 9 counties benefited from installation of infrastructure projects and regularization of tenure security in Kisumu, Naivasha, Nakuru and Kericho. Regularization of tenure security involves land tenure regularization and the upgrading of informal settlements through an innovative partnership between residents' associations, government agencies and the private sector. Tender process is ongoing.

Challenges and Lessons Learnt: Compensation of Project Affected Persons (PAPs) increased project costs and delayed some projects. Involvement of key community leaders led to projects buy-in and acceptability.

Recommendation and Way Forward: Other informal settlements not covered under this phase will be considered in the next phase.

Kenya Informal Settlement Improvement Project (KISIP)

Location: Nine counties (Kisumu, Nakuru, Uasin Gishu, Mombasa, Kericho, Kiambu, Kakamega, Nyeri and Malindi).

Objective: To improve quality of life for people living and working in Informal Settlements.

Implementing Agency: State Department for Housing and Urban Development.

Project Progress: 9 counties benefited from installation of infrastructure projects and regularization of tenure security: 98km access roads, 7.4 km access roads completed in Obunga, Bandani and Nyalenda; 8.34km of sewer line completed; 20.1km access road completed in Naivasha, 5.4km of access road in Kericho completed. Concept paper for KISIP II finalized and submitted to Cabinet for approval.

Challenges and Lessons Learnt: Poor planning in informal settlements, improved infrastructure leads to improved livelihoods of slum dwellers.

Recommendation and Way Forward: There is need for increased partnerships with relevant stakeholders for the provision of critical infrastructure in informal settlements.

Buildings' Safety and Compliance

Location: Nationwide

Objective: To improve safety and quality of built Buildings'

Implementing Agency: State Department for Public Works.

Project Progress: During the review period, 4,764 Buildings were audited and inspected. 30 buildings were tested and 20 buildings safety and compliance sensitization workshops were carried out while 4,000 substandard buildings were demolished.

Challenges and Lessons Learnt: inadequate personnel to enforce existing regulations.

Recommendation and Way Forward: Fast tracking of procurement of building testing contracts, fast tracking of Cabinet approval on demolitions and address need for adequate staff to enforce regulations in the construction sector.

Facilitation of 24 Hour Economy

Location: Nationwide

Objective: To increase working hours and minimize crime levels.

Implementing Agency: State Department for Housing and Urban Development

Project Progress: During the review period, the State Department for Housing and Urban Development installed 50 CCTVs while Nairobi County Government installed 42 CCTV cameras within Nairobi CBD.

Challenges and Lessons Learnt: Inadequate support systems for the street families resulting to increased insecurity.

Recommendation and Way Forward: Initiate PPP in order to increase CCTV coverage in other parts of the country, enhance the Support System for street Families.

Integrated Urban Development Planning

Location: Several Urban Centres

Objectives: To foster sustainable development.

Implementing Agency: State Department for Housing and Urban Development.

Project Progress: 12 Integrated Urban Development Plans were at 70per cent complete while 2 plans were almost complete. Further, Kangundo Road fire station was completed while Waithaka was at 90 per cent complete by the end of the review period. Others include, completion of 13.617Km of storm water drainage within NMR, completion of a 42Km trunk sewer and treatment plan in Juja town in Thika and Construction of Mitubiri sanitary landfill in Murang'a County which was ongoing standing at 32per cent complete.

Challenges and Lessons Learnt: Inadequate awareness on population and development inter-linkages. Lack of legal institutional mechanism to coordinate the population programme. Integrated development planning (Spatial Plans, Sectoral Plans, Cities and Urban Plans) leads to well-planned cities and urban areas with the required services and amenities.

Recommendation and Way Forward: Implementing population programmes requires a multi-sectoral approach due to their cross-cutting nature

Urban Renewal Programmes

Location: Murang'a

Objectives: To improve and enhance new business frontages and promote 24-hour economy, Facilitate food security initiative.

Implementing Agencies: State Department for Housing and Urban Development

Project Progress: 10 per cent of work is done on construction of Mitubiri Sanitary landfill in order to achieve a target of Waste Management within NMR.

Challenges and Lessons Learnt: Rapid population growth in relation to the available resources.

Recommendation and Way Forward: Strategic resource mobilization is key to implementing programmes and projects in the sector.

Nairobi Metropolitan Services Improvement Project (NaMSIP)

Location: Nairobi

Objective: To strengthen urban Services and infrastructure in 13 Urban Centres of the Nairobi Metropolitan Region (NMR).

Implementing Agency: State Department for Housing and Urban Development

Project Progress: As at the end of FY 2018/19, the 9 Railway stations stood at 99 per cent complete while 1 station stood at 50 per cent complete. The completion level of 7 Markets was as follows, Kikuyu Market at 60 per cent, Kihara market at 52 per cent, Karandini market at 55 per cent, Mwariro market at 62 per cent, Ruiru market at 60 per cent, Juja market at42 per cent and Ngong market 15per cent. In addition, 4No. Physical address system is almost complete. These are, Physical address system for Nairobi is almost complete at 95 per cent while the physical address system for Kiambu, Thika and Machakos towns is at 97per cent complete.

Basic housing infrastructure development - 25Km of Bitumen road has been done in various places within NMR, The 2 fire stations; Waithaka and Kangundo road fire stations are ongoing at 84 per cent and 90 per cent respectively, The 7No. fire engines not yet delivered, 8 Commuter rail stations are at average 90 per cent completion rate. Denholm is at 50 per cent and pipeline 40 per cent.

Challenges and Lessons Learnt: High rural-urban migration, rapid increase in urban population putting pressure on resources, Inadequate population data on some population subsets.

Youth group receive a cheque from Uwezo Fund

Recommendation and Way Forward: Government intervention in partnership with other players is critical strengthen urban Services and infrastructure.

Urban Storm Water Infrastructure

Location: Nationwide

Objective: To improve drainage and sewerage infrastructure.

Implementing Agency: State Department for Housing and Urban Development.

Project Progress: During the review period, 65 per cent of the Oyugis Bus Park had been constructed and the Narok water drainage phase II had also been constructed up to 80 per cent. Additionally, 78per cent of the Kerugoya-Kutus Storm water drainage was complete.

Challenges and Lessons Learnt: Inadequate resources, and encroachment on the construction area.

Recommendation and Way Forward: Develop a resource mobilization strategy and enforce regulations to curb encroachment.

National Population Centre

Location: Nairobi

Objective: To enhance the institutional capacity to collate and analyze population and related data to support evidence-based planning.

Implementing Agency: National Council for Population and Development (NCPD).

Project Progress: The project has not commenced due to lengthy processes of acquiring land, funding challenges, and weak legal institutional capacity to coordinate the implementation of population programme.

Challenges and Lessons Learnt: Inadequate resources, lack of land to set up the population Centre coupled with Inadequate funding has adversely affected the implementation of this project. There is need to establish the Council through an Act of parliament to enhance its coordination mandate as well as need to enhance the resource mobilization for effective implementation of population programme.

Recommendations and Way Forward: To ensure the project is implemented as envisioned in the plan, the following actions are important; Consultations with the ministry of land and physical planning for allocation of land within Nairobi to set up the population Centre need, fasttrack the draft NCPD Population Bill to establish the Council through an act of parliament to give it legal mandate to coordinate Population programme in the country. There is Need for government to allocate funds to NCPD to fasttrack this project in the remaining implementation period; There is also need for prioritization of population issues in development planning and budgeting. Else there is need for intensified advocacy and lobbying for adequate and sustainable resources for population programme from both the government and development partners.

GENDER, YOUTH AND VULNERABLE GROUPS

“Equity in Access, Control and participation in Resource Distribution for Improved Livelihoods of Women, Youth and Vulnerable Groups.”

The Kenya Constitution is emphatic on gender equality and the uplifting of the lives of all vulnerable groups. Since Kenya’s population is predominantly young, special programmes dedicated to youth have become increasingly urgent. Projects outlined in this MTP emphasize promotion of gender equality and empowerment of women, youth, children and the vulnerable members of society. This is essential in realization of human rights and sustainable development. The Sector is determined to strengthen equity and gender equality, including ratifying and domestication of several international and regional instruments by establishing a clear vision in delivery of its services.

Affirmative Action Funds

Location: Nationwide

Objectives: To promote socio-economic empowerment of women, youth, PWDs and other Vulnerable members of the society.

Implementing Agencies: Women Enterprise Fund (WEF), Uwezo Fund and National Government Affirmative Action Fund (NGAAF) and Youth Enterprise Development Fund (YEDF).

Project Progress:

Women’s Enterprise Fund (WEF)

WEF received Kshs. 328,500,000 from the government to promote women’s empowerment through several interventions. A total of Kshs. 3,078,033,350 was disbursed to 152,088 beneficiaries distributed as Kshs. 3,023,200,000 to 151,146 beneficiaries through the Constituency Women Enterprise Scheme, Kshs. 10,333,350 to 15 women entrepreneurs through LPO/LSO financing and Kshs. 44.5 million to 927 women through SACCOs on-lending. Additionally, 178,845 women were trained on entrepreneurship, 7,474 women trained on value addition and 2,830 women facilitated on market access. Since inception, WEF has disbursed Kshs. 15,909,624,580 to 1,638,546 women countywide and 1,261,338women have been taken through various training, entrepreneurship, value addition, export readiness among others.

Uwezo Fund

Uwezo fund is aimed at enabling women, youth, and persons with disability financial access to promote businesses and enterprises thereby enhancing economic growth. The Fund has cumulatively disbursed Kshs. 6,299,400,004 to the constituencies out of which Kshs. 6,059,096,660 has been loaned to 65,350 groups (996,954 individuals). In the FY 2018/19, a total of Kshs. 503,000,000 was disbursed to a total of 5,357 groups. Theses comprised of 1,779 youth groups, 3,554 women and 24 groups of persons living with disabilities. The beneficiary groups underwent three days training programme before they were issued with the loans.

National Government Affirmative Action Fund (NGAAF)

The primary objective of the Fund is to improve socio-economic livelihoods of affirmative action groups that include; women, youth and Persons with Disabilities (PWDs) and other vulnerable groups through enhancing access to financial facilities for promotion of enterprise development and provision of social development services at the county levels. Cumulatively, the Fund has disbursed a total of Kshs. 5,607 Billion to support Affirmative Action Groups’ socio-economic empowerment projects and programmes in all the 47 counties.

NGAAF being an affirmative action fund has continued to target the most disadvantaged in the society by

providing grants to support various initiatives. NGAAF intervention for the promotion of women enterprises and empowerment is mainly through two channels; the direct funding to organized savings and credit groups and SACCOS from funds set aside for Women Economic Empowerment or through direct funding to support existing income generating activities classified under value addition initiatives. The fund also supported establishment of business infrastructure like market sheds and stalls for women across the counties. In addition, the Fund provided bursaries and scholarships to needy children and out of school youth to pursue vocational courses for skill development and employment creation.
During the Financial Year 2018/2019, the Fund disbursed a total of Kshs. 1,888,250,000 to support various affirmative action groups initiatives and socio-economic empowerment activities. The funds were utilized to support the following activities, Kshs, 191,876,926 to 361,492 organized grassroots women groups and 36,149 men as capital under the Women Economic Empowerment; Kshs. 278,184,391 for Value addition initiatives, Kshs. 253,805,268 to build business infrastructure. This included building of market shades and stall, provision of power connectivity to markets, purchase of water tanks and Kshs. 387,659,997.40 for bursary to 16,200 students and trainees in vocational courses.

Youth Enterprise Development Fund

The Youth Enterprise Development Fund (YEDF) was established by the Government Financial Management Act (The Youth Enterprise Development Fund) Regulations (2006), Legal Notice No. 167/2006, to champion creation of employment for youth through enterprise development. In 2007 the Fund was transformed into a state Corporation under the then Ministry of State for Youth Affairs, vide Youth Enterprise Development Fund Legal Order No. 63 of 2007. The Fund is currently under the State Department for Youth in the Ministry of Information Communication Technology (ICT), Innovation and Youth Affairs.

The Youth Enterprise Development Fund is mandated to empower Kenyan youth by increasing economic opportunities and participation of youth in the national development initiatives and programs through provision of affordable, accessible financing and innovative enterprise development services.

During FY 2018/2019 YEDF disbursed business loans of Kshs. 323.1 Million to youth enterprises benefitting 64,633 youth entrepreneurs. YEDF also recovered Kshs. 290.1 Million of the loans disbursed to youth enterprises. Further, YEDF provided 64,437 youth entrepreneurs with business development services which included, training 62,246 youth on entrepreneurship skills, provision of market support services to 991 youth for their products, facilitating 1,200 youth to access affordable trading spaces and business incubation/innovation services.

Challenges and Lessons Learnt: Inadequate resources to provide affordable financing and business development services to the target groups; Inadequate staffing and staff capacity, High staff turnover, Prolonged uncertainty surrounding the proposed merger of the YEDF, WEF and Uwezo Fund interfered with implementations of programs/ projects, Low uptake in the Pastoral/ASAL and Muslim regions of the Country; Inadequate capacity amongst the youth, women and PWDs to undertake successful businesses leading to poor loan repayments.

Recommendation and Way Forward: Enhance the budgetary allocation to the affirmative funds to enable them efficiently and effectively discharge their mandates, engagement of partners to support the programs enhances achievement of results. There is need to enhance capacity for the youth, women and PWDs especially on entrepreneurship skills to boost their entrepreneurship skills to run successful businesses. Regular product review to ensure the funds offer diverse and all-inclusive products and services to the target groups nationwide. Also, Introduction of robust public awareness and sensitization campaigns/ programs to enhance the level of public awareness on the products and services offered by the affirmative action funds. There is review NGAAF Regulations 2016 to make it responsive, improve terms and conditions of service for staff.

Prevention and Response to Gender Based Violence (GBV) and Eradication of Female Genital Mutilation

Prevention and Response to Gender Based Violence (GBV)
Location: Nationwide

Objectives: To prevent and respond to GBV in Kenya
Implementing Agencies: State Department for Gender

Project Progress: During the FY 2018/19, the Gender Based Violence (GBV) training resource book and Safe Spaces option paper were developed. Database on GBV service providers was also undertaken. Capacity building on Standard Operating Procedures for 381 GBV duty bearers and service providers were conducted and campaign against GBV was also undertaken in Counties.

Challenges and Lessons Learnt: Inadequate staffing leading to work overload, persistence of Harmful Socio-cultural practices such as Gender-Based Violence.

Partnership with development partners and private sector is critical in enhancing awareness on prevention and response to GBV.

Recommendation and Way Forward: There is need for enhanced awareness on the effects of Gender-Based Violence by all stakeholders, and other outdated socio-cultural values and norms that constrain achievement of gender equity and equality. There is also a need to increase allocation of resources for gender programs; develop a resource mobilization strategy for gender programs; enhance capacity building and sensitization on gender programs and enhance dissemination of gender policies and standards at National and County level.

Eradication of Female Genital Mutilation (FGM)

Location: Nationwide

Objective: To eradicate Female Genital Mutilation in Kenya.

Implementing Agency: Anti-FGM Board

Project Progress: The Government in 2018/19 FY implemented various interventions towards eradication of FGM in the Country. These include: sensitization of4,800 people through public education and sensitization forums, Development of the Prohibition of FGM Act, 2011, translating the Prohibition of FGM Act, 2011 into braille, large-print, easy-to-read and audio versions to enhance accessibility of the Act by those people living with various types of disability, and public declaration by the Loita Maasai elders from both Tanzania and Kenya to abandon Female Genital Mutilation.

Challenges and Lessons Learnt: Inadequate Funding to the Board that has hindered scaling of campaigns against FGM, emerging trends, persistence of social norms that perpetuate FGM, inadequate county specific data to inform policy formulation and county specific programmes.

It is important to incorporate FGM in the regular surveys at household level undertaken by KNBS and other research Institutions for timely data and information on FGM.

Recommendations and Way Forward: There is need to mobilize funds from partners for FGM Interventions especially education and sensitization campaigns towards eradication of the practice. The Board will enhance training and sensitization to its stakeholders to improve their capacity to monitor and report FGM cases.

Gender Main streaming

Location: Nationwide

Objectives: To mainstream gender issues in the public and private sectors.

Implementing Agency: State Department for Gender

Project Progress: Achievements made in the FY 2018/19 include; Development of Women Economic Empowerment Strategy, Intergovernmental consultation framework for gender sector, National Women in Political Leadership Curriculum, National Gender Equality Standards, 5 Reports on compliance with International and Regional Gender Instruments, Assessment report of 1st Kenya National Action Plan (KNAP) as well as capacity building on gender to 210 government officers.

Challenges and Lessons Learnt: Inadequate funding for gender programs that has led to low and non-achievement of set targets. Inadequate gender statistics thus affecting policy decisions; Weak partnership between the National and County Governments; Inadequate Monitoring and Evaluation systems.

Partnership is crucial in effective and efficient implementation of activities. There has been low dissemination of Gender Policies and legislation leading to low compliance of gender constitutional provisions, Inadequate gender statistics continues to hinder informed programming.

Recommendation and Way Forward: Enhance partnership with County Governments, development partners, civil society and private sector for effective and efficient implementation of gender programs. Strict enforcement of Gender- related Legislations and Policies. Strengthen partnership with Kenya National Bureau of Statistics and other agencies that deal with gender statistics production, analysis and utilization.

Sanitary Towels Programme

Location: Nationwide

Objectives: To keep girls in school throughout the school calendar.

Implementing Agencies: Ministry of Education (State Department of Early Learning, directorate of Primary Education).

Project Progress: To enhance retention of girls in school, the Sanitary Towels Programme (STP) was scaled up. The programme targets girls entering their puberty who are at risk of being excluded from participating in learning. The programme benefited more than 3.5 million girls in FY 2018/19 and is effective in addressing cases of girls' absenteeism.

Challenges and Lessons Learnt: Inadequate financial and human resources

NYS - pass at parade

Recommendation and Way Forward: Partnership approach is key for effective and efficient implementation of this project.

Youth Empowerment Centres (YECs)

Location: Nationwide

Objectives: To provide integrated services for youth through constituency-based centres with fully equipped libraries, ICT hubs and social halls.

Implementing Agency: State Department for Youth Affairs

Project Progress: During the review period, two (2) Youth Empowerment Centres were constructed to completion and twenty (20) equipped and operationalised.

Challenges and Lessons Learnt: Inadequate human resource and financial resources.

Recommendation and Way Forward: Provide adequate human resource and financial resources.

Kenya Association of Youth Centres

Location: Nationwide

Objective: To Develop a framework for Kenya Association of National Youth Centres (KANYC)

Implementing Agency: State Department for Youth Affairs

Project Progress: The project was not implemented due to unavailability of funds.

Challenges and Lessons Learnt: The project was not funded hence not implemented.

Recommendation and Way Forward: Provision of adequate funding for implementation of the project.

Kenya Youth Employment and Opportunities Programme (KYEOP)

Location: Nationwide

Objective: To increase employment and earning opportunities for targeted youth.

Implementing Agency: State Department for Youth Affairs.

Project Progress: During FY 2018/19, 18,944 Youths were trained in life skills and 17,618 of them trained on Core Business skills.

Challenges and Lessons Learnt: skills mismatch and increased drug and substance abuse.

Recommendation and Way Forward: Partnership approach is key for effective and efficient implementation of programmes and projects in the Sector.

Youth Cohesion, National Values and Social Development

Location: Nationwide

Objective: To promote peaceful coexistence.

Implementing Agency: State Department for Youth Affairs.

Project Progress: Some 9,100-youth mentored on leadership and National Values. 100,500 youth sensitized on AGPO promotion, Entrepreneurship skills and social vices. 47 community youth SACCOs operationalised and 8,500 youth engaged in internship and Apprenticeship and 10,700 youth involved in peace exchange programme.

Challenges and Lessons Learnt: No challenges encountered

Recommendation and Way Forward: More resources needed to reach more youths

Youth Employment and Enterprise Development

Location: Nationwide

Objective: To create sustainable employment opportunities

Implementing Agency: State Department for Youth Affairs.

Project Progress: During the FY 2018/19, 100,500 Youths were sensitized on AGPO and entrepreneurship skills to increase uptake of procurement opportunities to youth and support enterprises.

Challenges and Lessons Learnt: Limited awareness on opportunities on AGPO programme; inadequate disaggregated data on AGPO. inadequate capacity building and sensitization on AGPO program to programme implementers and the public is critical to enhance uptake.

Recommendation and Way Forward: There is need to enhance Monitoring and assessment on AGPO programme necessary to ensure the targeted group benefit from the programme.

National Youth Services (NYS) Transformation Programme

Location: Nationwide

Objective: To restructure and enhance institutional reforms and management systems, processes and programmes for enhanced youth empowerment.

Implementing Agency: National Youth Service (NYS)

Project Progress: The National Youth Service Act No. 17 of 2018 was enacted in December 2018 and came into force on 2nd February 2019. The National Youth Service Council was appointed and inaugurated on February 14th, 2019. The Act retains Paramilitary Training, National Service and training as the core mandate of NYS, it further introduces the opportunity for the Service to undertake enterprise and commercial activities to increase revenue generation for enhanced sustainability. Enrolment was retained at 30,000 youth annually. During the period under review, 16,850 youth were trained in Paramilitary skills, 16,850 youth undertook National Service skills training while 31,500 youth trained in technical and vocational skills. Further, 12,194 youth including Persons Living with Disabilities (PWDs) were recruited into the Service.

Challenges and Lessons Learnt: Inadequate financial, human and physical resources resulted in rationalization youth intake from 30,000 to 10,000 annually. The intake has resulted in reduced number of youths accessing the NYS programme.

Effective collaborations and partnerships enhance sustainability and service delivery. Character formation and instilling national values and principals among youth enhances youth empowerment.

Recommendation and Way Forward: Provision of adequate resources and support to meet the demands of NYS Act, 2018 for effective transition to a State Corporation and, correspond with the required youth intake. Enhance commercialization and effective collaborations and partnerships aimed at enhancing revenue generation for sustainability. Research and development to enhance service delivery and lower operating costs while maximizing on meeting the expectations of youth. First line recruitment for NYS SM/W in disciplined forces and, recruitment of NYS skilled SM/W such as secretaries, drivers, electricians, agricultural officers, plumbers and masons in MDAs.

Biashara Bank

Location: Nationwide

Objective: To enhance efficiency in implementation of Affirmative Action Funds

Implementing Agencies: State Department for Youth Affairs and State Department for Gender

Project Progress: The name of the Project was changed to Kenya Biashara Fund. Regulations for the fund were developed and approved by Cabinet.

Challenges and Lessons Learnt: The Project is pending implementation

Recommendation & Way Forward: There is a need to fast track implementation of the project.

National Safety Net "Inua Jamii"

Location: Nationwide

Objective: To improve the livelihoods of poor and vulnerable members of society.

Implementing Agencies: State Department for Social Protection, NCPWD.

Project Progress: During the FY 2018/19, a bi-monthly cash transfers of 2,000 per month was provided to 753,313 households with poor and vulnerable older persons, 287,278 households taking care of orphans and vulnerable children and 29,584 households with People Living with Severe Disabilities (PWSDs) under the consolidated cash transfer programme commonly known as Inua Jamii cash transfer programme. This number represents 90.4 per cent of the registered households with poor and vulnerable older persons, 81.4 per cent of the registered households taking care of orphans and vulnerable children and 62.9 per cent of the households with Persons Living with Severe Disabilities (PWSDs) respectively.

Challenges and Lessons Learnt: Challenges in delivery of payments to beneficiaries in the far-flung areas, Inability of beneficiaries with defaced finger-prints to access payments. The Ministry uses a two-factor authentication process which involves the use of national ID cards and biometrics (fingerprints). Inadequate resources to adequately cover all deserving poor and vulnerable cases and to manage the programme.

Partnership approach is key for effective and efficient implementation of social protection programmes with other actors.

Recommendation and Way Forward: Enhance Public awareness on the cash transfer programme.

Disability Main streaming

Location: Nationwide

Objective: To empower persons with disabilities for participation in all spheres of life.

Implementing Agencies: State Department for Social Protection, Pensions and Senior Citizens Affairs, NCPWD.

Project Progress: The Council provided sunscreen lotions to 3,538 persons with albinism against a target of 3,250, Supported 500 PWAs with eye-care, devices and provided skin-cancer, conducted skin cancer screening to 1,246 PWAs out of which 25 were supported for skin Cancer treatment, provided grants to 147 PWDs self- help groups for economic empowerment against a target of 145, supported 41 PWD- owned businesses with LPO financing under AGPO against a target of 100, supported 252 Vocational and technical graduates with disabilities with tools of trade for self-employment against a target of 250, provided 3,263 assistive and supportive devices against a target of 3,000.

Provided 1,815 scholarships to PWDs to improve their enrolment, retention and completion rates of education for eventual engagement in decent and gainful employment against a target 1,650; supported 62 learning institutions which provide education or social services to Persons with Disabilities with Infrastructure and equipment against a target of 23; and supported 33 Disabled Persons Organizations (DPOs) with grants for awareness and advocacy on disability issues against a target of 42. 382 workers offering essential services in Kenya sign language against a target of 300 were trained. In addition, the National Council for Persons with Disabilities also registered and issued disability ID cards to 66,644 PWDs against a target of 100,000 and facilitated 2,236 PWDs to get tax exemption certificates.

Challenges and Lessons Learnt: Insufficient financial and human resources for disability main streaming and PWD's empowerment; inadequate disaggregated data for effective policy formulation, planning and budgeting, delay in registration of persons with disabilities due to the lengthy and bureaucratic disability assessment process by the Ministry of Health; uptake of tenders reserved for persons with disabilities is very low in majority of the MCDAs. Delays in Government release of funds affected AGPO thus LPO financing; negative cultural practices and attitudes towards disability including concealment and ritual killings of persons with albinism. Integrated management information system for Cash transfer programme has enhanced effectiveness in its implementation.

Proper coordination and collaboration within the MCDAs is key to the successful implementation of programmes and projects relating disability main streaming.

Recommendation and Way Forward: enhanced funding for the National Development fund for Persons with Disabilities in order to upscale implementation of activities in line with NCPWD mandate, increase public awareness on the rights of persons with disabilities to reduce discrimination and promote inclusion. This can be achieved through MCDAs embracing disability main streaming, there is need to decentralize the DMS signature to the County Level in order to make the registration process easier and faster. Further there is need to lobby for the waiver or subsidized medical assessment charges for PWDs; MCDAs should not only take Disability main streaming as an indicator for performance contracting, but also, should endeavour to allocate resources for making Disability main streaming a reality. (Disability mainstreaming responsive Budgeting).

Child Community Support Services

Location: Nationwide

Objective: To realize and safeguard the rights and welfare of all children.

Implementing Agencies: State Department for Social Protection, Pensions and Senior Citizens Affairs, Child Welfare Society of Kenya (CWSK) and National Council for Children's Services (NCCS).

Project Progress: In the review period 277 children were placed in foster care, 253 children were placed under local adoption, withdrawn/prevented 414 children from child labour, provided 14,758 children with psychosocial support, supported 81,421 children through the child- helpline toll free line- 116, provided Bursaries to 22,000 secondary school students under the Presidential Bursary Scheme for Orphans and Vulnerable Children (OVC), rescued and reintegrated 8275 Children back to families /communities and supported to retain 10 School based social workers. Further, the Government-run shelter house established in Kabete to provide shelter to victims of human trafficking was initiated. Additionally, 9 Child Welfare Society of Kenya (CWSK) upgraded temporary places of safety in Isiolo, Mama Ngina, Kisumu, Joska, Bomet, Nanyuki, Murang'a, Bongoma and Embu.

Challenges and Lessons Learnt:

Inadequate resources; slow implementation of the National Plan on Action for Children amongst MDAs; Inadequate data on Children. Data on children is hosted by various MDAs making data sharing a challenge, lack of standardized training curriculum for

Stadium rehabilitation in Mombasa

child protection social work force leading to haphazard, disjointed programmes implementation and poor service to children, conflict in policy implementation to institutional care, Weak collaboration and uncoordinated engagement of the two levels of government on children issues, inadequate Legal, Institutional and Policy framework, inadequate capacities of communities to initiate, implement and sustain their projects /programmes for children.

Inadequate policies, legislation, guidelines and regulations guiding social sector; Low levels of awareness on children rights which has led to poor parenting skills leading to increased Violence Against Children which includes Online Child Abuse, Child Trafficking, Sexual Abuse, Child/Teenage pregnancies, Child Radicalization, Abandoned and neglect, Child sex tourism, Child labour, involvement of children in armed conflict, children on the move, drugs and substance abuse among children, high number of children living in the streets, Harmful cultural practices like child marriages, widow and child disinheritance, concealment, FGM and child beading leading to early sexual debut, Technological enhancement has led to erosion of social values and online child abuse (cyber-crime).

Weakening of community protective social fabric: The erosion of values, norms and customs have resulted into weak child protective structures at the family and community levels. This has led to a rising number of vulnerable children who are neglected and abused.

Children and ICT: Technological advancement has accelerated globalization and information sharing. Though it has expended opportunities of promoting child protection, it has also led to erosion of social values resulting into increasing online child abuse cases (cyber-crime).

Child radicalization and Extremism: children are being socialized to adopt extreme political, social, or religious ideals and aspirations that reject and undermine the existing values status quo including involvement in terrorism.

Child trafficking has been identified as an emerging serious crime in the country. Kenya is regarded as a source, transit and destination of victims of child trafficking. Effective labour migration management and enhancement of anti-trafficking programmes are key in fighting the vice.

Changing focus in child protection: the global child protection sector is dynamic leading to rapid change in programme focus. This had led to inadequate focus in implementation programmes.

Recommendation and Way Forward: Data on children issues is important for policy planning, resources mobilization and interventions on children issues, community Based Care for children is more favorable compared to institutionalization, community Based Structures are more effective and sustainable in child protection, there exists low level of awareness on child rights, child welfare as well as on the availability of Child protection services in the country; community based outreach programmes when spearheaded by child protection officers', are more effective in enhancing the awareness of child protection issues; In Counties where both level of government work together, a lot of achievements have been realized including CPU construction, and secondment of staff to DCS. This calls for continued engagement in all counties and pursuit for the implementation of the MOU with the Council of Governors.

Fast-track finalization and approval of key policies and legislations to strengthen the children protection system and align the existing legislation to the Constitution i.e. Counter Trafficking In Persons Act, 2010, The Bill on Children Rights, review Child Care Protection Manual, National Standards for Children Officers, Alternative Family Care Guidelines of Children in Kenya, 2014, Child Protection Guidelines and Adoption Regulations and Develop Community Mobilization and Communication Strategy, increase public awareness on children rights to reduce incidences of violence against children, enhance resource allocation to the children Sub –Sector, There is need for development of a framework for coordination of partners working in the children sector in order to achieve maximum results with the meager resources available and avoid duplication, enhance funding to The Presidential Secondary School Bursary (PSSB) targeting OVCs in high schools, Develop frameworks to enhance international cooperation on counter trafficking in persons; Enhance the staffing levels in the children sub-sector.

Community Participation in Socio- economic Development

Location: Nationwide

Objective: To enhance community capacities for self-reliance and socio-economic development.

Implementing Agency: State Department for Social Protection, Pensions and Senior Citizens Affairs.

Project Progress: During FY 2018/19, a total of 58,549 groups (Self Help Groups (SHG) and Community Based Organizations (CBOs)) were mobilized and registered. In addition to this, 10,190 groups (SHGs and CBOs) were linked with MFIs, state & non-state actors as well as other decentralized funds for financial support.

Challenges and Lessons Learnt: Inadequate funds to enable officers enhance capacities of the registered groups; default by some groups in repayment of affirmative action funds (YEDF, Uwezo, WEF, NGAAF); lack of coordinated partner collaboration, hence no reports of groups supported by various stakeholders and lack of group activity reports.

For successful implementation of the project, there is need for establishment of Coordination framework between different actors involved in the project.

Recommendation and Way Forward: There is need to sensitize the registered groups to stay active and engage in activities, the need to collaborate with partners to support the groups, the need for training of the groups to enhance their capacities for improved livelihoods, there is need to enhance grants to the groups to support their activities at the community level there is need to develop an MIS system to keep a database of all registered groups.

SPORTS, CULTURE AND THE ARTS

"Celebrating the Best in Us"

Sports, Culture and the Arts Sector plays a crucial role in overall national development. Kenya continues to excel in sports at international level as well as in preserving its cultural identity and the arts. The Sector will contribute towards attaining the "Big Four" initiatives through betterment of the nation's health and unlocking employment opportunities. It will further intensify efforts to promote sports, national heritage and culture as well as talents in the creative arts. Additionally, the Sector will upscale its support to development of Kenya's film industry while also promoting a reading culture and research through management of libraries and protection of all historical records.

Build and Rehabilitate Sports Stadia

Location: Nationwide

Objective: Provide sports facilities to enable the youth develop, grow their talent and compete in sports; to regulate, protect and enforce facilities standards to ensure quality access.

Implementing Agency: Sports Kenya, State Department for Sports.

Project Progress: During the period under review the rehabilitation and upgrading of the seven (7) regional stadia stalled after contractors vacated the sites due to low exchequer allocation against outstanding certified certificates in the stadia namely; (Karatu – Kiambu County, Wote – Makueni, Kamariny - Elgeyo – Marakwet, Kipchoge Keino - Uasin – Gishu, Ruringu - Nyeri and Kirubia – Tharaka Nithi). The overall achievement was evaluated at 56per cent in relation to the following works, Construction of changing rooms, civil and builders' works for the stadia, pitch and athletics track surface, mechanical & associated services and electrical installations and associated services.

The same challenge occurred in the development and upgrade of "CHAN' stadiums (Kinoru - Meru, Kipchoge Keino phase II – Uasin Gishu and upgrade of Nyayo National Stadium). The stalling in upgrading of the stadia leading to cancellation of hosting rights for the championship by Confederation of African Football. The average completion achieved was 60per cent and the scope of works included, installation of athletics track, refurbishment of changing rooms and rehabilitation of the pitch, boosting of water supply through additional boreholes and water reticulation systems.

Sports Kenya also initiated the development of regulations to address the technical aspects of sports infrastructure and recreation. The draft regulations were completed ready for public participation and validation by stakeholders before Gazettement.

Challenges and Lessons Learnt: Low exchequer financing for capital project, slow approval process for Public Private Partnership (PPP) and lengthy land acquisition process; unregulated development of sports facilities by the Counties, Low adoption of modern technology to sports products and services; Huge maintenance costs due to aging facilities and equipment.

Recommendation and Way Forward: There is need to diversify funding/financing opportunities, Enhancing collaborations and cross sector linkages with the Counties and other stakeholders; Need for adequate exchequer allocation to complete the projects and ensure no budget cuts, Sports Kenya will take advantage of funding opportunities presented by the Sports Arts and Social Development Fund for its stalled and future projects, enactment of sports and recreation infrastructure regulations.

International Sports Academy

Location: Nationwide

Objective: To identify and nurture sports talent, train technical and administration sports personnel and conduct research in sports. serve as a centre of excellence in sports development.

Implementing Agency: Kenya Academy of Sports

Project Progress: In FY 2018/19, 85per cent of Construction works for Phase I construction of KAS Complex was achieved. Works undertaken during this period included: completion of interior finishing for basement, ground, first and second floors, electrical installations, tiling, wall master application, mazerus cladding and landscaping around the hostel building. Also, grass planting and lattice stone-pitching around the Rugby and Football pitches was completed and bituminous layer was applied to the basketball courts. 2,610 talented youth and 123 coaches were trained, initiated the development of a Sports Research Policy developed and one Conference was hosted.

Challenges and Lessons Learnt: Project underfunding and slow pace of construction by the Contractor weak athlete development framework for elite sports in the Country, Weak coordination mechanisms amongst stakeholders in the sports sector and Low technical capacity amongst key stakeholders such as National Sports Federations. Low funding of the project has made the cost very expensive by attracting penalties on delayed payment, in addition, delayed project completion has made the original idea almost run the risk of being obsolete.

Recommendation and Way Forward: Funding for Capital Projects be increased to complete Academy complex and initiate works for Regional, County and Constituency Sports Academies. Develop athlete development framework and coordination mechanism amongst stakeholders.

The National Sports Lottery

Location: Nationwide

Objectives: To provide financial resource for improving performance of the sports industry.

Implementing Agency: National Sports Funds

Project Progress: Towards the establishment of the National Sports Lottery, the Fund trademarked the name "Michezo National Lottery", Developed a business plan as well as ToRs for engaging and operator.

Further, the Fund was able to successfully lobby the Parliament to pass 35per cent tax on betting and lottery which was to be disbursed through the National Sports Fund after amending Section of the Sports Act, 2013. The Sports Fund transitioned to the new Sports, Arts and Social Development Fund established under the Public Finance Management Regulations 2018. The Sports, Arts and Social Development Fund mandate was expanded to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

Challenges and Lessons Learnt: The key challenges included weak regulatory framework for implementing the lottery (especially licensing) and inadequate funding. The Fund's new mandate does not include implementation of a national sports lottery and the project failed to take off due to lack of funds. Long term licensing of lottery attracts investors.

Recommendation and Way Forward: There is need to establish a fully financed national lottery management agency with the necessary expertise.

Promotion of Clean Sports

Location: Nationwide

Objectives: To carry out the fight against doping in sports through Anti-Doping value-based education, sensitization and awareness campaign, protecting the "clean athlete" through effective doping tests and upholding the integrity of sport through intelligence gathering, investigations and results management of Anti-Doping rules violations.

Implementing Agency: Anti-Doping Agency of Kenya

Project Progress: In implementing the Anti-Doping Act 2016, the Agency successfully reached out to a total number of 54,708 athletes, athlete support personnel and other key stakeholders through Anti-Doping information sharing programs, sensitization awareness campaigns and values -based education. A total number of 2,012 tests were carried and Anti-Doping Rule Violation cases were prosecuted and concluded 100per cent.

Challenges and Lessons Learnt: Increased cases of doping by some athletes in international competitions and allegations in the media watered down the great efforts that produced exemplary performance by clean athletes at the global stage, Technological advancement in the use of prohibited substances by some athletes which seemed to be ahead of Anti-Doping measures, Lack of an accredited laboratory in Kenya which made it very expensive in analyzing doping tests hence low coverage in testing.

Recommendation and Way Forward: Promote Values-based Anti-Doping Education by integrating it into the schools' curriculum to instill values among students /athletes for prevention of doping at an early age, The Agency to capitalize on the e-learning platform to disseminate Anti-Doping information to all stakeholders involved in the fight against doping in sport, Establishing a WADA accredited laboratory to reduce cost of analysis of Anti-Doping tests.

Ultra-Modern National Library of Kenya

Location: Nairobi

Objectives: To increase access to information and knowledge for empowerment to all Kenyans.
Implementing Agency: Kenya National Library Services

Project Progress: During FY 2018/19, demolition of old building and excavation of the site for commercial wing were completed. Cumulatively, the Project had been implemented up to a level 88.4 per cent complete.

Challenges and Lessons Learnt: Delay in completion of the project due to cash flow challenges.

Recommendation and Way Forward: Implementation of phased approach with clear completion dates and budgetary requirements. The project was expected to be completed by March 2020 if fully financed as per the proposed budget.

The International Arts and Culture Centre

Location: Nairobi

Objectives: To be the arts, culture and creativity centre of excellence in Africa through talent development, exhibition and international cultural exchange.

Implementing Agencies: Kenya Culture Centre, State Department for Culture and Heritage.

Project Progress: Acquisition of transfer documents for the land on which the project would be built; Completion of the Inception Stage according to Clause 301.01 of the Schedule of duties for normal services. This stage involved; engagement of consultants, delineation on services, duties and fees for the consultants; Giving of the initial statement of requirements; Receipt of preliminary brief and schedules of accommodation together with cost limitations; and Completion of Preliminary Sketch Design Stage subject to Clause 301.02 of the Schedule of duties for normal services.

The Maasai culture

Challenges and Lessons Learnt: Inadequate resources stalled engagement of the stakeholders, carrying out of a traffic impact assessment, and the carrying out of international case studies in order to incorporate best world practices in the theatre industry; Lack of proper documentation and approvals from relevant authorities.

Recommendation & Way Forward: Increase funding to the Arts Sector, the creative economy and related projects; Partner with external donors and financiers for funding of the project; and standardize the required approvals and documentation.

CHAPTER FIVE
POLITICAL PILLAR

INTRODUCTION

The Kenya Vision 2030 takes cognizance of the importance of a democratic society that respects individual liberties, freedom of speech, association and worship and the rule of law.

The Political Pillar of Kenya Vision 2030 envisages *"A democratic political system that is issue-based, people-centered, result-oriented and accountable to the public".* The pillar envisions the transformation of the country's political governance system. Transformation within the political pillar cuts across the following strategic thrusts: devolution; adherence to the rule of law, issue-based politics; people-centered and politically engaged society; transparency, accountability, ethical and results-oriented government institutions; policy driven and service-focused government institutions and security for all Kenyans. The MTP goal for the Political Pillar is 'Moving to the future as one nation'. The pillar has two sectors: (1) Devolution, and (2) Governance and Rule of Law.

DEVOLUTION

"Making Devolution Work: A Catalyst for Holistic, Transformative and Sustainable Development"

Devolution is by far one of the most significant initiatives in governance undertaken since independence and is a key sector under the Political Pillar. The system of devolved government in Kenya was introduced by the Constitution of Kenya (CoK) 2010. The Constitution prescribes the national values and principles of governance which include sharing and devolution of power to provide a basis for Kenya's system of devolved government. The devolved system of government has been implemented since 2013 with a significant level of success.

Devolution Policies and Legal Reviews

Objective: Deepening devolution, strengthening Policy, Legal and Institutional Frameworks for Devolution and developing and implementing laws for devolved units, urban planning and management.

Implementing Agencies: Ministry of Devolution and Arid and Semi- Arid Lands, Kenya Law Reforms Commission, Parliament.

Project Progress: During the period under review, the County Government Act, 2012 and the Intergovernmental Act, 2012 were initiated and were at 50 per cent completion rate at the close of the year under review.

The sector also developed and submitted to Cabinet a policy framework on Regional Economic Blocs (REBs). The policy aims to guide the establishment and operationalisation of regional economic blocs formed by County governments.

Challenges and Lessons Learnt: There was delay in the approval of policy and legislative documents by the relevant bodies.

Recommendations and Way Forward: Fast track approval of the policy and legislative documents.

Capacity Building and Technical Support for Implementation of Devolution

Objective: To strengthen competencies in County governments through capacity building, technical support and public participation.

Implementing Agencies: Ministry of Devolution and ASALs, Kenya School of Government.

Project Progress: The sector has continued to build capacity to County governments through the Kenya Devolution Support Programme (KDSP) and the Instrument for Devolution Advice and Support (IDEAS) in the following thematic areas: public finance management, planning, monitoring and evaluation, human capital and performance management, intergovernmental relations, civic education, public participation and fiscal decentralization. Specifically, county government staffs responsible for finance were trained on Program Based Budget preparation using IFMIS (Hyperion module) and Standards Charts of Accounts (SCOA).

Under the planning thematic area, county staff responsible for planning were trained on the preparation of County Integrated Development Plans (CIDPs) planning processes and management of grants. Counties were also trained on Result Based Management tools and performance contracting. Induction of County Assembly Public Service Boards and County Public Service Boards was carried out. Counties were also trained on Environmental and Social safeguards, development and implementation of Environmental and Social Management Plans.

Challenges and Lessons Learnt: Delay in disbursement of capacity building grants to counties affected implementation of planned capacity building initiatives.

Recommendation and Way Forward: Timely release of funds to county governments.

Planning, Budgeting, Financial Management and Resource Mobilization

Objective: To strengthen planning, budgeting, public financial management and resource mobilization at county level. It will involve development of frameworks for integrated planning and budgeting, development of a framework to guide inter-county cooperation including formation of county regional economic blocs, supporting automation of county governments, and implementation of a structured system of conditional grants.

Implementing Agencies: The Ministry of Devolution and the ASALs, National Treasury and Planning, Commission on Revenue Allocation.

Project Progress: During the period under review, county government staff were trained on Program Based Budget preparation using IFMIS (Hyperion module) and SCOA, preparation of CIDPs, planning processes and management of grants.

Guidelines for Preparation of CIDPs were finalized and issued to the counties to enable them prepare the second generation CIDPs (2018-2022). Also issued were the guidelines for Preparation of County Annual Development Plans.

Challenges and Lessons Learnt: There still exists weak linkage between CIDPs and Budgets. Below target realization of county own revenue.

Recommendations and Way Forward: There is need to build capacities of county governments on revenue administration.

Intergovernmental Relations and Structures

Objective: To strengthen intergovernmental relations and structures by: reviewing the Intergovernmental Relations Act 2012 and development of attendant regulations, developing, disseminating and implementing a communication strategy and a framework to institutionalize ADR mechanism; and strengthening the sectoral consultation mechanisms. Implementing Agencies: Ministry of Devolution and ASALs, Inter Governmental Relations Technical Committee, Kenya Law Reform Commission, Parliament.

Project Progress: During the period under review, County Government Act (2012) and the Inter-Governmental Act (2012) were initiated and were at 50 per cent completion rate at the close of the year under review.

Regulations for Intergovernmental Sectoral Forums were developed and submitted to the Summit for approval. The regulations aim at giving legal backing to the forums. Regulations on ADR mechanisms on intergovernmental disputes were also developed during the period under review. The regulations intend to support mediation processes in settling intergovernmental disputes so as to minimize court processes. The sector continued to support the intergovernmental institutions such as the Intergovernmental Relations Technical Committee (IGRTC) and Council of Governors (CoG) by mobilizing financial resources both for their operations and development.

Challenges and Lessons Learnt: Inadequate exchequer allocation to the intergovernmental institutions.

Recommendations and Way forward: There is need to enhance exchequer support to intergovernmental institutions. There is also need for the intergovernmental institutions to seek alternative sources of funding to support their operations and development.

Human Resource Management, Development and Service Delivery

Objective: To strengthen Public Service and rationalize human resource functions across national and county governments. This will be achieved through implementation of relevant Capacity Assessment and Rationalization of the Public Service (CARPS) recommendations, enactment of legislation to establish the county pension scheme, strengthening the implementation of the 30 per cent inclusivity rule; strengthening the collaboration between Public Service Commission and County Public Service Boards, recruitment training and deployment and setting aside 1 per cent from research to support documentation of lessons and best practices from counties.

Implementing Agencies: The Ministry of Devolution and the ASALs, Public Service Commission, County Governments.

Project Progress: The financial requirement to implement CARPs Recommendations was undertaken.

Challenges and Lessons Learnt: Inadequate funds to implement CARPS. There is delay in the implementation of the CARPS report.

Recommendations and Way forward: Implement the recommendations of the CARPS report.

Development of Industrial Clusters and Products

Objective: To develop industrial clusters based on the One-County-One Product initiative

Implementing Agencies: Ministry of Devolution and ASALs, County Governments

Project Progress: Through funding from the European Union (EU) and county governments, 17 agro-based industries were initiated in 15 counties. The cumulative cost of the projects is Ksh.2.124 billion. Some of these industries included: Fruit Processing plant in Makueni county, Banana flour and wine plant in Kisii county, Sweet Potato Value Chain plant in Migori county, Milk Plant & Dairy Cattle production unit in Kisumu county, Abattoir and Tannery in Baringo county, Fish Value Chain in Marsabit county, Seed Potato Multiplication and Storage facility in Nyandarua county, modern abattoir in Samburu county, Banana Processing Plant in Taita Taveta county, Fish and Milk Value Chains in Tana River county, Camel Meat Facility and Milk Collection & Processing Mini-Plants in Wajir county. In overall, the average completion rate for the 17 projects was at 40per cent at the end of the period under review.

Challenges and Lesson Learnt: There are challenges in initiating industrial clusters covering various counties due to inadequate policy framework to guide their financing and management modalities. Delay in project approvals, procurement and release of funds.

Recommendations and Way Forward: There is need to develop a policy on the financing and management of economic ventures supported by a cluster of counties.

GOVERNANCE AND THE RULE OF LAW

"A Secure, Just, Cohesive, Democratic, Accountable, Transparent and Conducive Environment for a Prosperous Kenya."

The Sector aims at ensuring an effective, accountable and ethical leadership; and promotion of a just, democratic society in line with the Constitution and laws of the country. It is also intended to provide a secure environment and strong governance institutions that will propel citizens to full attainment of stable and sustainable socio-economic and political development. Kenya's devolved system of government aims at contributing to the enhancement of service delivery and citizens' participation in governance.

The main challenges to implementation of the activities under governance and rule of law were limited financial resources and human capacity constraints that lead to under-achievement of targets set within this period. This was exacerbated by delayed release of funds, slow implementation of the legal and policy framework and limited public participation in the policy, legislative and planning as well as budget process, slow pace in the decentralization of function and inadequate adherence to values and principles of ethics.

The performance of the Sector during the period under review is discussed as follows:

Implementation of Constitutional and Legal Reforms

This flagship project has three components namely, the development of laws to implement the Constitution (Fifth Schedule Laws), civic education on the Constitution and inculcating a culture of constitutionalism.

Development of Laws to implement the Constitution

Objective: To ensure conformity, consistency and implementation of existing laws with the Constitution.

Implementing Agencies: Office of the Attorney General, Judiciary, Kenya Law Reform Commission.

Project Progress: During the year under review, the Registrar of Political Parties developed and validated a draft policy on political parties' primary elections (Nominations). The Supreme Court (Amendment) Bill, 2019, the Supreme Court Rules, 2019 and the Supreme Court (Presidential Election Amendment Rules), 2019 were drafted and submitted to the Office of the Attorney General.

Challenges and Lessons Learnt: Shortage of legislative drafters.

Recommendations and Way forward: There is need to recruit additional legislative drafters.

Civic Education on the Constitution

Objective: To undertake civic education on the Constitution to ensure that citizens actively engage government and governmental processes as part of their civic engagements and empowering citizens and public sector employees on principles and values of devolution.

Implementing Agencies: Office of the Attorney General, Kenya Law Reform Commission.

Project Progress: Civic education programmes were conducted at both the national and county levels to promote the collective national aspirations in the Constitution and enhance citizens' participation and engagement. Citizens were trained and sensitized on the Constitution.

Challenges and Lessons Learnt: Inadequate civic awareness of the Constitution as well as inadequate resources including capacity and financial resources. Lack of harmonized civic education messaging among actors.

Recommendations and Way Forward: There is a need for standardization of civic education messaging throughout the country both at national and county governments as well as non-state actors.

Leadership, Ethics and Integrity

Objective: To strengthen policy, legislative and institutional framework for leadership, ethics and integrity by developing whistleblower protection mechanism, asset tracking and recovery, framework for wealth declaration, leadership and integrity framework and strengthening of multi-agency collaborations. Implement bilateral and multilateral leadership, ethics and integrity agreements.

Implementing Agencies: Ethics and Anti-Corruption Commission, Office of Director of Public Prosecutions and Judiciary.

Project progress: The EACC received and processed a total of 9,308 reports on corruption, economic crime and unethical conduct out of which 3,482 reports received were relevant to the Commission's mandate. During the period under review, a total of 1,593 cases were under investigation, out of which 218 cases related to ethical breaches. A total of 234 case files on corruption and economic crimes were finalized and submitted to the Office of the Director of Public Prosecution (ODPP) for action.

The Commission completed 113 investigations on violations of Chapter Six of the Constitution and Leadership and Integrity Act. This resulted in issuance of 739 advisories, 50 notices and two cautions to public entities and persons for violation of Chapter Six and LIA, 2012.

The Commission carried out 14 proactive investigations which resulted in averting possible loss of public funds of approximately Ksh. 14,489,000,000. There were 188 sting and trap operations carried out by the Commission in bribery-prone areas in various MDAs and private sectors.

The Commission completed 12 asset tracing inquiries in respect of illegally acquired and unexplained assets. The total estimated value of the assets traced was Ksh. 2,699,287,266. The Commission also filed 18 applications for preservation of assets valued at approximately Ksh. 3,800,000,000 and preservation and injunctive orders were granted. A total of 22 recovery suits involving assets with an estimated value of Ksh. 4,000,000,000 were filed. The Commission recovered public assets with an estimated value of Ksh. 4,500,000,000 during the period under review.

There were 414 cases on corruption, economic crimes and unethical conduct pending before court as at the end of FY 2018/19. Seventy-eight cases on corruption, economic crimes and unethical conduct were finalized in court out of which 51 were convictions, 23 acquittals and four withdrawals. There were 57 Petitions, Judicial Review Applications and Appeals filed against the Commission in relation to investigations.

On public education and sensitization, the Commission reached out to an estimated 6,000 members of the public in 26 hotspots across the country. The Commission also engaged Professional and Community Networks across the Country in its effort to mobilize critical mass required for effective corruption prevention where 47 professional networks and approximately 800,000 members were sensitized. The Commission covered 467 institutions of learning where 209,409 learners and 4,486 teachers, staff, and school managers were sensitized on corruption and unethical conduct. The Commission registered the National Integrity Academy (NIAca) on 18th July, 2018.

Challenges and Lessons Learnt: Lack of a comprehensive legal and regulatory framework for enforcement of Chapter Six of the Constitution; Declarations of Income, Assets and Liabilities (DIALs), integrity vetting both in Parliament and the Commission, amnesty (Section 25(A) of Anti-Corruption and Economic Crimes Act (ACECA); and plea bargaining (Section 137A-137N of Criminal Procedure Code (CPC). Slow judicial process hindered investigations in corruption and economic crime cases. Other challenges encountered include: inadequate capacity amongst stakeholders in the anti-corruption criminal justice system and inadequate specialized training in emerging corruption crimes.

Recommendations and Way Forward: There is need to enhance the multi-agency approach on conducting investigations, as well as the intelligence led investigation. Further, there is need to enhance the legal and regulatory framework for enforcement of Chapter Six of the Constitution, Declarations of Income, Assets and Liabilities (DIALs), integrity vetting both in Parliament and the Commission, Amnesty (Section 25(A) of ACECA); and plea bargaining (Section 137A-137N of CPC). There is also a need for main streaming leadership and integrity in the education curriculum-from primary-tertiary level of education.

Last but not least there is need to develop mechanisms for enforcement of Codes of Conduct and Ethics. Strengthen the anti-corruption courts by specialized training of the judges and magistrates and increasing their numbers.

National Cohesion and Integration

Objective: This aims to play a significant role in building the spirit of nationhood and national integration under the nation's leadership. It will promote national unity by facilitating processes and policies that encourage elimination of all forms of ethnic discrimination irrespective of background, social circle, race and ideological belief(s). It will further enhance the capacity for Kenyans to accept each other in appreciating the significance of diversity through sensitization and training on non-violent conflict resolution processes, as well as peace building initiatives that appreciate human dignity.

Implementing Agency: National Cohesion and Integration Commission

Project Progress: The National Cohesion and Integration has promoted national unity by facilitating processes and policies that encourage elimination of all forms of ethnic discrimination irrespective of background, social circle, race and ideological belief(s). A social media monitoring station to support investigations on hate speech and related crimes in the social media platforms has helped in investigation. The Commission also conducted consultative forums and community exchange activities on peaceful elections. In addition, training was conducted for Focal Point Persons from MDAs and Counties on National values and Principles of Governance and how to mainstream the National Cohesion and Values in their performance.

Challenges and Lessons Learnt: Slow pace of implementation occasioned by lack of transparency and accountability on programmes due to insufficient political commitment. Enhancing sensitization and training on non-violent conflict resolution processes, as well as peace building initiatives leads to appreciation of human dignity.

Recommendations and Way forward: There is a need to increase levels of political commitment in order to realize implementation of the project. There is a need for continued fight against corruption, enhancing judicial processes and capacity building to facilitate dispensation of justice and adherence to the rule of law and continual public awareness creation, capacity building, enforcement and monitoring of national values and principles of governance.

Legal Aid and Awareness

Objective: To focus on development and implementation of a sustainable funding strategy, automation of legal aid services, rolling out legal aid to sixteen additional counties and broadening of public private engagement.

Implementing Agencies: Office of the Attorney General (National Legal Aid Services), Office of the Director of Public Prosecutions.

Project Progress: The NLAS offered the following services during the period under review, legal advice, representation, assistance in resolving disputes through Alternative Dispute Resolution (ADR), assistance in drafting of court documents, effecting service incidental to any legal proceedings and creation of legal awareness through conducting of legal open days as well as media campaigns in local FM stations.

Challenges and Lessons Learnt: Very few pro bono advocates are willing to take up legal aid matters thus indigent persons lack representation in court. Slow pace of implementation, transparency and accountability issues on programmes due to low levels of political commitment.

Recommendations and Way Forward: To realize implementation of legal awareness programmes there is a need to increase levels of political commitment.

Judicial Transformation

Objective: Aims at transforming the judiciary into a legitimate, effective and independent custodian of justice. It will involve the transforming of court procedures, processes, organizational culture and management to re-orientate them towards a culture of responsive, proactive, friendly, effective and accessible service delivery. In addition, the Judiciary Fund will be operationalised to safeguard its independence and to redesign institutional and administrative arrangements of the judiciary to create a unified national institution with appropriate levels of devolution. Further, the Judiciary will be re-equipped to develop a robust, indigenous, patriotic and progressive jurisprudence.

Implementing Agencies: Judiciary and Kenya School of Law

Project Progress: During the year, a total of 469,359 cases were resolved by courts against a total of 484,349 cases that were filed translating to 97 per cent case clearance rate, which eased the growth rate of case backlog. On the hand, tribunals resolved a total of 2,521 cases. Construction of Magistrates' Courts buildings was completed at Nyando, Vihiga and Hamisi. Construction was ongoing for 38 court buildings which were at various stages of completion.


ISIOLO LAW COURTS

These were: Chuka, Nyamira, Garissa, Nanyuki, Siaya, Voi, Kapenguria, Isiolo, Nakuru, Maralal, Kwale, Wajir, Ol-Kalou, Kakamega, Mombasa, Makueni, Kajiado, Tamu (Muhoroni), Kibera, Mukurweini, Kangema. Homa Bay, Kabarnet, Marsabit, Narok, Mandera, Embu, Bomet, Othaya, Amagoro, Githongo, Kandara, Mbita, Habasweini, Butali, Port Victoria, Iten and Eldama Ravine. Further, a contract was awarded for renovation of Forodha House to create 11 court rooms, 18 chambers, segregated cells, three registries and 71 offices for the Anti-corruption and Economic Crimes Court, Environment and Land Court and Employment and Labour Relations Court.

The Judiciary Service Commission conducted interviews for Court of Appeal Judges and recommended 11 applicants for appointment as Judges. Further, the Commission recruited and appointed 49 Resident Magistrates, of whom 33 (67 per cent) were female and 16 (33 per cent) were male, and 70 legal researchers.

During the MTP III period, the school had planned to improve access to expeditious delivery to justice to all. In the year 2018/19, the school conducted two mediation trainings with a total of 100 trainees certified to be accredited by the Judiciary as mediators.

Challenges and Lessons Learnt: Frequent austerity measures, which often involved budget cuts, and unpredictable disbursement of the exchequer affected the pace and timeliness of construction projects. There was lack of adequate number of judges and judicial officers to meet the increasing demand for justice.

Financial constraint experienced during the year hindered the establishment of the regional campus under the Kenya School of Law.

Recommendations and Way Forward: There is need for increased budgetary allocation towards achievement of the statutory requirement of establishing high courts in all counties and magistrate courts in all sub-counties, and enhanced financial support to Kenya School of Law. Recruitment of judges, judicial officers and staff should be prioritized to enhance timely delivery of justice. There should be strengthening of financial autonomy of the Judiciary through operationalisation of the Judiciary Fund.

Strengthening the Criminal Justice System

Strengthening of the criminal justice system flagship project requires independent institutions with a clear mandate as well as formal collaboration mechanisms amongst the relevant institutions such as the Office of the Director of Public Prosecution, the Judiciary and Correction services as discussed in the sub projects below.

Strengthening Public Prosecution Services

Objective: The sector will undertake measures to strengthen the criminal justice system

Implementing Agencies: Office of the Attorney General, Office of Director of Public Prosecutions, Ministry of Interior (State Department of Correctional & Rehabilitation Service), National Police Service, Kenya Prisons Service.

Project Progress: In the period 2018/19, the Office of the Director of Public Prosecutions (ODPP) established nine regional offices in an effort to enhance access to justice by the public. An overall conclusion rate of 35.92 per cent was attained for prosecution of cases before court which was an increase from 6.5 per cent attained in FY 2017/18. This improvement is attributed to concerted effort by all players in the criminal justice system to fast-track access to justice. During the period, projects aimed at enhancing access to justice were implemented such as “All for Justice”. The ODPP also established a Witness and Victim Facilitation Fund to facilitate attendance of witnesses to court and to pre-trial sessions.

Article 159 of the Constitution provides for dispute resolution mechanisms that include mediation, reconciliation and negotiation when it comes to resolving matters in court. The office adopted the following strategies as alternatives to prosecution: Diversion, Traditional Justice Mechanisms, Warnings/cautions, Deferred prosecution agreements and Plea bargaining.

Challenges and Lesson Learnt: The ODPP continues to face major challenges related to financial and human resource constraints. Emergence of transnational crimes makes effective prosecution of cases difficult. Further, there are weak linkages among criminal justice institutions which affects prosecution service.
Recommendations and Way Forward: In order to implement the envisaged institutional transformation and modernization, the ODPP requires enhanced financial and human resources facilitation. There is need to continuously embrace prosecutions guided investigations. Further, there is need to offer specialized training to Prosecution counsel to be able to handle complex and emerging crimes related cases effectively.

Strengthening Correctional Services (Prison and Probation Services)

Objective: To review and develop laws for correction services, to decongest correctional facilities, to develop other alternatives to imprisonment and to promote non-custodial sentences, to effectively integrate offenders into the community and to develop policies for alternative measures to imprisonment.

Implementing Agencies: Office of the Attorney General, Office of Director of Public Prosecutions, Ministry of Interior (State Department of Correctional & Rehabilitation Service), National Police Service, Judiciary, Kenya Prison service.

Project Progress: An audit was carried out on laws. To reduce the congestion in prisons, the Community Service Order No. 10 of 1998 and the Probations and After Care Act Cap 64 were reviewed and amendments proposed to facilitate alternatives to custodial sentences.

Challenges and Lessons Learnt: Congestion in the prisons due to lack of facilities and limited budgetary allocations. Slow pace of reforms in correctional services including the welfare of prison officers hampered the successful implementation of this project.

Recommendations and Way Forward: There is need for increased financial resource to support facility improvement and expansion.

Witness Protection Services

Objective: To provide special protection, on behalf of the state, to persons in possession of important information and who are facing potential risk or intimidation due to their cooperation with prosecution and other law enforcement agencies.

Implementing Agencies: Office of the Attorney General, Office of Director of Public Prosecutions, Ministry of Interior (State Department of Correctional & Rehabilitation Service), National Police Service, Judiciary, Kenya Prison service.

Project Progress: The programme achieved 100 per cent protection level of witnesses admitted. Further an average of 60 days was taken for resettlement and reintegration of witnesses after final testimony.

Challenges and Lesson Learnt: Lack of proper framework for protection of vulnerable child witnesses. Recommendations and Way Forward: The inclusion of the State Department for Correctional and rehabilitation services and the department of Children's Services in the special Taskforce on children will improve the protection of child witnesses and victims of crime. There is need to develop appropriate policies and guidelines for the criminal justice players and enactment of legislation to protect Vulnerable Child Witnesses.

CHAPTER SIX
CONCLUSION

CONCLUSION

The preparation of FY 2018/19 Flagship Projects Progress Report has been prepared at a favorable time for Kenya. One, because the national planning process is gearing towards the implementation of the Big Four Agenda. This has proved to be a major advantage as it enabled holistic integration of the national development agenda and thought process into the report. Secondly, the Agenda 2030-time framework overlaps with that of Kenya Vision 2030. This has enabled the country to easily mirror its National Development Plans and Programme with those of the SDGs.

From the progress, it is evident that Kenya made considerable progress between 2008 and 2017, most notably in development and modernization of infrastructure (roads, railway, airports, water ways, among others), improved energy generation and supply, improved security, public sector reforms, human resource development, job creation, quality education, housing and urbanization, devolution of services, expanding access to affordable health care, and in modernizing the public services.

The government has continued to invest on infrastructure development as an important enabler of socio-economic development. Infrastructure development has targeted construction of networks of roads, railways, ports, airports, water ways and telecommunications. During FY 2018/2019, investment in infrastructure programmes and projects was focused on accessibility, quality, functionality, job creation, disaster preparedness and protection of the environment. Infrastructural development is founded on the need to accelerate the achievement of the "Big Four" initiatives by building on the on-going developments in road, rail, marine, air, energy, and ICT. A greater leap in the provision of the requisite enabling environment is with the energy subsector which experienced growth with almost half a million new connections and installed capacity. Finally, in order to secure sanctity of land as a key enabler of the Vision 2030, the Kenya Government prioritized upgrading policies and programme covering overall land use, security of tenure, wider access to land titles, and transparent and secure land registration system.

The expansion in the Real Gross Domestic Product during the FY 2018/19 was 6.3 per cent. This was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Overall, the Social Pillar sectors registered remarkable improvements in their performance in FY 2018/19 with a majority of the targets met and others surpassed. However, progress within each sector varies depending on various factors that generally influence the implementation of each flagship project. In FY 2018/19, measures were undertaken to strengthen governance at all levels of government to facilitate the achievement of the Government's "Big Four" initiatives. Achievement of the "Big Four" initiatives calls for an enabling legal, policy and regulatory framework that ensures prudent management of available public resources. Such reforms include: ensuring that elections are free, fair and violence free; strengthening governance and the fight against corruption; ensuring level playing field for businesses and entrepreneurs; deepening public financial management reforms; fostering financial sector development and reforms; modernizing the criminal justice system and improving Kenya's ranking in governance at political and financial levels.

However, during the implementation period, several challenges have been noted across all the sectors, Some of these include: Inadequate funding, high instances of litigation on projects by agencies and the civil society, high cost of resettlement of Project Affected Persons (PAPs) / Resettlement Action Plan (RAP) implementation; tedious/delay in land acquisition processes; vandalism of infrastructure facilities, lengthy procurement procedures, inadequate disaggregated data, inadequate investment in renewable source of energy, among others.

Going forward, there is a need: for continued political goodwill and top leadership support at the National and County Level Government to fast track development of key programmes and projects, enhance funding of projects, to ensure adequate stakeholder engagement which is critical to the success of the project before and post completion, to integrate M&E into organizational structures in order to ensure effective implementation and tracking of achievements through a robust monitoring, evaluation and reporting of progress; and to optimize ICT infrastructure, among others.

As a country, we will build on these foundations and successes to continue our transformation and modernization in order to create more and better-quality jobs, raise the living standards of every Kenyan, end inequality and lift more Kenyans out of poverty.

The report will be a reference material in informing policy and decision makers on the status of implementation and alternatives for accelerated development. Further to this, challenges noted, lessons learnt and recommendations will inform programmes and projects re-programming for greater impact.

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