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TRANSFORMATION OF LIVES SINCE INCEPTION OF DEVOLUTION

POLICY *Monitor*

VISION
An international centre of excellence in public policy research and analysis

MISSION
To provide quality public policy advice to the Government of Kenya by conducting objective research and analysis and through capacity building in order to contribute to the achievement of national development goals

Contents

Editorial

Welcome to the January-March 2019 KIPPRA Policy Monitor edition. During the third quarter of 2018/19, the Institute engaged in a wide range of policy research and analysis, and capacity building activities including validation workshop for Kenya Economic Report 2019; the launch of training modules for counties namely: Creating an Enabling Environment for Private Sector (CEEPS) and Public Policy Making Process (PPMP); rolling out of KIPPRA Mentorship Programme for Universities (KMPUs) at Garissa University and Masinde Muliro University of Science and Technology; participation in the 6th Annual Devolution Conference held in Kirinyaga County; and hosting various stakeholders' forums; among others.

This edition also highlights Kenya's economic performance with updated medium-term projections for economic growth. Given the sustained macroeconomic stability, improved business and investor confidence, continued public infrastructure investment and robust private sector, the economy experienced steady growth and is projected to grow by 6.2% and 6.4% in 2019 and 2020, respectively. Other factors that will enhance economic growth include favourable weather conditions, enhancement of revenue collection at both levels of government, rationalization of public expenditure, continued growth of private sector credit, maintaining inflation within the government's target range, and ensuring that public debt remains at tolerable levels.

The devolved system of governance in Kenya is hailed as a major milestone in the country's quest to address socio-economic and political marginalization and inequalities. This edition provides an analysis of the country's political history of national building, various attempts made over the years to address the problem of exclusivity, and how devolution now offers more concrete constitutional and policy measures to build a more cohesive, inclusive and viable state. Devolution offers opportunities for residents of each county to elect their representatives for the county assembly. Through affirmative action, interest groups are nominated to the assembly, and the Equalization Fund is allocated to counties in marginalized regions. Moreover, public participation is a key feature of devolved governance system. Through devolved governance system, countries not only receive financial resources from the national government but are also permitted to generate their own revenue. However, devolved units are still facing numerous challenges in addressing inequalities and exclusivity.

Other exciting analyses in the edition include an overview of the forthcoming national population census slated for August 2019; how densification and intensification of grid and off-grid electricity access is empowering communities across the devolved units in the country; and the effects of devolution on domestic trade especially wholesale and retail trade. Finally, the edition delves into legislative developments including new laws assented to by the President and bills under consideration in the National Assembly and the Senate. Our readers can also get a glimpse of policy news at domestic, regional and international levels. Kenya's external engagement plays an important role in realizing the country's development objectives. The edition offers a snapshot of the country's vibrancy in regional integration processes and bilateral diplomacy.

Recent Economic Developments

By Daniel Omanyo and Benson Kiriga

Rebound in Kenya's Economic Growth Continues

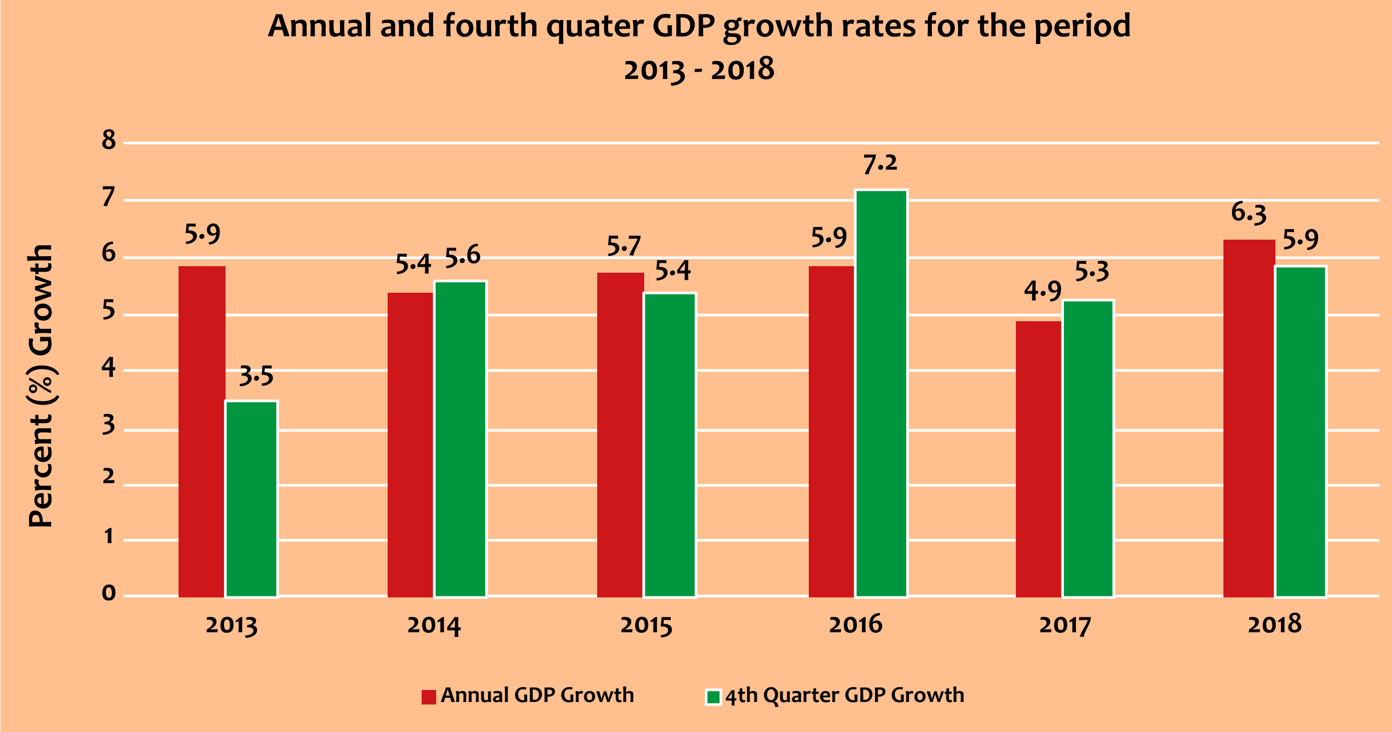
Gross Domestic Product (GDP) in 2018 expanded by 6.3% compared to 4.9% in 2017. This reflected the sustained growth momentum in the year with the fourth quarter of 2018 recording 5.9% growth compared to 5.3% in the same period in 2017. Overall expansion of the economy in the past four years has been generally slow and 2018 figures indicate the highest growth that the economy has experienced between the period 2014-2018 as shown in Figure 1. This has mainly been driven by conducive weather conditions, stable macroeconomic environment expansion in the services sector, and easing of political tension and uncertainty in the country. Nonetheless, a review of quarterly economic performance over the 2014-2018 period reveals that the 2018 quarter four performance is a reversal of the downturn experienced in quarter four of 2017 after an impressive 7.2% growth in quarter four of 2016.

According to the figures released by the Kenya National Bureau of Statistics (KNBS) on 25th April 2019, the resurgence in Kenya's economic growth was bolstered by notable expansion in agriculture and manufacturing, and enhanced productivity in services sector. This reflects a more inclusive growth given that agriculture and manufacturing are the key sectors that employ majority of Kenyans.

The favourable weather conditions that were well spread out in 2018 enhanced agricultural performance, resulting in an expansion of the sector by 6.4% in 2018 against 1.9% in 2017. The sector recorded 3.9% expansion in quarter four of 2018 compared to -0.7% in the same quarter in 2017. The agriculture sector expansion had ripple effects that enhanced performance of manufacturing, wholesale and retail trade, and transport and storage activities.

The manufacturing sector showed an impressive growth from 0.5% in 2017 to 4.2% in 2018 on the

Figure 1



Data Source: Kenya National Bureau of Statistics (Quarterly GDP Report)

Sectoral economic performance (% growth rate) 2013-2018

GDP By Activity	2013	2014	2015	2016	2017	2018	2017 Q4	2018 Q4
Agriculture	5.4	4.4	5.3	4.7	1.9	6.4	-0.7	3.9
Mining and quarrying	-4.2	14.9	12.3	9.5	4.5	2.8	3.4	2.7
Manufacturing	5.6	2.5	3.6	3.1	0.5	4.2	0.2	3.1
Electricity and water supply	6.6	6.1	8.5	8.4	7	7.9	5.4	8.7
Construction	6.1	13.1	13.8	9.9	8.5	6.6	11.3	7.3
Wholesale and retail trade	8.4	6.9	5.9	3.7	5.7	6.3	7.5	6.5
Accommodation and restaurant	-4.6	-16.7	-1.3	13.3	14.3	16.6	8.9	21.3
Transport and storage	1.3	5.5	8	6.5	7.2	8.8	9.7	9.3
Information and communication	12.5	14.5	7.4	9.9	11	11.4	9.2	11.8
Financial and insurance activities	8.2	8.3	9.4	6.9	2.8	5.6	2	7
Public administration	2.8	5.6	5.5	5.6	6.5	6.1	11	6.4
Professional, administration and support services	3.6	3.2	2.5	4.5	3.7	5.9	4.2	3.6
Real estate	4.1	5.6	7.2	8.8	6.1	4.1	5.7	2.8
Education	6.3	7.8	4.9	5.3	5.1	5.8	6.2	6.9
Health	7.7	8.1	5.8	4.8	4.3	4.5	4.2	4
Other services	4.6	4.2	3.9	4.3	5.1	4.9	4.9	5.3
FISIM	5.2	11.3	13.5	0.5	-3.3	1.1	-5.7	2.2
All economic activities	5.4	5.6	6.1	6.1	4.8	6.5	5.1	6.2
Taxes on products	9.5	3.5	2.8	4.4	5.4	5.2	6.9	4.3
GDP at market prices	5.9	5.4	5.7	5.9	4.9	6.3	5.3	5.9

Source: Kenya National Bureau of Statistics (2019), Economic Survey back of eased cost of electricity for manufacturing following the government's renewed efforts to enhance the sector through the "Big Four" initiatives. Similar performance was mirrored in quarterly growth as the sector expanded from 0.2% in quarter four of 2017 to 3.1% in the same quarter in 2018. The 4.2% annual growth in manufacturing sector is the highest in the past four years and was mainly driven by improved agro-processing activities and beverage production.

> "The favourable weather conditions that were well spread out in 2018 enhanced agricultural performance, resulting in an expansion of the sector by 6.4% in 2018 against 1.9% in 2017."

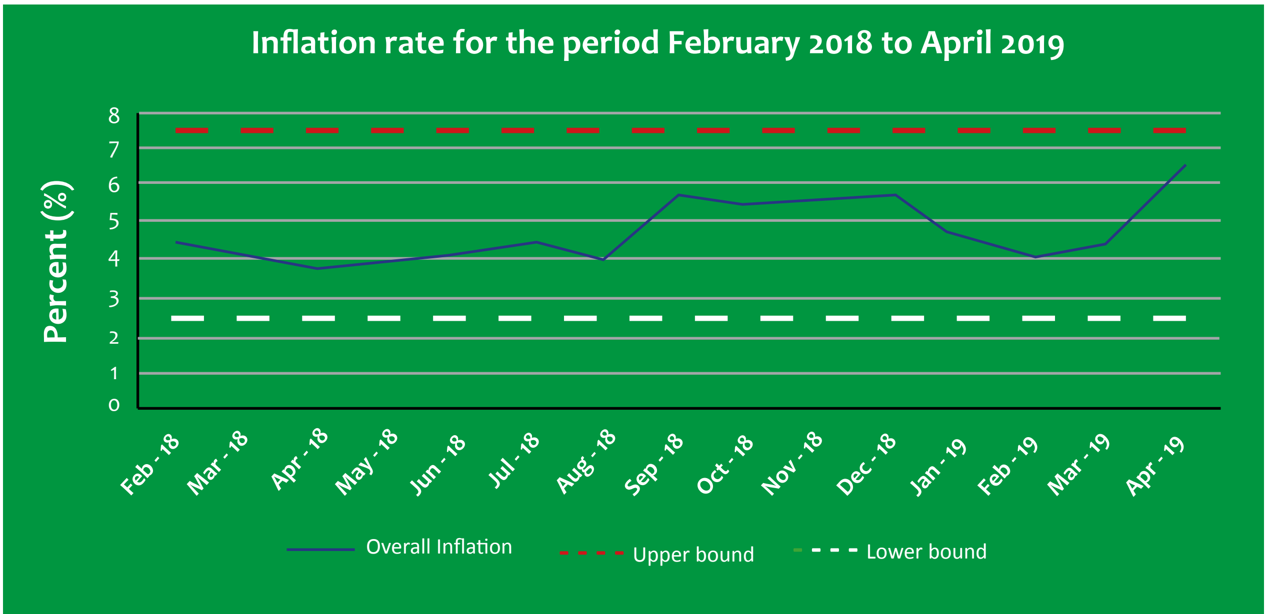
Accommodation, restaurant and food services registered an annual growth of 16.6% in 2018 compared to 14.3% in 2017 buoyed by improved security and reduced political uncertainty, stable Kenya shilling, general easing of the business environment, and rigorous marketing initiatives that boosted conference tourism and tourism in general. On quarterly basis, the sector expanded from 8.3% in quarter four of 2017 to 21.3% in quarter four of 2018.

The positive contribution to the annual economic growth was also supported by 8.8% expansion in transport and storage services, against 7.2% growth in 2017 and strong growth in electricity and water supply (7.9% in 2018 compared to 7.0% in 2017). The information and communication sector remained resilient, recording 11.4% annual growth while on quarterly basis the sector registered growth of 11.8% in quarter four of 2018 compared to 8.9% in the same quarter in 2017.

Overall, the rebound in economic activity in 2018 reflects improved weather conditions, resilient services sector, better business environment and easing of political uncertainty, and improved business and consumer confidence following the meeting between the President and the leader of the Opposition coalition (popularly known as the "Handshake") on 9th March 2018 leading to the establishment of the "Building Bridges Initiative."

Inflation remains within government target range

Consumer Price Index (CPI) inflation rose from 4.14% in February 2019 to 4.35% in March 2019 and 6.58% in April 2019.This rise in inflation reflects the drought conditions that prevailed between January 2019 to mid-April 2019, resulting into a



Data Source: Kenya National Bureau of Statistics sharp decline in precipitation across the country. This resulted into increase in prices of certain foodstuffs such as sifted maize floor (29.8%), loose maize flour (15.9%), loose maize grain (26.1%), Kale/ "Sukuma Wiki" (25.3%), potatoes (19.3%), spinach (22.5%) and cabbages (11.8%), among others. The increased inflation was further aided by increase in prices of cooking fuels (2.2%), petrol (5.3%), diesel (5.8%) and house rents – for single room – (0.3%). Increase in pump prices further drove transport costs upwards (0.9%).

Overall, while inflation remained within the government's target range of 5% ± 2%, inflationary pressures have built up. This is attributed to the expected increase in oil pricesfollowing decline in oil supply following the geopolitical developments in Venezuela and Iran, and the reaffirmation by the OPEC+ group that it will continue oil production cuts until June 2019. Nonetheless, if the long rains that began towards the end of April 2019 are adequate, this will ease food prices with increased food supplies, and this will help to offset the rise in fuel inflation allowing the headline inflation rate to remain within the government's target. The recent easing of monetary policy with the Monetary Policy Committee (MPC) reducing the Central Bank Rate (CBR) is a signal that demand driven inflationary pressures have eased.

Growth of private sector credit

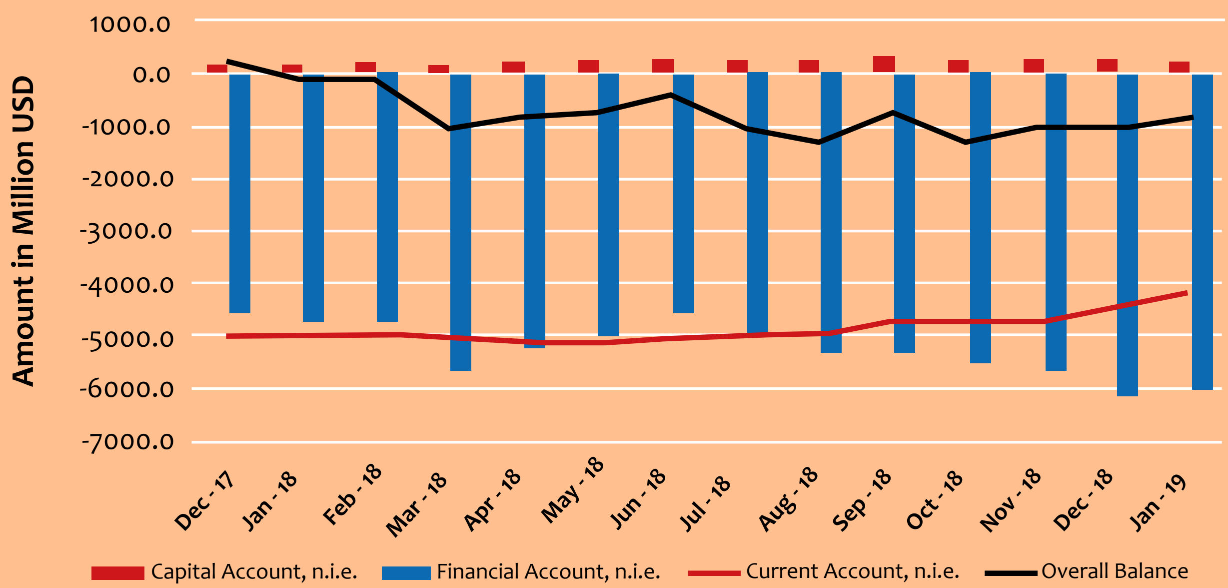
In the 12 months to February 2019, private sector credit grew by 3.4% compared to 3.0% in the same period in 2018. Strong growth in private sector credit was observed in the following sectors: finance and insurance (13.1%); consumer durables (16.2%); manufacturing (7.7%); and trade (6.4%). Private sector credit growth is expected to strengthen in 2019 relative to 2018, because of the anticipated higher economic activity and easing credit risks.

Current account is narrowing but not enough to offset the decline in financial account flows

Kenya's overall balance of payment widened to a deficit of US$ 898.4 million at the end of January 2019 from a surplus of US$ 157.3 million at the end of December 2017. This was aided by a decline in financial account that more than offset the benefit gained from improvements in both capital and current accounts.

Official foreign exchange reserves increased from US$ 7,338.2 million (5 months of import cover) in December 2017 to US$ 8,241.6 million (5.3 months of import cover) in January 2019. Meanwhile foreign exchange holding by commercial banks increased from US$ 2,313.8 million to US$ 3,145.6 million in the same period. The Kenyan shilling, on average, appreciated against the US dollar by 1.3% moving from Ksh 102.92 per US dollar by the end of January 2018 to Ksh 101.58 per US dollar by the end of January 2019. This was largely bolstered by the narrowing of the current account deficit,

Balance of payment for the period December 2017 and January 2019



Source: Central Bank of Kenya, Monthly Economic Indicators increased inflows from principal exports including tea and horticulture, and the increasing diaspora remittances.

Fiscal developments

The cumulative national revenue collection, including appropriation in aid, in the year to December 2018 (first half of 2018/19) amounted to Ksh 794.7 billion (8% of GDP), which was slightly lower than the target of Ksh 855.7 billion (8.5% of GDP). This was mainly due to shortfalls in ordinary revenue and Appropriation in Aid collection by Ksh 52.7 billion and Ksh 8.3 billion, respectively.

The total cumulative expenditure and net lending inclusive of transfer to county governments for the same period amounted to Ksh 1,075.5 billion against a target of Ksh 1,130.7, recording a shortfall of Ksh 55.2 billion. In terms of broad expenditure heads, recurrent spending amounted to Ksh 643.9 billion, which was below the projected target by Ksh 124.7 billion mainly due to lower than targeted interest payments (domestic and foreign) and pension payments. Processing of pension payments was slower than expected. Development expenditures showed increased absorption and reached Ksh 77.6 billion above the target. This was mainly driven by higher than expected absorption for development partners' (externally) funded programmes/projects and SGR phase I disbursement not being factored in the target. Transfer to county governments (Equitable share only) was Ksh 101.3 billion, respectively. As a result, the government fiscal operations during the first half of 2018/19 overall deficit was Ksh 272.0 billion against the projected deficit of Ksh 254.5 billion. This deficit was financed through net domestic borrowing of Ksh 130.8 billion and net foreign borrowing of Ksh 144.4 billion.

Economic Outlook

The economy is projected to expand by 6.2% in 2019 and 6.4% in 2020, bolstered by improved business and consumer confidence, continued macroeconomic stability, continuing public infrastructure investments, robust service sector, expanded tourist arrivals and strengthening of the global economy. This will be anchored on the "Big Four" agenda as prioritized in third the Medium-Term Plan, which places emphasis on manufacturing, affordable housing, universal health coverage, and food and nutrition security. The successful implementation of the agenda will enhance structural transformation by addressing entrenched social and economic challenges facing Kenyans and accelerating economic growth to at least 7% by 2022.

The government is expected to continue with fiscal consolidation measures to restrain the fiscal deficit and bring public debt to tolerable levels by enhancing revenue, rationalizing expenditures through zero-based budgeting, and reducing the cost of debt by diversifying funding sources. Inflation is projected to be 5.0 in 2019 and remain within the government's target band in the medium term due to implementation of prudent monetary policy. The economy will also benefit from easing of political tension in the country following the political truce (known as the "Handshake") and renewed anti-corruption efforts to curb fiscal slippages in the public sector.

> **"The cumulative national revenue collection, including appropriation in aid, in the year to December 2018 (first half of 2018/19) amounted to Ksh 794.7 billion (8% of GDP)"**

However, the expected robustness in economic performance is not without risks. Specific risks include difficulty in making revenue enhancement measures and fiscal consolidation strategies friendly to inclusive growth. In addition, tightening of global financial markets could easily make it difficult to obtain affordable finance for bridging the budget deficit, and prolonged drought condition could affect agricultural production and food prices. Nonetheless, the government can enhance its domestic resource mobilization efforts and prioritize efficiency in spending to curtail public borrowing.

Devolution: Bridging the Gap on Socio-Economic and Political Marginalization

By Paul Lutta and Beverly M. Musili

A view of Nairobi city, based in Nairobi county| Photo courtesy

The 2010 Constitution of Kenya opened a new chapter in Kenya's political history by introducing changes regarding the running and management of the country's political, social and economic affairs. It further affords greater voice, inclusion and participation of people in the affairs and decisions of their 47 sub-national governments through the devolved system of governance. Article 174 of the Constitution stipulates nine objects of devolution. These include: to promote democratic and accountable exercise of power; and give powers of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them. The other object include: fostering national unity by recognizing diversity; recognizing the right of communities to manage their own affairs and to further their development; and protecting and promoting the interests and rights of minorities and marginalized communities. Further, is promoting social and economic development and the provision of proximate, easily accessible services throughout Kenya; ensuring equitable sharing of national and local resources throughout Kenya; facilitating the decentralization of State organs, their functions and services from the capital of Kenya; and enhancing checks and balances and the separation of powers. A key question is the role of counties in spurring realization of these objectives.

Government's efforts in addressing marginalization

Kenya has faced unbalanced regional development since independence. Successive governments have developed several policies and interventions to address the wide disparities. Between 1960 and 1970, the Special Rural Development Programme (SRDP) and the Rural Development Fund (RDF) were established to promote and accelerate rural development productivity, including growth in local resources utilization and coordination in planning and development. In addition, and especially in the 1980s, the government started establishing Regional Development Authorities (RDAs) such as the Tana and Athi River Development Authority (TARDA), Kerio Valley Development Authority (KVDA), Lake Basin Development Authority (LBDA), Ewaso Ng'iro North Development Authority (ENNDA) and Coast Development Authority (CDA) with the aim of implementing and coordinating development programme in regions under their jurisdiction to ensure development through integrated planning and management.

The government also introduced the District Focus for Rural Development (DFRD) Strategy in 1983 to bring development planning closer to the people. In 1998, the Local Authority Transfer Fund (LATF) was introduced in which 5% of the annual income tax revenue was allocated to local authorities with the objective to improve and extend service delivery to citizens. In 2001, the Local Authority Service Delivery Action Plan (LASDAP) was designed to empower local communities to develop capital investment plans to meet their local needs and priorities. In 2003, the Constituency Development Fund (CDF) was introduced as part of fiscal decentralization to enhance local community participation in planning and budgeting of development projects in their constituencies. Kenya's development blueprint, the Vision 2030, also emphasized decentralization of decision-making and equitable distribution of resources, before adoption of devolution which came into effect in 2013.

Despite these interventions, not much was realized towards minimizing the imbalances. The Kenya Demographic and Health Survey report in 2014 indicated disparities in access to health services where North Eastern, Eastern, Nyanza, Coast and Rift Valley regions had lower access to health facilities and health personnel in comparison to Nairobi and Central regions. Similarly, child mortality rates were higher in these regions in comparison to the then Nairobi and Central provinces. The Kenya National Bureau of Statistics Kenya Integrated Household Budget Survey (KIHBS) 2015/16 reported a decline in overall proportion of population living below the poverty line to 36.1%. The overall poverty headcount was comparatively higher in rural areas (40.1%) than in peri-urban (27.5%) and core-urban areas (29.4%). Across the counties, about 23 counties had poverty levels that were above the national average, with the majority of counties being in marginalized areas.

> "The overall poverty headcount was comparatively higher in rural areas (40.1%) than in peri-urban (27.5%) and core-urban areas (29.4%)."

Many of the pre-devolution interventions mentioned above were conducted in a top-down manner, where decision making emanated from the central government and thereafter disseminated to local authorities. Further, they did not provide opportunities for community participation, factors which could have hampered their success. However, the devolved system of governance as anchored in the Constitution 2010 regards the people as an integral part in governing the affairs of their communities and envisions communities as critical decision makers in planning and policy making. In this regard, the constitution provides for public participation in the planning process.

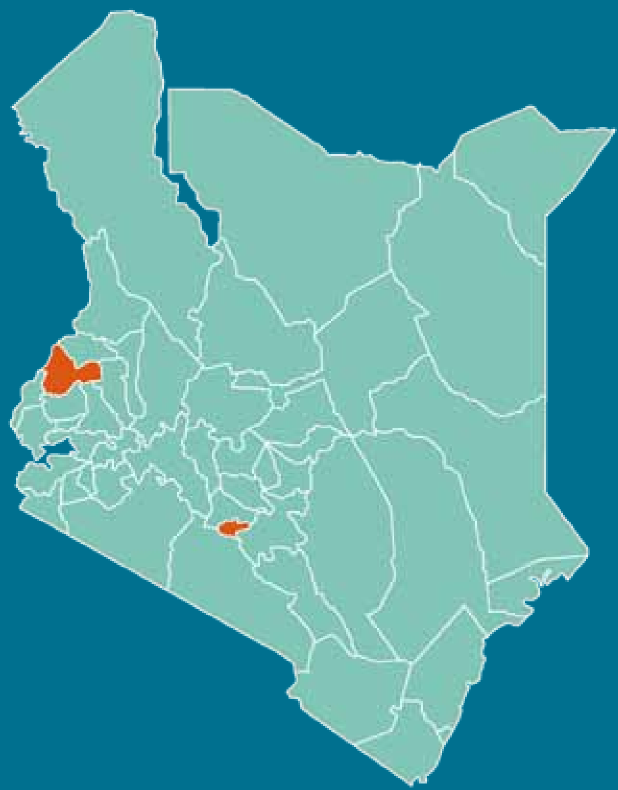
Devolution has potential to reduce socio-economic marginalization

It is the purpose of devolution to transfer power, resources and decision-making from the central government to the sub-national government. By doing so, devolution provides an avenue for self-governance and autonomy in the running, management and governance of county affairs. County residents elect their political representatives in counties to advance the interests of their residents. Community participation in planning allows prioritizing of projects endorsed by the people and ensures that funds are used where they are most needed, and where they have the highest impact.

Devolution has provided for equitable sharing of resources between the national and county governments as provided by Article 202 of the Constitution. As noted earlier, the supreme law has also established provisions of the Equalization Fund of 0.5% of the total annual national revenue (Article 204) to be distributed to marginalized counties to bring them at par with other counties in terms of provision and access of quality services, including water, electricity, roads and health facilities. So far, 14 counties have been identified as marginalized based on the presence of marginalized communities and analysis of historical marginalization. As a result, these counties benefit from the Fund by receiving additional funds to the transfers.

With devolution, counties are in a good position to allocate substantial amounts of resources in development of key szectors such as health, agriculture and infrastructure which are devolved functions, to ensure well-being of the people and improve quality of lives thus bringing them at par with other areas of the country in terms of development. Counties are now in charge of management of public health facilities and services, planning, prioritizing and budgeting for health services, recruitment of health staff and building of health infrastructure. On roads and infrastructure, devolution has enabled counties such as Isiolo, Mandera and Wajir to improve their road infrastructure or construct first tarmac road since independence.

Counties have opened the rural areas through improved road infrastructure. These roads are easing transport of goods hence providing more opportunities for trade. The improvement of infrastructure in counties and increased development projects has also generated interest from external visitors, creating demand for services by counties in sectors such as real estate, hotels and entertainment thus contributing to growth of rural economy and



uplifting the lives of people.

Devolution is enhancing political participation but gaps still exist

Devolution provides more meaningful opportunities for participation by under-represented groups in the political process. Given their under-representation in the Legislature and other state decision making organs, women, minorities and marginalized communities have previously not been included in political participation, and their interests have not been articulated. The structures created under devolution have provided increased opportunities for participation by women, minorities and marginalized communities.

The Constitution elaborates on the rights and fundamental freedoms for persons with disability (PWDs), minorities and marginalized groups to ensure their protection and inclusion. The platform provided by a county assembly ensures that it comprises special seat members to ensure no more than two-thirds of the membership of the assembly are of the same gender; and marginalized groups, including persons with disabilities and the youth have representation, as prescribed by an Act of Parliament. This notwithstanding, there still exists political exclusion and discrimination of marginalized communities of minorities in elective and nominated positions in county governments where youth, women, minorities and PWDs are often left out in appointments. In the recent election, the two third gender rule was not met at ward level. Political parties ought to develop internal democratic structures and mechanisms to ensure that they encourage and have more female candidates and minorities on the ballot.

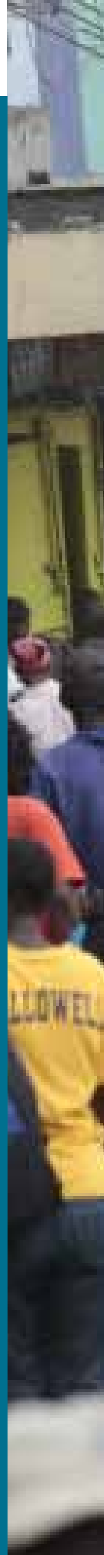
Public participation under devolution

Until the promulgation of the Constitution in 2010, delivery of public services was often perceived as unilateral, autonomous, non-inclusive and non-responsive to citizens' needs. The supreme law attaches special importance to public participation to ensure that citizens are effectively engaged in all matters of their governance. Currently, public participation is considered an indispensable element of people centered development encapsulated in the Constitution, Vision 2030, the County Governments Act 2012, the Public Finance Management Act 2012 and in several international and regional human rights conventions that the country has signed.

Public participation strengthens and legitimizes governmental actions, and is a critical element of good and democratic governance. It is the very foundation for a true democracy. Public participation aims to transition leadership from planning for citizens to planning with them. This encourages community ownership and enhances mutual social accountability where citizens validate decisions reached by leaders. It emphasizes openness, accountability and meaningful engagement of the public in decision making. Public participation is a requirement in matters concerning planning, budgeting and implementation of projects and development programmes. Thus, devolution promotes the values of "bringing government closer to the people" and provides the people greater accessibility to the local authorities. This close interaction with local authorities enhances direct accountability and responsibility. The focus of devolution in Kenya has, inter alia, been on establishing channels for increasing citizen participation in selecting political representatives and in the policy and legislative process. Devolution enables enhanced public participation by increasing accessibility of political representatives and increasing participatory opportunities and forums at devolved levels of government.

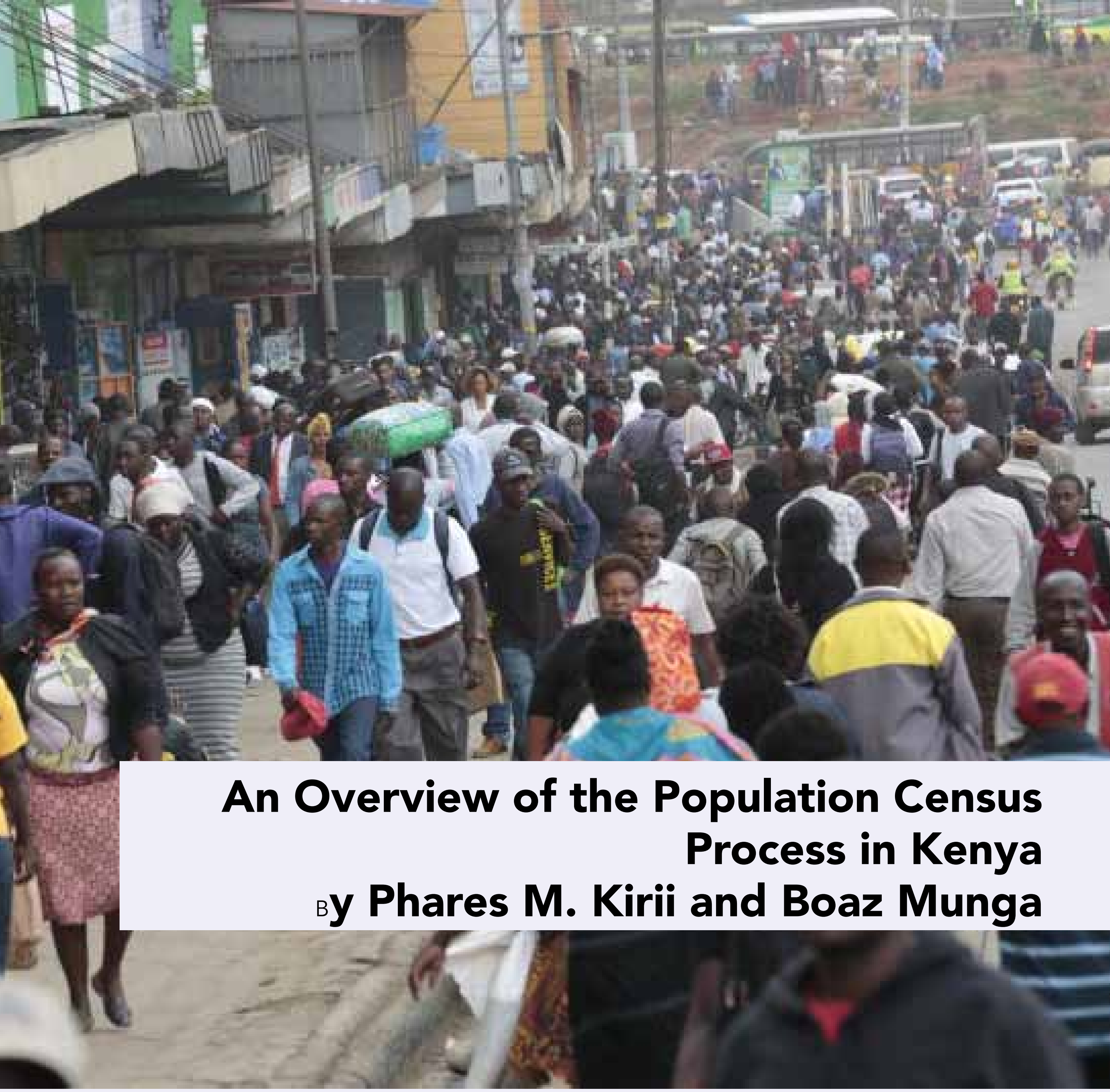
However public participation is not devoid of challenges which could impede democratic governance and deny the people the powers of self-governance in making decisions affecting them. Among the challenges is lack of consistent and harmonized processes, strategies and approaches to public participation and weak coordination mechanisms; weak feedback and reporting mechanisms; and the reluctance by some counties to complete and operationalize public participation laws. Furthermore, public officers consider that the benefits and value of public participation are not commensurate with the time and cost invested in carrying out the exercise and is largely carried out for purposes of compliance. Other challenges include resource constraints, demand for incentives from citizens before attending meetings, and low uptake of citizen views.

Although there are legislative instruments regulating public participation including the Statutory Instruments Act 2013, there is need to provide clear and consistent guidelines to be applied by national and county governments and governmental ministries, departments and agencies on the process of conducting public participation, including delineation of activities requiring public participation, the people who should be consulted, the composition of stakeholders, the number of people who should be consulted and the form of consultation. A key gap is what amounts to sufficient or adequate participation. There is also need to distinguish between public participation and stakeholder engagement.



Conclusions

Devolution has the potential to minimize political and social imbalances. This requires county governments to be at the forefront of closing the socio-economic and political gaps by taking the initiative to create increased opportunities for women, PWDs, minorities and marginalized communities at county level.



An Overview of the Population Census Process in Kenya

By Phares M. Kirii and Boaz Munga

The Government of Kenya is making preparation for the 2019 population census scheduled later in the year. The last population census was held a decade ago in 2009. The 2019 population census comes at a time the country is implementing the 2010 Constitution of Kenya which provides for devolution of critical government services such as health, education, social protection, water and sanitation.

A population census is a complete count of the country's population. United Nations recommends that countries conduct censuses every 10 years. Kenya is one of the few Sub-Saharan African countries that adheres to the decennial periodicity requirement which is further anchored in law. Population and housing censuses are important in providing information needed for a variety of purposes. Their fundamental purpose is to provide information on generally the size, spatial distribution, composition and other social and economic characteristics of the population. Such information is essential for monitoring the implementation of the national, county and global development agenda such as Vision 2030, the African Union (AU) Agenda 2063 and the Sustainable Development Goals (SDGs).

The other, more specific objectives of the census are to ascertain levels of fertility, mortality and migration rates; rate and pattern of urbanization; levels of education attained by the population; size and deployment of the labour force; size, types and distribution minorities, vulnerable members of the society including persons with disabilities; and, housing conditions and availability of household amenities. These are important for informing policy planning, including scheduling and provision of: amenities, social services, resource allocations and population projections. In Kenya, for instance, population forms one of the parameters considered by the Commission for Revenue Allocation (CRA) in sharing of revenue among the counties. The census is also critical from a research point of view through the development of sampling frames and in establishing indicators for monitoring, evaluations, reporting and analysis. It is also critical in the development of County Integrated Development Plans (CIDP) which provide demographic features of the population as relates to size, composition and projections. CIDPs guide the development of countries over a five-year period.

"In Kenya, for instance, population forms one of the parameters considered by the Commission for Revenue Allocation (CRA) in sharing of revenue among the counties."

The census process is guided by law

The census process is governed by an Act of Parliament and a legal gazette notice. The Statistics Act No. 4 of 2006 which creates the Kenya National Bureau of Statistics (KNBS) provides that one of the key mandates of the Bureau is to "conduct the Population and Housing Census every ten years, and such other censuses and surveys as the Board may determine." In preparation for every census, the Minister responsible for matters relating to Statistics provides an order for the implementation of a census through a legal gazette notice. For the forthcoming 2019 census, a legal notice (Legal Notice No. 205 - The Statistics (Census of Population) Order, 2018) guiding the process was issued on 13th November 2018.

The Legal Notice is a fundamental instrument that anchors the census in law and guides the management process of the census. It specifies three broad pieces of information. The first is the date of the census (set for 24th/25th August 2019) and the date in which the enumeration shall be completed (set for 31st August 2019). The second broad area is the person by whom the returns are to be made – in this case the Legal Notice No. 205 specified that the census shall be conducted by the National Census Coordinator under the guidance of the Board of Directors of the Bureau – as the top organs and other organs are also specified. The third broad area specified in the Legal Notice is the information to be obtained in the census.

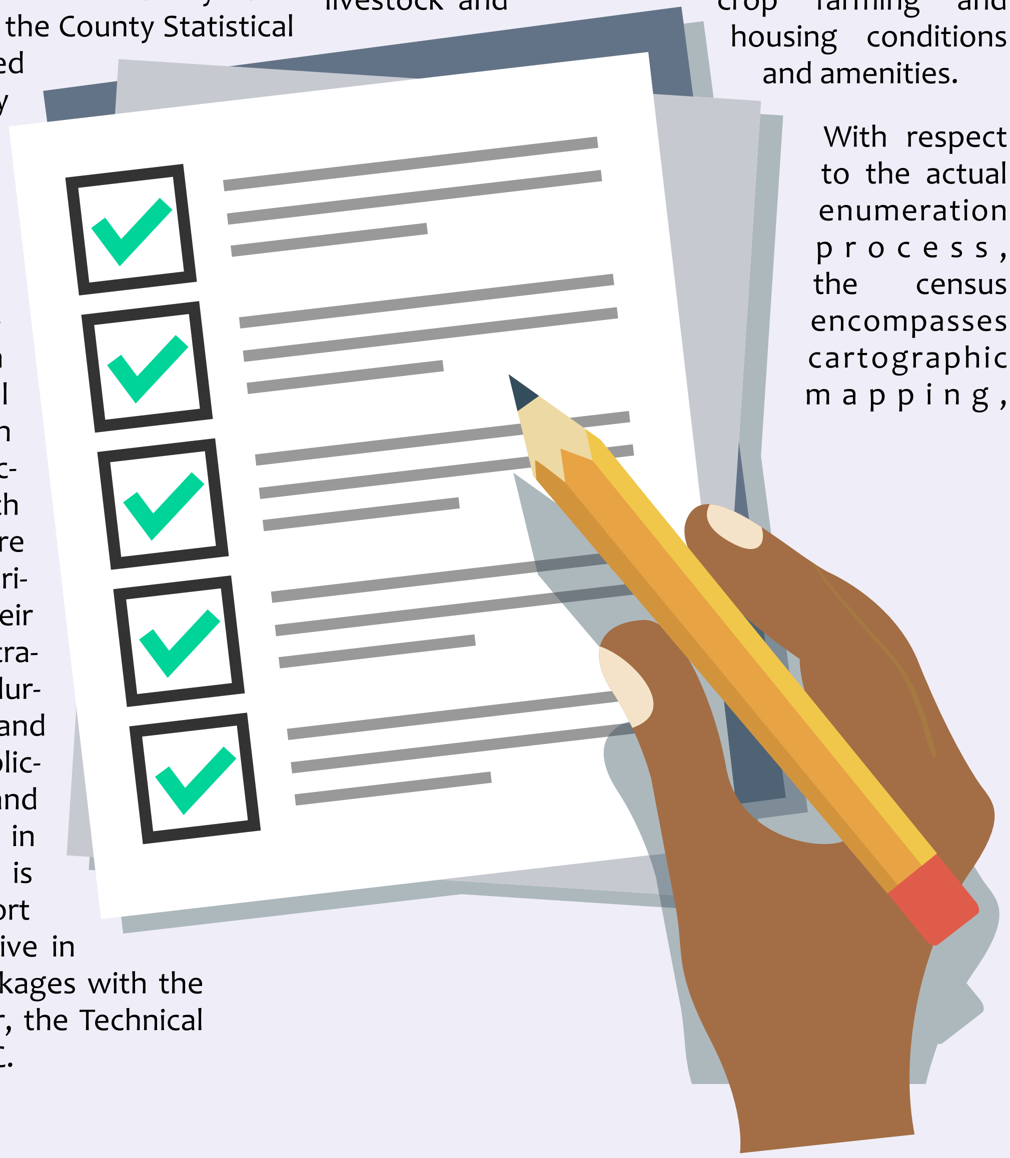
A management structure is established to guide the process

Under the census management structure, various committees are usually established to guide the census process. This year's exercise shall be unique as it shall be the first to have both national and county committees. The main committees include the Census Secretariat, National Census Steering Committee (NCSC), Technical Working Committee (TWC) and County Census Committees (CCCs). Generally, the committees draw participation from government agencies and departments, private sector, universities, religious organizations and non-governmental organizations as detailed in the Legal Notice No. 205.

The NCSC is tasked with formulating/approving all relevant census policies, foster linkages with the public, review strategies and plans related to publicity and advocacy, review reports on the census implementation and approve the census instruments and thus provide overall leadership including ensuring operationalization of the different census committees. It also approves the census governance structure and workplan. The NCSC draws representation from several stakeholders including relevant ministries, government agencies, identified unions, development partners, and religious organizations as enumerated in the Legal Notice. The Committee reports to the Board of Directors of the Bureau, which provides leadership of the census activities.

Besides development partners and population research institutes, the Technical Working Committee's consists of KNBS staff, representatives from: National Council for Population and Development; Survey of Kenya; ICT Authority and the National Intelligence Service. It also includes representatives from several line ministries including Ministry in charge of Labour, Lands, Housing, Urban Development, Agriculture, Education and Coordination of Government. Its broad role is to participate in census activities including development of census instruments, data collection and processing, and monitor and evaluate all the technical activities of the census. The linkage of the Technical Working Committee and the NCSC is that the latter mainly approves tools and processes while the former is more hands on.

The County Census Committees were established in every county. The members are specified in the Legal Notice No. 205 and include the County Commissioner (the Chairperson), the County Statistical Officer (Secretary) supported by among others the county Social and Gender Development Officer, County Information Officer, the County Human Resource Officer and a representative of dominant religious organization is the county. The team takes charge of the general administration, coordination and execution of census activities in consultation with the Census Secretariat, ensure the safety of all census materials and instruments under their control and provide administrative and logistical support during recruitment, training and enumeration, undertake publicity and advocacy activities and make security arrangements in their respective counties. It is not clear who the teams report to, but their role is facilitative in nature and they do have linkages with the National Census Coordinator, the Technical Working Group and the NCSC.



A wide spectrum of information is collected from individual

Households are expected to provide the required information on the dates scheduled once approached by the numerator. As alluded to earlier, in its third broad area, the Legal Notice No. 205 specifies the particulars to be asked for all persons and different categories of persons. Some of the key information that shall be sought are: name, sex, age, ethnicity or nationality, religion, marital status, place of birth, and orphanhood status (for all persons). In addition, females aged 12 years and above shall be asked particulars of all live births and the last live birth. The data sought also covers issues of disability, and economic activity and employment (for all persons aged 5 years and above), and education and training, ownership of mobile phones, access to mobile phones, use of internet, use of computers/laptops/tablets, and e-commerce (for those aged 3 years and above). Particulars of the household and housing are also covered including information about annual live births and deaths, livestock and crop farming and housing conditions and amenities.

With respect to the actual enumeration process, the census encompasses cartographic mapping, development of tools or questionnaires, and a pilot census or dress rehearsal which precedes the actual census. The cartographic mapping process entails delineation of the entire country into reporting units called enumeration areas (EAs).

This process covers all households and began in 2016. In 2009, the process used Geographic Information Systems (GIS) and digital mapping aids to delineate EAs. This process is implemented simultaneously with development of census questionnaires which is guided by the United Nations principles and recommendations. To cover all populations groups, five questionnaires were developed and adopted for the 2009 Kenya Population and Housing Census and this is what would be largely expected in the 2019 census.

In the 2009 census, there was one main questionnaire and four short ones. The main questionnaire covered populations in conventional households and those who spent the census night in institutions such as boarding schools and colleges. The main questionnaire was administered over a period of seven (7) days, but with reference to the census night. The four short questionnaires were for covering special populations, strictly administered on the census night. These additional tools covered: hotel/lodge residents, in-patients in hospitals, and prisons/police cells; travelers and persons on transit; vagrants and outdoor sleepers; and emigrants.

A pilot precedes the actual census

The pilot census precedes the actual census and is recommended by the United Nations. The UN recommends a dress-rehearsal of the census enumeration plan a year before the actual enumeration. The pilot census is important in several ways, including: pre-test the questionnaire and training manuals; check on the quality of the enumeration areas maps; test the overall organization and administrative structure and general logistics; and ascertain the number of personnel required and test the accuracy of the enumeration period. Thus, the pilot enables an adequate preparation before the main census. The pilot exercise undertaken in preparation for the census in 2019 was carried out by Kenya National Bureau of Statistics on 25th August 2018 in 12 counties which included Nairobi, Kwale, Kilifi, Makueni, Nyeri, Tharaka Nithi, Mandera, West Pokot, Kericho, Busia, Kisumu and Kisii counties. As reported by the Director General of KNBS earlier this year, the information obtained from the pilot was utilized to review the census instruments, test the accuracy of maps and the adequacy of the technology and personnel.

Some challenges that confront the process

Given the magnitude of such an undertaking, some challenges are bound to occur. The two discussed here have previously impacted on the census process.

Enumeration of nomadic/pastoral and the homeless population is expected to be a major challenge in 2019 just as it was in 2009. The distances to be covered are vast and the terrain difficult. In some instances, communities migrate across international boundaries, which can make enumeration of the communities a complex exercise.

In some circumstances, respondents may fail to provide correct information. A typical case was in 2009 where the population in North Eastern and Turkana areas ballooned, surpassing any reasonable population growth estimations – with suspicion of deliberate inflation of the household numbers. This is bound to be a major challenge in an environment characterized by inadequate vital registration systems to record births and deaths.

As a way of mitigating these challenges, the national statistical agency can build long term and strong collaborative ties with other agencies that collect related information such as registration and immigration departments, and the County Government as a means of strengthening vital registration systems. This can aid in checking and improving the quality of census data including age data – and stem among others age misreporting. The County Census Committee will therefore play an important role in validating data during the process.

Continuous well-coordinated sensitization of the public is also critical to support the census process. The counties once more can play a critical role in expending the outreach of KNBS. In fact, one of the functions of the County Census Committee is to undertake census publicity and advocacy. Citizens should be sensitized on the importance of providing accurate information and on the importance of the exercise in policy, planning and service delivery which would have direct impact on them.

Empowering Communities through Densification and Intensification of Grid and Off-grid Solutions across Counties

By Charity Kageni and Isaac Waithaka

The Government of Kenya has made remarkable progress in accelerating electricity access across counties since devolution came into effect. Reports from the Energy Regulatory Commission indicate that the national electricity access rate rose significantly over the last six years from 26% in 2013 to 75% in 2018. This successful trajectory was acknowledged by the World Bank Regulatory Indicators for Sustainable Energy report 2018, in which Kenya was ranked as one of the Sub-Saharan African countries with most comprehensive electricity access policy and regulatory framework. Kenya aims at attaining universal access to electricity by 2022 where over 95% of the population will have access to electricity.

Devolving various elements of energy planning has massively contributed to increased access to clean energy sources across counties. The identification and prioritization of energy access projects at the county level is usually conducted through inter-governmental forums, which enable the national government to respond to county-specific energy needs and address intra-regional imbalances that had been previously attributed to the top-down approach in energy planning. In the current bottom-up approach, counties can now participate in formulation of integrated energy plans in consultation with stakeholders in the electricity sector by identifying the challenges and opportunities in their respective regions. Thereafter, approved county energy plans are submitted to the Cabinet Secretary responsible for the energy docket for consolidation into an integrated national energy plan.

Based on the electricity connectivity challenges and opportunities identified across the counties, the national government in conjunction with energy implementing agencies embarked on an energy delivery modality which comprised of densification and intensification of grid and off-grid solutions. The modalities were identified as least-cost options for increasing electricity access in informal settlements, peri-urban and rural areas across the country. Grid densification refers to connection of all customers within 600-meter radius of the existing transformers while grid intensification is the addition of distribution transformers and short (up to 2 kilometer) medium voltage extensions to capture more consumers. Off-grid solutions serve the clusters that are far and beyond the area to which the power utility could be expanded. Off-grid solutions include mini-grids, solar home systems and institutional solar photovoltaic systems.

To achieve the universal access to electricity, the Kenya Electricity Sector Investment Prospects 2018-2022 estimates that another 1.9 million households will require connections through grid densification and intensification and another 3.069 million households through off-grid solutions. The modality of electrification through grid intensification and densification is supported by various initiatives such as the Last Mile Connectivity Project, Rural Electrification Programme, Kenya Electricity Modernization Project, Kenya Off-Grid Solar Access Programme (K-OSAP) and the National Public Lighting programme, among others.

K-OSAP aims at providing electricity access to about 1.3 million people without access to electricity across 14 North, North Eastern, Coast and other ASAL counties by 2022. The targeted counties include Garissa, Turkana, Wajir, Taita Taveta, Kilifi, Lamu, Isiolo, Narok, Marsabit, West Pokot, Samburu, Mandera, Tana River and Kwale. To achieve the targeted population, the government has incorporated participation of the private investor in providing off-grid electrification in rural and remote areas through technologies such as the mini-grids and stand-alone solar Photovoltaic (PV) systems. For instance, pay-as-you-go PV model that provides basic lighting and cell-phone charging have received high market penetration in underserved communities in Kenya.

On the other hand, the Rural Electrification Programme has made tremendous progress in connecting public facilities to the grid, such as health facilities, schools and tertiary education institution, trading centers, administrative offices, religious centers, local factories and processing plants, police posts and water projects. The Vision 2030 progress report indicated that a total of 15,134 schools were connected to electricity between 2013 and 2017, bringing the total number of primary schools connected through grid and off-grid solutions to 23,496 across the counties.

Remarkably, the National Public Lighting Programme which is funded by the government and implemented by Kenya Power in partnership with county governments is under implementation across various county headquarters and towns. Between the year 2013 and 2017, a total of 113,204 lanterns and floodlights were installed across all counties. The Kenya National Bureau of Statistics confirms that street lighting electricity consumption increased from 17.2 GWh to 60.1 GWh in 2017 due to increased county governments' activities to provide street lighting in towns.

"The Vision 2030 progress report indicated that a total of 15,134 schools were connected to electricity between 2013 and 2017"

Similarly, increased electricity connectivity registered in the energy sector has also been attributed to robust energy policies, laws, institutional and regulatory framework that focus on an innovative mix of grid and off-grid solutions such as, Energy Act 2019, Kenya National Electrification Strategy (2017), and the Least-Cost Power Development Plan (LCPDP) 2017-2037, among others. The Energy Act 2019 makes it clear that county governments are required to develop and submit energy plans to the Cabinet Secretary in the Ministry of Energy, taking into account the viable options to ensure delivery of reliable energy services at least-cost. The Least-Cost Power Development Plan guides the sector on the status, generation expansion opportunities, and transmission infrastructure target network expansion and resource requirements for the expansion programme. On the other hand, the Kenya National Electrification Strategy is the roadmap for achieving access to reliable electricity access for all households and businesses in Kenya over the shortest period through various least-cost technologies.

Accelerated level of grid and off-grid connection across counties has impacted positively on communities, especially those living in rural and marginalized areas that recorded remarkably low connectivity levels in the past years. Similarly, increased connectivity has continually addressed inter and intra-regional imbalances in access to electricity, which was premised on a centralized approach that had little emphasis on domestic sector that accounts for 90% of the country's energy demand. Intensified deployment of energy infrastructure has amounted to great opportunities and benefits for the population at the grassroot level. The communities have benefited from electricity services in micro, small and medium enterprises, public facilities, commercial centers, household level, and small-scale agricultural activities.

Access to electricity has enabled micro, small and medium enterprises operate beyond day time. This has translated to increased sales and revenue by extending their hours of operation and by offering other services to customers, such as mobile phone charging facilities that are available with access to power. A study by KIPPRA on County Business Environment for Micro and Small Enterprises in Kenya shows that access to electricity plays a key role for survival of the enterprises, which play a critical role in creation of decent jobs and reducing inequality.

Electricity connection has resulted into increased access to reliable power for agricultural activities, therefore strengthening the agro-processing value chain. In particular, processing plants dependent on various agricultural produce such as tea have embraced the solar off-grid solution to reduce their operational costs and provide a long-term

solution for efficient and reliable energy supply. Access to electricity has also resulted in provision of cooling plants for storing perishable agricultural products, therefore translating to improved market for smallholder farmer and increase in domestic food supply. Further, the Kenya Off-grid Solar Access Programme (KOSAP) has provided about 620 solar-powered pumps to enable access to water for irrigation and household across various arid and semi-arid counties.

The connection of electricity to public facilities such as health facilities, schools and tertiary education institutions, trading centers, administrative offices, religious centers, police posts and water projects through grid and off-grid solutions have been instrumental in empowering communities. For instance, Turkwel-Lokichar off-grid powerline in Turkana County has enabled access to electricity to towns such as in Kalimungorok, Lodwar, and Kainuk and nearby markets and public utilities which are now operating even at night. As such, this has resulted to improved quality of education and effective service delivery in the public centers. In the long run, counties that were considered as isolated and underserved are expected to reap the benefits of improved quality of service delivery. Installation of solar-powered pumping systems has ensured constant supply of water to the communities from boreholes in the targeted counties.

The street lighting programme has been instrumental in empowering communities by creating an enabling environment in transitioning to a 24-hour economy through enhanced security and promotion of trade activities in various towns and cities across the country.

In conclusion, in the period of rolling out various off-grid and grid project, some remote areas also benefit from other projects financed by the investors, which include drilling of boreholes, provision of water storage tanks and piping, construction and equipping of health centers and schools, construction of access roads, and refurbishment of local police posts to enhance security in the community.

Despite the progress in electricity connectivity, it is evident that energy access projects are redistributed across several implementing agencies, making it difficult and complex to develop a seamless and a coordinated implementation plan. Therefore, there is need to have an integrated planning processes for grid and off-grid coverage to improve the efficiency in delivery of energy projects.

Effects of Devolved Governance System on Domestic Trade in Kenya

By Paul Odhiambo and Kenneth Malot

Trade plays a critical role for Kenya's growth and development through its linkages with many sectors of the economy. Trade supports sectors including agriculture, manufacturing, mining and service industries, among others, by creating markets through trade in goods and services. Currently, trade accounts for approximately 10% of Gross Domestic Product (GDP) and 10% of formal employment in Kenya. Trade has enormous potential for employment and wealth creation, income generation, poverty reduction, economic growth and overall economic development. A vibrant trade sector impacts the country's economy favourably by distributing incomes into all production units in the country, thereby raising the purchasing power of the overall economy.

The 2010 Constitution of Kenya under Part II of the Fourth Schedule mandates county governments to play a critical role in the development and regulation of domestic trade. Specifically, the devolved units are tasked with the development of markets, trade licences, fair trading practices, local tourism and cooperative societies. In addition, the County Governments' Finance Acts provide for enactment of rates for business licenses, levies and charges for various types of businesses within the counties. However, there are instances where there is multiplicity of licenses required and attendant licence fees, especially for firms that operate in more than one county. Further, no mechanism has been put in place to rationalize the regulation of the sector between the two levels of the government and across counties. A survey on business levies and other charges across various counties conducted by KIPPRA in 2015 established that many county governments have either introduced new charges such as cess or increased the rates of existing ones, thereby increasing the cost of doing business.

Since devolution was operationalized in 2013, county governments have undertaken various policy measures to enhance the development of domestic trade. Some of the major responsibilities counties are undertaking in market infrastructure development include construction of new modern markets, modernization, and rehabilitation of existing markets. According to Council of Governors' Devolution Experience report (2018), various counties have given priority to the development of markets meant to serve small-scale traders. In particular, counties are engaged in construction of open-air markets, market stalls, sheds, sanitation facilities, street and market lighting, display areas and parking sheds for boda boda riders, among others. However, it is important to note that some of these projects involve partnership between county and national governments. In some cases, county governments partner also with development agencies.

There are also other projects in the counties that promote trade directly or indirectly, including improvement of road network; establishment of special funds to support small-scale traders and MSMEs; revival of old cooperative societies and establishment of new cooperative societies; capacity building to small-scale traders; establishment of County Industrial Development Centres; offering trade incentives to investors; streamlining issuance of permits and licenses to traders; value addition to agricultural produce; establishment of industrial parks and formation of county regional economic blocks. Despite completion of some of the flagship projects spearheaded by both levels of government, there has been little progress in implementation of some projects such as construction of wholesale and retail hubs because of inadequate budgetary allocation. Nevertheless, the counties that have started implementing the construction of wholesale and retail hubs include Mombasa, Nairobi, Taita Taveta, Murang'a, Uasin Gishu and Kisumu.

Counties have also embarked on rehabilitation of existing markets and construction of new markets to create clean, decent, secure and conducive business environment for traders and customers. Modernization of market infrastructure includes provision of affordable stalls and sheds, fencing of markets, provision of sanitation facilities such as toilets and garbage collection, storage facilities and parking lots. In addition, electrification of markets, street lighting and erection of high mast floodlights have also contributed to improving security, hence traders can operate for longer hours. Due to improvement of lighting, some counties are in implementing 24-hour economy in their respective jurisdictions. Despite the progress made in development of market infrastructure, challenges persist in form of poor drainage and sewerage systems, waste management, electricity connection and water connection systems. Concerted and dedicated efforts are therefore required to improve sanitation facilities, effectively manage wastes, increase water availability and enhance accessibility and affordability of electricity.

Several counties have established trade and enterprise-related funds to provide capital to traders. The funds largely target youth, women, persons with disabilities, cooperative societies and MSEs. Immediate benefits of the funds include self-employment, improving living standards of beneficiaries and enhancing economic growth and development. Some of the funds established include Kwale County Trade Revolving Fund, Wajir County Revolving Fund, Mandera County Revolving Fund, Marsabit County Enterprise Fund, Samburu County Youth and Women Enterprise Fund, Homa Bay County Aswekra Fund, Nawiri Fund (Trans Nzoia), Biashara Fund (Turkana), Cooperative Development Revolving Fund (Laikipia), Inuka Fund (Tana River), Trade and Entrepreneurship Fund (Vihiga), Cooperative Enterprise Fund (Busia), and Micro Finance Development Fund (Nairobi).

> "The ongoing development of intra and inter-county road network is imperative in improving transport interconnectivity across the entire country."

Counties have invested in public road infrastructure sector to spur economic growth and enhance connectivity of transport networks by opening up of rural access roads. The importance of road infrastructure for sustainable economic development cannot be gainsaid. Infrastructure is also a key enabler of productivity and sustainable economic growth and development. Improvement of road network in the counties has not only contributed to ease movement of people, goods, and services but also in attracting investors. The ongoing development of intra and inter-county road network is imperative in improving transport interconnectivity across the entire country. The construction of new tarmac roads and upgrading of weather murram roads are increasingly opening the counties for investment and unlocking the untapped potential for socio-economic growth and development. However, it has been observed that there is a huge disparity in distribution of road infrastructure across the counties. While counties such as Nairobi, Kakamega, Laikipia, Kiambu and Kisumu have relatively better road network, the state of roads is relatively poor in the vast counties of Isiolo, Marsabit and Narok.

Kenya's policy framework focuses on value addition for both primary and high valued goods. To promote value addition to agricultural produce and other raw materials, a few counties have initiated programmes that are meant to promote the industrialization agenda. Signs that the devolved units are gradually considering value addition as an engine of economic growth include establishment or rehabilitation of tanneries in ASAL counties including Turkana and Kajiado, and more urbanized counties such as Nairobi, Mombasa and Nakuru; industrial parks; cottage industries; milk processing plants, fish processing zones, fruit processing plants (Makueni Fruit Processing Plant), four constituency industrial development centres in Kipipiri, Ndaragwa, Kinangop and O'lkalau, Nyandarua County. The nascent industrial establishments are already benefiting farmers who sell their produce or livestock to the processing plants or factories. This is increasingly expanding trade activities in the sub-national units as value chains in various sub-sectors are developed.

While Article 209(2) of the Constitution grants devolved units' powers to levy property rates, entertainment taxes or any other tax as authorized by Act of Parliament, county governments have imposed fees and charges without considering their potential impact on domestic trade. Some of the charges across the counties that lead to high cost of doing business include cess on agriculture produce. A number of business people have raised concerns about cess charges paid when undertaking intercountry trade.

In conclusion, trade is an important component in economic growth and development of the country. Despite initiatives towards market infrastructure development, there are challenges are still facing small traders across the devolved units. It is critical for counties to ensure that the development of markets is comprehensive to include incorporation of sanitation facilities and amenities, reliable and cost-effective electricity, accessible water supply and proper management of waste. Counties also need to streamline cess charges, licenses and use fees to ensure free movement of goods and services across the devolved units.

New Acts of Parliament

The Urban Areas and Cities (Amendment) Act 2019 commenced on 28th March 2019. It amends the Urban Areas and Cities Act No. 13 of 2011 and reviews the criteria provided for classifying an area as a city, municipality, town or market centre. It provides that a "city county" means a county which is also a city under the Act. The definition of "urban area" is amended to mean a municipality, town or a market centre.

The Energy Act, 2019 was assented to by the President of the Republic of Kenya on 12th March 2019 and repeals the Energy Act 2006, the Kenya Nuclear Electricity Board Order 2013 and the Geothermal Resources Act Cap 314A. Its objectives are to consolidate the laws relating to energy; to provide for national and county government functions in relation to energy; to provide for the establishment, powers and functions of the energy sector entities; promotion of renewable energy; exploration, recovery and commercial utilization of geothermal energy; regulation of midstream and downstream petroleum and coal activities; and regulation, production, supply and use of electricity and other energy forms.

The new Act establishes the Energy and Petroleum Regulatory Authority, the Rural Electrification and Renewable Energy Corporation and the Nuclear Power and Energy Agency to manage and regulate energy resources in the country. The Energy and Petroleum Regulatory Authority will be mandated to regulate generation, importation, exportation, transmission, distribution, supply and usage of electrical energy with the exception of licensing of nuclear facilities. It will also be required to regulate the importation, refining, exportation, transportation, storage and sale of petroleum and petroleum products with the exception of crude oil. The Authority will also be required to manage production, conversion, distribution, supply, marketing and usage of renewable energy. The Rural Electrification and Renewable Energy Corporation shall be responsible for overseeing the implementation of the Rural Electrification Programme, managing the Rural Electrification Programme Fund and sourcing for additional funds for the Rural Electrification Programme and renewable energy. The Nuclear Power and Energy Agency is mandated to propose policies and legislation necessary for the successful implementation of a nuclear power programme.

The Petroleum (Exploration, Development and Production) Act 2019 was assented to by the President of the Republic of Kenya on 12th March 2019. It repeals the Petroleum (Exploration and Production) Act Cap308 Laws of Kenya and provides a framework for contracting, exploring, developing and producing petroleum. The national government, county governments and local communities shall receive a fair share of benefit from revenues emanating from petroleum operations. A county government is to receive a share equivalent to 20% of the national government's share while local communities will receive a share equivalent to 5% of the national government share payable into a trust fund managed by a board of trustees established by the county government in consultation with the local community. Parliament is tasked with reviewing of percentages within ten years to take into consideration any adjustments needed.

National Assembly Bills

The Anti-Corruption and Economic Crimes (Amendment) Bill 2019) was gazetted on 1st March 2019 for introduction into the National Assembly and it proposes to amend Section 48 (1) (a) of the Anti-Corruption and Economic Crimes Act 2003. Currently, the Anti-Corruption and Economic Crimes Act 2003 states that a person convicted of a crime under the Act is liable to a fine not exceeding one million shillings, or to imprisonment for a term not exceeding ten years, or to both. However, the Amendment Act seeks to amend this section to provide a minimum penalty of a fine not less than one million shillings, or to imprisonment for a term not less than ten years, or to both.

The Livestock and Livestock Products Marketing Board Bill 2019 was gazetted on 7th February 2019 for introduction into the National Assembly. The principal object of this Bill is to streamline the marketing of livestock and livestock products in Kenya. It is proposed that the industry will be streamlined through the establishment of the Livestock and Livestock Products Marketing Promotion Board which is to be the main body dealing with the concerns of the marketing of livestock and livestock products in the country and regulating the livestock and livestock products marketing promotion industry. In particular, its proposed functions are to, inter alia, promote the trade of livestock and livestock products including trade agreements, marketing organizations and co-operatives; facilitate the development of skills and adoption of appropriate value addition technologies before the export of livestock products from Kenya support infrastructure improvements in slaughter houses, manufacturing and processing industries; and promote livestock insurance schemes in the country.

The Public Order (Amendment) Bill 2019) was gazetted on 15th March 2019 and seeks to amend Section 5 of the Public Order Act (Cap 56) to make provision for organizers of public meetings or public procession leading to loss of property, life or earnings to take responsibility for the loss and compensate the affected persons, which the Principal Act (Cap 56) does not currently provide for.

Senate Bills

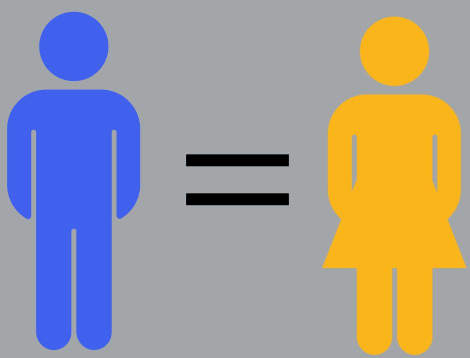
Persons with Disabilities (Amendment) Bill 2019 was gazetted on 6th February 2019 and proposes to amend the Persons with Disabilities Act 2003. The National Government is required to, among other obligations, promote the integration of persons with disabilities in schools; promote the inclusion of persons with disabilities in the public service; and put in place measures to ensure that at least 5% of the employment positions are filled by persons with disabilities; and prescribe minimum standards and guidelines to be adhered to by public transport vehicles, communication service companies and infrastructure developers to facilitate reasonable access by persons with disabilities. The Bill places obligations on county governments to budget for adequate resources to be allocated to programmes specifically targeting persons with disabilities; ensure access to free pre-primary education and other social amenities to every child with disability; and promote the inclusion of persons with disabilities in the county public service by putting in place measures to ensure that at least 5% of the employment positions are filled by persons with disabilities.

Constitution of Kenya (Amendment) Bill 2019 was gazetted on 14th February 2019 and it seeks to amend Article 89 of the Constitution of Kenya 2010 by inserting a new clause to make it mandatory for the Independent Electoral and Boundaries Commission (IEBC) to submit a Report to Parliament containing details of proposed alterations to names and boundaries of constituencies and wards. Parliament will then have thirty days to make recommendations on the report of the IEBC containing details of proposed alteration to names or boundaries of constituencies and wards. Thereafter, the Commission within fourteen days of receipt of recommendations is required to prepare and submit to Parliament the final report for approval. The IEBC shall then publish in the Gazette, the final report as approved by Parliament within seven days of approval. Currently, Article 89 of the Constitution 2010 bestows wide and unfettered discretionary power on the IEBC by simply providing that "if necessary, the IEBC shall alter the names and boundaries of constituencies, and the number, names and boundaries of wards."

Mobile loan application for Youth Fund

The Youth Enterprise Fund will unveil a mobile loan application in April 2019 to ease loan accessibility to youths. This comes as the government intends to consolidate the fund with other affirmative action funds such as Uwezo and Women Enterprise into one Biashara Fund. The merged fund will issue loans directly to special groups for as low as 6%. The state corporation is seeking Ksh 300 million from Treasury as part of efforts to loan out more amounts once the application is unveiled. The fund, established in December 2006, lends Ksh 120 million per month. The money is given through group loans, individual loans, agri-business loans, trade finance and talanta loans.

About 80% of the requests that the fund receives are for short-term loans which the Y-Mobile app can easily service. Repayment periods for short term loans last up to a month. If awarded the Ksh 300 million, the Youth Fund will be disbursing Ksh 420 million a month. The Y-Mobile will join many other mobile loan apps that are operating in the country and will be the first such application launched by the government.



Gender Equity Bill flops again

The Vote on the Gender Equity Bill failed to pass for the fourth time after the House failed to raise the numbers required to pass it on 27 February 2019. Only 174 of the 349 members of the National Assembly were present in the House before the vote was taken against a minimum threshold of 233 Members of Parliament (MPs). The bill seeks to bridge gender disparity in the House by amending the Constitution to allow for extra nomination slots for women. The Constitution provides that at least 233 out of the 349 MPs must be in the House before the Speaker puts the question on the motion. Consequently, the 233 members must proceed to vote on the bill to allow it to proceed to the next stage. The bill can now only be reintroduced after six months, according to House standing orders. The bill similarly failed in the previous session and it was withdrawn due to apprehension that there would be a lack of quorum to send it to the third-reading stage.

Mergers and Acquisitions

A number of mergers and acquisitions have taken place in Kenya. The 2017/2018 Competition Authority Report shows 148 merger notifications, out of which 106 were found to be below the statutory threshold requiring merger notification, with the Competition Authority having determined the transactions would not negatively affect competition. Early this year, two mergers and acquisitions were reported in telecommunications and in the banking sector; merger notification of Telkom Kenya and Airtel Kenya and Commercial Bank of Kenya and NIC Bank. The notification of the merging of the Mobile, Enterprise and Carrier Services businesses of Telkom Kenya Limited and Airtel Network Kenya Limited was published in February 2019, noting the joint venture company to be formed will be named Airtel-Telkom.

KONZA
Technopolis

KONZA Technopolis Development

Development of the Konza Technopolis project received a boost with the announcement that the Government of Kenya, through the Ministry of Education in partnership with the Republic of South Korea will set up Kenya's first graduates-only information technology university. The institute, Kenya Advanced Institute of Science and Technology (Kenya KAIST), is modelled after the Korean Advanced Institute of Science and Technology (KAIST). South Korea will spend Ksh 10 billion towards its establishment. The Kenya KAIST is set to admit its first batch of Masters and PhD students in three faculties —Mechanical, Electrical and ICT Engineering, Chemical Civil and Agriculture Engineering/Biotechnology, and Basic Science Education in 2021. The Konza Technopolis is a flagship project of Kenya's Vision 2030.

Progress in LAPSSET Project

The Lamu Port, which forms part of the LAPSSET (Lamu Port South Sudan Ethiopia Transport) project, is scheduled to commence operations in November 2019. This will be marked by the docking of the first ship at the port, confirming Kenya's ambition to have a functional sea port this year. The first berth at the new port will be ready by the end of June 2019. The Ksh 2.5 trillion LAPSSET project is being set up at Kililana in Lamu West with the construction of the first three berths at the site being over 70% complete. Kenya is set to build the first three of the 32-berth facility at a cost Ksh 48 billion. The two other berths are expected to be complete by the end of 2020. The LAPSSET Corridor is Eastern Africa's largest and most ambitious infrastructure project bringing together Kenya, Ethiopia and South Sudan. It is a flagship project of Kenya's development blue print, the Vision 2030.

Challenges in streamlining transport sector in Nairobi

In January 2019, the Government through the Ministry of Transport announced the introduction of car free days on Wednesdays and Saturdays in Nairobi. The plan was however suspended to allow for consultation with stakeholders and vetting and registration of hawkers for security reasons.

President Kagame takes over leadership of EAC

The 20th Ordinary East African Community (EAC) Heads of State Summit was held on 1 February 2019 in Arusha, Tanzania. President Paul Kagame of Rwanda was elected as the new chair of the regional bloc. The key issues considered by the summit included statuses of the protocols on the Customs Union and Common Market, resolution of longstanding non-tariff barriers (NTBs), progress report on the adoption of a political confederation as a transitional model of the East African Political Federation and roadmap for accelerated integration of South Sudan and verification for the admission of Somalia into EAC. Other matters discussed were modalities for the promotion of motor vehicle assembly in the region, review of the textile and leather sector to develop a strong and competitive domestic sector, the financial status of the EAC, assent to the EAC Oaths Bill 2018 and Monetary Institute Bill 2018, and endorsement of Kenya's candidature for the non-permanent member of the UN Security Council for 2021-2022.

Kenya-Somalia maritime dispute escalates

The Kenya-Somalia maritime boundary row in the Indian Ocean escalated on 16th February 2019 after Nairobi accused Mogadishu of auctioning oil and gas blocks in the contested area even though the dispute is currently before the International Court of Justice at The Hague, Netherlands. In 2009, Kenya and Somalia reached a Memorandum of Understanding (MoU) that proclaimed that the maritime border should run eastwards. However, Somalia's legislature disowned the MoU. In August 2014, Somalia instituted proceedings against Kenya in a case in which Mogadishu claims that the maritime boundary should be at an equidistant line, meaning the maritime border should continue along the land border to the southeast. On the contrary, Kenya claims that the maritime boundary with Somalia is along a parallel latitude ~~as decreed by first and second Presidential Proclamation in 1979 and 2005, respectively.~~

Institutional reforms and security dominate AU summit

The 32nd Ordinary Session of the Assembly of the African Union (AU) was held on 10th – 11th February 2019 in Addis Ababa, Ethiopia. Key issues discussed and deliberated upon included the African Continental Free Trade Area (AfCFTA), AU institutional reforms and financing, peace and security, durable solutions to forced displacement, and health financing, among others. The Assembly endorsed the recommendations of the AU ministers in charge of trade on Template on Tariff Liberalization which will be used by member States in preparing the AfCFTA Schedules of Tariff Concessions and designation of Sensitive Products and Exclusion List based on the following criteria: food security, national security, fiscal revenue, livelihood and industrialization. The Assembly also mandated the African Union Commission (AUC) to provide technical support to AU member States in accelerating the implementation of the 0.2% levy. The Assembly also called on member States to sign, ratify and domesticate and implement the 1969 OAU Refugee Convention and the 2009 AU Convention on IDPs and other relevant policy frameworks dealing with forced displacement and associated humanitarian crises.

Kenya's bilateral engagement

Uganda

President Uhuru Kenyatta held bilateral talks with President Yoweri Museveni in Mombasa on 27th- 28th March 2019. The two leaders discussed opening more border posts along common border to facilitate free movement of citizens of the two countries, improving efficiency at the port of Mombasa, joint infrastructure projects, removal of trade barriers, formation of a new joint border commission to resolve the protracted dispute over Migingo Island in Lake Victoria, among others.

France

President Uhuru Kenyatta held bilateral talks with President Emmanuel Macron on 13th March 2019 in which the President observed that the French leader's visit would not only contribute to improved bilateral and cordial relations between Nairobi and Paris but also economic growth as France intends to become one of the top trading partners with Kenya. The two leaders explored cooperation in intelligence sharing on terror networks and de-radicalization. President Macron promised to support Kenya in education, health, agriculture, manufacturing and environment. He further hinted at an MoU with Kenya on Nairobi Central Railway Station, energy sector, plant health programmes and the "Big Four" agenda.

Madagascar

President Uhuru Kenyatta held bilateral talks with President Andy Rajoelina in Nairobi on 15th March 2019. The talks focused on environmental conservation, trade, culture and boosting people-to-people relations as a means of promoting and deepening continental integration. The two leaders agreed to explore new ways of strengthening bilateral relations between Nairobi and Antananarivo.

Sri Lanka

President Kenyatta also held bilateral talks with President Maithripala Sirisena in Nairobi on 15th March 2019. The two leaders expressed the need for Nairobi and Colombo to deepen their bilateral cooperation for the mutual benefit of Kenyans and Sri Lankans. Some of the areas for deeper ties include tourism and agriculture.

Democratic Republic of Congo (DRC)

President Uhuru Kenyatta held bilateral talks with President Felix Tshisekedi in Nairobi on 6th February 2019. The two leaders discussed issues related to cooperation in infrastructure development, trade and investment, sharing skills in extractive industry and capacity building of Congolese public servants. President Tshisekedi appreciated the importance of the port of Mombasa for Congolese especially the residents of Eastern DRC. He expressed interest in joining the East African Community. With a population of about 80 million people, the DRC is a potential huge market for Kenya's goods and services hence the need for Nairobi to engage Kinshasa strategically for the benefit of the peoples of the two countries.

Ethiopia 

President Uhuru Kenyatta held bilateral talks with Prime Minister Dr Abiy Ahmedin in Addis Ababa during the Kenya-Ethiopia Trade and Investment Forum on 1st and 2nd March 2019. The two leaders reviewed the Special Status Agreement (SSA) signed between the two countries in 2012 and renewed their commitment to implement joint infrastructure projects such as LAPSSET corridor seen as critical to the unlocking of the economic potential of the entire Eastern African region. The significance of the Moyale Joint City and Economic Zone project was also discussed as the two countries aim at transforming Moyale town as a cross-border trade hub in the region in line with the 2012 SSA.

India 

In early March, Cabinet Secretary for Foreign Affairs Ambassador Monica Juma made a historic visit to New Delhi in which Kenya and India were expected to deepen their bilateral relations through the signing of a Joint Commission on Cooperation (JCC). Ambassador Juma also visited other South Asian countries. In Colombo, Sri Lanka, Ambassador Juma met the country's Foreign Minister Tilak Marapana on 8th March. The two foreign ministers agreed to formalize political consultations which would provide a framework for discussion priority areas of cooperation. Hon. Marapama highlighted the significance of identifying priority areas for the bilateral discussions to be focused, sustainable and targeted at realizing specific objectives.

Egypt 

The CS Foreign Affairs Ambassador Monica Juma held talks with her Egyptian counterpart Hon. Shoukry Sameh on 5th March 2019. The key issues discussed during the meeting included people-to-people cooperation, trade and investment, regional and international security and Egypt's role as current chair of the African Union (AU). Ambassador Juma also delivered a special message from President Kenyatta to Egyptian President H.E. Abdel Fattah Al-Sisi. The talks in Cairo also included the latest developments in the Horn of Africa, the joint efforts by Nairobi and Cairo in fighting terrorism and extremism in Africa.

Restructuring of UNHCR to enhance refugee protection

The envisaged restructuring of the United Nations High Commissioner for Refugees (UNHCR) is aimed to serve refugees and other persons of concern better. This is in line with the Comprehensive Refugee Response Framework (CRRF) which aims to ease pressure on host countries; enhance refugee self-reliance; expand access to third-country solutions and support conditions in countries of origin for safe and dignified return. The CRRF was a result of the New York Declaration for Refugees and Migrants in 2016 that aimed at improving the way in which the international community responds to large movements of refugees and migrants. To supplement the objectives of the New York Declaration, the UNHCR was mandated to develop a global compact on Refugees (GCR). The GCR will allow UNHCR regional offices to deal directly with donors. Further, decentralization is meant to improve the speed and responsiveness of service delivery. Regional offices will also deal with regional strategies and priorities, oversight, managing performance and compliance, identification and monitoring of emerging issues and risks, among others.

Kenya joins global anti-terror coalition

Kenya officially joined the 79-member Global Coalition Against ISIS (Islamic State of Iraq and Syria) terror group at a conference of foreign ministers in Washington, DC held on 6thFebruary 2019. The conference was hosted by the US Secretary of State Mike Pompeo and was attended by US President Donald Trump. The Foreign Affairs Chief Administrative Secretary (CAS) Ababu Namwamba led the Kenyan delegation in the meeting. The meeting reviewed progress made in the past years and discussed the next stage in the campaign to ensure that the terror group and its affiliates are ultimately defeated. This will involve dismantling ISIS' networks, countering its global ambitions, tackling its financing and economic infrastructure, degrading and ultimately defeating it and its affiliates. During the meeting, CAS Namwamba discouraged travel advisories wherever terror attacks happen in Kenya and the region.

Kenya national youth policy

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) in collaboration with the Ministry of Public Service, Youth and Gender Affairs developed the Kenya National Youth Policy. The overall objective of the policy is to achieve youth mainstreaming and streamline national and county government initiatives on youth empowerment. The policy will enable the development of an integrated framework to improve clarity, coherence and coordination of youth initiatives and programmes across the national government, county governments and other stakeholders.

Assessing public procurement spend allocated to special groups

KIPPRA is undertaking a research on "Identifying and Assessing Factors that Influence the Uptake of the 30% Procurement Spend Set Aside for Youth, Women, and People with Disabilities in Kenya". The research project is commissioned by the Public Procurement Regulatory Authority (PPRA) and its primary objective is to assess the uptake of the 30% government procurement. The study will support development of strategies needed to deepen the reforms aimed at enhancing uptake of the procurement spending to the same group. The tasks involve analyzing the procurement allocation and absorption levels for each group while examining the impact of the factors influencing uptake. The study will also identify any gaps in the scheme, challenges and corrective/remedial measures therein while providing a comprehensive documentation on emerging issues.

KIPPRA NEWS AND EVENTS

NEWS

Validation workshop for the Kenya Economic Report (KER) 2019

KIPPRA held a validation workshop on 15th March 2019 for consultation and engagement with stakeholders on the KER 2019 themed *"Resource mobilization for sustainable development."* The workshop discussed various topics on resource mobilization including domestic fiscal revenues, financial resources mobilized through financial sector, remittances, extractives and agricultural resources, land, innovations and technology, and human capital resources. Among the comments raised was the need for clear recommendations on how Kenya could industrialize to accelerate economic growth, and the need for strategies to encourage Kenyans abroad to invest at home and to increase diaspora remittances.

KIPPRA at the 6th Annual Devolution Conference

KIPPRA was among key participants in the Devolution Conference held in Kirinyaga County, 4th- 8thMarch 2019. As one of the partners, KIPPRA putting together presentations on various sectors including health, trade and manufacturing, housing and agriculture; making presentations and participating in panel discussions; and as a rapporteur in various sessions. KIPPRA also had an exhibition stand where staff got the opportunity to distribute research products and explain the Institute's research and analysis work, and the various capacity building initiatives targeting public officers in the national and county governments.

KIPPRA participated in the pre-event of the 6th Devolution Conference

KIPPRA participated in the Children's Devolution Conference held in Nairobi from 17th-21st February 2019, themed *"Prosperous Counties for Children."* The conference gave pupils and students a chance to demonstrate their knowledge on development issues at both national and county governments. It was also an opportunity for children to boldly state the challenges they face in relation to their education, health and nutrition. The children also aired their views on social challenges such as female genital mutilation, sexual violence, drug abuse, early pregnancies and early marriages. KIPPRA used the opportunity to explain to the pupils and students the government's "Big Four" development agenda in a synthesized manner relevant to the children. The Institute also educated the participants on the national values, and HIV/AIDS by providing simplified booklets.

KIPPRA Mentorship Programme for Universities roll out at Garissa and Masinde Muliro universities

KIPPRA continued with roll out of its Mentorship Programme for Universities (KMPUs) at Garissa University on 13thFebruary 2019, and at Masinde Muliro University of Science and Technology on 18th March 2019. The overall objective of the KMPUs programme is to develop capacity of the youth to understand public policy making process and tools necessary for their career development. During the events, participants engaged in discussions, debates, question and answer sessions related to the theme on *"Public Policy Process and the Big Four Agenda."* Garissa University Vice Chancellor, Prof Osman Warfa appreciated KIPPRA for agreeing to collaborate with the university and for taking the initiative to form a new partnership with the university. He added that the partnership would bridge the gap between academia and industry. On the "Big Four" agenda, Prof. Warfa emphasized the need for Kenya to harness available resources to achieve food security. At Masinde Muliro

University of Science and Technology, the Ag. Vice Chancellor Prof. Joseph Bosire said the discussions would be useful in influencing academic research to ensure it contributes to public policy.

Stakeholders' workshop on perspectives and challenges in delivering the Vision 2030

On 28th February 2019, the Institute held a shareholders' workshop themed "Perspectives and Challenges in Delivering Vision 2030". The objective of the workshop was to gain insights from stakeholders to inform the study being undertaken in reviewing the process of implementing the Vision 2030. The meeting had representatives from several state and non-state institutions. The Director, Vision 2030 Economic Pillar, provided further perspectives on the scope of review of 2030 implementation and the persistent challenges and opportunities.

Stakeholders' workshop on employment creation and industrial development in Kenya through the manufacturing sector

On 12th February 2019, KIPPRA held a stakeholders forum to discuss a research concept themed: "Employment Creation and Industrial development in Kenya through the Manufacturing Sector." The overall objective of the research is to identify constraints in the manufacturing sector's role in employment creation and industrial development in the country. During the forum, stakeholders provided critical input on research priorities, approaches, literature sources and indicators that that study could adopt. Among the key stakeholders were participants from ministries and government agencies. The stakeholders assured the Institute of their support and contributions throughout the research.

KIPPRA participated in the annual Kenyatta University career week

KIPPRA was among the exhibitors at the annual Kenyatta University Career Week from 26th January to 1st February 2019 at the university's main campus. The theme of the event was "Integrating Soft skills to Enhance Professionalism and Career Development." The event provided an opportunity for KIPPRA to showcase its research outputs and capacity building programmes, especially the KIPPRA Mentorship Programme for Universities (KMPUs) and the Young Professionals Programme. Through the interaction, the students and lecturers learned KIPPRA's role in public policy making and the research and analysis the Institute has undertaken in various sectors of the economy. KIPPRA staff took time to explain to the students the "Big Four" agenda and the Vision 2030 development agenda. The students also got to learn about the internship and attachment opportunities KIPPRA offers to students.

KIPPRA launches capacity building programmes targeting counties

On 21st January 2019, KIPPRA in collaboration with the County Assemblies Forum (CAF) launched two capacity building programmes that target the counties, namely: Creating an Enabling Environment for Private Sector (CEEP) and Public Policy Making Process (PPMP). CEEP aims at empowering officers at both national and county governments to create legislations and policies that foster a conducive environment for the private sector to grow. PPMP aims to equip officers with skills on public policy formulation, implementation, monitoring and evaluation. KIPPRA developed the programmes to fill capacity gaps identified during a rapid appraisal on training needs in public policy making process in counties, which found out that there was a high demand for training in budget making, policy formulation, research methods and tools, public policy analysis, report writing, forecasting, proposal writing, data collection and analysis, linking research and policy and monitoring and evaluation, among others.


2019

MOMENTS ON CAMERA


PUBLIC POLICY
MAKING PROCESS
COURSE


RESERVED

ABOUT KIPPRA

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) is an autonomous institute whose primary mission is to conduct public policy research leading to policy advice. KIPPRA's mission is to produce consistently high-quality analysis of key issues of public policy and to contribute to the achievement of national long-term development objectives by positively influencing the decision making process. These goals are met through effective dissemination of recommendations resulting from analysis and by training policy analysts in the public and private sectors. KIPPRA therefore produces a body of well-researched and documented information on public policy, and in the process assists in formulating long-term strategic perspectives. KIPPRA serves as a centralized source from which the Government and the private sector may obtain information and advice on public policy issues.

KIPPRA acknowledges generous support from the Government of Kenya and the Think Tank Initiative (TTI) of IDRC. The TTI is a collaborative initiative of Hewlett Foundation, International Development Research Centre (IDRC) and other partners. Other organizations are welcome to contribute to KIPPRA research either as core support, or support to specific projects, by contacting the Executive Director, KIPPRA.

Send to us your comments on the articles published in this newsletter and any other aspects that may help to make the *KIPPRA Policy Monitor* useful to you. This may include policy issues you would like KIPPRA to prioritize.

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