

**KENYA VISION 2030
FLAGSHIP PROJECTS
PROGRESS REPORT
(FY 2019/2020)**

Towards a Globally
Competitive and
Prosperous Nation

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VISION 2030 FLAGSHIP PROJECTS PROGRESS REPORT (FY 2019/2020)

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LIST OF ACRONYMS

ABMT Appropriate Building Materials and Technologies **ABS** Asset-Backed Securities

ADC Agricultural Development Corporation **ADR** Alternative Dispute Resolution

AFA Agricultural and Fisheries Authority

AfDB African Development Bank

AG Attorney General

AGOL African Gas Oil Limited

AGPO Access to Government Procurement Opportunities

AIDS Acquired Immune Deficiency Syndrome **AIV** African Indigenous Vegetation

AMIP Aquaculture Market Information Platform **AML**

Anti Money Laundering

API Application Programme Interfaces

ASALs Arid and Semi-Arid lands

ASDS Agricultural Sector Development Strategy

ASIO African Science, Technology and Innovation Observatory

ATDC Agriculture Technology Development Centre

AWF African Wildlife Foundation

BMU Beach Management Unit

BPO Business Process Outsourcing

CAIDI Customer Average Interruption Duration Index **CAK** Communication Authority of Kenya

CAN Calcium Ammonium Nitrate

CARPS Capacity Assessment and Rationalisation of the Public Service

CBA Collective Bargaining Agreement

CBC Competency Based Curriculum

CBET Competency Based Education and Training
CBOs Community Based organisations
CCTV Closed Circuit Television
CDACC Curriculum Development Assessment and Certification Council
CIDCs Constituency Industrial Development Centers **CIDP** County Integrated Development Plans **CIMES** County Integrated Monitoring and Evaluation Systems **CMMP** Capital Markets Master Plan
CNN Cable News Network
CoG County Government
CoK Constitution of Kenya
COVID Corona Virus Disease

CPSB County Public Service Boards
CWCCC County Wildlife Conservation and Compensation Committee
DAP Di-Ammonium Phosphate
DCI Directorate of Criminal Investigations
DDI Domestic Direct Investment
DFZ Disease Free Zones
DLP Digital Learning Programme
DPs Development Partners
DRC Data Disaster Recovery Centre
DRST Department of Research Science and Technology

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DSA Drug & Substance Abuse
DTT Digital Terrestrial Television
DUE Directorate of University Education **EA** Enumeration Area
EAC East Africa Community
EACC Ethics and Anti-Corruption Commission **EAE** Excellent Academic Environment **EARNP** East Africa Road Network Project
EARTTDFP Eastern Africa Regional Transport, Trade and Development Facilitation Project
EDL Effluent Discharge License
EEZ Exclusive Economic Zone
EIA Environmental Impact Assessment **EOI** Expression of Interest
EOPS Early Oil Pilot Scheme

EPC-F Engineering, Procurement, Construction and Financing
EPRA Energy and Petroleum Regulatory Authority **EPS** Expanded Polystyrene Panels
ERP Enterprise Resource Planning
ETF Exchange Traded Funds
EU European Union
FBOs Faith-Based organisations
FDI Foreign Direct Investment
FGM Female Genital Mutilation
FRC Financial Reporting Center
GAP Good Agricultural Practice
GBV Gender-Based Violence
GCCN Government Common Core Network
GDC Geothermal Development Company **GDP** Gross Domestic Product
GER Gross Enrolment Rate

GFCI Global Finance Centre Index
GIS Geographic Information Systems
GoK Government of Kenya
HDU High Dependency Unit
HELB Higher Education Loans Board
HISP Health Insurance Subsidy Programme **HIV**
Human Immunodeficiency Virus
HSNP Hunger Safety Net Programme
ICD Inland Container Depot
ICDC Industrial & Commercial Development Centre **ICT**
Information and Communication Technology

ICTA Information, Communication and Technology
Authority
ICU Intensive Care Unit
IFC International Finance Corporation
IGRTC Intergovernmental Relations Technical Committee **ILRI**
International Livestock Research Institute **IOCS** International
Oil Exploration Companies **IPRS** Integrated Population
Registration System **ISSOS** Informal Sector Skills and
Occupations Survey **IT** Information Technology
ITB International Tourism Bourse

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ITES Information Technology Enabled Services **JKIA**
Jomo Kenyatta International Airport
JKUAT Jomo Kenya University of Agriculture & Technology
CAA Kenya Airports Authority
KAIST Kenya Advanced Institute of Science and Technology
KALRO Kenya Agricultural and Livestock Research
Organisation
KCAA Kenya Civil Aviation Authority
KDSP Kenya Devolution Support Programme **KEMFRI**
Kenya Marine and Fisheries Research Institute **KEMP**
Kenya Electricity Modernisation Project **KEMSA** Kenya
Medical Supplies Agency
KenGen Kenya Electricity Generating Company PLC
KeNHA Kenya National Highways Authority
KeNIA Kenya National Innovation Agency
KENTRADE Kenya Trade Network Agency

KeRRA Kenya Rural Roads Authority
KETRACO Kenya Electricity Transmission Company
KFS Kenya Forest Service
KICC Kenyatta International Convention Centre **KICD**
Kenya Institute of Curriculum Development **KIE** Kenya
Industrial Estates
KIP Kenya Investment Policy
KIRDI Kenya Industrial Research and Development Institute
KISE Kenya Institute of Special Education
KMD Kenya Meteorological Department
KMTC Kenya Medical Training College
KNBS Kenya National Bureau of Statistics
KNH Kenya National Hospital
KNQA Kenya Nationals Qualification Authority
KNQF Kenya National Qualification Framework
KODI Kenya Open Data Initiative
KOJ Kisumu Oil Jetty
KOT Kipevu Oil Terminal

KoTDA Konza Technopolis Development Authority
KPA Kenya Ports Authority
KRC Kenya Railways Corporation
KSG Kenya School of Government
KTB Kenya Tourism Board
KTSSP Kenya Transport Sector Support Project
KURA Kenya Urban Roads Authority
KWS Kenya Wildlife Service
KYEOP Kenya Youth Employment and Opportunities Programme
LAN Local Area Networks

LAPSSET Lamu Port South Sudan Ethiopia Transport
LDD Learners Digital Devices
LDK London Distillers Kenya
LED Local Economic Development
LEZ Livestock Export Zones
LIMS Land Information Management Systems **LPG** Liquefied Petroleum Gas
LVSR Low Volume Sealed Roads
M&E Monitoring and Evaluation

X TOWARDS A GLOBALLY COMPETITIVE AND PROSPEROUS NATION

MCS Monitoring Control System
MDAs Ministries, Departments and Agencies
MICE Meetings, Incentives, Conferences and Exhibitions
MKTE Magical Kenya Travel Expo
MOE Ministry of Energy
MoE Ministry of Education
MoH Ministry of Health
MoICT Ministry of Information Communication and Technology
MoLPP Ministry of Lands and Physical Planning
MOU Memorandum of Understanding
MSMEs Micro Small & Medium Enterprises
MTP Medium Term Plan
MTRH Moi Teaching & Referral Hospital
NACOSTI National Commission for Science, Technology and Innovation
NAICEC Nairobi International Convention and Exhibition Centre

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NaMSIP Nairobi Metropolitan Services Improvement Project **NAS** National Addressing System
NCBF National Capacity Building Framework **NCPD** National Council for Population and Development **NCPWD** National Council of Persons Living with Disability **NCTIP** Northern Corridor Transport Improvement Project **NDEF** National Drought Emergency Fund
NDITC National Development Implementation Technical Committee
NDMA National Drought Management Authority
NEA National Employment Authority
NEMA National Environment Management Authority **NEMIS** National Education Management Information System
NETIP Northern Eastern Corridor Transport Improvement Project
NGAAF National Government Affirmative Action Fund
NGOs Non- Governmental organisations
NHIF National Hospital Insurance Fund
NIA National Irrigation Authority

NIMES National Integrated Monitoring and Evaluation System
NLAS National Legal Aid Services
NLMIS National Land Management Information System
NMR Nairobi Metropolitan Region
NOFBI National Optic Fibre Backbone Infrastructure)
NPS National Police Service
NPSRL National Physical Science Research Laboratory
NRC Nanotechnology Research Center
NSC National Steering Committee
NSE Nairobi Stock Exchange

NTSA National Transport Safety Authority
NYS National Youth Services
ODPP Office of Director of Public Prosecutions
ODS Ozone Depleting Substances
OFID OPEC Fund for International Development **OPWD**
 Older Persons and Persons with Severe Disability **OSC** One
 Stop Centre
OTMCP Online Transaction Mining Cadastre Portal
OVC Orphans and Vulnerable Children

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Health

PAC Problem Animal Control
PAMU Problematic Animal Management Unit
PAPs Project Affected Persons
PFM Public Finance Management
PGAS Partner Government Agencies
PGN Policy Guidance Note
PICU Paediatric Intensive Care Unit
PPP Public Private Partnership
PSC Production Sharing Contract
PWA Persons living with Albinism
PWD Persons living with Disability
PWSD Persons with Severe Disabilities
RAP Resettlement Action Plan
REIT Real Estate Investment Trust
REREC Rural Electrification and Renewable Energy
 Corporation
RTOSH Research and Training in Occupational Safety and

SAGA Semi-autonomous Government Agency **SAIFI**
 System Average Interruption Frequency Index **SDGs**
 Sustainable Development Goals
SEZs Special Economic Zones
SKA Square Kilometre Array
SNE Special Needs Education
SNP Sustainable Neighbourhood Housing Project **SSAC**
 Sector Skills Advisory Committees
ST&I Science, Technology and Innovation
STEM Science, Technology, Engineering and Mathematics
STEP Skills towards Employment and productivity
TARDA Tana and Athi Rivers Development Authority **TC**
 Technical Committee
TFR Total Fertility Rate
TMT Thermal & Mechanically Treated
TOR Terms of Reference
TSC Teachers Service Commission
TTI Technical Training Institutes

TVC Technical Vocational Centre
TVET Technical Vocational Education and Training
UNFCCC United Nations Framework Convention on Climate Change
UNICEF United Nations International Children's Emergency Fund
USTOA United States Tour Operators Association **VDB** Vision Delivery Board
VMS Vessel Monitoring System
VPN Virtual Private Network

VTC Vocational Training Centre
VTT Vocational Technical Training
WADA World Anti-Doping Agency
WEF Women Enterprise Fund
WRA Water Resource Authority
WSTF Water Sector Trust Fund
WWDAs Water Works Development Agencies
YEC Youth Empowerment Centres
YEDF Youth Enterprise Development Fund

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FOREWORD



The Kenya Vision 2030 is the long term

development blueprint, with the goal of transforming the country into a newly industrializing, globally competitive, and prosperous upper middle income country with a high quality of life for all citizens by 2030. The Vision is delivered through five-year Medium-Term Plans (MTPs) and is now in its third implementation phase (MTP III), covering the period 2018-2022.

The performance and achievements of the implementation of MTPs is presented through two key reports: Annual Progress Reports (APRs), which provide overall performance across sectors based on outcomes and Annual Flagship Progress Reports which present the performance of Flagship Programmes and Projects. These reports are meant to inform policy and decision-makers on the status of implementation for accelerated development.

To date, the Vision 2030 Delivery Secretariat has prepared a consolidated MTPs I and II Flagship Projects Progress Report. Under MTP III (2018-2022), the first Annual Flagship Projects Progress Report was prepared in FY 2018/19. This is the second Annual Flagship Projects Progress Report on the implementation of Flagship Programmes and Projects. The report presents progress and

achievements of Flagship Programmes

and Projects during the Financial Year (FY) 2019/20. An analysis of these reports indicates that Kenya has made considerable progress since 2008 in implementing the flagship projects across all sectors of the economy and continued to do so during FY 2019/20. This progress will be sustained in the medium term to raise the living standards of every Kenyan.

Importantly, the 74th United Nations General Assembly, declared the period 2020-2030 as a decade of action. As a Board, we are delighted that the Kenya Vision 2030 framework is in line with Agenda 2030 and has integrated the three (3) dimensions of sustainable development: Economic, Social and Environmental. Drawing from the challenges encountered and lessons learnt so far, we will develop an implementation acceleration framework and provide strategic leadership and direction in the realization of the Vision. Considering this, all MDAs will be required to prioritize key programmes and projects in line with the Government Development Agenda.

This report observes the need for a vibrant public service to facilitate the delivery of Vision 2030, especially the flagship programmes and projects. As such, for sustained service delivery, we will continue to advocate for increased momentum in reforming the

public sector through, among others, digitization of key government services and strengthening policy, legal and institutional frameworks to support service delivery.

The government takes cognizance of the fact that the outbreak of the COVID-19 pandemic has caused the most severe global health and economic setback, with the IMF projecting a 4.9 per cent contraction of the global economy in 2020. Kenya's economy is not an exception and is projected to grow by 2.9 per cent in 2020 compared to 5.4 per cent in 2019.

Hence, given that the Flagship Programmes and Projects are capital intensive, we will continue to strengthen collaboration networks and partnership with the county governments, private sector, development partners and other non-state actors as a way of creating synergy amongst institutions. Specifically, we will explore alternative financing models for programmes and projects, because continued borrowing exerts more pressure on our debt portfolio.

We call upon all stakeholders to play their role effectively

and together we will realize the envisaged Kenya Vision 2030 development goals.

JANE KARUKU, MGH

CHAIRPERSON

VISION 2030 DELIVERY BOARD

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ACKNOWLEDGEMENT



T

his is the second progress report on the

implementation of Flagship Programmes and Projects in the third Medium Term Plan of Kenya Vision 2030. The Report details the progress achieved under Kenya Vision 2030 for the Financial Year 2019/2020 and is the culmination of good synergy and cooperation between Government Ministries, Departments and Agencies.

In keeping with the design of Kenya Vision 2030, the Government has prioritized four key strategic areas in MTP III: Affordable Housing, Manufacturing, Universal Health Care and Food Security. These are not new priorities but extracts from Kenya Vision 2030 which the Jubilee Administration chose to highlight and concentrate on to expedite the progress of development.

It is gratifying to note the significant milestone achievements in this period, key among them, the rise in the number of public and private Technical Vocational Education and Training institutions from 2,028 in FY 2018/19 to 2,190 in FY 2019/2020 and the Complete Early Oil Pilot Scheme (EOPS) Project which attained 392,757 barrels of crude oil. The first crude cargo of 240,150 barrels was exported in August 2019. The Last Mile Connectivity Project connected 500,397 customers bringing the cumulative number of customers to over 7.5 million during this period in the energy sector. Under public sector reforms, the Integrated Service Delivery Model (One-Stop Shops) also known as Huduma Centres served a total of 5,600,000 citizens through the various Service Delivery Channels. This goes to show that a lot can be achieved in a relatively short time, with determination, courage, good planning

and execution. This Report is proof of these things.

My personal and our institutional appreciation goes to the Cabinet Secretary, National Treasury and Planning, Ambassador Ukur Yattani, the Principal Secretary, State Department of Planning, Mr Saitoti Torome, the staff of the State Department for Planning, whose resourcefulness and commitment to the success of Kenya's Development Planning cannot be gainsaid, our Stakeholders outside Government and most important of them all, the Citizens of Kenya, who continue to invest in a better, more prosperous future for themselves and succeeding generations.

It would be remiss of me not to acknowledge the specially difficult times we are currently living in, on account of the Covid-19 pandemic. Indeed, this has been a year like no other in the last 100 years of human existence. Thousands have lost their lives and livelihoods and the economy has taken a serious battering.

We grieve with those who lost their loved ones and livelihoods. However, we also salute the spirit of Ubuntu, which has made us help each other where we need help and paradoxically, given a surprising boost to some sectors of the economy, particularly the health sector which has recorded significant Covid-19 driven gains.

MR. KENNETH MWIGE
DIRECTOR GENERAL
VISION 2030 DELIVERY SECRETARIAT

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Kenya Vision 2030 has three pillars: Economic, Social and Political, anchored on Foundations/Enablers for national transformation and a stable macroeconomic framework. The Second Annual Flagship Projects Progress Report presents performance and achievements in the implementation of Flagship Programmes and Projects in the Third Medium Term Plan (MTP III) 2018-2022 for the FY 2019/20. The report also presents challenges and lessons learnt as well as recommendations on how to address the challenges.

The economic performance of the FY 2019/20 was below target largely due to the impact of the COVID-19 Pandemic. The real GDP grew by 2.9 per cent during the FY 2019/20. The economy remained resilient and recorded a stable growth of 5.5 per cent. However, this growth decelerated in the fourth quarter when the economy contracted by 5.7 per cent. Due to the COVID-19 pandemic, most macroeconomic indicators were anchored on the need to cushion the economy from the effects of the pandemic. For this reason, inflation eased, Central Bank Rate (CBR) was lowered further to 7.0 per cent in April 2020 and broad money supply increased to Ksh 3,863.6 billion as of June 2020. The easing of the CBR and increase in money supply were aimed at stimulating the economy amidst

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the pandemic. The current account deficit narrowed to Ksh 78.9 billion. The slowdown in economic activity also manifested in reduced activity at the Nairobi Securities Exchange (NSE). In addition, the Kenyan Shilling depreciated against most of its major trading currencies in the second quarter of 2020.

Foundations for National Transformation

Under the Foundations, a total of 1,489 kilometres of new roads were constructed while 28,847 kilometres of roads were maintained/ rehabilitated. Phase 2A of SGR (Nairobi-Naivasha), the Inland Container Depot (ICD) and 4 new commuter Stations in Nairobi were completed. On expansion and modernisation of aviation facilities, an Intelligent Analytical Video Management System was installed at JKIA Primary Screening Yard, integration to national and international security agencies was completed; Brand Audit and Signage Manual for JKIA were completed, and rehabilitation of Kutulo Airstrip in Mandera County was completed.

There was an increase in power generation capacity by 86.3 megawatts to 2,716.5 MW and over 500,397 households were connected to electricity bringing to a total of 7,576,146. A total of 127.6 km of transmission lines and associated sub-stations were completed, 477.5 km of Medium Voltage (MV) of distribution lines were added to the existing network, nine (9) new and upgraded sub-stations were completed against a target of 20 sub-stations. To improve universal access to ICT services, 500 km of Fibre optic was constructed increasing the total to 2,500 kilometres which connect to sub-counties and hospitals.

To enhance Science, Technology and Innovation, the Institution of

Applied Sciences was established. Renewable Energies Research Centre at Morindat was commissioned. National, Science Laboratory was established, and equipment required for the Technology and Innovation parks were established in Konza University of Nairobi and, Kenya Pipeline training and research Technopolis and Dedan Kimathi University of Technology.



On Land reforms, 454,990 titles were registered. Guidelines to counties on implementation of National Spatial Plan and National Land Use Policy were developed and disseminated. Land value index was completed in five Counties namely: Mombasa, Kisumu, Narok, Kericho and Bomet and in Naivasha (sub-county of Nakuru). To improve Shipping and Maritime Facilities: The construction works on Berth 22 for the Second Container Terminal Phase II and the first 3 Berths at the Lamu Port was at 55.2 per cent and 79 per cent respectively, while the rehabilitation and improvement of infrastructure at the Kisumu Port was at 98 per cent. On security, the construction of the forensic

laboratory is 100 per cent complete while equipping was at 26 per cent complete. Assorted security equipment and 30 vehicles were procured for the police. Integrated Population Registration System (IPRS) was completed and operationalised.

As a part of public sector reforms, grading structure in the civil service to 17 tiers was revised. Further, a draft succession management strategy, a master plan for high priority and scarce skills, and a legal framework for a common pension scheme was developed. Towards ending drought emergencies, 100,538 households received regular cash transfers in the four counties (Turkana, Wajir, Marsabit and

To improve Shipping and Maritime Facilities: The construction works on Berth 22 for the Second Container Terminal Phase II and the first 3 Berths at the Lamu Port was at 55.2 per cent and 79 per cent respectively.

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Mandera). The NDMA Act 2016 (amendment Bill) to operationalise the Fund was passed by Parliament. Overall, a total of 11 new policies were developed, 3 new laws enacted and 23 bills drafted to provide an enabling policy and legal framework for the various sectors under foundations.

Economic Pillar

The Economic Pillar aims to achieve and sustain an average economic growth rate of 10 per cent per annum until 2030. This sector's performance



was affected given the COVID-19 pandemic containment measures which directly impacted sectors such as tourism. Key achievements during the period included are highlighted below.

In the tourism sector, the tourism industry earnings grew by 3.9 per cent from Ksh 157.4 billion in 2018 to Ksh 163.6 billion in 2019. A total of 64 km of road rehabilitation in Amboseli and Lake Nakuru National Park was finalised. Works at the airstrips of the same parks progressed to a 50 per cent completion level. This was aimed at achieving the Premium Parks Initiative. To ensure the utilisation of under-utilised parks, a total of 1,818 km of roads was rehabilitated/maintained in Tsavo East, Aberdares, Ruma, Mt. Elgon, Nairobi National park, Meru and Shimba Hills. Also rehabilitated was 36.8 km of airstrip runways in these parks. Progress was also registered in the



Business and Conference Tourism Initiative where 13.3 per cent of 2,035.4 thousand tourist arrivals visited the country for business and conference reasons. KICC is currently undergoing modernisation and expansion of the KICC MICE Facility and is reported to be 60 per cent complete. The average completion rate (Phase I and II) of MICE is 48 per cent.

The Agricultural sector made progress in the implementation of the Consolidated Agricultural Reform Legislations. Private members' Tea and Sugar Bill were drafted. The Nuts and Oil Crops Strategy, Root and Tuber Crops strategy were also developed in 2019, while the Irish Potato Regulations was gazetted. The Fertiliser Cost Reduction programme managed to distribute 107,000 MT of subsidised fertiliser against a target of 200,000 MT. Approximately 85,000 farmers were digitally registered for the e-voucher system to benefit from the programme. In the ASALs Irrigation Projects, the Galana Kulalu Irrigation Development Project, attained an 85 per cent completion level. 5,170 acres of the 10,000 acres, were put under production. The Bura Irrigation Scheme was at 41 per cent completion. For the case of the Turkana Irrigation Development Project, the Authority completed the rehabilitation of 16 projects with 13,190 acres of which 6,440

acres were rehabilitated and expanded. Under the Agriculture, mechanisation service, ATDCs in Ruiru, Mabanga and Siakago were constructed and equipped. The Disease-Free Zones (DFZs) Phase I was at 98 per cent completion level while Phase II was at 48 per cent completion level. The overall project completion rate of the DFZs was 70 per cent. In the livestock value chain support project, 350, 3000-litre Capacity Bulk Coolers and Accessories were delivered, installed, tested and commissioned across the country.

Key achievements under the trade sector included the establishment of the KOMEX, which was 82 per cent complete. KENTRADE also enhanced the Single Window System further through the implementation of a Maritime Single Window module which is an additional module in the Single Window System, aimed at automating ship clearance processes to allow for online submission of clearance documents for ship and crew docking at the Port of Mombasa. The agency, in a bid to improve on the legal and regulatory framework underpinning of the Single Window

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System, drafted a bill on the Kenya National Electronic Single

Window System which was finalised and submitted to The National Treasury and Planning and is awaiting enactment into an Act.

The manufacturing sector saw the Dongo Kundu land gazetted as SEZ and a Special Planning Area in August 2019. RAP was finalised for compensation of PAPs. In Naivasha, the SEZ Master Plan was completed and land demarcation and allocation to investors done. In the Research, Technology and Innovation Programme, 12 industrial technologies were developed and transferred to SMEs; 688 MSMEs were supported through the provision of incubation and common manufacturing facilities, capacity building and consultancy services, laboratory testing and analysis. The operationalisation of the One

Stop Centre (OSC) continued with the hosting of seven government institutions. The OSC facilitated 43 investment proposals worth Ksh 156.94 billion. The MSEs Policy was reviewed and submitted to Cabinet for Approval, MSE Fund Regulations were developed and submitted to the AG office and Stawi product for MSMEs was established by commercial banks. The development of Kenya Leather Industrial Park progressed with the construction of the Common Effluent Treatment Plant (CETP) which progressed to 35 per cent completion. Thirty-seven (37) Constituency Industrial Development Centres were also upgraded while operationalisation of Kariobangi MSE Centre of Excellence was at 90 per cent completion level.

Konza Technopolis is one of the flagship projects under the BPO/IT Enabled Services sector. Phase 1 that covers approximately 400 acres had the office block and the Data Centre 100 per cent completed and horizontal infrastructure financed through Engineering, Procurement, Construction and Finance progressed to 33 per cent. The construction of phase 2 of the Data Centre is ongoing while the conference facility was halted due to budget cuts.

The Financial sector implemented the Capital Market Master Plan 2014-2023 up to 52 per cent, gazetted draft Capital Markets (Commodity Markets) Regulations, 2019 and Capital Markets (Coffee Exchange) regulations, 2019. It also launched Nairobi Securities Exchange (NSE) Derivatives Market abbreviated as NEXT, developed Kenya Sovereign Green Bond Framework, established Digital Finance Programme Management Unit and Inter Agency Steering Committee for digital finance.

Sustainable Development Goal No. 7 aims at enabling access to affordable, reliable, sustainable and modern energy for all.

The Commercialisation of the Oil and Gas

Discoveries progressed with the petroleum

Exploration Blocks marketed nationally and internationally increasing to 38 blocks from 30 as eight (8) more blocks were relinquished by International Oil Exploration Companies (IOCs) to the government. Complete Early Oil Pilot Scheme (EOPS) Project attained 392,757 barrels of crude oil. The first crude cargo of



240,150 barrels was exported in August 2019. Receipt of crude oil continued after the first export attaining an accumulated crude oil of approximately 177,725 barrels as of June 2020. Construction of Lokichar-Lamu Crude Oil Pipeline progressed to 30 per cent. 16,872 m³ additional capacity for petroleum products

storage capacity was created at Kenya Pipeline **Early Oil Pilot Scheme 4**

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Refineries Limited in Mombasa. In enhancing the National LPG project, 50,000 additional cylinders were procured towards the end of FY 2019/2020. Airborne Geological Surveys were initiated through multi-agency government institutions. In enhancing mining for development, Voi Gemstone Value Addition Centre was constructed, partially equipped and operationalised. The Kenya National Multi Commodity Exchange (KOMEX) under the Ministry of Trade was also established.

To enhance sustainable development and use of the blue economy resources the Blue economy sector, constituted an Inter Agency Technical Working Group, established Kenya Fisheries Advisory Council and Kenya Fisheries Industries Corporation, and operationalised Boards of Management for Kenya Fisheries Service, Kenya Fish Marketing Authority and Fish Levy Trust Fund. Further, Fish stocks in natural and man-made small water bodies were enhanced by stocking 385,000 fingerlings in Lake Naivasha while 80,000 mixed Tilapia fingerlings were stocked in 4 community

Sustainable Development Goal No. 7 aims at enabling access to affordable, reliable, sustainable, and modern energy for all. The

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dams in Machakos, Homa Bay, Kakamega and Kajiado Counties. In terms of infrastructure development: aquaculture facilities at Sagana and Kiganjo were upgraded, Ten (10) innovative aquaculture market outlets were established, two (2) national fish gene banks were developed, development of Malindi and Mombasa fish markets progressed. Various other, development works, upgrading and rehabilitation works continued in different parts of the country. Research and development and inspections to ensure fish safety were also done. Sensitisation and training campaigns on the blue economy and management of fishing activities were also done during the review period. Bandari Maritime Academy (BMA) was established and operationalised with a functioning Board of Directors.

Social Pillar

The Social Pillar seeks to build a just and cohesive society enjoying equitable social development in a clean and secure environment. Overall, the flagship projects under this Pillar recorded mixed performance during the review period. Among the key

achievements during the FY 2019/20 are discussed below.

Public secondary schools account for about 85 per cent of all secondary schools in Kenya, partly due to the introduction of the Free Day Secondary Education and implementation of the 100 per cent transition policy. A total of Ksh 610 million was disbursed to 248 schools to develop 342 classrooms, 74 laboratories and 148

Wash, Sanitation and Hygiene (WASH) facilities across the country. To enhance uptake of Technical Vocational Education and Training, a total of 144 Technical and Vocational Centres and 9 National Polytechnics were equipped.

In Health Sector, 1,102,510 expectant mothers were registered and 724,463 deliveries recorded in the NHIF program, Kenya

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TOWARDS A GLOBALLY COMPETITIVE AND PROSPEROUS NATION **xxiii**

National Hospital (KNH) and Moi Teaching and Referral Hospital (MTRH) significantly improved the infrastructure required to beef up the medical tourism project. Among the key accomplishments were: acquisition of a 6 megavolts (MV) Linear Accelerator and accessories, upgrading of the KNH Renal Centre and expansion of day Care Surgical Centre at KNH as well as completion of generator house and installation of 350KVA Generator at MTRH.

Key achievements in the Environment, Water, Sanitation and Regional Development Sector include: 45 hectares established to increase tree seed source acreage with the aim to achieve at least 10 per cent tree cover by 2022, 2,723.325 hectares of degraded natural forest areas have been newly rehabilitated in the five water towers and other areas, 564.39 hectares of mangrove forest was planted in Lamu, Kwale and Mombasa. 51,346 hectares in Maasai Mau Forest, Cheptais Forest of Mt. Elgon, Kirisia forest in Samburu County and North Nandi Forest were reclaimed from encroachment. In addition, major water supply projects were completed including, Kisumu, Nyahururu, Gigiri-Kabete, Keroka, Isebania, Iten-Tambach, Chwele, Siaya - Bondo, Chesikaki - Cheptais - Sirisia, Baricho, Masinga- Kitui, Eldas Enole, Wote and Isiolo.



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To cushion the poor and vulnerable groups, cash

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transfers were provided to 764,644 poor and vulnerable Older Person and 295,307 households taking care of Orphans and Vulnerable Children. The Women Enterprise Fund disbursed a total of Ksh 2.7 million to 10,954 women groups while the

Youth Enterprise Development Fund disbursed Ksh 473.3 million to youth enterprises for business startup or expansion benefitting a total of 94,680 youth.

To cushion the poor and vulnerable groups, cash transfers were provided to 764,644 poor and vulnerable Older Person and 295,307 households taking care of Orphans and Vulnerable Children. The Women Enterprise Fund disbursed a total of Ksh 2.7 million to 10,954 women groups while the Youth Enterprise Development Fund disbursed Ksh 473.3 million to youth enterprises for business start-up or expansion benefitting a total of 94,680 youth.

The Affordable Housing Co-operatives were facilitated to deliver on the promise of affordable housing by linking them to providers of affordable credit and building technologies. Towards this end, co-operatives were able to construct 2,300 housing units during the period under review. Further, the construction of 180 housing units for the National Police Service and Kenya Prisons Service was completed while 1,022 housing units were at various stages of completion. Under the Civil Servants Housing Scheme, construction

of over 600 housing units across the country was at different levels of completion progressed and 80 Civil Servants had benefited from the Civil servant's mortgage scheme.

The Sports sub-sector performance in the upgrading of regional

stadia was at different completion levels as follows: Kamariny Regional Stadia (30 per cent), Wote Regional Stadia (40 per cent), Marsabit Regional Stadia (65 per cent) and Ruringu Regional Stadia (60 per cent). Karatu Ndaragu Regional Stadia (47 per cent), Chuka Regional Stadia (95 per cent) and Kipchoge Keino Regional Stadia (65 per cent). In addition, an Ultra-Modern National Library also known as "Maktaba Kuu" located at Upper Hill in Nairobi was completed under the Sports, Culture and the Arts Sector.

Despite the significant progress observed, the implementation of some of the flagship projects in the Pillar was either slow or was never implemented at all. Generally, the performance was inhibited by the COVID-19 pandemic that led to the loss of jobs and employment and restricted movement as well as budget cuts in an effort by the Government to divert resources to fight the pandemic. Overall, the Sector identified the need for increased budget allocation, multi stakeholder engagement and public-private participation in the implementation of various projects.

Political Pillar

During the review period, the political pillar had twelve projects implemented under the two sectors with significant achievements being realised.

The National Capacity Building Framework (NCBF) was implemented in all 47 counties to build their relevant institutional

and technical capacities. The human resource capacity was enhanced through training and recruitment of 6,758 officers (4,028 males and 2,730 females) for the National Government and 479 officers (201 male and 278 females) for County Government Health

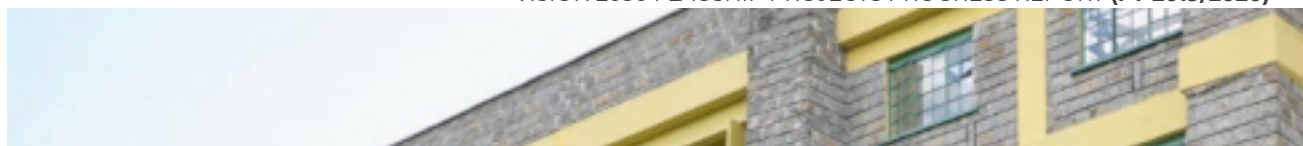
Facilities. Further, a Regional Economic Blocks Policy was developed to guide Counties in the formation and operationalisation of county economic blocks. Regulations on intergovernmental sector forums and ADR mechanisms were developed to enhance coordination of intergovernmental relations.

To facilitate implementation of Constitutional and Legal Reforms, Regulations for County Government Act, 2012, Intergovernmental Relations Act, 2012 Access to Information Act 2016, Bail and Bond Bill, 2020, and County Public Service Board Bill, The Supreme Court (Amendment) Bill, 2019 were drafted. In addition, the Assumption of the Office of Governor Act No. 4 of 2019 was enacted and all submitted laws were reviewed for alignment with the Constitution.

The Judiciary increased investment in building its capacity to deliver justice resulted in an 86 per cent case clearance rate by courts and 72 per cent case clearance rate by Tribunals. The construction of seven Law Courts' buildings was completed, two new magistrate courts and five mobile courts were established across various Counties.



In the fight against corruption, economic crime and unethical conduct, a total of 163 investigation case files were finalised and submitted to the ODPP while 87 cases were finalised in court. A total of 31 proactive investigations that resulted in averting possible loss of public funds of approximately Ksh 10 billion were carried out. 88 asset tracing inquiries on illegally acquired and unexplained assets were completed and public assets recovered through court proceedings and out of courts settlements. Further, the Lifestyle Audit Bill, 2019, was reviewed and draft regulations for the Bribery



Interest Bill,
2020 developed.

To enhance National Cohesion and Integration, over 50 cases were investigated for hate speech and ethnic contempt, DCI officers from four Counties were trained, and sensitisation forums on peace and cohesion were conducted. Three peace agreements were endorsed in Narok North, Narok South and Marsabit where over 200 elders, peace committees, women and youth were trained on dispute resolution mechanisms. Conflict assessments were conducted to establish a detailed understanding of the conflict and security situation in some of the regions and Counties in Kenya.

The Judiciary increased investment in building its capacity to deliver justice resulted in an 86 per cent case clearance rate by courts and 72 per cent case clearance rate by Tribunals. The construction of seven Law Courts' buildings was completed, two new magistrate courts and five mobile courts were established across

various Counties.



INTRODUCTION

Kenya's long-term development blueprint, the Vision 2030, aims

to transform the country into a newly industrialising, globally competitive and prosperous upper middle-income country with a high quality of life for all citizens by 2030. The Vision is anchored on three Pillars: Economic, Social and Political, which are supported by the Foundations/Enablers. The Vision 2030 framework is in line with Agenda 2030 and has integrated the three (3) dimensions of sustainable development: Economic, Social and Environmental.

The Kenya Vision 2030 is in its third five-year implementation phase (MTP III), covering the period 2018-2022. From conception, strategies to deliver on the Vision were to be executed through concrete flagship projects across the priority sectors. These key programmes and projects are initiatives that are envisaged to result in high economic and social impact. The number of key programmes and projects is reviewed in each implementation phase of Vision 2030.

The Kenya Vision 2030 is in its third five-year implementation phase (MTP III), covering the period 2018-2022. From conception, strategies to deliver on the Vision were to be executed through concrete flagship projects across the priority sectors. These key programmes and projects are initiatives that are envisaged to result in high economic and social impact.

The Constitution provides a fundamental basis for monitoring and evaluation of the implementation of MTPs to ensure transparency and accountability at both levels of government. Further, MTP III provides for continuous monitoring and evaluation of the implementation of programmes and projects to enhance evidence-based decision making. Consequently, annual reviews are undertaken to gauge performance, learn from experiences and make informed decisions to accelerate progress in the short and long term.

This report presents the progress of flagship programmes and projects planned for and implemented during the second year of the third MTP of the Kenya Vision 2030. This report is a consolidation of Ministries, Departments, Agencies and Counties (MDACs) 2019/20 annual programmes and projects progress reports. In addition, the report presents implementation challenges encountered and lessons learnt as well as key recommendations.

1

MACROECONOMIC PERFORMANCE

CHAPTER ONE

MACROECONOMIC PERFORMANCE

The medium-term macroeconomic framework for the period

2018-2022 is consistent with the Kenya Vision 2030 goals. The framework aims at putting the economy on sustainable growth of 7 per cent by end of the Plan period. The implementation of the framework is supported by policy, legal, institutional and structural

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reforms that are being implemented by the Government to strengthen macroeconomic stability, improve the business environment and transparency and accountability in the use of public resources. The framework further supports the realisation of Vision 2030 and the “Big Four” initiatives, SDGs and aspirations of Africa’s Agenda 2063 which all seek to achieve broad-based inclusive and sustained growth that will contribute towards the reduction of poverty, income inequality and employment creation.

1.1 Progress in the implementation of the macroeconomic framework of the third MTP

The main goal of the MTP III macroeconomic framework for the period 2019-2020 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 creating more jobs including enhancing the share of formal sector jobs. Attainment of these objectives was anchored on a macroeconomic foundation that ensured stability in the 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.

However, on March 11th 2020, the World Health Organisation (WHO), declared COVID-19 a global health pandemic. The COVID-19 pandemic has brought about a health crisis which has also created a global social and economic crisis. The outbreak, spread and the ensuing containment measures have had devastating global economies and national impact on the economy especially in the third and fourth quarter of the financial year 2019/20. This has led to the contraction in economic growth with prospects across countries and nationally remaining highly uncertain. In Kenya, the pandemic has affected key economic sectors including tourism, exports of horticulture, Micro Small and Medium Enterprises

(MSMEs), manufacturing, transport, domestic and external trade. It has also overstretched the country's health care system and led to the closure of learning institutions for an extended period.

1.1.1 Macroeconomic Performance

i) Economic Growth

In the first quarter of the FY 2019/20, the economy remained resilient and recorded a stable growth of 5.5 per cent compared to a growth of 6.4 per cent in the corresponding quarter of FY 2018/19. This growth was mostly supported by strong performance in the services sub

sector such as information and communication, transportation and storage and accommodation and restaurants. This was consistent with the medium-term macroeconomic framework for the period 2018-2022 that aims to put the economy on sustainable growth of 7 per cent by the end of the Plan period.

Although Kenya was somehow spared the severe effects of the COVID-19 pandemic in the third quarter of FY 2019/20, the economy was significantly affected by the disease in the fourth quarter. In the fourth quarter, economic activities were markedly subdued

compared to the corresponding quarter in the previous year. During this period, the country instituted measures aimed at containing the spread of the virus, which included restriction of movement in and out of some counties, closure of learning institutions, closure of some businesses especially those dealing in Accommodation and Food services and near cessation of international travel among others. As a result, the performance of most sectors of the economy was to a large extent negatively affected by these measures with output considerably constrained and, in some cases, completely halted. The poor performance in

the quarter was characterised by substantial contractions in Accommodation and Food Services, Education, Taxes on products and Transportation and Storage, which consequently occasioned the significant downturn.

It had been projected that the real GDP will grow by 2.9 per cent during the FY 2019/20. Due to the COVID-19 pandemic, most macroeconomics indicators were anchored on the need to cushion the economy from the effects of the pandemic. For this reason, inflation eased to 5.31 per cent from 5.92 per cent in the second quarter of 2019. Central Bank Rate (CBR) was lowered further from 7.25 per cent in March 2020 to 7.0 per cent in April 2020 and

maintained at the same level throughout the quarter. The broad money supply increased from Ksh 3,564.2 billion as at June 2019 to Ksh 3,863.6 billion as at June 2020. The easing of the CBR and increase in money supply were aimed at stimulating the economy amidst the pandemic. The current account deficit narrowed to Ksh 78.9 billion in the review period from Ksh 136.9 billion in the corresponding quarter of 2019. The slowdown in economic activity was manifested in reduced activity at the Nairobi Securities Exchange (NSE). The NSE 20 Share Index dropped from 2,633.3 points in June 2019 to 1,942.1 points in June 2020. In addition, the Kenyan Shilling depreciated against most of its major trading currencies in the second quarter of 2020 compared to

the same quarter in 2019. The Kenyan Shilling ceded ground against the Japanese Yen (7.47 per cent), US Dollar (5.13 per cent), Sterling Pound (2.95 per cent) and Euro (1.49 per cent), respectively. However, the Shilling gained reasonably against all the regional currencies, most notably being against the South African Rand by 15.5 per cent.

In Table 1.1, against the backdrop of the COVID-19 pandemic, the agricultural sector recorded improved growth of 4.4 per cent compared to 3.6 per cent in the previous year. The sector's performance was supported by a notable increase in tea

production, cane deliveries, milk intake and fruit exports. The non-agricultural (service and industry) sectors were adversely affected by the COVID-19 pandemic during the second quarter of 2020. As a result, the sector contracted by 8.5 per cent in the second quarter of 2020 down from a growth of 6.4 per cent in a similar quarter in 2019.

The Services sector contracted by 11.0 per cent in the second quarter of 2020 compared to a growth of 6.8 per cent in the same quarter in 2019. At the end of the financial year, the service sector had cumulative growth of 2 per cent against a growth rate of 6.7 per cent in the previous year. The decline was largely characterised by substantial contractions in Accommodation and Food Services (18.4 per cent), Education (8.35 per cent) and Transportation and Storage (2.8 per cent). Growth in the service sub-sector was mainly supported by finance and insurance, information and communication technology and Public Administration.

The growth in the industry sector significantly slowed down with only mining and quarrying growing at 5.8 per cent compared to 2.5 per cent the previous year. The growth in the mining sub-sector is attributed to increased production across all products in Base Titanium Limited which operates Kenya's largest mine. There was

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a decline in economic activities under the manufacturing, electricity and water supply which grew at 1.1 per cent and 4.5 per cent compared to 2.5 per cent and 3.3 per cent in the previous year respectively. The industry sector was further supported by the construction sub-sector which grew by 5.4 per cent compared to the previous growth of 6.4 per cent. The growth in the manufacturing sector was mainly supported by the manufacture of non-food products such as cement, assembly of motor vehicles and cigarette production.

Table 1.1: 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	3.6
2. 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	19	-4.2	14.9	12.3	9.5	4.5	2.7	2.5
Manufacturing	4.5	7.	-0.	5.6	2.5	3.6	3.1	0.7	4.3	3.3

		2	6					Real GDP Growth	8.4	6.1	4.6	5.9	5.4	5.7	5.9	4.8	6.3	5.4	
Electricity & Water Supply	6.3	9.4	9.6	6.6	6.1	8.5	8.4												
Construction	19.1	4	11.3	6.1	13.1	13.8	9.9												
3. Services	7.3	6.1	4.7	5.4	6	6	6.8												
Wholesale and Retail Trade	9.6	8.3	6.9	8.4	6.9	5.9	3.7												
Accommodation & Restaurant	-0.5	4.1	3.1	-4.6	-16.8	-1.3	13.3												
Transport & Storage	5	7.1	2.9	1.3	5.5	8	6.5												
Information & Communication	17.4	22.1	2.6	12.5	14.5	7.4	9.9												
Financial & Insurance	17.7	4.6	6	8.2	8.3	9.4	6.9												
Public administration	1.4	2.4	4	2.8	5.6	5.5	5.6												
Others Services	3.6	1.5	2.3	4.6	4.2	3.9	4.3												
o/w Real Estate	5	5.1	4	2.8	5.6	7.2	8.8												
Education	10.2	7.5	11	6.3	7.8	4.9	5.3												
Health	6.2	-2.6	-2.8	7.7	8.1	5.8	4.8												
Taxes on products	9.2	12.6	7.5	9.5	3.4	2.8	4.4												

Source: Kenya National Bureau of Statistics



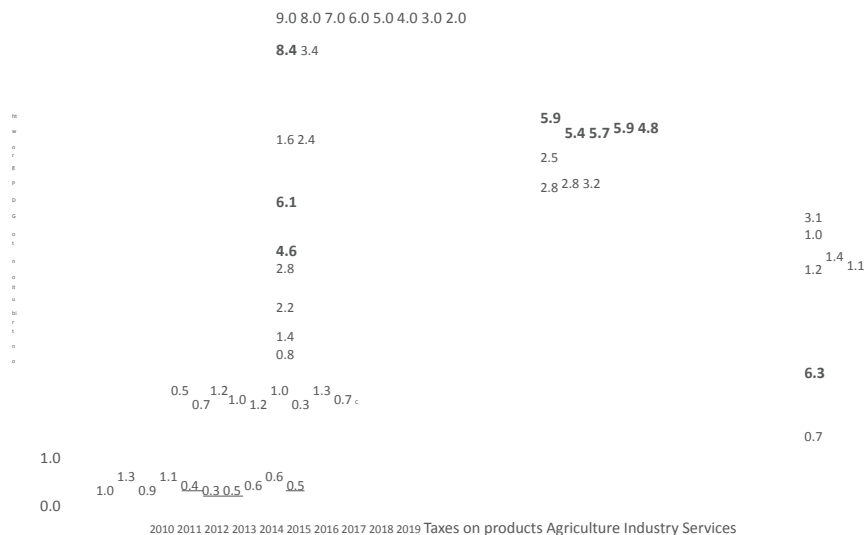
Against the backdrop of the COVID-19 pandemic, the agricultural sector recorded improved growth of 4.4 per cent compared to 3.6 per cent in the previous year. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports.

deliveries, milk intake and fruit exports.

The non-agricultural sectors (service and industry) were adversely affected by the COVID-19 pandemic. The service sector contributed 1.1 per cent to the GDP growth against 3.3 per cent in 2019. The industry sub-sector contributed 0.5 per cent against 0.9 per cent the previous year (see Figure 1.1).

Figure 1.1: Contribution to real GDP Growth (per cent)

2020. The rise in inflation was attributed to the higher food inflation especially during the second quarter of FY 2019/20. The delay in the onset of rains resulted in lower agricultural activities and raised food inflation to 9.3 per cent in December 2019 on account of rising



The rise in inflation was attributed to the higher

Source: Kenya National Bureau of Statistics (KNBS)

ii) Inflation

The year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 per cent since

prices of key food items such as spinach, kale, tomatoes, onions and sugarcane. The decline in food inflation during the third and fourth quarter of the financial year reflected favourable weather conditions which resulted in declines in the prices of key food items such as cabbages, tomatoes, Irish potatoes, spinach and loose maize grain.

The core (Non-Food-Non-Fuel) inflation however remained below 5 per cent with a low and stable contribution to overall inflation, reflecting muted demand pressures in the economy on account of prudent monetary policies and the ability of the Central Bank to

5.4
3.4
3.3
1.0
3.1
1.0
1.2
1.4
1.1
6.3
0.7

impact of reduced VAT as part of government intervention measures against the COVID-19 pandemic. The contribution of fuel to overall

inflation declined to 3.8 per cent against 9.11 per cent in 2019. This was on the account of a decline in overall inflation. It also reflected on the

the end of 2017 demonstrating prudent monetary policies. The inflation rate marginally increased from 5.24 per cent in 2019 to 5.5 per cent in

food inflation especially during the second quarter of FY 2019/20. The delay in the onset of rains resulted in lower agricultural activities and raised food inflation to 9.3 per cent in December 2019 on account of rising prices of key food items such as spinach, kale, tomatoes, onions and sugarcane.



paraffin, petrol, diesel and 200KWh electricity prices also during the same period due to lower international oil prices (see Figure 1.2).

Figure 1.2: Evolution of Inflation



Source: Kenya National Bureau of Statistics (KNBS)

The major driver of overall inflation during the financial year has, therefore, been food inflation as indicated in Figure 1.3.

Figure 1.3: Structure of Overall Inflation



The improved liquidity in the money market resulted in stable

iii) Interest Rates

In September 2016, the Central Bank of Kenya (CBK) Act was repealed, ushering the interest rate controls regime 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. 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 12.2 per cent in FY 2019/20, the lending rate declined to an average of 12.2 per cent. The same trend was witnessed in 2019. As the interest rate caps took effect, the impact on the economy started to become evident. As a result the law governing interest rate caps was repealed in late 2019.

In FY 2019/20, the short-term interest rates remained low and stable. The Central Bank Rate was retained at 7 per cent in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by the COVID-19 pandemic. The interbank rate also declined in line with the easing of the monetary policy and to ensure adequate liquidity in the money market.

commercial bank rates. The average lending rate declined from 12.8 per cent in FY 2018/19 to 12.2 per cent in FY 2019/20 while the average

deposit rates declined from 7.5 per cent to 7 per cent. This led to

a decrease in the rates spread by 0.5 percentage points period (see Table 1.2).

Source: Kenya National Bureau of Statistics (KNBS)

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Table 1.2: Evolution of Interest Rates

Rate	2013	2015	2016	2018	2019
	20	201	201	201	201
					-202



	08 -2 01 2		4			7	3 -201 7			8 -201 9	0
Deposit Rate	5.2	6.5	6.6	6.9	7.1	7.5	6.9	7.9	7.1	7.5	7
Savings Rate	1.6	1.6	1.5	1.6	2.9	6.3	2.8	6.4	4.7	5.5	4.3
Lending Rate	15.6	17.3	16.5	16.2	16.6	13.7	16	13.1	12.4	12.8	12.2
Central Bank Rate (CBR)	9.5	8.8	8.5	10.1	10.7	10	9.6	9.3	8.9	9.1	8.2

iv) Exchange Rate

The country continues to pursue a floating exchange rate policy in line with Vision 2030. In such an environment, movement in the exchange rate is driven by market forces with the role of the CBK being reduced to monitoring and dealing with excess volatility. The foreign exchange market experienced some volatility in 2020, largely due to uncertainties with regard to the impact of the COVID-19 Pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive, supported by a stable current account deficit. The Shilling depreciated against the US Dollar exchanging at an average of Ksh 103.8 compared to Ksh 102.0 during the previous year.

The stability of the exchange rate has largely been driven by a healthy foreign exchange reserves buffer at the CBK which stood at USD 9.1 billion in 2019, increasing to USD 9.7 billion in 2020 (**Table 1.3**). This foreign exchange cover, which averaged 5.9 months of import cover, meets the CBK's statutory requirement to maintain at least 4 months of import cover and the EAC region's convergence criteria of 4.5 months of import.

Table 1.3: Exchange Rate and Foreign Exchange Reserves

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	103.8
Gross Reserve (USD Million)	4974.6	4813.1	5148.3	5515.3	6762	7710.8	9122.9	9528.9	10108.4	10321.6	11522.6	12629.0	13680.9
<i>o/w Official</i>	3266.8	3280.9	3881	4111.6	5105.4	5995.7	7357.8	7320.8	7937.2	7933.6	8653.3	9122.3	9739.9
<i>Commercial Banks</i>	1707.8	1532.2	1267.4	1403.7	1656.6	1715.0	1765.1	2208.1	2171.1	2387.9	2869.4	3506.7	3940.9
Import Cover (36 mths import)	4.2	3.6	3.9	3.8	4.1	4.2	4.8	4.2	5.2	5.3	5.8	5.7	5.9
Remittance inflows (USD Million)						903.8	986.2	1032.2	1077.1	1100.5	1185.1	1054.3	2809
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	-4.7

v) External Sector Development

The overall balance of payments position improved to a surplus of US\$ 179.3 million (0.2 per cent of GDP) in the year 2019 to June 2020 from a deficit of US\$ 492.7 million (0.5 per cent of GDP) in the year 2018 to June 2019. This was mainly due to the narrowing of the financial account deficit.

The capital account balance registered a surplus of US\$ 149.6 million in the year to June 2020. However, this was a decline of US\$ 65.6 million compared to the balance witnessed in June 2019. Financial inflows declined to US\$ 4,485.1 million in June 2020 compared to US\$ 6,634.8 million in June 2019. The financial inflows

were mainly

in the form of direct investments, portfolio investments and other investments which stood at a deficit of US\$ 662.1 million, US\$ 1,189.2 million and a deficit of US\$ 5,019.2 million, respectively in June 2020.

The current account deficit worsened by 1.2 per cent to US\$ 4,795.3 million (4.7 per cent of GDP) in June 2020 compared to a deficit of US\$ 4,737.4 million (5.0 per cent of GDP) in the year June 2019 mainly due to a decline in net secondary income and net services. The balance in the merchandise account improved by US\$ 705.8 million to a deficit of US\$ (9,458.9) million in the year June 2020 on

account of a decline in imports that more than offset the decline in exports.

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The banking system's foreign exchange holdings remained strong at US\$ 13,680.9 million in June 2020 up from US\$ 13,187.3 million in June 2019. The official foreign exchange reserves held by the Central Bank improved to US\$ 9,739.9 million (5.9 months of import cover) in June 2020 compared with US\$ 9,655.9 million (6.0 months of import cover) in June 2019. This fulfils the requirement to maintain reserves at a minimum of 4.0 months of imports cover to provide an adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to US\$ 3,940.9 million in June 2020 from US\$ 3,531.4 million in June 2019.



vi) Balance of Payment

The overall Balance of Payments position improved from a surplus of Ksh 103.4 billion in 2018 to a surplus of Ksh 106.4 billion in 2019, on account of a build-up in official reserves. The current account balance worsened to a deficit of Ksh 567.0 billion in 2019 from a deficit of Ksh 511.3 billion in 2018. The financial account net inflows declined by 3.9 per cent from a surplus of Ksh 662.0 billion in 2018 to a surplus of Ksh 636.3 billion in 2019. This was mainly occasioned by declines in net inflows of direct investment and other investment liabilities.

The banking system's foreign exchange holdings remained strong at US\$ 13,680.9 million in June 2020 up from US\$ 13,187.3 million in June 2019. The official foreign exchange reserves held by the Central Bank improved

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2

**FOUNDATIONS
FOR NATIONAL**

TRANSFORMATION

CHAPTER TWO

FOUNDATIONS FOR NATIONAL TRANSFORMATION

2.1 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 in its efforts continued 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 the achievement of the “Big Four” Agenda by building on the ongoing infrastructural development in road, rail, marine, air and energy.

2.1.1 Roads Sub-Sector

The sub-sector contributes to improving the country’s global competitiveness through road infrastructure development, efficiency and quality of services provided by the road transport sector. The Sector is responsible for the construction, maintenance and management of the National Trunk roads as stipulated in the 4th Schedule of the Constitution. The flagship programmes and

VISION 2030 FLAGSHIP PROJECTS PROGRESS REPORT (FY 2019/2020)

projects implemented under the program during the FY 2019/20 include:

Expansion of Roads Programme

The programme is aimed at enhancing domestic and regional connectivity, boosting rural productivity and reducing urban congestion. It involves construction/rehabilitation of 10,000 Km of roads comprising 2,500 Km of conventional roads and 7,500 Km Low Volume Sealed Roads.

a) The Northern Corridor Transport Improvement Project (NCTIP)

Location: Nationwide

Objective: To promote regional trade and investments through improved road connectivity

Implementing Agency: Kenya National Highways Authority (KeNHA)

Progress: Final designs for Isiolo–Nginyang Road submitted, 6Kms of Nuno-Modogashe (A13) road constructed, substantially completing the 135Km road

b) East Africa Road Network Project (EARNP)

Location: Nationwide

Objective: To 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 Safety Authority (NTSA)

Project Progress: A total of 49.34Km of roads were constructed which is an achievement of 60 per cent. These included, 22.64Km (28 per cent) of Isebania-Kisii, 19.7Km (44.33 per cent) of Kisii-Ahero; 6.67Km (35 per cent) of Eldoret By-Pass and 7Km (31 per cent) of Kitale–Endebess – Suam road sections

c) The Kenya Transport Sector Support Project (KTSSP)

Location: Nationwide

Objective: To increase the efficiency of road transport

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: The project constructed 16.47 Km of roads against a target of 53 Km. These included, construction of 0.6 Km of Kisumu – Kakamega, 10.87 Km of Kakamega-Webuye and 5 Kms of Athi River -Machakos Turn-off (62 per cent)

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

Location: Eldoret-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: A total of 221.1Km of road section between Eldoret to Nadapal were constructed/upgraded. The project achievements included, upgrading of 46.26 Km (55.4 per cent) of Kalobeyei river- Nadapal, 56.48 Km (60 per cent) of Lokitaung junction – Kalobeyei River, 76.72 Km (82.16 per cent) of Lokitaung junction – Lodwar and 41.64 Km (71.8 per cent) of Lodwar – Loichangamatak road. In addition, a works contract was awarded for Loichangamatak- Lokichar road

section

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e) Roads 10000 Low Volume Sealed Roads Program

(LVSR) Location: Nationwide

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

Implementing agencies: Kenya Rural Roads Authority

Project Progress: The Authority rolled out the programme in forty three (43) counties. A total of 6,678.3 Km of roads worth Ksh 300 billion had been procured and were at various stages of implementation. Since the inception of the Programme in January 2016, a total of 3,225.5 Km has been upgraded to bitumen standard

2.1.2 Decongestion of Cities and Urban

Areas Location: Major Cities and Urban Areas

Objective: To ensure efficient traffic flow in major urban cities in the country

Implementing Agency: Kenya Urban Roads Authority (KURA)

Project Progress: Constructed 3 Km of Eastern missing link roads, rehabilitated and upgraded Upper Hill Roads Phase II - 5.74 Km,

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dualled Ngong Road Phase II (Prestige–Dagoretti Corner) - 6.44 Km, dualled Ngong Road (Dagoretti Corner –Karen Roundabout – 6.66 Km), constructed Upper hill-Mbagathi way link Road–5.25 Km, constructed Mlolongo-Kware-Katani-Kamulu Link Road–0.5 Km; Eastland’s Roads Phase II–2.5 Km, constructed Kiogoro–Gesure–Itibo–Masongo roads–4.5 Km, upgraded to bitumen standards Manderu town roads (4.2 Km), constructed Hunters Githurai Link Road (1.7 Km), constructed Kahawa Sukari Estate Access Roads (2.4 Km), upgraded to Bitumen Standard Lucky-Summer-Gitwamba Kasarani Mwiki Link Road (0.7 Km), constructed Kangundo Road–Greater Eastern Link road (3.8 Km), constructed to Bitumen Standard Rhino Park and other access roads in Nairobi County (2.2 Km); constructed Kisii Bypass (2 Km); constructed Kericho Bypass (3.11 Km), constructed Thika Bypass (2.7 Km), constructed Meru Bypass (3.24 Km), and undertook capacity enhancement for James Gichuru–Rironi (48.52 Km) (34 per cent).

2.1.3 Development of the 50-Year Transport Master Plan

Location: Nationwide

Objective: To guide development and management of transport infrastructure

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: The Financing Agreement for the Horn of Africa Gateway to Development Project (HOAGDP), a World Bank funded project was signed and became effective in December 2020. The consultancy study is expected to be awarded by the end of FY 2020/21 once the procurement plan is approved

2.1.4 Road Safety Programme

Location: Nationwide

Objective: To fast-track implementation of the National Road Safety Action Plan to achieve the targets of reducing the incidence of road crashes and their impact on the Kenyan economy

Implementing Agency: National Transport and Safety Authority (NTSA)

Project Progress: Road Safety Mainstreaming Framework was developed; rehabilitation Works at Miritini Motor Vehicle Inspection Centre were 35 per cent completed. A total of 94,920 Motor Vehicle Electronic-Stickers and 81,469 smart DLs were issued

Implementation Challenges

- i. Inadequate local financial, technological and managerial capacity to undertake major road works
- ii. Demand for payments of Cess by county governments for construction materials
- iii. Delays in the relocation of utility services (water pipes, power posts and internet cables)
- iv. High-cost of land acquisition
- v. COVID-19 containment measures affected contracted works for key projects
- vi. Vandalism of road furniture and infrastructure
- vii. Rising cases of litigation on land acquisition and infrastructure development works

Recommendations

- i. Liaise with County Governments to waive Cess charges on construction materials



- ii. Encourage joint ventures amongst contractors to leverage the existing local capacity
- iii. Liaise with service providers through the Regional Development Coordination Committee for speedy relocation of utility facilities
- iv. Explore alternative road development technologies

- v. Provide adequate budgetary provisions for the implementation of projects/ programmes
- vi. Explore alternative financing models

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Project Progress: Construction of ICD yard and installation of all yard equipment, acquisition of rail siding corridor and construction of 3.8Km rail to serve the ICD and construction of 2.8Km Kenya Pipeline access road were 100 per cent complete. The project was commissioned and is in use

2.1.5 Railways Sub-sector

The Sub-sector's main objective is to develop and manage efficient and reliable railway transport systems.

Expansion of Railway Transport

The programme seeks to increase the railway capacity from 5 per cent to 50 per cent of the cargo freight from the port of Mombasa and promote commuter rail services. The following projects were implemented during the year under review:

i. 120Km Standard Gauge Railway Phase 2A (Nairobi-Naivasha)

Location: Nairobi – Naivasha

Objective: To provide efficient and safe rail services

Implementing Agency: Kenya Railways Corporation (KRC)

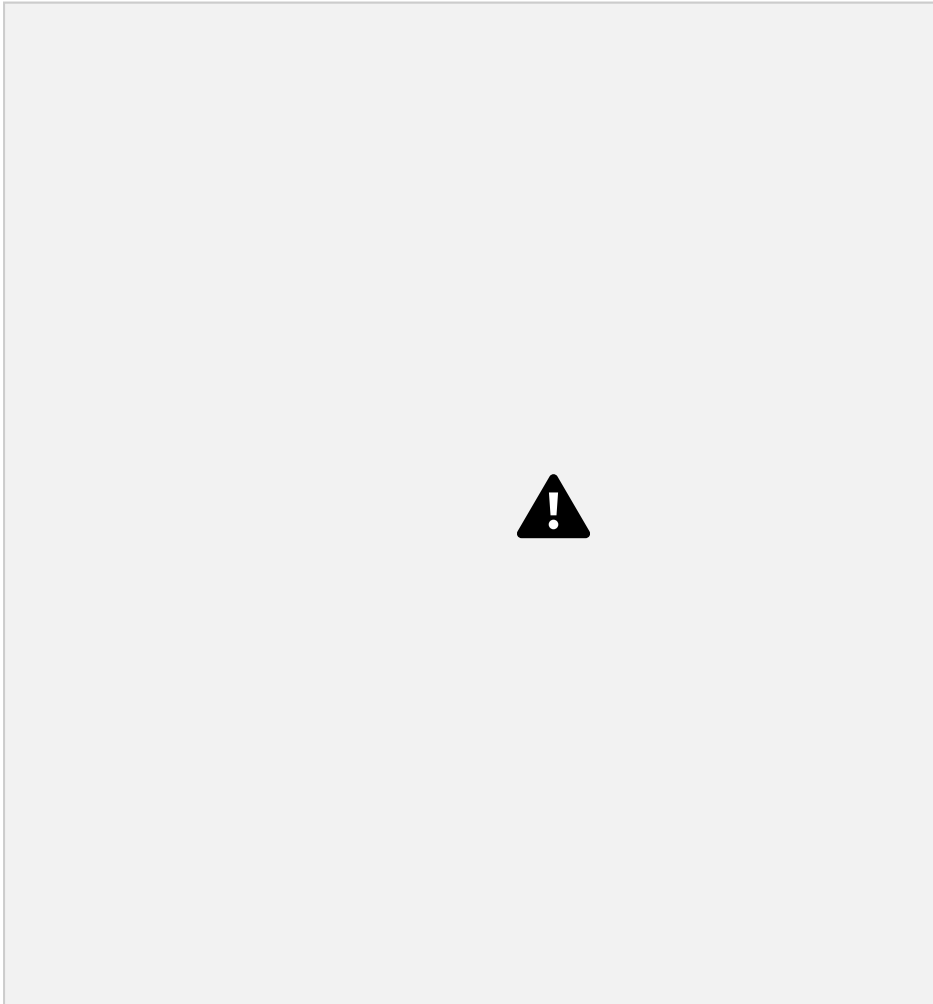
Project Progress: The remaining 8.2 per cent of the project was completed during the review period, commissioned and in use. The Inland Container Depot (ICD) and Marshalling Yard were also completed

ii. Naivasha Inland Container Depot (ICD) Construction

Location: Naivasha

Objective: To provide efficient and safe rail services

Implementing Agency: Kenya Railways Corporation (KRC)



iii. Nairobi Commuter Rail Improvement Project

Location: Nairobi Metropolitan

Objective: To construct 10 New Commuter Stations in Nairobi

Implementing Agency: Kenya Railways Corporation (KRC)

Project Progress: Four (4) (Ruiru, Kahawa, Kikuyu, Mwiki) out of the 10 new commuter stations were completed. The completion rate of the remaining six (6) stations was as follows: Dandora – 98 per cent, Athi River – 99 per cent, Embakasi – 99 per cent, Donholm – 80 per cent, Pipeline - 85 per cent and Githurai 99 per cent. Installation of automated ticketing and integration with other NCR stations was 80 per cent complete.

Implementation Challenges

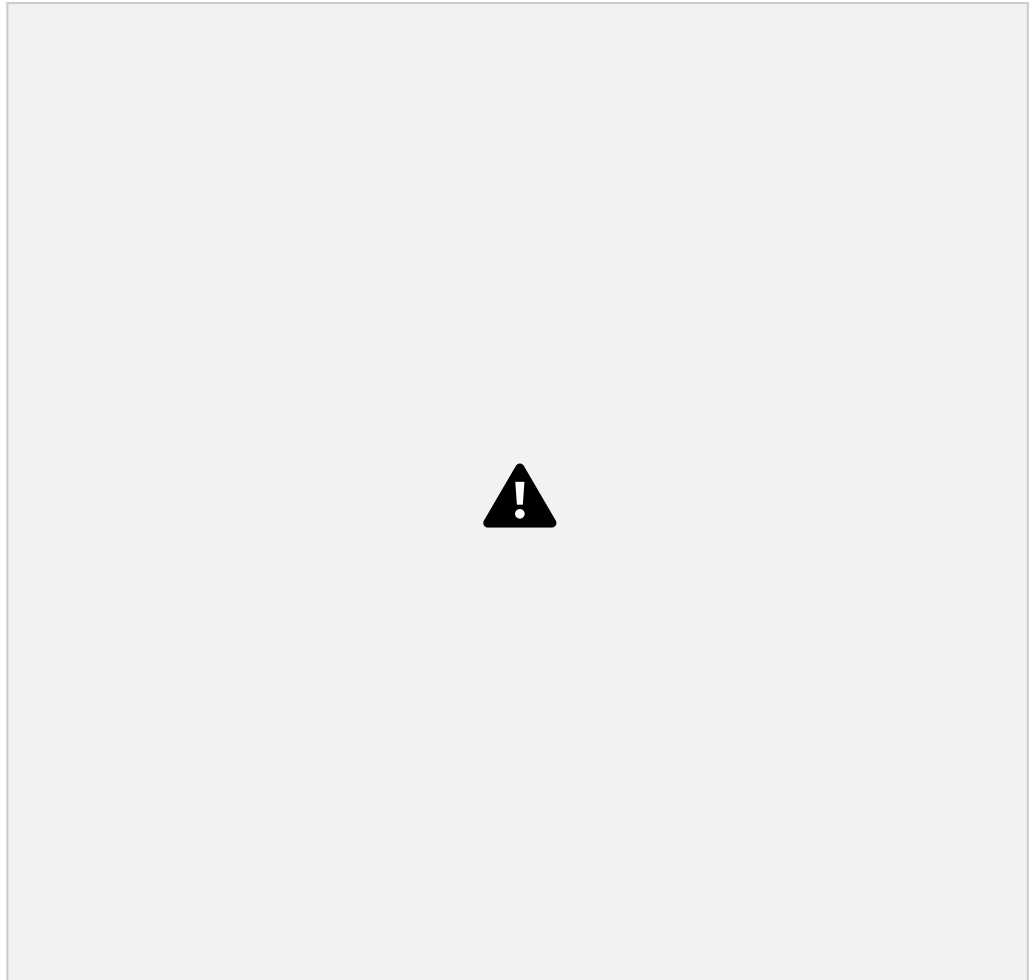
- i. Inadequate financing of capital-intensive railways construction
- ii. Lengthy land acquisition processes
- iii. Encroachment of railway land

The Expansion of Railway Transport programme seeks to increase the railway capacity from 5 per cent to 50 per cent of the cargo freight from the port of Mombasa

Recommendations

- i. Pro-active and forward-looking planning on land acquisition such as land banking
- ii. Provision of adequate budget for projects

and promote commuter rail services.



2.1.6 Air Transport Sub-sector

The Sub-sector aims at developing world-class aviation

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infrastructure for improved connectivity to aviation services. The expansion, modernisation and management of the aviation sector has enhanced air transport safety, security and connectivity across the country. Civil aviation is a critical catalyst for global and

national development. Air transport in Kenya has continued to grow and has contributed to increased job creation and trade with other countries.

Expansion and Modernisation of Aviation facilities program

The programme covers projects detailed below and is meant to improve civil aviation infrastructure for enhanced aviation safety, security, training, air navigation services and airport operations and expansion of general air transport connectivity to support socio-economic requirements.

i. JKIA- Jomo Kenyatta International Airport Aviation Security Improvement

Location: JKIA

Objective: To enhance security at JKIA

Implementing Agencies: Kenya Airports Authority (KAA)

Project Progress: Intelligent Analytical Video Management System was installed at the Primary Screening Yard and integrated into national and international security agencies. Portable Explosive Trace Detectors were also acquired.



JKIA Terminal 1A

world-class aviation infrastructure for improved connectivity to aviation services. The expansion, modernization and management of the aviation sector has enhanced air transport safety, security and connectivity across the country.

Air Transport Sub-sector aims at developing

ii. JKIA Physical Branding Initiative

Location: JKIA-Nairobi

Objective: To improve JKIA brand visibility

Implementing Agencies: Kenya Airports Authority

Project Progress: Brand Audit and Signage Manual for JKIA were completed, ultra-modern signage and customer way-finding mapping completed

iii. Rehabilitation of TIA Pavements (Apron)

Location: JKIA-Nairobi

Objective: To improve T1A pavement serviceability by replacing asphalt concrete with rigid concrete

Implementing Agencies: Kenya Airports Authority (KAA)

Project Progress: Works were 70 per cent complete with the remaining portions earmarked for completion by April 2021

iv. Pavements Rehabilitation, Moi International Airport

Location: Moi International Airport- Mombasa

Objective: To improve airside capacity at the Airport covering pavement rehabilitation, airfield ground lighting, drainage works, ground and slope stabilisation and installation of water harvesting system

Implementing Agencies: Kenya Airports Authority (KAA)

Project Progress: Overall progress excluding ground and slope stabilisation works was at 84 per cent progress with the remaining phase earmarked for completion by July 2021. Ground and slope stabilisation to secure runway safety that was estimated to cost Ksh 13.1 billion was at the mobilisation of funds stage from GoK

v. Rehabilitation and Management of National Airstrips

Location: Nationwide

Objective: To enhance airstrips serviceability and /or connectivity for socio-economic support

Implementing Agencies: Kenya Airports Authority (KAA)

Project Progress: Kutulo airstrip (pavement) and Suneka airstrip (VIP lounge, gate house, car park and fencing) were complete. Pavement and allied security and safety works at Isiolo, Manda, Suneka-II, Migori, Kitale, Kakamega, Nanyuki and Lokichoggio aerodromes and VIP lounge at Nyaribo were scheduled for completion on various dates between August and December 2021. Lanet pavement works, on the other hand, were scheduled for completion by September 2022 while rehabilitation of Moyale and Angama airstrips were at the project planning stage.

Implementation Challenges

- i. Inadequate financing for capital projects
- ii. Encroachment of land earmarked for infrastructure development
- iii. Insecurity during implementation and operation of some aerodromes in North Eastern
- iv. High operating costs
- v. Lack of appropriate procedures in the selection of airstrip projects for development
- vi. Inadequate service provider capacity
- vii. Encroachment into airstrips and airports
- viii. International travel restrictions due to COVID 19 that affected foreign contractors

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Recommendations

- i. Need for government support in financing strategic aerodromes
- ii. Formalise and secure land ownership to fend off encroachment
- iii. Enlist the support of the National Lands Commission to mediate

VISION 2030 FLAGSHIP PROJECTS PROGRESS REPORT (FY 2019/2020) boundary disputes

- iv. Secure aerodrome facilities mostly in Northern Kenya
- v. Finalise Airstrips Policy to unlock orderly development, operations and management
- vi. Capacity build implementers on project planning, implementation and facility management

vii. Implement feasible recommendations arising from the Civil Aviation Policy assessment

2.1.7 Ports Sub-sector

This Sub-sector aims to develop and manage an efficient and safe marine transport system in the country. During the FY 2019/2020, the sub-sector implemented the Improvement of Shipping and Maritime Facilities program with five (5) projects spread across Mombasa, Kisumu and Lamu Counties

Improvement of Shipping and Maritime Facilities

The following projects were implemented under this program:

i. Expansion of the Second Container Terminal Phase

Location: Mombasa,

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

The Ports Sub-sector aims to develop and manage an efficient and safe marine transport system in the country. During the FY 2019/2020,

the sub sector implemented the Improvement of Shipping and Maritime Facilities program with five (5) projects spread across Mombasa, Kisumu and Lamu Counties.

Implementing Agency: Kenya Ports Authority (KPA)

Project Progress: The construction works on Berth 22 was at 55.2 per cent against a target of 67 per cent by June 2020

ii. Lamu Port

Location: Lamu

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

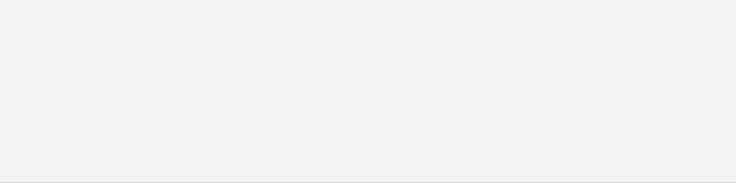
Implementing Agency: Kenya Ports Authority (KPA)

Project Progress: The construction works on first 3 Berths was at 79 per cent against a target of 96 per cent by the end of June 2020

iii. Relocation of Kipevu Oil Terminal (KOT)

The project involved the relocation of Kipevu Oil Terminal from its present location between Berth 19 and 20 towards the far East side of Tsunza headlands opposite berth 16

Location: Mombasa County



Objective: To enhance the capacity of the terminal to handle more tankers

Implementing Agency: Kenya Ports Authority (KPA)

Project Progress: Construction works was at 75.3 per cent against a target of 30 per cent by June 2020

iv. Development of the Dongo Kundu Free Trade Port

The project entails the construction of the first berth to catalyse the development of a Special Economic Zone (SEZ) at Dongo Kundu

Location: Mombasa County

Objective: To facilitate industrialisation and trade

Implementing Agency: Kenya Ports Authority (KPA)

Project Progress: Feasibility study and preliminary designs for the land development component for the water supply and drainage under the grant aid project were completed

v. Revamping Kisumu Port

The project involved the rehabilitation and improvement of infrastructure at the Port

Location: Kisumu County

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

Implementing Agency: Kenya Ports Authority (KPA)

Project progress: Rehabilitation of Kisumu Port was at 98 per cent

as at June 2020

Implementation Challenges

- i. Delay in release of exchequer funding
- ii. Lengthy PPP processes that inhibit the uptake of projects (especially small ports) by the private sector
- iii. Lack of synergy among implementation partners slowed down decision making, hence implementation
- iv. There was a stall of works because of environmental concerns raised by stakeholders
- v. Lock-down in counties as a result of COVID - 19 hindered the movement of materials and labour

Recommendations

- i. Expedite release of funds for capital projects from the exchequer at the beginning of every financial year
- ii. Establish a clear coordination mechanism for projects with multiple implementing partners to avoid duplicity of effort and slow implementation of projects
- iii. Review of the PPP law to encourage uptake of the private sector on capital projects

2.1.8 Energy Sub-sector

The energy sub-sector plays a key role in ensuring rapid and sustainable development in the country. Flagship Programmes and Projects under this sub-sector focused on developing renewable energy sources, coal exploration and development and constructing energy infrastructure

Power Transmission

Location: Nationwide

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

Implementing Agency: Kenya Electricity Transmission Company (KETRACO), Kenya Power, Energy and Petroleum Regulatory Authority (EPRA) formerly Energy Regulatory Commission (ERC), Ministry of Energy (MOE)

Project Progress: During the review period, a total of 127.6 Km of transmission lines and associated sub-stations were completed against a target of 1,256.6 Km. These comprise: 58 Km of the 138 Km 220 kV Turkwel – Ortum-Kitale transmission line, 39.6 Km of the 290 Km 400/220 kV Olkaria-Lessos-Kisumu transmission line and 30 Km of 612 Km 500 high-voltage, direct current (High Voltage Direct Current) Eastern Electricity Highway (Ethiopia-Kenya) transmission line

Progress of other transmission lines was increased as follows, 96 Km 132 kV Isinya-Namanga line and associated sub-stations from 41.4 per cent to 52.9 per cent (39 tower foundations constructed and 20 towers erected), 96 Km 400 kV Kenya-Tanzania line and associated substation from 35.4 per cent to 62.4 per cent (36 tower foundations constructed and 10 towers erected), 400 kV Mariakani sub-station from 5 per cent to 14.2 per cent, 96 Km 132 kV Nanyuki Isiolo-Meru line from 68 per cent to 71 per cent, 431 Km 132 kV Power Transmission System Improvement projects from 70 per cent to 81.3 per cent (7 tower foundations constructed and 62 towers erected)

Other transmission projects where works commenced in the 2019/20 FY included: 247 Km 220 kV Garsen-Hola-Garissa line (0.12 per cent), 148 Km 220 kV Kamburu-Embu-Kibirigwi-Thika line (1.21

per cent) and 210 Km 132 kV Kenya Power Transmission Expansion project (0.26 per cent)

Alternative Energy Sources and

Technologies Location: Nationwide

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

Implementing Agency: Energy & Petroleum Regulatory Authority (EPRA), Rural Electrification and Renewable Energy Corporation (REREC), Ministry of Energy (MOE)

Project Progress: 66 domestic digesters were constructed while tenders for the award of another 177 domestic digesters were issued, the National Bio-energy Strategy and National Energy Efficiency and Conservation Strategy were finalised, Hydropower dams Water catchment area re-afforested and maintained, 200ha of new catchment areas were planted with trees seedlings in Nchura and Mweru Hills in Meru and Enoosupukia in Narok.150ha of the existing catchment areas was maintained, twenty two (22) investment-grade audits were conducted, and aimed at reducing energy consumption wastage by 10-30 per cent

The energy Sub-sector plays a key role in ensuring rapid and sustainable development in the country. Flagship programs under this sub sector focused on developing renewable energy sources, coal exploration and development and constructing energy infrastructure.

Distribution Network Expansion and Improvement

Location: Nationwide

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

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

Project Progress: 477.5 Km of Medium Voltage (MV) of distribution lines were added to the existing network against a target of 487 Km - 55.3 Km from L&T contractors, 113.96 Km from Turnkey contractors and 277.7 Km from Kenya Electricity Modernisation Project (KEMP), Last Mile Project and 30.5 Km from CC contractors; nine (9) new and upgraded sub-stations were completed against a target of 20 sub-stations. Among those energised included, Kagumo, Kiamutugu, Aldai and Kapsowar

The progress in the implementation of the System Average Interruption Frequency Index (SAIFI) was 25.6 whereas the Customer Average Interruption Duration Index (CAIDI) was 4.68 hours. It is expected that the reliability indices will improve with enhanced maintenance of the MV and LV networks and secondary substations

Last Mile Connectivity Project

Location: Nationwide

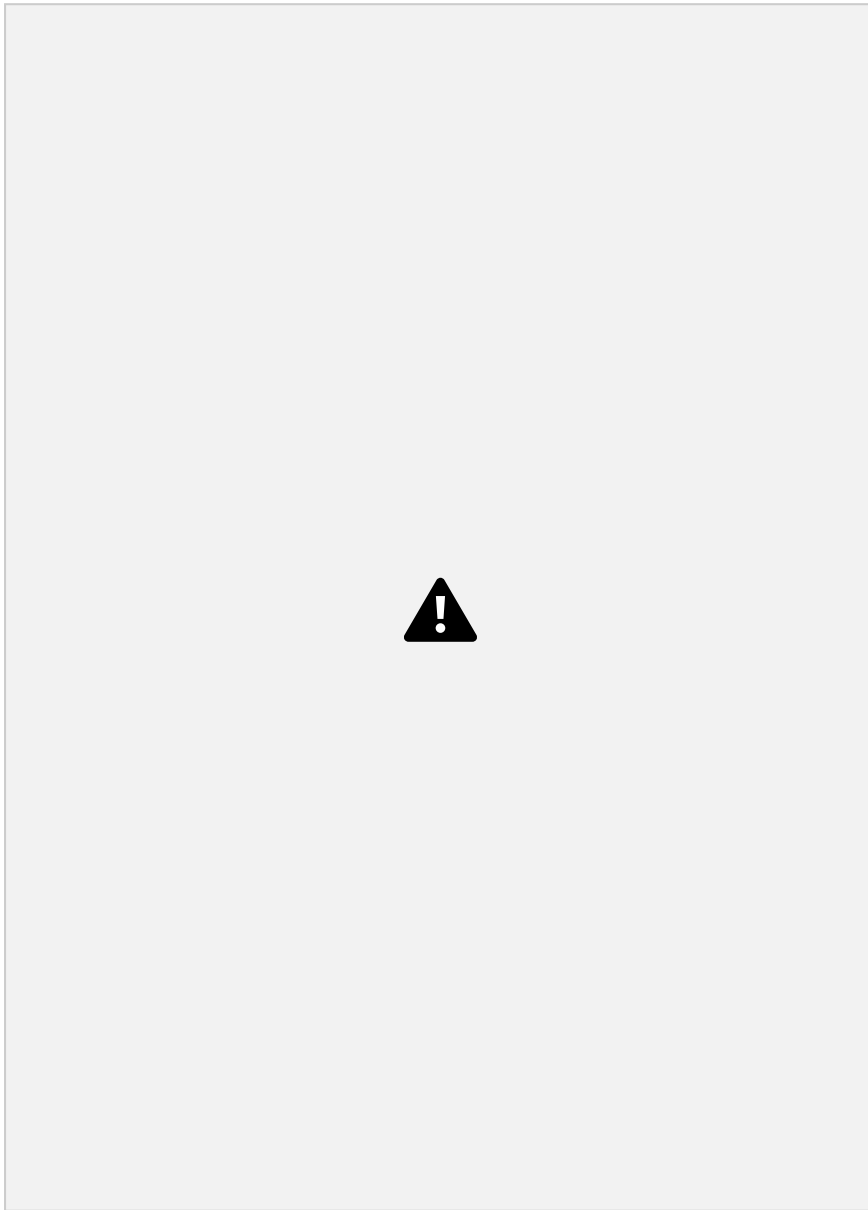
Objective: To improve socio-economic development through connecting electricity to public institutions and households

Implementing Agency: Kenya Power, 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 had been targeted for connection to electricity through grid and off-grid solutions. During the period under review, 500,397 customers were connected bringing the cumulative number of customers to over 7.5 million. On electrification of public facilities, 163 transformers were installed nationwide, 281 public facilities were electrified, and 7 solar mini-grid projects commissioned in the counties of Turkana, Marsabit, Mandera and Garissa in an effort to supply electricity to towns and regions off the interconnected grid.

To stimulate the 24-hour economy, the public street lighting project continued being implemented with 13,679 lanterns installed. 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.

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Increase Power Generation

Location: Nationwide

VISION 2030 FLAGSHIP PROJECTS PROGRESS REPORT (FY 2019/2020)

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

Implementing Agency: Kenya Electricity Generating Company PLC (KenGen), Energy & Petroleum Regulatory Authority (EPRA), Rural Electrification and Renewable Energy Corporation (REREC),

Geothermal Development Company (GDC), Ministry of Energy (MOE)

Project Progress: 86.3MW was added to the grid - 82.7MW from Olkaria V Unit 2 and 3.6MW from KTDA power. Several other projects were initiated and are at different stages of completion and include: 83.3MW Olkaria 1 Unit 6, 42.5MW Seven Forks Solar PV Plant, Menengai 465MW, Bogoria- Silali Block 300MW, 140MW Olkaria, and Suswa Block 300MW

Nuclear Power Development

Programme Location: Nationwide

Objective: To diversify energy resources for power generation

Key Activities: Development of the pre-requisite infrastructure for the deployment of a national nuclear power programme including the 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 Agency: Nuclear Power & Energy Agency (NuPEA), Ministry of Energy (MOE), Energy & Petroleum Regulatory Authority (EPRA)

Project Progress: Land acquisition strategy, Site Characterisation Strategy and Quality Assurance Program were developed, feasibility study for the Research Reactor programme commenced, the draft national environmental impact assessment framework for nuclear power plants was reviewed,

recommendation for the appropriate framework for Environmental assessment of Nuclear Power Plants (NPPs) in Kenya was developed, and Four (4) members of the Site Selection Team (SST) and Research Reactors (RR) team trained. Three (3) members of staff were also trained on Industrial Involvement. Negotiations for scholarships for three (3) students to pursue Masters Studies abroad on nuclear-related courses was also finalised

2.1.9 Policy, Legal and Institutional Reforms

Policy Reforms

- i. Public Works policy drafted
- ii. Draft National Nuclear Policy was submitted to the International Atomic Energy Agency (IAEA) for review
- iii. Draft Matatu transition plan and sustainable urban mobility plan for the Nairobi Metropolitan Area was prepared;
- iv. National Bio-energy Strategy finalised
- v. The National Energy Efficiency and Conservation Strategy finalised

Legal Reforms

- i. Air Accidents Investigation Regulations finalised
- ii. The Bus Rapid Transport Regulations finalised
- iii. The Kenya Roads Board (Amendment) Bill, 2019 was enacted

iv. The Kenya Building Research Bill and the Design bill were submitted to the Attorney General (AG)

v. The Built Environment Bill and the Nairobi Metropolitan Area

Transport Authority (NaMATA) Bill were drafted

vi. The Traffic Act and the National Aviation Management Bills were amended

vii. Energy Act, 2019 was enacted

- viii. The Nuclear Regulatory Act No.29 of 2019 was enacted
- ix. Draft National Nuclear Policy was submitted to the International Atomic Energy Agency (IAEA) for review

Implementation Challenges

- i. Acquisition of sites, wayleaves and land posed a major challenge. This was because of the escalating cost of land acquisition due to speculations, compensation variations between the market value and the local owner's expectations and encroachment of land earmarked for development purposes causing project delays and increased costs of projects
- ii. Vandalism of infrastructure facilities creating additional costs for maintenance and restoration
 - iii. Delay in issuance of specific tax exemptions resulting in the lengthening of the clearance of materials at the ports
- iv. Legal and contractual issues impact adversely on project implementation
- v. COVID-19 containment measures that affected contracted works
- vi. Inadequate funding and budget austerity measures which negatively affected project implementation

Lessons Learnt

- i. Proper coordination in project planning, appraisals, financing, implementation, monitoring and evaluation is crucial in implementation of projects
- ii. Proper and timely involvement of stakeholders enables timely

completion of projects

- iii. Public participation in project management is critical in ensuring the sustainability of projects/programmes
- iv. Disaster Preparedness Plans are vital in averting and mitigating the effects on implementation of projects

Recommendations

- i. Provide adequate budgetary provisions for the implementation of projects and programmes
 - ii. Venture into Public Private Partnerships and collaborative approaches in funding projects and programmes in the sector
- iii. Regular monitoring and evaluation on project implementation processes to ensure timely delivery
- iv. Involve all stakeholders in both planning and implementation of energy projects
- v. Strict adherence to the contractual obligations and reprimand of non-performing contractors
- vi. Safeguarding of government infrastructure facilities such as power infrastructure projects including substations and strategic points along the major transmission lines and networks to minimise security threats
- vii. Build the capacity of players in infrastructure to fast-track project management

“Leveraging ICTs for Increased Competitiveness”

Information and Communication Technology (ICT) has been identified as a key foundation sector under 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

2.2 Information and Communication Technology

lowering the cost of achieving the Government's "Big Four" Agenda 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 the ICT sector and its application to the real sectors such as financial intermediation, e-commerce and governance. These trends are being accelerated under MTP III.

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2.2.1 National ICT Infrastructure Programme

The program seeks to improve universal access to ICT services. It involved connecting Kenya to the international broadband highway as well as connecting all major towns in the country. During the year under review, the following projects were implemented:

Implementing Agency: Ministry of Interior and National Coordination, Ministry of Information, Communication and Technology (MoICT)

i. National Optic Fibre Backbone Infrastructure (NOFBI)

Location: Nationwide

Objective: To extend by an additional 2,500 Km of fibre connecting 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 Agency: Ministry of ICT and ICT Authority

Project Progress: A total of 500 Km of fibre was constructed as targeted. This brings the cumulative achievement to a total of 2,500 Km which connects to sub-counties and hospitals

ii. County Connectivity Project Phase III

Location: Nationwide

Objective: To interconnect all 47 counties through a last mile wired and wireless network into one homogenous governmental network

Implementing Agency: Ministry of ICT

Project Progress: All the 47 County Government Headquarters and National Government headquarters were connected

iii. Government Common Core Network (GCCN) Programme

Location: Nationwide

Objective: To enhance connectivity and provide MDAs with secure usage within the physical network

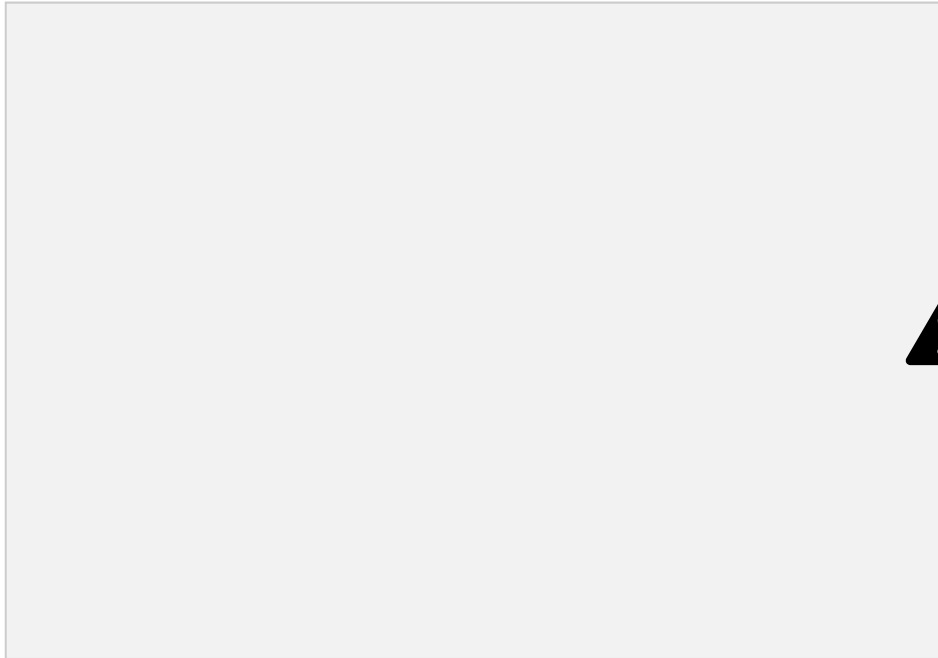
Project Progress: 21 MDAs were connected. Upgrading of the system is ongoing

iv. Integrated Government Unified Communication System Project

Involved in expanding and upgrading the system with new features like calendaring, active directory to all MDAs and counties

Location: Nationwide

Objective: To provide a platform for government officials to share information more securely, efficiently and effectively



Implementing Agency: ICT Authority (ICTA) and Ministry of ICT (MoICT)

Project Progress: 21 MDAs were connected in FY 2019/20

v. Eastern Africa Regional Transport, Trade and Development Facilitation Project

The general scope of this portion of the EARTTDFP is to rehabilitate the existing fibre optic from Eldoret to Lodwar and extend to Nadapal with a wireless link

Location: Nationwide

Objective: To reduce disruption of broadband connectivity while the construction of the main cable is underway

Implementing Agency: Ministry of ICT, ICTA

Project Progress: 350 Km of fibre network was rehabilitated from Eldoret to Lodwar. Extension from Lodwar to Nadapal is ongoing

vi. Northern Eastern Corridor Transport Improvement Project (NETIP)

Location: Northern Eastern, Kenya

Objective: To connect institutions and communities along the Northern Eastern road corridor between Isiolo and Mandera

Implementing Agency: Ministry of ICT

Project Progress: The project had not started due to financial constraints

vii. Digital Terrestrial Television Coverage

Location: Nationwide

Objective: To cover 22 per cent of the Country

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

Project Progress: Total coverage stood at 89.26 per cent at the end of FY 2019/2020

viii. e-Waste Management Centres

Location: Nationwide

Objective: To establish e-Waste Management Centres in six (6) economic zones across the country

Implementing Agency: Ministry of ICT

Project Progress: The project stalled due to financial constraints

ix. National Addressing System (NAS)

Location: Nationwide

Objective: To identify streets and individual buildings to meet the diversified needs in the delivery of both public goods and services; and to boost the uptake of e-commerce and ensure proper and timely deployment of police, fire and ambulance services in emergencies

Implementing Agency: Ministry of ICT

Project Progress: The contract for the consultancy was awarded

x. Data Disaster Recovery Centre (DRC)

Location: Nationwide

Objective: To safeguard Government data

Implementing Agency: Ministry of ICT

Progress: The project had not started due to inadequate funds

2.2.2 National Information Security Programme

The program involved implementation of Security policies and deployment of a firewall at all the gateways, Development and implementation of security framework for the entire GoK Cloud, and Establishment of Cyber Security Research Institute

Location: Nationwide

Objective: To enhance Government Common Core Network (GCCN) Security

Implementing Agency: Ministry of Interior and National Coordination,

Ministry of Information, Communication and Technology (MoICT) and Ministry of Interior and Coordination of National Government

Project Progress: The National Information Security Programme was 20 per cent complete. This included implementation of security policies and deployment of a firewall at all the gateways, development and implementation of security framework for the entire GoK cloud, and establishment of cyber security research institute

2.2.3 Universal Access to ICT Programme

Location: Nationwide

Objectives: To provide basic Voice Infrastructure under Universal Service Obligation, and to provide Broadband Connectivity to Schools under Universal Service Obligation



Implementing Agency: Communication Authority of Kenya (CAK)

Project Progress: The provision of broadband connectivity to 884 public secondary schools under Universal Service Obligation was completed. One additional sub-location was connected with 2G basic Voice Infrastructure bringing the total sub-locations connected under phase one to 67, translating the land coverage to 67.8 per cent, while population coverage stands at 96.2 per cent

2.2.4 e-Government Services Programme

The program involved the strengthening of the Kenya Open Data Initiative (KODI) to make public data sets accessible and in a usable format.

Location: Nationwide

Objective: To enhance the accessibility of government records

Implementing Agency: Ministry Interior and National Coordination, Ministry

of Information, Communication and Technology (MoICT)

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Project Progress: The National Integrated Monitoring and Evaluation System (NIMES) and the County Integrated Monitoring and Evaluation Systems (CIMES) were operationalised while 200 data sets were accessed

2.2.5 Policy, Legal and Institutional Reforms

Location: Nationwide

Objective: To promote the 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

Policy Reforms

- i. The National ICT Master Plan 2018-2028 was prepared
- ii. Mobile Money Interoperability guidelines for Kenya and the Digital Economy Blueprint for Kenya were prepared
- iii. ICT Policy was approved
- iv. National Broadband Strategy 2019-2023 was developed

Legal Reforms

- i. The Computer Misuse and Cyber Crimes Bill was enacted
- ii. Data Protection Policy Bill was prepared

Implementation Challenges

- i. Non-incorporation of ICT cabling in new building designs
- ii.

Lack of a harmonised data management system

- iii. Insecurity incidences in some project areas (such as in Kainuk, Turkana County)
- iv. COVID-19 Pandemic
- v. Inadequate funding
- vi. Lengthy procurement processes

Recommendations

- i. Involve local communities, security agencies and other MDAs during the roll out of the project
- ii. Mobilise adequate funds for ICT programmes and projects
- iii. Complete pending works in connecting government facilities, at the national and county level
- iv. Leverage on ICT infrastructure for effectiveness and efficiency

2.3 Science, Technology and Innovations

Under MTP II, the Government committed to facilitate the development of a highly skilled human resources base that would sustainably support and trigger innovation in priority areas.

2.3.1 Nano-Sciences, Material Science and New Production Technologies Programme

FY 2019/20

“Accelerating the transition to an Innovation-Led and Knowledge-Based Economy”

The Science, Technology and Innovation (ST&I) Sector is a key enabler of the three Pillars of Vision 2030. Under MTP II, the Government committed to facilitating the development of a highly skilled human resources 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 to increase productivity and efficiency. During MTP III, the sector targets to increase research funding from 0.79 per cent of the GDP to attain position 85 in the Global Competitiveness Index ranking out of 137 countries by 2022 from position 91 in 2016.

This programme is aimed at building state-of-the-art infrastructure for high-quality research and technology development.

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

The project involved the incorporation of research Centres for the following highly specialised emerging sciences: electronics, telecommunications and computing, nuclear science for peaceful applications, mining and mineralogy.

Location: Nationwide

Objective: To provide consulting, engineering, fabrication and calibration services for both public institutions and private

businesses

Implementing Agency: Directorate of Research Science and Technology (DRST)

Project Progress: Designs for three (3) laboratories were done

2.3.2 Space Science Technology Development Programme

The programme is aimed at enhancing the teaching, research and development of space science and subsequent use of space technology for peaceful purposes. The following projects were implemented under this programme:

i. Centre for Micro-satellite Technology Development

Location: Nairobi

Objective: To undertake advanced research in the areas of satellite technology development, manufacturing, launch and operation

Implementing Agency: Kenya Space Agency (KSA), NACOSTI

Project Progress: The Centre for Microsatellite Technology

Development at the Department of Astronomy and Space Science in the Technical University of Kenya was 20 per cent complete

ii. The Square Kilometre Array (SKA)

Project involved the acquisition of the Longonot Earth Station will be acquired from Telkom Kenya for conversion into a radio telescope.

Location: Nationwide

Objective: To establish 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”

Implementing Agency: NACOSTI

Project Progress: Five (5) per cent of the targeted 50 per cent was achieved. Framework for the management of the SKS was developed. An HPC (high-performance computing) equipment

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was acquired from South Africa and a draft Memorandum of Understanding (MoU) for the co-location of the HPC equipment was developed

2.3.3 Energy Technologies Development Programme

The program aimed at facilitating the diversification of the country's non-renewable and renewable energy mix to meet the energy demands for industrialisation and development, to ensure the use of clean energy and increased energy efficiency. The projects implemented included:

i. Renewable Energies Research Laboratory

VISION 2030 FLAGSHIP PROJECTS PROGRESS REPORT (FY 2019/2020)

Location: Nationwide

Objective: To conduct advanced research and development in the areas of solar energy, wind energy and biofuels

Implementing Agency: Ministry of Energy, NACOSTI

Project Progress: Renewable Energies Research Laboratory was established and equipment acquired for Prof. Otieno Mallo Laboratory at the University of Nairobi

ii. The Centre for Petroleum and Gas Exploration Research

The centre was expected to focus on the value chain in the exploitation of fossil fuel reserves including socio-economic considerations.

Location: Nationwide

Objective: To undertake research and technology development in oil and gas exploitation

Implementing Agency: Ministry of Energy, NACOSTI

Project Progress: The Centre for Petroleum and Gas Exploration Research Equipped and operationalised. Kenya Pipeline training and research Centre at Morendat commissioned.

2.3.4 Science, Technology, Engineering and Mathematics (STEM) Programme

The program aimed at Enhancing 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. Projects implemented included:

i. Kenya Advanced Institute of Science and Technology

(KAIST) Location: Nationwide

Objective: To facilitate the human and infrastructure capacity building for the institute

Implementing Agency: Directorate of University Education

(DUE) **Project Progress:** The project was at the tendering stage

ii. Establishment of Institute of Applied Sciences

The project involved establishing an institute modelled along with the German Universities of Applied Sciences. This was expected to ensure training in engineering and applied sciences is hands-on and industry oriented.

Location: Nationwide

Objective: To establish an Institute of Applied Sciences

Implementing Agency: Directorate of University Education

(DUE) **Project Progress:** Institution of Applied Sciences established

iii. Enhancement of the Centres of Excellence in Universities and Research Institutions

Location: Nationwide

Objective: To provide advanced laboratory equipment and access to e-learning resources

Implementing Agency: Directorate of University Education (DUE)

Project Progress: Three (3) Centres of Excellence were improved during the review period against a target of six (6). Further, 342 out of a target of 300 students were admitted to the three (3) African Centres of Excellence due to the attractiveness of the postgraduate programmes

iv. The African Science, Technology and Innovation

Observatory Location: Nationwide

Objective: To 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 Agency: DRST

Project Progress: African Science, Technology and Innovation Observatory (ASIO) established. The sector undertook a National Innovation Survey

2.3.5 Coordination of Technology and Innovation Commercialisation Programme

Location: Nationwide

Objective: To harness the potential offered by modern science and technology for social and economic advancement

Implementing Agency: DRST

Project Progress: National, Science Technology and Innovation parks established at Konza Technopolis and Dedan Kimathi University of Technology

2.3.6 Policy, Legal and Institutional

Reforms Policy Reforms

- i. Sessional Paper No.1 of 2019 on Policy Framework for Reforming Education, Training and Research for Sustainable Development was developed
- ii. Guidelines on the commercialisation of genetically modified crops in Kenya was developed

Implementation Challenges

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- iii. Competent and committed human resource is a necessity in facilitating planned policies, strategies and programmes
- iv. There is untapped innovation potential among Kenyan youth

Recommendations

- i. Mobilise adequate funds towards ST&I projects
- ii. Strengthen collaboration mechanisms between government, industry and academia to bridge the skills gap
- iii. Continuous monitoring and evaluation on enrolment in STEM
- iv. Harmonisation of the institutional and legal framework i to create a conducive environment for operation, and to avoid duplication and overlaps

- i. Inadequate financial resources
- ii. Mismatch between skills acquired by university graduates and industry requirements
- iii. Poor state of infrastructure and equipment for research and higher education and training institutions, especially in physical sciences
- iv. Weak enforcement of Triple Helix “4” leading to poor networking amongst Government, Academic, Research and Training Institutions, Industry, Financial Sector and Professional groups

Lessons Learnt

- i. Expansion/upgrading of physical infrastructure in university education and research will go a long way in improving the quality of education, training and research
- ii. Multi-sectoral approach is critical for the implementation of programmes and projects

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- v. Re-activate the National SKA Partnership project steering committee and re-new their mandate to explore alternatives to financing and locating the proposed radio telescope
- vi. Establishment and equipping of STEM Makerspaces

2.4 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. These

components are vital to the “The Big Four” Agenda. Land is a key driver of rapid economic transformation. For this reason, the Government of Kenya will

Land is a key driver of rapid economic transformation. For this reason, the Government of Kenya will upgrade policies and programmes covering security of tenure, transparent and secure land registration regime.

upgrade policies and programmes covering security of tenure, transparent and secure land registration regime. Secure and equitable access and sustainable land use planning are essential components to food security, growth in investments and industries and improved general household incomes. The Sector identified

and prioritised key programmes and projects for implementation during the Plan period to effectively support “The Big Four” initiatives and achievement of Vision 2030.

2.4.1 National Registration and Issuance of Title Deeds

The program entails geo-referencing all parcels of land, transfer of converted records to county registries, issuance of both hard copy and the digital certificate of titles and conversion of existing land under various registration statutes to be in line with Land Registration Act 2012.

Location: Nationwide

Objective: To ensure speedy processing, registration and issuance of title deeds

Implementing agencies: National Land Commission and Ministry of Lands and Physical Planning

Progress: 454,990 titles were registered against a target of 450,000. In addition, land clinics were conducted in Naivasha and over 11,000 title deeds were issued in Ruiru to resolve long-standing adjudication disputes as well as in Embakasi Group Ranching Company.

2.4.2 National Land Information Management Information System (NLIMS)

This entails the implementation of the National Land Information Management System including digitisation of the remaining 39 land registries to ensure effective and efficient access to land data.

Location: Nationwide

Objective: To develop a transparent, decentralised, affordable, effective and efficient GIS-based System for land information management

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

Project Progress: Land records for Nairobi County blocks were captured into Land Information Management System (LIMS)

2.4.3 Implementation of the National Spatial Plan

The National spatial plan provides a framework and vision that guides the long-term spatial development of Kenya (2015- 2045).

Location: Nationwide

Objective: To enhance balanced growth and development of the country through optimal land use planning and management

Implementing Agency: Ministry of Lands and Physical Planning (MoLPP) and National Land Commission

Project Progress: Guidelines to counties on implementation and monitoring of the National Spatial Plan and National Land Use Policy were developed and disseminated

2.4.4 National Land Value Index

This entails the development of a price index for land to guide in assessment of land values in respect of the compulsory acquisition of land and for connected purposes.

Location: Nationwide

Objective: To provide a framework for a credible valuation database for use in investments and land compensation decisions

Implementing Agency: Ministry of Lands and Physical Planning (MoLPP) and National Land Commission

Project Progress: Land Value Index was completed in five (5) Counties namely: Mombasa, Kisumu, Narok, Kericho and Bomet and in Naivasha (sub-county of Nakuru)

2.4.5 Policy, Legal and Institutional Reforms Policy Reforms

The National Land Use Policy was developed to guide land use management and provide the legal, administrative, institutional and technological frameworks for optimal utilisation of land.

Legal Reforms

- i. Regulations for implementation of the LIMS were approved by Parliament. The regulations include: The Land Registration (Electronic Transactions) Regulations, 2020, Survey (Electronic Cadastre Transactions) Regulations, 2020, Survey (Amendment) Regulations, 2020, Stamp Duty (Valuation) Regulations, 2020, Stamp Duty (Amendment) Regulations, 2020, and Land (Amendment) Regulations, 2020
- ii. The ectional Properties Act, 2019 was enacted
- iii. Regulations on Physical and Land Use Planning Act, 2019 were prepared and forwarded for approval

Implementation Challenges

- i. Budget cuts affected implementation of programmes and

projects

- ii. Inefficiencies associated with the manual land records management systems
- iii. Insecurity along the international boundaries
- iv. High number of land-related court cases
- v. Lack of a National Land Value Index

Lessons Learnt

- i. Political goodwill is essential in the achievement of land reforms
- ii. State agencies need adequate financial support to deliver on their mandates
- iii. Facilitation of public access to information and participation in land management and utilisation is critical in land management and administration

Recommendation

- i. Timely disbursement of adequate funds to speed up land reforms programmes to mitigate against inefficiencies manual records management systems
 - ii. Put in place effective enforcement mechanism for the implementation of land use policy and national spatial plan
- iii. Fast track processing of land court cases through alternative dispute resolution mechanism
- iv. Fast track preparation of land value index to provide credible valuation data

2.5 Public Sector Reforms

“A Citizen-Focused and results-Oriented Public Service”

Kenya’s nationhood and its development are dependent on a professional, innovative and efficient public sector whose employees are well remunerated. Its services must be transparent and corruption-free.

The 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, to name a few. 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, an efficient and fair collection of taxes and transparent processes. These reforms will emphasise the delivery of public services and the implementation of the government’s “Big Four” transformative agenda.

An efficient, effective, equitable and ethical public sector is vital to the successful implementation of policies, programmes and projects outlined in Kenya

2.5.1 Integrated Service Delivery Model (One-Stop Shops)

The Programme focused on turning around public service delivery by establishing: Huduma Citizen Service Centres, Huduma Web Portal, Huduma Mobile Application, Huduma Contact Centre and an Integrated Huduma Payment Gateway.

Location: Nationwide

Objective: To provide efficient and accessible Government services at the convenience of citizens through various integrated (one-stop shop) service delivery platforms

Implementing agency: Huduma Kenya Secretariat



Vision 2030 and its Medium Term Plans (MTPs). **Huduma Centre Hall**

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Project Progress: In FY 2019/2020, the following were achieved: Increased access to Government services - in 2019/20, a total of 5,600,000 citizens were served through the Service Delivery Channels. There was compliance with set operational and service standards in the existing 52 centres with expansion of services by 18 MDAs at the M-Huduma online platform, 53 Huduma Mashinani outreaches were undertaken in 32 counties, enhanced citizen to government interactions by promoting high service delivery standards and enabled the “Big Four” agenda by providing NTSA, NCA, NHIF and provided a platform (front-office) for Affordable Housing Programme (Boma Yangu) for registering citizens; deployed a customer relationship management system across the

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service delivery channels to capture, track and resolve all customer complaints, suggestions and compliments, developed and implemented the Huduma Popote strategy which is aimed at availing government services to citizens at their convenience anytime and anyplace, developed a customer service excellence standard and curricula to be implemented across the public service to infuse the culture of customer-centrism and enhance citizen experience when interacting with the Government.

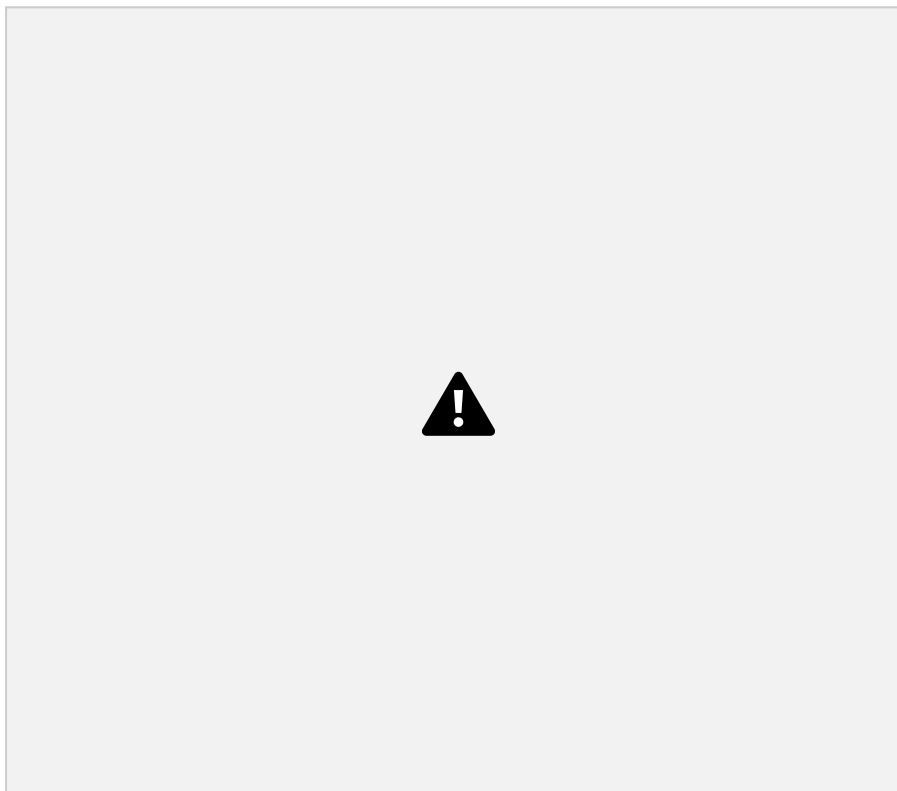
2.5.2 Capacity Assessment and Rationalisation of the Public Service (CARPS)

The program entailed the development of public service strategies, norms and standards and adopted a unified human resource

management information and payroll number generating system in the public service.

Location: Nationwide

Objective: To facilitate the transformation of the public service for efficient and effective service delivery at the national and county governments



Implementing Agency: State Department for Public Service

Project Progress: The government implemented CARPS feasible recommendations through the development of draft career guidelines for county governments, revised the grading structure in the civil service to 17 tiers, developed a draft succession management strategy, developed guidelines for redistribution of common cadre staff in the civil service, implemented succession management for the public service to reposition the service to deliver on its mandate, and developed a master plan for high priority and scarce skills.

public participation

2.5.3 National Capacity Building

Framework Location: Nationwide

Objective: To strengthen the competencies of county governments through capacity building, technical support and

Implementing Agency: Ministry of Devolution and ASALs

Project Progress: During the review period, approximately Ksh 9.51 Billion was disbursed to County Governments for capacity building and capital grants under Performance for Results (PforR) within the Kenya Devolution Support Programme (KDSP). National

Capacity Building Framework (NCBF) was implemented in all the 47 counties

2.5.4 Kenya School of Government Programme

The school will be used to promote core competencies for personnel within the public service sector.

Location: Nairobi, Embu, Baringo, Matuga and Mombasa

Objective: Establish the Kenya School of Government in order to inculcate public service values and ethics as well as enhance transformative leadership

Implementing Agency: Kenya School of Government

Project Progress: The School established and operationalised Security Management Institute, developed an Online knowledge management and information hub and Environment and Climate Change centres of Excellence, established partnerships and linkages with EU - IDEAS, USAID-AHADI Trust Limited, (UNODC), (UNDP), AMREF-SPARC, Trinity Western University, Danish International Development Agency (Danida), National Research Fund (NRF), Puntland Government, French Embassy, Federal Republic of Somalia and Youth Economic Recovery Planning

Team, among others, on the following areas: Devolution and Fiscal Decentralisation, Ethics, Values and Integrity, Local Economic Development, Devolution training, Measurement, Learning and Accountability Program (CMLAP), Youth Empowerment and Innovation; Leadership, management and governance for Health

Systems Strengthening (HSS) and Health System Research, and Research on locusts' invasion in parts of Kenya.

KSG realised Implementation of an Enterprise Resource Planning (ERP) in all its campuses and carried out the following constructions in 2019/20: Ultra-modern complex – Mombasa to 86 per cent completion, Tuition Block and cottages in Matuga Campus to 6 per cent completion, Perimeter Wall in Matuga Campus to 20 per cent completion, convention Centre in Embu to 6 per cent Completion, complex in Baringo to 11 per cent completion and refurbishment of Bahari Hostel in Mombasa Campus.

KSG trained and certified over 13,324 participants from the National Government, County Government and from personnel in the NGO sector who work with the public service in implementing various projects.

2.5.5 Policy, Legal and Institutional

Reforms Policy Reforms

Civil Service Emeritus Policy was drafted and presented to the National Development Implementation Technical Committee (NDITC)

Legal Reforms

Legal framework for common pension scheme developed

Institutional Reforms

The Kenya School of Government continued with the development of infrastructural facilities and the curriculum for both national and county governments' officials

Implementation Challenges

- i. Lack of a one-stop-shop payment gateway
- ii. Frequent system interruptions due to delayed integrations of ICT systems
- iii. High MDAs' staff turnover

- iv. Inadequate funding
- v. Emergence of the COVID-19 pandemic disrupted services for a period
- vi. Resistance to rationalisation

Lessons 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

The Kenya School of Government continued with the development of infrastructural facilities and the curriculum for both national and county governments' officials.

- ii. Holding inter-ministerial service leaders' meetings regularly resolves service delivery bottlenecks
- iii. Wide stakeholders' support is key in the development and implementation of CARPS
- iv. Compliance with KDSP grant conditions can hasten the achievement of targets that were initially expected to take

longer durations to implement

- v. Digitisation of KSG content will increase the number of programs offered online hence wider reach in developing public service human capacity needs
- vi. Partnering with development partners is key in reaching out to all counties within the territory of the Republic of Kenya
- vii. There exist opportunities for possible collaborations with countries in Africa to train their public service in order to achieve presence in the international community

Recommendations

- i. Formulate a 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. Hold regular inter-ministerial service leaders' meetings
- iii. Attract and retain competent and committed staff for Huduma Service Delivery Channels
- iv. Mobilise adequate funding to ensure prompt corrective and preventive maintenance to enhance safety and security
- v. Accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to sustainable delivery of services

2.6 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 the age of 35 years with those aged 18-35 years comprising 30.6 per cent of the population. An essentially young population with relevant job skills is 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 3rd Quarter, 2020 Quarterly Labour Force Report, the unemployment rate in the country was 7.2 per cent, a decline from 10.4 per cent during the 2nd quarter while long term unemployment was 2.3 per cent compared to 3.1 per cent during the 2nd quarter.

The Sector 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

An essentially young population with relevant job skills is a great asset to the country and it puts Kenya in a competitive position to attract capital by taking advantage of the labour pool.

security rights as well as the protection of vulnerable groups. The Sector is critical in achieving the country's "Big Four" initiatives on manufacturing, housing, food and nutrition security and universal health coverage. The Sector is implementing 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.

2.6.1 Labour Market Information System

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2.6.2 Strengthening linkages between the industry and training institutions

The program focused on bridging skills gaps in the country. **Location:** Nationwide

The programme involves development of data management policy and modules for facilitating information exchange between the East Africa Community (EAC) Partner States, migrant workers and Kenyans in Diaspora.

Location: Nationwide

Objective: To improve collection, analysis, storage, retrieval and dissemination of labour market information

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 2017. Since then, the system has undergone upgrades to make it more relevant to the needs of the labour market. Developed three (3) Application Programme Interfaces (API) to make it easy to get secondary data from institutions with critical labour market data, giving a total of nine (9) API developed for the KLMIS. Key data has continued to be updated into the system such as the Informal Sector Skills and Occupations Survey (ISSOS), the energy sector skills profile survey report, quarterly Job Opportunity Analysis reports, where 200,396 job vacancies announced in the country were analysed and World Bank Skills towards Employment and Productivity (STEP) analysis report.

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Objective: To strengthen the industrial attachment framework

Implementing Agency: Ministry of Labour and Social Protection

Project Progress: Trained 72,665 persons in industrial skills in collaboration with accredited training providers, trained 71 Persons through apprenticeship scheme and 6 persons under indentured learnership scheme, placed 95,850 students and 5 Lecturers on

industrial attachment, assessed and certified 61,220 candidates through the government trade test in various trades, developed 187 Qualification Packs (QPs), to be administered by assessors; developed Quality Standards for thirty-three (33) trade test areas at various grades and levels, assessed and registered 112 new training providers and renewed registration of 349 training providers giving a total of 461 valid registered training providers, and registered 1,232 new employers to enhance training levy collection.

2.6.3 National Internship Programme

Entails development and Implementation of the National Internship Policy and National Internship Programme

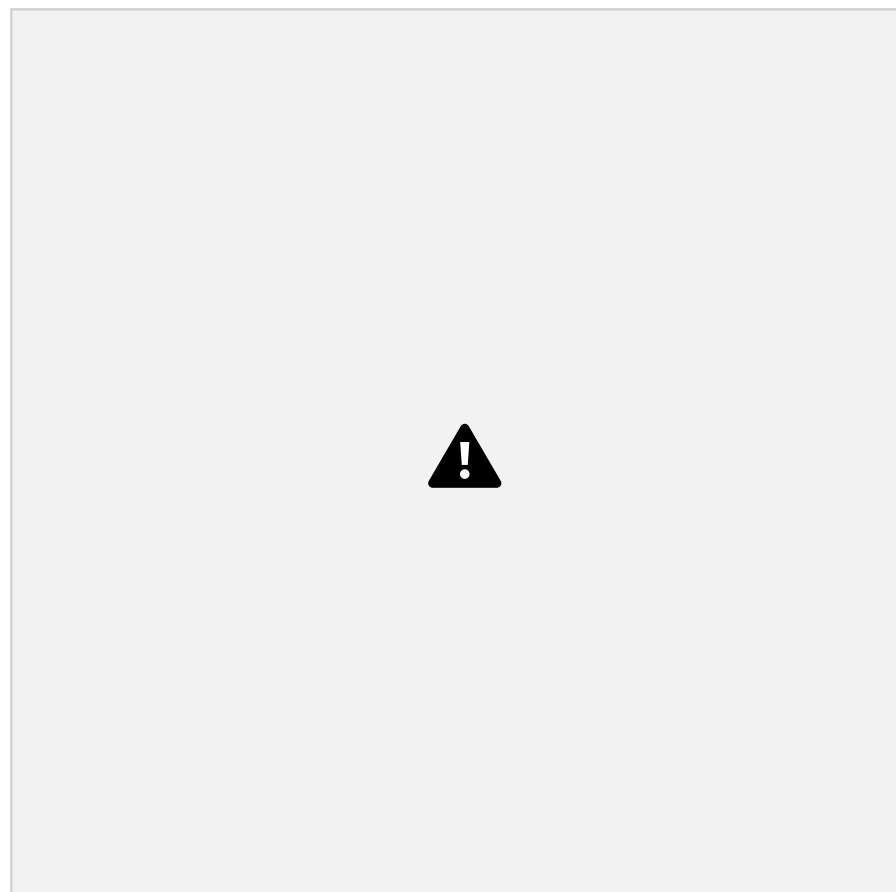
Location: Nationwide

Objective: To facilitate placement of graduates in internships

Implementing Agency: Ministry of Labour and Social Protection

Project Progress: The Draft National Internship Policy and Guidelines were finalised 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, an online portal (www.neaims@go.ke) for registration and placement of graduates in internship programmes has 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.



2.6.4 Research and Training in Occupational Safety and Health

Location: Nationwide

Objective: To Construct and equip the National Occupational Safety and Health Institute

Implementing Agency: Ministry of Labour and Social Protection

Project Progress: Phase I of the project which involves the construction of a five-storey building comprising of a basement and 5 floors that will house training rooms, research and testing laboratories, exhibition areas and offices was 90 per cent complete

2.6.5 Establishment of Alternative Dispute Resolution Mechanism (ADR)

Location: Nationwide

Objective: To 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

Inaugural meeting for the 13 conciliators was held on 20th November, 2019, ADR Secretariat appointed and ten (10) major disputes in the Public sector under the Education, Health and Aviation Sectors were successfully resolved.

Project Progress: Towards the establishment of Alternative Dispute Resolution (ADR), the partitioning of 10 ADR session rooms was completed and part of the furniture was procured. The inaugural meeting for the 13 conciliators held on 20th November, 2019m ADR Secretariat appointed and ten (10) major disputes in the Public sector under the Education, Health and Aviation Sectors successfully resolved

2.6.6 Policy, Legal and Institutional

Reforms Policy Reforms

- i. National Wages and Remuneration Policy drafted
- ii. National Internship Policy drafted

Legal Reforms

- i. Occupational Safety and Health Act, 2007 reviewed
- ii. Work Injury Benefits Act, 2007 reviewed
- iii. 4 Bilateral Labour Agreements between Kenya and the States of Jordan, Bahrain, Oman and Kuwait drafted

Institutional Reforms

- i. Established the Alternative Dispute Resolution Mechanism (ADR)
- ii. Reviewed, established and operationalised Wages Councils in various sectors
- iii. Operationalised the National Employment Authority (NEA)

Implementation Challenges

- i. High unemployment level among the youths
- ii. Obsolete training equipment and dilapidated Industrial Training Centres except of the NITA Athi River Centre

- iii. The skills gap between industry requirements and academia output
- iv. Weak collaboration between institutions on labour market information
- v. Unregulated Labour Migration with many Kenyans engaged in low-skilled occupations abroad
- vi. Upsurges in industrial actions in the public sector

Lessons Learnt

- i. Engagement of multiple contractors for different phases in the implementation of single projects exceeding one-year precipitates delays in completion of the projects and increases cost
- ii. Multi-Agency approach in regulating and monitoring the operations of Private Employment Agency (PEA) is key in routing out unscrupulous recruitment agencies

- iii. Technology has simplified business process operations in creating awareness on labour laws and social protection services and in the collection, analysis and dissemination of information on the labour market and social protection interventions
- iv. The recent upsurge in employment and labour related disputes, especially in the public sector, has called for more accessible, cost effective and expeditious Alternative Dispute Resolution (ADR) mechanisms that also preserve harmonious industrial relations

Recommendations

- i. Mobilise adequate resources for sector programmes and projects
- ii. Fast track approval of the Labour Migration Policy and Enactment of Labour Migration Management Bill to provide a framework for labour migration in the country
- iii. Negotiate agreements with key labour migration countries to enhance the protection of the Kenyan Migrant Workers
- iv. Establish an Apex Inter-Governmental Committee to coordinate negotiations of Collective Bargaining Agreement (CBA) in the Public Sector, provide clear guidance to the implementing

institution and advise the government on the same

- v. Create awareness on productivity improvement initiatives in all sectors of the economy and develop productivity culture among Kenyans from an early age through introduction of a curriculum on productivity in schools and fully implement the National Productivity Policy
- vi. Rationalise staff across the public sector

2.7 National Values and Ethics

“A value-driven, Ethical, Peaceful, United and prosperous Nation”

The advancement of national values and ethics is key to realisation of cohesive, values driven and prosperous nations. During the past two MTPs (I and II), the Government attempted to inculcate national values, a key component 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 nationalist values and ethical behaviour. The Constitution of Kenya is the foundation for national values and ethics.

A stable and cohesive nation is the foundation for achieving the “Big Four” agenda and will ultimately enhance the attainment of the Kenya Vision 2030. Advancement of national values and ethics involves ordinary Kenyans, the public sector, Faith-Based organisations (FBOs), the private sector, Non-Governmental organisations (NGOs), Community Based organisations (CBOs) and Development Partners (DPs). All 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 a remarkable commitment to peace and social harmony in Kenya in the past, by working in partnership with governments at national and county levels.

Under the MTP III, Kenya will strengthen national cohesiveness, unity 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 mobilisation and

education and enforcement of relevant policies and legislation.

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2.7.1 Enforcement of Policy, Legal and Institutional Reforms

This programme entails reviewing and putting into effect policy, legal and institutional frameworks.

Location: Nationwide

Objective: To empower institutions to effectively discharge their mandates

Implementing Agencies: Directorate of National Cohesion and Values, Public Service Commission, Ethics and Anti-Corruption

Commission, Kenya National Commission on Human Rights, National Gender and Equality Commission Parliament

Project Progress: On Policies, the National Ethics and Anti-Corruption Policy 2019 was adopted to provide a coordinated and integrated framework for the fight against corruption and promotion of ethics. The revised Sessional Paper No. 1 of 2019 on the Policy Framework of Reforming Education and Training for Sustainable Development in Kenya was also adopted to address challenges in the education sector including those experienced by children with special needs and disabilities. Public Participation Policy, 2019 was formulated to set standards for effective public participation and to provide an overarching framework for the coordination of public participation.

On legislation, various Bills were considered by Parliament and included: The Lifestyle Audit Bill, 2019 to give effect to Article 10 and Chapter 6 of the Constitution and provide for the procedure for undertaking lifestyle audits, the National Flag, Emblems and Names (Amendment) Bill, 2017 to amend the National Flag, Emblems and Names Act, 2012 to allow members of the public to fly the National Flag in their places of residence, work and business, the Election Laws (Amendment) Bill, 2019 to amend the Elections Act, 2012 to

allow the use of a candidate's popular name on a nomination or election ballot paper, and the Data Protection Act, No. 24 of 2019 to give effect to Article 31(c) and (d) of the Constitution - establishing the Office of the Data Protection Commissioner, to make provision for the regulation of the processing of personal data, and to provide for the rights of data subjects and obligations of data controllers and processors. To promote gender equity, the Sector reviewed 23 Bills and 11 policies to assess compliance with Article 27 of the Constitution on Equality and Non-discrimination that included the

check up

National Youth Policy, 2017, the Community Protection Policy, 2017 and the National Policy Framework for the implementation of the Sexual Offenses Act, 2006.

The Senate also passed the Care and Protection of Older Members of Society Bill, 2019. The Bill gives effect to Article 57 of the Constitution by providing a framework for the care of the older members of the society, establishing a framework for the empowerment and protection of the elderly and the maintenance of their wellbeing, safety and security.

An elderly woman undergoes

To enforce legal provisions on national values and ethics, the sector traced suspected corruptly acquired public property valued at Ksh 12 billion by investigating 8,231 cases, where 241 files were completed and forwarded to the Office of the Director of Public Prosecution (ODPP) for further action. A total of 13 high

profile persons were charged in court and intelligence probes were conducted, disrupting potential corruption where the loss of public funds approximated at Ksh 14.7 billion was averted. Further, the sector secured 42 convictions and

realised a total of Ksh 112 million in fines. The Sector also recovered assets worth Ksh 18.1 billion through institutions of suits in court. Further, 243 reports of violation of Chapter Six of the Constitution were received out of which 109 cases were investigated and files forwarded to ODPP with various recommendations for further action. To promote human rights, the sector received and processed 2,773 complaints on human rights violations.

Implementation Challenges

- i. Slow pace in the development, review and approval of policies

- ii. Lack of consensus among stakeholders delayed the development of the necessary policy and legal frameworks

Recommendations

- i. Accelerate the development, approval and implementation of the various policy, legal and institutional reforms key to the achievement of the projects
- ii. Explore Public Private Partnership framework to mobilise additional resources for the implementation of programmes so as to realise national values and ethics

2.8 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 amounts 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 recognised as one of the key foundations for national development. To enhance food and nutrition security under the “Big Four” Agenda, the Sector, will implement programmes and projects to address the twin challenges of climate change, i.e., drought and floods.

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