Sustaining Momentum for Achieving the Kenya Vision 2030: A Review of the Status of Implementation of the Flagship Projects

Benson Kiriga, Evelyne Kihiu, Anne Gitonga, Mathew Muma, Boaz Munga, James Ochieng', Hellen Chemnyongoi, Paul Lutta, Charity Mbaka, Nahashon Mwongera and Benson Senelwa and Christopher H. Onyango

Special Paper No. 33/2022

KENYA INSTITUTE FOR PUBLIC POLICY RESEARCH AND ANALYSIS
(KIPPRA)

The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS

Thinking Policy Together

Sustaining Momentum for Achieving the Kenya Vision 2030: A Review of the Status of Implementation of the Flagship Projects

Kenya Institute for Public Policy Research and Analysis

Benson Kiriga, Evelyne Kihiu, Anne Gitonga, Mathew Muma, Boaz Munga, James Ochieng', Hellen Chemnyongoi, Paul Lutta, Charity Mbaka, Nahashon Mwongera and Benson Senelwa and Christopher H. Onyango

Special Paper No. 33

2022

KIPPRA in Brief

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 sector. 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.

Published 2022

Bishops Garden Towers, Bishops Road
PO Box 56445-00200 Nairobi, Kenya
tel: +254 20 2719933/4; fax: +254 20 2719951
email: admin@kippra.or.ke
website: http://www.kippra.org

ISBN 978 9966 817 84 6

The KIPPRA Special Reports Series deals with specific issues that are of policy concern. The reports provide in-depth survey results and/or analysis of policy issues. They are meant to help policy analysts in their research work and assist policy makers in evaluating various policy options. Deliberate effort is made to simplify the presentation in the reports so that issues discussed can be easily grasped by a wide audience. KIPPRA appreciates any comments and suggestions arising from this report.

ACKNOWLEDGEMENTS

The preparation and publication of the Sustaining Momentum for Achieving Vision 2030: A Review of the Status of Implementation of the Flagship Projects report benefited from inputs of different individuals and key institutions.

We acknowledge the KIPPRA Board of Directors, and Executive Director Dr Rose Ngugi, for exceptional support and provision of the overall leadership and oversight in preparation of this report.

The report was prepared by a Technical Committee for whom we gratefully acknowledge led by Benson Kiriga (Chairman) and Evelyne Kihiu (Secretary). Other members of the Committee include Anne Gitonga, Mathew Muma, Boaz Munga, James Ochieng', Hellen Chemnyongoi, Paul Lutta, Charity Mbaka, Nahashon Mwongera and Benson Senelwa. Special thanks go to Christopher H. Onyango and KIPPRA researchers from all research departments for their insights and contributions to various chapters of the report, and for actively participating in quality control seminars. In the delivery of the report, authors received excellent support from Office of the Executive Director, Finance, Human Resources, Supply Chain Management and Knowledge Management Departments, and we thank them for their valuable support to ensure timely completion of the report.

KIPPRA is deeply grateful to all the Ministries, State Departments and Government Agencies that availed the data and information used in this report. We are particularly grateful for the expert input and advice from Ambassador Francis K. Muthaura EGH, MBS; Prof. Michael Chege, MBS; Mugo Kibati, and the National Treasury and Planning and the Kenya Vision 2030 Delivery Secretariat. To all other stakeholders who participated in the various workshops and in different capacities, your contributions are highly appreciated. The preparation of this report was made possible through financial support to KIPPRA by the Government of Kenya and development partners.

EXECUTIVE SUMMARY

MACROECONOMIC PERFORMANCE

Kenya attained relatively higher growth rates during the Medium-Term Plan (MTP) II than during the Economic Recovery Strategy for Wealth and Employment Creation (ERS-WEC) and MTP I phases. Economic growth averaged 5.5 per cent during the MTP II phase compared to an average of 5 per cent and 4 per cent attained during the ERS-WEC and MTP I period. The improvement in growth rates between MTP I and MTP II led to tripling of per capita income during the same period. However, it is noteworthy that the country did not meet the growth targets under MTP I and MTP II.

Consequently, there was a significant drop in poverty rates during MTP I and MTP II periods. Economic growth rate translated to poverty reduction, though at a relatively slower pace. According to the KIHBS of 2005/06 and KIHBS 2015/16, poverty rate dropped from 46.6 per cent in 2005/06 to 36.1 per cent in 2015/16. This implies that poverty dropped by an average of 1.1 percentage points per year between 2005/06 and 2015/16. However, during the same period, the country attained an average growth of 5.0 per cent. Therefore, the rate of economic growth was relatively faster than poverty reduction pace.

The global financial crisis and a number of security challenges affected the country's attainment of savings and investment targets. Actual savings and investment as a percentage of Gross Domestic Product (GDP) averaged 12.1 per cent, respectively, during the MTP I against average targets of 21.6 per cent and 27.4 per cent of GDP, respectively. During the MTP II, actual savings and investment improved to an average of 14.6 per cent and 20.0 per cent of GDP, respectively, against average targets of 18.0 per cent and 25.0 per cent of GDP, respectively. The savings-investment gap as a percentage of GDP narrowed from 8.0 per cent during MTP I to 5.5 per cent during MTP II.

Increased spending on infrastructure projects partly led to higher fiscal deficits under MTP II compared to MTP I. Fiscal deficit targets averaged 5.6 per cent of GDP under MTP I but increased to an average of 7.6 per cent during MTP II. This was mainly due to increased spending on infrastructure and inadequate domestic revenue mobilization. Additionally, revenue targets were not met during the MTP I and MTP II. Consequently, this led to a significant rise in debt levels, with public debt level growing from 43.2 per cent of GDP in 2008/09 to 57.2 per cent in 2017/18. External debt rose from 23.3 per cent of GDP in 2008/09 to 29 per cent of GDP in 2017/18. The increase in external debt was driven by more of commercial borrowing, which increased from 7 per cent of the total external debt in 2011/12 to 35 per cent in 2017/18. Domestic debt level rose from 20.7 per cent of GDP in 2008/09 to 27.6 per cent in 2017/18.

The current account deficit stood at an average of 8.7 per cent of GDP during the MTP I, but slightly narrowed to an average of 6.0 per cent of GDP during the MTP II. The poor performance of the current account during the period under review was as a result of a decline in capital inflows, slow growth of exports and increased import growth due to higher importation of food and petroleum products.

Overall, the macroeconomic performance during the MTP I and MTP II faced a number of domestic and external shocks. Various shocks, such as droughts, high international oil prices, global financial and economic crisis of 2008, post-election crises and insecurity affected the overall economy, hence contributing to missing of some of the targets.

ENABLERS

Infrastructure: The development of quality, sustainable and resilient infrastructure forms one of the critical enablers for sustained growth of the pillars of growth under the Kenya Vision 2030. Infrastructural projects and targets in MTP I and MTP II aimed at improving and expanding projects in the transport, energy, and Information Communication Technology (ICT) sectors. Implementation of the targeted projects has been instrumental in improving the quality and functionality of services; bridging existing access gaps; job creation; disaster preparedness; and environmental protection.

The transport sector focused on road expansion, rehabilitation, reconstruction, periodic and routine maintenance as steered by the National and County Governments. The aviation industry focused on modernization and expansion of Jomo Kenyatta, Moi, and Kisumu international airports, selected airstrips countrywide, and completed a 1.4 km runway at Isiolo airport. The expansion and modernization project of JKIA earned the country category one status for international safety and security compliance granted by the Federal Aviation Administration. Water transport projects aimed at improving shipping and maritime facilities, including the dredging of Mombasa port and enhancing ferry services. Dredging of the port translated to greater efficiency, hence reducing the cost of imports, which positively impacts the economy. Notably, inadequate financing and high capital investment requirements; high construction and maintenance cost; inadequate enforcement of traffic regulations and axle load limits; difficulties in wayleaves continue to impede seamless implementation of the projects in the transport sector.

The energy sector showed remarkable progress in achieving the objectives and targets set out. Electricity connectivity rose from 16 per cent in 2008 to 73 per cent in 2017. Similarly, reliability indicators, including Customer Average Interruption Duration Index (CAIDI) and System Average Interruption Frequency Index (SAIFI), show a decline over the years, indicating increased stability in energy supply. Significant progress was also registered in electricity generated from renewable energy sources, including geothermal, solar, and wind. Despite the considerable progress registered over the years, many Kenyans still lack affordable electricity and clean cooking fuels, which impedes the universal transition to clean to modern energy sources. However, the sector has witnessed a substantial increase in transmission and distribution losses, which negatively impact power transmission efficiency. Incorporating innovative measures such as grid modernization through the inclusive smart metering programme for all end-users and monitoring solutions is crucial in establishing a stable and efficient energy supply system. The power sector is also hampered by an exorbitant valuation of wayleaves, vandalism, theft, and terrorism of energy infrastructure.

The ICT sector showed remarkable progress for the targets set in MTP I and II, with the penetration rate for mobile subscriptions, which stood at 90 per cent in 2017. The utilization of ICT in the development and management of the country's infrastructural base was enhanced. The programme contributed to Kenya being ranked second in Africa and 22nd worldwide in the open data initiative in 2012. The challenges impending the ICT sector include inadequate safeguards against cyber-crime and ICT media abuse. There also exists a huge digital divide between rural and urban areas; slow adaption of harmonized services; vandalism of ICT infrastructure; inadequate human capacity for research and development in ICT and e-waste disposal.

Ending Drought Emergencies: Ending Drought Emergencies (EDE) is a key foundation for national transformation and enhancing food and nutrition security; one of the "Big Four" initiatives for national development. The EDE plan aims at managing climate induced disasters by strengthening people's resilience to drought and improving the monitoring of, and response to emerging drought conditions. The key achievements within the EDE plan within the 2013-2017 timeline include the completion and placement of Integrated Drought Early Warning System, and Hunger Safety Net Programme flagship projects. Although the successes have played a big role in avoiding loss of life, livelihoods and late response to drought that turns into disasters and emergencies, the key challenges and constraints faced in the implementation of EDE flagship projects includes: the high frequency of extreme weather conditions; adequacy and sustainability of resources including funding and human resource; identification of beneficiaries; and data availability.

To safeguard lives and livelihoods in disasters that are likely to increase as a result of climate change, there is need for prioritization of policies, programmes and projects as outlined in the EDE plan by allocating increased resources and partnering with regional countries and other stakeholders, including the private sector and development partners. Further, creation of an enabling environment, which includes preparation/sensitization of expected users/beneficiaries, will help address additional non-financial challenges faced in in the 2013-2017 period (MTP II), such as challenges with utilization of information, and weak structures to disseminate information at the national level to ensure full operationalization of the flagships once implemented. Lastly, strengthening communication dissemination and linkage between the National and County Governments for rapid response to disasters such as droughts can make a valuable contribution to protect and build the resilience of livelihoods.

SOCIAL PILLAR

Health and education: Both education and health have had impressive performance since 2008 when the first MTP was implemented. Access to education has continued to improve while health indicators such as skilled birth attendance and maternal mortality have inched towards the national and global targets. Improvements in health and education outcomes would have been much greater had the Vision implementation challenges been curtailed. Among the crosscutting hurdles facing this pillar were: inadequate and sometimes lack of funds earmarked for the implementation of flagship projects; failure of the stakeholders to carry over flagship projects through successive medium-term planning periods and or lack of clear procedures in dropping flagship projects. In addition, there was data gaps that impede proper monitoring of the flagship projects. These include data gaps on estimated costs, actual allocations and expenditure of funds for the various projects. Implemented projects were also faced with a major challenge of poor implementation, such as poor workmanship (in infrastructure projects).

Some of the key lessons for more effective implementation of the Vision include the need to enhance investments in enablers and supportive infrastructure such as in power supply, safe and secure buildings, and WASH sector. It will be important to sustain projects across successive MTP periods. To achieve this, there is need to enhance sensitization and early engagement with the county governments on the flagship projects, and effectively mobilize adequate funds and other resources taking into account national resources, donor funds, loans and public private partnerships (PPPs). The VDS and other stakeholders need to implement strong monitoring and implementation frameworks supported by specific goals, budget allocation and reporting and avoid duplication of effort by enhancing coordination across levels of government and MDAs.

Gender, youth and vulnerable groups: Relatively good progress was made on gender, youth and vulnerable groups with access to education for men and women almost at par at the basic education sector. Some of the challenges affecting the flagship projects include inadequate resources, especially finances and staff, which has been inadequate to meet demand. Many flagship projects were either uninitiated or remained incomplete at the end of the first two MTPs. These include the envisaged International Academy of Sports, and incomplete sports stadia. Some of the challenges identified include inadequate budget allocation to programmes, limited coordination and fragmentation of programmes and scale diseconomies.

Housing: Little progress was registered during the MTP I in increasing housing stock for the lower-income bracket segment. During the MTP II, the sector recorded some gain by establishing 19 Appropriate Building Materials and Technologies (ABMT) training centres. Under the slum and informal settlements programme, there was an improvement in physical and social infrastructure such as non-motorized transport infrastructure, access roads, sewer lines, pedestrian bridges, security/streetlights, sanitation facilities, schools, health centres, and markets in selected slum areas in major urban centres across the country. Access to adequate decent and affordable housing remains a key challenge in urban areas.

To close the housing deficit, the government targets to facilitate the construction of at least 500,000 affordable and decent houses under MTP III. The delivery of 500,000 housing units is expected to provide decent homes for Kenyans, create an additional 350,000 jobs, provide a market for manufacture and building materials suppliers, and raise real estate and construction sector contribution to GDP from 5 per cent in 2016 to 14 per cent by 2022.

Environment, Water and Sanitation: The Environment, Water and Sanitation sector is important to enhance development in a clean, safe and sustainable environment to access water and sanitation services. Flagships under the sector aim at ensuring continuous supply of environmental goods and services; support life while sustaining economic activities; and improve access to water and sanitation. Some notable successes in this sector, which forms critical linkages with the main productive sectors, namely agriculture, tourism, manufacturing and energy, include increase in the national forest cover to 6.9 per cent by the year 2017; expansion of the area under rehabilitation from an initial of 120,000Ha in 2008 to the current area of 777,171 Ha in 2017; an updated inventory of wildlife corridors after diligent identification and mapping and sensitization of communities living in/near wildlife corridors on the importance of wildlife conservation; the development of the National Waste Management Strategy and monitoring implementation of the National Solid Waste Management Strategy undertaken in 47 counties; and completion of several water supply and sanitation flagship projects that are currently in use. Of concern is that most of the flagships reviewed in the sector in MTPs I and II are in progress, having partially achieved the set-out objectives. The challenges facing the sector include data challenges limiting monitoring and evaluation of projects; inadequate funds for the a capital-intensive projects including funds for research; revision/cuts of the allocated funds; delay in disbursement of funds; inadequate technical staff; inadequate access to land for research, implementation of programmes and insecurity of tenure; weak coordination between the various departments/actors in the sector; uncoordinated legal and regulatory framework; hostility from communities and insecurity; and climate and environment/terrain challenges.

Going forward, there is need to strengthen resource mobilization taking into account national resources, donor funds, loans and public private partnerships (PPPs) to ensure sustainability of projects. To strengthen monitoring and evaluation of the flagship projects, there is need to have specific goals, budget allocation and reporting for each of the flagship projects under environment, water and sanitation sub-sectors. There is also need for more sensitization and early engagement with the county governments on the flagship projects. Further, there is need to develop partnership with county governments in the eco-regions for effective research dissemination particularly on environmental matters. For projects buy in and seamless development of the flagship projects, there is need to enhance public participation at the community.

ECONOMIC PILLAR

Tourism Sector: Under the Kenya Vision 2030, Kenya aims to be among the top ten long-haul tourist destinations globally. The tourism sector targeted to implement nine flagship projects, namely: cradle of mankind; resort cities at Isiolo, Kilifi and Diani; upgrading of premium parks; under-utilized parks initiatives; development of niche products; community-based tourism initiative; development of coastal beach ecosystem management; business and conference tourism; and destination marketing initiatives. Several achievements were made, including development of a new legal and policy framework; community-based tourism initiatives; revamping the premium parks; implementing destination marketing initiatives under the Tourism Markets Recovery Programme; establishing the Cradle of Mankind tourist circuit; and the Business and Conference Tourism flagship that was supported by development of a National Strategy on Meetings, Incentives, Conventions and Exhibitions (M.I.C.E). However, due to limitation in financial resource allocation, the flagship projects under the resort cities initiative were not implemented. In addition, two envisaged mega convention centres at Nairobi (Bomas) and Mombasa to support M.I.C.E were not started. Other challenges to realization of the flagships, especially those proposed along the LAPSSET corridor included communal land tenure system that hampered identification and securing land for projects and terrorism-related insecurity. Among the key lessons and opportunities identified include the need to ensure public participation in planning for flagships development, especially those touching on several counties, strengthening inter-governmental coordination in flagships development, recognizing the role of emerging county regional economic blocs, and exploring new funding models for tourism development and marketing, diversifying from traditional funding sources.

Wholesale and Retail Trade Sector: As established in the Kenya Vision 2030, a key priority for Kenya's wholesale and retail sector trade sector is its transformation into a formal, efficient, multi-tiered, diversified in product range and innovative sector. The flagship projects identified for wholesale and retail sector identified in the Vision 2030 popular version are four, with the fifth established in the first medium-term plan. The first is the development of at least 10 wholesale hubs with the objective of improving the supply chain of small operator retail market and expand formal market outreach. The second is the construction of a tier-one retail market in Athi River to improve efficiency and increase market share of products sold through formal marketing channels; third is the creation of between 1,000 and 1,500 producer-based groups to enhance integration of small and fragmented, largely informal, individual producers into a big individual source for final consumers and intermediate players, and fourth the Kenya National Electronic Single Window system to facilitate international trade in Kenya. The fifth flagship, under trade sector in MTP I, is the building of one free trade port at the coast. One key success has been the implementation of the National Electronic Single Window, which was complemented and operationalized in MTP II period. The electronic window, TradeNet, has contributed to increased efficiency, compliance, transparency and cost reduction. Implementation of the other four flagships has, however, been slow largely attributable inadequate and inconsistent funding, poor planning or low integration of these flagship projects in the respective county plans and priorities. The key lessons learnt, and policy recommendations include strengthening integrated planning and budgeting; ensuring effective communication participation; and leveraging of existing institutional frameworks to ensure establishment of strong producer-based groups.

Manufacturing: The manufacturing sector is amongst the priority sectors in the Kenya Vision 2030 economic pillar. According to the Kenya Vision 2030, Kenya's manufacturing sector has been deemed uncompetitive due to high costs of input, low productivity and unfavourable business environment. The Vision's aim is to have a robust, diversified and competitive manufacturing sector. The key flagships identified include establishment of an Integrated Mini Iron and Steel Mills with the aim of revolutionizing economic transformation by harnessing the steel and iron industry; the development of SME parks to harness international commerce opportunities; and the establishment of Special Economic Zones to increase foreign direct investment, increase exports, create employment, generate foreign exchange earnings and enable knowledge and technology transfer. There have been a number of achievements in manufacturing sector flagships, including establishment of enabling legislative framework with the enactment of Special Economic Zones (SEZ) Act 2015, establishment of a SEZ Authority and gazettement of SEZs, and establishment of committees within Numerical Machining Complex (NMC) to inform the implementation of the integrated mini-iron and steel mills. All flagships, though still ongoing, have experienced delays in implementation, largely attributable to resource constraints. The key lessons learnt, and policy recommendations include strengthening stakeholder engagement and designing infrastructural support services in a sustainable and environmentally friendly manner, thus calling in the need for industrial clustering policies and guiding frameworks.

Business Process Outsourcing (BPO)/IT Enabled Services (ITES): The flagship identified in Business Process Outsourcing (BPO)/IT Enabled Services (ITES) sector in the Kenya Vision 2030 is the establishment of a modern ICT park with reputable local and international investors; the Konza Technopolis. In the implementation of this flagship, a number of institutional aspects have been addressed including the establishment of Konza Technopolis Development Authority (KoTDA), though the KoTDA Bill is yet to be enacted, and identification of the location of the ICT park, Malili Ranch in Makueni and Machakos counties. In implementation of this flagship, Konza Complex Phase 1 is underway, which involves construction of BPO Park, Science Park, Residential Buildings, Data Centre and part of Central Business District and basic infrastructure including sales pavilion, access roads, telecommunications, water and sewerage and energy. The BPO flagship project has encountered some implementation challenges, including financial and technical, which have resulted in implementation delays. The key lessons learnt, and policy recommendations include enhancing mechanism for promoting public private partnerships investments, enhancing financial and technical capacity for effective implementation of the flagship and review of legal and regulatory framework that provides incentives for investors and strengthens the Konza Technopolis Development Authority.

Financial sector: The financial sector is also among the priority sectors identified in the Kenya Vision 2030's economic pillar aimed at creating a vibrant and globally competitive financial sector. The flagship priorities identified to achieve this include the establishment of the Nairobi International Financial Services Centre become a regional financial service centre, the deepening of capital markets to promote long-term investments by creating a conducive environment for the capital markets, the strengthening of the banking sector to promote public confidence in the financial system and developing and executing a comprehensive model for pension to promote public confidence in the financial system. Though implementation of these flagships is still ongoing, some, particularly deepening of capital market and strengthening of the banking sector have experience higher levels of success through implementation of Capital Market Master Plan and banking sector reforms, respectively. These reforms include enhanced supervisory framework, introduction of risk-based approach to supervision and adoption of international standards capital requirements, cconsolidation of the banking sector among others. For the other two flagships, some preliminary policy frameworks have been established but not yet operationalized. Consequently, an important lesson learnt is that the successful implementation reforms in the financial sector is informed by the establishment of appropriate legal and regulatory environment.

Agriculture sector: The reforms of the agricultural sector under the Kenya Vision 2030 initiated in 2008 and implemented until 2017 focused on five key strategic areas, namely: reforming and transforming institutions such as cooperatives, regulatory institutions, and research agencies into complementary and effective entities that enhance growth of the sector; increasing market access by value-addition through processing, packaging and branding of agricultural produce; transforming land use by ensuring improved utilization of high and medium potential lands; enhancing productivity through provision of inputs and services to a wider audience of stakeholders in the agricultural sector; and developing arid and semi-arid lands for both crops and livestock. The six flagship projects implemented to realize the above Kenya Vision 2030 goals under Medium Term Plans I and II were: enactment of the consolidated agricultural reform; fertilizer cost-reduction investment; disease free zones; land use master plan; ASAL development project; and development and management of the 200-mile exclusive economic zone for marine fisheries.

The consolidated agricultural policy and legal framework sought for a merger of agriculture, fisheries and livestock departments into an umbrella institutional structure, ALFFA during MTP I. By the end of 2012, a consolidated policy and legal framework created KALRO and Agriculture and Food Agency (AFA) besides the State Department for Crops Development and Research. The consolidation resulted into three institutions by 2017 based on separate legislations addressing mandates, regulations and institutional overlaps. The results indicate that the status of implementation of policy and legal framework consolidation of the State Department for Crops Development was moderate by 2017, in that the last remaining stages such as the signing of the bills, etc by the Cabinet or Parliamentary approval were accomplished for the remainder of the policies and regulations. For regulations, only AFA bills on crops policies were undertaken by 2012. The State

Departments of Fisheries and Livestock were to consolidate separately. The major challenges for consolidation were lack of appropriate legislations for creating new sectors to mainstream the consolidation process.

The objective of fertilizer cost-reduction flagship was to facilitate farmers' access to quality and affordable fertilizers. During MTP I, fertilizer consumption was estimated at 300,000-400,000 metric tons, and this increased to about 800,000 metric tons at the end of MTP II. The project, therefore, achieved its objectives on bulk purchasing of fertilizers largely, fertilizer affordability to a large extent, and on fertilizer blending. Arising issues included problems of inadequate budget for the project by the National Government and refund of the subsidy component of the fertilizer to NCPB; the supply of mineral rocks needed for blending the fertilizers; long bureaucratic delay processes in procuring the imported fertilizers; and the vetting of farmers for issuance of subsidized fertilizers and their payment.

The disease-free zones project for livestock was implemented within the value chain risk management concept. This involved the isolation and quarantines to animals earmarked for export for 20-30 days for monitoring them for diseases before shipping them overseas. The livestock isolation projects are located for export animals at Bachuma LEZ (Taita Taveta), Kurawa (Tana River), and Marshalling in Miritini (Mombasa). The other projects away from the coastal ones had not advanced to the level of the coastal projects by 2017. Overall, the project was 60 per cent completed by 2017. The key challenges included inadequate funding in all project phases and especially during 2016/2017 financial years; bureaucracy; cultural attachment tied to traditional production in livestock numbers; land acquisition challenge; and drought occurrence negating livestock production.

Agricultural land use master plan flagship was to ensure land utilization according to land classification. The classified land categories were for: human settlement, mining, tourism sites, industrial development, agricultural development, real estates, and transport infrastructure. The main challenges experienced so far are uncontrolled sub-division and urban and informal settlements sprawl into prime agricultural areas. There is need for all sectors of the economy and the County Governments to implement the National Spatial Plan to enable achievement of sustainable land use.

The underlying criteria for ASAL development in MTP I and MTP II was to address poverty and inequality between individuals, regions and a long gender line. These have been exacerbated between the ASALs and the rest of Kenya over time. The flagship project was to expand irrigated area in the Tana Delta and Athi river basins. The implementation varied; 125,000 acres were expanded or rehabilitated in the old schemes, including in ASALs during MTP I. Also, 500,000 acres were established for irrigation at Rahole, Garissa County while only 10,00 acres of irrigation land was set up for crop trials at Galana Kulalu. Research indicated that just under 500,000 acres can be irrigated when dams are constructed at Galana Kulalu than was earlier thought. There were no funds for preparing 140,000 acres a year planned for Galana Kulalu in MTP II. The challenges included: inadequate funds, which also varied with time affecting operations; coordination problems between the National and County Governments in the project cycles since NIB could not facilitate collaboration with County Governments in some cases.

Under the 200-mile Exclusive Economic Zone project, the National Oceans and Fisheries Policy was approved by the Cabinet in 2008/09 and revised by 2018/19. The Fisheries Management and Development Act, 2016 was developed and became effective from September 2016. The Act established several institutions deemed important for the sub-sector, namely: Kenya Fisheries Service, Kenya Fish Marketing Authority, Fisheries Advisory Council and Fish Levy Trust Fund. The Government also acquired Liwatoni Fisheries Complex in Mombasa by end of MTP II. The Complex consists of a jetty, cold storage, and fish processing plant and its rehabilitation was initiated in 2018/19. An offshore patrol vessel (PV Doria) was procured and commissioned during MTP II and is slated to be used for patrol and surveillance of Kenya's marine waters to address the problem of unregulated fishing in Kenya's EEZ by foreign vessels. Overall, the project was judged by well-informed experts consulted to have been 90 per cent implemented by 2017.

.

ABBREVIATIONS AND ACRONYMS

ABMT	Appropriate Building Materials and Technologies
AfDB	African Development Bank
AFA	Agriculture and Food Agency
AFFA	Agriculture Fisheries and Food Agency
ALFFA	Agriculture Livestock Food and Fisheries Agency
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
ASALs	Arid and Semi-Arid Lands
BPO	Business Process Outsourcing
BRT	Bus Rapid Transit
CAIDI	Customer Average Interruption Duration Index
CBK	Central Bank of Kenya
CCP	County Connectivity Project
CEEC	Centre for Energy Efficiency and Conservation
CFL	Compact Fluorescent Lamps
CIDP	County Integrated Development Plan
CMA	Capital Market Authority
CMMP	Capital Market Master Plan
CPF	Common Programme Framework
CRBs	Credit Reference Bureaus
CT-OVC	Cash Transfer to Orphaned and Vulnerable Children
DAP	Diammonium Phosphate
DLP	Digital Literacy Programme
EAC	East African Community
EARNP	East Africa Road Network Project
EDE	Ending Drought Emergencies
EE	Energy Efficiency
EEE	Energy Efficiency Enhancement
EEZ	Exclusive Economic Zone
EOPS	Early Oil Pilot Scheme
EPS	Expandable Polystyrene Panels
ERS	Economic Recovery Strategy

ETF	Exchange Traded Funds
EU	European Union
FAA	Federal Aviation Administration
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
GCCN	Government Common Core Network
GDC	Geothermal Development Company
GDC	Government Data Centre
GDP	Gross Domestic Product
GEMS	Growth Enterprise Market Segment
GFCI	Global Financial Centre Index
GIS	Geographic Information System
ICAO	International Civil Aviation Organization
ICT	Information Communication and Technology
IEBC	Independent Electoral and Boundaries Commission
IFMIS	Integrated Financial Management Information System
ITES	Information Technology Enabled Services
JKIA	Jomo Kenyatta International Airport
KAIST	Kenya Advanced Institute of Science and Technology
KALRO	Kenya Agricultural and Livestock Research Organization
KAM	Kenya Association of Manufacturers
KDIC	Kenya Deposit Insurance Corporation
KEEP	Kenya Electricity Expansion Project
KEFRI	Kenya Forestry Research Institute
KEMFRI	Kenya Marine and Fisheries Research Institute
KEMSA	Kenya Medical Supplies Agency
KEPHIS	Kenya Plant Health Inspectorate Service
KESSP	Kenya Education Sector Support Programme
KFS	Kenya Forestry Service
KICC	Kenyatta International Convention Centre
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KoTDA	Konza Technopolis Development Authority
KPA	Kenya Port Authority
KRA	Kenya Revenue Authority
KTB	Kenya Tourism Board

KWS	Kenya Wildlife Services
LAPSSET	Lamu Port, South Sudan, Ethiopia Transport Corridor
LDP	Local Physical Development Plans
LEZ	Livestock Export Zone (equivalent to Export Quarantine Station)
LMCP	Last Mile Connectivity Project
LNG	Liquified Natural Gas
M&A	Mergers and Acquisitions
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MFI	Micro Finance Institutions
M.I.C.E	Meetings, Incentives, Conventions and Exhibitions
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprise
MOCD	Ministry of Cooperative Development
MTP I/II	Medium-Term Plan I or II
NACONEK	National Council for Nomadic Education in Kenya
NCPB	National Cereals and Produce Board
NCTIP	Northern Corridor Transport Improvement Project
NDMA	National Disaster Management Authority
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
NHIF	National Health Insurance Fund
NIB	National Irrigation Board
NMC	Numerical Machining Complex
NOFBI	National Optic Fibre Backbone Infrastructure
NPICB	Natural Products Industry Coordination Board
NSAs	Non-State Actors
OPCT	Older Persons Cash Transfer
OSC	One Stop Centre
OVC	Orphaned and Vulnerable Child
PBGs	Producer-Based Groups
PGN	Policy Guidance Note
PPG	Public and Publicly Guaranteed
PPPs	Public Private Partnerships
PV	Present Value
PWD	Person with Disability

PWSD CT	Person with Severe Disability Cash Transfer
RBA	Retirement Benefit Authority
REIT	Real Estate Investment Trust
REP	Rural Electrification Programme
REREC	Rural Electrification and Renewable Energy Corporation
RRF	Rapid Response Fund
RVWSB	Rift Valley Water Services Board
SACCOs	Savings and Credit Cooperatives
SAIFI	System Average Interruption Frequency Index
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SEZA	Special Economic Zones Authority
SGR	Standard Gauge Railway
SMEs	Small and Medium Enterprises
TFA	Trade Facilitation Agreements
TFC	Tourism Finance Corporation
TVET	Technical and Vocational Education and Training
UHC	Universal Health Care
UN	United Nations
UNDP	United Nations Development Programme
VDS	Vision Delivery Secretariat
WARREC	Water Research and Resource Centre
WASH	Water Sanitation and Hygiene
WB	World Bank
WFP	World Food Programme
WRMA	Water Resources Management Authority
WSB	Water Services Board
WTO	World Trade Organization
YEDF	Youth Enterprise Development Fund

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Motivation of the Study

The Kenya Vision 2030 is a long-term development plan, which was launched in June 2008. The Vision seeks to transform the economy into a "newly industrializing, upper middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment". The Vision is anchored on three key pillars, namely: Economic, Social and Political pillars and the cross-cutting enablers which support the realization of the Vision. Effective implementation of these pillars is further anchored on the following foundations: macroeconomic stability; continuity in governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; science, technology and innovation (STI); land reform; human resources development; security; and public sector reforms.

The crafting of the Kenya Vision 2030 was inspired by successful implementation of the Economic Recovery Strategy for Wealth and Employment Creation (ERS), which saw the country's GDP growth rate increase from a low of 0.6 per cent in 2002 to 6.3 per cent in 2006. The Vision was collectively conceptualized and developed by the National Economic and Social Council (NESC) in January 2006, and subsequently adopted by the Cabinet. The Ministry of Planning, National Development and Vision 2030[1], the Vision 2030 Board and Delivery Secretariat were mandated with overall coordination and implementation of the Vision's flagship projects.

The Vision was developed through a consultative process involving stakeholders from all levels of the public service, the private sector, civil society, the media and Non-Governmental Organizations, in addition to consultative forums held countrywide. This was aimed creating a buy-in and ensure inclusivity for realization of its goals. The ultimate Vision was benchmarked with best practices from South Africa, Malaysia, Singapore and South Korea. The Vision 2030 was launched by His Excellency President Mwai Kibaki on 30th October 2006.

The Vision envisaged sustained rapid economic growth rates averaging 10 per cent per annum beginning 2012. However, the highest economic growth rate achieved so far has been 8.4 per cent during the year 2010. Additionally, the average growth rate over the period 2012-2018 has been 5.5 per cent. In addition, the Vision aspires for the attainment of an upper-middle income economy by the year 2030. According to World Bank, this implies having a per capita income of about US$ 4,000.

1 Source: https://cabinetoffice.go.ke/national-economic-and-social-council-nesc/

The blueprint also envisions structural transformation and diversified economic activities as the drivers of economic growth and creation of decent jobs. But, for example, the share of manufacturing in GDP has declined over time, and the informal sector is taking an increasing share of employment creation. This points towards inability of the economy to inspire productivity and create gainful employment. There are also concerns that higher education is not equipping students with skills and competencies required in the emerging knowledge-based economy. The jobs/skills mismatch coupled with low level technologies constrain the performance of the manufacturing sector, which hardly makes 10 per cent annual contribution to GDP. This is further reflected in the export of primary products and dominance of manufactured imports.

Furthermore, there still exists inequitable distribution of resources and opportunities across age, gender, urban/rural, rich/poor despite government efforts through legislative affirmative actions, greater resource allocations to health, education and other public services and devolved funds targeting the poor and vulnerable in society. These disparities undermine the desired high, efficient, sustained and inclusive growth. Moreover, the coordination framework between the national government and county governments is weak, with no clear guidelines of incorporation of flagship projects into various County Integrated Development Plans (CIDPs).

New developments have emerged, including global and regional development initiatives, which impact directly and indirectly on the achievement of the Kenya Vision 2030, including the United Nations' Sustainable Development Goals and the African Union's Agenda 2063 all of which seek to expand economic opportunities and reduce inequalities; and the ratification of the African Continental Free Trade Area (AfCFTA), which requires members to remove tariffs from 90 per cent of goods, allowing free access to commodities, goods, and services across the continent. Other developments include rebalancing of China's economy and other major economies and the ripple effects of the global financial crisis, which have triggered far-reaching reforms on growth models across the world.

The purpose of this study is therefore to review implementation of the Vision 2030 in sustaining the momentum for implementation of the pending phases of the MTPs. The specific objectives include to:

1. Review of economic performance and status of implementation of the Vision 2030 medium-term plans.

2. Assess the institutional and coordination mechanism between the national and county governments.

3. Determine emerging issues, their implications on the development priorities and integration into the medium-term plans.

4. Identify opportunities, constraints and challenges in meeting the long-term development goal.

The report seeks to address the following research questions:

5. What is the status of implementation of the various Vision 2030 flagship projects?
6. Are there proposed projects that have not been implemented? If so, why have they not been implemented?
7. Are there ongoing programmes from the previous MTPs that require funding, need to be abandoned or need to be overhauled?
8. What institutional, economic, social, and political issues remain a challenge after implementation of the previous MTPs (MTP I and MTP II) and how does the current MTP III address these challenges?

1.2 Approach and Methodology

A mixed method and triangulation research design was used to allow for information gathering, interpretation, summarizing and presentation of findings. The method is suitable for assessment of the status of implementation of the flagship projects in various pillars during the first and second medium-term plans. To achieve the objectives, the research design built on expert knowledge, implementing agencies and stakeholder consultations and workshops. Participants involved both the public and private sectors, NGOs and other non-state actors. Quantitative and qualitative research methods were employed. The quantitative methods included analyzing existing data and use of surveys and questionnaires whereas the qualitative method employed was use of individual interviews to obtain narratives, and descriptions.

The initial phase of the study was mapping of key flagship projects in MTP I and II, which was a key step towards achieving the study objectives. The objective of the mapping process was to provide unequivocal information on the location, distribution and implementing agencies of the key flagship projects under each pillar of the Vision 2030. The various stakeholders collaborated in providing expertise and information on key flagships to be reviewed.

The mapping process identified eight regions and was informed by physical location of the flagships, hence the survey focused on: Nairobi, Coast, North Eastern, Central, Eastern, Rift Valley, Nyanza, and Western. In Nairobi, the survey targeted various implementing agencies, including Ministries, Departments and Agencies (MDAs). In the other regions, the key flagships in 14 counties were assessed – Kisumu, Kakamega, Bungoma, Siaya, Eldoret, Nakuru, Narok, Isiolo, Meru, Marsabit, Murang'a, Mombasa, Lamu, Kilifi.

Key informant interviews were conducted with various stakeholders, including members of the National Economic and Social Council (NESC), current and former directors of Vision Delivery Secretariat (VDS), and senior officials of various implementing agencies in Ministries, Departments and Agencies (MDAs). Semi-structured topic guides were used. This data was collected between May and August 2019. Further, interviewer-administered surveys (questionnaires) combined with ground surveys/field observations in counties and various MDAs were employed to obtain information on the flagship projects in the country. The questionnaires were structured to capture information on objectives; institutional framework; finances; status; challenges; and opportunities of the projects. The field surveys were conducted between May 2019 and August 2019.

A review of published literature regarding implementation status of the Kenya Vision 2030 was obtained from various secondary sources including: MTP I and MTP II; Vision 2030 Annual Progress Reports; Economic Surveys; Budget Reports; IFMIS; Budget Policy Statements, CIDPs and other relevant materials.

The study employed a comprehensive multi-step descriptive process in the analysis that included: 1) mapping of flagship projects; 2) assessment of the resource needs (both financial and in terms of human resource needs; 3) assessment of their status; and 4) assessment of known challenges and opportunities. The Grounded Analysis approach was employed in the analysis of qualitative data whereby data/ information gathered from discussions and conversations was allowed to "speak for itself ".

2. MACROECONOMIC PERFORMANCE

This chapter reviews trends in macroeconomic indicators for the period 2003-2018. The review is done in three distinct phases namely: The Pre-Vision period (2003-2007); the MTP I (2008-2012); and MTP II (2013-2018) as indicated in table 2.1.

Table 2.1: Summary of targets and achievements for end of ERS, MTP I and MTP II phases

	ERS Phase: 2003-2007			
Indicator	**Year**	**Target**	**Actual**	**Remarks**
Economic Growth (%)	2007	-	7.1	
Savings (% of GDP)	2007	-	12.7	
Investment (% of GDP)	2007	-	19.4	
Public Debt (% of GDP)	2007/08	-	36.0	
Inflation (%)	2007	-	9.8	
Revenue (% of GDP)	2007/08	-	21.6	
Expenditure (% of GDP)	2007/08	-	26.5	
Fiscal Deficit (% of GDP)	2007/08	-	-3.3	
Current Account Balance (% of GDP)	2007	-2.6	-7.5	Not Achieved
Foreign Reserves (Months of Import Cover)	2007	5.0	3.3	Not Achieved
Employment	2007	500	475	Not Achieved
	MTP I Phase: 2008-2012			
Economic Growth (%)	2012	10	4.5	Not Achieved
Savings (% of GDP)	2012	27.7	11.3	Not Achieved
Investment (% of GDP)	2012	20.5	32.6	Not Achieved
Public Debt (% of GDP)	2012/13	40.6	42.1	Not Achieved
Inflation (%)	2012	7.5	9.4	Not Achieved
Revenue (% of GDP)	2012/13	21.5	22.6	Achieved
Expenditure (% of GDP)	2012	27.3	27.3	Achieved
Fiscal Deficit (% of GDP)	2012/13	-3.6	-5.6	Not Achieved

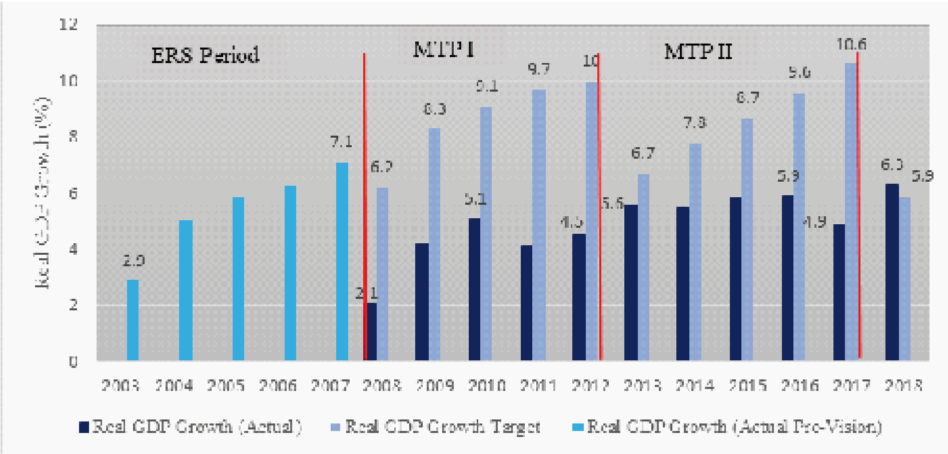
Current Account Balance (% of GDP)	2012	-5	-8.7	Not Achieved
Foreign Reserves (Months of Import Cover)	2012	4.7	3.9	Not Achieved
Employment	2012	904	659.4	Not Achieved
	MTP II Phase: 2013-2017			
Economic Growth (%)	2017	10.6	4.9	Not Achieved
Savings (% of GDP)	2017	25.7	15.3	Not Achieved
Investment (% of GDP)	2017	30.9	18.9	Not Achieved
Public Debt (% of GDP)	2017/18	39.2	57.2	Not Achieved
Inflation (%)	2017	7.5	8	Not Achieved
Revenue (% of GDP)	2017	24.6	22.1	Not Achieved
Expenditure (% of GDP)	2017/18	29.2	35.9	Not Achieved
Fiscal Deficit (% of GDP)	2017/18	-3.3	-6.9	Not Achieved
Current Account Balance (% of GDP)	2017	-5	-6.7	Not Achieved
Foreign Reserves (Months of Import Cover)	2017	6	6	Achieved
Employment	2017	899	1432	Not Achieved

2.1 Economic Growth, Employment and Inflation

Economic growth

The Kenyan economic growth rate in 2002 was 0.6 per cent, thus far below its potential. However, the economy recorded upward trend in real GDP growth, from 2.9 per cent in 2003 to an all-time high of 7.1 per cent in 2007 (Figure 3.1). The improved performance under the ERS period (2003-2007) led to the setting of 10 per cent growth targets by 2012 and 2017 under MTP I and MTP II, respectively. However, none of these growth targets were achieved (Figure 3.1). The highest growth rate achieved in MTP I was 5.1 per cent in 2010 and 5.9 per cent in 2016 under MTP II.

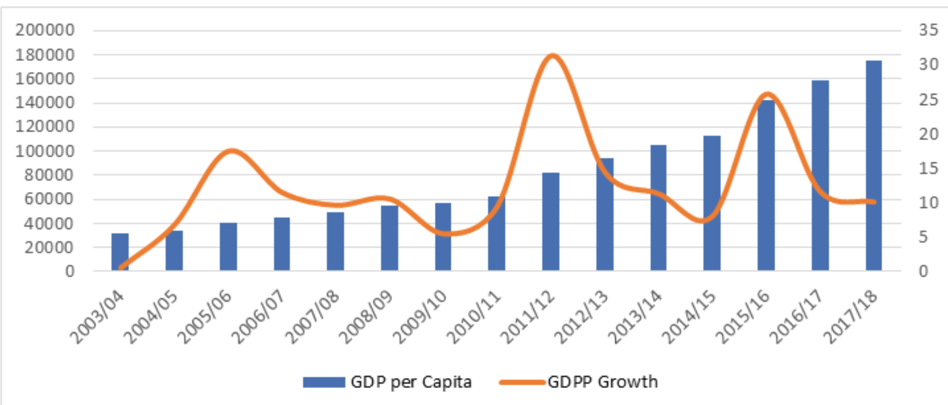
Figure 2.1: Real GDP growth, 2003-2018



Data Source: Economic Surveys (Various Issues), MTPs, Annual Progress Reports

The improved economic growth during the ERS period was also reflected in the GDP per capita growth. The GDP per capita rebounded strongly, registering a growth of 53 per cent from Ksh 32,132 as at June 2003 to Ksh 49,204 in June 2007 (Figure 3.2). This reflected an increase in the average standard of living of Kenyans. During the MTP I and MTP II period, the overall welfare of the citizens continued to improve as reflected in the increase in GDP per capita as shown by the upward trend in Figure 3.2. Specifically, the country registered an increase in GDP per capita from Ksh 57,350 in 2008/09 to Ksh. 180,206.1 in 2017/18. This further increased to Ksh 191,788.7 in 2018/19.

Figure 2.2: GDP per capita growth and level 2003/04-2017/18



Data Source: KNBS (Various), Economic Surveys

The key challenges faced during the first two phases of the Vision 2030 implementation period include post-election crisis in 2008; droughts; global financial and economic crisis; high international oil and food prices; slowdown in global economic activity; and low domestic savings and investments relative to GDP. Insecurity negatively affected the inflow of investments and slowdown in the growth of manufacturing sector caused by cheap imports (see Box 2.1 for details).

Box 2.1: Major Challenges/Shocks to Growth Experienced During the Implementation of Kenya Vision 2030

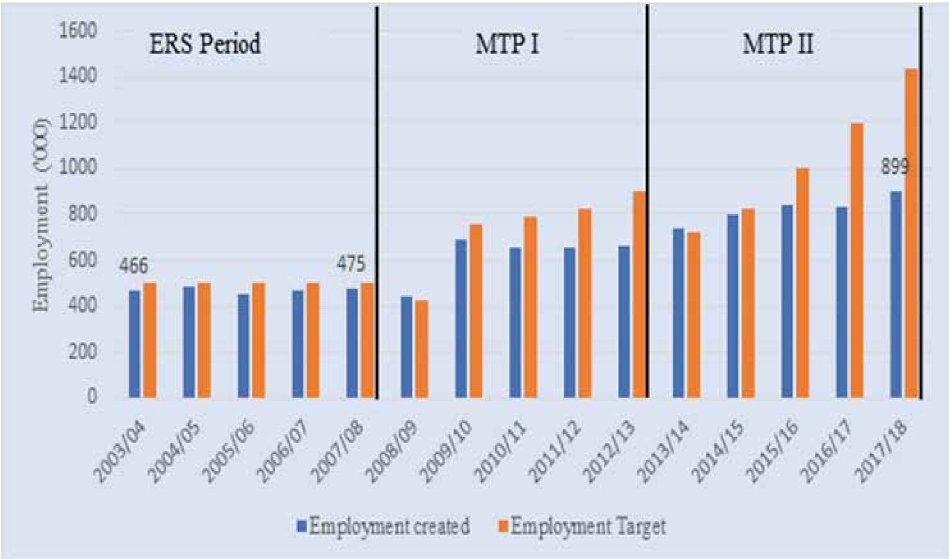
Shock to the Economy	Year Experienced	Nature of Shock
ERS Period: 2003-2007		
Poor state of infrastructure	2003	Domestic
High oil prices	2005	External
Drought	2006	Exogenous
MTP I Period: 2003-2007		
Slowdown in global economic activity	2007	External
Post-election crisis	2008	Domestic
Global financial and economic crisis	2008	External
High international oil and food prices	2008, 2010	External
Slowdown in global economic activity	2008, 2009	External
Droughts	2008/09, 2010/11	Exogenous
MTP II Period: 2013-2017		
Setting up of county governments	2013	Domestic
Insecurity (Al Shabaab attacks)	2014 and 2015	Domestic and External
Droughts	2016/17	Exogenous
Prolonged electioneering period	2017	Domestic
Slowdown in credit update by private sector	2017	Domestic

Employment

The strong and broad-based economic output expansion and implementation of structural reforms between 2003 and 2007 had a positive impact on welfare. The ERS envisioned to reduce the poverty level by at least 5 percentage points by 2007. The implementation of various anti-poverty interventions during the ERS period resulted in reduction of the overall incidence of poverty from 56.8 per cent in 2000 to 46.6 per cent in 2006. The decrease in the incidence of poverty signified improvements in the living standards of Kenyans. Over the same period, the government targeted to create 500,000 jobs annually in an effort to reduce unemployment. Statistics show that the number of people employed annually increased from 7,326,000 in 2003 to 9,479,000 in 2007, though the annual targets were not attained for the period under review, with the number of newly created jobs averaging 468,400 (Figure 2.7). Notwithstanding the achievements made in revitalizing economic activities, unemployment rate (12.7% as at 2005/06 according to 2005/06 Kenya Integrated Household Budget Survey) remained high, as the number of jobs generated could not adequately absorb the influx of labour market entrants during the ERS period.

The Social Pillar of the Kenya Vision 2030 theme of “Enhanced Equity and Wealth Creation Opportunities for the Poor” underscores the government’s commitment to eliminate poverty. Towards this end, the Vision 2030 goal on equity and poverty is to reduce the number of people living in absolute poverty to the tiniest proportion of the total population. The proportion of the people living below the overall poverty line decline to 36.1 per cent as at 2015/16 (2015/16 Kenya Integrated Household Budget Survey, a remarkable improvement from 46.8 per cent recorded in 2005/6. The decline may be associated with the implementation of various programmes and projects under the MTP I and II aimed at reducing poverty and inequality. For instance, the introduction of boarding schools in arid and semi-arid lands (ASALs) led to increasing school enrolment for girls and children from nomadic communities, widening of essential health care through increased number of health centres, food subsidies aimed at reducing the cost of food and hence food poverty, among others. In relation to employment, the government’s commitment to create one million jobs annually to address youth unemployment and upscale skills training saw the number of jobs created increase from 475,000 in 2007 to 899,000 in 2017, an 89 per cent increase (Figure 2.7). The increase in the number of jobs created also contributed to the decrease in unemployment rate to 7.4 per cent as at 2015/16 (2015/16 Kenya Integrated Household Budget Survey. Notwithstanding the high rate of unemployment in the country, the living standards of the citizens have improved following implementation of MTP I and MTP II.

Figure 2.3: Targeted and actual employment created ('000): 2003/4-2017/18



Source: KNBS (Various), Economic Surveys and MTPs I and II

Inflation

Double inflation rates characterized the ERS period, with overall inflation rate averaging 11.2 per cent. This was driven largely by increases in food prices due to droughts and rise in international oil prices. The Vision sought to ensure macroeconomic stability with inflation targeted at 5±2.5 per cent.

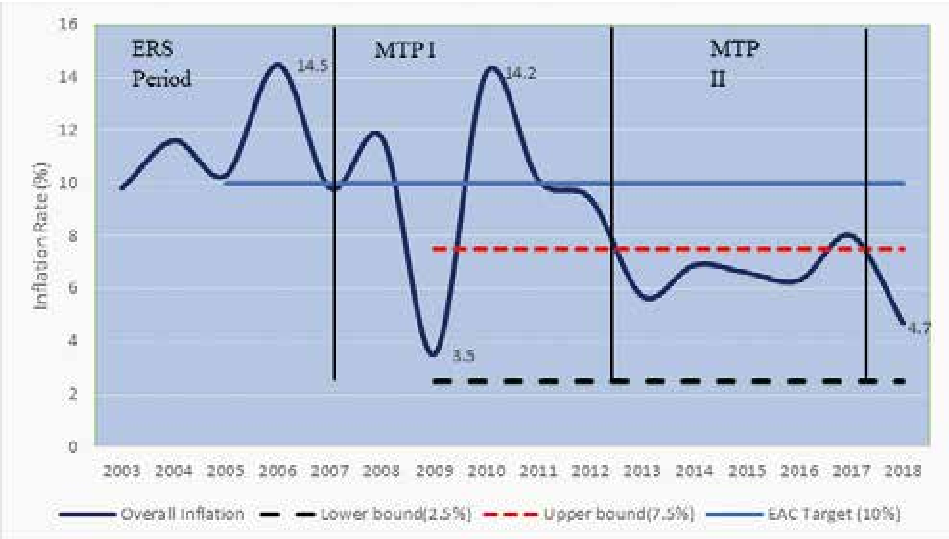
Box 2.2: Impact of droughts on key macroeconomic variables in Kenya

A study by KIPPRA on the "Implications of drought and floods on key macroeconomic indicators" revealed that during drought periods, food and electricity prices are bound to rise due to food shortages and reduced hydro power generation. With reduced and unreliable hydro power, industrial costs rise as firms seek alternatives, mainly thermal power that relies on imported fuels dependent on international oil prices. The combined effects lead to low production that slows down economic growth and inflationary pressure on domestic prices.

Specifically, the study established that inflation was high during all drought years, mainly fuelled by increased food prices. For instance, food inflation rose in 2017, contributing 36 per cent to the overall inflation as a result of increase in the prices of maize flour, sugar and beef.

Relatively stable macroeconomic environment was experienced under MTP II. Overall inflation rate averaged 9.8 and 6.7 per cent under MTP I and MTP II, respectively. Under the MTP I, the lowest inflation level was 3.5 per cent in 2009, inflation was above the upper bound of 7.5 per cent for other years. In 2010, inflation rate reached a high of 14.2 per cent. With the exception of 2017 where inflation hit 8 per cent due to drought, inflation rate was within the government's target of 5±2.5 per cent under the MTP II as a result of prudent monetary policy pursued. It is also notable that the country has enjoyed a single digit inflation rate since 2012, which is within the EAC's target of 10 per cent.

Figure 2.4: Inflation trend, 2003-2018



Data Source: KNBS (Various), Economic Surveys and MTPs, Annual Progress Reports

2.2 Savings and Investment

Savings and investments under the ERS period averaged 12.7 per cent and 17.9 per cent of GDP, respectively, reflecting a savings-investments gap of 5.2 per cent of GDP. Attainment of the Kenya Vision 2030 growth objectives required investment levels to increase from 19 per cent of GDP in 2007 to 32.6 per cent in the 2012 and 30.9 per cent in 2017. Savings were expected to increase from 12.7 per cent in 2007 to 27.7 per cent in 2017.

However, no savings and investments targets were met under MTP I and MTP II despite a review of the targets downwards.2 Savings averaged 12.1 per cent and

2 Savings targets were lowered from 16.4%, 19.7%, 22.7%, and 24.8% for 2013, 2014, 2015 and 2016, respectively. Investment targets were lowered from 24.7%, 26.9%, 28.6% and 30% in a similar period, respectively.

14.6 per cent of GDP during the MTP I and MTP II, respectively, with the highest in 2014 at 16.5 per cent (Figure 2.3). Aggregate savings did not record a strong growth despite real deposit rates increasing from an average of 4.6 per cent in 2008 to an average of 7.9 per cent in 2008. However, a study by Mwega (1990) found that real deposit rate had insignificant impact on real savings rate in Kenya. The study also found that financial savings are not significantly responsive to the real deposit rates in Kenya. Investments averaged 20 per cent under the MTP I and MTP II, with the highest in 2014 at 22.5 per cent due to increased public investments in infrastructure. Savings-investment gap widened from 5.2 per cent in the pre-Vision 2030 period to 8 per cent over the MTP I period; however, the gap narrowed to 5.5 per cent over the MTP II period. The key challenge linked to low performance of investments was insecurity, which negatively affected the inflow of investments.

Figure 2.5: Savings and investment performance, 2003-2018

Data Source: KNBS (Various) Economic Surveys, MTPs, Annual Progress Reports

2.3 Fiscal Performance

Revenues

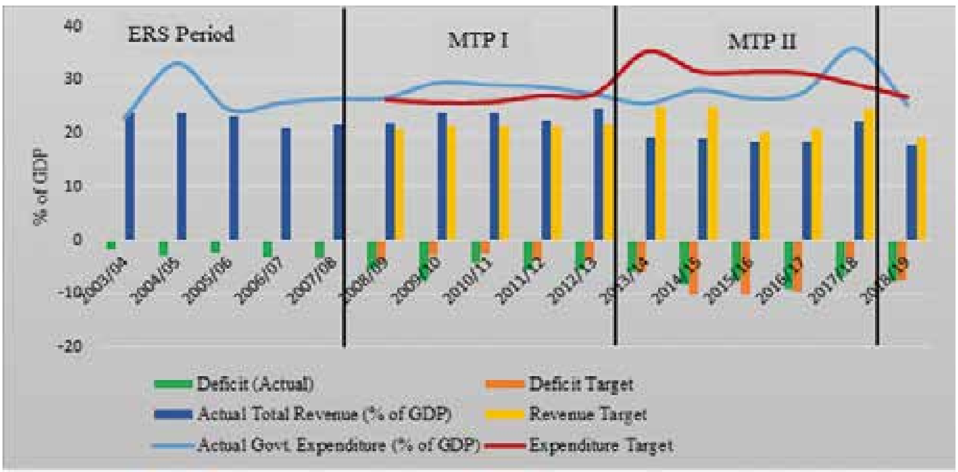
Revenue collection during the ERS period averaged 22.7 per cent of GDP, with government spending standing at an average of 26.5 per cent of GDP. Overall, fiscal deficit (including grants) averaged 2.7 per cent of GDP during the 2003-2007 period.

All the revenue targets stipulated under MTP I were surpassed; however, no fiscal deficit target was met under MTP I and MTP II. The MTP I period was characterized by several administrative and policy reforms, such as broadening of the tax base, payment of taxes through mobile money and review of different tax laws, all aimed at ensuring efficiency in revenue collection. This led to improved revenue collection, with revenue to GDP hitting a high of 24.7 per cent in 2012/13 (Figure 2.5). However, during the MTP II, the government revenue target was to raise revenue to 24.6 per cent of the GDP by 2017, which was not achieved despite several tax reforms 3 undertaken with the highest at 22.1 per cent of the GDP in 2017/18.

The government targeted to reduce expenditure as a percentage of GDP to 27.3 per cent by 2012/13 under MTP I. Even though the expenditure target was achieved in 2012/13, not all annual targets were met. For MTP II, the government's aim was to reduce spending to 29.2 per cent of GDP by 2017/18. Other than 2017/18 in which the expenditure to GDP reached 35.9 per cent, the rest of the annual expenditures were within the annual targets.

The government aimed to reduce fiscal deficit to 3.6 per cent and 3.3 per cent in 2012 and 2017, respectively. The lowest deficit for the period under review was 4.3 per cent in 2010/11 while the highest was 9.2 per cent in 2016/17. Fiscal deficit averaged 5.6 per cent of GDP in the MTP I period. However, the deficit widened by 2 percentage points to an average of 7.6 per cent of GDP in MTP II period, driven by high public investments in infrastructure and low domestic revenue mobilization.

Figure 2.6: Revenue and expenditure outturns 2003/04-2018/19



Data Source: National Treasury, MTPs, Annual Progress Reports

3 The tax reforms associated with MTP II include: Integrated tax management system; payments of taxes via mobile money, revamping of turnover tax, taxation of real estate sector, taxation of high net worth individuals, county taxation, implementation of electronic cargo tracking system, modernization of tax legislations, introduction of single customs territory, implementation of integrated single customs management system, creation of international tax office to handle transfer pricing and strengthening and revamping of tax enforcement mechanisms.

In the ERS period, the economy grew by an average of 5.5 per cent per year, while tax revenues averaged 22.7 per cent of GDP. There was a slowdown in economic growth during MTP I, as growth averaged 4 per cent with revenues averaging 23.4 per cent. However, during the MTP II implementation phase, the economy slightly improved to an average growth of 5.5 per cent, while revenues dropped to an average of 19.4 per cent. Despite the robust growth that the country has experienced, tax revenues have stagnated at about 20 per cent of GDP, indicating that they are less buoyant.

Expenditures

Recurrent spending constitutes the largest share of government expenditure, averaging 17.1 per cent of GDP during the review period. Out of this, wages and salaries accounted for 6 per cent of GDP, on average, and development spending 6.7 per cent of GDP during the same period. By end of ERS period in 2007/08, recurrent spending accounted for 18.7 per cent of GDP, with recurrent spending constituting 7.1 per cent of GDP. Development spending was 6.9 per cent of GDP in a similar period. As of 2012/13, end of MTP I, both recurrent spending and wages and salaries dropped to 17.9 per cent and 6.1 per cent of GDP, respectively. However, development spending remained relatively stable, accounting for 6.6 per cent of GDP. During the MTP II phase, there was a significant shift in government spending, recurrent spending dropping to an average of 15.4 per cent of GDP while wages and salaries averaged 4.8 per cent of GDP. Development spending increased to an average of 7.2 per cent of GDP due to increased spending on infrastructure, with the highest spending recorded at 8.8 and 8.4 per cent of GDP in 2014/15 and 2016/17, respectively.

Public debt

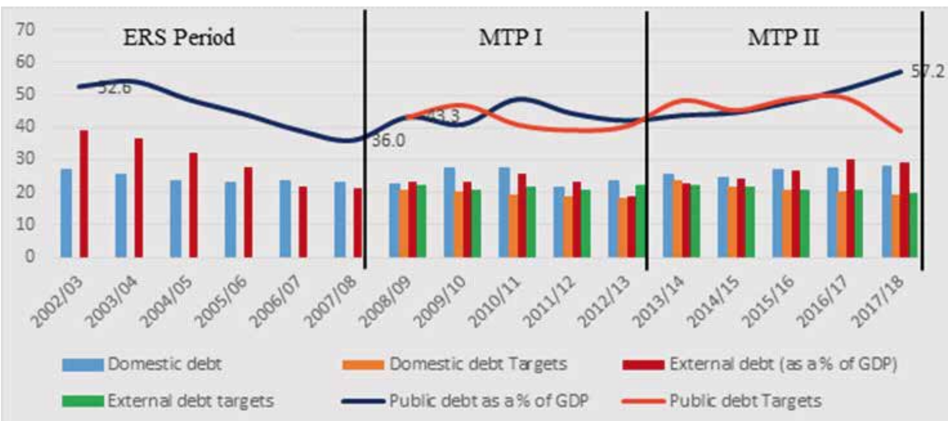
In the years prior to 2003, the country experienced high levels of public debt. To curb the rising level of public debt, the government instituted measures that tightened fiscal policy through tax and public expenditure reforms. As a result, the overall fiscal deficit between 2003 and 2007 averaged 2 per cent of GDP, compared with a target of 3.2 per cent of GDP. The resultant decline in fiscal deficit had a direct effect on public debt. The total public debt as a percentage of GDP maintained a declining trend from 52.6 per cent in 2003 to 39.1 per cent in 2007 (Figure 3.5). The ERS target was to reduce the gross domestic debt as a percentage of GDP to 25.6 as at the end of the period. The tightening of the fiscal policy by the government saw reduction of domestic debt as a percentage of GDP to 23.6 per cent as of June 2007 from 26.3 per cent in 2003, achieving the target set.

However, owing to macroeconomic instability experienced in the country in 2007/08, public debt level rose to 43.3 per cent in 2008/09 (Figure 2.6). To ensure debt sustainability, the government pursued prudent fiscal policies to reduce the debt levels to 40.6 per cent and 39.2 per cent under MTP I and MTP

II, respectively. During MTP I period, public debt levels were within the annual targets in 2008/09 and 2009/10. However, from 2010/11 to 2012/13, the actual debt levels exceeded the targets, as budget deficit widened. During the MTP II period, the economy faced persistent increase in public debt as the country focused on mega infrastructural projects given that the second MTP aimed at closing the country's "infrastructure deficit" while building on the achievements of MTP I. This led to increase in public debt from 43.7 per cent of GDP in 2013/14 to 57.2 per cent of GDP in 2017/18, with all the annual targets of reducing the debt levels unattained (Figure 2.6).

The persistent increase in public debt was also reflected in the rise of both domestic debt and external debt. The targets for both MTP I and MTP II were to reduce the level of domestic debt to 18.3 per cent and 19.4 per cent of GDP by 2012/13 and 2017/18, respectively. In addition, the Vision 2030 envisaged the reduction of external debt to 22.3 per cent and 20 per cent of GDP, respectively, over the same period. However, none of the annual targets were met under the two MTPs, with domestic debt level rising to 28 per cent of GDP in 2017/18 as the budget deficit widened. The mega infrastructural projects undertaken to realize the Kenya Vision 2030 led to an increasing trend of the external debt from 23.3 per cent of GDP in 2007/08 to 29 per cent of GDP in 2017/18 per cent of GDP (Figure 3.6). The increase in external debt is also supported by the issuance of sovereign bonds, commercial syndicated loan and increase in bilateral credits. The government is currently committed to reducing fiscal deficit in the medium-term to reduce the rising public debt. Overall, the transition from the ERS period to implementation of the Kenya Vision 2030 exerted pressure on the country's resources and, as such increase in public debt was inevitable. It is therefore necessary that the borrowed funds be invested prudently to facilitate the generation of more funds for debt repayment. This will ensure that the country's debt level continues to be sustainable.

Figure 2.7: Trend in public debt: 2002/03-2017/18

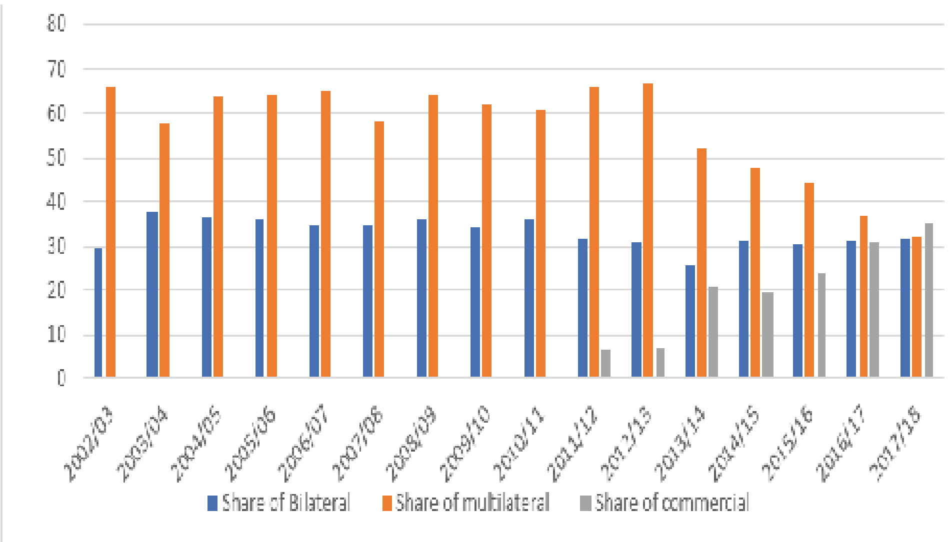


Source: KNBS (Various), Economic Surveys, MTPs I and II

Analysis of the external debt shows that during the ERS period and the first three years of MTP I, the debt mainly comprised of multilateral and bilateral sources. As at the end of the ERS period, the share of multilateral and bilateral loans was 63 per cent and 35 per cent of the total external debt, respectively. In 2011/12 financial year, the country registered its first commercial loan, contributing 7 per cent of the total external debt. At the end of MTP I period, multilateral debt contributed the largest share of external debt, with 67 per cent. However, during the MTP II period, the share of multilateral debt declined as the share of commercial loans increased. This is attributed to the increased infrastructural projects that are mainly financed through commercial loans and euro bond. The share of bilateral debt has remained relatively stable over the period under review, contributing an average of 33 per cent (Figure 2.7).

Figure 2.8: Composition of external debt, 2002/03-2017/18 (%)

Source: KNBS (Various), Economic Surveys



Under the baseline scenario, the country's external debt based on the IMF debt sustainability framework remains sustainable (Table 2.2). As at the end of MTP I, Kenya's risk of external distress was classified as low, given that all the external debt indicators were within the threshold. However, the country's risk of external debt distress increased from low to moderate by end of MTP II. This was attributed to the breach of the external debt service-to-export ratio, external debt service-to-revenue ratio, and the present value of external debt to export ratio over an extended period under the most extreme shocks, according to the 2018 IMF Country Report.

Table 2.2: Kenya's external debt sustainability framework

Indicators	Threshold	2007	Thresholds	2012	2017	2018	2019	2020	2021
		Actual		Actual			Projections		
PV of External debt-to-GDP ratio	**40**	-	**50**	19	25.9	31.4	32.3	29.1	25.6
PV of external debt-to-exports ratio	**150**	-	**200**	72.1	165.4	191.1	191.4	168.5	139.6
Debt service-to-exports ratio	**20**	5.8	**20**	39.3	59.2	39.6	75.8	85.1	87
PPG Debt service-to-exports ratio	**20**	4.8	**25**	4.1	16.5	19.9	26.2	25.6	24.9
PPG Debt service-to-revenue ratio	**30**	5.6	**22**	4.6	13.3	16.2	21.6	22	21.6

Source: IMF Country Report No. 18/295 October 2018, April 2013 and May 2009

2.4 External Market

The balance of payments position over the ERS period improved, reflecting in part the diversified sources of the foreign exchange. The ERS aimed at increasing the official foreign reserves from 2.8 months of import cover in 2002 to 3.5 months of import cover in 2007 and contain the current account deficit to an average of 6.2 per cent of GDP. During that period, the current account deficit remained modest at an average of 2 per cent of GDP, mainly as a result of large inflows of diaspora remittances and higher receipts from tourism (Figure 2.6). In addition, the official foreign reserves held by the CBK significantly increased by 128 per cent, from US$ 1,468 million in 2003 to US$ 3,355 million in 2007. This led to improvements in the months of import cover from 2.8 months in 2002 to 3.3 months in 2007, a 0.2 shortfall of the target.

Inspired by the improvements experienced during the ERS period, the Vision 2030 aimed at reducing the current account deficit to 5 per cent by 2017 and increasing the foreign reserves to 4.7 months and 6 months of import cover by 2012 and 2017, respectively. This was meant to ensure that the economy was cushioned from external shocks such as high oil prices. In addition, it aimed at maintaining the ratio of external debt service to exports at 11 per cent by 2017.

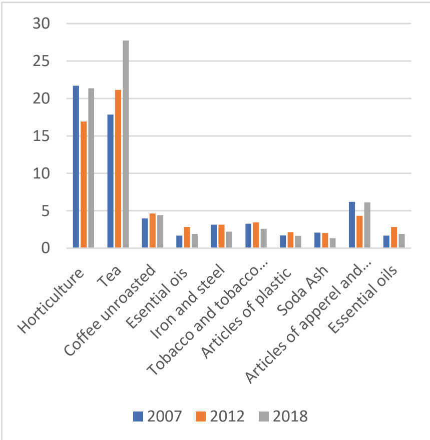
During the MTP I, the current account deficit targets were not attained, instead, it widened to 8.7 per cent at the end of MTP I (Figure 2.6). This was on account of decreased capital inflows and the widening visible and invisible trade deficits on various years over the MTP I period. Under the MTP II, the target was only met in 2015/16, with the current account deficit narrowing to 3.2 per cent (Figure 2.6). However, in 2016/17 and 2017/18, the country experienced a widening current account deficit on account of increase in merchandise trade deficit and significant growth of imports against a slow growth of exports. The significant growth in the value of imports was as a result of increased imports of food and petroleum products during period under review. Notably, in 2017, the country experienced severe drought that led to increase in imports, specifically food imports.

In general, the country's exports and imports composition remained fairly stable over the ERS, MTP I and MTP II period with horticulture, tea, articles of apparel and clothing accessories and unroasted coffee being the major exports (Figure 3.8). As at the end of the ERS period, horticulture was the leading exports contributing 22 per cent of the total exports. This was followed by tea exports and articles of apparel and clothing accessories contributing 18 per cent and 6 per cent of the total exports, respectively. During MTP I, the trend was altered with tea being the leading exports with a share of 21 per cent followed by horticulture and unroasted coffee with a share of 17 and 5 per cent, respectively. As at the end of MTP II period, analysis shows that tea exports were not only increasing but also continued to be the leading exports with a share of 28 per cent of total exports. The strong performance was supported by improved production as the exported quantities increased over the years with favourable world prices.

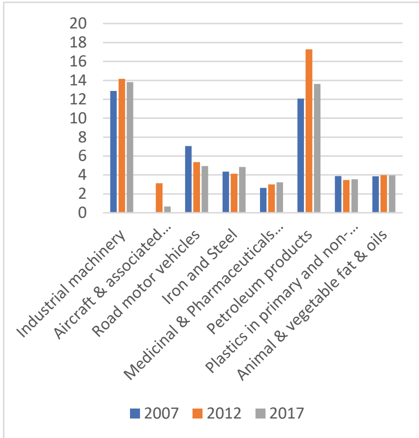
The imports composition, similarly, have remained relatively stable over the periods under review. Analysis shows that the country's leading imports are petroleum products and industrial machinery with an average share of 14.3 per cent and 13.7 per cent (Figure 2.8). Road motor vehicles imports was the third largest imports as at the end of the ERS period. However, the share of its imports as at the end of MTP I and MTP II period has been declining, registering a share of 5.3 per cent and 4.9 per cent, respectively. This is attributed to the Kenya Industrialization Policy framework availed in 2010 that aimed at spurring the motor industry. Further, the Ministry of Industrialization developed a policy document for Motor Vehicle in 2015 to mirror the National Industrialization Policy Framework. The policy aimed at promoting new investments in the motor industry and make Kenya a competitive motor vehicle manufacturer. This is expected to decline further as the country focuses on promoting the manufacturing sector as outlined in the "Big Four" agenda.

Figure 2.9: Structure of Kenya's export and imports, 2007, 2012 and 2017

Share of principal exports



Share of principal imports



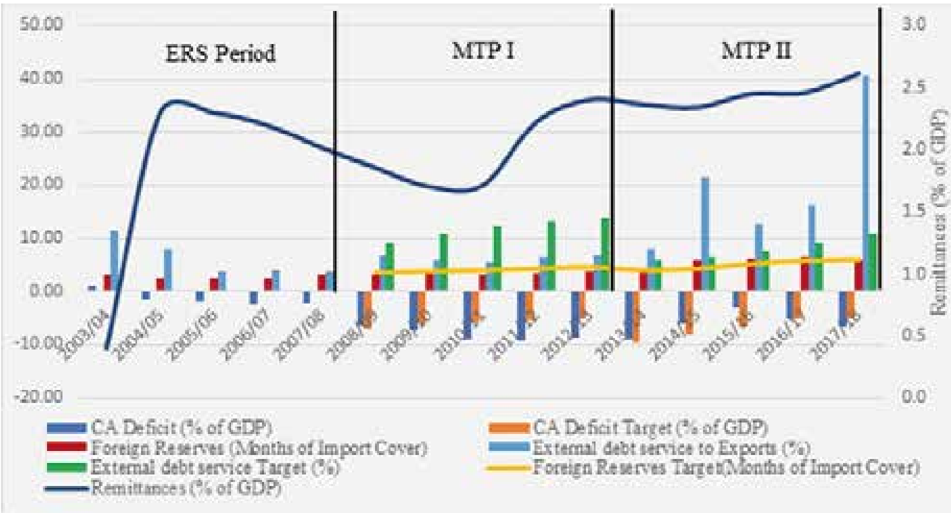
Source: KNBS (Various), Economic Surveys

On foreign reserves months of import cover, the Vision 2030 envisaged to attain 4.7 months as at 2012/13 and 6 months as at 2017/18. Significant improvements were registered during MTP I and MTP II period. As at the end of MTP I, the reserves had increased to 3.9 months of import cover from 3.2 months of import cover in 2008/09 (Figure 3.9). The remarkable improvements were also registered during the MTP II period. Within that period, all the annual targets were met, with foreign reserves increasing to the set target of 6 months of import cover in 2017/18. The achievement of the set targets was supported by increase in the country's gross foreign reserves, signifying continued government commitment in building up adequate foreign reserves to cushion the economy against external shocks.

The ratio of external debt service to exports was expected to increase to 13.8 per cent in 2012/13. However, the ratio averaged 6.2 per cent under MTP I. The under-performance was attributed to combined effects of increase in external debt servicing and marginal drop in the value of exported goods and services. However, during the MTP II period, all the targets were met, with the ratio of external debt service to exports increasing to 40.5 per cent in 2017/18, underscoring the ability of the country to service its external debt. The remarkable performance is mainly attributed to repayment of syndicated commercial loans during the period under review. The performance is a positive sign for the country as it signifies the ability to meet external obligations.

Overall, the performance of the external sector has continued to remain resilient before and after implementation of the MTP I and II. Notwithstanding the external vulnerabilities, including high oil prices and drought effects, most of the targets set were achieved. This underscores the success of the measures implemented by the government to scale up productivity and quality control regimes that were meant to enhance the country's competitiveness over the period under review.

Figure 3.10: External sector indicators, 2003/04-2017/18



Source: KNBS (Various), Economic Surveys, MTPs I and II, World Bank

2.5 Key Messages

1. Higher growth rates were realized under the ERS than during MTP I. Economic growth averaged 5 per cent under the ERS, compared to 4 per cent during the MTPI. During MTP II, growth improved to an average of 5.5 per cent. However, no growth targets were achieved during MTP I and MTP II.

2. The per capita GDP tripled between 2008/09 and 2017/18, reflecting an improvement in overall well-being of the citizens. The GDP per capita maintained an upward trend from Ksh 54,371 in 2008/09 to Ksh 174,791 in 2017/18.

3. There was a significant reduction in the proportion of the population living below the poverty line between 2005/06 and 2015/16. Poverty rate dropped from 46.6 per cent in 2005/06 to 36.1 per cent in 2015/16.

4. The country did not meet the savings and investment targets under MTPI and MTP II, despite a review of the targets downwards. Savings-investment gap stood at 8 per cent and 5.5 per cent under MTP I and MTP II, respectively. Savings and investments inflows were hampered by global financial crises and security challenges.

5. Fiscal deficit targets under MTP I and MTP II were not achieved. Overall, fiscal deficit averaged 2.7 per cent during the ERS period. However, during the MTP I and MTP II, fiscal deficit widened to an average of 5.6 and 7.6 per cent of GDP, mainly driven by high spending on infrastructure and inadequate revenue collections.
6. Increased spending on infrastructure led to significant rise in debt levels, with public debt level growing from 43.2 per cent of GDP in 2008/09 to 57.2 per cent in 2017/18. This led to increase in external debt from 23.3 per cent of GDP in 2008/09 to 29 per cent of GDP in 2017/18. The increase in external debt was driven by more of commercial borrowing, which increased from 7 per cent of total external debt in 2011/12 to 35 per cent in 2017/18.
7. The current account deficit widened from an average of 1.4 per cent of GDP in the ERS period to an average of 8.1 and 6.0 per cent of GDP, respectively. The worsening of the current account deficit was as a result of a decline in capital inflows, slow growth of exports and increased import growth due to higher importation of food and petroleum products.
8. A number of shocks, domestic and external, affected the macroeconomic performance under MTP I and MTP II. Various shocks, such as droughts, high international oil prices, global financial and economic crisis of 2008, post-election crises and insecurity affected the overall economy, hence missing some of the targets.

3. POLICY, REGULATORY AND INSTITUTIONAL FRAMEWORK

The Sessional Paper No. 10 of 2012 on Kenya Vision 2030 provides a national policy framework to guide implementation of the Vision. The Sessional Paper specifies a macroeconomic framework for realizing the objectives of the Vision 2030. The three pillars of the Vision, the economic, social and political governance are anchored on the foundations of macroeconomic stability; continuity in governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; science, technology and innovation (STI); land reforms; human resources development; and security and public sector reforms. The Sessional Paper also specifies the creation of the Vision Delivery Secretariat (VDS).

Macroeconomic framework is characterized by high and sustainable levels of economic growth, low and stable inflation and interest rates, sustainable public sector debt, and a stable real exchange rate to enhance an export-led economic growth for employment and poverty reduction. The framework assumes that most of the government expenditures will be met from tax collection, and that the overall government deficit is sustainable and does not lead to the crowding out of private sector investments. The Vision realization is pegged on a monetary policy of maintaining a low and stable inflation rate of below 5 per cent to ensure long-term economic and social prosperity. Maintenance of low inflation and stable real interest rates would avail more credit to the private sector to generate the targeted overall economic growth, employment and poverty reduction.

The Vision sets a target of sustained GDP growth of 10 per cent by the end of MTP I (2012/13) to the year 2030. For investments, realization of Vision 2030 objectives required investment level to increase from 31.3 per cent of GDP by 2012/13 and remain over 32 per cent for the 2014 to 2030 period. Building infrastructure was to be one of the key investments, among others. Public investments were to be matched by private sector investments. Realization of the above and coupled with rising imports as expected from the projected growth would help in meeting the projected external financing needed to be manageable for the rest of the Vision 2030 period.

3.1 Implementation Strategy

Implementation of the Vision is undertaken through a series of successive 5-year Medium-Term Plans (MTPs). In addition, 9 Sector Working Groups are set up to specifically oversee successful implementation of the flagship projects within various pillars and sectors. Further, the County Integrated Development Plans (CIDPs) are expected to reflect the Vision 2030. The implementation of the Vision

2030 also seeks to incorporate the MDGs and SDGs. The AU Agenda 2063, EAC 2030, and the African Continental Free Trade Area (AfCFTA).

So far, the government has implemented the MTP I (2008-2012) and MTP II (2013-2017). The theme of MTP I was “A globally competitive and prosperous Kenya”. The focus was to build the foundations for accelerating sustainable economic growth and generation of employment opportunities through a set of clearly identified flagship projects in the economic, social and political pillars and the enablers. The MTP II, whose theme was “Transforming Kenya: Pathway to devolution, socio-economic development, equity and national unity”, gave priority to devolution, rapid socio-economic development with emphasis on equity building of national unity and increasing the scale and pace of economic transformation through infrastructure development.

Presently, the MTP III, under the theme “Transforming lives: Advancing socio-economic development through the “Big Four”, is focused on four priority areas, namely: (1) increasing the manufacturing share of GDP to 15 per cent by 2022; (2) enhancing food and nutritional security; (3) achieving 100 per cent universal health care; and (4) building 500,000 affordable houses across the country. The priority areas are anticipated to drive economic growth, create more jobs, facilitate desired structural transformation and ensure inclusivity and improvement of the quality of life for all Kenyans.

Devolution is one of the by-products of the Vision, which introduced two tiers of governance. The National Government is responsible for policy formulation, coordination and monitoring of policy implementation while the devolved units are in-charge of implementation of the national government policies and the making of laws. The MTP II gives priority to implementation of devolution, with the theme “Transforming Kenya: Pathway to devolution, socio-economic development, equity and national unity”. The objectives of devolution as provided for in Article 174 of the Constitution of Kenya 2010 is to promote social and economic development and the provision of services throughout Kenya to enhance government responsiveness to the needs of the citizens. It is expected that some of the Vision 2030 flagship projects are to be implemented by the County Governments, which are required to align their County Integrated Development Plans (CIDPs) with the Vision 2030.

Kenya’s foreign policy has also been instrumental in the development of the MTPs, whereby the MTPs have sought to promote Kenya’s foreign policy objectives on promotion of trade, foreign direct investment, regional and international cooperation; the promotion of peace, security and stability and conflict resolution as a precursor to economic prosperity; sustainable management of natural resources and combating contemporary environmental issues; preservation and promotion of the country’s cultural heritage; promoting and safeguarding Kenya’s interests abroad; and enhancement of diaspora engagement and their participation in national development.

3.2 Legal and Regulatory Framework

The Constitution of Kenya 2010 is the supreme law of the land. It binds all persons and all state organs at the national and county levels (Constitution of Kenya, 2010) and it is one of the key outputs of the Kenya Vision 2030 that laid the foundation for implementation of government projects in line with the Constitution. The Constitution seeks to provide a framework to guide governance of institutions and management of public resources, which are addressed by the different articles and chapters of the Constitution.

National Values and Principles of Governance

Article 10 of the Constitution on the national values and principles of governance binds all state officers, state organs and public officers in the performance of their duties, making or implementing any public policy or in interpretation of any laws they should observe national values such as rule of law, shared prosperity, good governance, integrity, transparency and accountability, and sustainable development, among others. Observance of the values is expected to facilitate a good environment for implementation of the Vision 2030 projects. Similarly, the Constitution also sets standards for professional conduct for the public service under values and principles of public service, which include professional ethics, efficient and effective use of economic resources, responsiveness, involvement of the people and transparency. The public servants in MDAs are the main implementing individuals and agencies for the Vision 2030 and, therefore, adherence to the values of the public service is expected to be crucial in the success of implementation of the Vision's projects.

Chapter four of the Constitution provides for the bill of rights to be enjoyed by citizens. The rights cut across the spheres of political, social, economic, cultural, environment, legal and communication. This obligates the government to establish mechanisms that ensure the enjoyment of such rights. Such rights and privileges can be attained through implementation of a number of development projects, one being the Kenya Vision 2030, which will provide social and economic benefits among other objectives. The Constitution under Chapter six on Leadership, Ethics and Integrity provides a set of standards for leadership of public offices, which emphasizes on sound leadership focused on the interest of the people. It aims to inculcate a value system of selfless service for public and not personal interests; maintenance of public confidence in the integrity of the office; strict adherence to the law and oath of office; and instilling discipline and commitment in the public service to facilitate national development. Implementation of such leadership values will result in the prudent management of public resources. This should positively impact on realization of the Vision 2030 goals.

The Constitution under Article 1 (2), Article 10 (2)a b c) Article 27, 33, 69,118 and 119 provides for public participation in the conduct of service in the affairs of the people. The participation of the people is expected to provide an opportunity for the public to partake in decision making by being part and parcel of the processes involved in the implementation of a project. This includes participation in budgeting, law making and development of integrated plans. This is thereby giving them an opportunity to hold the office bearers accountable and subjecting them to social accountability.

Devolution

The Constitution also captures devolution and provides some objects of devolution relevant to equitability in development, which are: to give powers of self-governance to the people to enhance participation of the people in the exercise of the powers of the state and in making their own decisions on matters affecting them; to protect and promote the interests and rights of minorities and marginalized communities; and to promote social and economic development and the provision of proximate and easily accessible services all over Kenya; to ensure equitable sharing of national and local resources throughout Kenya; and to facilitate the decentralization of State organs, their functions and services from the capital city of Kenya, among others. The essence of devolution is to bring services, through devolution of services where the National Government is to come up with some national policies while the County Governments are to support the implementation of policies as well as formulation of laws. Counties are to integrate their County Integrated Development Plans (CIDPs) with the national development frameworks. This therefore means that some of the flagship projects were implemented by the counties.

The County Government Act 2012 operationalizes devolution as per Chapter 11 of the Constitution and provides a County Government with powers, functions and responsibilities to deliver services to the population in a county. The Act gives effect to devolution under Chapter 11 of the Constitution; the objects and principles of devolution as set out in Article 174 and 175 of the Constitution Article 176 (2) of the Constitution in respect of further decentralization. One aspect the Act captures is public participation, where counties are required to engage citizens in public participation in the activities of the county assemblies and the county executive members.

Public participation is defined as a process where, especially, disadvantaged people in a society are facilitated to influence allocation of resources, policy and programme formulation and programme implementation and evaluation (Imprato and Ruster, 2003). The Kenya Constitution 2010 promotes public participation in governance processes. The Public Participation Bill 2018 provides for this policy. The County Assembly is to develop laws and regulations giving effect to the requirement for effective citizen participation in development planning and performance management within the county, and such laws and guidelines shall adhere to minimum national requirements.

The goal of public participation is to give effect to principles of participation such as: that the public, communities and organizations affected by a decision have a right to be consulted and participate in the decision-making process; that the public views shall be considered in decision-making; and promotion of sustainable decisions for taking into account the interests and needs of the participants and decision-makers, among others. One key challenge is that there is no framework developed to guide public participation at the counties. Counties are to support the implementation of some of the flagship projects, especially those falling under devolved functions. Currently, there are no developed public participation frameworks; therefore, it may be difficult for citizens to identify the Vision 2030 flagship projects being implemented by the counties and possibly subjecting them to planning, budgeting, and monitoring and evaluation processes.

Public Finance Management

Chapter 12 of the Public Finance Management Act (Article 201) introduces frameworks governing the public finance that includes: openness and accountability, including public participation in financial matters, public money shall be used in a prudent and responsible way; and that financial management shall be responsible, and fiscal reporting shall be clear. These principles if strictly adhered to can alter policy formulation and management of public resources for the improved livelihoods of many Kenyans. The Constitution provides a mechanism for equitable sharing of revenue raised nationally, and intergovernmental transfers. The revenues raised nationally are shared equitably among two levels of government (vertical share) and among 47 county governments (horizontal share) to enable them provide services and perform functions assigned to them under the Fourth Schedule of the Constitution. Thus, the Vision projects are supposed to be subjected to finance equitability, prioritization, selection and accountability with public participation. Under the Constitution, the three arms of the government maintain operation independence, which maintains checks and balance of power. There are also other oversight independent institutions that oversee the implementation of government activities.

Public Finance Act 2018

The Public Finance Act influences the budgetary process, prioritization and selection of programmes and projects and utilization and accountability for the management of public finance in Kenya (Republic of Kenya, 2015). The Act guides the prioritization of development activities selected for implementation, and accountability to the public and the government by finance management on prudence, efficiency and effectiveness of utilization of finance. The Act can influence the level of allocation, continuation or discontinuation of a programme or reform of accountability for financial utilization.

The Finance Act of 2018 provides provisions that are aimed at supporting specific sectors of the Vision 2030 through measures such as tax exemptions and allocation of funds to support their growth. For instance, the manufacturing, wholesale and retail trade are some of the sectors that have been key beneficiaries of the Finance Act of 2018, for the financial year 2019/2020. During the year, the Act proposed 30 per cent energy reduction costs and 15 per cent reduction in presumptive income, and 15 per cent on licence fee for business with less than 5 million turnover per annum. These measures are aimed at supporting the growth of these sectors, bearing in mind the Vision 2030 is expected to play an important role in helping to attaining the 10 per cent growth of the country's GDP, creation of employment and reduction of poverty. The Act also imposed an export duty on exportation of copper waste and scrap materials. These are essential raw materials for industries, which sustain some local manufacturers and discourage vandalism of public infrastructure.

To help mobilize investments for Vision 2030 projects, the Act also provided special corporation tax for companies partnering with the government to implement some of the government projects under the Public Private Partnership (PPP). These companies are exempted from excise duty on specific goods bought to support the implementation of projects under the special arrangement framework with the government. To provide the population with adequate and decent housing in a sustainable manner, the Act proposed a 1.5 per cent tax of PAYE for housing for those in certain earning brackets. The Act also imposed new increased taxes on mobile money transfer, bank money transfers and telephone services, whereby the money collected will be used to support the affordable health care services. The focus of the MTP III is the achievement of the "Big Four" agenda, which includes affordable housing, universal health care, food security and manufacturing. During 2019/20, Ksh 47.8 billion was allocated to the UHC to scale up UHC initiatives across the counties to realize the enjoyment of equitable and affordable healthcare of the highest standards by citizens. On food security, the Finance Act of 2019 allocated Ksh 59.1 billion to the agricultural sector to support fishing, coffee, dairy, value addition, irrigation and crop diversification, while manufacturing was allocated Ksh 69.8 billion towards the provision of energy, which includes geothermal development, power transmission and distribution, electrification of public institutions, last mile connection and subsidy connection.

The affordable housing project seeks to avail a total of 500,000 housing units within a period of five years to targeted citizens earning below Ksh 100,000 per month. In 2019/20, Ksh 10.5 billion was allocated for construction of social housing units, including housing units for the National Police Service and the Kenya Prisons Service. Some sections of the funds went to the National Housing Development Fund (NHDF) on behalf of its employees, Public Servants' Housing Mortgage Scheme and Kenya Mortgage Refinance Company (KMRC).

Public Finance Management Act 2015

The Public Financial Management Act No. 18 of 2012 (amended as Public Finance Management (PFM) Act of 2015) provided for the effective management of public finances by the National and County Governments. This is intended to promote equity, transparency and accountability in the management of public finances at the National and County levels to help improve public sector performance and delivery of service. The management of Vision 2030 projects is expected to be subject to these regulations and standards and benefit from effective management of the funds.

The Act mandates the National Assembly and the Senate to provide for oversight of the different responsibilities of government entities and other bodies, and for connected purposes. The Vision 2030 identified that prudent financial management reforms are essential to efficiency and productivity in the public sector. Prudent financial management and accountability facilitates and creates a good environment for investment good, job creation and poverty reduction.

Both the County Government Act of 2012 and the Public Finance Management Act of 2015 provide elaborate opportunities for citizen participation in governance matters. The PFM legal instrument details how resources are to be shared in the country between the two levels of government. Additionally, both the PFM Act of 2012 and the County Government Act of 2012, both through (Article 201), introduce principles of public finance, among them openness and accountability including public participation in financial matters. These principles if strictly adhered to can alter policy formulation and management of public resources for the improved livelihoods of many Kenyans. Similarly, public participation in planning, budgeting and oversight at both the National and County levels of government is guaranteed by both provisions. The Vision 2030 projects are therefore supposed to be subjected to the MTEF budgeting and planning frameworks and fiscal policy requirements.

Sections 35(1) and 125 of the PFM Act outlines the stages in budget process at the National and County Government levels. The new PFM framework makes public participation mandatory in the budget making processes both at the national and county levels, and sector working groups. Their participation is expected to translate into programmes and project priorities. Budgeting for Vision 2030 programmes and projects should ideally be based on the priorities at all sector levels, medium and long-term plans captured from County CIDPs, County Annual Development Plans, and MTPs at County and National Government levels. Citizen participation helps in priority setting and providing feedback on government-funded projects. The County Government Act 2012 provides that the development of CIDPs should be done through a consultative manner by incorporating the views and input from most of the stakeholders. The document is then tabled, debated and passed at each County Assembly. The PFM Act establishes the County Budget and Economic Forum to provide a means for consultation by the respective county Government on preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the County. This forum also discusses matters related to budgeting, the economy and financial management at the county level. The Act also requires accounting officers to submit quarterly and annual financial reports. The Vision 2030 flagship projects have had a buy in of the public and ownership at the same time, and thus increasing their chances of success due to participation of the beneficiaries.

Public Procurement and Disposal Act 2015

The Act provides a framework for efficient public procurement and disposal of assets by government entities. The Act plays an important role in the development of the key sectors of the Vision 2030, through efficient and equitable distribution of national resources. For example, the award of tenders to local firms promotes local innovation and development. The Act specifies that the National and County Governments allocate 30 per cent of government tender to youth, women and people with disabilities, and that 40 per cent of the value of government procurement are locally produced goods, and that 20 per cent of the procurement are from the residents of a county.

Public Audit Act 2015

This Act provides for efficient and effective utilization of government resources. Article 229 of the Constitution establishes the Office of the Auditor General (OAG), which is expected to provide reports of audited financial accounts of National and County governments, accounts for all funds and authorities of the National and County Governments, accounts of the courts, accounts of every commission of the independent offices established by the constitution, accounts of the Senate and the National Assembly and County Assemblies, accounts of the public debt and accounts of any other entity which should require the Auditor- General to edit.

The Auditor-General is supposed to give assurance on the effectiveness of internal controls, risk management and overall governance at National and County Government; undertake audit activities in state organs and public entities to confirm whether or not public money has been applied lawfully and in an effective way; and satisfy himself or herself that all public money has been used and applied to the purposes intended and that the expenditure conforms to the authority for such expenditure. The Act also establishes the Audit Advisory Board, which shall comprise of the Auditor-General, the Attorney General, and representatives from the Institute of Certified Public Accounts of Kenya, the Public Service Commission, Law Society of Kenya and Association of the Professional Societies of East Africa. Reports by the Auditor-General have pointed out financial irregularities leading to loss of finances among government entities. This is likely to affect implementation of programmes. Similarly, lack of implementation of audit recommendations is one of the challenges. Also, functions of the Audit Advisory Board are not clear. The benefits of the mentioned processes and the challenges associated with them are expected to have affected the Vision 2030 projects.

Public Private Partnership Act 2013

The Vision 2030 envisaged that the financing and investment of the larger part of its programmes, especially in areas of infrastructure, were to be undertaken by the private sector through the Public Private Partnerships (PPPs) arrangement. The Public Private Partnership Act 2013 provides for the participation of the private sector in the financing, construction, development, operation, or maintenance of infrastructure or development projects of the government through concession or other contractual arrangements. The Act establishes the Public Private Partnership Unit (PPPU) housed at the National Treasury, which provides technical, legal and financial support to all government agencies keen to implement PPP programmes. One of the shortcomings of this arrangement is that sometimes the private sector is faced with limited financial resources, which may make them shy away from taking some of the projects and lack sufficient staff capacity. The complexity of institutional framework is another problem for the programme.

The following laws have been passed by the Kenya Parliament to support devolution: County Governments Act 2012, Intergovernmental Relations Act 2012, Transition to Devolved Government Act 2012, Urban Areas and Cities Act

2011, Public Finance Management Act 2015, Transition to County allocation Revenue Act 2013, National Government Coordination Act 2013, Constituencies Development Funds Act 2013, and Transition County Appropriation Act.

3.3 Institutional Framework for Implementation of the Kenya Vision 2030

The overall coordination and implementation of the Vision 2030 is overseen by several bodies and institutions. These include the Vision 2030 Delivery Board (VDB), the Vision 2030 Delivery Secretariat (VDS), government ministries and state agencies, private sector associations, community-based organizations (CBOs), non-governmental organizations (NGOs) and other non-State actors, among others. The other institutions that play key roles include the Presidential Delivery Unit (PDU), the Council of Governors (CoG), the National Assembly, the Senate and various County Assemblies.

The Kenya Vision 2030 Delivery Board

The Vision 2030 Delivery Board was established through Kenya Gazette No. 1386 (Vol. CXI – No 15 of 17th February 2009). Headed by a non-Executive Chairman, the role of the Board is to play a policy-making and advisory role and provide overall leadership, guidance and policy direction in implementation and sustenance of momentum in realizing the goals and aspirations of the Vision. It is also responsible for setting targets and evaluating the achievements. The board comprises a non-Executive chairman; the Head of Public Service and secretary to the Cabinet; all Principal Secretaries; Representatives of Kenya Investment Authority (Ken-Invest), the National Economic and Social Council (NESC), the Capital Market Authority; Governor of Central Bank and seven representatives from the private sector.

The Kenya Vision 2030 Delivery Secretariat

The Kenya Vision 2030 Delivery Secretariat (VDS) is a semi-autonomous agency established under Kenya Gazette No.1386 (Vol. CXI – No 15 of 17th February 2009). VDS is headed by a Director General and is responsible for spearheading the implementation of the Vision 2030 blueprint. The mandates of the VDS are to:

1. Provide strategic leadership and coordination in the realization of the overall goals and objectives of the Vision and its Medium-Term Plans.
2. Drive and manage the structural transformation process.
3. Assist in the preparation of all relevant project documents on the Vision flagship projects together with their implementation schedules and costs.
4. Provide liaison between Government Ministries and the private sector participants in each flagship project.
5. Ensure that all projects and programmes contained in the Vision and the medium-term plans are funded, launched and completed on schedule.
6. Coordinate the activities of Government Ministries and Departments and

private sector institutions that will be collaborating in the implementation of the Vision flagship projects.

7. Undertake any rapid action necessary to remove such implementation bottlenecks that may arise in the course of implementation of projects.
8. Undertake constant monitoring and evaluation of all the projects under the Vision and undertake such remedial action as may be necessary for the realization of the goals under the Vision.
9. Prepare quarterly and mid-term implementation progress reports for consideration by the Vision Delivery Board and the Vision 2030 Cabinet Committee.
10. Aggressively market the Vision and its medium-term plans and publicize and communicate its activities and achievements to the people of Kenya.
11. Recommend to the Board any revisions or additions to the Vision in the light of experience, or unexpected changes in the national or global economy; and
12. Recommend to the Government of Kenya any institutional, legal or administrative changes that may be necessary to realize the Vision goals and aspirations and the goals of the medium-term plan.

The Presidential Delivery Unit

The Presidential Delivery Unit (PDU) was established in 2015 as a centre of government function based in the Office of the President. Its primary mandate is to improve the coordination of national government flagship programmes, monitor, evaluate and report on and the timely fulfilment of H.E. the President's key development priorities. The Delivery Unit, which reports to the Chief of Staff and Head of the PDU, works alongside other essential offices and departments within the Presidency. These are Office of the Deputy President, Office of The Chief of Staff and Head of the Public Service, Cabinet Affairs Office, Office of Performance Management, State Corporations Oversight Office, Office of Budget Management and the Vision 2030 Secretariat. The PDU is run by a secretary and 4 Sector Delivery Directors based within the Presidency and performing coordination and execution roles, specifically on the "Big Four" agenda projects.

3.4 Coordination Mechanisms for Implementation of the Vision 2030

Strong coordination and collaboration are essential to effectively monitor the progress of the Vision 2030 projects. This therefore requires close coordination and monitoring and reporting of the Vision 2030 activities. The Constitution of Kenya created two levels of government that are independent but inter-dependent, the National and the County Governments, with the intention of improving service delivery by bringing services closer to the people and people being part of the decision making. The National Government is responsible for formulation of policies while the County Government is to implement the policies and make laws.

This therefore creates a horizontal type of coordination between the National and the County Governments guided by the following legislations.

Intergovernmental Relations Act 2012

The Act provides a framework for consultation and cooperation between the National and County Governments and among county governments, to establish mechanisms for the resolution of intergovernmental disputes pursuant to Articles 6 and 189 of the Constitution, and for connected purposes. The Act establishes institutional structures and mechanisms for intergovernmental relations. The objective of the Act is to provide a forum for coordinating government policy and legislation. It is understood that county governments are to play a pivotal role in planning and implementation of some of the projects and programmes identified by the Vision 2030, by aligning the implementation of County Integrated Development Plans (CIDPs) with the Vision 2030 projects and the enactment and enforcement of supportive legislations, creation of strong governance institutions, and enhancement of human and technical capacities in counties. The Act therefore provides an opportunity for solving any misunderstanding between the two levels of government in regard to implementation of the Vision 2030 projects.

The Act establishes The Intergovernmental Relations and Technical Committee (IGRTC), which is a framework for consultation and cooperation between the National and County Governments and among county governments and establish mechanisms for the resolution of intergovernmental disputes and engagement with other intergovernmental bodies and monitoring and implementing resolutions passed among the two levels of government and inter-counties. IGRTC undertakes its functions through two committees: the inter-county (amongst counties themselves) and intergovernmental (National and County governments). At the apex is the National and County government Coordination (the Summit), Council of Governors (CoG) and the Intergovernmental Relations Technical Committee. The summit comprises the President, the Deputy President and the Council of Governors where, during meeting, the President becomes the chairperson while the chairperson of the CoG becomes the vice-chairperson. The summit, which meets at least twice a year provides, a good forum for discussion on the progress of the Visions flagship projects. Intergovernmental Relations Technical Committee is responsible for the day-to-day administration of the summit and of the council by facilitating their activities and implementing their decisions. It is made up of a chairperson, eight members and principal secretary responsible for matters of devolution.

The CoG provides a forum among county governments to discuss and share information on performance of the counties for purposes of learning and promotion of best practices; considering matters of common interest to county governments; dispute resolution between counties; facilitating capacity building for governors; considering matters referred to the council by a member of the public; and considering reports from other inter-governmental forums on matters affecting national and county interests or relating to performance of counties. One of the difficulties encountered with IGRTC in its functions is lack of policies or legal frameworks for intergovernmental coordination, and lack of a policy to guide dispute resolutions. Due to this, it is hard to implement decisions arrived at by the governments, and difficult to enforce decisions.

National Government Coordinating Act 2013

The main goal and objective of the National Government Coordinating Act 2013 is to provide for effective coordination and administration of the National Government functions prescribed in the Constitution, and to ensure access to National Government services by the population. This Act also provides for the establishment of an administrative and institutional framework for coordination of national government functions at the national and county levels of governance, to give effect to Articles 131(1) of the Constitution (b) and 132 (3) (b) of the Constitution

The framework of coordination has the President at the top, the Cabinet Secretaries, the Secretary to the Cabinet and the coordination units/committees. In this framework, the President assigns Cabinet Secretaries duties according to their mandates. The Cabinet Secretaries are responsible for the development of policies to guide the implementation of functions of their ministries, while the Secretary to the Cabinet is responsible for offering support to the Cabinet Secretaries. The Cabinet Secretary shall then establish a National Government Service Coordination Units headed by the National Government Administration Officers. The units may include locations and sub-locations. The administration officers who may be recruited include the County Commissioner, a Deputy Commissioner, an Assistant County Commissioner, a Chief and an Assistant Chief in respect of every County, Sub- County, Ward, Location and Sub-Location, respectively. The Act does not state the roles of the coordinating officers; this could lead to duplication of duties or conflict between County and National government officers, which poses a threat to the distinctiveness of the two governments. Oversight and regulatory framework from government institutions is also a challenge on the part of the private sector in implementation of the project.

This presents a vertical level of coordination between ministries, departments and agencies both at the national and county governments. The interactions can be top-down or bottom-up where ministries can come up with policies to be implemented by departments and agencies, while under the bottom-up approach departments can also come up with policies that can be scaled up to influence national policies and laws.

3.5 Monitoring, Evaluation and Reporting in the Implementation of the Kenya Vision 2030

Monitoring and reporting on the progress of the Vision 2030 projects is important, as acquisition of accurate and timely information and data on the extent of implementation of the projects will go a long way in helping in decision making and attainment of organizational goal. Monitoring and evaluation of Vision 2030 projects was facilitated by the Monitoring and Evaluation Directorate (MED) under the State Department of Planning, which is charged with the responsibility of operationalizing the National Integrated Monitoring and Evaluation System

(NIMES). M&E is supported by the constitution, which seeks to promote openness and accountability in financial management of public resources.4 Parliament shall enact legislations to ensure both expenditure controls and transparency in all governments and establish mechanisms to ensure they are implemented.5

National Monitoring and Evaluation Policy

The goal of the policy is to create an enabling environment for an effective and efficient M&E system that achieves the attainment of national development goals. The key objectives of the National Monitoring and Evaluation Policy is to promote a culture and practice of M&E for evidence-based decision making at all levels of government and non-State actors undertaking public development programmes by enhancing M&E information education and communication, at all levels and creation of an enabling and conducive environment for implementation of M&E.

Reporting structure

The reporting structures are both at the national and the county level. At the national level, the reporting is by line ministries who report on all funds applied to projects and programmes and submit quarterly M&E reports to the Monitoring and Evaluation Department. The reports are utilized to inform policy actors and inform planning and budgeting. The reports are widely distributed to stakeholders, Parliament, Senate, governors, policy makers, development partners and the public for their use. The reports include annual progress reports on the current MTP, public expenditure review report, annual project monitoring analytical report, county annual monitoring and evaluation reports on the county development plan, devolved funds quarterly reports, medium-term evaluation review and MTP end -term review. At the county level, the heads of departments, parastatals and non-State actors at the county level shall produce quarterly reports on programmes and projects under implementation to the County Development Committees (CoDC) chaired by county governors. Reports from the County Monitoring and Evaluation Committee (CoME) shall be forwarded to the Monitoring and Evaluation Directorate on a quarterly basis for information and national reporting.

There is a clear framework for monitoring and evaluation, whereby if well utilized will be effective on the realization of the Vision 2030.

3.6 Challenges with the Institutional and Coordination Framework for Kenya Vision 2030 Flagship Projects in Kenya

The development of the Vision 2030 was guided and driven by the National Economic and Social Council (NESC). The NESC was tasked with supervisory responsibility over the Vision while the then Ministry of Planning and National Development coordinated the technical and financial aspects of the projects that oversaw the implementation process. NESC was in the Office of the President but was not practically playing the actual role of a national steering body. As such, the

4 Article 201 (a)Constitution of Kenya.

5 Article 225 (2) Constitution of Kenya.

Vision 2030 was less anchored in terms of the political muscle needed to achieve the set goals.

The Vision 2030 Delivery Board played a policy-making advisory role and provision of strategic leadership and direction in the realization of Vision 2030 (Vision 2030 Sessional Paper of 2012). However, there was no legislation by Parliament for the establishment of VDS.

There has been no systematic and institutionalized planning, implementation and evaluation of the Vision projects, which was undergirded by legislation. Moreover, monitoring and evaluation of the Vision projects has not been systematized and standardized or agreed indicators used by the various sectors. In addition, coordination of the Vision projects with the County Governments has not been formally institutionalized and undergirded by legislation.

Finally, local capacity development of especially county government staff has been non-existent or limited. These weaknesses arising from institutional framework are likely to have negatively affected the impact of the Vision 2030 flagship projects.

3.7 Key Messages

1. There exists a clear implementation strategy for the Vision 2030, where the Vision is to be implemented in a series of 5-year medium-term plans. There are also several sector working groups to oversee the implementation of the flagship projects in various pillars and sectors. Additionally County Integrated Development Plans (CIDPs) and Millennium Development Goals, Sustainable Development Goals, African Union Agenda 2060 and Africa Continental Free Trade (AfCFTA) are also to be incorporated into the Vision 2030.
2. There are clear and legal frameworks established to help in implementation of the Vision 2030. These include the constitution, which guides governance of institutions and utilization of public resources. Similarly, several articles of the constitution and Acts, for instance Article 10 on National Values and Principles of Governance, Chapter Six on Leadership and Integrity, Article 196 on public participation, County Government Act 2012, Intergovernmental Relations Act 2012, National government Coordinating Act 2013 and various laws on public finance management and legislation on different pillars of the Vision are key to successful implementation of the Vision 2030.
3. There is a clear institutional framework to support implementation of the Vision 2030 that consists of: Vision 2030 Delivery Board, Vision 2030 Secretariat, government ministries, state agencies, private sector, community-based organizations, and Non-Governmental Organizations. These institutions are instrumental in achieving the Vision 2030 objectives, with each institution having a clear role it plays from administration, planning, coordination, decision-making, financing, monitoring and implementation of the flagship projects.

4. A strong coordination and collaboration framework is in place to effectively monitor the progress of the Vision 2030 projects. This coordination is supported by the Intergovernmental Relations and Technical Committee (IGRTC), which is a framework for consultation and cooperation between the National and County Governments. IGRTC has mechanisms for resolution of intergovernmental disputes and engagement with other intergovernmental bodies, and monitoring and implementing resolutions. Similarly, coordination is strengthened by the National Coordination Act 2013 to effectively coordinate and administer the National Government functions prescribed.

5. For easy monitoring the progress of the Vision 2030, there is the Monitoring and Evaluation Department (MED) with an established monitoring and evaluation policy and reporting structure. The MED provides accurate data on the extent of implementation of the flagship projects. The collected data is useful in decision-making to achieve the organizational goal.

4. IMPLEMENTATION STATUS OF THE VISION 2030 ENABLERS FLAGSHIPS

The Kenya Vision 2030 is anchored on seven (7) foundations or enablers of development comprising of infrastructure, ICT, Science Technology and Innovation (STI), land reforms, public sector reforms, human resource development, and security, peace building and conflict resolution. The other enablers include Ending Drought and Emergencies and National Values and Ethics, which were added during the MTP II.

Successful implementation of the enablers is key to realization of the sectoral objectives and the overall targets for national transformation. Under MTP I and MTP II, the projects implemented focused on improving and expanding infrastructure (roads, rail network, seaports, airports and pipelines); Information Communication and Technology; over-arching role of Science Technology and Innovation; land reforms; labour and employment; security; public sector reforms; human resource development and security; national values and ethics and ending drought. Notably, a measure of peace building, and conflict resolution was incorporated within the security enabler during MTP III.

Access to infrastructure is a key enabler for sustained growth of other sectors of the economy. The infrastructural projects identified under MTP I and MTP II focussed on expansion, rehabilitation and maintenance of the road network, rail, shipping and maritime activities, aviation, ICT, energy generation, supply and access. Infrastructural projects were envisioned to improve the quality and functionality of services, bridge existing access gap, job creation and disaster preparedness and environmental protection.

4.1 Energy Sector

Energy is identified as one of the key components for economic growth as many production and consumption activities involve energy as a basic input. The implementation of the projects, programmes and policy reforms cuts across the entire energy value chain, which includes energy production, transmission, distribution and access to the end-users. The energy access programme is geared towards attaining universal electrification by the year 2022.

Increasing the level of electricity connectivity

Energy access is critical in fostering socio-economic development. In the year 2008, the national electrification level stood at only 16 per cent, with 30 per cent access in urban areas and only 4 per cent for rural areas. In accelerating the level of access, the Rural Electrification Programme (REP) was established to focus on extending electricity supply to rural areas as part of basic infrastructure to stimulate economic growth and welfare gains. Allocations for the project was consistent throughout the reporting period (2008-2017), with the total approved budgetary allocation rising significantly from Ksh 30.6 billion in MTP I to Ksh 63.2 billion in MTP II. The programme is spearheaded by the Rural Electrification Authority (REA), the now Rural Electrification and Renewable Energy Corporation (REREC) in conjunction with other energy implementing agencies. The REP also focused on electrifying public facilities such as health centres, secondary schools, polytechnics, trading centres and other administrative centres and recreational centres. Another successful programme was the School Electrification Programme, which focused on electrifying public primary schools in support of the Digital Literacy Programme (DLP) and improvement of education standards. Remarkable progress was made by the end of MTP II, whereby a total of 22,175 public primary schools and 61,728 public facilities were connected through the grid and off-grid solutions. Over the years, the REP has impacted positively on the population, with over 73 per cent of the population having access to electricity, which has immensely supported productive business activities, welfare gains among households and improved the quality of service delivery in public facilities. Energy access programmes have been instrumental, whereby the electricity customer base increased from 1,060,383 in 2008 to 2,330,962 in 2013. This was an additional 1,270,579 new customers, who surpassed the set target of 1,000,000 customers. Similarly, remarkable progress was registered under MTP II, with the customer base rising to 6,182,282 in 2017.

Despite the progress registered over the years, a significant proportion of Kenyans still lack access to affordable electricity. In addition, the projects require high capital investment requirements, which delay the financing of the projects. Other aspects that hinder effective implementation of rural electrification programmes include compensation of land acquired for the projects, which is costly due to exorbitant valuation, and vandalism, theft and terrorism of energy infrastructure.

MTP III emphasize on universal access with the concept of leaving no one behind in relation to access to clean energy source for lighting and cooking purposes. This is seen as achievable through implementation of the newly introduced Last Mile Connectivity Project (LMCP), which is expected to assist in closing the energy access gap in rural and urban households by connecting households at a subsidized fee of Ksh. 15,000 from the previous Ksh 35,000 and through off-grid solution for population far from the grid areas. It is expected that universal connectivity and affordability of clean energy will go a long way in stimulating the economy at both macro and micro scale.

Improvement of electricity supply system

The stability of energy supply is crucial in achieving universal electricity access. The projects mainly focussed on improvement of the power transmission system to enable access to quality, reliable and efficient power to meet the increasing demand. The major achievements during the review period include upgrading of circuits lines, construction of sub-stations and installation of transformers. By the end of 2018, a total of 2,365 km of high voltage transmission and construction of (30) high voltage stations had been completed, and the ongoing projects are expected to cover an area of 2,500 km against a total target coverage of 8,500 km by 2030.

Similarly, the average power interruptions per 1,000 customers per month reduced from 7.5 in 2013 to 4.4 in 2017. Electricity reliability indicators such as Customer Average Interruption Duration Index (CAIDI) and System Average Interruption Frequency Index (SAIFI) also reduced to 5.66 hours and 45.32 hours, respectively, by 2017. However, electricity transmission and distribution losses have been increasing over time from 1,062.4 GWh in 2008 to 2,444.5 GWh in 2018, arising from technical and non-technical losses, which indicates that more needs to be done to ensure the efficiency of the power system.

Other projects that are underway include the Kenya Electricity Expansion Project (KEEP) Power transmission system improvement project; extension and rehabilitation of electricity transmission lines; Lessos-Tororo 220Kv interconnector line, which was expected to be complete by year 2020, and connect Kenya and Uganda and the great lakes region countries hence facilitating regional power trade. The construction of the Ethiopia-Kenya power interconnectivity line is expected to be complete by June 2020, hence facilitating cross-border trade and increasing reliability of electricity supply. It is envisioned that access to reliable electricity acts as an incentive for establishment of key industries and for overall socio-economic benefits.

The challenges facing implementing energy transmission projects include inadequate funding, difficulty in acquiring right of way, vandalism and terrorism of energy infrastructure which has led to higher maintenance costs. In the long run, it is expected that efficient electricity transmission systems will play a critical role in ensuring reliable access to electricity by end users.

Increasing the share of electricity generated from renewable energy sources

The actual energy expenditure under the MTP II amounted to Ksh 48,911 million. Increasing electricity generation capacity mainly focused on exploration and development of geothermal energy resources. One of the key achievements was the establishment of Geothermal Development Company (GDC) in 2008. The company is mandated to assist with surface exploration and drilling for steam to avail steam to power plant developers for the purpose of electricity generation and manage the geothermal reservoirs to ensure constant supply of steam for power generation. Completion of Olkaria I; unit 4 and 5 each comprised of 140 MW in October 2014; completion of 139 MW Orpower4/ (Olkaria III) plant that is owned by Ormat; Olkaria V was commissioned in July 2019 and has installed capacity of 150 MW and is expected to supplement the phased-out diesel generators. Prior to the Vision, the government had developed Olkaria I unit 1-3 situated in Olkaria fields in Naivasha, which were commissioned between 1981 and 1985 each with a capacity of 15 MW. Olkaria II was also developed with a generation capacity of 105 MW and was commissioned in 2003 and has a lifespan of 28 years.

Currently the strategy adopted in the energy sector is to increase the share of renewable energy from renewable energy sources to 100 per cent. Therefore, the ongoing project under the MTP III include development of additional geothermal projects at Olkaria 1; unit 6 which commenced in October 2018 and is scheduled for commissioning in February 2021. Rehabilitation of Olkaria 1 unit 1, 2, and 3 is underway as the plant surpassed the life span of 30 years. The rehabilitation is expected to increase the plant power output from the current 45 MW to 55 MW for the next 25 years. Other projects that are at financing and procurement stages and are expected to be completed by the end of MTP III include the 50 MW wellhead Modular Plants; Olkaria VI; Olkaria VII and Olkaria 3 unit 7-9 (OrPower4 Steam II+III).

Geothermal is deemed as cost-effective and more environmentally friendly and is highly reliable with an estimated lifespan of 25-30 years. The advancement of geothermal projects under MTP III is expected to provide an additional 913 MW, which will be critical in provision of reliable, adequate and cost-effective energy supply to support industrial activities and the small businesses and households. Currently, Kenya is ranked as the eighth largest geothermal electricity producer in the world with an installed capacity of 690MW, and the country has a potential of generating 10,000 MW.

The challenges hindering effective implementation of geothermal projects include long and tedious acquisition process in acquiring land, and higher valuation for the projects.

Promotion of energy efficiency measures

Energy Efficiency (EE) means using less energy to produce the same amount/level of service or useful output. Under the MTP I, Energy Efficiency Enhancement (EEE) project was given a budgetary allocation of Ksh 1,267 million, which was mainly directed towards establishment of Centre for Energy Efficiency and Conservation (CEEC) under the Kenya Association of Manufacturers (KAM) to undertake subsidized energy efficiency audits and other programmes for the industrial sector and SME sectors.

The other key development in energy efficiency was the phase I focusing on efficient lighting project, also referred to as the Compact Fluorescent Lamps (CFL) project, which was conducted from 2009-2012 targeting middle- and low-income households spearheaded by KPLC to encourage use of energy efficient appliances in the household sector. Under the phase 1, a total of 1.25 million energy saving bulbs were distributed. During the second phase, which was from 2015-2017, a total of 3.3 million energy saving bulbs were distributed and sensitization on energy efficiency programme was carried out.

Other related initiatives supported under EE include promotion of energy efficiency and conservation in public buildings, undertaking energy audits in government buildings, solar water heaters installation in residential sector, and energy efficient street lighting programmes. To support one or more aspects of energy efficiency and conservation in the country, the sector adopted various policies, legal and regulatory frameworks, including Energy (Appliances' Energy Performance and Labelling) Regulations, 2015 and Energy (Solar Water Heating) Regulations, 2012; Energy Policy, 2018; and Energy Act, 2019, among others.

Some of the key impediments to the advancement of EE in Kenya is low awareness on energy efficiency measures, solutions and options for distributors and small-scale energy consumers whereby consumers cannot make informed decisions on energy efficiency measures and only consider the price of a product to make a purchasing decision. EE technologies are expensive compared to the inefficient ones and, therefore, due to the hierarchy of needs and the weak purchasing power, consumers tend to choose the cheaper appliances to be able to purchase all the other products that they need.

Based on the energy challenges identified, there is need to enlighten households not only on the importance of the concept and practice of EE, but also on the existing EE policies and initiatives. This would likely increase the demand for and access to EE measures. As it is, the supply segment of the energy value chain is not met by any significant demand to make a transformative change in EE promotion.

Under the MTP III, the aspect of energy efficiency is underscored under Science, Technology and Innovation through the establishment of Renewable Energies Research Laboratory to conduct advanced research and development in the areas of solar energy, wind energy and biofuels to ensure use of clean energy and increased energy efficiency.

Petroleum and coal exploration

Petroleum exploration and distribution was introduced under MTP I, with an actual expenditure of Ksh 3.131 billion between 2010/2011 to 2012/2013. Early oil discoveries in the Tertiary Rift Basin and gas were discovered in the offshore wells of Lamu Basin. This clearly put the country as a viable producer of oil and gas. Following the discoveries, MTP II projects focused on drilling of 17 oil exploratory and 22 appraisal wells. Other key milestones included modification of tanks and related facilities for receipt of crude oil for the interim scope for the Early Oil Pilot Scheme (EOPS), completion of the roadmap and report towards a Petroleum Master Plan for Kenya, and gazettement of an additional 17 new oil exploration blocks.

Notably, new energy projects introduced under MTP II focused on increasing electricity generation capacity through nuclear energy, Liquified Natural Gas (LNG), coal exploration and mining. Following the identification of the projects, Kenya Nuclear Energy Power and Energy Agency was established to oversee establishment of a nuclear energy facility and development of a legislative and regulatory framework; site identification of the nuclear power plants; continued capacity building through both national programme and international partnerships; public education and advocacy; and establishment of a research and development institute in the energy sector. Also, the agency is expected to develop the National Nuclear Energy Policy, ratify and domesticate regional and international obligations such as Convention on Nuclear Safety. The targets set on producing 328 MW from coal powered plants and 1,250 MW from Liquified Natural Gas (LNG) were not achieved under the review period, hence the projects were not advanced to MTP III.

One of the impending issues is on viability of coal exploration as it stands to be phased out by renewable energy sources now referred to as the future of energy production and use, as the country is transitioning from coal and fossil fuels to green baseload. The other challenges identified include lack of access to land and compensation causing project delays and increased cost; inadequate financial resources; high incidences of insecurity in project areas; inadequate appropriate equipment and technical skills in the sector; high community expectations in exploration and development, which slows down project implementation; and inadequate data on oil and gas blocks, and other minerals to inform investment decisions.

Petroleum exploration and distribution activities that had begun were advanced to MTP III, with a target of establishing the Centre for Petroleum and Gas Exploration Research to undertake research and technology development in oil and gas exploitation. Similarly, activities under EOPS were advancing, hence the commencement of transportation of oil from Lokichar to Mombasa for export in 2018. EOPS project under MTP III was to assist in establishing the mechanical and chemical properties of the crude oil. Further, EOPS aims at introducing Kenya crude oil to the world market and enable full oil field development through Extended Well Testing. It provides an interim step in the development of Kenya oil resources. Other areas under the MTP III focus on commercialization of the oil and gas discoveries, final Field Development Plan for South Lokichar field Basin (blocks 10BB and 13T), drilling of production and re-injection wells, drilling of exploratory and appraisal wells, gas exploration, production and utilization while ensuring environmental integrity, and government back-in participation in oil producing blocks. Notably, following the enactment of the Petroleum Act, 2019 a framework is provided for contracting, exploration, development and production of oil and sharing of petroleum resources.

Increase in capacity of petroleum products transportation and storage

Development of oil pipelines and storage facilities was achieved in MTP II. Completion of 450 km 20-inch new Mombasa Nairobi pipeline in June 2018 increased the Mombasa-Nairobi pipeline flow rate by an additional 1000m^3/hr compared to the old pipeline which had installed capacity of 830m^3/hr. In addition, a 10-inch pipeline parallel oil pipeline from Sinendet to Kisumu was completed in April 2016. The pipeline increased capacity for product receipts into Kisumu by 350m^3/hr prior to the 110m^3/hr received at the depot through the previously existing pipeline. The construction of four additional storage tanks at Nairobi terminal was completed in May 2018, recording a combined capacity of 133,000m^3 from the prior capacity of 100,00m^3. The storage tanks are to efficiently provide enough capacity for receipt of higher volumes of diesel and super petrol products, following the recent completion of the new Mombasa-Nairobi pipeline.

Development of other oil infrastructure that took place in MTP II include: Construction of Kisumu Oil Jetty (KOJ), which commenced in 2017 and was completed in February 2018. The jetty is intended to facilitate the use of the lake transport and provide an alternative more efficient and cost-effective mode of transport to Uganda and other landlocked countries, enable growth of business and support blue economy activities. Further, lake transport is expected to reduce product adulteration, dumping and road carnage and degradation experienced on the predominant road transport. Generally, additional pipelines have increased efficiency for the entire pipeline network and capacity to handle higher volume, thereby enhancing security of supply to meet the local and future local and export demand and local business opportunities. Larger pipelines have also contributed to demurrage incurred by vessels waiting for off load in Mombasa, through faster evacuation of products.

The challenges faced in implementing various projects include late delivery of issued for construction (IFC) designs by consultants, which results in delay in procurement of materials and equipment, and local community issues in giving wayleaves, and delay in approval of civil works due to unfavourable weather conditions.

The petroleum distribution projects advanced to MTP III includes LPG distribution and storage facility in Mombasa, which is currently at the planning stage. The completion of the facility is expected to enhance LPG supply infrastructure through development of 20,000 MT bulk LPG import handling and storage facilities in Mombasa, and 2,200 MT bulk storage facilities in Nairobi. This will ensure availability and accessibility of LPG at competitive prices to support the promotion of the use of LPG as clean household fuel. Implementation of Mwananchi LPG Project (National LPG Enhancement Project) will enable take up of LPG usage by increasing LPG per capita consumption from two (2) kg per person per year to fifteen (15) kg and enhance LPG penetration from 10 per cent to 70 per cent, thereby providing an affordable and cleaner alternative to forest-based fuels for the urban poor and the rural population.

4.2 Transport Sector

Expansion of roads

Expansion of the roads programme was identified as a major flagship project under MTP I and MTP II. The road expansion programme allocation was consistent over the review period, with the approved allocations increasing significantly over the years. The key achievements include rehabilitation and reconstruction of 1,863 km, periodic maintenance of 2,649 km and routine maintenance of 236,603 km. Some of the other key projects undertaken include completion of Nairobi-Thika super-highway, construction of roads under the Northern Corridor Transport Improvement Project (NCTIP), and improvement of rural accessibility through the Roads 2000 Programme. The key projects were also implemented under MTP II, including construction and rehabilitation of 2,779 km under the National

Government and 471 under the County Government. Under the East Africa Road Network Project (EARNP), which focuses on construction and management of national trunk roads, a total of 137 km was done through construction of Modika-Nuno (23 km) and upgrading of Voi-Mwatate-Taveta (114 km).

Some of the challenges in the road sector include inadequate financing and high capital investment requirements, high construction and maintenance cost, inadequate enforcement of traffic regulations and axle load limits, and difficulties in wayleaves/right of way acquisition for road projects.

The expansion of road programmes was advanced to MTP III with the aim of construction/rehabilitation of 10,000 km of roads comprising of 2,500 km of conventional roads and 7,500 km of low volume sealed roads under various components of the programme.

Lamu Port Southern Sudan and Ethiopia Transport Authority (LAPSSET)

Under the LAPSSET, construction of road network is identified as one of the key components of the project. The objective of the LAPSSET project is to open up Northern Kenya and provide a reliable transport corridor for Ethiopia and Southern Sudan. The milestone registered under MTP I was the initiation of the LAPSSET Authority. Under the MTP II, four lots of road network were completed, namely: Isiolo-Merille River (136 km); Merille River-Marsabit (143 km); Marsabit-Turbi (121 km) and Turbi- Moyale (127 km).

The pending lots of road networks that were advanced to MTP III include Loruk-Barpelo (62 km), Garsen-Lamu-Witu (175 km) and Lamu-Isiolo road sections. Final designs for Isiolo-Nginyang road section are yet to be completed.

A key challenge in implementing the LAPSSET project is lack of a coordination mechanism between various implementing agencies and a clear framework on phases of implementing various components of the project, and lack of adequate funding for the project.

Improvement of air transport

Kenya's aviation modernization and expansion programme was introduced under the MTP I to meet the aviation safety and security standards set by Federal Aviation Administration (FAA) and International Civil Aviation Organization (ICAO) while increasing the efficiency of air transport through enhanced passenger and cargo handling capacity. The key achievement under MTP I includes modernization of air navigation system and restructuring of existing air space to effectively provide air navigation services by installing infrastructure in various parts of the country. This was implemented at Jomo Kenyatta International Airport (JKIA), Kisumu International Airport and selected airstrips countrywide. Under the MTP II, the focus was on making Kenya the aviation hub in the African region through construction and modernization of aviation facilities to target an annual capacity of 45 million passengers. The key milestones include expansion and modernization of aviation facilities at Jomo Kenyatta, Moi and Kisumu International Airports, and selected airstrips countrywide and completion of 1.4 km runway at Isiolo airport. It worth noting that the construction of the green-field terminal at JKIA project under MTP II was halted. Following the implementation and development of key expansion and modernization projects, Kenya attained category one status for international safety and security compliance granted by Federal Aviation Administration.

Various aviation and modernization projects were advanced to MTP III, including the construction of runway and associated facilities at JKIA that was under MTP I. Other key programmes identified under MTP III includes: completion of detailed designs and expansion/rehabilitation of Terminal 1- B, C and D at JKIA, and improvement of security at major airports. The construction of the second runway first identified in MTP II was advanced to MTP III. Other projects identified for implementation under MTP III include rehabilitation of Moi International Airport, expansion of Malindi and Isiolo Airports, and rehabilitation and maintenance of airstrips and airports countrywide. It is estimated that the completion of the identified projects will improve the passenger handling capacity from the current 6.5 million to 9.0 million.

The challenges faced in implanting various projects includes lack of adequate and skilled flight safety inspectors, rapid technological changes in equipment for the provision of air navigation services, and lack of capacity for various professionals in the aviation field.

Development of a bus rapid transit system

The Nairobi metropolitan region bus rapid transit (BRT)/system was introduced under the MTP I to improve commuter transport system within Nairobi metropolitan. The plan was to develop the transit system along various metropolitan corridors including: Athi River Town to Kikuyu Town (approximately 38 km), Thika Town to the Central Business District (approximately 50 km), and JKIA to the Central Business District. (Approximately 25 km). However, no progress was registered under MTP I. The projects were pushed to MTP II, but there is no concrete progress registered.

Following the unsuccessful implementation under MTP I and II, the BRT project was advanced to MTP III under the Mass Rapid Transit (MRT) programme as one of the components of Decongestion of Cities and Urban Areas Project. The project aims at easing congestion, reducing travel time and costs and enhance connectivity in cities and urban areas. It is expected that construction of Bus Rapid Transit (BRT) infrastructure and facilities will be done during the implementation period. Other projects focussing on MRT include development of Nairobi Commuter Master Plan, improvement of the Nairobi Railway, construction of Nairobi Viaduct, and development of integrated urban transport system. Further, the programme will also involve construction of Mombasa Gate Bridge, development of Mass Transport Transit Systems in Mombasa Gate City and improvement of Mombasa commuter rail.

Little progress has been registered in implementing the above-mentioned projects due to financial constraints. There is lack of a clear policy, legal and institutional framework for development of Mass Rapid Transit System to be implemented in MTP III.

Development of national transport integrated masterplan project

The National Transport Integrated Masterplan project was initiated to ensure that investment and location of the transport infrastructure and services are consistent with other public policies. Under MTP I, the actual expenditure was Ksh 1 billion. However, little progress was registered under MTP I and II, hence pushing the implementation of the plan to MTP III. Following unsuccessful implementation, the government is expected to fast-track the development of a 50-year Transport Master Plan (TMP) as a Vision for the long-term multimodal transportation system in the country. Further, the plan is expected to provide the government and the private sector with a systematic decision-making tool for investment in transport infrastructure over the next 50 years with a view to improving efficiency and effectiveness of service delivery and enhancing revenue- earning capabilities.

The major challenges experienced in implementing the project was lack of coordination in designing of the plan among various stakeholders.

Improvement of shipping and maritime facilities by dredging of Mombasa port

Dredging of the port is aimed at deepening the channel to 14.5 metres to enable larger post-Panamax vessels to access the port and thereby remove the risk of the port slowly evolving into a feeder facility, which larger vessels have no access. The key achievement under MTP I and II includes completion of dredging and widening of Mombasa Port and the development of Berth No. 19. The estimated approved and actual expenditure for the year 2013/2014 was Ksh 720 million. The depth of the channel deepened by (-14.5) from an initial depth of (-9) to handle bigger ships, which has increased maritime operation at the port, thus enabling larger post-Panamax vessels to access the port. It is anticipated that the deepening of the channel will translate to greater efficiency, hence, to reduced cost of imports, which will impact positively on the economy through increase in total cargo handling and increase in total container traffic.

However, the dredging of the port disrupted the ocean ecosystem, leading to a reduction in the fish catch by fishermen, which directly affects their income.

Second container terminal

The objective of the second terminal is to provide new handling facilities at Mombasa port to increase port cargo handling capacity by 1.2. Million TEU, increase efficiency, and increase per port revenue. The project was allocated funds as a key flagship under MTP I and II with no progress registered in MTP I. The first phase of the project delayed and was implemented between 2012-2016 at a capacity of 550,000 teus. The second phase commenced in August 2018 and is expected to handle an additional of 450,000 teus.

Under the MTP III, the programme focuses on expansion of the Second Container Terminal Phase II and III.

Improvement of shipping and maritime facilities through enhancement of ferry services

The objective of ferry services programme under MTP 1 was to revamp water transport on Lake Victoria, replace the old vessels in Mombasa, and establish cruise ships and floating hotels network on the Indian Ocean and Lake Victoria to promote tourist activities. Although funds were allocated, little progress was registered by the end of MTP I. However, considerable progress was registered by end of MTP II, with the acquisition of 2 additional ferry with a capacity of 1,500 passengers. The purchase of the second ferry is underway and expected to start operation by 2020.

The challenges encountered in implementing various programmes includes poor coordination between KFS and the county government of Mombasa in implementing various projects.

Expansion of railway transport through the construction of the Standard Gauge Railway

The Standard Gauge Railway (SGR) was a key flagship project in MTP I and MTP II. The project is envisioned establish Kenya as an efficient transport and logistics hub in the region. By the end of the MTP I, preliminary designs for Mombasa-Malaba Standard Gauge Rail were completed and the first phase of Standard Gauge Rail (Mombasa to Nairobi) was completed in MTP II and the commencement of the second phase (Nairobi-Naivasha) commenced. It was envisioned that the construction of Phase 2 (Nairobi-Malaba), which comprises Phase 2A (Nairobi-Naivasha), Phase 2B (Naivasha-Kisumu) and Phase 2C (Kisumu-Malaba) would be complete by the end of MTP II.

The challenges encountered include delayed funding and vandalism of the rail infrastructure. SGR is expected to handle 50 per cent of the freight cargo throughput, thus easing the pressure on roads, lowering the cost of doing business, and enhancing trade and regional integration in Eastern Africa.

The Nairobi-Naivasha gauge rail was completed in 2019. Other projects identified under MTP III include the construction of a rail link from Lamu to Miritini and Nairobi and Mombasa Commuter Rail Improvement projects.

Information communication technology: Penetration rate for mobile subscriptions

Under MTP I, the sector made tremendous progress. Demand for Internet and data services has been rising with Internet subscription increasing from 1,579,387 subscribers in 2009 to 43,329,434 Internet users as of December 2018, representing 83 per cent of the population, which has enhanced business activities and created job opportunities. During the MTP II, the penetration rate for mobile subscriptions improved to 91.9 per cent in 2017 from 74.9 per cent in 2013.

In a rapidly globalizing world, one of the concerns in MTP I and MTP II was to enhance the level of ICT utilization in development and management of the country's infrastructural base. Roughly 60 per cent of the National ICT infrastructure is to improve universal access to ICT services. The National Optic

Fibre Backbone Infrastructure (NOFBI) was extended from 4,300km in 2012 to 6,400km in 2017, linking fifty-seven (57) towns within the country. This has led to increased Internet access speeds in the country and providing a gateway to reaching the last mile Internet connectivity.

Under the County Connectivity Project (CCP), all the forty-seven (47) county headquarters were connected to the National Optic Fibre Backbone Infrastructure (NOFBI) cable and seventy (70) buildings to provide the last mile connectivity at the county level. In addition, co-location and related services to host twenty-nine (29) sites across the country was acquired. Under the Government Common Core Network (GCCN), the Government Data Centre (GDC) was upgraded, and cloud-computing infrastructure implemented to increase consolidation of the existing database systems and provide sharing of big data among MDAs, counties and sub-counties. Further, 12 additional network engineers were recruited to maintain the infrastructure to ensure availability and reliability of the networks. Other initiatives introduced in the sector include establishment of digital villages, digitalizing government records and providing connectivity to government, learning and social institutions; software development and film production; and establishment of an open data portal. The programmes have immensely contributed to Kenya being ranked second in Africa and 22nd (2012) worldwide in the open data initiative. The Digital Literacy Programme (DLP) targeted learners in all public primary schools and is aimed at integrating the use of digital devices in learning. So far, ICT Authority has distributed about 1,167,353 devices to 21,639 primary schools across the country.

The challenges impending the ICT sector include inadequate safeguards against cyber-crime and ICT media abuse. There also exists a huge digital divide between rural and urban areas; slow adaption of harmonized services; vandalism of ICT infrastructure; lack of or inadequate supply and uninterrupted power supply; inadequate human capacity for research and development in ICT; and e-waste disposal.

It is evident that cyber security and safeguards against media abuse are critical for the development of the sector, and therefore the need to adopt appropriate strategies and policies to have a secure country. Enhancing the uptake of ICT technology will to large extent improve services delivery. Similarly, provision of adequate information resource centres in rural areas will facilitate bridging rural urban digital divide, and reliable supply of electric power, which is critical in provision of ICT services.

4.3 Ending Drought Emergencies

The aim of the flagships on "Ending Drought Emergencies (EDE)" is to manage climate induced disasters by strengthening people's resilience to drought and improve the monitoring of, and response to emerging drought conditions. The 4 flagships under EDE were commenced in MTP II, with the timeline of this flagship being between 2013-2017. The flagships are a). Integrated Drought Early Warning System; b). Hunger Safety Net Programme; c). The National Drought and Disaster Contingency Fund; and d). Integrated Knowledge Management System for Drought. The flagships are to be implemented at the national level, with the lead implementing agency being the National Disaster Management Authority (NDMA).

Of the four EDE flagship projects, two have been completed and in use. These are the Integrated Drought Early Warning System and Hunger Safety Net Programme. The National Drought and Disaster Contingency Fund flagship is not operational mainly because the regulations to operationalize the fund are still in Parliament. The establishment of the Integrated Knowledge Management System of Drought flagship is in progress.

In MTP II, the estimated total costs for the EDE projects were Ksh 31,877 million. 24,617 million was allocated among the four flagship projects, of which Ksh 2,000 million was allocated to the National Drought and Disaster Contingency Fund, Ksh 22,000 million to Hunger Safety Net Programme, Ksh 17 million to Integrated Knowledge Management System for Drought, and Ksh 120 million to Integrated Drought Early Warning System. Twenty-five (25) per cent of the amount allocated to Integrated Drought Early Warning System was from the government, with the balance from development partners. The total funds allocated towards the Integrated Knowledge Management System of Drought are from the EU.

Key Achievements

Several achievements were made in MTP II in the EDE sector. The key success includes the development of Common Programme Framework (CPF) for EDE to guide all investments in drought risk management. The National Drought and Disaster Contingency Fund was established under the NDMA Act 2016 to avoid loss of livelihoods and late response to drought that turns into disasters and emergencies. A Rapid Response Fund (RRF) was established within the review period to support the reduction of violent conflicts in the ASAL counties through early detection and quick response. A surge mechanism has been adopted for health and education systems in ASALs to ensure effective response during drought and other calamities in ASALs. The National Council for Nomadic Education in Kenya (NACONEK) has been operationalized under the Ministry of Education to address unique challenges facing education in pastoral areas.

Under the Hunger Safety Net Programme, 100,868 households in four ASAL counties of Turkana, Marsabit, Wajir and Mandera have benefitted from cash transfers over the years, with households being paid Ksh 5,400 every 2month. In addition, during drought periods, up to 220,000 household have been getting cash transfers depending on the drought period. These would be the hardest hit households who need a fund to cushion them. There has also been the promotion of drought resilience of vulnerable households through investment in over 4,000 community-based micro-projects in the ASALs, with support from WFP, UNDP, WB, AfDB, EU and Adaptation Consortium. The Hunger Safety Net Programme has been effective as it has reduced reliance of households on food assistance. Some households have even been able to open business and small farming, especially where funds are given in a lumpsum (these has been of up to Ksh 20,000) due to delays in disbursements. The flagship project on Integrated Knowledge Management System of drought has established a Knowledge Unit. The unit is placed under the Directorate of Planning, Monitoring and Evaluation.

Further, achievements under the integrated drought early warning system flagship project include the modernization and strengthening of the drought early warning system by integrating remote-sensed data, refining the threshold that determine each drought phase, and use of mobile phone technology to produce drought early warning bulletins for every county on a monthly basis. In addition, NDMA produces 276 drought early warning bullets and 46 long rains and short rains food security assessment reports for every county. The early warning bulletins are available on the website by 5th of the end of the month.

Key Challenges

The main challenges and constraints faced in the implementation of EDE flagship projects include the high frequency of extreme weather conditions. Climate-related risks are likely to persist and increase in frequency, with greater negative impacts on food security, conflicts and migration, environment degradation and desertification if not managed.

Further, despite having all flagships in MTP II on EDE carried over to MTP III, deliberate efforts are required to enhance the effectiveness of the projects for the achievement of desirable results. For instance, in terms of financial support, whereas all projects under EDE received funding, there are key issues related to sustainability of the funding. Development partners provide significant funds for the EDE projects, and, in some cases, they finance the total budget as has been the case for the Integrated Knowledge Management System for Drought flagship.

Sustainability is also a challenge in the sense that funding for EDE projects mostly falls under the development budget, which is subject to cuts and has to be justified every year. Other than finance, some EDE flagships have inadequate technical staff and procurement challenges that cause delay in project implementation.

Other key challenges faced in implementation of the EDE flagships include difficulties in identification of beneficiaries under the Hunger Safety Net Programme, despite having proper criteria for beneficiaries. There are also challenges with utilization of drought early warning information. Despite having the early warning and safety net systems in place, droughts and floods continue having disastrous effects on the communities affected. At the county level, the response rate by counties to early warnings is very low, waiting for the national government to respond. On the other hand, the realization of the benefits associated with the contingency fund have not been realized due to pending regulations to operationalize the fund.

In terms of data, the government through IFMIS does not have project-based data (i.e., estimated costs; approved budget and actual expenditure), which are key for monitoring and evaluation. Where available, there are many inconsistencies in the data availed. This limits the extent to which impact analysis of the flagship projects can be achieved.

Lessons Learnt

Several key lessons were identified in the MTP I and II analysis of the EDE flagship projects.

1. It is evident that Ending Drought Emergencies (EDE) is a key foundation to enhancing food and nutrition security, one of the "Big Four" initiatives for national development. In MTP III, the government has prioritized implementation of the policies, programmes and projects outlined in the EDE by allocating increased resources and partnering with regional countries and other stakeholders, including the private sector.
2. MTP III has increased the indicative budget for the four flagships by 60.8 per cent (from Ksh 31,877 million to Ksh 51,249 million) to be financed by the government and development partners. While this is a welcome move, action should be taken to ensure the indicated amounts are actually allocated towards the projects without heavily relying on development partners to ensure sustainability.
3. Lessons from MTP II indicate that implementation of the flagships does not translate to success of the programmes. There is need for an enabling environment, which includes preparation/sensitization of expected users. MTP III should therefore also aim at addressing all other non-financial challenges faced in MTP II, such as challenges with utilization of information, and weak structures to disseminate information at the national level, to ensure full operationalization of the flagships once implemented.
4. To increase funding for the flagship projects, there is need to mobilize funds and other resources taking into account national resources, donor funds, loans and public private partnerships (PPPs).
5. There is need to strengthen communication and linkage between National and County Governments for rapid response to disasters such as droughts.

5. IMPLEMENTATION STATUS OF THE ECONOMIC PILLAR FLAGSHIP PROJECTS

5.1 Tourism

"To be a top 10 long haul tourist destination offering a high-end, diverse, and distinctive visitor experience"

Under the Kenya Vision 2030, the sector targeted to implement nine (9) flagship projects, namely: cradle of mankind; resort cities initiative; upgrading of premium parks; under-utilized parks initiatives; development of niche products; community-based tourism initiative; development of coastal beach ecosystem management; business and conference tourism; and destination marketing initiatives.

Several achievements were made including the following:

- *Policy framework*

During MTP I the Tourism Act 2011 and a Sessional Paper to guide the development of the sector were finalized.

- *Resort cities initiative*

Land for Isiolo and Lake Turkana resort cities was identified, and prefeasibility studies completed, and communities sensitized on the importance of the project. However, construction of the cities is yet to start. The Cradle of Mankind Tourist Circuit that incorporates Sibilo National Park, Central Island National Park and Southern Island Park around Lake Turkana region to promote niche products was established. In addition, the government surveyed, gazetted and rehabilitated several national monuments and historical sites for tourists' attraction.

- *Community-based tourism initiative*

Under the community-based tourism initiative flagship, during MTP I, a Cultural and Heritage Tourism strategy and an Agro-Tourism strategy were developed, while in MTP II, sensitization and awareness trainings on homestays and agro-tourism were carried out in Western Kenya, Central and North Rift tourism circuits. Over 200 homestays and 50 agro-tourism operators were identified for certification at end of 2013/14. However, due to limited resources allocated, the process was not completed.

- *Business and conference tourism*

Significant progress was achieved under the Business and Conference Tourism flagship. A National Strategy on Meetings, Incentives, Conventions and Exhibitions (M.I.C.E) was developed, M.I.C.E product mapping framework developed, and the KICC refurbished at Ksh 51 million. The Tourism Finance Corporation undertook feasibility study for development of Mombasa Convention Centre. Land for development of a Marina was identified and acquisition commenced. The government initiated the process of identifying potential partners to construct the Bomas International Convention and Exhibition Centre through Public-Private-Partnership.

This flagship is capital-intensive and requires sufficient allocation of financial resources to be realized.

- *Destination marketing initiatives*

Good progress was realized in implementing the destination marketing initiatives. Substantial financial resources were allocated to market Kenya's tourism, both internationally and domestically, under the Tourism Markets Recovery Programme. Through these marketing efforts, tourism volumes from emerging markets such as India, China and Russia increased. The implementation agency participated in international forums to market the country as a tourism destination in diversified source markets and conducted various campaigns to promote domestic tourism, such as "Tembea Kenya", and "Travel Diaries".

Key challenges

1. At the national level, existence of multiple implementing agencies makes it difficult to allocate resources and coordinate implementation. For instance, whereas the Ministry of Tourism and Wildlife is the lead agency in the development of resort cities, the funding mechanism and role of other agencies is not clearly stipulated.
2. Limited financial resources hampered implementation of some of the flagship projects, such as the envisaged resort cities, development of the Bomas International Convention and Exhibition Centre, and homestays licensing and development.
3. Communal land tenure also delayed/halted acquisition of land for the resort cities located in the LAPSSET corridor (i.e., Isiolo and Turkana resort cities). There were also concerns that the resort cities would disrupt socio-economic livelihoods of pastoralists.
4. Land speculation around the proposed sites for the flagships increased the cost of acquisition of land.

5. Terrorism-related insecurity and travel advisories from key source markets during MTP II led to reduction in inbound tourism arrivals and earnings and growth in the sector.
6. Niche tourism product development in the country did not keep pace with emerging needs of multi-generational travellers who seek experiential tourism, hence missing out on serving a vital market segment.
7. Climate change is causing changes in the ecosystems and natural resources required to sustain the tourism industry.
8. Weak inter-governmental collaboration (i.e., national versus county) in the tourism sector has reduced the speed of implementation of flagships in the counties.

Lessons learnt

9. There is need to engage communities (public participation) when designing national/regional flagship projects, including those crossing two or more counties.
10. Collaboration with national and regional agencies/governments on security is critical in ensuring investor confidence in tourism flagships (e.g., case of projects located in insecure areas) and sustained visitor safety and tourism earnings.
11. Yield (the expenditure injections of tourists) is a better metric for tourism performance measurement than number of tourist arrivals. Therefore, a focus on yield is an important aspect of business strategy to maintain and enhance tourism competitiveness.
12. Need to explore new funding models for tourism marketing in Kenya, diversifying from traditional funding sources.
13. Emerging media can be utilized to market specific tourist sites and experiences as unique destinations through 'user-generated-content' (UGC). Since the current generation of travellers are 'liberated' and can arrange their own travel through online platforms, Kenya's tourism industry will need to work towards reaching tourists at their point of need, especially through technology.

5.2 Agriculture, Livestock and Fisheries

The theme for the Kenya Vision 2030 for the agricultural sector is an innovative, commercially driven and modern farm and livestock sector. A focus across five key strategic areas was made, including: reforming and transforming institutions such as cooperatives, regulatory institutions, and research agencies into complementary and effective entities that enhance growth of the sector; increasing market access by value-addition through processing, packaging and branding of agricultural produce; transforming land use by ensuring improved utilization of high and medium potential lands; enhancing productivity through provision of inputs and services to a wider audience of stakeholders in the agricultural sector; and developing arid and semi-arid lands for both crops and livestock. The five areas were initiated in the Medium-Term Plan I of the Kenya Vision 2030.

The six flagship projects implemented in the agricultural sector under Medium-Term Plans I and II of the Kenya Vision 2030 were: enactment of the consolidated agricultural reform; fertilizer cost-reduction investment; disease free zones; land use master plan; ASAL development project; fisheries development and management, and development and management of the 200-mile exclusive economic zone for marine fisheries. The land registry was not a flagship project for the agricultural sector during Medium-Term Plan I of 2008-2012 but was added during Medium-Term Plan II. The status of each of the six flagship projects implemented during MTP I and II are briefly analysed below for achievements or status of implementation, challenges and lessons learnt. Other analyses are made on institutional framework, locations of the project, expected outputs, outcomes and impact, anticipated times lines for completion and resource and budget allocation (budget level, absorption, budget gaps, source of funding, human resource), other inputs and sustainability issues with respect to resources and project concept. A summary in terms of project objectives, targeted actions and the build-up of issues during project implementation is also provided. Details of achievements or status of implementation of the six flagships is summarized.

Consolidated agriculture policy and legal framework

The agricultural sector was operating old colonial legislation dating back to the 1930s until 2008 when institutional, legal and policy framework reforms were instituted through the Kenya Vision 2030 economic blueprint from 2008. The goals on which reforms were focused aimed at availing more land for cultivation, improving agricultural productivity and enhancing access to more and existing markets. Reforms also aimed at setting up industry development funds and mechanisms for dispute resolution in the agricultural sector. The reforms were expected to enhance operational efficiency, reduce marketing costs and increase the influence of producers in the organizations. The consolidation of agricultural policy, legal and institutional framework during MTP I had to do with the scattered operation of laws and regulations in the agricultural sector by different government departments and ministries. These included departments and ministries dealing with lands, water, the environment and local authorities, besides the Ministry of Agriculture. The handling of related activities in agriculture by multiple agencies posed a potential risk of inter-agency conflict to the detriment of farmers.

The planned regulatory agency was to balance the needs of producers, processors and consumers. Mechanisms for coordinating overlapping mandates of various government departments that impact agricultural productivity were implemented to minimize duplication of efforts and inter-agency competition and conflicts. Priority was therefore given to enactment of the Consolidated Agricultural Reform Bill to provide the relevant legal framework for the desired changes mentioned.

Institutions with the mandates for the changes sought were the Ministry of Agriculture, Ministry of Livestock and Fisheries, Agricultural Sector Coordination Unit, Attorney General, Ministry of Regional Development Authorities, Ministry of Cooperative Development and Industry. The implementing agencies added to the above ones for this project during MTP II were: Ministry of Industry and Enterprise Development, Council of Governors, Ministry of Lands, Housing and Urban Development and NTD.

The objectives for the reforms were to develop appropriate policy frameworks and update agricultural legislation. The expected outputs/outcomes were to have a consolidated agricultural policy and legal framework and main sector policies finalized during 2008/09-2012/2013. The specific changes the reform bill sought were: changing from laws that limited competition in the agricultural sector to laws that enhance competitiveness and regulate the sector for the benefit of both the domestic and foreign investors; getting government institutions to facilitate the sector by creating stable, enabling and regulatory environment; avoiding making parastatals play multiple often contradictory roles in licensing, regulation, processing, marketing and lobbying to making their functions mainstreamed in an appropriate institution with clear, complimentary and unambiguous mandates and roles; and having parastatals to take clear, core government functions, roles and mandates. This project continued into MTP II during 2013-2017.

The consolidated agricultural policy and legal framework sought for a merger of agriculture, food, fisheries and livestock departments into an umbrella institutional structure, ALFFA during MTP I (Agriculture, Livestock, Food and Fisheries Agency) that was to combine Agriculture, Livestock, and Fisheries departments of the Ministry of Agriculture. However, during MTP II, a consolidated policy and legal framework was attempted to create two more agencies, namely: Kenya Agricultural and Livestock Research Organisation (KALRO) and Agriculture Fisheries and Food Agency (AFFA) besides the Department of Agriculture (State Department for Crops Development and Research) after Livestock and Fisheries Departments delinked from the planned umbrella ALFFA organization for the core departments under the then Ministry of Agriculture, Livestock and Fisheries. The consolidation resulted into the three institutions based on separate legislations addressing mandates, regulations and institutional overlaps. Livestock and Fisheries departments had not undertaken similar policy and legal framework consolidations by the end of MTP II. The Agriculture Fisheries and Food Agency (AFFA) did not include the Fisheries Department, since the State Department of Livestock opted out from the word go from AFFA. The Agriculture and Food Agency (AFA) is the only agency consolidated from the initially proposed ALFFA and later AFFA.

The role the State Department for Crops Development and Agricultural Research performs is now of policy and strategy formulation, data management, capacity building and quality assurance. KALRO's mandate is now the conduct of research in crops and livestock and dissemination of research products to farmers and other users. AFA's role is now to enforce regulations and provide services to the agricultural sector. The status of implementation of agricultural institutional policy and legislation framework for the State Department for Crops Development and Agricultural Research is outlined. The results indicate that the status of implementation of policy and legal framework consolidation may be regarded as moderate, in that the last remaining stages such as signing of the bills, etc by the Cabinet or approval by Parliament are accomplished for the remainder of the policies and regulations. Only the agriculture policy has been finalized. For regulations, only AFA bills on crop policies have been undertaken. Institutional consolidation of the three agencies already mentioned is complete, except for the State Departments of Fisheries and Livestock. Institutional consolidation implementation status is moderate, with only three out of the five institutions planned for consolidation having fully consolidated. One major problem was in regard to lack of appropriate legislations for creating new sectors to mainstream the consolidation process.

Fertilizer cost reduction

This project was initiated because the productivity (quantity of livestock or crop produced per unit area per unit time say per year) levels of many crops and other agricultural produce was below the potential since the 1980s and 1990s. The institutions mandated to implement the project were: Ministry of Agriculture, Livestock and Fisheries; Ministry of Transport and Infrastructure; and Ministry of Cooperatives Development. The yield and value per hectare of some crops and livestock over a five-year period (2001-2005) before the first Medium-Term Plan was started in 2008 had levelled off or were declining. In 2005, for example, a total of 45,200 tonnes of coffee was produced, of which 56 per cent came from smallholders while 44 per cent was from coffee estates. Although, the amount of coffee from smallholders was greater than that from the estates, the productivity in the large estate farms was greater than that of smallholder farms by a factor of 10. It was determined that increasing coffee productivity in smallholder farms to the same level as that of large estates in 2005 would have led to a total increase in coffee production by 76 per cent, almost doubling production.

The objective of this project was to facilitate farmers' access to quality and affordable fertilizers. The Ministry of Agriculture, Livestock and Fisheries had set three goals for fertilizer cost-reduction, namely: bulk purchasing of fertilizers, fertilizer blending to suit different soil types, and establishing a local fertilizer manufacturing plant. The expected outputs/outcomes were streamlining of fertilizer supply, feasibility study on fertilizer blending plant, implementation of results of the feasibility study, capacity building for fertilizer use, and enhancing the capacity of farmer institutions to order and distribute fertilizer to increase outputs/yields. In MTP I, the Ministry of Agriculture through the National Cereals and Produce Board (NCPB) did bulk purchasing of fertilizers through importation by a consortium of firms.

In MTP II, the Ministry of Agriculture, Livestock and Fisheries directly imported and engaged NCPB to distribute fertilizers through its 46 depots in each of the counties, except Tharaka Nithi County. During MTP I, fertilizer consumption was estimated at 300,000-400,000 metric tons, and this increased to about 800,000 metric tons at the end of MTP II. This is most likely due to the changes in DAP fertilizer price from Ksh 6,000 before MTP I to Ksh 2,500 at the end of MTP I. Government subsidy on fertilizers made DAP price to reduce from Ksh 1,800 to Ksh 1,500 in 2018. The market price for DAP was Ksh 3,500 by 2019. Toyota Tshusho in Eldoret has been blending Baraka fertilizers since 2015 and has been selling the fertilizers commercially rather than at the expected subsidy prices. The objectives of facilitating farmers to access affordable and quality fertilizers and outcomes of increased smallholder use of fertilizers and the conduct of a feasibility study on the construction of a fertilizer plant were still pursued in the second Medium-Term Plan (2013-17). The project achieved its objectives on bulk purchasing of fertilizers, largely fertilizer affordability to a large extent, and on fertilizer blending.

Arising issues from the project include problems with budgeting by the National Government for the project in that since 2015-2018, the NCPB was not refunded the subsidy component of the fertilizer cost reduction project, with implications for sustainability of the project. There are problems with the supply of rocks (Michingo) needed for blending the fertilizer, and unnecessary long bureaucratic delays in procuring the imported fertilizer. This may have jeopardized the timeliness of domestic fertilizer supply. Vetting of farmers for issuance of the subsidized fertilizer and their payment are problematic due to local chiefs and vetting committees not doing their job above board. Only genuine farmers need to be registered in advance to enhance efficiency in the purchase of subsidized fertilizer. There may be need to reform the NCPB structure and legislation such as Cap 338 Laws of Kenya to make the institution effective and sustainable and play private commercial role and collaborate with the private sector by offering them services of storage and distribution of fertilizer at a cost. The NCPB could then be self-financing, although it would require funding for a start before it takes off as a viable commercial outfit.

Development of disease-free zones

The objective of this project in the livestock sector was to reduce the prevalence of livestock diseases and enhance livestock market access locally, regionally, and in external markets by meeting international phytosanitary standards. Thus, the quality, quantity and value of the processed meat animals that Kenya would export could be raised. The criteria for selection of the project were underlying the fact that there was under-utilization of almost a half of the 24 million hectares of ASALs under livestock production, making it necessary to increase livestock production of which the surplus output could be exported to Middle Eastern countries. These markets have demanded quality Kenyan meat in the past.

The concept of establishing regional-based disease-free zones in which the zones where animals are produced are isolated by fencing, such that free grazing by pastoralists would be excluded, was initially planned in MTP I. However, the plan was dropped because of its impracticality and political risks. Instead, a value chain risk management concept involving isolating and providing quarantine to animals earmarked for export for 20-30 days for monitoring for diseases was initiated. Livestock isolation projects are located for export animals at Bachuma LEZ (Taita Taveta), Kurawa (Tana River), and Marshalling in Miritini (Mombasa) before the animals isolated for observation of any diseases are shipped overseas. Internal quarantines are being undertaken at Marsabit and Laikipia counties, among other counties. At Bachuma, for example, the lab was built but was not yet equipped by 2019. Double fencing has been done, and water troughs and sheds have been done. Also, electricity, house for staff, roads/infrastructure and pens for keeping animals have been constructed. The project was judged by implementers to be 60 per cent complete. The other projects had not advanced to the level of the Bachuma one and can reasonably be regarded to have been implemented only to a moderate extent.

One of the key emerging issues was a change of the design of the project from a quarantine dimension to one of isolation of animals before they are dispatched for export and production in ranches in sanitary conditions before isolation for disease monitoring near the port of export.

Development of agricultural land use master plan

The objective of this flagship was to ensure land utilization according to classification of the land. The land categories classified were for: human settlement, mining, tourism sites, industrial development, agricultural development, real estates, and transport infrastructure. The main challenges experienced so far are uncontrolled sub-division, and urban and informal settlements sprawl into prime agricultural areas. There is need for all sectors of the economy and the County Governments to implement the National Spatial Plan to enable achievement of sustainable land use.

ASAL development project, crops and livestock

The ASALs represent 84 per cent of land mass of Kenya and remain largely unexploited. ASALs have about 24 million hectares of land that can support livestock production, but only a half of the land was being utilized for livestock production during 2000-2005. Further, another 9.2 million hectares of ASALs can be used for crop production if put under irrigation. Much of this land is accounted for by the stalled Bura and Hola irrigation schemes in Tana River County.

The underlying criteria for ASAL development in MTP I and MTP II was to address poverty and inequality between individuals, regions and along gender, which has been exacerbated between the ASALs and the rest of Kenya over time. The development of crop and livestock production in ASALs was to ensure that the potential irrigable land and dryland livestock production be enhanced to contribute to overall national agricultural output, thus address inequality and poverty among Kenyans living in the ASALs vis-à-vis Kenyans in non-ASALs. Other criteria for enhancing the development of ASALs was to ensure that Kenya abides by the UN's MDGs and SDGs of addressing poverty and/or food security for all people in the world. Meeting the above MDGs and SDGs could mainly be realized through development of the livestock and crop production potentials of the ASALs. Since the two mentioned irrigation schemes made up much of the irrigable land in the ASALs, emphasis was given to their revival during MTP I and MTP II, in addition to other potential irrigable ASALs.

The objective of this flagship project on ASAL development was to expand irrigated area in the Tana Delta and Athi River basins, and other ASALs to achieve increased production output and agricultural productivity. The project would initially bring 600,000-1,000,000 million hectares under irrigation. Of that, a total of 125 million acres was to be from the old schemes (Bura, Hola, Kano, Bunyala, Perkera and Mwea) while 150,000 acres were to come from smallholder irrigation schemes. The rest of the irrigation expansion was targeted to come mainly from Galana Kulalu in Tana River County. However, only 10,000 acres has been demarcated for carrying out irrigation trials in Galana Kulalu so far. The other irrigation schemes targeted for expansion in the Tana Delta were Rahole in Garissa County, Hola and Bura Irrigation Schemes in Tana River County, and Turkana and Kerio Valley in Elgeyo Marakwet. In MTP I, expansion and rehabilitation of the old irrigation schemes managed by the public through the National Irrigation Board was implemented. In MTP II, a goal of preparing 140,000 acres per year for irrigation was planned. More details of the status of implementation are provided.

Development and management of 200-mile exclusive economic zone

The project was introduced for the first time during MTP II in the period 2013-2017. The objective of the 200-mile EEZ for marine fisheries was to increase the capture and culture fisheries production by 10 per cent annually and reduce post-harvest losses from 25 per cent to 5 per cent by 2017. The Tuna Fisheries Development and Management Strategy was launched in 2014. The Fisheries Development and Management Bill was enacted on 3rd September 2016.

Key challenges

The key challenges in development of a disease free zone included inadequate funding in all project phases, and especially during 2016/2017 financial years; bureaucracy; cultural attachment tied to traditional production in livestock numbers; land acquisition challenge; drought occurrence negating production; delayed Bill of Quantity for infrastructure; change to devolved system; weak coordination among the Veterinary Department, Ministries of Agriculture and Public Works among others; delayed land acquisition due to wildlife conservation requirements; and lack of extensive fencing, which challenged biosafety management.

The main challenges with the fertilizer cost reduction were lack of sufficient fund allocation by the Ministry for the project and NCPB; delays in fertilizer imports; bureaucratic processes in procurement for fertilizers; sustainability of project in question; potential corruption in tenders and distribution; lack of raw materials for manufacturing/blending; inability to do bulk procurement; logistical challenge in distribution; challenge in vetting qualified deserving farmers; lack of monitoring from imports to farmer; opposition to NCPB role by the private sector; NCPB starved of subsidy funds to pay of commercial loans; NCPB short of staff.

The major challenges with the consolidated agricultural policy and legal framework were inadequate funds for consolidation; lack of appropriate legislation for creating new sectors; and every department intends to be of its own and not be swallowed in one organization. KALRO had challenges of harmonizing remuneration for staff with diversified qualifications in numerous research institutions.

The main challenge with development of agricultural land use master plan has been un-controlled sub-division of land, sprawl of urban and informal settlements into prime agricultural areas, and lack of spatial plans.

The major constraints and challenges with the ASAL development project included weak monitoring and evaluation systems; inadequate funds, which also varied with time-affected operations; coordination problems between the National and County Governments in the project cycle since the National Irrigation Board (NIB) could not let go or facilitate collaboration with County Governments in some cases yet agriculture is a devolved function; some essential equipment were not available to contractors; Galana Kulalu affected much by rivalry and weak coordination by multiple agencies involved; low farmer uptake of irrigation due to lack of information to them; Hola has not taken off; Mwea expansion to occur from, 25,000-35,000 acres, courtesy of a dam; water use efficiency allowing double cropping now in Mwea; increase in irrigation expansion in Turkana County since 2013-2017.

The key challenges in development and management of 200-mile Exclusive Economic Zone have been high cost of ocean patrol; lack of stock assessment in the deep sea and so investors cannot assess the potential of business in Kenya's EEZ in the oceans; information; high cost of research for stock assessment including security, researchers and other experts, etc; inadequate skilled personnel for deep sea fisheries; and illegal, unregulated and unreported fishing in deep sea.

Lessons learnt

There should have been laws for guiding the mandatory formation of new sectors and ensuring that no agency within consolidated sectors would dominate the other to allay fears of some agencies being swallowed by others. Adequate funds should have been provided to facilitate institutional consolidation. Because the problem was not addressed, some departments such as Livestock Production and Fisheries are carrying out their own consolidation.

Sustainability of the fertilizer cost-reduction project should have been the most important goal for the project in that eventual takeover of the fertilizer market by the private sector with limited Government intervention should have informed the design of the project. This should have ensured a gradual establishment of the private sector in supplying fertilizer to the market, and policy and regulations should ensure that competition addresses fertilizer quality, timeliness and effective and equitable distribution of fertilizer across the country. The roles of the Ministry of Agriculture and that of the NCPB should have been clear, and not changing for example when the Ministry took over the role of importing or engaging the private sector in importing fertilizer, rather than leaving this role and distribution to NCPB.

The challenges such as un-controlled sub-division of land and urban sprawl into prime agricultural areas and informal settlements imply that appropriate land use policy or strategy and agricultural policy should have already been in place and in operation to address the challenges above. This is especially the case because of the challenges of population growth and low incomes from agriculture that have been the norm for the country.

The major lessons learned regarding ASAL irrigation development and irrigation expansion in other ASLAs are as follows: prior feasibility studies on the maximum potential land for possible irrigation expansion in the Tana Delta should have been done before the flagship project was proposed and accepted; plans for expansion should not be too ambitious but modest, such that the country could have adequate financial, human, technical and other resources for implementing irrigation expansion; there should be a focus on projects such that once planned and implemented, the a project does not suffer especially from budgetary inadequacies and irregularity; budget plans should have corresponded to what was possible and not turn out to be too little and variable due to revisions after every financial year of either MTP I and MTP II; there should have been an assessment of the human and technical resources needed before the flagship projects were planned, such as enough qualified civil engineers, irrigation engineers, quantity engineers, etc; the problem of coordination among technical and policy individuals or departments in the government should have been well planned and agreed on.

The human resources needed here were enormous, such as stock assessment researchers, other experts and security experts for establishing the 200-mile EEZ for marine fisheries flagship project, and this information was not available before. A lot of information regarding the human and capital resources needed for investment in this project were needed even before the project was proposed.

5.3 Trade

"A formal sector that is efficient, multi-tiered, diversified in product range and innovative

The Kenya Vision 2030 seeks to make trade a formal sector that is efficient, multi-tiered, diversified in product range and innovative. The Vision seeks to achieve this by enhancing efficiency in domestic marketing system by lowering transaction costs through institutional and regulatory reforms, investments in infrastructure, capacity building and linking domestic with regional and global markets. The sector comprises five main economic areas, namely: distribution and wholesale trade, retail trade, international trade, informal trade, trade in services and electronic trade (e-trade).

The key undertakings to improve the wholesale and retail trade in the Kenya Vision 2030 include:

- Streamlining the supply chain by reducing the number of players between the producers and the consumers by linking the producers to the markets. There will also be efforts geared at improving the quality of goods by enforcing standards and reducing informal handling of goods.
- Establishing small operator retail markets that will be organized market entities for the small-scale producers.
- Expanding the formal market outreach by creating a duty-free port, expanding retail trade by wooing local and foreign investors into the country.
- Training on business skills and marketing.

The trade sector is one of the key sectors of the economy due to its immense contribution to the country's economic growth and employment creation. It plays an important role in economic transformation through linkages of production and markets, enhancing efficiency in production, increasing access to more varieties of products through distribution process, and employment creation. Domestic wholesale and retail trade employs 60 per cent of informal sector employees. The contribution of the trade sector to GDP and employment are shown in Table 5.1

Table 5.1: Wholesale and retail trade contribution to GDP and employment (formal and informal sector)

Year	Contribution to GDP (%)	Contribution to formal employment (%)	Contribution to informal employment (%)
2008	10.2	7.6	59.4
2009	9.8	7.9	59.6
2010	7.7	9.0	58.4
2011	8.1	9.1	58.2
2012	7.8	9.2	60.7
2013	8.0	9.3	60.0
2014	8,0	9.3	60.1
2015	7.5	8.9	59.8
2016	7.2	8.9	59.7
2017*	7.4	9.0	59.9
2018*	7.5	9.1	59.9
2019 *	7.6	9.2	59.8

*Source of data: KNBS (Various), Economic Surveys; * Provisional actual*

The domestic and international trade sector plays a significant role in economic growth and employment creation. According to the Economic Survey 2020, the wholesale and retail trade employs 60 per cent of informal sector employees, but only 8 per cent of formal wage employment. The contribution of the trade sector to GDP and employment during the period 2014-2018 is shown in Table 6.1. The wholesale and retail sector are an important source of growth of GDP, contributing 7.6 per cent during the year 2018.

In addition, it is expected to facilitate the realization of the "Big Four" agenda, especially increasing the contribution of manufacturing to GDP, affordable housing and attainment of food and nutritional security. According to World Bank's Ease of doing Business Report 2020, Kenya improved 5 places to position 56 from position 61 the previous year.

The flagship projects identified for wholesale and retail sector in the Kenya Vision 2030 popular version and identified in the MTP I include:

Development of at least 10 wholesale hubs with a pilot project in Maragua

The objective was to improve the supply chain of small operator retail market and expand formal market outreach.

The government had identified land and secured it for construction of the wholesale hub in Maragua, Murang'a County. Scheme and detailed designs for the proposed wholesale hub were completed and geotechnical and topological surveys undertaken. However, the project has not been allocated funds since 2014/15, and therefore little progress has been achieved in terms of completion of architectural drawings and actual construction.

With no budgetary allocations, the project is technically stalled. The CIDP for Murang'a further collaborates this, given this project was not reported in CIDP II. Indeed, upon interrogation, one respondent from Murang'a County informed the field survey team the following regarding the pilot:

> "...the land in Maragua that was initially designated for this project was re-allocated for the setting up of a milk processing plant in 2017. This change was motivated by the following facts. Murang'a County has numerous small scale milk farmers. Setting up the milk processing plant at Maragua is aimed at enticing the small scale milk farmers to sell their milk at good prices through their cooperatives in order to make Murang'a County a milk collection point. The Maragua location is also easily accessible due to good road networks in the area, which is imperative for the transportation of a product as highly perishable as milk. Moreover, the land on which the project is situated was lying idle after traders rejected it for the Vision 2030 wholesale hub project. In addition, the land is owned by the national government and there are no controversies surrounding it".

Construction of at least 10 tier one retail markets with a pilot project in Athi River

To construct tier one retail market in Athi River to improve efficiency and increase market share of products sold through formal marketing channels.

The scheme and detailed designs for the proposed tier 1 retail market were completed and geotechnical and topological surveys undertaken. The designs were disseminated in six counties, namely Mombasa, Nairobi, Taita Taveta, Murang'a, Uasin Gishu and Kisumu counties, which have been identified for development of similar markets. However, the project has not been allocated funds since 2014/15 and, therefore, little progress has been achieved in terms of completion of architectural drawings and actual construction. In addition, there is lack of a dedicated team to deliver the project. The fact that the selected counties, other than Nairobi, do not report this flagship reveals that it may not be a priority. The 2018-2022 CIDP for Nairobi targets the purchase of land and construction during 2018-2022, but the project is yet to commence. Under the circumstances, the project is technically stalled.

Create between 1,000 and 1,500 producer-based groups (PBGs)

The objective was to enhance integration of small and fragmented, largely informal, individual producers into a big individual source for final consumers and intermediate players. The government will then facilitate linkages between the producer-based groups and formal markets.

The sector profiled 350 PBGs through identification of economic activities, challenges faced and expected mitigation measures to address the challenges. A strategy for implementation of PBGs interventions was developed and shared with six counties for implementation.

According to the medium-term plans, the creation of PBGs was prioritized in MTP I, with reported 1,326 created by MTP II, which went on to prioritize the profiling of the producer business groups based on their needs. By 2018, 350 PBGs were profiled. However, it is not clear which counties were these PBG established and why the strategy was not shared with rest of the counties. The nature of registration of the PBGs is also unclear, given producer cooperatives exist in Kenya.

National electronic single window system

The overall objective of the Kenya National Electronic Single Window system was to facilitate international trade in Kenya by reducing delays and lowering costs associated with clearance of goods at the Kenyan borders, while maintaining the requisite controls and collection of levies, fees, duties and taxes, where applicable, on imports or exports.

The Single Window was commissioned in October 2012 and in October 2013, the System went live with some of the modules. Implementation of the TradeNet

System was completed during the MTP II period, with all the 20 planned modules having been finalized. The project was funded by Government of Kenya and development partners. This system is in line with the World Trade Organization (WTO) Trade Facilitation Agreements (FTA), which call for member States to establish a single window to expedite, facilitate and simplify cross border trade. The expected objectives for the Single Window have been achieved through use of the Electronic Single Window platform as a single-entry point for submission, receipt and processing of trade-related cargo clearance documentation.

The system integrates with the electronic systems of stakeholders involved in cargo clearance, such as KRA, KEPHIS, KPA, etc. Trade documents are lodged through the Single Window System and are accessible at all the border stations to regulatory agencies in Kenya, making it easier for stakeholders to access the documents electronically prior to the arrival of cargo at the borders.

The key achievements include:

1. Cost reduction where automation of processes and procedures has resulted in reduction of delays, improved convenience and substantial cost savings estimated at US$ 25.36 million (Ksh 2.5 billion) as traders compliance costs associated with transport/travel, time, administration (e.g., document preparation, photocopying) and telecommunication have been reduced or eliminated.
2. Improved connectivity, security, process and procedures where the average number of process steps involved in processing client's applications reduced by almost 50 per cent. The TradeNet System is also more secure and can only be accessed by authorized staff.
3. Increased level of automation where the report observed that before implementation of the TradeNet System, a paltry 19 per cent of the total trade facilitation processes and procedures in all relevant government agencies were automated – majority of the work was manual. As of 30th June 2018, 87 per cent of them were automated through the TradeNet System. This has reduced costs and delays and allowed more stakeholders to engage in trade facilitation.
4. Faster clearance and release of cargo due to the removal of potential to falsify documents, which has secured Government agencies confidence in document processing through the TradeNet System, and this has speeded up their processing. It has minimized time required to confirm authenticity of documents and eliminated the need to submit hardcopy permits. With other initiatives, clearance time has reduced by 32 per cent and cargo dwell time by 39 per cent.
5. Improved compliance, revenue collection and traceability. The TradeNet system has increased compliance and ensures correct revenue yield. The system enables early detection of non-compliance of traders. By 30th June 2018, over US$ 22.19 million had been collected through the system, with majority of government agencies recording double digit growth in revenue year on year.

6. Improved governance, accountability and transparency where the TradeNet system has reduced, and in some cases eliminated, human interaction between officers in various government agencies and the private sector, leading to improved governance and transparency in the way business is conducted.

7. Reduction in time and number of processing pre-import documents where the TradeNet system offers convenience through paperless (electronic) application for permits by traders on a 24/7 basis, and this has greatly improved efficiency in document processing. The system enables approvals to be done from outside the office hours and official hours. The time it takes to obtain pre-import and export documents from the various agencies has seen marked declined using the system. This is estimated to have reduced by over 50 per cent depending on the partner government agency and continues to improve as the system matures.

Building of one free trade port at the coast

Building of one free trade port at the Coast was identified as a flagship project under trade sector in MTP I. This was the Dongo Kundu Free Port and Free Trade Area, which were integrated into Mombasa SEZ as reported in MTP II. The establishment of Dongo Kundu Free Port was listed as a flagship project in MTP II under the establishment of SEZs in the manufacturing sector. This aimed at attracting both local and foreign investments, promoting value addition, local entrepreneurship through SMEs, and enhancing technology development and innovation, among others. In MTP III, the flagship programme aims at resettling 1,500 squatters to pave way for the development of Dongo Kundu SEZ in Mombasa. The 3,000 acres Dongo Kundu SEZ was declared by the Cabinet Secretary for Industry, Trade and Co- operatives in Gazette Notice dated 11th July 2019, which was followed by Declaration of a Special Planning Area to facilitate the preparation of a harmonized comprehensive framework for development and management of the SEZ to be established in a Local Physical Development Plans (LDP) in Gazette Notice dated 1st August 2019.

Key challenges

1. The under-performance of the trade sector is attributed to key policy challenges. The projects lack adequate and consistent funding, resulting to delayed completion time. Specifically, the projects on development of at least 10 wholesale hubs with a pilot in Maragua and the construction of at least 10 tier one markets with a pilot project in Athi River last received funding in 2014/15, thus inhibiting its completion.

2. Further, there seems to be low integration of these flagship projects in the respective counties. As a result, very little progress was made and currently the projects are considered stalled.

3. Poor planning in identification and location of the two projects (wholesale hubs

and tier one markets) have contributed to low adoption and implementation. The project beneficiaries have had disputes concerning the location of the projects. There is need to sufficiently involve the locals/beneficiaries in public participation forums to get their views to inform decision-making.

4. Poor coordination between the National and County Governments has also led to slow down in implementation.
5. In addition, the projects lack dedicated teams to rally the implementation of the projects. This is worsened by changes of original flagship projects. For instance, the project on building a free trade port at the coast was changed in MTP II and integrated to Mombasa SEZ, delaying further the realization of the project.

Lessons learnt

The key lessons learnt, and policy recommendations are as follows:

1. Enhance integrated planning and budgeting mechanisms between National and County Governments would ensure consistency in the development and competition of the Kenya Vision 2030 projects. This could further ensure efficiency of utilization of resources.
2. Planning is needed to ensure effective participation of communities, which would assist in identification of suitable land and other implementation activities. Similarly, this sector has overlooked the role of private sector, development partners and cooperatives in supporting the establishment of flagships.
3. Lastly some flagships have been reconsidered within exciting institutions, such as the proposed one free trade port flagship being implemented as the Dongo Kundu Special Economic Zone, which has existing framework established by the SEZ Act No. 16 of 2015. The same should be applied to flagships such as the producer-based organizations. These could be realigned with the cooperatives or MSE associations established under the Cooperative Society Act (CAP 490) or MSE Act No. 55 of 2012, respectively, given that mechanisms for engaging with the government and accessing markets have been established as evidenced with dairy producer cooperatives in Kenya, for instance. This approach has the added advantage of mitigating some of the effects of the informality the sector operates in, as PBG would operate as legal entities through collective action organizations.

5.4 Manufacturing

"Robust Diversified and Competitive Manufacturing Sector"

The role of the manufacturing sector in the Kenya Vision 2030 is to support the country's social economic development agenda by creating jobs, generating wealth, and attracting Foreign Direct Investments (FDIs). If the manufacturing sector is well developed and diversified, it plays a further role in enhancing both forward and backward linkages, particularly in agricultural and service sectors which is critical for growth. The sector therefore provides impetus towards achievement of 7 of the 17 Sustainable Development Goals (SDGs) in both the medium and long-term, that is Goal No. 1 on poverty eradication, Goal No. 2 on zero hunger; Goal No. 3 on good health and well-being; Goal No. 8 on decent work and economic growth; Goal No. 9 on industry, innovation and infrastructure; Goal No. 10 on reduced inequalities; and Goal No. 17 on partnerships.

The overall goal of the manufacturing sector as established in the Kenya Vision 2030, the MTP I and II were to increase sector contribution to GDP by at least 10 per cent per annum. In the MTP III under the "Big Four" agenda, the aim is to increase the contribution of manufacturing to GDP to 15 per cent in the next 5 years. Other manufacturing sector objectives pursued as populated by its flagships include strengthening the capacity and local content of domestically manufactured goods; increasing the generation and utilization of Research and Development results; raising the share of products in the regional market from 7 per cent to 15 per cent; and developing niche products for existing and new markets.

The sector's contribution to GDP has perennially been less than 10 per cent. This depressed growth experienced in the sector is attributable to both internal and external shocks. This includes political, inadequate and costly infrastructure, low technology adoption, high cost of doing business, high cost of fuel, and drought experienced within the first MTP period as reported in the Kenya Vision 2030 and Sessional Paper No. 9 of 2012. The constitution of the sector is also a contributor to the poor performance, whereby over 90 per cent of the manufacturing sector formal enterprises are micro and small, employing less than 50 persons but contributing to only about 20 per cent of the sector's GDP. Further, as established in the 2017 Statistical Abstract, the top manufacturing sub-sectors in terms of contribution to manufacturing value added include food products, beverages, textiles and wearing apparel, printing, furniture which are low technology manufacturing products which together with reproduction of recorded media, chemical products and metal products (medium technology manufacturing) account for over 70 per cent of manufacturing total value added and 70 per cent of total manufacturing sector employment (Gitonga and Shibia, 2018). Notably, the medium and large industries constitute less than 5 per cent of the total number of enterprises but contribute over 60 per cent to the manufacturing sector GDP contribution. This brings into question the issue of value addition, whereby majority of the sector's value addition is from low or medium technology products that are often labour-intensive but low in terms of productivity and sophistication.

The overall performance of the manufacturing sector in terms of growth during MTP I has been fluctuating since 2007 when the sector recorded a growth of 6.3 per cent. In 2008, this dropped to 3.5 per cent, and further dropped to 1.3 per cent in 2009. However, the trend reversed in 2010 to record a growth of 6.4 per cent and 3.3 per cent in 2011, subsequently. During MTP II, the sector growth rates were quite promising, with 5.6 per cent growth recorded at the beginning of the period but later dropped to a 3.5 per cent growth rate at the end of the period. Infrastructural challenges are among those that affect the sector as established in the 2016 MSME Survey, and reported in the Sessional Paper No. 9 of 2012, which may reveal why the flagships are focused on providing infrastructural and clustering support to industries in the manufacturing sector. The industrial cluster theory on 'agglomeration economies' reveals that firms are more productive with spatial concentration. The benefits include networks, access to labour, and knowledge spill over. The key challenges include possible future congestion, pollution and competition (Nathan and Overman, 2013).

Establishment of special economic zones

The first flagship is the establishment of at least 2 special "economic clusters", that is, related industries located together to gain from economies. Under this flagship, MTP I further elaborates that the initial industrial and manufacturing zones will be piloted under a Special Economic Cluster approach, in Mombasa and Kisumu. By the MTP, a third location, Lamu was identified and the Special Economic Clusters to be utilized are Special Economic Zones.

The achievements of this flagship include profiling for suitable public land earmarked for Mombasa and Lamu SEZs with 2000 Km2, 700 Km2 and 700 Km2 designated for Mombasa, Kisumu and Lamu, respectively. The key achievement was the development of a SEZ concept, which was approved by the Cabinet, the enactment of the Special Economic Zones (SEZ) Act 2015, which is now operationalized. The Act establishes the Special Economic Zones Authority (SEZA) with the overall mandate of implementing the policies and programmes, regulating, monitoring and supervising all that relate to SEZs and development of infrastructure to facilitate and provision of one-stop-shop services. SEZA is as established by law to be administered by a Board of Directors, with representation as provided in the Act. The chairperson is to be appointed by the President. This appointment was done and Gazetted in April 2018 (through Gazette Notice No. 5144). Other members of the board include the Principal Secretary (PS) to the National Treasury and PS in charge of industrialization and trade, and chair of the National Land Commission. The Act further provides incentives for economic and business activities. According to the Act, a SEZ can be on public, private or public-private partnership basis and can be designated as free trade zones, industrial parks, free ports, ICT parks, science and technology parks, agricultural zones, tourist and recreational zones and/or business service parks. The establishment of the Dongo Kundu Free Port and Free Trade Area has been integrated into the Mombasa SEZ. It measures 3,000 acres as gazetted in July 2019 and was launched by the President of Kenya in October 2019. This is reported in the Mombasa 2013-2017 CIDP as a National Government project. The Dongo Kundu master planning and the environmental assessment are now complete. Lamu SEZ is part of the Lamu Port, South Sudan, Ethiopia Transport Corridor (LAPSSET). According to Preliminary Master Plan for Lamy Port City and Investment Framework (2017), the Lamu SEZ will include port industrial zones, resort city and tourism and leisure zones.

Other special economic zones have been gazetted, including 100 acres in Kitengela, Machakos County (in 2017), 4,733 acres in Kiambu County (in 2017), 1,759 acres situated in Plateau Area and Kipkenyo Area in Uasin Gishu County (in 2018), 1,000 acres in Mai-Mahiu within Nakuru County and 5,000 acres in Malili Ranch in Makueni County (in 2019). The latter refers to the location for the flagship Konza Technopolis. These different locations of SEZs, however, reveal that the SEZ sites are no longer limited to the ones identified in MTP I and MTP II. Interestingly, there is limited development as relates to special economic zone identification in the original county's identified, as reported in the Kisumu County Integrated Development Plan (2018-22). For instance, suitable land for the proposed Kisumu SEZ is yet to be identified. Nonetheless, though implementation of this flagship experienced delays, the momentum appears to be picking up particularly in the last few years with the enactment of the SEZ law and the gazettement of SEZs.

Development of SME parks

The second flagship is the development and creation of at least 5 SME industrial parks. The five SME industrial parks, according to the MTP I, include metal SME park to be located in Nairobi, agro-processing SME parks in Eldoret, Mombasa and Kisumu and meat processing SME park (with tannery) in Nakuru. The MTP III expands this to all counties, calling for the development of SME and industrial parks in each of the 47 counties.

The upcoming envisioned projects include a pilot metal SME park in Nairobi due to the proximity to most important markets; a pilot agro-processing SME Park in Eldoret due to the area's high potential in agriculture; an SME park in Kisumu for agro-processing of vegetables, horticulture, fish processing, and fruit; a meat processing and tannery SME Park in Nakuru, in Rongai sub-county; and SME Park in Mombasa to target processing of food, juices and vegetable oil. In terms of progress towards achieving this, a concept paper has been developed for these five SMEs. The initial activities presented in the respective 2013-2017 CIDP reports include identification of land, design and/or feasibility studies of the SME park. Counties such as Mombasa place emphasis on the promotion of tourism SMEs. Others such as Uasin Gishu (Eldoret), Mombasa, Nakuru fail to identify the specialization preference of the parks. The reports further reveal that all SME parks were yet to be initiated by the time county governance structure was established. Moreover, a review of the five counties' subsequent CIDP reveals that the flagships experienced little progress. Counties such as Kisumu and Naivasha report of being in the planning phase. Mombasa's plans target establishment of the industrial park by 2019. Nairobi CIDP does not report on the SME flagship park but identifies the development of MSME and SME industrial parks as priority in implementation of the National Spatial Plan. The development of these parks is, however, not considered as a government initiative solely but part of the private sector and Public Private Partnership (PPPs). The government, as reported in MTPI, recognizes PPP as an important approach to support the financing of infrastructure and the Kenya Vision 2030 projects. PPP legislation that is aimed to facilitate private investment in public projects was, however, only enacted in 2013 (Public Private Partnerships Act No. 15 of 2013). This is likely what informed the development of the Nairobi Industrial and Technology Park which is a joint venture between Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Government of Kenya on a 32 acres land at JKUAT.6 Juja as a location was further motivated by the unavailability of suitable industrial land in Nairobi (Government of Kenya, 2013). Various reports including County Integrated Development Plans (CIDPS), MTP I and the National Spatial Plan (2015-2045) indicate lack of industrial land as a challenge. The National Spatial Plan consequently identifies provision of land for industrial development as a policy priority and calls for the identification and planning of suitable sites in every county for the provision of serviced infrastructure in form of SME industrial parks.

This flagship has been expanded in the MTP III to 47 SME parks covering all the 47 counties. The justification is that industrial development should be dispersed for balance economic development (Government of Kenya, 2013). The expansion of the coverage should be informed by lessons learnt with the five initially proposed SME parks. These parks experienced delays in implementation, running into years. This proposal should further take into consideration the Constituency Industrial Development Centres (CIDCs), which were developed at the constituency level under Kenya's Economic Stimulus Programme. 188 CIDS had been developed by 2013, though majority are yet to be operationalized (Government of Kenya, 2013; 2018). The proposed 47 SME parks could therefore leverage on the CIDCs as presented in the 2013-2017 Sector Plan for Manufacturing, which indicates that 47 CIDCs had been identified for upgrading into industrial parks. Additionally, it is not clear which institution should be mandated to undertake the industrial development, given that counties as reported in the CIDPs account for industrial parks, with some providing a budgetary allocation while the National Government, specifically Ministry of Industrialization and Ministry of Infrastructure have been identified as the responsibility holders. Going forward, a master plan to guide the development of the 47 SME parks is critical. This calls for the establishment of an Industrial Master Plan, which will replace the 2008 plan which is now outdated, particularly given the new devolved structure. The government also needs to take stock of infrastructural developments around the country with the aim of leveraging on them and upgrading what is existing.

Integrated mini iron and steel mills

As indicated above, development of a pilot metal SME Park in Nairobi is among the flagships proposed in the Kenya Vision 2030 and MTP I. Other complementary policy interventions as articulated in the National Industrial Policy include establishment of a mini-steel plan at Numerical Machining Complex (NMC) and the establishment of an institutional framework to promote the development of iron and steel mills in the country. An initial concept paper that was developed on the sub-sector was approved by Cabinet and an Iron and Steel Bill developed. A

6 More on this available at http://www.industrialization.go.ke/index.php/Vision-2030-manufacturing-sector/134-development-of-industrial-parks.

subsequent feasibility study on the establishment of a steel mill undertaken by NMC – technically and commercially the study indicated that project was economically viable at the proposed site at Lamu SEZ or Mariakani near Mombasa (estimated investment cost, Ksh 130 billion). The study indicated that Kenya could support a 4.4 million tonnes of steel (hot rolled coils and Thermal and Mechanically Treated (TMT) bars factory). The project is to be implemented in phases, with raw materials sourced locally in the first phase and later billets of iron imported in the second phase combined with local scrap metal and exploration done in the final third phase.

Establishment of one-stop centre (OSC)

The setting up the One-Stop-Centre (OSC) which is in line with development for technical human resource for the manufacturing sector commenced during MTP 2. During the first two fiscal years of MTP III period, this project is slowly becoming a reality and it is currently hosting officers from National Environment Management Authority (NEMA), Kenya Power, and State Department for Immigration, Registrar of Companies, and Kenya Revenue Authority (KRA). The OSC provides seamless, faster and timely facilitation services to investors by fast-tracking approvals, licensing and permits needed by investors to start business. The activities of the OSC are broadly covered in KenInvest strategic plan 2018-2022 and visualizes attraction and facilitation of investments worth over Ksh 1.4 trillion in the plan period and creating direct employment of over 100,000 direct jobs. Further KenInvest has embraced automation and digitization as innovative measures to improve ease of doing business. To this end, KenInvest established online investment facilitation portals to streamline more accurate and transparent access to investment procedures and investment opportunities.

Key challenges

These flagships have not been fully implemented. Some, SEZ for instance, have in place the relevant institutional framework, through the establishment of the SEZ Act, while others, such as the SME parks and industrial parks, are yet to be institutionalized. This can be achieved through development of an industrialization master plan and accompanying policy framework. SEZ policy and iron and steel policy are also not yet operationalized, which contributes to implementation and coordination gaps.

Other challenges in the manufacturing sector flagships include inconsistencies in the allocated, approved expenditure budgets in most flagships with weak monitoring and evaluations frameworks. There is also lack of an overarching framework to inform the development of industrial parks.

In addition, the unavailability of land to establish most SEZs and SME parks has hindered overall projects to kick start. Further, there has been inconsistencies whereby flagships are not adequately provided for by respective County Governments. Other implementation challenges relate to the PPP mechanism, which may have some inefficiencies contributing to low levels of PPPs. However, the MTP III has tried to align most of these projects to the main Vision 2030 and prioritized key sectors that have high growth and employment ability, including stakeholder mapping to create harmony and lobby for support of the projects.

Lessons learnt

The major lessons learnt is the importance of stakeholder engagements and constant government support from formulation of policy, regulatory and extensive monitoring and evaluation of the flagships and their implementation.

Secondly, the Kenya Vision 2030 flagships on manufacturing sector place emphasis on infrastructural support and focus on SMEs. Other than worksites, a key infrastructural challenge faced by SMEs and MSMEs in Kenya is inaccessibility of water and affordable reliable electricity (KNBS, 2017). Infrastructural development should therefore not be limited to the structure but as indicated in the National Spatial Plan (2015-2045), should be fully serviced. This would further address emerging challenges such sustainable and environmentally friendly disposal of industrial waste. Therefore, given industrial clustering has been a policy preference, this approach will require accompanying comprehensive guiding framework that will address different relevant aspects, including location (industrial land), services provided, PPP frameworks and incentives available.

5.5 Business Process Outsourcing (BPO)/IT Enabled Services (ITES)

"To be a top offshoring destination in Africa"

Business Process Outsourcing (BPO) involves the transfer of non-core business processes along with the associated operational activities and responsibilities to a third party, with at least a guaranteed equal service level. Kenya's emphasis on Information Communication and Technology (ICT) sector is evident in the 2019 ICT Policy. This builds on the Kenya Vision 2030, which identified ICT as among the foundations/enablers to spur the desired growth. The 2019 ICT Policy places emphasis on development of infrastructure and ICT frameworks aimed at informing implementation of the Kenya Vision 2030, thus ensuring the economy is globally competitive and knowledge based. The key flagship under BPO and ICT-enabled services envisioned in the Kenya Vision 2030 is the establishment of a modern ICT park with reputable local and international investors, thus leveraging in ICT infrastructure and frameworks that have been developed in the past and prioritized in the future. The ICT Park is therefore envisioned to have world class infrastructure and offer competitive incentive packages aimed at attracting foreign investors. The location identified to establish this is Malili Ranch as Konza Technopolis project (also referred to as Konza technology city or Konza Technocity). As indicated in the manufacturing chapter, this location was gazetted as a Special Economic Zone in 2019. Other institutional developments introduced to inform implementation of this flagship include the establishment of a BPO/ITES working group in December 2009, with the mandate of guiding and facilitating the development of BPO/ITES activities as envisioned in the Kenya Vision 2030.7 The next key institution is the Konza Technopolis Development Authority, which was established through State Corporations Act (Konza Technopolis Development Authority Order) 2012. Over the years the master plan was developed and is currently being implemented in phases. The government is focused to complete the first phase of the Konza Technology City, which involves construction of BPO park, science park, residential buildings, data centre and part of central business District. The first phase will also involve construction of basic infrastructure, including sales pavilion, access roads, telecommunications, water and sewerage and energy. Currently, phase 1 of the main Konza Technology City project is under implementation with several infrastructural projects ongoing. The ongoing projects include construction of Konza Complex, development of horizontal infrastructure through Engineer, Procure, Construct with Finance (ECP-F), construction of Konza National Data Centre and smart city facilities, and establishment of the Kenya Advanced Institute of Science and Technology (KAIST). A number of projects are being pursued in collaboration with other government agencies. KAIST, for instance, is a collaboration with Government of Korea. The Government of Korea is also supporting the development of a Digital Media City. Other support services (integrated infrastructure) are also under construction, which include Thwake Dam Project, a Konza Power Substation and roads, utility tunnels and wastewater reclamation facility all of which form part of Phase 1. Other activities being undertaken by the Authority include approval of investors, which will be followed by allocation of land.

The BPO flagship project has encountered a fair share of challenges, ranging from budgetary allocation, which has resulted in implementation delays. Besides, lack of public private partnerships investments has been cited as a stumbling block towards realization of the projects. Other challenges include pending enactment of KoTDA Bill; inadequate technical staff; EPCF contracting model under PPP not well comprehended; delayed gazettement of Konza as an SEZ, thereby not providing incentives to potential investors; buffer zone enforcement; stakeholder management; congestion on Mombasa Road; availability of sustainable adequate water supply; and biodiversity management (flora and fauna).

5.6 Financial Services

"A vibrant and globally competitive financial sector driving high levels of savings and financing Kenya's investment need"

A well-functioning financial system is critical to accelerating economic growth. This will ensure macroeconomic stability and promote private sector development, which in turn will generate employment opportunities and reduce poverty. A sound financial sector will also encourage Foreign Direct Investment (FDI), safeguard

7 The Gazette notice dated 16th December 2009 provided the members, the function and the terms of the BPO/ITES Working Group was two years. However, a Gazette notice dated 23rd December 2011 extended the term of the BPO/ITES working group by one year.

the economy from external shocks and propel Kenya to become a leading financial centre in Eastern and Southern Africa.

Kenya's financial sector comprises of commercial banks, SACCOs, micro finance institutions (MFIs), development finance institutions, insurance, capital markets, foreign exchange bureaus and credit reference bureaus. Despite this financial product diversification, the sector has been characterized by low penetration of financial services, as manifest in low levels of access.

The aspiration of the Kenya Vision 2030 for financial services is a vibrant and globally competitive financial sector, promoting high levels of savings and financing for Kenya's investment needs to GDP ratio of 25-28 per cent as envisaged in the macroeconomic framework (Government of Kenya, 2012). This is to be achieved through several strategies and flagship projects. This high level of savings will sustain an increase in the ratio of investment to GDP to a tune of 30-32 per cent, with a growing amount of resources channelled to support the agriculture, manufacturing and other key sectors identified under the Kenya Vision 2030. This will also further the government's policy objectives of improved access to financial services, especially to micro, small and medium enterprises (MSMEs) and greater efficiency in the delivery of financial services. The overall objective of financial services sector is a competitive financial environment and expanding access to affordable financial services and products.

The flagship projects for financial services differ depending on the document being referred to. The flagships projects for 2012 as documented in the Kenya Vision 2030 poplar version include: facilitate the transformation of the banking sector to bring in fewer stronger, large-scale banks; develop and execute a comprehensive model for pension reform; pursue a comprehensive remittances strategy; formulate a policy for issuing of benchmark sovereign bonds; and implement legal and institutional reforms required for a regional financial sector.

The first medium-term plan, however, presents the flagships as: consolidation of the banking sector through enhanced capital base; increase financial access through formalization of microfinance; deepen capital markets by raising institutional capital and expanding bond and equity markets; and leverage remittance and long-term capital inflows. The second medium-term plan presents the flagships as two: Nairobi International Financial Centre (NIFC); and deepening capital markets.

This review will therefore look at the Nairobi International Financial Centre; the deepening of capital markets; strengthening the banking sector and pension reforms. Under the various flagship projects below the various achievements under the financial services are enumerated.

Nairobi International Financial Services Centre

The Nairobi International Financial Centre Authority has been operationalized to fast-track the realization of the financial centre goals. The Cabinet has approved the establishment of the Eastern and Southern African Trade and Development

Bank regional office in Nairobi as part of the strategy to position Kenya as the premier financial services location in East Africa, thereby also encouraging Foreign Direct Investments (FDIs). The draft policy framework and the bill for Global Financial Centre Index (GFCI) are to be presented to Parliament.

Deepening of capital markets

The objective of this flagship was to promote long-term investments by creating a conducive environment for capital markets. This led to several strategies put in place to achieve this. For instance, the Capital Market Master Plan (CMMP) was finalized and launched in November 2014 to provide a comprehensive strategy aimed at deepening the capital market and inform implementation of the Kenya Vision 2030. Some of the achievements in the masterplan include Initial public offer of the first Real Estate Investment Trust (REIT) in November 2015; Stanlib Fahari Income-REIT of Ksh 3.6 billion listed on the Nairobi Securities Exchange on 27th November 2015; and AML guidelines for capital markets intermediaries gazetted in March 2016. Kenya was dropped from the Financial Action Task Force (FATF) on Money Laundering - this was termed as “Grey List”; Licensing of the first online forex broker in February 2018; The CMA-CISI certification programme was launched in November 2015; legal framework and requisite tax reforms to facilitate issuance of sukuks were passed; foreign ownership limits on listed companies lifted to allow them to own up to 100 per cent; demutualization and self-listing of the Nairobi Securities Exchange and reduction of the membership fee from Ksh 250 million to Ksh 25 million; 14 EAC council directives have been gazetted.

Others include” Policy Guidance Note (PGN) to roll published out exchange traded funds (ETF) and subsequent listing of one ETF; establishment of a listing segment for Asset Backed Securities (ABS) at NSE and development of a PGN. Other notable achievements towards the deepening of capital markets are the Capital Markets (Amendment) Act, 2011, which was passed in December 2011 to facilitate Futures exchange through definition of futures contracts, derivatives dealers and recognition of self-regulatory organizations; and the Islamic Finance Project Management Office (PMO) which was set up effective 1st December 2015 to ensure implementation of Islamic finance in Kenya. On 30th June 2017, M-Akiba, a government bond sold through the mobile phone, was launched. Additional reforms aimed at deepening the capital market include the introduction of Growth Enterprise Market Segment (GEMS) to offer SMEs an opportunity to raise capital from the Nairobi Securities Exchange, and the introduction Islamic capital market products.

Strengthening of the banking sector

The banking sector experienced a number of reforms aimed at strengthening the sector, consequently enhancing consumer confidence and expanding access. The key among them was enhanced regulation of the banking sector by the regulator, Central Bank of Kenya (CBK), and consolidation of the banking sector aimed at having fewer, stronger banks.

Consolidation in Kenya's banking sector was achieved by strengthening asset base, increasing capital requirements and strengthening supervisory requirements. The capital requirements are based on international standards developed by the Basel Committee. In the beginning of the Kenya Vision 2030, CBK, through the Finance Act 2008, raised the minimum capital requirement for the banking sector, which was also aimed at implementing Basel II (CBK, 2008). Further, CBK issued a moratorium on licensing commercial banks in 2015, which was later lifted. This, however, contributed to increased number of mergers and acquisitions (M&A) in the banking sector. Between 2008 and 2017, there were a total of 12 M&As.8 The same period reveals a shift in the total net assets base where large banks, which accounted for 29 per cent of total banks, accounted for 83 per cent of total net assets in 2008 to where the large banks, which accounted for 20 per cent of all banks accounted for 66 per cent of total net assets (CBK, 2008; 2017).

The enhanced supervisory framework adopted is a risk-based approach to supervision, some of which include: enhancement of CBK Prudential Guidelines; Prudential Guidelines on Capital Adequacy, which requires banks to adhere to the prescribed capital adequacy prudential ratios - CBK also issued Guidance Note in November 2016 on the Internal Capital Adequacy Assessment Process (ICAAP)) and Prudential Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism and the adoption of Risk-Based Supervisory Framework for Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) (CBK 2016, 2017). The enactment and operationalization of the Proceeds of Crime and Anti-Money Laundering Act, 2009 informs this.

Other important developments that build on the risk management approach is the introduction of Credit Refence Bureaus (CRBs), which are regulated through the Banking (Credit Reference Bureau) Regulations, 2008 and later the Credit Reference Bureau Regulations, 2013 and now 2019), and the establishment of the Kenya Deposit Insurance Corporation (KDIC), following enactment of the Kenya Deposit Insurance Act No. 10 of 2012. KDIC aims to promote public confidence in the financial system through deposit insurance, risk management and prompt resolution. The CRBs offer the financial sector with credit information, thus reducing risks lenders can be exposed to.

These reforms may have contributed to increased access to banking products and services, evidenced by the increase in branch distribution from 887 in 2008 to 1,518 in 2017; and 1,325 ATMs to 2,825 in 2017. However, the number of banks declined from 44 in 2008 to 40 in 2017, which is expected with the consolidation measures adopted. As much as there was a marked improvement in the number of branches between 2008 and 2017, there was a slow decline in branch expansion over the latter years, which is attributable to the adoption of alternative service delivery methods, including digital banking and agency banking. As of December

8 Details available at https://www.centralbank.go.ke/commercial-banks/mergers-and-acquisitions/.

2017, for instance, there were a total of 61,290 commercial bank agents and 2,191 microfinance bank agents (CBK 2008; 2017).

Develop and execute a comprehensive model for pension

Under this flagship, the Kenya Vision 2030 aspires to develop and expand insurance provision of old age pensioners. Currently, the Draft National Retirement Benefits Policy has been developed through a working committee (Taskforce) chaired by the National Treasury. The policy provides for a framework for the management, development, coordination and governance of the retirement benefits sector. The draft policy has been forwarded to the National Treasury and Planning for onward transmission to the Cabinet and subsequent approval by Parliament. Further, in line with the deepening of the Capital Market, Retirement Benefit Authority (RBA) amended the investment guidelines for pension funds in 2016 to take into consideration new investment products issued in the capital markets. This would enable the pension sector to invest and diversify its assets currently worth Ksh 1.2 trillion.

Key challenges

The flagship projects in the financial sector have faced difficulties in sourcing for adequate budgets for implementation. Moreover, legislation process has been slow, and uptake of financial products has been low, particularly for capital markets products for CMA and pension products. The macroeconomic conditions have also affected the sector. Other challenges include inadequate provisions in the law to take enforcement action, and insufficient or lack of support from some stakeholders. Public awareness has been limited, thus compounding the financial literacy challenges, which may contribute to low update/penetration of financial services. Low depositor education for KIDC functions has for instance been blamed for the slow uptake of this service. Further, despite developments in the banking sector, access to affordable credit to MSEs in Kenya is still a challenge.

Lessons learnt

The main lessons learnt are that successful implementation reforms in the financial sector should include development of appropriate infrastructure. The introduction of the Capital Market Master Plan provided an appropriate institutional framework and information to guide the implementation of the Kenya Vision 2030. The importance of stakeholder participation has also presented a key lesson as evidenced by the launch of the sovereign infrastructural bond, which has been successful as a result of full stakeholder collaboration and prior planning. As much as some interventions such as GEMS are aimed at addressing the SME sector, there are a number of financial products that overlook the SME sector, and therefore do not have appropriate products and/or services that meet their needs.

Further developments in the financial sector should therefore focus on enhancing access to financial services to MSMEs.

5.7 Key Messages

The Kenya Vision 2030 economic pillars account with exclusion of ICT-enabled services and tourism account for over half of GDP and, therefore, represent critical sectors of the economy. The Kenya Vision 2030 economic pillars include tourism, agriculture livestock and fisheries, trade, manufacturing, ICT-enabled services and financial services. These sectors have a number of flagships, some of which are infrastructural (such as resort cities, Special Economic Zones, Industrial parks, wholesale hubs, retail markets and are further located in Kenya's key industrial towns/counties including Nairobi, Mombasa and Kisumu).

As noted in this chapter, a number of these flagships have either not commenced or are experiencing delays in development (for instance the projects on development of at least 10 wholesale hubs with a pilot in Maragua and the construction of at least 10 tier one markets with a pilot project in Athi River). Some flagships however experienced higher levels of implementation success, such as tourism marketing efforts under the tourism sector, and establishment of the Kenya National Electronic Single Window system to facilitate international trade in Kenya.

In some flagships, the preliminary activities required to initiate implementation have been undertaken, including feasibility studies, site/land identification and/or gazettements where necessary. In other cases, relevant policies, and strategies to inform implementation have been developed. This includes but not limited to the Cultural and Heritage Tourism Strategy, and an Agro-Tourism Strategy, National Strategy on Meetings, Incentives, Conventions and Exhibitions under tourism sector, and Capital Market Master Plan (CMMP) in financial services sector. For the agricultural sector, development of a relevant policy, legal and institutional framework was the central element of the Consolidated Agricultural Reforms, which was among the six sector flagships. This saw the enactment of the Agriculture, Fisheries and Food Authority Act, 2013 (No. 13 of 2013), Kenya Agricultural and Livestock Research Act, 2013 (No. 17 of 2013) and the finalization of the Agriculture Policy while the Fisheries Development and Management Bill was enacted to inform implementation of Exclusive Economic Zones (EEZ) flagship for marine fisheries. Other laws enacted to inform implementation of economic pillar flagships include the Special Economic Zones (SEZ) Act 2015, which informs the establishment of one free trade port at the Coast, flagship Konza Technopolis and other SEZs. The bill for Global Financial Centre Index (GFCI) will inform the Nairobi International Financial Centre flagship. Establishing relevant policies and laws forms an important initial step in creating an enabling environment to ensure effective implementation of the respective projects.

A common challenge experienced in implementation of these economic pillar flagship projects include multiplicity of implementing agencies, with weak inter-agency collaboration, and financial and land resource constraints. This coupled with weak monitoring and evaluation systems has been among the key impediments constraining effective implementation of economic pillar flagship projects.

6. IMPLEMENTATION STATUS OF THE SOCIAL PILLAR FLAGSHIPS

Overall, the social pillar had 51 flagship projects listed in the MTP I and only 26 of these were retained in the MTP II. Most of the flagship projects that were dropped were not achieved by the end of MTP I, and in most cases the process of dropping off the projects was not fully clear. As an example, health had four flagships during MTP I and only 1 was retained in MTP II, with no evidence that the other three were achieved within the MTP I period. The education sector retained two flagship projects in MTP II out of the six flagships in MTP I that were clearly not achieved by the end of the first MTP.

6.1 Health Sector

There were four broad health sector flagship projects identified in the first medium-term plan (MTP I). These were: (i) Rehabilitation of health facilities to provide a functional, efficient and sustainable health infrastructure network in the country; (ii) De-linking the Ministry of Health from service delivery; (iii) Creating a National Health Insurance Scheme to promote equity in Kenya's health care financing (establish a Health Service Commission); and (iv) Scale-up output-based approach system to enable disadvantaged groups to access healthcare from preferred institutions. The implementors of these projects were not only the Ministry of Health but also other MDAs, including the Ministries in charge of finance, public works, and the NHIF. Later on, some of the roles were bequeathed to the counties.

A key intervention is the Managed Equipment Scheme implemented from February 2015. In this scheme, the intention was to procure equipment for key specific health facilities. The equipment comprised of five major departments: (i) basic surgical and emergencies services; (ii) renal dialysis services; (iii) critical care services; (iv) cancer diagnosis; and (iv) radiological, imaging and dental services. In every county, two facilities were to be equipped with this equipment.

Although the procurement process was completed, and equipment delivered to most counties, the scheme faced serious challenges that impacted on its functionality. In many health facilities, there was inadequate appropriate infrastructure in place to run some of the equipment, including power supply. Most counties lacked health personnel with the requisite skills and expertise in operating the equipment. In the political front, there was adverse politicization of the project, which affected either the uptake or the pace of uptake of the machinery.

The government also intended to de-link the Ministry of Health from service delivery within the 2008 to 2012 period. This was to be achieved by establishing a Health Service Commission. This process has not been completed and is facing constitutional difficulties.

A key flagship project was the creation of a National Health Insurance Scheme to promote equity in Kenya's health care financing in line with international commitments on universal healthcare. This flagship project(s) by the Ministry of Health is ongoing. There are different schemes currently running to create a national health insurance scheme. They include: (i) the National Health Insurance Fund (NHIF); (ii) the insurance for secondary school students; (iii) health insurance subsidy for the poor; and (iv) insurance subsidies for the older persons and persons with severe disabilities. In the latest development, the Cabinet Secretary nominated a panel of experts to review reforms in the health schemes to conform with the Constitution 2010 and Health Act 2017. The panel has been conducting consultations. Besides these schemes, the government launched the UHC on a pilot basis. The programme was launched in four counties in December 2018 in the pilot phase and 2.8 million people had registered from a population of 3.5 million by the end of 2019. This has been providing free medicine by KEMSA and some funds channelled for operations.

Key challenges

There were challenges facing these projects, including:

1. A problem of duplication of effort by different MDAs and levels of government, e.g., for the UHC schemes. In addition, devolution introduced the challenge of coordination across the National and County Governments.
2. Inadequate and sometimes lack of funds earmarked for implementation of flagship projects.
3. Difficulty/delays in identification and registration of beneficiaries from existing data systems.
4. There are also inadequate accredited health facilities in some of the areas where the beneficiaries are located and hence delays in roll out of the programme.
5. Upgrading of facilities in informal settlements has been difficult due to delayed identification of land and inconsistent funds flow.

There are opportunities that can be reaped from enhanced investments in enablers and supportive infrastructure. These include enhanced investments in power supply and WASH sector.

Lessons learnt

1. There should be more directed focus on identified flagship projects and a systematic follow up, and adequate and timely financing.
2. To avoid duplication of effort, there is need to enhance coordination across levels of government and MDAs. As an example, County Governments should coordinate with the National Government in training of health specialists/ professionals based on a need's basis.

3. Develop and put in place data systems first to merge data to avoid duplications.

6.2 Education Sector

The education sector identified six flagship projects. The flagship projects intended to: (i) build and fully equip 560 new secondary schools; (ii) establish a teacher's recruitment programme to employ 28,000 more teachers; (iii) establish a computer supply programme to schools in order to equip students with modern ICT skills; (iv) build at least one boarding primary school in each constituency in pastoral districts (in ASALs) to supplement the national infrastructure programme under KESSP; (v) roll out the voucher system programme in five poorest districts; and (vi) and create centres of specialization for each of the Kenya Vision 2030's economic growth sectors. The main implementer was the ministry in charge of education. Other implementors were Ministry of Finance, and the Teachers Service Commission.

The project to build and fully equip 560 new secondary schools never took off within the first two MTP periods. In addition, the intention to build at least one boarding primary school in each constituency in pastoral districts in ASALs was not implemented. Existing schools are faced with significant infrastructure gaps including inadequate classrooms, classes with sub-standard floors, walls and windows. Besides new schools, there is need to allocate resources to maintain existing schools. The government also intended to recruit an additional 28,000 teachers, but the target was not achieved within the envisaged timeframe.

The establishment of a Computer Supply Programme to schools in order to equip students with modern ICT skills never took off within the first MTP but re-emerged in the MTP II period under the Digital Literacy Programme. About 70 per cent of primary schools had received ICT equipment by 2019.

Key challenges

1. A key constraint building new secondary schools and teacher's recruitment were financial constraints. That said, there was no consistent information on the status of the projects beyond the first MTP period in 2008 to 2012.
2. Some of the challenges facing the Computer Supply Programme seamless implementation include undeveloped skills of teachers, since most teachers are/were not yet well trained; and inadequate supporting infrastructure such as electricity and safes. A rapid assessment across a few counties indicated that some schools are yet to be connected to electricity. For some of the connected schools, the quality of power is low owing to frequent outages and faulty transformers. Schools have also faced lack of safe places for storage, which exacerbated the problem of theft/burglary.
3. In addition to these challenges, some of the supplied ICT devices were faulty, suggesting weak quality checks before dispatch to schools.

Lessons learnt

1. More effective programme implementation is schools will require that the government invests in supporting infrastructure in schools. These include electricity and safe and secure buildings and stores.
2. Similar interventions shall require efficient training of the teachers before programme implementation.
3. There is need to document what informs specific targets. As an example, it was not clear what specific targets were to be achieved by employing 28,000 more teachers. There is need to peg interventions to the achievement of specific norms.

6.3 Gender, Youth and Vulnerable Groups

Gender

The flagships on gender were: (i) Gender mainstreaming: all government policies, plans and programmes; (ii) Gender disaggregated data; (iii) Affirmative Action Policy: at least 30 per cent representation in recruitment, promotion and appointment at all decision-making levels, and (iv) Institutionalize the Women Enterprise Fund.

Relatively, good progress was made on the gender front but more needs to be done. On the gains, access to education for men and women is almost at par at the basic education sector. In terms of health, life expectancy for women is generally higher than that for men as expected. The KIHBS 2015/16 indicates some progress still needs to be made. As examples, based on KIHBS 2015/16 data, males have higher labour force participation rates, higher earnings, and own more assets than women. Furthermore, households headed by men have relatively higher access to safe drinking water, piped water and improved sanitation compared to households headed by women. Inequality in real per capita expenditure is high among households headed by women than men. In the governance front, representation of women in various legislative bodies is still below 10 per cent.

Youth

For the youth, the flagship projects were: (i) Affirmative action policy (30% representation in appointments to public service, management and development committees, political, social and economic sectors); (ii) Revision of education and training curriculum (at all levels of learning to improve the production of skills that are demand-driven); (iii) Revitalization of youth polytechnics (facilitate the training of young people in technical, vocational and entrepreneurial skills); and (iv) Increase of allocation to secondary and tertiary level bursary programme.

Good progress was achieved in all these fronts. A new competency-based curriculum is under implementation, and the TVET institutions begun receiving more students as the government ran campaigns to shelve the negative perception of TVET among parents and potential students. Some of the challenges affecting the flagship projects include inadequate resources, which includes finances and staff which has been inadequate to meet demand. The YEDF is faced with repayment challenges, or poor recovery of loans.

There are other youth-related flagship projects whose outcome has not been promising. Three broad flagships include: the Youth Empowerment Centres, which were to be rehabilitated or established in every constituency in Kenya; the establishment of a Sports Lottery Fund (to raise funds) and the establishment of regional sports stadia (30 regional stadia around the country). The government also intended to establish an International Academy of Sports (to be set up at the Moi International Sports Centre Kasarani).

A quick check across the counties revealed that the youth empowerment centres have not been established in each county. In some counties, the centres have not been operationalized. The challenge identified in some of these counties was failure to allocate funds on time. The sports stadia target was not achieved, and the county administrators pointed out that the few that were implemented were faced with poor workmanship and embezzlement of funds. The sports lottery fund is yet to be legalized and was faced with design problems. Stakeholders pointed out that the proposed 35 per cent tax was not conducive for establishing the fund (tax should be lowered). The funding has been a problem due to transition of national sports fund to sports and social development fund.

Vulnerable groups

For vulnerable groups, the flagships encompassed: (i) Establishment of a consolidated Social Protection Fund for cash transfers to OVCs, the elderly and other persons facing vulnerabilities; (ii) Implementation of the Disability Fund for Persons with Disabilities; (iii) Representation of PWDs in decision-making processes at all levels.

Progress is ongoing on this front, but challenges remain. The key challenges include inadequate budget allocations to social assistance and child protection. This has led to low coverage (just about one fifth of all needy cases) and relatively low impact on poverty reduction. There are poor targeting mechanisms and/or difficulties in targeting the neediest households/students.

A key emerging issue is limited coordination and fragmentation of programmes and scale diseconomies. This follows the establishment of counties and numerous programmes implemented across counties and MDAs. Thus, the programmes are heavily fragmented, thus affecting the effectiveness of interventions. In addition, the transfer value for most of the programmes has ebbed with inflation. These include the CT-OVC, the OPCT and the PWSD CT, which have been fixed at Ksh 2,000 per month since 2013.

6.4 Provision of Affordable Housing

The housing sector is characterized by absence of adequate, affordable and decent housing, particularly for low-income earners in urban areas and equally so in the rural sector. During the MTP I, little progress was realized in the housing sector in relation to increasing housing stock for the lower income bracket segment. The high proportion of housing projects produced during the implementation period shows skewness towards the high-end market. During the MTP II, the sector registered some progress through use of Appropriate Building Materials and Technologies (ABMT) project by establishing 19 Housing Technology Training Centres at constituency level, trained 300 community groups on use of ABMT and production of Expandable Polystyrene Panels (EPS). Under the slum and informal settlements programme, there was improvement in physical and social infrastructure such as non-motorized transport infrastructure, access roads, sewer lines, pedestrian bridges, security/streetlights, sanitation facilities, schools, health centres and markets in selected urban areas of Mombasa, Nairobi, Kisumu, Eldoret, Nakuru, Nyeri, Malindi, Naivasha, Kericho, Kakamega, Bungoma and Isiolo. During the same period, the national construction levy, pegged at 0.5 per cent of the project value above Ksh 5 million was waived. Further, audit of 4,831 buildings to establish their structural safety, including those under construction, was conducted in Nairobi. However, access to adequate decent and affordable housing is still a challenge, especially in urban areas. To close the housing deficit, the government under MTP III targets to facilitate construction of at least 500,000 affordable and decent houses. The delivery of 500,000 housing units is expected to provide decent homes for Kenyans, create an additional 350,000 jobs, provide market for manufacturers and building materials suppliers, and raise real estate and construction sector contribution to GDP from 5 pe cent in 2016 to 14 per cent by 2022.

6.5 Environment, Water and Sanitation

Flagships on environment, water and sanitation aim at: ensuring continuous supply of environmental goods and services; support life while sustaining economic activities; and improve access to water and sanitation. The overall goal of the environment, water and sanitation sector is to enhance development in a clean, safe and sustainable environment to access water and sanitation services.

Both MTPs I and II have several flagships within this sector. Twelve (12) flagship projects were aimed to be implemented within the MTP I plan period. This include: (i) Rehabilitation and protection of indigenous forests in the five (5) water towers; (ii) Secure wildlife corridors and migratory routes; (iii) Preparation of a National Spatial Plan (Land Use Master Plan); (iv) Waste management system; (v) Rehabilitation, regeneration and restoration of Nairobi rivers; (vi) Water resources information management; (vii) Water harvesting and storage programme; (viii) Urban sewerage programme; (ix) Water storage and harvesting; (x) National water supply and sanitation; (xi) Water resource information management; and (xii) Irrigation and drainage.

Only three original flagships (MTP I flagships) were retained in their original form in MTP II. These are: (i) Rehabilitation and protection of the water towers; (ii) Water harvesting and storage programme; and (iii) Irrigation and drainage. Two flagships in MTP I were not carried over to MTP II: the urban sewerage programme and the water resources information management.

Several MTP I flagships were also restructured in MTP II. The flagship on "Secure wildlife corridors and migratory routes" falls under a broader flagship in MTP II; that is "Wildlife Conservation and Management" flagship project. The "Waste Management and Pollution Control" in MTP II is in place of the original flagship on "The National solid waste management system". The flagship on "Preparation of a National Spatial Plan (Land Use Master Plan)" was narrowed down to "Digitization of urban plans", whereas the one on "Rehabilitation, regeneration and restoration of Nairobi Rivers" was broadened to "Rehabilitation of urban rivers". The flagship on "National water supply and sanitation" was split into two: (a) "the Urban Water Supply Sub Programme" and (b) "the Rural Water Supply Sub-Programme".

Fourteen (14) additional flagships were introduced in MTP II. These include: (i) Strengthening environmental governance; (ii) Modernization of meteorological services; (iii) Advertent weather modification programme; (iv) Forest conservation and management; (v) Forestry research and development; (vi) Promotion and piloting of green energy; (vii) Carbon credit trading; (viii) Trans-boundary waters; (ix) Blue economy/marine resources and fisheries; (x) Operationalization of water research and resource centre (WARREC) programme; (xi) Provision of water to poor un-served areas, including informal settlements; (xii) Rehabilitation of storm water drainage systems in selected towns; (xiii) Land reclamation; and (xiv) Water resources management programme. In total, MTP II has 23 flagship projects.

Regarding the status of implementation, most of the flagships reviewed under the environment, water and sanitation sector in both MTPs I and II are in progress, having partially achieved the set-out objectives. There are also a significant number of MTP II flagships that are in their very initial stages. With 12 flagship projects in MTP I and an additional 13 in MTP II, much effort is required for successful completion and use of the projects in the two plan periods.

Concerning resource allocations, MTP I and MTP II flagship projects indicate that funds were mainly sourced from the government and through PPPs. An assessment of the "Rehabilitation and protection of the water towers" flagship project shows that the total estimated costs in MTP I was Ksh 204 million while the approved budget was Ksh 956 million. In MTP II, the estimates are emerged under the "Environment management and protection" sub-sector, which includes management of natural forests/rehabilitation of the five water towers. Under this sub-sector, the total approved budget Ksh 17,256.2 million while the actual expenditure was Ksh 11,205.2 million.

From the available statistics, it is difficult to establish how much was actually utilized under the flagship. The same observation is made for most of the MTP II projects where financial estimates are not presented for individual flagship projects, but rather merged under broader themes/sub-sectors.

An assessment of the lead implementers of the water towers project shows that the Kenya Forestry Service (KFS) approved budget and actual expenditures in MTP II were about 40 per cent of the estimated costs. In MTP I, KEFRI's actual expenditure was about 54 per cent of the estimated costs. In MTP II, KEFRI's total expenditure on all its flagships projects (including the water tower project) was about Ksh 40 million per year against the estimated cost of Ksh 45 million per year for the water tower project. Information from the two agencies indicates that there is inadequate financing for the planned project activities.

Similar to the water tower project, there are large variances between estimated costs of the other projects in the "Environment, Water and Sanitation" sector and the actual expenditures made. For instance, in MTP I, actual expenditures on the flagships on "Rehabilitation of Nairobi River" and "Water harvesting and storage programme" was about 34 per cent and 23 per cent of the estimated costs, respectively. Likewise, in MTP II, about 12 per cent and 67 per cent of the estimated costs was spent on the "Water harvesting and storage programme" and "Water supply sub-programmes" flagship projects, respectively. These variations could explain the delays in project completion.

Key achievements

Despite limited resources, several successes in implementation of flagship projects have been recorded over the MTP I and II periods. Under the "Rehabilitation and protection of indigenous forest in the five water towers" flagship projects, achievements recorded by the implementing authorities include:

- Contribution to increase in the national forest cover to 6.9 per cent by the year 2017.
- Generation of technologies for rehabilitation of the five major water towers and publishing guidelines for adoption by stakeholders.
- Successful development and piloting of technologies for control, management and utilization of prosopis invasion in Kenya.
- Promoted bamboo propagation for environmental conservation and utilization by local communities.
- Established bamboo tree nurseries for income generating for youth and women.
- Production of quality seeds from various commercial tree species.
- Development of non-wood forest products and linking them to SMEs.

Further, the area under rehabilitation has been expanding from an initial 120,000Ha in 2008 to the current area of 777,171 Ha in 2017. Total area under plantation establishment, enrichment planting and commercial woodlots increased to 65,039 hectares, 44,817 hectares and 122,352 hectares, respectively.

On "Securing wildlife corridors and migratory routes", the key success factors include Amendment of Wildlife Act 2013; Separation of mandate between wildlife and tourism; An updated inventory of wildlife corridors after diligent identification and mapping; and Sensitization of communities living in/near wildlife corridors on the importance of wildlife conservation. International NGOs and conservatists have stepped in and acquired land for wildlife. The acquired land and wildlife are then bequeathed to the government. Examples include Olpejeta conservancy, Oljogi conservancy, etc.

For the "Rehabilitation of Nairobi River/Nairobi rivers basin" programme, the achievements made include sensitization meetings on riparian protection from encroachment in Nairobi; the placement of a multi-agency team; mapping of developments on riparian areas; and demolition of structures on riparian land initiated. There has also been progress towards enforcement of water quality regulation/control of effluent discharges into Nairobi River. Six (6) factories were closed for discharging pollutants into Nairobi River. In addition, 9 arrests were made of people suspected to be discharging into the river, and medical facilities not accounting for their waste disposal.

Some of the notable successes emerging from the "Waste management programme/ National solid waste management system" flagship include: the development of the national waste management strategy; development of action plans for waste management in Mombasa, Thika, Nakuru, Eldoret and Kisumu; monitoring implementation of the national solid waste management strategy undertaken in 47 counties; and the relocation of dumpsites in Mombasa Kibarani and Kachok in Kisumu. In Eldoret, a new site has been identified and re-location planned. In Nakuru and Thika, identification of alternative sites is still ongoing.

Success on the "Water harvesting and storage" programme includes the construction of 8 dams in Narok County 9with a capacity of 106,000m3. On the "National water supply and sanitation" flagship project, the Rift Valley Water Services Board (RVWSB) as an implementing agency has made progress in most of its flagship's projects. Some of the achievements recorded under RVWSB include the Upper Chemususu Water Supply Project where most of the projects are complete and in use. The Chemususu Dam Water Distribution Project overall completion rate was at 39.6 per cent as at end of May 2018, while the construction of the Suswa Water Supply project is at 68 per cent.

Key challenges

While progress has been made in some of the flagship projects, several challenges/ constraints, some already highlighted, were encountered. For instance, there are several data challenges in the "Environment, water and sanitation" sector, which impede proper monitoring of the flagship projects. There are many data gaps on estimated costs, actual allocations and expenditure of funds for the projects under the "Environment, water and sanitation" sector from the government source (IFMIS). Where available, there are many gaps and instances where reporting

9 Report for Narok County.

is done in aggregate and not per flagship. The reporting of the financial data in aggregate in lieu of individual flagships makes it difficult to follow how much funds are provided for each flagship, and also the assessment of expected versus actual achievement of the funding.

Despite having many of the flagships in MTP I still in progress, MTP II almost doubles the number of the original flagships in the “Environment, water and sanitation” sector. This magnifies the challenge of scarce resources required for successful completion of projects faced in MTP I, and further reduces the success rates of the flagship projects. Further, some flagships, such as the one on “Secure wildlife corridors and migratory routes” has a specific budget allocation and goals in MTP I but in MTP II, it falls under a broader in flagship (Wildlife conservation and management) with no specific budget allocation. This is despite the flagship not having been completed in MTP I. Further, flagships such as the “Urban sewerage programme” was abandoned in MTP II.

Lessons learnt

Going forward, sustainability of projects emerged as an important issue, which is likely to be a persisting issue in MTP III, which has 28 flagships in total. The new projects in MTP III include: Plastic bags initiative; Water research programme; Irrigation water management programme; Integrated regional development programme; Promotion of drip irrigation, green houses and renewable energy.

There is need for more sensitization and early engagement with the county governments on the flagship projects. Further, there is need to develop partnership with county governments in the eco-regions for effective research dissemination particularly on environmental matters.

The government should allow public participation at the community level for projects buy-in and seamless development of the flagship projects.

Concerning resources availability, there is need to mobilize funds and other resources, taking into account national resources, donor funds, loans and public private partnerships (PPPs).

To strengthen monitoring and evaluation of the flagship projects, there is need to have specific goals, budget allocation and reporting for each of the flagship projects under environment, water and sanitation sub-sector. As highlighted earlier, the reporting of the financial data in aggregate in lieu of individual flagships hinders effective assessment inputs versus achieved outputs and outcomes.

7. IMPLEMENTATION STATUS OF THE POLITICAL PILLAR FLAGSHIPS

"Moving to the future as one nation"

The Political Pillar of the Kenya Vision 2030 envisages a democratic political system that is issue-based, people-centred, result-oriented and accountable to the public. It envisions the transformation of the country's political governance system to take place across six strategic areas: rule of law; electoral and political processes; democracy and improved public service delivery; transparency and accountability; public administration reforms; and security, peace building and conflict management.

7.1 Devolution

During MTP II, the devolved system of governance came into place. The system needed interventions that included, among others: enactment and enforcement of supportive legislation, strengthening of governance institutions, planning and budgeting to ensure adequate resource allocation and management, and enhancement of human and technical capacities at national and county levels.

Devolution policies and legal reviews

The objective was to deepen devolution, strengthen policy, legal and institutional frameworks for devolution, and develop and implement laws for devolved units, urban planning and management. The expected outputs were to develop policies, legal and institutional measures to operationalize devolution. These include five (5) Devolution Acts and Attendant regulations (County Government Act 2012, Intergovernmental Relations Act 2012, Transition to Devolved Government Act 2012 and Urban Areas and Cities Act 2011 and Public Finance Management Act 2012). The implementing agencies include the Ministry of Devolution and Arid and Semi-Arid Lands, Intergovernmental Relations Technical Committee (IGRTC), and Commission on Revenue Allocation (CRA), the Kenya Law Reform Commission (KLRC) and the Attorney General.

During MTP II, Devolution Policy was developed and operationalized. Similarly, the following laws were reviewed: County Government Act 2012, Transition to Devolved Government Act 2012, Urban Areas and Cities Act 2011, Public Finance Management Act 2012, Inter-governmental Relations Act 2012, National Government Coordination Act 2013, County Governments Public Finance Transition Act 2013, and establishment of Transition Authority and Commission on Revenue Allocation. Model laws and a guideline on legislation were prepared and shared with counties.

Other achievements include the establishment of key institutions and structures, which included: County Public Service Boards, Intergovernmental Relations Technical Committee (IGRTC) and Council of Governors (CoG). The Intergovernmental Budget and Economic Committee (IBEC), Controller of Budget (CoB), Commission on Revenue Allocation (CRA) and Transition Authority (TA) were strengthened.

In addition, the following were achieved: unbundling, transfer and costing of functions; operationalization of county governments; rolling out of the public financial management reforms; development and rolling out of County Integrated Monitoring and Evaluation System, and development of Knowledge Sharing Platform.

Key challenges

1. Incomplete transfer of functions spearheaded by IGRTC
2. No clear guidelines on public participation
3. Delays in disbursement of shared revenues to the counties
4. Delayed disbursement of KDSP funds to counties, and inadequate own revenue generation by the counties
5. Transparency and accountability issues in the counties
6. Capacity and technical gaps in implementation of devolution at county level and limited resources allocated to them.

Lesson learnt

Timely disbursement of KDSP grants to counties to enable implementation of county capacity building plans is crucial. Besides, discussions on the sustainability of the KDSP programme beyond the development partner support is critical

Civic education on devolution

The objective of the flagship project was to increase awareness and sensitize citizens on devolved system of government. The implementing agencies were Ministry of Devolution and the Intergovernmental Relations Technical Committee (IGRTC). The expected outputs were to develop the following: Legal and policy framework for civic education and public participation, National civic education framework, curriculum on civic education, develop county communication framework, and conduct civic education programmes in counties.

The main achievements included development of civic education curriculum, training manual and citizen handbook on devolution targeting the county executive, institutions of learning and general public, which is being implemented. The National Government supported County Governments in:

1. Establishing of civic education units with dedicated staffing and planning civic education programmes.
2. Rolling out of civic education activities in counties.
3. Developing county communication framework and engagement, which includes operational system for access to information where user-friendly documents are shared in advance before public forums are held.
4. Holding participatory planning and budget forums.
5. Ensuring county core financial materials, budgets, plans are published and shared.
6. Ensuring bills introduced by the county assembly are being published in the national Gazette and similarly for the legislation passed each year.

The standard of civic education and public participation has improved, particularly in setting up of structures and institutions for civic education and public participation.

Key challenges

1. Awareness of civic responsibilities by the citizens is still low, which has undermined effective civic participation in governance.
2. There is an uncoordinated approach to the provision of civic education by non-State actors who are not accredited.
3. Low budgetary provision on civic education activities.

Lessons learnt

1. Counties to increase budget allocation and have dedicated budget for civic education.
2. Civic education providers to be accredited to ensure uniformity and standards are upheld.
3. Civic education providers need to embrace innovations that will improve delivery of the curriculum for civic education, e.g., develop brochures, adopt bulk SMS services, use social media, local radio stations.
4. National government to implement a robust programme of informing citizens by allocating sufficient funds to support county civic education units.
5. Counties have currently established civic education units, which in most cases double up as public participation units. There is need to have a clear distinction between public participation and civic education activities.

Resource mobilization and utilization

The project aimed to develop and operationalize resource mobilization programmes for financing devolution to ensure availability of sufficient resources for effective implementation of devolution. There was also a target to establish a devolution fund by the government with the support of development partners.

The State Department for Devolution mobilized financial resources of approximately Ksh 25 billion during the period of MTP II. The support came from the Government of Kenya, World Bank, European Union and UNDP. The funds were utilized in providing capacity and technical support to counties and formulation of necessary policies, laws and regulations in support of devolution.

To supports the National Capacity Building Framework (NCBF), so far Ksh 2.1 billion of capacity building grants to counties have been disbursed for capacity building in public finance management (PFM), planning and M&E, human resource and performance management, devolution and intergovernmental relations, civic engagement and public participation. There was also disbursement of Ksh 1.95 billion investment grants and Ksh 4 billion investment grants given to counties.

A major challenge faced was in utilization of externally mobilized funds as a result of stringent conditions. Besides, delay in disbursement of funds led to delay in programme implementation in the counties.

Human resource management, development and service delivery

The project aimed at undertaking a human resource audit to establish staffing and skills levels and gaps at national and county levels to guide human resource management and development issues under the new dispensation. In addition, it was to develop human resource management in the counties and establish county pension schemes.

So far, guidelines on human resource management in the counties have been developed; county pension schemes established; norms and standards developed; and 30 per cent inclusivity rule implemented. The Capacity Assessment and Rationalization Programme was undertaken, and County Public Service Boards established in 47 counties. County infrastructure was developed, including acquisition of office blocks, connection to the Internet and other utilities.

Change management, institutional development and coordination

The project aimed to ensure seamless transition to the developed system to attain a citizen-oriented service delivery. So far, secondment of technical staff to build capacity and mentor county governments during transition period has been done, and sensitization of governors and county assembly members has been done.

The main challenges have been inadequate resources to undertake the change management programmes, and lack of comprehensive culture change programmes.

It is necessary to manage transitions and deploy effective culture change programmes during transitional periods. In addition, there is need for development of culture change programmes and provision of adequate resources to support its implementation.

County infrastructure and other facilities

The objective is to ensure a conducive working environment for effective service delivery. So far, county infrastructure has been developed, including acquisition of office blocks, and rehabilitation and provision of Internet connection and other ICT infrastructure.

Funds to fully establish/renovate county headquarters and offices during the transition period have been inadequate. The other challenge has been in situating county headquarters, due to political and vested interests.

Proper planning and funding are necessary for meaningful infrastructure development. In addition, public participation and consensus building is necessary to defuse political tension.

Kenya national spatial data infrastructure

The aim is to minimize land disputes and enhance land utilization and development of national and county spatial plans.

So far, the national spatial data plan has been developed to guide spatial planning at national and county levels. All county governments were supported to develop the first generation of County Integrated Development Plans.

There is inadequate capacity and technical skills in counties to develop spatial plans. Besides, most of government land is not surveyed or the data does not exist. Therefore, there is need to survey and document all national and county government land.

Integrated development planning

Implemented by the Ministry of Devolution and ASALs, the objectives of the flagship project were to provide an integrated medium-term plan for county development. It was expected that forty-seven (47) County Integrated Development Plans would be developed.

All county governments have developed County Integrated Development Plans 2013-2017 and implemented them. This has enabled development of annual development plans and annual budget.

The main challenge is inadequate human capacity to develop the required plans. Thus, spatial development plans are yet to be developed in all counties.

Intergovernmental relations and structures

The implementing agencies are Ministry of Devolution and Arid and Semi-Arid Lands, Kenya School of Government, The National Treasury and Planning, and Information Communication Technologies Authority.

The objectives are to strengthen intergovernmental structures and relations, to improve the management of public assets and liabilities, and to harmonize monitoring and evaluation systems across governments.

The major outputs were to review and develop the Inter-governmental Relations Act and attendant regulations for communication and strategy; establish Alternative Dispute Resolution (ADR) mechanism framework to be utilized by counties and national governments in dispute resolution; transfer the cleared assets and liabilities; and develop and implement a monitoring and evaluation framework for devolution.

So far, during MTP II, the following were achieved: Unbundling, transfer and costing of functions; operationalization of county governments; rolling out of public finance management reforms; development and rolling out County Integrated Monitoring and Evaluation Systems (CIMES); development of knowledge sharing platform, and sectorial forums held; and development of alternative dispute resolution mechanisms. However, there is inadequate capacity and low awareness levels on the usage of the NIMES and CIMES by the National and County Governments, respectively.

7.2 Governance and the Rule of Law

The sector aims at ensuring an effective, accountable and ethical leadership, and promotion of a just, democratic society in line with the Constitution and laws of the country. It is also intended to provide a secure environment and strong governance institutions that will propel citizens to full attainment of stable and sustainable socio-economic and political development.

The key flagships included: Implementation of constitutional and legal reforms; Development of laws to implement the constitution; Civic education on the constitution; Inculcate a culture of constitutionalism; Leadership, ethics and integrity; Legal aid and awareness programme; Strengthening the criminal justice system; Strengthening public prosecution services; Strengthening correctional services (prison and probation services); Witness protection services; Crime research programme; National cohesion and integration; and Judicial transformation.

Development of laws to implement the constitution

The objective is to ensure conformity, consistency and implementation of existing laws with the Constitution. This required development and review of laws to implement the Constitution; Prioritization and audit of all existing laws to ensure their conformity with the Constitution; Review legislation and make recommendations for amendment, consolidation or repeal; Develop model laws and provide technical assistance to counties on the development of county specific legislation; draft bills in support of progressive fulfilment of Schedule Five; and develop rules and regulations on all Constitution implementation legislation.

All the 49 laws required under the Fifth Schedule of the Constitution and subsidiary legislation in support of the laws were developed, enacted, and published. An audit of the laws existing prior to the promulgation of the Constitution was undertaken and a review of 150 laws was done. A total of 51 model laws were developed to support county governments to develop their own laws.

Civic education on the constitution

The objective was to undertake civic education on the constitution to ensure that citizens actively engage government and governmental processes as part of their civic engagements. This would ensure the sector would have sustainable access to information and awareness on the Constitution, its principles, structures and processes.

So far, civic education has been undertaken, and citizens are aware of their constitutional rights. Violation of citizen rights is always quite often challenged in courts as a result of citizens awareness.

Inculcate a culture of constitutionalism

The objective was to inculcate a culture of constitutionalism that will see adherence to the Constitution by government agencies, non-State actors and individuals. Thus, steps would be undertaken to build a culture of respect for the rule of law while fostering a system that ensures government responsiveness to its citizens and citizens' responsibility for keeping the government in check. So far, the culture of constitutionalism has been inculcated, as evidenced by the large number of people challenging violation of their rights in courts.

The key challenges include:

1. Policy gaps among some MDAs, leading to delay in developing enabling legislation or reviewing the existing laws.
2. Securing constitutionality of all laws generally, including the Fifth Schedule legislation, existing laws and county legislation.
3. Overlaps in the institutional mandates and legal frameworks among some institutions at both levels of government. Some National government institutions are still discharging functions that are designated as county government functions under the Fourth Schedule to the Constitution.
4. Inability to get consensus among stakeholders, leading to delay in finalization of Bills, and restrictive timelines by MDAs and county governments to prepare

Bills. Although a number of laws promoting gender parity and equality have been enacted, Kenya is yet to enact any legislation to implement the principle that not more than two-thirds of members of elective or appointive bodies shall be of the same gender.

Lessons learnt

1. It is important for MDAs to develop the necessary policy frameworks in line with the governments agenda. In the absence of the Constitution Implementation Committee (CIC), which provided independent oversight and coordination, the capacity for the Kenya Law Reform Commission and the Attorney-General should be enhanced. The Kenya Law Reform Commission, in particular, should be facilitated to coordinate with the respective government ministries and agencies to develop legislation for introduction in Parliament to give full implementation of the Constitution.
2. There is need to un-package the functions of both National and County Governments and streamline or restructure their mandates accordingly.
3. Continuous public education to facilitate consensus building between the stakeholders should be conducted.
4. MDAs and County Governments should not only develop their policies but also prepare their legislative agenda to allow enough time for developing relevant Bills. The Kenya Law Reform Commission intends to play a central role in sensitizing the public on the role of law reform in national development.

Leadership, ethics and integrity

The objective of this flagship is to strengthen legislative, policy and institutional framework for leadership, ethics and integrity. The implementing agencies are Ethics and Anti-Corruption Commission (EACC), Office of the Director of Public Prosecutions (ODPP) and Judiciary.

The key expected outputs will be: Reviewing and strengthening legislative, policy and institutional framework for ethics and integrity in the country; Developing and operationalizing the Leadership and Integrity Act 2012; Reviewing and implementing Anti-Corruption and Economic Crimes (Amnesty and Restitution) mechanism; Reviewing and amending the POEA, 2003); Strengthening capacity of ethics and anti-corruption agencies to promote leadership, ethics and integrity; Enhancing investigative capacity of Ethics and Anti-Corruption Commission and granting it prosecutorial powers; Enhancement of asset tracking and asset recovery; Establishment of effective accountability mechanisms; Education, sensitization and awareness on corruption, integrity and ethical issues; Mainstreaming preventive measures against corruption.

Other key outputs expected include: Promoting standards and best practices in ethics, integrity and anti-corruption for state and public officers; Promoting targeted and integrated research, monitoring and evaluation on governance, ethics, anti-corruption and integrity policies, strategies and programmes; Enhancing mechanisms for filing, analysis and access to wealth declarations of public officers; Development of the National Ethics and Integrity Policy; Leadership and integrity training, education programme, establishment of a leadership and integrity institute; Development of whistle blower protection legislation; Enacting necessary legislation so that Kenyan companies found guilty of corrupt practices will be liable to have their assets frozen by the courts, and; Introducing an automatic freeze on assets of anyone indicted on corruption charges with appropriate judicial approval.

So far, the Leadership and Integrity Act (LIA) 2012 has been developed and operationalized while the EACC Act was reviewed and amended in 2015 to strengthen the legal framework for the fight against corruption. The anti-corruption and economic crimes (Amnesty and Restitution) mechanism was reviewed. The Bribery Act 2016 was developed and operationalized, and the National Anti-Corruption Policy was adopted as Sessional Paper No. 2 of 2019. A fully fledged National Integrity Academy was established to support the integration of anti-corruption and ethical content into the development of Competent-Based Curriculum (CBC), and mobilization of anti-corruption community-based monitors. Petitions seeking removals of public and state officers from office have been instituted; notices, cautions and advisory on ethical issues have been filed to public entities for non-compliance with Chapter Six of the Constitution and LIA 2012. Regional anti-corruption offices have been set up across the country, and EACC officers are present in all Huduma Centres. Corruption Risk Assessments and system reviews in MDAS, county governments have also been conducted.

The Assets Recovery Agency was operationalized to recover the proceeds of crime and money laundering, and a permanent Multi-Agency Team (MAT) established to tackle corruption. Mutual Legal Assistance (MLA) multi-agency collaborations were strengthened; Bilateral and multilateral agreements have been developed to facilitate mutual legal assistance, and ethics and integrity agreements signed. The National Ethics and Anti-Corruption Policy was developed and is awaiting Cabinet approval. The Whistle-blower Protection Act, 2017 was developed and a comprehensive review of anti-Corruption laws seeking to amend several laws to strengthen the legal framework for fighting corruption undertaken.

In addition, asset recovery and tracking are being undertaken, and the framework for wealth declaration strengthened. The leadership and integrity framework were also strengthened, leading to improved leadership, ethics and integrity. The sector through the Kenyan Leadership and Integrity Forum (KLIF), developed and implemented the Kenya Integrity Plan (KIP) and its first Strategic Plan under the new expanded mandate for the period 2013-2018.

The EACC amended ACECA to align it with the Constitution through the Statute Law (Miscellaneous Amendments) Act of 2012. The EACC completed 540 investigation cases and forwarded them to the Director of Public Prosecutions (DPP) with recommendation for action. The Commission traced assets worth approximately Ksh 25.2 billion and disrupted corruption networks and activities averting losses of over Ksh 64.5 billion. Assets valued at approximately Ksh 2.5 billion were recovered through legal processes. The Commission enhanced capacity for corruption prevention in public institutions, where 3,610 members of corruption prevention committees and managers from both public and private institutions, and 3,345 integrity assurance officers from 691 institutions were trained. The Commission developed a code of ethics for business in Kenya and for 14 professional associations in the country. The Commission conducted public education and awareness programmes to create an informed public on the dangers of corruption and unethical conduct. The Commission through Integrity Clubs visited 175 schools and colleges, reaching 70,481 students and staff in schools.

The Commission has so far forwarded 675 investigation files to the ODPP; additionally, 130 cases were completed in criminal courts resulting into 67 convictions, 36 acquittals and 27 withdrawals, while 418 criminal cases are still pending before court. The Commission traced and preserved assets valued at Ksh 21.517 billion and Ksh 1.485 billion, respectively, and recovered assets valued at Ksh 3.565 billion. The Commission averted a loss of Ksh 19.7 billion of public funds through disruption of corruption and economic crime networks. The Commission carried out systems reviews in 40 institutions at National and County Government level and provided 5,907 corruption prevention advisories to Ministries, Departments and Agencies (MDAs) under the performance contracting framework. The Commission facilitated 243 public entities develop specific leadership and integrity codes for State Officers.

Various laws were enacted or amended during the period, such as the enactment of the Access to Information Act, 2017; amendment to the Leadership and Integrity Act, 2012; Ethics and Anti-Corruption Commission Act, 2011; Anti- Corruption and Economic Crimes Act, 2003; and the Proceeds of Crime and Anti- Money Laundering Act, 2009 (POCAMLA).

Key challenges

1. There is weak legal and regulatory framework for enforcement of Chapter Six of the Constitution and Declarations of Income, Assets and Liabilities (DIALs); integrity vetting both in Parliament and the Commission; amnesty (Section 25(A) of ACECA); and plea bargaining (Section 137A-137N of CPC).
2. There is also low commitment towards fully domestication of the United Nations Convention Against Corruption (UNCAC) and inconsistencies in court rulings and adverse court decisions, which hinders investigations and set bad precedence.
3. The other challenge is slow judicial process in corruption and economic crime cases, Weak framework for collaboration for MAT, inadequate financial support and commitment among partners, e.g., MDAs, inadequate capacity among stakeholders in the anti-corruption criminal justice system, and inadequate specialized training in emerging corruption crime.
4. Lack of awareness on policy and legal frameworks to protect whistle blowers;

Politicization and ethnicization on the war against corruption and glorification of the corrupt due to erosion of moral and cultural values in the Kenyan society.

Lesson learnt

1. The multi-agency approach to investigations has led to efficiency and reduced turnaround time, and intelligence-led investigation has enhanced the quality of investigations.
2. Similarly, the creation of the Anti-corruption and Economic Crimes Division of the High Court and the increased number of gazetted anti-corruption magistrates has led to speedy disposal of cases. Development of anti-corruption jurisprudence has led to speedy disposal of cases.
3. The joint capacity building for investigators, prosecutors and judicial officers, enhanced participation in Court Users Committee, and adoption of technology has led to better understanding of anti-corruption matters, fostered cooperation and enhanced management of cases.
4. Close collaboration in pretrial conferences among the parties has led to more convictions, and use of Alternative Dispute Resolution (ADR) has enhanced recovery of assets.
5. Disruptions of corruption networks deter corrupt conduct, avert losses and are cost effective. Enhanced trust has been built through the MAT approach by sharing credible and actionable information in a timely manner.
6. The acceptance of integrity vetting is generally a good practice in the public sector and should be strengthened within the existing legal framework and extended to the private sector. The review of anti-corruption laws has catalysed the development of the MLA Act, 2011, which revived stalled corruption cases.

Way forward

There is need for effective enforcement of all provisions of the law on compliance (ACECA section 27). Additionally, there is need to amend the law to ease the amnesty, the plea-bargaining process and specify the offence for failure to implement system review recommendations pursuant to ACECA Section 11 [1 j], [2j). There is need for a policy and legal framework to strengthen integrity through vetting and lobbying for legislation on lifestyle audit. There is also need to mainstream leadership and integrity in the education curriculum-from primary-tertiary level of education and enforce the codes of conduct and ethics. There is need for amendments to the Leadership and Integrity Act to provide for effective implementation of Chapter Six of the Constitution.

Legal aid and awareness programme

The objective is to strengthen legal assistance to the public and to broaden public private engagement. It was anticipated that a sustainable funding strategy would be developed and implemented, legal aid services automated, legal aid rolled out to 16 counties, public-private engagement broadened, and mechanisms for legal assistance improved. The implementing agencies include the Judiciary, Office of the Director of Public Prosecutions, Office of the Attorney General and the National Police Service.

So far, capacity has been built for 560 stakeholders in the justice sector on Alternative Dispute Resolution (ADR), civil and criminal law; and over 350 citizens empowered to self-represent in court. A total of 3 Legal Resource Centres were established in Nairobi, Eldoret and Kisumu while 1,000 Information Education and Communication (IEC) materials on child law, mediation and criminal law (right to a fair hearing) were developed and disseminated. The National Legal Aid and Awareness Policy, 2015 was approved by the Cabinet and the Legal Aid Bill enacted into law, transiting the Programme into the National Legal Aid Service, a semi-autonomous agency, and the National Legal Aid Service Board was operationalized. Baseline surveys on access to justice by people living with disabilities were undertaken.

Other achievements include Legal education, legal aid, advice and litigation to children in conflict with the law and those in contact with law either as witnesses or victims; training in self-representation to capital offenders; ODPP conducted capacity building on Alternative Dispute Resolution (ADR) and empowered over 360 citizens to self-representation in court.

Strengthening the criminal justice system

The sector is tasked to undertake measures to strengthen the criminal justice system by ensuring independent institutions with a clear mandate, and formal collaboration mechanisms among the relevant institutions such as the police service, Office of the Director for Public Prosecution (ODPP), judiciary, correction services, prison and probation and aftercare service and EACC among others. The implementing agencies include the Office of the Attorney General, Office of the Director of Public Prosecutions, Judiciary, and National Police Service.

Strengthening public prosecution services

The objectives are to facilitate effective and efficient criminal justice system, and support establishment of independent institutions with clear mandate. The Office of the Director of Public Prosecutions is the implementing agency. The expected outputs were to fully operationalize the Office of the Director of Public Prosecutions (ODPP), and its relationships with the police service, and the judiciary.

The Office of the Director of Public Prosecutions (ODPP) has a presence in all the 47 counties and in all the sub-counties where court stations exist. This has strengthened the institutional framework and provision of prosecution services across the country. ODPP has increased, access to justice which has led to increase in the number of cases being filed in courts. Additionally, a Prosecutors Training Institute is being established, and is 40 per cent complete.

Key challenges

1. Emergency of new crimes as a result of globalization and advancement in Information Communication and Technology (ICT) requiring advanced skills.
2. The ODPP faces major challenges related to financial and other resource mobilization activities.
3. Inadequate financial and human resources, particularly prosecutors, to support ODPP activities (currently ODPP has 900 out of the expected 2,000 prosecutors).
4. Slow judicial process weakening the judicial process.
5. Continued politicization on the fight against corruption.

Emerging issues

1. Low conclusion rates in criminal trials. While the justice system suffers from accumulated backlog of cases as exhibited by the low case conclusion rate, the ODPPs overall prosecution performance is adversely impacted. This leads to slow and delayed conclusion of the cases being prosecuted.
2. Inadequate witness and victim facilitation. The ODPP faces challenges in conducting pre-trial sessions due to limited resources for pre-trial facilitation of witnesses and victims within the criminal justice system. Further, the office is not able to facilitate witnesses who are required to travel to attend court and testify against offenders. This results in poor witness preparation, witness fatigue and eventual collapse of otherwise meritorious cases.
3. Archaic and unresponsive laws. The current criminal laws are not sufficiently applicable to new and emerging crimes and technological advancements. The existing substantive and procedural criminal laws are archaic and have not had the benefit of substantial law review.
4. Capacity constraints within other criminal justice agencies: A number of key agencies within the criminal justice system such as the National Police Service, and the Government Chemist, suffer acute capacity constraints, which inevitably affect the efficient delivery of services by the entire system. For instance, insufficient use of modern investigation techniques due to lack of a modern National Forensic Crime Laboratory and inadequate forensic investigation skills have greatly hampered the ability of the investigative agencies to investigate complex and emerging crimes. This impact greatly on the ability of the ODPP to offer effective and efficient prosecution services.

Lessons learnt

1. A Multi-Agency Team (MAT) approach to fighting corruption has strengthened synergy and created effectiveness in the fight against anti-corruption and crime.
2. Promotion of Alternative Dispute Resolution (ADR) mechanisms has improved efficiency in the judiciary system (decongestion and reducing litigation costs) and increases levels of asset recovery.
3. Enforcement of rule of law has been critical to preventing and combating corruption.

Recommendations

1. To implement the envisaged institutional transformation and modernization, the ODPP requires enhanced financial and human resources facilitation, especially given the magnitude of new crimes and mega corruption.
2. To fully achieve the prosecutions mandate effectively, the office has since expanded by decentralizing its services in 47 counties and 76 sub-counties. Currently, its presence in 123 court stations established by the judiciary. In this regard, the ODPP Advisory Board approved increase of the staff establishment from 1,297 to 2,156 with an increase of 500 legal and 359 non-legal staff.
3. There is need for continuous review and revision of key procedural, evidential and substantive criminal laws to respond to the complex and ever mutating forms of criminality.
4. There is need to modernize and enhance capacity of investigative agencies to improve quality of investigations, and in turn impact positively on the effectiveness of prosecution.

Strengthening correctional services (prison and probation services)

Its objectives are to review and develop laws for correction services; to de-congest correctional facilities; to develop other alternatives to imprisonment and to promote non-custodial sentences; to effectively integrate offenders into the community and to develop policies for alternative measures to imprisonment. This is to be implemented by the Ministry of Interior and Coordination of National Government, and the Kenya Prisons Service.

The expected outcomes were to review and develop relevant legislation for correction services; to de-congest correctional facilities through infrastructural development of facilities for both the officers and the detainees; strengthen alternatives to imprisonment and promoting non-custodial sentences; enhance measures for effective reintegration of offenders through establishment of community reception centres and halfway houses. To develop policy and legislative framework for the enhancement of alternative measures to imprisonment and to strengthen correctional and rehabilitation centres for youthful offenders.

So far, the Victims Protection Act, 2014 was reviewed and enacted, developed draft policy on National Correctional Service, 57 prisoners' wards and 18 new prisons were constructed to decongest prison facilities. Further, a girls' borstal institution was constructed and operationalized at Kamae and a boys' remand home established at Kamiti (both in Kiambu County).

The government through the Kenya Prison Services improved the welfare of prison officers by acquiring new 1,917 housing units countrywide that accommodated 25,921 prison staff officers. In addition, the government implemented both group life comprehensive insurance cover and medical insurance cover for 25,971 prison staff officers. Mobility of security of prison officers through acquisition of 100 assorted motor vehicles was enhanced. The government also improved the management of offenders by developing and implementing an Integrated National Offenders Records Management System for non-custodial offenders. Police and prison officers have been empowered through capacity building and training that has improved service delivery to citizens. In addition, the Correctional Services constructed six (6) flagship prison projects, which are at 42 per cent complete (Kwale, Kaloleni, Vihiga, Mwingi, Rachuonyo and Nyamira).

Key challenges

1. Budget cuts, delayed exchequer releases from The National Treasury.
2. Red tape bureaucracy in the procurement process; external sourcing of security equipment takes long time to be concluded, e.g., acquisition of specialized security and communication equipment; variations in the total project sums beyond the allowed 25 per cent as stated in the Public Procurement and Asset Disposal Act, 2015.
3. The confidential nature of some of the security projects makes it difficult to undertake audit inspections, monitoring and evaluation.

Lesson learnt

1. Presence of good political will from the government in implementation of correctional facilities and welfare of prison officers.
2. Development and operationalization of the policy framework and strategy on police modernization and payment of house allowance to police officers, thus integrating them to communities and neighbourhoods.
3. There is need to hasten the procurement process to expedite on service delivery, and timely release of funds and in full portions.

Witness protection services

This is being implemented by the Office of the Attorney General, Office of the Director of Public Prosecutions, Judiciary, National Police Service. Its objectives are to provide special protection, on behalf of the State, to persons in possession of important information and who are facing potential risk or intimidation due to their cooperation with prosecution and other law enforcement agencies. The expected outputs are to provide protection to persons in possession of important information who are threatened with the risks of intimidation.

So far, the Witness Protection (Amendment) Act 2015 was enacted, and Rules of Court gazette vide Legal Notice No. 225 of 2015. The programme achieved 100 per cent protection level of witnesses admitted in the programme and an average of 60 days' time taken for resettlement and reintegration of witnesses after final testimony within 90 days was realized.

Crime research programme

This is expected to strengthen prosecution services; correction services; witness protection services and crime research enhanced; improved access to and quality of justice to all.

So far, crime research methodologies have been developed, and live crime data placed on the National Crime Research Centre's interactive website for County Governments to review the status of everyday crimes.

National cohesion and integration

The implementing agency is the National Cohesion and Integration Commission (NCIC). Its objectives are to promote a lasting national cohesion, a permanent ethnic and race relations.

It is expected to review the National Cohesion and Integration Act (2008) and align it to Constitution 2010; enactment and operationalization of policies and legal framework towards national cohesion and integration; Integration of national cohesion into the curriculum for training staff from the public and private sector; Development and implementation of cohesion barometer to evaluate the contribution of the activities done towards promoting cohesion and integration in the country; and monitoring of hate speech negative ethnicity.

So far, the National Cohesion and Integration - NCI Act (2008) has been reviewed to address hate speech and related offences, while the National Police Service Commission (Recruitment and Appointment) Regulations of 2015 were reviewed to include NCI Act 2008 recommendations. A social media monitoring station to support investigations on hate speech and related crimes in the social media platforms was established. Sessional Paper No. 9 of 2013 on National Cohesion and Integration and Sessional Paper No. 8 of 2013 on National Values and Principles of Governance were finalized.

Judicial transformation

Being implemented by the Judiciary and the Kenya School of Law, the objectives are to improve access to and expeditious delivery of justice to all; transform judiciary into an independent institution but complementary partner with other arms of government; make court procedures and process effective and efficiency; decentralize judicial services and re-equipped judiciary; improved access to and quality of justice to all.

It is expected to transform the judiciary into an independent but complementary partner with other arms of government, other institutions of justice chain and other stakeholders involved in justice sector. To transform court procedures, processes, organizational culture and management to re-orientate them towards a culture of responsive, proactive, friendly, effective and accessible service delivery. To redesign institutional and administrative arrangements of judiciary to create a unified national institution with appropriate levels of devolution and to equip judiciary to develop a robust, indigenous, patriotic and progressive jurisprudence.

So far, the following were achieved: Supreme Court was established in 2011; Court of Appeal was decentralized out of Nairobi after 2012; Employment and Labour Relations Court was established in 2012 and operates in Nairobi, Nyeri, Nakuru, Eldoret, Kisumu and Mombasa stations. The Court that was sitting in Kericho has since been moved to Eldoret; New Magistrates' Courts established in April 2019 (within 2018/19) at Ruiru and Msambweni.

In addition, the following were achieved: High Court stations were increased from 18 in 18 counties in 2013 to 39 in 38 counties in 2017; Environment and Land Courts were established in 26 counties while Employment and Labour Relations Courts were established in 6 counties. In addition, four (4) Courts of Appeal stations were established, and sub-registries opened in two counties. Magistrate courts increased from 109 in 2013 to 120 in 2017 while eleven (11) stand-alone Kadhis courts were established, and 40 mobile courts opened in far-flung areas to reduce the distance from mother courts. The number of judges was increased from 104 in 2013 to 161 in 2017, thus improving the judge to population ratio from 1:394,321 to 1:303,448 in 2013 and 2017, respectively. The number of magistrates increased from 380 in 2013 to 1,236 in 2016, thus increasing the rate of finalization of complaints.

7.3 Key Messages

1. The key achievements under the political pillar have been the passage of the new constitution and laws to support the implementation of the constitution. This includes the 49 laws under the Fifth Schedule and other subsidiary legislations. The civic education on the constitution was also undertaken to inform the citizens on their rights and privileges under the constitution.
2. Devolution laws and policies were developed to support implementation of the devolved functions, these include the County Government Act 2012, Intergovernmental Relations Act 2012, Transition to Devolved

Government Act 2012 and Public Finance Management Act 2012, among others. Similarly, institutions to support devolution were also established, which include Intergovernmental Relations Technical Committee (IGRTC), Intergovernmental Budget and Economic Committee (IBEC), Controller of Budget (CoB) and Commission on Revenue Allocation (CRA). Additionally, unbundling, transfer and costing of devolved functions was successfully implemented and operationalization of the county governments.

3. On leadership and integrity, the Leadership and Integrity Act 2012 was developed and is in operation, the aim of the Act to promote standards and best practices in ethics, integrity and anti-corruption for State and Public Officers.

4. There have also been tremendous achievements in the judiciary, which include: the establishment of the Supreme Court of Kenya, decentralization of Court of Appeals, increase of magistrate and Kadhi's courts across the counties and increased the number of magistrates and judges.

5. Implementation of flagship projects under the political pillar has not been short of challenges; they include weak legal and regulatory framework in the enforcement of the Chapter Six of the Constitution and overlaps in the institutional mandates and legal frameworks among some institutions.

8. CONSTRAINTS AND CHALLENGES

8.1 Introduction

There is no doubt that substantial achievements have been attained in implementing the Kenya Vision 2030 projects across all the four pillars and enablers. Despite the efforts and progress made, there exists a myriad of challenges and constraints facing implementation of the Kenya Vision 2030 flagship projects. These can broadly be categorized as institutional and regulatory, resource-related, governance, social, political and environmental challenges. The other challenges relate to new and emerging global issues. The sub-section below is a discussion about the key challenges and constraints facing implementation of the Kenya Vision 2030.

8.2 Key Constraints and Challenges

8.2.1 Institutional and Regulatory Challenges

A well-designed institutional and regulation framework is critical for effective implementation of the Kenya Vision 2030 and delivery of its goals and aspirations. The Cabinet Committee on Kenya Vision 2030, which is chaired by the President, is the apex body overseeing implementation of the Vision 2030. Initially, the Committee regularly received progress reports on Vision 2030 from the Cabinet Secretary in charge of the National Treasury and Planning, within which the Vision 2030 Delivery Board and Secretariat are hosted. However, the Cabinet Secretary in Charge of Interior and Coordination of National Government presently performs the coordination role at the Cabinet level, besides coordination between the VDS and the Presidential Delivery Unity.

According to the Kenya Gazette No. 1386 (Vol. CXI – No 15) of 17th February 2009, the Vision 2030 Delivery Board is the apex body mandated to provide policy guidance and overall leadership in the delivery of the Vision 2030, sets targets and evaluates the results achieved. The board comprises a non-Executive chairman; the Head of Public Service and Secretary to the Cabinet; all Principal Secretaries; Representatives of Ken-Invest, NESC and Capital Market Authority; Governor of Central Bank and seven representatives from the private sector. The Board is technically supported by the Vision 2030 Delivery Secretariat. The Vision 2030 Board and Secretariat face fundamental challenges.

The membership of the Board is over-represented, with members drawn from all implementation agencies and numerous other non-State agencies. This is contrary to the Mwongozo Code for Governance of State Corporations (1.1(3)) stipulates that Board membership of all State Corporations shall be between seven and nine perhaps to enhance efficiency and effectiveness in decision-making. The high number of memberships to the Vision 2030 Board is expensive, prone to delay decision-making and does not provide a conducive platform to offer effective and appropriate guidance and advisory services and monitor implementation of various flagships.

In addition, the establishment of the VDB and VDS through a Gazette Notice waters down their legal, administrative and enforcement powers to effectively discharge their roles and responsibilities as opposed to an Act of Parliament. With no such powers, the Board can hardly ensure that all projects and programmes contained in the Vision and the Medium-Term Plans are adequately funded, launched and completed on schedule as part of its mandate. For instance, quite a number of flagship projects are yet to commence due to lack of funding among other factors. Yet, several other projects have also been introduced, even without approval by the VDS and others revised contrary to requirements.

Furthermore, the coordination framework for implementation of the various flagships between the National and County Governments is weak, despite the adoption of a devolved system of government and subsequent provisions of the Fourth Schedule of the Constitution of Kenya 2010. The key challenges of implementation of the Vision 2030 projects under this framework is the lack of enforcement of administrative procedures for establishing and managing intergovernmental sector forums, and intergovernmental committees. Therefore, decisions of the forums are not binding. Although the County Integrated Development Plans are supposed to be aligned to the Vision 2030s Medium-Term Plans to coordinate the work of both levels of the government in a coherent plan and contribute towards devolution, this is hardly the case. For instance, the Third Medium-Term Plan was launched in late November 2018 long after respective CIDPs were launched during the month of June 2018 as per the requirements of the law. So far, the role of County Governments in implementation of various flagships, especially those physically located within counties is not clear.

8.2.2 Planning and Budgeting

The budgeting and allocation of the Vision 2030 flagship projects is done within the budget making process. There are no separate provisions within the budget making process that allows for prioritization or special treatment of the Vision 2030 flagships in all stages, neither does the Vision 2030 Secretariat play its role in ensuring that flagships are allocated adequate resources. During MTP I and MTP II, several ministries and other implementing agencies introduced new projects, even in situations where the original Vision 2030 projects had not commenced implementation. The introduction of additional projects spread limited financial resources, thereby delaying completion of some projects. This situation illustrates the challenge that the Vision 2030 is not fully entrenched in law through an Act of Parliament, but only by the Sessional Paper of 2012 on Vision 2012 and the Gazette Notice of the establishment of the VDS. Under the circumstances, several original flagships have not been allocated any financial resources over the years, while others were allocated very minimal resources. Lack of sufficient funds not only limits the completion of projects in time but also their scalability where projects are to be scaled to other areas. Thus, the Vision 2030 Secretariat has very little control or influence over the funding of existing or newly introduced flagship projects within the existing budget making framework or process.

In addition, there still exist gaps as far as maintenance of budget allocation and expenditure data is concerned, despite the establishment of the Integrated and Financial Management and Information System (IFMIS) in the year 2003. This undermines transparency and accountability in the use of public resources and also makes it difficult to undertake meaningful monitoring and evaluation necessary to guide effective implementation of the flagships in subsequent years.

8.2.3 Resource Constraints

Financing gaps

There are far-reaching financial and human resource constraints within the Vision 2030 Delivery Secretariat. The Secretariat's budget is drawn from the parent ministry and is hardly enough to enable it to undertake some of its core mandates, including coordination, monitoring and evaluation of projects.

The total budget for implementing the MTP I flagship projects was estimated at Ksh 3.91 trillion (approximately 25.74% of GDP of Ksh 15.19 trillion in MTP I). Much of these resources were anticipated to be raised by the private sector through the Public-Private Partnership (PPP) framework. Whereas the PPP framework is robust and largely supportive of the many PPP projects currently in the pipeline, there is room for improvement. Currently, there are 70 projects under the PPP initiative at various stages. This is despite the PPP law having been in place since 2013. For instance, PPPs have a history of good performance in South Africa and the factors favouring South Africa's performance in terms of PPPs, versus its peers in the African continent, are her PPP-specific laws and policies, sufficient financial market depth to fully enable PPP financing and an established National Treasury central unit coordinating and approving PPPs. Moreover, the Vision 2030 PPP framework is silent on the steps required to be taken for a sole bidder scenario, or where a procuring entity receives only one bid in response to a PPP tender and unsolicited PPP proposals. The recent amendment to the PPP Act 2013 to make provisions for both National and County Governments to undertake public infrastructure development and service was highly welcome.

Besides, rising levels of public debt remain a challenge. The implementation of the Vision 2030 projects, specifically the infrastructural projects, has seen the country's public debt rise steadily over the last decade. As at 2018, public debt had risen to 52.7 per cent of GDP, an increase from 36 per cent in 2007/08, raising concerns on its sustainability. The rising debt level poses serious challenges towards the realization of the Vision 2030 objectives. The increased public debt has constrained fiscal space needed for development purposes. The increase in public domestic debt has also led to increase in interest rates, crowding out the private sector in investment funds. In other instances, the stringent conditions attached to external debt could compromise the country's sovereignty.

Land issues

Land is a critical resource for socio-economic and political development, as recognized in the Vision 2030. The transformation in land ownership is dependent on national land use policy. In this regard, a number of challenges have been identified with regard to achievement of the Vision 2030. The Land Control Board, which operates under the Land Control Act (Chapter 302, Revised edition 2017) is still under the National Government. On the other hand, agriculture, which is the backbone of most county economies, is a fully devolved function. These conflicting roles between the two entities hamper coordination.

The transfer of public property in the county is another challenge due to some legal issues. While adjudication of land is a national role, the allotment of plots within counties is a mandate of the County Government. This arrangement causes significant challenges in land adjudication. Furthermore, while the Department of Physical Planning is fully devolved, the survey function is not. Consequently, the survey services for counties are undertaken from Nairobi by the Director of Survey. As a result, the counties lose out on revenues that would have been generated if this function was devolved. Moreover, this has led to increased irregularities such as allotting parcels of land of sizes less than the standard one-eighth of an acre. This complicates the work of planners. On paper, most functions are devolved but this is not the case. The survey function is a good example.

Spatial planning and land reforms have further encountered setbacks. There is a shortage of technical know-how at the county level, since a good number of physical planners are based at Nairobi and the headquarters of various land agencies. This leaves a huge gap in most of the counties where experts are overwhelmed by the workload.

The process of stakeholder inclusiveness and participation further sophisticates the process of spatial planning. With each stakeholder having varied and diverse interests, balancing the needs of each stakeholder requires a high level of tact and diplomacy on the part of the planners (County Government). In some counties, spatial planning requires an estimated annual budget of Ksh 20 million. However, this is not provided due to budgetary constraints.

On average, it takes about 12-18 months, with all the resources available, to align spatial planning with the CIDPs. This is a lengthy window period and so much can change in terms of priorities of the county. Spatial planning and land reforms in the counties, therefore, face huge competition in terms of resource allocation from other priority sectors such as water, education, irrigation and health.

In some cases, absence of clarity on demarcations of county boundaries brings about speculation and uncertainty on which county has exclusive control over a specific Vision 2030 flagship project. A case in point is the Isiolo International Airport. The airport offices are situated within the boundaries of Isiolo while the upgraded state-of-the-art runway extends to Meru County and a significant portion of it is within the boundaries of Meru. This has sparked debate on how the counties are to share benefits from the airport.

At the national level, there are multiple implementing agencies, thereby making it difficult to allocate resources and coordinate implementation. For instance, whereas the Ministry of Tourism and Wildlife is the lead agency in the development of resort cities, the funding mechanism and role of other agencies is not clearly stipulated. The other related challenge relates to the unclear roles of the VDS and the Presidential Delivery Unit in implementation of the Vision's flagships.

Human resource constraints

There are persistent human resource gaps within the VDS and several implementing MDAs. The VDS has been operating without a Director General while some Directorates do not have substantive Directors for a long period, yet it is expected to provide a leadership role in implementation of the Vision 2030. Further, all the Directorates do not have sufficient technical staff with expertise in data management/statistical analysis and monitoring and evaluation. The units have not yet been established.

There is a serious shortage of technical skills in several sectors, including in oil and gas, space science technology, Information Communication Technology (ICT), nuclear energy specialists, and Geographic Information System (GIS) and remote sensing specialists. A related challenge is the lack of a clear succession plan within the public sector. This has affected implementation of the flagships across MDAs as there are insufficient technical staff to take over from retiring public servants in various ministries and state agencies. Thus, even under situations where resources were available, implementation is difficult due to shortage of technical and managerial staff.

8.2.4 Weak Linkages between Policy, Planning and Budget Execution

Although the requisite documents, including the Fiscal Strategy Papers, the Budget Review Outlook Papers, Budget Policy Statements are prepared annually in line with the Public Finance and Management Act, 2012, there are fundamental weaknesses in fiscal strategy and budgeting framework. Apart from introduction of new projects and failure to allocate funds to some existing ones, forecasting of revenues and macro-fiscal analysis are often weak as evident by deviations between fiscal performance and execution of budgets. Further, deviations between allocations and actual expenditures further undermines the credibility and reliability of the budgeting process. Besides, supplementary budgets are further evidence of the weak linkages in the national budgets with policies and the Medium-Term Plans.

8.2.5 Lack of Effective Monitoring and Evaluation

The Monitoring and Evaluation Department (MED) is one of the agencies of the State Department for Planning under The National Treasury and Planning. It is responsible for coordination of the National Integrated Monitoring and Evaluation

System (NIMES) at both the national and devolved level. The Department is also responsible for tracking the progress of implementation of the MTPs and the Kenya Vision 2030.

Specifically, the Department is mandated to: strengthen evidence-based policy formulation and improve on tracking results; coordinate monitoring and evaluation (M&E) functions of National and County Governments; build adequate M&E capacity for both the National and County government to track implementation of the Kenya Vision 2030; provide both the National and County Governments with policy implementation feedback for efficient resource reallocation over time; and provide National and County Governments with reliable mechanisms to measure the efficiency and effectiveness of implementation of policies, programmes and projects.

At the national level, MED guides the national offices, line ministries, other government agencies and non-State actors on issues related to: qualitative and quantitative data collection, analysis, archiving and indicator construction of national and ministerial indicators for fast-tracking implementation of the Kenya Vision 2030 and subsequent Medium-Term Plans (MTPs); research and results analysis, including analysis of Ministerial Public Expenditure Reviews (MPERs) and production of the national Public Expenditure Reviews report. It also prepares Annual Progress Reports (APRs) and Public Expenditure Tracking Surveys (PETS); projects monitoring including the harmonization of projects, monitoring standards and updating of the electronic National Integrated Monitoring and Evaluation System (e-NIMES); projects evaluation including harmonization of projects evaluation standards, planning and participating in all evaluations of flagship projects; dissemination, advocacy and sensitization, to guide the promotion and building of a monitoring and evaluation culture and practice at all levels, by publishing and disseminating M&E information; policy coordination and capacity development that gives guidelines on M&E reporting and identifies M&E capacity requirements in terms of human resource and equipment.

At the county level, MED guides M&E of programmes and projects undertaken through the County Integrated Monitoring and Evaluation System (CIMES) framework that is a replica of NIMES. MED guides county and sub-county officers to undertake devolved level M&E activities, and guides county M&E committees and other sub-county M&E committees to produce quarterly and annual M&E progress reports in addition to mobilizing resources for M&E at this level.

Although MED is charged with the responsibility of providing leadership in the preparation of the Kenya Vision 2030 Medium-Term Plans and Sector Plans, it is however not clear how the department works with the VDS in formulation of MTPs, and monitoring implementation of the flagship projects. The concern is worsened by the fact that no clear financial expenditure data and implementation status is available for majority of the Vision 2030 flagship projects.

8.2.6 Corruption and Governance Issues

Corruption and theft of public resources is a key hinderance to the implementation of flagship projects. Various corruption perception studies and reports conducted by the Ethics and Anti-Corruption Commission (EACC) in 2017 highlighted that corruption was ranked as the leading problem affecting the country at 43.6 per cent. Seventy (70) per cent of the respondents indicated that the level of corruption and unethical conduct was high. So far, the EACC has investigated several government cabinet secretaries, governors, county secretaries, legislators, county speakers and county employees on corruption. Over time Kenya's performance on the Corruption Perception Index (CPI) has been dismal; in 2018, Kenya had a CPI score of 27 out of 100 compared to 28 scores in 2017, 26 (2016), 25 (2015), 25(2014) 27 (2013) 27 (2012). In 2018, Kenya ranked at position 144 out of 180 countries and compared to position 143 in 2017 (Transparency International, 2018). Corruption remains a drawback towards realization of the development agenda. Poor coordination between the National and County Governments in implementation of the flagship projects is a significant challenge.

8.2.7 Poor Financial Information and Data Management

In undertaking the review exercise, financial related data was collected from multiple institutions or implementing agencies (the Kenya National Bureau of Statistics and National Treasury and multiple sources), for example work plans, MTEF-related documents, printed estimates and IFMIS data. In most cases, the budget allocations to various projects in various ministries with multiple agencies are lumped, hence making it difficult to establish or distinguish the actual allocations. In several instances, the allocations differ with actual expenditures from IFMIS. This makes tracking of financial allocations and actual expenditures impossible as there is no single source of such information.

8.2.8 Social Related Challenges

There is lack of effective community involvement in projects. This is because of lack of clear engagement strategies, such as community partnership to ensure programme outputs are designed with input from residents. For example, the sanitation land fill in Murang'a County, and the suspended water towers flagship in Mount Elgon and Cherangani hills would have probably been more successful with early community engagement. Communal land tenure can cause delays in implementation of infrastructure projects. A case in point is the concern by communities located along the proposed LAPSSET corridor projects that construction of the Turkana and Isiolo resort cities may disrupt socio-economic livelihoods of pastoralists. In these cases, it is evident that communities and local leadership have not been sensitized sufficiently on the socio-economic benefits to be drawn from the flagship projects.

In some cases, serviced land for private and public developers for basic infrastructure was unavailable. The cost of acquiring land constitutes more than half of the total cost of a project. This is common in big infrastructure related projects such as roads, railway lines, airport expansions, irrigation projects, industrial parks and housing projects. In addition, there is inadequate access to land to secure wildlife corridors and migratory routes. Apart from the scarcity of appropriate land, speculatory tendencies of brokers and landowners result to escalation of land prices in designated areas, leading to delays in implementation of some flagship projects. Increased prices directly increase the project costs. Besides, land acquisition can be contentious and takes longer than expected especially for an already occupied land where members must be relocated. In addition, inappropriate subdivision of land interferes with road reserves meant for expansion and development of other infrastructure.

Theft and vandalism of public infrastructure negatively affects the economy through inconveniences in operations, reliability or redundancy of infrastructural system and further increases the infrastructure deficit. Vandalism also leads to increase in expenditure due to additional costs incurred to guard the projects, and litigation costs for offenders. Vandalism is common for projects under street lighting, CCTV cameras and other related energy projects and signposts along roads, railway and pipelines.

8.2.9 Political Instability

Historically, general election periods are often shrouded in violence, anxiety and political instability. Thus, every five years, economic activities and development activities are quite often slowed down. Thus, depressed economic performance directly affects the country's fiscal balance situation and implementation of flagship projects. The height of the impact was experienced during the 2007/08 post-election when there was prolonged violence and destruction of property. In the 2017 presidential election re-run, these incidences hindered the attainment of the desired growth levels, led to inflation, and scared domestic and foreign investors, thereby further depressing economic performance after the presidential re-run.

8.2.10 Environmental Constraints and Challenges

Kenya is prone to extreme weather and climatic conditions such as severe droughts and floods, both of which cause devastating effects on the economy. Drought episodes in Kenya over the MTP I and MTP II periods included the year 2008/09, 2010/11 and 2016/17. It is estimated that the 2008 droughts cost the economy about Ksh 968.6 billion in damages and importation of food. In addition, the 2016/17 drought was declared an emergency after the failure of rainfall between October and December 2016. The prolonged effects of drought in the country dampen agricultural output and economic growth. For example, due to drought, the agricultural sector grew by 1.6 per cent in 2017 compared to 4.7 per cent in 2016. Most importantly, agricultural performance and food and livestock production are most affected. Substantial resources that could have been used elsewhere are diverted to emergencies to arrest or reduce adverse effects.

In addition, human-wildlife conflicts remain a key challenge for environmental conservation related projects. Some flagship projects have been suspended owing to clashes between indigenous people in wildlife conservation areas, especially those located within water towers as experienced in the Mau Forest complex in July 2018. Conflicts in shared natural resources such as water among communities, and resistance on location of some flagship projects such as dumpsites in Murang'a, Mombasa, and Kisumu has led to their delay.

8.2.11 Slowdown in Implementation Momentum

There is a general apathy and slowdown in the momentum of implementation of various flagships because of lack of resource allocations, inadequate financial resources, delay in execution of projects, corruption, coordination weaknesses, among other factors. Besides, many stakeholders decried the lack of leadership and momentum once exhibited by the defunct National Economic and Social Council (NESC), thereby slowing the impetus and vigour initially displayed in implementation. Besides, the diminishing importance of Performance Contracting by various Government agencies has weakened effective implementation of the Vision.

8.12.12Other Emerging Global Issues

Global financial crisis

Kenya's macroeconomic prospects were severely affected by the global economic crisis of 2008. The associated effects of the global financial crisis include reduction of horticultural exports, thus impacting on foreign exchange earnings and current account deficit. In addition, the appreciation of the US Dollar worsened the current account deficit. The stock market was also adversely affected, with the NSE 20-share index falling by 35 per cent in 2008. The decline in stock market led to difficulty in borrowing from the capital market.

Escalation of oil prices

High oil prices impact negatively on the cost of living through inflation. Increase in oil prices increases the cost of production, which translates into higher prices for goods and services. Furthermore, high prices enter directly into Kenya's consumer price index and, therefore, the cost of living of the country. For example, Kenya experienced double-digit annual inflation rates for most of 2008 due to fuel and food prices.

SDGs

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs are integrated—that is, they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Through the pledge to Leave No One Behind, countries have committed to fast-track progress for those furthest behind first. Achieving the SDGs requires the partnership of governments, private sector, civil society and citizens alike to make sure a better planet for future generations is guaranteed. As one of the UN member States, Kenya has committed to achieve the ambitious targets set in the SDGs, alongside delivering outcomes set in the Kenya Vision 2030. Both the SDGs and the Vision 2030 require commitment of the nation's resources.

Climate change

Through its assessments, the Intergovernmental Panel on Climate Change (IPCC) indicates that global warming is likely to reach 1.5°C between 2030 and 2052. Human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels. Global warming from human-related activities is likely to persist and will continue to cause further long-term changes in the climate system, with associated impacts such as food insecurity, conflicts and migration, and environment degradation and desertification.

Climate-related risks for natural and human systems risks depend on the magnitude and rate of warming, geographic location, levels of development and vulnerability, and on the choices and implementation of adaptation and mitigation options. In countries such as Kenya where over 80 per cent of the land is arid and semi-arid, and with majority of the poor population residing in these areas, climate-related risks are likely to be more prone with greater negative impacts on the economy and general well-being of the people. Further, climate change has made rain-fed agriculture lose it shine, with crop failure and loss of livestock becoming more frequent, not to mention loss of lives witnessed in every drought or flood year. While climate change affects the Vision flagships on water, agriculture and environmental, there are opportunities of mitigating the effects of climate change in projects such as those promoting increased forest coverage, given their role in balancing greenhouse gas (GHGs) emissions.

Insecurity and terrorism

In the past, there has been increased waves of attacks in Kenya from Al Shabaab terrorist group. The impact of terrorist-led disruption of life where people relocate to safer places, loss of human and physical capital, slow productivity and economic growth, increased uncertainty in investment, loss of foreign direct investment and increased expenditure on security. In 2014 and 2015, Kenya experienced increased attacks in the coastal city of Mombasa through kidnapping of tourists, which led to a reduction in 2015 of total tourist arrivals by 19.5 per cent to 1.2 million, and a reduction of earnings from tourism by 2.9 per cent to Ksh 84.6 billion due to travel advisories by key source markets. The net impact was loss of jobs created by the tourism sector. Performance of the tourism sector is particularly sensitive to insecurity.

Kenya is still prone to terrorist attacks, according to the Global Terrorism Index (GTI), which measures the direct and indirect impact of terrorism, including its effects on lives lost, injuries, property damage and the psychological after-effects. Kenya scored 6.11 in 2018 from a score of 6.17 in 2016, 6.57 in 2015 and 6.66 in 2015 on a scale of 0-10 (where 0 is no impact and 10 is high impact). Between 2002 and 2017, Kenya's score on GTI remained at an average of 5 (Global Terrorism Index, 2018).

9. OPPORTUNITIES

9.1 Introduction

The Kenya Vision 2030 has made several achievements in infrastructural development, energy, information technology and communication, public sector reforms, among others. These achievements have been realized through the budgeting process, and the Medium-Term Expenditure Framework (MTEF) to align budgeting and planning at both the national and counties which outline the timelines and resources needed to make the needed progress in development.

9.2 Opportunities

Despite the achievements made during the last two MTPs, there is room to improve the implementation and participation of all stakeholders in realizing the Vision. There are opportunities that present themselves especially with greater involvement and participation of disadvantaged groups.

9.2.1 Role of SMEs

According to the economic survey report 2017, the number of Micro, Small and Medium Enterprises (MSMEs) that are licensed in the country was 1.56 million and about 5.85 million unlicensed businesses. The sector plays a key role in economic development and job creation. Most jobs created in the country are usually by MSMEs. Most Small Medium Sized Enterprises (SMEs) fall under the informal sector called Jua Kali. Estimates put Kenya's MSMEs at about 7.5 million enterprises, contributing approximately 40 per cent to GDP. The informal sector is estimated to constitute 98 per cent of business in Kenya, contributing 30 per cent of jobs and 3 per cent of GDP. However, despite the contribution of this sector to the economy, there are challenges of integrating the sector into the economy through formalization for ease of mapping sector stakeholders.

The annual report of 2018 by the Kenya Association of Manufacturers (KAM) stipulates that the SMEs sector is currently at its peak performance, supplying the domestic business industry at over 80 per cent composition and employs over 30 per cent of Kenyans at all skills levels. The SMEs sector is currently the second largest employer after the civil service. The government recognizes the role of the informal sector and seeks ways to integrate these businesses into formality.

Through the Kenya Vision 2030, the government has made tremendous progress in scaling up upcoming array of projects to include SME parks in Nairobi, Eldoret, Kisumu, Nakuru and Mombasa. Moreover, the most successful five (5) Industrial Constituency Development Centres (ICDCs) will be transformed into SME parks and extended to cover all counties. The key problems, however, are lack of land and space for development. It is expected that the various reform measures being undertaken will result into further improvement of the business environment for SMEs.

Furthermore, there are prospects for improved performance of the SME sector following opportunities within regional economic integration initiatives. Kenya's membership in various regional economic blocs, coupled with its strategic geographic position, makes it a regional trade and investment hub. The SMEs sector has performed relatively well under the country's engagement with other trade promotion schemes that include the Africa Growth and Opportunity Act (AGOA), World Trade Organization (WTO), Africa Continental Free Trade Area (AfCTFA) and East Africa Community European Union (EAC-EU) Trade by provision of especially market access of a variety of products in the sector.

Furthermore, there are immense opportunities for SMEs under the Government's "Big Four" agenda, where there is a target to increase the percentage contribution of agro-processing to manufacturing's contribution to GDP from 16 per cent to 50 per cent. This is expected to create additional jobs. Besides, tea, coffee, and associated agricultural products such as sugar, meat and dairy value chains provide opportunities for SME participation. The associated transport, warehousing and cold chain sites also create fertile grounds for SMEs participation in regional and global value chains (GVCs).

Stronger participation by SMEs in Kenya in global markets creates opportunities to scale up and enhance productivity, by accelerating innovation, facilitating spillovers of technology and managerial know-how, and by broadening and deepening the skillset. According to Wagner (2012), international exposure, whether through imports, exports, or foreign direct investment (FDI), goes frequently hand in hand with higher productivity, and can be an important driver of employment growth. In addition, there are growing concerns that SMEs in Kenya have not benefited from globalization. This is possibly exacerbating long-standing wage gaps between large and smaller firms. This reflects in large part correspondingly lower productivity, but the extent of direct exports by SMEs also appears to play a role. In Kenya, where SMEs have a relatively high share of economic contribution in terms of GDP, differences in average salaries between SMEs and larger firms are relatively smaller

9.2.2 Women and the Youth

Effective implementation of the Vision 2030 flagships will create more opportunities and improve laws and regulations that address issues that have for long impeded women and youth in exploiting economic opportunities as entrepreneurs, employees and business leaders. Specifically, more women and youth would be linked to finance, advisory services, women's business networks and digital technology.

The youth (age groups 15-34 years) account for close to 50 per cent of the total unemployed population in the country, vastly outnumbering the jobs available in both public and private sectors. So far, the labour market has been unable to absorb the constant supply of youth's seeking employment in the country. There is also a huge mismatch as most youths seek for formal jobs whereas over 80 per cent of created jobs are in the informal sector.

The Kenya Vision 2030 has several specific flagship projects targeting the youth, including those aimed at providing financial support, innovation and skills development, awareness creation and information sharing and sports and creativity.

Within the manufacturing sector, for instance, creation of industrial clusters and improvements of ease of doing business offer pertinent opportunities for active engagement of the Kenyan youth. The identified clusters as established in Kenya's Industrial Transformation Programme, which include textile/apparels, leather, agro-processing, ICT, construction, oil, gas and mining services, and fish processing have high potential for harnessing the youths' skills set through value addition. Moreover, within handicraft industries with export potential, there is a ready opportunity to engage youth and women to expand regional and continental exports.

But this potential to boost industrial development can be realized if the government and other stakeholders ensure the implementation of quality Technical, Vocational Education and Training (TVET) programmes. This is even more crucial amidst the shortage of mid-level technicians and artisans, such as plumbing and masonry. The government and its partners can implement skills gap analysis and ensure that TVET programmes are orientated towards demand-driven employable skills. The programmes must also be linked to entrepreneurship, the needs of MSMEs and the wider manufacturing sector. The country can adapt best practices that recognize the presence of a symbiosis of assessment-oriented and experience-oriented training to build the required competences. To secure quality training, the government and its partners need to design and implement a comprehensive programme for training technical teachers/instructors and create a network for the cooperation of vocational training and technical education with business and industry for continuous feedback.

The Public Procurement and Disposal Act 2015, in which 30 per cent per cent of all government procurements are reserved for youth, women and persons with disabilities not only opens an avenue for employment but also promotes value addition production within the economy. The initiative can be enhanced by addressing the challenges that continue to diminish its potency, including delayed payments, effective training and awareness for potential suppliers in the areas of pricing and procurement procedures, and inadequate financial support for youth, women and PWDs from affirmative action funds.

The promotion of creative arts and sports industries has great potentials to create gainful employment for the youth. The creative economy encompasses films, TV, literature, advertising, art, crafts, design, fashion, music, performing arts, publishing and video games. Development of the arts, entertainment and recreation in Kenya can generate substantial revenues and contribute more to sustainable development of the economy.

Similarly, sports activities such as football, athletics, tennis, rugby, golf, motor rallies, boxing and wrestling generate revenues from membership club fees and ticket sales, advertising and sponsorship, TV and media rights, re-distribution of income within the sport federations, merchandising and public support. It also supports other subsidiary sectors including health, education, entertainment, tourism, businesses and physical infrastructure.

Thus, Kenya's growing large youth population should be an asset, and their participation guided to sustain growth and reduce economic vulnerabilities. Presently, persons aged between 15 and 34 years constitute about 35 per cent of Kenya's population. The youth exude energy, are talented and can be nurtured to contribute even more by helping them acquire basic skills and opportunities, self-worth and a sense that they are competent and able to do something with their lives. Many of the youths have turned to self-employment and/or entrepreneurship, but are constrained by many factors, including access to affordable capital to start or expand business.

The expansion of export markets in regional and international markets also has potential to create new jobs. For instance, the Economic Commission for Africa estimates that the AFCFTA will help create up to 2 million new jobs, particularly in the manufacturing, agro-processing and textile sectors within the EAC region. Besides, the African Union's free movement protocol of the AFCFTA will allow young people to move to where there is need for their skills and talents. Finally, regional economic integration will open opportunities for young people to establish new businesses. There are good reasons to believe that African youth are among the most enterprising in the world.

9.2.3 Leveraging on Diaspora Remittances

Diaspora remittances are a key source of investments and enabler of economic growth and sustainable development. According to the United Nations 2030 Agenda for Sustainable Development (SDG), remittances by migrants to their families back home are fundamental for governments, international organizations and other partners in realizing their sustainable development objectives. They have multiplier effects in the economy through savings, investments, fiscal and debt sustainability.

The role of the diaspora in the realization of the Kenya Vision 2030 is geared towards driving investments in the priority sectors of the economy, including physical infrastructure, education, financial services, health, housing, ICT-enabled services, Business Process Outsourcing (BPO), manufacturing and tourism. Apart from financial remittances, there exists enormous potential in skills, expertise and knowledge by Kenyans abroad (Republic of Kenya, 2014).

So far, remittances into Kenya are low compared to other comparator countries. For instance, remittances in the Philippines were about 10 per cent of GDP in

2017, while Egypt, Morocco and Uganda registered 9.6, 6.3 and 4,8 per cent, respectively.

However, there is need to work towards reducing the cost of sending remittances. According to the World Bank (2018), the global average cost of sending remittances has remained nearly stagnant, standing at 7.1 per cent in the first quarter of 2018, more than twice the SDG target of 3 per cent. These costs largely arise from de-risking practices by global financial institutions, exclusivity agreements which undermine competition among remittance services providers, and weak institutional and regulatory frameworks, among other factors. These factors constrain the anticipated gains from introduction of cheaper and more efficient technologies, such as Internet and smartphone apps, and blockchain, in remittance services. In addition, there is need to develop an integrated database on Kenyans abroad. An effective data management system for the diaspora would facilitate the circulation of knowledge, ideas and technology for capacity building to take off. The prerequisites to improving data on remittances requires an understanding of the transaction channels that are available, and the ability to compile or estimate data that cover all channels that are heavily used.

10. CONCLUSION AND RECOMMENDATIONS

10.1 Conclusion

This report examines the status of implementation of the Kenya Vision 2030 flagship projects within the First and Second Medium-Term Plans. It investigated the genesis and motivations behind the Vision, its aims and objectives, the institutional and regulatory framework guiding its implementation, the implementation strategy and the selection of flagship projects expected to take the country to the next level of development. We also looked at the challenges and constraints affecting implementation and opportunities that can be utilized to fast-truck implementation given the country is mid-way in the planned period.

Using mixed methods and triangulation research design, an assessment of the status of implementation of the flagship projects in various pillars during the first and second medium-term plans was carried out. The research design built on expert knowledge, implementing agencies and stakeholder consultations and workshops with participants drawn from the public and private sectors, NGOs and other non-State actors. The initial phase of the study involved mapping of key flagship projects in MTP I and II, which was a key step towards achieving the study objectives. The objective of the mapping was to provide unequivocal information on the location, distribution and implementing agencies of the key flagship projects under each pillar of the Vision 2030. The various stakeholders collaborated in providing expertise and information on key flagships to be reviewed.

Generally, the Vision 2030 development blueprint was founded on a strong institutional and regulatory framework through a consultative and inclusive process and backed by strong political good-will. The momentum for realization of the Vision was reflected in the vigour and focus exhibited during implementation of the MTP I. So far, significant progress has been made during the 1st and 2nd Medium-Term Plans. For instance, macroeconomic stability has been maintained during the period. Although the targeted annual growth rate of 10 per cent has never been realized, economic growth remained higher than 3 per cent or above the global average during the entire period, and above the population growth. In addition, annual average inflation rates have remained below the double digits level as envisaged. However, the savings and investments as share of GDP remained subdued, with average figures being 16.5 per cent and 20 per cent, respectively, during the two periods. Besides, the savings-investment gap widened, partly attributed to the sharp increase in infrastructure investments, the 2008 post-election violence and terrorism-related insecurity. Progress has also been made in expansion of public infrastructure, including roads, modernization of the railway system, expansion of airport facilities, modernization of the Port of Mombasa and the Optic Fibre Network. In addition, generation of power and connectivity have tremendously increased. There are also marked achievements in health, education and governance, including the adoption of the Constitution of Kenya 2010.

Based on consultations with various stakeholders and review of relevant literature, a SWOT analysis was carried out. The analysis of the “strengths” looked at the foundation of the Kenya Vision 2030 in terms of the presence of a policy framework, buy-in from both the public and private sector, and implementation strategy. Weaknesses captured deficiencies in terms finances, legal, coordination technical capacity and lack of champions or ambassadors of the Vision. The analysis of the “opportunities” focused on the net effects to be derived from the flagship project, presence of donor support and take up of some of the projects by the county governments. The volatile environment consisting political instability, terrorism, climate change, corruption and global crisis could be threats to the implementation of the Kenya Vision 2030.

The policy issues discussed in the report cover the institutional, regulatory and coordination of implementation of the various flagship projects. The coordination framework is complex and involves several agencies at both National and County Government levels. In addition, the linkages between policy, planning and budgeting and the control or influence over the funding of existing or newly introduced flagship projects by the Vision 2030 Secretariat are also reviewed. Moreover, implementation of the Vision requires effective resource management, including financial, human and natural resources such as land and environment. Prudent management of financial resources is key to ensuring prioritization and adequate financing of identified projects, whereas development and mobilization of requisite technical skills together with succession plans are critical for effective planning and project execution. The importance of establishing monitoring and evaluation structures to track progress, address implementation challenges and mitigate emerging risks are also covered in the report. Suffice is to say that the policy issues were not merely about economic and social issues, but also political and governance issues. The discussions attest to the holistic approach required to facilitate implementation of the Vision for attainment of sustainable and inclusive development.

To improve implementation and sustain momentum, streamlining the coordination structure to minimize duplication of efforts, empowering the VDB and VDB to control and monitor implementation of the various flagships should be given priority. It is also imperative to build and maintain constructive stakeholder relationships to enhance transparency, predictability and accountability. Finally, the report illustrates the potential opportunities for job creation and poverty reduction through greater involvement of SMEs, youth and women in implementing the various flagships.

10.2 Recommendations

The key recommendations are made on challenges based on findings on the status of implementation of the Kenya Vision 2030 flagship projects. The recommendations cover several dimensions, including macroeconomic framework, institutional framework, regulatory framework, financing, political, governance, resource/ economics, social and environmental dimensions.

10.2.1 Regulatory/Institutional Framework

To create an effective institutional and regulatory environment for implementation of the Kenya Vision 2030, the government and its partners shall need to:

1. Enact a law through to operationalize the Kenya Vision 2030. This would give the VDB and VDS necessary legal and enforcement powers to effectively implement the Vision.
2. Harmonize and rationalize implementation of the Vision at both National and County levels. In addition, there is need to streamline the work of various agencies coordinating government projects at both National and County levels. This would help streamline the number of agencies involved in the coordination process.
3. Streamline coordination between the VDS, the National Treasury and Presidential Delivery Unit for effective implementation of the Vision flagship projects.
4. Reduce the size of the VDB to conform to the Mwongozo Code of Governance for State Corporations. This would make the board conduct its operations more efficiently and effectively.
5. Strengthen and operationalize the Intergovernmental Relations Committee to effectively coordinate National and County Government roles in implementation of the Vision 2030.
6. Strengthen the communication strategy for the Vision's implementation to create awareness of Vision 2030 at both the national and county levels. In addition, there should be aggressive awareness and sensitization of stakeholders.
7. Identify champions of the Vision (individuals and/or institutions) to promote the aspirations of the Vision and strengthen its implementation strategies.

10.2.2 Strengthen Planning and Budgeting

There is need to strengthen linkages between policy, planning and budgeting by undertaking thorough fiscal and revenue sensitivity analysis, forecasting and expenditure controls to reduce revenue-expenditure deviations. This would also limit supplementary budgets, which tend to undermine budget credibility and reliability. Further, there is need to controls the introduction of new flagships while abandoning some existing ones before completion. In addition, adequate funding should be provided to all flagship projects to avoid delays in implementation.

10.2.3 Financing

There is need to develop a clear and realistic resource mobilization strategy over the five-year medium-term plans considering national resources, donor funds, loans and utilization of the PPP framework. The law should provide for ring fencing of finances earmarked for implementing the flagships to prevent diversion of funds and enhance accountability and efficiency in budget management. In addition, the PPP framework should be strengthened to be more effective in project financing.

The VDS/Government should take up opportunities to mobilize funds and other resources through international instruments such as the Kyoto Protocol and the Paris Agreement. Through these instruments, Kenya could mobilize climate finance to further support projects consistent with low greenhouse gas emissions and climate-resilient development.

10.2.4 Strengthening Monitoring and Evaluation

To enhance project monitoring and evaluation, performance contracting among implementing agencies should be strengthened. There is also need to institute governance structures in the VDS, and collaborative arrangements with other agencies to support continuous monitoring and enforcement of projects.

10.2.5 Improvement of Governance

Although the Constitution outlines the national values and principles of governance in Article 10, the country still faces challenges related to the rule of law, inclusiveness, integrity, transparency and accountability. These challenges tend to limit good governance. To improve good governance, there is need to:

1. Enhance stakeholder participation and engagement to improve accountability, transparency and integrity. The stakeholders encompass the National and County governments, civil society, and representatives of community members or organizations. The projects should embrace social auditing processes, including sharing of information to the community on project objectives, expected benefits, budget and providing windows for stakeholder representatives to inspect key information on the projects during implementation. The VDS could adapt the PFM Act of 2015 and County Act of 2012 both of which apply to a requirement on participatory planning and budgeting, and inclusivity.
2. Report on a regular basis on Vision 2030 project inputs, outputs and outcomes including major expenditures as one of the means of auditing for the Vison projects.
3. Invoke the constitutional provision on integrity in case improprieties occur in the implementation of the Kenya Vision 2030 projects, including sanctions. In particular, the government should sustain the fight against corruption by issuing effective sanctions to eliminate corruption. The prosecution of high-

profile individuals in the government involved in corruption, quick conclusion of corruption-related cases and strict enforcement of financial regulation rules.

10.2.6 Human Resource development

The best and most experienced human resources should be used in the planning and management of the Vision projects. Training of officials on the requisite skills required for success in implementing the Vision projects should be conducted to ensure that human resource inadequacy does not lead to loss of costly Vision investment. Most importantly, there is need to establish succession plans in the public sector to sustain effective implementation of various Vision projects.

10.2.7 Partnerships

Some of the Vision 2030 projects have encountered challenges related to support by local communities. To minimize these challenges the governments and its partners need to:

1. Establish and/or implement effective community partnership structures during project implementation cycle to ensure community involvement from the start of the project. This will ensure uninterrupted delivery of the projects targeting the community members, and give a sense of ownership of the projects by the community, which impacts on timely completion of the projects.
2. Incorporate principles of social preparedness/response strategies among various stakeholders. Specifically, this refers to knowledge and capacities of different implementing stakeholders to anticipate, prepare and respond positively to issues that emerge during the project implementation cycle. This will help reduce resistance and build trust among communities and in turn increase efficiencies and effectiveness of project implementation.
3. The projects should build in codes of transparency, which must require consultation of community members regarding Vision projects. Vision projects should establish rapport with community members and provide evidence of a buy in of the project by the community members to increase the likelihood of success of the project.
4. Vision project management should identify with the community and document the social benefits to the community that would accrue to the community on implementation of the project. These could be social well-being, increased incomes, increased food and nutrition security, and reduced poverty.

10.2.8 Environmental Management

There is need for multi-stakeholder partnerships when coming up with strategies to mitigate risks associated with drought and other natural disasters. Other than government agencies, flagship projects such as those under Ending Drought and Drought Emergencies can borrow a lot from traditional early warning systems. These flagships can benefit from the already established indigenous knowledge that the communities have, and at the same time provide a platform to facilitate acceptance and create a sense of ownership and accountability among communities.

In mitigating the effects of droughts and other natural disasters, there is need for a Catastrophe Deferred Drawdown Option (Cat DDO) in addition to the National Drought and Disaster Contingency Fund. This is a risk financing instrument, developed by the World Bank, and geared to providing immediate liquidity to address shocks related to natural disasters such as droughts. This will help prevent National and County governments budget re-allocations or haste measures that might hurt other flagship projects in the long-term when natural disasters strike.

10.2.9 Promote National Values

There is need to support implementation of the Building Bridges Initiatives (BBI) with a focus on promoting national unity.

10.2.10 Macroeconomic Stability

Macroeconomic stability is essential in the achievement of the Kenya Vision 2030. There is need to enhance the following.

1. Adequately manage public debt through a fiscal consolidation plan and a clear debt management strategy
2. Efficient utilization of the borrowed funds
3. Sustained sealing of revenue leakages funds
4. Maintenance of low inflation rates
5. Develop a hedging policy to mitigate the effects of unstable or volatile oil prices

REFERENCES

Directorate of Agricultural Policy Research and Regulations (2019), The status of agricultural policies and instruments for the State Department for Crops Development and Agricultural Research. Nairobi: Ministry of Agriculture, Livestock and Fisheries.

Government of Kenya (2003), Economic Recovery Strategy for Wealth and Employment Creation 2003-2007. Nairobi: Government Printer.

Government of Kenya (2008), First Medium-Term Plan (2008-2012). Nairobi: Ministry of State for Planning, National Development and Vision 2030.

Government of Kenya (2013), Second Medium-Term Plan (2013-2017). Nairobi: Ministry of State for Planning, National Development and Vision 2030.

Government of Kenya (2018), Third Medium-Term Plan (2018-2022). Nairobi: The Presidency. Ministry of Devolution and Planning.

International Monetary Fund (2009), Kenya: 2006 Article IV Consultation and Second Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Requests for Extension and Rephasing of the Arrangement, Reduction in Access and Waiver of Performance Criteria. Washington DC: IMF Publication Services.

International Monetary Fund (2013), Fifth review under the three-year arrangement under the extended credit facility and request for a waive and modification of performance criteria - debt sustainability analysis. Washington DC: IMF Publication Service.

International Monetary Fund (2018), Kenya 2018 Article IV Consultation and Establishment of Performance Criteria for the Second Review under the stand. Washington DC: IMF Publication Services.

Kenya National Bureau of Statistics (2003), Economic Survey. Nairobi: Government Printer.

Kenya National Bureau of Statistics (2004), Economic Survey. Nairobi: Government Printer.

Kenya National Bureau of Statistics (2006), Economic Survey. Nairobi: Government Printer.

Kenya National Bureau of Statistics (2010), Economic Survey. Nairobi: Government Printer.

Kenya National Bureau of Statistics (2014), Economic Survey. Nairobi: Government Printer.

Kenya National Bureau of Statistics (2018), Economic Survey. Nairobi: Government Printer.

Mwega, F. M., Ngola, S. M. and Mwangi, N. (1990), Real interest rates and the mobilization of private savings in Africa: A case study of Kenya. AERC Research Paper 2.

National Treasury (2006), Annual Public Debt Management Report 2005/06. Nairobi: National Treasury.

National Treasury (2008), Annual Public Debt Management Report 2007/08. Nairobi: National Treasury.

National Treasury (2011), Annual Public Debt Management Report 2010/11. Nairobi: National Treasury.

National Treasury (2018), Annual Public Debt Management Report 2018. Nairobi: National Treasury.

National Treasury (2019), Annual Public Debt Management Report 2018/19. Nairobi: National Treasury.

National Treasury (2014), Quarterly Economic and Budgetary Review: Fourth Quarter 2013/14. Nairobi: National Treasury.

National Treasury (2017), Quarterly Economic and Budgetary Review: Fourth Quarter 2016/17. Nairobi: National Treasury.

National Treasury (2019), Quarterly Economic and Budgetary Review: Fourth Quarter 2018/19. Nairobi: National Treasury.

United Nations Development Programme (2017), Institutional and coordination mechanisms: Guidance note on facilitating integration and coherence for SDG implementation.

ANNEXES

Annex 1: Flagships reviewed between May and August 2019

County	Flagship Project	Implementing Agency	Objectives	Status of Implementation	Challenges	Oppoturnities/Recommendations
TOURISM						
Kajiado **Narok** **Nakuru** **Taita Taveta** **Meru** **Embu**	Upgrading premium parks	Ministry of Tourism, local authorities, KWS	Raise quality of Parks (*Amboseli; Lake Nakuru; Nakuru National* Park, *Maasai Mara National Park, Tsavo East & West National Park, Meru National Park, Mwea National Park)* To ensure sustainability of the parks and better revenue yield	Branding and classification of seven major national parks (Amboseli National Park, Nakuru National Park, Maasai Mara, Tsavo East, Tsavo West, and Meru National Park by product, price and tourist interest is in progress. Rehabilitated roads include Buffalo Circuit in Hells' Gate National Park, Makema-Masinga Dam Road in Mwea National Park, Kanderi and Mkwaju Circuits in Tsavo East National Park, Lake Jipe-Kasigau Road in Tsavo West National Park, Kitirua Gate-Junction 25 Road in Amboseli National Park, and various internal circuits in Nairobi National Park and Chyulu National Park. The newly refurbished Naishi guest house at Nakuru Premium Park has was opened.	Inadequate inter-governmental coordination between the Narok County Government that manages Maasai Mara National Park and the National Government (KWS); Human-wildlife conflict; Inadequate funds for infrastructural development; Poaching.	Regular maintenance of roads leading to the parks and roads within the Premium National Parks. Create joint committee between Narok County, KWS and Department of Tourism; Create wildlife corridors; Increase funding for infrastructural development into and within the parks.

				In 2017 designs for the improvement of Makalia Public Campsite in Lake Nakuru were completed; establishment of Ecolodge in Lake Nakuru, the project is 90% completed; Renovation of observation Hill Picnic site in Amboseli, design and project costing is ongoing		
Turkana; **Marsabit**	Cradle of mankind	Ministry of Tourism & Wildlife Ministry of Sports, Culture and Arts.	To position the Lake Turkana Basin as the renowned place for Human Origins internationally, while opening up the area for economic growth and poverty alleviation for the local communities.	An inter-ministerial committee was constituted that developed a concept note and Terms of Reference (TOR) for a consultancy to guide the project. The project was moved from the National Museum of Kenya to the Ministry of Sports, Culture and Arts. A Cradle of Mankind Tourist Circuit developed that incorporates Sibilo National Park, Central Island National Park and Southern Island Park around Lake Turkana region to promote niche product. The project is way behind schedule.	The project started off promisingly, but has lost momentum; Inadequate funding for consultancy; Unclear who should be the lead implementing agency.	Gazette the Natural Products Industry Coordination Board (NPICB) to become the lead implementing agency for this project. Allocate sufficient funding for the project.
Lamu	Resort Cities Initiative	Ministry of Tourism & Wildlife	To open up new tourists circuits with	Land for Isiolo and Lake Turkana resort cities	There was lack of consensus regarding	• To develop resort cities masterplan.

Isiolo **Kwale (*Diani*)** **Kilifi**		Ministry of sports, culture and heritage Ministry of Transport, Infrastructure, Housing & Urban Development Tourism Finance Corporation	greatest potential of attracting tourists by establishing resort cities at Isiolo, Lamu, Turkana, Diani and Kilifi; To develop a resort city development masterplan and designs Convene an international investor conference to market the resort cities	was identified, and prefeasibility studies completed; Potential site for Lamu resort city identified as Mokowe Ongoing implementation as part of the LAPSSET corridor. Stakeholder consultation fora held to sensitize local communities	where the resort city to be constructed at Isiolo County. Dispute between Isiolo and Meru Counties regarding location of the Isiolo Airport. Land tenure: Most of land in Isiolo is communal land. This complicates compensation process since the resort city will be built on communal land; Communities are wary of losing their grazing land; Concerns over environmental and social impact of the resort city and LAPSSET projects. Inadequate funding allocation; Land issues, especially with respect to Isiolo; Limited coordination between different government agencies; Insecurity.	• Need to operationalize the Isiolo airport, which can facilitate tourists to the northern Counties. IEBC to sort out the boundary issue To sensitize communities and their leaders on the socio-economic importance of the resort cities and the LAPSSET projects in order to create buy-in. To review land tenure system in the norther counties in order to determine the trust lands and communal lands. Develop / complete digitization of land registries and establish GIS labs in the counties in order to improve efficiency and hasten the process of access and retrieval of information regarding land. This will support spatial planning in the counties.
Meru **Kirinyaga** **Bungoma** **Homa-Bay**	Under-utilised parks initiatives	Ministry of Tourism & Wildlife Local authorities, KTDC, KTB, OP, KWS	To upgrade and extend capacity (*of Meru, Mt Kenya, Tsavo East, Tsavo West, Mt Elgon national park and Ruma*)	Facilities improvement, branding and marketing of each is underway. Two parks - Kisumu Impala and Ndere Island - have been fully branded and the process	Insecurity and poaching in some parks; • Limited bed capacity; • Inadequate road network in some areas.	KWS continue to carry out various product development activities, with the aim of improving the competitiveness of the wildlife product within parks as follows: Therapeutic tourism; Via Ferrata climbing trail on Mt. Kenya; Improvement of campsites and visitor facilities; Refurbishment of guest houses.

Nyeri **Taita-Taveta**			To market and increase visitor flow in parks with potential but currently underutilized; to improve facilities and increase revenue To attain 10% increase in local and foreign tourist visits to under-utilized parks	is ongoing for the other parks. Marketing initiatives for two parks – Kakamega Forest and Hells Gate – have resulted in a 50% increase in local tourists. In 2017 new public campsite in Mombasa Marine was developed, maintenance works for the Nairobi Safari Walk were undertaken totaling to maintenance of 818Km roads in various Parks. An access road constructed at Meru National Park with financial support from French Government A functional 24-hour surveillance set up at the Rhino sanctuary at the Lewa Conservancy Game rangers trained by KWS		Encourage community conservancy for ownership; Encourage PPP to develop eco-lodges; Explore different financial models to enhance road network.
Kakamega **Homa-Bay** **Tana River County** **West Pokot/ *Trans Nzoia/ Bungoma/ Uasin Gishu***	Development of Niche products (in 4 key sites in western circuit (e.g. kakamega, L. Victoria, Mt. Elgon, Ruma and Tana)	Ministry of Tourism & Wildlife Tourism Research Institute; Ministry of sports, culture and heritage; Private sector	To diversify and develop new tourism products (sports tourism, cruise tourism, bird watching; health and medical tourism); homestay tourism; agro-tourism; Upgrade heritage sites and monuments	A National Tourism Blueprint 2030 developed and launched in 2017/18 to guide among other things, development of niche tourism products.	Untapped product diversity: overreliance on beach and safari products. Declining product quality due to lack of unique and diverse experiences at the beach and lack of investment incentives to spur new product developments	Development of mountain tourism; including cable cars; improving accessibility of Mount Kenya by Tourists. Development of agro-tourism Refurbishment of county Museums Sports tourism: construction of stadia in each county

					Coordination between KWS and KFS with regard to usage of forestry resources for tourism niche products	Forest tourism: arboretums, canopy walks, viewpoints, nature walks, rescue centers for straying wildlife, Motor-racing Cultural festivals
Siaya ***(Develop Kogelo Development Centre)*** **All other counties**	Community-based Tourism Initiative	Ministry of Tourism & Wildlife Ministry of sports, culture and heritage Tourism Regulatory Authority (*licensing of home-stays*) National Museums of Kenya Kenya Forestry Service	Promote community-based tourism including home stays and cultural tourism development. License 200 high quality home stays. Provide incentives for community-based enterprise investors to engage in home-stay development. Develop Kogelo Development Centre. Promotion of Kenya culture through appointment of cultural ambassadors Heritage Tourism: Improve facilities and infrastructure of 3 cultural heritage sites, 3 natural heritage sites, and Mount Kenya National Park/Natural Forest; Revise museum entry fees	Cultural and Heritage Tourism strategy and an Agro-Tourism strategy developed. Sensitization and awareness trainings on homestays and agro-tourism carried out in Western Kenya, Central and North Rift tourism circuits; 200 homestays and 50 agro-tourism operators were ready for certification at end of 2013/14 Classification of homestays into economy, standard and executive.	Development of homestay standards and establishment of a legal framework for their licensing	Defining and categorizing Homestays Developing Standards; Developing Operations Guidelines and Accreditation Criteria for Homestays; Developing Accreditation Condition and Mechanism of Classification for Various Homestays in the country; Establishing Legal framework for recognition and licensing by the government; Developing appropriate training modules for Homestays Operators; Developing a Central Reservation System for Homestays; Establishing a Central Reservation System for Homestays; and Developing a Marketing Plan for Homestays Homestay experience needs to be aggressively marketed to create awareness outside Kenya. Development of hospitality skills for homestay operators. ProVision of financing arrangements to those who are willing to engage in the

						venture, but finances are a hurdle to them. Formation of cooperatives for homeowners like the ones for farmers. Ensuring that there is adequate infrastructure for accessibility of the homestays. Rallying the community through education and training to understand the economic potential of this venture. Institute measures to handle conflicts that may result from such an arrangement. Develop supportive institutional structures and arrangements.
Coastal Counties: ***Mombasa; Kilifi; Kwale; Lamu; Tana-River; Taita-Taveta***	Development of Coastal Beach Ecosystem Management	Ministry of Tourism & Wildlife Ministry of sports, culture and heritage Ministry of Transport, Infrastructure, Housing & Urban Development	Re-develop Kilifi, Kwale & Lamu into modern resort destinations. Develop new niche products: water sports; Marina.	Resort cities development not started.	Lack of masterplan and financial resources to develop the resort cities.	Development of the resort cities masterplan Improvement of beach products and enhancement of priority beach nodes (popular beach areas) used by visitors. Development and implementation of a beach Strategy; Cruise Ship Programme; • Tapping into the blue economy; • Attraction of international hotel brands to invest in the coastal region.
		Tourism Finance Corporation	Renovation of existing hotels and building of new ones; improving hygiene and sanitation facilities	Renovation of hotels ongoing	Inadequate funds to finance the renovations	Establishment of Hotel's Refurbishment Fund;

		Ministry of Interior & Coordination of National Government Tourism Protection Service	Enhanced security and safety; Establish a coast guard service.	Tourism Police Unit established Kenya Coast Guard Service Act No. 11 of 2018 enacted; Kenya Coast Guard Service established to enforce maritime security and safety; including protection of archeological / historical maritime sites.		Enhance security for tourists in all locations in Kenya.
Nairobi **Mombasa** **Kisumu**	Business and Conference Tourism (Nairobi, Mombasa and Kisumu)	Ministry of Tourism & Wildlife, KICC	To develop MICE strategy To develop shopping tourism. To market Kenya as a Conference Tourism destination in the region and continent and attract more business visitors by attracting (at least 5) high-end international hotel chains (including Kempiski, Crowne plaza, Radisson Blue, Best Western, Park Inn) and investing in new conference facilities.	A National Strategy on Meetings Incentives Conventions and Exhibitions (M.I.C.E) developed MICE product mapping framework developed. Cultural events organized in 3 Counties Tourism Finance Corporation undertook feasibility study for development of Mombasa Convention Center. Identified site and initiated land acquisition for development of a Marina. Initiated process of for identifying potential partners to construct Bomas International	Long procurement process	Establishment of a one stop shop for tourism To expedite master planning for MICE; Development of Bomas and Mombasa convention centres

				Convention & Exhibition Centre through PPP A national MICE committee and secretariat established. The Kenyatta International Convention Centre (KICC) currently undertaking sensitization of the counties with a view to helping them embrace M.I.C.E. and develop M.I.C.E. products. The number of international visitor arrivals increased by 14.0 per cent to 2M in 2018. The country hosted 4 international conferences KICC M.I.C.E. facility undergoing modernization at Sh.351M; (60% complete) Operationalized MICE destination marketing in Kenya. Over 5 international hotel brands opened in Kenya.		
Specific source markets with high potential:	Destination Marketing Initiatives	Kenya Tourism Board	Implementation of the tourism market recovery programme:	The marketing of Kenya's tourism both internationally and the	Inadequate funding for destination marketing.	Development of experiential tourism products to boost arrivals.

Brazil; Russia; India; China			*Global brand advertising campaigns; market consolidation or penetration; Enhanced market segmentation; focused product promotion*	domestically was undertaken under the Tourism Markets Recovery Programme. Tourism volumes from emerging markets such as India, China and Russia increased Participation in international forums to market the country as a tourism destination; diversified source markets; Various campaigns to promote domestic tourism, e.g., "Tembea Kenya", and "Travel Diaries"		Enhanced digital marketing programmes. Improving performance of tourism marketing through Global Public Relations Campaigns, aggressive advertising campaign
ENDING DROUGHT EMERGENCIES						
NAIROBI	The national drought and disaster contingency fund.	NDMA	The fund is established under the NDMA Act 2016- Initially it was the National Drought Emergency Fund but later renamed by the parliament To avoid loss of livelihoods and late response to drought that turns into disasters and emergencies.	The fund is not operational.	The fund is not operational- Regulations to operationalise the fund are still in parliament. The National treasury advised that the fund be established under the PMF Act and not the NDMA Act. 2016 This requires a clause to amend the NDMA Act 2016. The amendments are already with Parliament	The funds are to help both levels of government be resilient and respond to drought and other disasters. There is therefore need for commitment both at the National and County levels to see the fund operational. There is commitment form the parliament- 1st reading already done by June 2019. The CS had also given comments on the amendment There is commitment form development partners, such as the World Bank and the EU, to support the fund once it has been operationalized There is also need for a Catastrophe Deferred Drawdown Option geared specifically to dealing with natural disasters in the country- This will

						provide immediate liquidity to address shocks related to natural disasters such as droughts.
NAIROBI	Hunger safety net programme.	NDMA	Aim is to reduce reliance on food aid/assistance by giving affected individuals (especially from the 4 poorest counties - Turkana, Mandera, Wajir and Marsabit) cash transfers which are more decent To reduce reliance on food assistance by giving cash transfers To cushion people who have been hit by hunger	100,826 households have benefitted from the cash transfers over the years with households being paid ksh 5400 every 2month. In addition, during drought period up to 220,000 household have been getting cash transfers depending on the drought period. These would be the hardest hit households who need a fund to cushion them-Social protection The program has been effective as it has reduced reliance of household on food assistance. Some households have even been able to open business and small farming especially where funds are given in a lumpsum (these has been of up to Ksh. 20,000) due to delays in disbursements	Challenges in identification and registration of beneficiaries. Politics comes in where even those who do not need the cash transfers get to benefit. This is despite having proper criteria for beneficiaries Sustainability of the funding-The fund comes under the development budget which is subject to cuts. It does not fall under the recurrent budget and has to be justified every year.	Need to scale the project so that additional people suffering from drought bit do not get the cash transfers are able to benefit from them. To manage the identification problem, there is need for employing a public verification process (e.g. probable beneficiaries listed so that political appointees can be identified and flagged out) To gradually work on building more resilient communities
NAIROBI	The integrated drought early warning system.	NDMA	Aims at having drought occurrences not reach a point where they are considered as disasters	Introduction of remote sensing. Introduction of mobile technology (data collection).	No structures to disseminate information at the national level. Weak dissemination of information leads to exploitation by partners/donors to paint dire pictures of drought events	There is need for effective press release of information Increase funding from the government- the government to take over from the partners

			To avert disasters likely to arise as a result of drought To improve on the drought indicators. To integrate drought management systems To use remote sensing to show the trends of droughts.	Production of 276 drought early warning bullets These are available on the website- by 5th of the end of the month Production of 46 long rains and short rains food security assessment reports for every county-	Problem of accurate data collection. Challenges with utilization of information especially at the county level. NDMA has structures at the counties (County Steering Group) chaired by the Governors. However, even when findings are disseminated to the counties, action is not taken. The response rate by Counties is very low waiting for the national government to respond (Conflict between the national and county governments as to who is to respond first).	Need to have multi-stakeholder partnerships when coming up with food security assessment Capacity building of staff on remote sensing both at the national and county levels Integration of indigenous knowledge. Strengthening communication dissemination. Strengthening the linkage between county and the national government for rapid response to drought.
NAIROBI	Integrated knowledge management system of drought.	NDMA	To develop and apply knowledge management approaches that generate evidence for decision-making and practice To ensure coordinated action by government and other stakeholders	The Knowledge management strategy is in draft form and expected to be finalized in December 2019 The Knowledge Central repository platform- TORs have been finalized. Specifications for the platform are being refined for procurement. They used a consultant for this since it is a new area Establishment of a Knowledge Unit- This has been achieved. The unit is placed under the directorate of planning, monitoring and evaluation.n	Inadequate technical staff. Procurement challenges that cause delays. Lack of reliable funding. Currently, the flagship relies on funds from development partners. The flagship is likely to face coordination challenge between the national and county government in terms of sharing of information	Improvement on the staffing levels through recruitment of temporary staff in August 2018-Permanent staff should however be recruited Government to set aside funds for this project. Need to identify key partners, including at the county level, for logistical arrangements of information flows –Still on this, there would be need of linking websites among various stakeholders

				The regulations are been drafted, they will capture knowledge management strategy, central repository platform and establishment of the knowledge unit.		
ENVIRONMENT, WATER AND SANITATION						
NAIROBI	Water catchment management programme /rehabilitation and protection of indigenous forest in the five water towers .	KEFRI	**Broad** To rehabilitate and protect 5 water catchment areas and increase total volume of water To establish industrial forest plantation **Specific** To come up with technologies that will aid in management of water catchment areas and rehabilitation of water towers. To demonstrate technologies developed through demonstration farms on how to restore and rehabilitate the water towers. To reduce water deficit in the country.	Contribution to increase in the national forest cover to 6.9 % by the year 2017. Generation of technologies for rehabilitation of the five major water towers and publishing guidelines for adoption by stakeholders. Successful development and piloting of technologies for control, management and utilization of prosopis invasion in Kenya. Promoted bamboo propagation for environmental conservation and utilization by local communities. Established bamboo tree nurseries for income generating for youth and women.	The suspension of the water towers project affected the rehabilitation of water towers activities. Weak monitoring and evaluation of performance against set targets. Inadequate funds for research, reVision/cuts of the allocated funds and delay in disbursement of funds Inadequate technical staff. Inadequate access to land for research and insecurity of tenure in some regions hence slowing down implementation of research and development activities. Poor alignment of objectives to budgetary proVisions.	Need to develop partnership with county governments in the eco-regions for effective research dissemination. Limited knowledge on the utilization of bamboo. Need for more resources for maintenance of seed orchards and expanded planting of seeds stands. Need for more sensitization and early engagement with the county governments on forestry research for environmental conservation-Support for counties to prepare a Master Plan for implementation Tree seedling business has attracted many players who need nursery skills. Need to develop policies on restoration of forests and degraded lands, commercialization of diverse forest products and biomass energy policy. Forestry as a provider of income and employment. Increased demand for forestry products and services due to

			To contribute to economic growth, poverty reduction, improved health and improved water security. To mitigate the devastating effects of climate change that leads to flooding and droughts. To protect and conserve forests as the natural habitat of our wildlife.	Produced quality seeds from various commercial tree species. Developed non wood forests products and linked them to SMEs	Low survival rates realized from cuttings in most cases. Weak reporting structures to cover various stakeholders. Weak co-ordination between the various departments involved in rehabilitation of the water towers at the ministerial level. Scarcity of research and development land for experimental plots and germplasm production. Population pressure on limited resource base needing improved productivity.	population growth and economic development. Green economy incentives. Advocacy of public private partnerships. Emerging carbon and Payment for Environmental Services (PES) market. Strong environmental advocacy and political goodwill.
NAIROBI	Water catchment management programme /rehabilitation and protection of indigenous forest in the five water towers.	KFS	To protect and rehabilitate water shed areas. To conserve wildlife and bio diversity. To support measures towards enhancing food security. To promote sustainable management of forest water catchments, bio diversity conservation reservoirs, wild life	*The area under rehabilitation has been expanding from an initial of 120,000Ha in 2008 to the current area of 777,171 Ha in 2017. *In addition, between 2008 and 2017, the following was achieved: Total area under Plantation Establishment (HA)= 65,039; Total area under Enrichment Planting (HA)= 44,817;	Delays in disbursement of funds and inadequate financing planned activities. Poor coordination amongst the actors in project implementation. Lack of economic valuation of forest ecosystems. Increasing conflict over pastures. Reducing water flows. Reducing wild life dispersal areas.	Constitutional requirement to achieve 10% forest cover. Public private partnership is an opportunity with potential to strength forest conservation. Partnership with county government. Payment for ecological services. Carbon trade financing. Climate change mitigation measures. Global green energy initiatives. Leveraging on SGDs to enhance forest development.

			habitats and carbon sinks. To contribute towards increasing the country forest cover to a minimum of 10% by the year 2022. To contribute to economic growth by providing a wide variety of goods and services.	Total area under Commercial Woodlots (HA)= 122,352.		
NAIROBI	Secure wildlife corridors and migratory routes	Department of Wildlife	To identify, map and secure wildlife corridors and dispersal to minimize human wildlife conflict and reclaiming them as a basis for revenue generation in the tourism sector	The timeline of this flagship was between 2008-2012. Securing and acquisition of land for wildlife corridor and migratory routes is still in progress because land is the most vital resource for wildlife activity despite it being scarce, costly and contentious. Key success factors include: Amendment of Wildlife Act 2013. Separation of mandate between wildlife and tourism. An updated inventory of wildlife corridors after diligent identification and mapping.	The following to projects have stalled/been abandoned: Underutilized parks initiative. Upgrading of premium parks. For underutilized parks initiative, it was viewed as more of a PPP. There was absence of clear roles on execution of this flagship and the agency it directly falls under; whether it is under the wildlife docket or under tourism docket. For upgrading of premium parks, the main challenge was funding and resource mobilization. The prioritization of budget allocation for all sectors in the economy is mainly influenced by lobbying. There was a dormant	Ensure there is adequate and practical spatial planning to accommodate wildlife habitat. Adjust the mapping techniques to give room for dynamism brought about by frequent changes in land use and human population. Institute a robust succession plan for human resource so that the industry knowledge does not dissipate and to ensure continuity of operations. Capacity building for communities to establish community and private conservancy. This has been found to be the most effective method in securing wildlife corridors. Lobbying. The ministry should seek for a strong lobbying team to ensure they get access to adequate budget allocations. Institute a strong leadership and governance structure for KWS. Restructure the government to create a strong political will.

				Sensitization of communities living in/near wildlife corridors on the importance of wildlife conservation International NGO's and conservatists have stepped in and acquired land for wildlife. The acquired land and wildlife are then bequeathed to the government. Example given, Olpejeta conservancy, Oljogi conservancy etc.	lobbying team because parliament plays a big role in lobbying. Additional challenges: Land degradation in the identified areas has led to loss of wood habitat Most wildlife corridors are in ASAL and pastoral areas and the communities living in this area tend be politically assertive. Land acquisition becomes hectic. Priority has been given to irrigation projects such as Galana-Kulalu and infrastructural project such as LAPPSET in some of these areas. Weak spatial planning in county governments has led to poor identification of areas	Performance contracting should be strengthened.
Nairobi	Rehabilitation of Nairobi river Flagship/ Nairobi Rivers Basin Programme	NEMA	Fully rehabilitate the catchment basin of the Nairobi River /urban rivers in order to make it a recreation site.	Sensitization Meeting held at KICC Nairobi County on 22nd March, 2017 for opinion leaders, local leaders, CBOs, Faith Based Groups on riparian protection from encroachment in Nairobi Multi Agency team in place Demolition of structures on riparian land initiated	Uncoordinated licensing and enforcement of laws on developments in targeted areas Inadequate resources to sustain initiatives Ageing and Inadequate infrastructure particularly sewerage -	Enhance involvement and participation of stakeholders Continuous monitoring and enforcement Upgrade and extension of sewer lines

				Mapping of developments on riparian areas Enforcement of water quality regulation (Control of effluent discharges into Nairobi river 6 factories closed for discharging pollutants into Nairobi river 9 Arrests made of people suspected to be discharging into the river and medical facilities not accounting for their waste disposal Cases in court		
	Waste Management Programme/ National solid waste management system Flagship	NEMA	To commercialize waste management and implement National Health Care Waste Management Strategy	Developed the National waste management strategy Developed action plans for waste management in Mombasa, Thika, Nakuru, Eldoret and Kisumu Relocation of Dumpsites in Mombasa Kibarani and Kachok in Kisumu In Eldoret new site identified and re-location planned Nakuru and Thika identification of alternative sites still ongoing logistics	Public resistance for location and relocation of dumpsites in their locality to enable licensing Inadequate capacity of county governments to management waste	Participation of the private sector in waste management Enhance resources for waste management Building capacity of County governments on waste management Continuous monitoring and enforcement

				ongoing for relocation of site Monitoring implementation of the National Solid Waste Management Strategy undertaken in 47 counties		
	Environmental Education and Awareness (Not a flagship project)	NEMA		Sensitization of MCDAs, judiciary, private sector on environmental matters continuously Development of climate change awareness materials for consideration by KICD in curricular as part of presidential directive		This should be included in school curricular as climate change issues need to addressed by all
	The Plastic Bags Initiative (This is a flagship in MTP III)	NEMA		85% reduction of banned plastic in the environment leading to a clean and healthy environment Enforcement in 47 Counties Nairobi, 8 people were apprehended taken to court and fined Kajiado, 6 people were apprehended and fined Kiambu, 5 people were prosecuted and fined Machakos, 5 people were apprehended and fined	Delayed release of exchequer to support enhanced enforcement of the ban Contraband banned plastic from neighbouring countries Economic viability of recycling other forms of plastics	Continuous monitoring, compliance and enforcement of Gazette Notice No. 2334. Stakeholders' engagements Exchequer support to programme Timely release of exchequer

				Mombasa, 5 people were prosecuted and fined Busia, 1 person was arrested Nakuru & Eldoret, 5 culprits apprehended Surveillance done at Busia border point and banned plastics impounded		
NAROK	Water harvesting and storage programme/ water supply	Narok county	To address the high water demand in Narok town. To control the effect of flooding. To rehabilitate the water system. To control conflicts out of the shared water resources. To support the manufacturing and tourism activities .	8 dams constructed with a capacity of 106000m³ . Contract awarded to construct 2 boreholes. The process of awarding contracts to the construction of several water pans is ongoing.	Conflicts on shared water resources. Land documentation issues. There is no proper documentation of land in some areas. Delays in disbursement of funds. This hinders completion time. Poor accessibility of water sites due to poor road networks. Outdated water and sewerage system. Lack of involvement of counties in implementation of the projects.	Involve county government and other partners in identification of water projects. The government should allow public participation for seamless development of water projects. Sensitization on rain water harvesting. To improve on sanitation ,construction of sewerage work should be undertaken.
NAKURU	National water supply and sanitation.	Rift Valley Water Services Board- Serving seven counties -Narok, Nakuru, Baringo, Elgeyo Marakwet,,	To increase water supply and sanitation. To expansion water services	Itare dam - so far 11 billion has been utilized and the project stalled at 27% completion rate.	Resistance by surrounding communities The communities living in the project area make	The management of water resource services should be a national government function. Vision 2030 delivery secretariat should provide more guidelines on the

		West Pokot and Turkana	To increase water storage and harvesting.	The Chemususu Dam Water Distribution Project overall completion Rate=39.6%% completion as at end of May 2018 KIRANDICH DAM WATER SUPPLY PROJECT: Overall completion Rate 3.1% completion as end May, 2018 Construction of Narok Town Sewerage project: Procurement for works Preparation of ToRs: -Narok Last Mile Connectivity project: Kabarnet Last Mile Connectivity project Procurement of Consultant: Construction of Olkalou Sewerage project Construction of Kapenguria Eldama Ravine Sewerage Project Bergei Multi – purpose dam project	so many demands and have severally stopped the contractors from working. Government ban on forest activities has delayed some works e.g. laying of 8km of pipeline inside Chemususu and Narasha forest as well as construction of chemical treatment house. Commencement and progress of the projects being delayed due to contractual matters Challenges in implementation of water projects due to rough terrain and threat of wild animals The construction of a dam is a capital-intensive exercise. Mobilization of funds towards the actual construction of dams and subsequent supply of water is not easy. Low quality of water in Nakuru county. Most water is sourced outside Nakuru county. Due to insecurity, implementation of the projects is very slow in some areas. Inadequate capacity to operate the projects by the beneficiaries	implementation of the flagship projects. The National Treasury should give support to the preparation of feasibility studies and designs instead of just focussing on projects with ready feasibility plans and designs. Government departments involved in land management (NEMA,NCA etc) should waive fees on water supply projects to make them less expensive. Policies should be development to hasten the projects timelines by eliminating non-value addition stages.

				Amaya Multi – purpose dam project Upper Chemususu Water Supply Projects- Most of the projects are complete and in use. Suswa Water Supply Project: Project construction is at 68% completion level with a time lapse of 134%.	More investments required to explore the ground water potentials Climate challenges and rugged terrain affects project implementation Land acquisition for the water projects and way leaves has been a challenge due to land inadequacy Some projects are quite extensive; pipeline distance quite vast Some areas, such as Hells Gate National park, are restricted and affect project works The soil types sometimes present challenges in construction of trenches because of the loose formation	
INFRASTRUCTURE						
NAROK	Modernisation and maintenance of airstrips.	GOK ,Narok county	To upgrade the airstrip To improve air transport To improve on accessibility to the park and within the park and improve on the image of the park	There are 5 airstrips namely; Keekorok, Olkiombo, Musiara, Serena, Narok. They are frequently maintained and are functional.	There is delay in disbursement of funds from National Treasury.	The county requested the National Treasury to tamarc and upgrade the Ewaso Nyiro airstrip. The airstrip will ease transport as Narok is central point in the Rift, and hence will serve the neighbouring counties. There is need to upgrade the airstrip to enable other counties to access.

			The long term plan is to tarmac the airstrips and upgrade the Ewaso Nyiro airstrip	Are gravelled, murramed, compacted and well levelled frequently.		There is need to fast track the upgrading of Ewaso Nyiro airstrip
NAKURU	Olkaria IV apprasal drilling of six wells.	GDC		The plant was commissioned and 140MW power is on national grid. A total of 59 wells have been drilled for Olkaria I and IV.	-	-
EDUCATION AND TRAINING						
NAROK	Build at least one boarding primary school in each constituency in pastoral districts	GOK	To promote access ,retention and quality education for pupils in ASAL.	Each constituency has several primary boarding schools. Infrastructure development under KESSP is ongoing.	Poor accessibility interims of road network. Inadequate boarding facilities. Eg in Enkare-Narowa school pupils were using classrooms at night as the boarding section. Inadequate resources allocated to the management of boarding schools. Low staffing levels of 1:100 No fees guidelines for primary boarding schools, therefore, difficult to implement . Low enrolment rates	They should be a structured way of supporting low cost primary boarding schools. Infrastructural development of schools should be guided by the ministry of education. All primary schools should have a boarding section. This will solve insecurity challenges as pupils cross National Parks to attend school, posing a great danger to them Finances coming directly in the name of Vision 2030 projects should be stated so. Improve on the staffing levels. Need to increase the number of teachers. Fees guidelines for primary schools should be well defined.

MANUFACTURING						
NAKURU	SME Industrial parks.	GOK	Availability of natural resources and closeness to power. The central location of Nakuru county to other major like Nairobi, Narok and Eldoret. Ease of doing business. Use of natural steam that is tapped into green house ,fish farming ,insects control etc.	Held an international conference in 2018 to attract investor. Construction of industrial park in partnership with kengen. Industrial park in oserian with a fertilizer plant and other 20 companies in the park. Proposed industrial park at menengai in partnership with GDC. Proposed kabarak university agro park with a focus on value addition. Egerton university agro park for demonstration farms.	Inadequate resources. Less technical capacity for industrialization. Delays in disbursement of funds.	Need to safeguard environment degradation. Proper waste disposal mechanism. Setting up industrial related policies i.e. on controlled housing around the park. Need for technical support. Setting up of SME industrial park fund.
UASIN GISHU	SME industrial parks.	Uasin-gishu county	To have agro processing parks.	2019/2020 acquisition of land .	Lack of land . Inadequate financing. Tedious and complex approval processes	To acquired funding by the National Government . Regulation should be easen to fasten approval processes National and county governments work together to ease approvals.
LAND REFORMS						
NAKURU	Development and rehabilitation of land registry.	GOK	Security of land records.	Scanning of land records was carried out but it stalled.	Under staffing.	Internships should be encouraged to encourage under staffing.

			Proper filing of land records. Easy transfer of land. Easy retrieval of records. Easy search of land records.		No consistence in implementation of land reforms. Poor coordination with civil societies. Not easy to determine title deeds lost and replaced out of the post election violence of 2007.	Logistical support in terms of transport, staff and equipment. Need for induction and training of staff on land reforms.
NAKURU	Develop national land information management system(NLIMS) ***The county has established its own LIMS. The NLIMS as outlined in the Vision 2030 has not been entrenched at the county level- Information therefore outlined in this section is for the Nakuru County land information management system***	County government	Automation of services and reduce turn-around time To capture GIS data on land parcels, social and transport infrastructure. Need for online payment system (to enhance transactions such as applications and approvals and enhance revenue collection) To have a citizens central mechanism through which information is shared.	Web based land information management system. The system has undergone the following processes: Conception Dry run Value addition/Better Version Training Currently the system is being rolled out	Reluctance in acceptance of technology by institutions. Lack of access to institutional land records. Limited local area network. Inadequate financial resources to roll out NLIMS. Cyber insecurity and other attacks on the system. Lack of grantee on the continuity of the functioning of the system.	Development of cadastral data base system. Need for adequate ICT infrastructure Development of a data sharing policy
UASIN GISHU	Development and rehabilitation of land registry.	GOK	Security of land records. Proper filing of land records. Easy transfer of land.	Scanning of land records was carried out but it stalled.	Under staffing. No consistence in implementation of land reforms.	Internships should be encouraged to partially solve the under staffing challenge Logistical support in terms of transport, staff and equipment.

			Easy retrieval of records. Easy search of land records.		Poor coordination with civil societies. Not easy to determine title deeds lost and replaced out of the post election violence of 2007.	Need for induction and training of staff on land reforms.
UASIN GISHU	Develop national land information management system(NLIMS).	GOK	Need to submit development projects online. To capture GIS data on land ,parcels ,social and transport infrastructure. Need for online payment system to enhance revenue collections To have a feedback mechanism through which information is shared.	Scanning of the land records kicked off but the process stalled.	The contractor left before completing the entire process of scanning land records. Limited access to internet Inadequate staff, materials and equipment Capacity building of all the stakeholders involved in the process of developing the NLIMS	Train the users of the system Projects must be successfully completed to guarantee the sustainability of NLIMS Improve on the logistical support like transport,proVision of IT equipment etc
SPORTS, CULTURE AND ARTS						
NAKURU	Regional sport stadia.	GOK	To achieve standards set by FIFA on stadia.	The contract award process is on going.	Lack of man power.	
UASIN GISHU	Regional sport stadia.	Uasin-Gishu county The project is located along Eldoret – Iten road within Eldoret town		The project is implemented by three contractors; The first contractor was to do the minor pavilion and open air terraces covering more than half of the stadium area.	There is general lack of information and coordination about the project. Budgetary issues are unique to Sports Kenya. No information about funding and payments made.	1.Lead coordination and project implementation be done by the County Government with the National Government doing oversight. 2.Preparation of BOQs should be streamlined, to be efficiently overseen by government agencies.

				The second contractor had to do the main pavilion and its accompaniments. The third was to do the playfield. Details of the contractors and their obligations including implementation plan can be obtained from Sports Kenya. **Achievements** No achievements have been made The stadium is far from being usable Sports men and women are suffering and in dire need of the facility.	**Unique Observations** There were some planning meetings during the initial stages of the project implementation. Budgeting and payment process is domicile in Sports Kenya. Generally, planning, budgeting and implementation is haphazard. There is no efficient coordination framework. The project contact person cannot even give any concrete answer on inquiries about the project. In fact, we (Ministry of Sports Uasin Gishu county) are in the dark about the project since it stalled in 2018.	3.Budgeting and funding for the projects should be streamlined and time frames observed.
AGRICULTURE, LIVESTOCK AND FISHERIES						
UASIN GISHU	Fertiliser cost reduction initiative.	Uasin-gishu county	To increase food production To improve accessibility and affordability of fertilizer	The project worked well during the first three years though the supply of subsidized fertilizer was stopped through court orders. A private fertilizer manufacturing	Farmers prefer DAP from the market rather the subsidized fertilizer because it has high phosphorous that supports root growth but in the long run it increases soil acidity.	As an exit strategy, the prices of maize at which cereal boards buy from farmers should be as close as possible to the market price to enable farmers afford inputs , fertilizers being one of them. Monitor the fertilizer use in comparison to the output.

				plant(Toyota Tshusho) is operational	Farmers selling part of their subsidized fertilizer since they don't utilize their entire farms as declared before they acquire it from NCPB. Difficulties in controlling the flow of fertilizer in and out of kenya.	Farmers should be sensitized so that they can embrace blended fertilizer that is not acidic so as to preserve soil fertility Counties should be given mandate to procure fertilizers. The NationalTreasury should allocate funds for fertilizer subsidy to the counties. The national government should at all times deliver promised fertilizer to farmers in time. Agricultural extension services should be utilized to emphasise the importance of soil conservation and proper use of fertilizers. Initiatives must be taken to support the blending of fertilizers in the country . Improve on the distribution of fertilizer by leveraging on technology i.e electronic enumeration of farmers and the use of e-vouchers to access fertilizer. Increase the quantity of subsidized fertilizer to meet the market demand. Fertiliser distribution should be improved by establishing distribution centres close to the farmers.
NAIROBI	Consolidated Agricultural Policy and Legal Framework	Ministry of Agriculture, Livestock, Fisheries (and Irrigation)	Appropriate policy frameworks Updated agricultural legislation	Consolidation occurred largely of Department of Crop Development into Ministry of Agriculture, AFA and KALRO. A few legislations i.e. Fertilizer and Soil Act to be completed. Fisheries and Livestock	Inadequate funds for consolidation; lack of law for creating new sectors; every department intends to be of its own and not be swallowed by one organization. KALARO had challenges of harmonizing remuneration for staff	Cost reduction; reduced mandate overlaps, increased mandate focus; create avenues for learning. Consolidation should bring on board all stakeholders, increasing funding, increasing staffing, increasing remuneration and capacity building and education on benefits of consolidation

				Department to consolidate separately.	with diversified qualifications in numerous research institutions	
NAIROBI	2. Fertilizer Cost Reduction	Ministry of Agriculture, Livestock, Fisheries (and Irrigation); National Cereals and Produce Board	Facilitate access to affordable and quality fertilizer	Objectives of bulk fertilizer importation and blending fully achieved. Local manufacturing objective not yet achieved. Fertilizer consumption increased from 350-400,000 MT in MTP I to 800,000 MT in MTP II.	Lack of sufficient fund allocation by Ministry for project and NCPB; delays in imports; bureaucratic processes; sustainability of project in question; potential corruption in tenders and distribution; lack of raw materials for manufacturing/blending; inability to do bulk procurement; logistical challenge in distribution; vetting qualified deserving farmers is a challenge; lack of monitoring from imports to farmer; opposition to NCPB role by private sector; NCPB starved of subsidy funds to pay of commercial loans; NCPB short of staff	Changing CAP 338 Act to assign NCPB proper role; NCPB depots in all 47 counties; NCPB long experienced Getting funds right to commercialize NCPB and/or involve private sector for sustainability; need for M&E system; proper criteria for vetting and selection
NAIROBI	3. Development of Disease-Free Zones	Ministry of Agriculture, Livestock, Fisheries (and Irrigation)	Reduce prevalence of livestock diseases and enhance market access locally, regionally, and external markets with international standards	Implemented over 90%.	Inadequate funding in all project phases; bureaucracy; cultural attachment tied to traditional production in numbers; land acquisition a challenge; drought occurrence negates production; Bill of Quantity for infrastructures was delayed; change to devolved system was a challenge to implementation; wildlife conservation requirements delayed	Policy framework worked well for the roll out between National and County Governments in MTP I; Sector holds high economic opportunities for poverty reduction, unemployment; private sector has a big role to play; Middle East companies interested in investments; Laikipia County Government converting ranches to livestock fattening/feedlot compartments Executive directive to expedite implementation may be necessary; Legislation for facilitating ease of doing business for sector; adequate

					land acquisition; lack of extensive fencing challenged biosafety management	funding or prudence in public finance management or private sector funding needed including farmers groups; county government needs capacity building for collaboration the process
NAIROBI	4. Development of Agricultural Land Use Master Plan	Ministry of Agriculture, Livestock, Fisheries (and Irrigation)	Ensure land utilization according to classification	Land categories classified were for: human settlement, mining, tourism sites, industrial development, agricultural development, real estates, and transport infrastructure.	Un-controlled subdiVision and urban sprawl into prime agricultural areas and informal settlements	All sectors and county governments to implement the National Spatial plan to achieve sustainable land use
NAIROBI	5. ASAL Development Project, crops and livestock	Ministry of Agriculture, Livestock, Fisheries (and Irrigation)	Expand irrigated area in Tana Delta River basin and other ASAL areas	Implementation varied; 125,000 acres for expansion/rehabilitation achieved for old schemes including in ASALs achieved in MTP I; 500,000 established irrigation acres done at Rahole, Garissa County; only 10,00 acres of irrigation land for crop trials set up at Galana Kulalu; research indicated just under 500, 000 acres can be irrigated with damming at Galana Kulalu which requires even greater investment than anticipated; No funds for preparing 140,000 acres a year for Galana Kulalu in MTP II; Bura targeted to increase from 15,000 to 25,000 acres but funds limited; relief food is now replaced with harvests from Bura.	Large reVisions occurred on funds in both phases impacting planned expansion; inadequate funds which also varied with time affected operations; coordination problems between the National and County Governments in the project cycle since NIB could not let go or facilitate collaboration with County Governments in some cases yet agriculture is a devolved function; some essential equipment were not available to contractors; Galana Kulalu affected much by coordination by many agencies involved; farmer uptake of irrigation due to lack of information to them; Hola has not taken off; Mwea expansion to occur from, 25,000-35,000 acres, courtesy of a dam; water use efficiency allowing double cropping	Could impact poverty, food security in ASALs, youth unemployment and save foreign earnings by local production. Serious capacity building of farmers on irrigation husbandry practices, especially efficiency in water management; train adequate technical staff on irrigation; households could be targeted and directly involved in ASALs; serious need for operational management and coordination improvement; funds need ring-fencing by law and so Vision 2030 needs entrenchment in law.

					now; increase in irrigation expansion in Turkana County since 2013-2017.	
NAIROBI	6. Development and management of 200-mile Exclusive Economic Zone	Ministry of Agriculture, Livestock, Fisheries (and Irrigation)	Development of the 200-mile EEZ for marine fisheries; increase capture and culture fisheries production by 10% annually; reduce post-harvest losses from 25% to 5% by 2017	National Oceans and Fisheries Policy approved by Cabinet in 2008/09 was revised by 2018/19; Fisheries Act (1991) (CAP 378) provided legal framework until 23 September 2016; Fisheries Management and Development Act , 2016 was effective thereafter; the Act established several institutions deemed important for the sub-sector namely Kenya Fisheries Service, Kenya Fish Marketing Authority, Fisheries Advisory Council and Fish Levy Trust Fund; Government acquired Liwatoni Fisheries Complex in Mombasa by end of MTP II; Complex consists of a jetty, cold storage, and fish processing plant; rehabilitation ofcomplex commenced 2018/19; also an offshore patrol vessel (PV Doria) was procured and commissioned during MTP II; vessel was handed over to Kenya Coast Guard Service for patrol and surveillance of Kenya's EEZ marine waters.	high cost of ocean patrol; stock assessment in the deep sea not yet done and so investors cannot assess their willingness to come to Kenya's oceans; adequate information; high cost of research for stock assessment including security researchers etc; inadequate skilled personnel for deep sea fisheries; illegal, unregulated and unreported fishing in deep sea	Good political will is an opportunity; Blue Economy Implementation Standing Committee -for development of blue economy chaired by Chief of Defence Forces, Co-chaired by CS Fisheries and CS Treasury; budget has been increasing gradually with substantial increases from 2018; Fisheries Management and Development enables development of the deep sea; Requirement for any foreign fishing vessels to land 30% of fish caught in Kenya's EEZ will increase marine fish supply and earn Kenya foreign exchange if sold to overseas markets; this can address food and nutrition security positively and unemployment; about 1.5 billion budgeted for stock assessment. Enable artisanal fishermen to acquire equipment, skills for deep sea fisheries to increase marine fishery catch; train youth for deep sea fishery as coxswain, captains and other jobs; facilitate cooperative formation for fishermen; prpcuring vessesl for deep sea for artisanal fishermen; promote joint between foreign and local fishermen for deep sea; install satellite equipment and other surveillance; establish fish port at Lamu for tuna species especially which is rich in the area

KISUMU	Irrigation	National Irrigation Board	Expansion and rehabilitation of old irrigation schemes	Only West-Kano irrigation scheme was under the Vision; all 3000 acres for expansion in West-Kano, Awach-Kano and Ombeyi irrigation schemes done in phase I; earmarked expansion in West-Kano 6000 hectares not yet completed except 1130 acres; Roads have been constructed to transport the produce; Conveyors constructed covering 780 meters;	Contractors are paid in Nairobi without anyone on the ground verifying satisfaction of their work; majority of infrastructures are broken and in need of rehabilitation; no collaboration now like in phase I between the National and County Governments in MTP II; mandate of NIB is proVision of water and county's mandate is implementation; silting is a problem because the canals are not lined up; marketing not organized and middlemen take advantage of farmers	National-County-collaboration needed; water is adequately available; Production has gone up (one acre can produce 25 bags); running costs are down; irrigation field has increased; livelihood changed, new houses, new motorcycles. Planning and implementation need to be done locally and National Government assists technically and financially
INFRASTRUCTURE						
Mombasa	**Dredging of Mombasa Port**	KPA	Increase Maritime operation at the port. Deepening the channel to 14.5 metres to enable larger post-Panamax vessels to access the port and avoid the risk of the port slowly evolving into a feeder facility which larger vessels having limited access.	Since 2015 the depth of channels have improved gradually from (-9) to (-12).	Environmental impact of dredging impacted negatively on the fishing due to reduced number of catch by the fishermen.	Reduced cost of imports due to efficiency at the port will impact positively on the economy. Increase in total cargo handling and increase in total container traffic
Mombasa	**Second Container Terminal**	KPA	Increase efficiency and cargo handling capacity; increase per port revenue, increase port efficiency	The full construction will to take place in **three phases**. **First phase** – Completed and the constructed was	The first terminal was supposed to be operated by a private entity, however KPA advertised the tender for a private entity to run the terminal and the decision was	An increased handling capacity by the port, oil terminal and container terminal will provide faster and efficient services to stakeholders and could improve Kenya's index on ease of doing business.

				between 2012-2016 with a capacity of 550,000 teus.. Presently, the terminal handles at least a capacity of 80% capacity which is equivalent to 450,000 teus. **Second phase** – the ground-breaking took place on August 2018. The terminal is expected to handle 450,000 teus. The anticipating completion in 38 months ie.by the year 2021	challenged in court by stakeholders. As a result, KPA encountered interruptions due to lengthy court processes and delays in construction. The government also, mandated KPA to run the terminal which called for more expenses in personnel and management of the terminal. A key challenge for both phase one and two was experienced during the environmental impact assessment when various lobby groups (that represent fishermen and sand harvesters) came forward with complaints on the projects. This also led to disruptions in construction due to lengthy court processes when the project was halted until further investigations were conducted. The third phase was planned in the 1990's and therefore, it might not be feasible given the recent developments in the construction of terminals. A clear policy by the state does not exist on running of the terminal by either KPA or a private entity.	Upon completion the terminal will have 20ft teu with a capacity of 1.5Million containers.

					In instances where the government mandates KPA to run a terminal, KPA invests on human capital and infrastructure which has not been factored for in the initial plans by the organization. In the event the state transfers the operations to a private entity, due to the lack of a proper policy on who should run the terminals – KPA could lose their existing investment.	
Mombasa	**Construction of New Oil Terminal**		Kipevu Oil Terminal (KOT) is a three-fold construction project. The existing terminal was built in 1940. A modern facility is necessary for higher capacity of 260,000 metric/ deadweight tons of oil that will improve efficiency for all stakeholders. Construction b) began in 2018		The KOT terminal is sandwiched between two terminals which could be hazardous. (that is; between terminal 19 and 20) The project was supposed to start in 2012 and KPA was ready for construction to commence. However, the Ministry of Energy and other key stakeholders in the industry requested for inclusion of LPG gas in the master plan. This resulted in delays since KPA had to go back to the drawing board and amend the master plan. This involved a lot of back and forth before all the stakeholders could agree on the best way forward. Because of the delays KPA was able to set aside construction funds and ended up funding the project exclusively.	

					Environmental challenges by stakeholders in the environment sector, led to delays in implementing the project, The contracts for construction were tax free subject to approval by the national treasury. However, the National Treasury took five months to approve the same and the actual start date of the project was January 2019. The countries receiving the oil have not developed fast enough to meet the standards of ongoing developments by KOT. Consequently, they do not have a modern facility to handle the capacity of oil once the terminal is complete.	
Mombasa, Kisumu	**Ferry services Programme**	KFS	Improve water accessibility in the lakes and the Indian ocean	Modernization of ferry services project began in 2015. Phase one entailed purchase of two vessels which is partially funded by GoK at a cost of Ksh. 1 Billion for each vessel. The first ferry (Jambo vessel) was purchased in 2017 thus increasing the number of vessels from five to a total of six. The second vessel (Safari Vessel) has been procured expected y by end of 2019.	**Decommissioning of the two vessels;** MB Pwani and MB Mvita in 2010 due exceeded shelf life which was inconveniencing as there was no ferry operating on the Mtongwe channel and services for passenger vessel resumed in 2018 which does not provide 24 hours services. Stalled projects due to poor coordination between KFS and the	Additional ferry at Likoni called Jambo has a capacity of 1,500 passengers and additional safety measures such as safety jackets for both adults and children, life rings strategically placed within the vessel. **Purchase of new ferries** reduced waiting passengers and motorists waiting time from 10 minutes in 2014 to 7.5 minutes in 2017 and minimal delay in transfers. Regularization of Waitiki farms and issuance of titles resulted upsurge in the number of investors and residents

				Second phase of the project is the expansion of the major terminal entailing a PPP arrangement. A feasibility study revealed that Mombasa and Lake Victoria are economically viable while L. Turkana is not. The proposal to develop the terminal is waiting for approval from the National Treasury. The project will provide more comfortable waiting bays on the terminals with restaurants, banks and small businesses which will boost the economy. The proposal to develop the terminals at Mombasa, Lake Victoria and Lake Turkana is still at National Treasury awaiting approval. Rehabilitation of (6) six vessels from 2014 which entailed replacing worn out parts of the machines and ensuring proper running of all the parts. Vessels certified by, Kenya Maritime Authority (KMA) for use in line with international standards as per marine classification standards.	county government in implementing Integrated Marine Transport System; a sub-project to provide a link to SGR by use of ferry services to other counties in the Coastal region including Kwale Lamu and Mombasa. Plans for sub-county links were handled over to respective counties but no progress registered since 2015. Delay in repairing the vessels is experienced due to high cost affects the efficiency and timely delivery of services. The current channel was built in 1937 and cannot accommodate a traffic of vessels effectively as the channel is narrow and efforts to expand it are hampered by the existence of historical sites in the adjacent land.	in Likoni hence an increase in the volume of passengers using the ferry service. **Implementation of Likoni Cable Express** a PPP project approved in 2018 is underway. Once complete the carriages are expected to carry 11,000 people per hour using (18) eighteen cables with a crossing time of two minutes. **Multilevel Terminus project** has been approved and awaiting budgetary allocation. **Improved security measure project** involving the use of scanners for vehicles and passengers awaits allocation of Ksh. 250 Million to kick off. The second phase of the project focussing on expansion of major vessel terminals in the Indian Ocean and Lake Victoria is expected to provide integrated developed waiting bays with infrastructure such as restaurants, banks and small businesses which will eventually boost the economy.
Kisumu	**Air Facility Modernization**	**KAA**	Expanded and modernized	Expansion and modernisation of Aviation facilities at	Lack of adequate and skilled flight safety inspectors; rapid	Modernization of Kenya's infrastructure has had a positive effect

Nairobi **Mombasa** **Isiolo** **Eldoret**			airports and aviation facilities	Jomo Kenyatta International Airport, Kisumu International Airport and selected airstrips countrywide;	technological changes in equipment for the proVision of Air Navigation Services; Inadequate financing and high capital investment requirements;	in stimulating growth, and in opening up areas that were hitherto outside the reach of Kenyan markets
All the 47 counties	**Rural electrification Programme**	**REREC, MoE, KPLC**	Increase access to electricity in rural areas	*Renewable Energy Project*: 50 Megawatts from Garissa Solar Power Plant commissioned in September 2018. The plant is the largest solar project in Sub-Saharan Africa whose 48 megawatts is evacuated to the grid. *Mini-Grids* Targeting Turkana, Marsabit, Garissa, Samburu and Mandera at a cost of 6.4 Million funded by the exchequer. 20 projects were commissioned and currently almost 5 are almost completed and should be complete by end of June 2019 and the rest are ongoing. Currently the projects are focussing on retrification targeting 30,000 households. *Aberdare project* Support the Northern Part of the country The	Compensation of Land is costly due to the high valuation. Vandalism of the project infrastructure	The projects have created employment Opened the Northern Corridor in terms of energy access Involvement of locals and local administration in project implementation Matching concept: This is whereby counties identifies energy projects and gives then to REA and the cost is shared among the county and REA. REA focuses on the design and surveying of the project. REA gives advice to the County on establishment of the energy centres as articulated under the Energy Act, 2019, capacity building, coming up with energy plans. It is expected that the council of governors will elect four members from REA to constitute the board on energy. Conduct large scale socio-economic impact studies on monitoring and evaluation

				distribution plan comprised of 19.1km. The projects anticipate connecting 600 public facilities and 35,000 households in Narok, Laikipia, Samburu, Makueni, Kitui and Kajiado. ***Constituency consumer project*** The project was enrolled in 273 constituencies at a cost of Ksh. 8 Billion and 2,300 projects and committed 6 Billion. ***Public Facilities*** So far 60,000 public facilities have been connected out of the total 88,000 public facilities leaving a gap of 28,000. The purpose of the programme is to increase electricity access. ***Public Primary Schools electrification project*** The projects have connected public primary schools to the grid and the solar. This project was also supported by the directive to connect all primary schools to support the roll out of the digital literacy programme. So far,		

				22,837 primary schools are now connected to the grid ***KOSAP**:* World Bank and the main purpose of the project is installing of Solar Plants in Northern Kenya. Kitui and Baringo and other ASAL (Turkana, Mandera, Wajir, Garissa and Tana-River) counties are also part of the project. The project is implemented by Kenya Power and REA at a cost of 150 million dollars. Project expected to be completed between 2019 and 2022. **Diesel Generating Stations** About 22 stations have been installed in Northern Kenya and one is under construction in Turkana. **Turkwell -Lokichar Line** It's a 120 km distribution line funded by the exchequer at a cost of 9 Billion. The labour was acquired from Turkana and West Pokot. What's pending right now is a cable for communication. This has opened up Northern corridor and improved the livelihood of the population.		

Nakuru **Baringo**	**Exploration and development of geothermal energy resources**	**GDC, KenGen**	Increasing Electricity Availability through Power Generation by promoting development and use of geothermal energy sources to create a reliable, adequate and cost-effective energy supply regime to support industrial development.	Commissioning of Olkaria 1; unit four and five each comprised of 140 mw in October 2014. Olkaria V comprises 150 MW was commissioning in July 2019 an it is expected to supplement the phased out diesel generators hence, bring down the cost of power in the long term. Development of Olkaria 1; unit 6 commenced in October 2018 and scheduled for commissioning in February 2021. The rehabilitation of Olkaria 1 is underway and it targets to increase the electricity capacity from 45 mw to 55 mw. ***Geothermal steam production:*** ***Menengai project:*** GDC has drilled twenty-six (26) production wells and achieved 170MW of steam at the well head against a target of 105MW. GDC has contracted three (3) IPPs to construct three power plants under Phase 1 of the Menengai. Each power plant will put up a Megawatt firm of 35MW by 2021. ***Baringo-Silali***		Community based challenges Lack of access to land for various projects, Long and tedious acquisition process High compensation due higher valuation of land

				The project is currently ongoing, and the first three phases were to be developed with 100MW each. The first phase was achieved at 76MW and the second phase has attained 60MW. The first well was completed in May 2018. The second well should be commissioned in June 2019. **Suswa:** The project has stalled due to ongoing arbitration in court since 2008.		
Turkana **Lamu**	**Petroleum Exploration and Distribution**	**MPM**		Modification of tanks and related facilities for receipt of crude oil for the interim scope for the Early Oil Pilot Scheme (EOPS); drilling of 17 oil exploratory and 22 appraisal wells; completion of the roadmap and report towards a Petroleum Master Plan for Kenya; gazettement of additional 17 new oil exploration blocks; development of the Strategic Environment and Social Assessment (SESA), and Gender Assessment Guidelines. In addition, 51 wells were drilled (well density of 10 wells per year).	Technical capacity constraints with a shortage of specialized local manpower in the fi elds of mining, petroleum geology, geo-physics and reservoir and production engineering. Insecurity which affects exploitation of resources in areas prone to attacks Land access and compensation causing project delays and increased cost; Inadequate financial resources;	Create collaboration between national and county governments including engagement of other stakeholders is key in the implementation of programmes and projects. Involvement of local professionals in all phases of project implementation to ensure capacity building and knowledge transfer Managing community expectations needs a structured framework

				Discoveries of oil in the Tertiary Rift Basin and gas in one of the offshore wells of Lamu Basin.	High incidences of insecurity in project areas; Inadequate appropriate equipment and technical skills in the sector; Maritime boundaries disputes hindering extractive activities; High community expectations in exploration and development which slows down project implementation; Inadequate data on oil and gas blocks, and other minerals to inform investment decisions.	
Countrywide	**Power transmission system improvement project: Extension and rehabilitation of electricity transmission line**	**KETRACO**	Improve quality power supply, meet demand growth, and increase reliability of power and increase access rate by upgraded circuits lines sub-stations constructed installed Transformers	***Completed projects*** Mombasa – Nairobi 475Km, 220/400kV Kindaruma – Mwingi – Garissa 234Km, 132kV Rabai – Malindi – Garsen – Lamu 328Km, 220kV Suswa – Isinya 100Km, 400kV Kilimambogo –Thika – Githambo77Km, 132kV Voi – Elani – Suswa 436Km, 132kV	Inadequate funding, projects deferred due to delays in counterpart funding, difficulty in acquiring right of way, vandalism and terrorism of public infrastructure,delay in approval of tax exemptions for contractors resulting to unnecessary hold up during implementation of projects and in lack of capacity by contractors in implementation of various projects. Delays in approval of tax exemptions for contractors by the national treasury results in unnecessary hold up	Alternative financing models since state resources. Conduct due diligence during the procurement process when onboarding contractors to guarantee they possess the basic competency requirements and capacity to execute the project.

				Regional projects Ethiopia – Kenya Kenya Side: 612Km, 600kV Uganda – Lessos - Tororo 132 Km, 400kV Kenya – Tanzania 96Km, 400kV ***Kenya Electricity Expansion Project (KEEP)*** Establishment Kenya Power South Nyanza region in 2015 to headquartered in Kisii town with a jurisdiction over four counties namely Kisii, Nyamira, Migori, and Homa to serve the expanding customer base in the region. In 2018, the 132kV Kisii-Awendo transmission line was energized from 33kV and also 132/33kV Awendo substation. Eldoret Kitale transmission line which ils 66km was completed in June 2018. Kindaruma-Mwingi - Garissa project which started in July 2012 and completed in April 2016.	during implementation of projects.	

Nairobi **Kiambu** **Nakuru** **Machakos** **Mombasa**	**Rehabilitation of Northern Corridor Transport Improvement Project (NCTIP)** (Northern Corridor route - Mombasa-Nairobi-Nakuru-Mau Summit-Eldoret-Malaba and Mau Summit)	**KeNHA**	To promote trade in East African region and enhance economic and social integration	The completion of Nairobi-Thika super-highway during MTP 1 During MTP 11 the following projects were 100% completed: reconstruction works for Timboroa-Eldoret (73Km), rehabilitation of Kericho - Nyamasaria (76 Km), Mau Summit – Kericho (57Km), Nyamasaria – Kisian (87Km), and Kisumu Bypass (24Km), rehabilitation of Eldoret-Webuye (60Km) and Webuye- Malaba (62Km) road sections;	Inadequate financing and high capital investment requirements; High construction and maintenance cost; Inadequate enforcement of traffic regulations and axle load limits; Tedious land acquisition processes; Inadequate skilled manpower in transport management and planning; Vandalism and security of infrastructure facilities; Lengthy procurement procedures; Encroachment of land earmarked for infrastructure development; and Difficulties in wayleaves/right of way acquisition for infrastructure projects.	Modernization of Kenya's infrastructure has had a positive effect in stimulating growth, and in opening up areas that were hitherto outside the reach of Kenyan markets
	Nairobi Metropolitan Rapid Mass Transit Programme		***MTI 1*** Ddevelopment of a rapid bus transport system, starting with the following three transport corridors: First is the Athi River Town to Kikuyu	BRT plans prepared	Inadequate funding Lack of coordination between various implanting agencies.	-

			Town (approximately 38 km); Second is Thika Town to the Central Business District (approximately 50 km); and third is Jomo Kenyatta International Airport to the Central Business District (approximately 25 km). ***MTP 11*** Rapid Bus Transport Network and the Light Rail Technology will be developed. Kenya Transport Support Sector Project (KTSSP) will be implemented.			
Countrywide	**Broadcasting and Telecommunication**	**CCK, MICT, ICT Authority, KEBS,** **KIE, KBC, MCK**	Increase efficiency, quality, affordability and access in broadcasting; Daily monitoring of print, broadcast and online media. Roll out of the Digital TV Infrastructure in all the remaining counties (from 60% coverage to 100%) to move from analogue to digital TV broadcasting migration.	Information and broadcasting, filming and digital content development. The government heightened its promotion activities and ensured increased job opportunities from 1,000 in 2008 to 13,500 by June 2012. Analogue to Digital TV Migration: The migration from analogue to digital TV was completed in time to meet the global deadline of 17th June 2015.	Digital divide between the rural and urban areas Slow adaption of harmonised services Inadequate financing coupled with delayed disbursement	

				Installation of digital transmitters in 10 sites was also completed in 2017. This increased the number of operational TV channels from 228 in 2012 to 312 in 2016. Migration from Medium Wave to Frequency Modulation (FM) Radio Transmission: The Government facilitated Kenya Broadcasting Corporation (KBC) to migrate 60 per cent from Medium Wave to FM radio transmission by June 2017.		
Countrywide	ICT Infrastructure Connectivity	OCIO, MICT, ICT Board, CCK, KEBS	Increase access to ICTs; Enabling universal access to technology and information in order to build knowledge based economy.	The Government and the private sector developed 60 per cent of the National ICT infrastructure to improve universal access to ICT services. This involved connecting Kenya to the international broadband highway as well as connecting all major towns in the country through the implementation of the following projects: Analogue to Digital TV Migration: Government Data Centre (GDC) Upgrade Government Private Cloud:	Inadequate safeguards against cyber-crime and ICT media abuse; Digital divide between the rural and urban areas; Slow adaption of harmonised services; Vandalism of ICT infrastructure; Lack of or inadequate supply and uninterrupted power supply; Inadequate human capacity for research and development in ICT; and e-Waste disposal. Cable vandalism	Enhancing uptake of ICT technology will improve services delivery in rural and urban areas. ProVision of adequate information resource centres in the rural areas will facilitate bridging rural urban digital divide;

				Migration from Medium Wave to Frequency Modulation (FM) Radio Transmission Universal Access to ICT Services Roll out of 4G Networks: National Optic Fibre Backbone Infrastructure (NOFBI) County Connectivity Project (CCP) So far 7,000 km of fibre of under land has been put in place since 2008-2019 (NOFBI) 5,000km of undersea fibre has also been put in place since 2008-2019 (TEAMS) Connecting all the way to EU Established a Kenya Computer Incident Response Team to counter cyber attack Cyber security master plan established in 2015 that has an action plan	High cost of infrastructure Lack of technical capacity since we have to rely on foreign expatriate Lack of incorporation of ICT infrastructure development when doing roads constructing Lack of land to develop ICT infrastructure	
Nairobi, Kisumu, Eldoret, Nakuru, Nyeri, Malindi, Naivasha, Kericho, Kakamega,	Installation of physical and social infrastructure in informal settlements	MoTIH & UD , Non-state actors	Facilitate production of housing units and to	Under its slum and informal settlements programme, it improved physical and social infrastructure such as Non-Motorized	A rapid population growth rate, proliferation of informal settlements, governance problems and insecurity	

Bungoma and Isiolo			improve the lives of slum dwellers	Transport infrastructure, access roads, sewer lines, pedestrian bridges, security/street lights, sanitation facilities, schools, health centres and markets, in selected urban areas of Mombasa, Nairobi, Kisumu, Eldoret, Nakuru, Nyeri, Malindi, Naivasha, Kericho, Kakamega, Bungoma and Isiolo.	Limited facilities in informal settlements High rate of urbanization leading to uncontrolled subdiVisions, urban sprawl and informal settlements;	
BUSINESS PROCESS OUTSOURCING (BPO)/IT ENABLED SERVICES (ITES)						
Machakos/ **Makueni/Kajiado**	BPO	Ministry of Information, Communication and Technology and Konza Technopolis Development Authority	To position Kenya as a global center for innovation and Africa's technology hub	Ongoing	Budgetary cuts on allocations for the 2018/19 FY	Availability of adequate land and space for development ProVision of adequate budgetary allocation which to match the project's annual financial requirements and projections
FINANCIAL SERVICES						
Nairobi	Facilitate transformation towards stronger, larger scale bank	The National Treasury, CBK,	MTP I: Enhance supervisory framework and inculcate risk	Enhanced supervisory framework introduced by CBK Consolidation:	Slow pace of implementation	The Nairobi International Financial Centre Authority has been operationalized to

			management culture, consolidation of Kenyan banking section, Kenya becoming a regional financial hub	Total of 12 M&As between 2008 & 2017 Increase in ATMs, branch networks and introduction of agency banking		fast-track the realisation of the financial centre goals Stakeholder commitment towards implementation
Nairobi	Formalization of microfinance	CBK, NT, SASRA,	MTP I: To Increase savings, improved access to financial services, legal and regulatory framework (passing SACCO Bill and operationalize the MFI Act)	The enactment, introduction and operationalization of MFI and SACCO Societies Act	Slow legislation processes	Willingness of MFIs to formalize Stakeholder mapping to ensure that all relevant stakeholders in the policy and regulatory framework development processes are engaged
Nairobi	Develop and execute comprehensive model for Pension reform	RBA, NT, CBK, SASRA	MTP I: To increase pension coverage to 60% of labour force MTP I: To reform the Public Service superannuation arrangements		The major constraint in the policy development is the lengthy consultative process which requires resources and time. No clear framework on how to undertake the consultative process/ public participation. Bureaucracy: the policy development has to pass various approval levels including parliament which is complicated and vexing	There is need for a clear framework on how to undertake public participation/ consultative process
Nairobi	Pursue comprehensive remittances strategy	RBA, NT, CBK, SASRA	MTP I: To double remittance inflows through creation of diaspora-targeted investment products	The draft National Retirement Benefits Policy was developed through a consultative process and has been forwarded to Cabinet Secretary National Treasury and Planning for onward transmission to the Cabinet for approval. The policy proposes various	Fragmented legal and regulatory framework Low coverage: the retirement benefits coverage is low and currently stands at 20% of the recorded employment	Existence of a will to develop a clear framework on how to undertake public participation/ consultative process Public education and awareness campaigns Amendment of the legislation: the legislation is amended on incremental

				reforms in the pension sector, which are anchored on three pillars that is Zero pillar, ie Social Assistance Programmed/Old Age Pension; pillar 1, Mandatory Contribution Scheme; Pilar 2 Supplementary Schemes	Low and inadequate benefits: The average income replacement rate is below the minimum recommended rate of 40 per cent Lack of adequate incentives: currently, the available incentive is tax reliefs, which are offered at different levels and are not adequate to compel employers to set up schemes to cover their employees.	basis to take up the market dynamics and requirements and best practices
Nairobi	Consider issuing benchmark sovereign bonds	CBK, NT	MTP I: To establish a liquid pricing benchmark for future issuance by both the public and private sector	Ongoing	Sustainability issues of the window to attract more investors	Increasing public appetite for sovereign bonds
Nairobi	Implement legal and institutional reforms requires for a regional financial sector (no proVision during MTP I)	NT, CBK	MTP II: Develop conceptual framework and establish institutional structure	The Nairobi International Financial Centre Authority has been operationalized	Slow pace of implementation	Positioning of NIF in Kenya offers more opportunities to the financial sector Speed up the implementations
Nairobi	Infrastructure bonds to deepen long term bond market	NT, CBK,	MTP I: To leverage on PPP's to invest in infrastructure bonds	Ongoing	Lack of long tern finance framework	CBK, CMA products targeting bond markets for inclusivity Multi-agency approach should be adapted
Nairobi	Deepening of Capital market	CMA, NT	To promote long term investments by creating a conducive environment for the capital markets	Cumulative implementation of the Capital Market Master Plan to date is about 90%.	Slow legislation processes; Low uptake of capital markets products	There are continuous efforts to establish a national policy framework that will highlight key amendments to the Act towards making Islamic Finance fully operational

				Online forex regulations were gazetted on 1st September 2017, Securities Lending Regulations were gazetted in January 2018, and the Capital Markets Authority is currently developing the draft Collective Investment Scheme (CIS) Regulations. The draft regulations for the Commodities Exchange and Warehouse were developed and stakeholder consultations undertaken in June 2019		New market products like the M-Akiba bond that is currently attracting more local investors Stakeholder mapping to ensure that all relevant stakeholders in the policy and regulatory framework development processes are engaged to facilitate buy in and speedy adoption; Adopt multi-agency approach
Nairobi	Development a metal SME park to be in Nairobi,	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE, KEPSA, MOLHUD, MODP	Increase foreign direct investment Increase exports	Ongoing	Inadequate land	Existence of National spatial plan in allocation of land for industrial development; Stakeholders to fast track land banking to enable development of projects
Uasin Gishu	Agro-processing SME parks in Eldoret,	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE, KEPSA, MOLHUD, MODP	Increase exports Create employment, Generate foreign exchange earnings enable knowledge and technology transfer	Ongoing	Inadequate land	Existence of National spatial plan in allocation of land for industrial development Stakeholders to fast track land banking to enable development of projects

Mombasa	Agro-processing SME Mombasa for vegetable oils	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE, KEPSA, MOLHUD, MODP	Increase exports Create employment, Generate foreign exchange earnings Enable knowledge and technology transfer	Ongoing	Inadequate land	Existence of National spatial plan in allocation of land for industrial Development Stakeholders to fast track land banking to enable development of projects
Kisumu	Agro-processing and fish SME parks in Kisumu	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE, KEPSA, MOLHUD, MODP	Increase exports Create employment, Generate foreign exchange earnings Enable knowledge and technology transfer	Ongoing	Inadequate land	Existence of National spatial plan in allocation of land for industrial Ddevelopment Stakeholders to fast track land banking to enable development of projects
Nakuru	Processing SME park (with tannery) in Nakuru	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE, KEPSA, MOLHUD, MODP	Foreign direct investment Increase exports Create employment, Generate foreign exchange earnings Enable knowledge and technology transfer	Ongoing	Inadequate land	Existence of National spatial plan in allocation of land for industrial development Stakeholders to fast track land banking to enable development of projects
POLITICAL PILLAR						
	To Develop National Land Title Register	Ministry of Lands, Housing and Urban Development	To address issues concerning land ownership and administration,	8.9 million title deeds registered and issued countrywide	Inhibitive cultural practices	Collaboration with Judiciary to review Succession related laws

			security of tenure, land use and development and environment conservation	All public schools were mapped while 762 out of 2,000 title deeds were registered. Land registration services for Nairobi and central land registries online Title searches for Kitale and Murang'a online In process of leveraging on M-pesa to ensure cashless payments of land services	High number of litigation cases Succession issues	
	To construct Sixteen (16) Land Registry Offices Constructed and another Sixteen (16) Rehabilitated Annually	Ministry of Lands, Housing and Urban Development		Reorganization of 28 land registries out of which 18 were digitized; renovation of 12 land registries; new equipment to 28 land registries and the construction of four county land registries. In addition, an Electronic Document Management System (EDMS) was acquired and installed; online search and payment for Nairobi registry was operationalized; a framework of cadastral database system developed, and 100,000 parcels of land digitized Constructed seven (7) land registries in Bondo, Siaya, Uasin Gishu West, Thika, Isiolo and Trans Nzoia		

				Rehabilitated nineteen (19) land registries in Kericho, Kwale, Nyeri, Kajiado, Garrissa, Mandera, Koibatek, Kisumu,Kisii, Naivasha, Migori, Central Registry(Nairobi), Nairobi Registry, Kajiado, Kisumu, Kiambu, Nakuru, Ugenya and Bomet		
	Develop a National Land Information Management System and National Land Registry	Ministry of Lands, Housing and Urban Development		Established a Land Records Conversion Centre (LRCC) at the Ministry headquarters for digitizing the land records; Acquired and installed an electronic Records Management System in the Ministry headquarters which is at testing stage 10% of the National Land Information Management System developed; Re-engineered and redesigned the Ministry's processes and procedures in preparation for developing a Geographical Information System (GIS) based National Land Information Management System;		
LAND REFORMS						

National	Develop county land use/spatial plan	Ministry of Lands, Housing and Urban Development		Developed and implemented the Integrated Land Rent Information System and captured details of 150,000 Government leased plots into the system; Modernized the National Geodetic Framework by constructing thirteen (13) zero order Pillars/Stations; and Installed LAN in Thika, Nakuru, Isiolo and Kisumu Ardhi houses to ensure ease of communication and sharing of information. Land zoned into human settlement, mining, tourism sites, industrial development, agricultural development, real estates, transport infrastructure The National Spatial Plan (NSP) was formulated, discussed publicly and launched. The Government also drafted County Spatial Plans guidelines for use by county governments		
	Legal, Policy and Institutional Framework:			National Land Use Policy (NLUP) was approved by Cabinet. The Draft KNSDI		

				Policy was prepared; Land Laws (Amendment) Act 2016 was enacted; the Physical Planning Bill submitted to Parliament; the Survey Act Cap 299 was reviewed; National Land Information Management (NLIMS) standards and guidelines were developed and gazetted. In addition, investigation and adjudication of historical land injustices was undertaken, a framework for land alternative dispute resolution mechanism was developed; Community Land Act 2016 was enacted; and rules and regulations to operationalize Community Land Act were developed		
	Land Adjudication and Settlement of Landless			Adjudication of 576,606 parcels was finalized and 96 new adjudication sections declared. A total of 80,227 landless households were settled	Professional squatters High demand for land Lack of database on human settlement in schemes	Database on squatter's settlement critical

	Forensic Laboratory		Ministry of Interior and Coordination of Government	90 % Completion they are in the process of equipping with all the necessary equipment and training of personnel conducted		
	Urban Camera Surveillance		Ministry of Interior and Coordination of Government	Completed So far, 3,800 cameras have been installed and Nairobi has received a larger per centage. Only Nairobi and Mombasa have been installed with CCTV cameras	Vandalism of the CCTV cameras, Ongoing construction of roads in Mombasa County which means the cameras have to be removed and re-installed later Wear and tear of the CCTV in Mombasa due to weather	
	Police Staff housing		Ministry of Interior and Coordination of Government	25% completion		
	National Security Data Centre			The project did not took off		
	Governance and the Rule of Law Constitutional Reforms			New Constitution Enacted that gave way to devolution establishment of various commissions and committees, implementation of various programmes, enactment of laws as set out in the Fifth Schedule of the Constitution and adoption of devolution	Inadequate and delayed release of resources leading to a disproportionate reform pace, inefficiencies and ineffectiveness in service; Slow implementation of Constitution occasioned by lack of political will and political party differences;	
	TJRC Process			Completed		

	Kriegler Committee: The Independent Electoral Review Committee (IREC)			Completed The re is established Independent Electoral Commission Working as well as laws guiding elections		
	National Cohesion and Integration			80% completion	Increased cyber crime and bullying through the social media	
	Implementation of Constitution and Legal Reforms			Devolution Policy was developed and operationalized. The following laws were reviewed: the County Government Act 2012; Transition to devolved Government Act 2012; Urban Areas and Cities Act 2011; Public Finance Management Act 2012: Inter-governmental Relations Act 2012; and the National Government Coordination Act 2013.	Weak linkage in integrated development planning between the two levels of government; Weak resource mobilization and management strategies at the county level; and Weak civic education and public participation mechanism	
	Leadership, Ethics and Integrity			The following wereLeadership and Integrity Act (LIA) 2012 was developed and operationalized while the Ethics and Anti-Corruption (EACC) Act was reviewed and amended in 2015 to strengthen the legal framework for the fight against corruption. The Anti-corruption and Economic		

				Crimes (Amnesty and Restitution) Mechanism was reviewed. The Assets Recovery Agency was operationalized to recover the proceeds of crime and money laundering and a permanent Multi-Agency Team (MAT) established to tackle corruption. Mutual Legal Assistance (MLA) engagements with peer jurisdictions were also enhanced. A Draft National Ethics and Integrity Act was developed and disseminated. The Whistle-blower Protection Bill, 2017		
	Strengthening the Criminal Justice System			There is presence of ODPP office in each of the 47 counties The Victims Protection Act, 2014 was reviewed, National Correctional Policy was developed, 57 prisoners' wards and 18 new prisons were constructed. Further, a Girls' Borstal Institution was operationalized at Kamae and a Boys' Remand Home established at Kamiti.		

Annex 3: Resource allocation and completion levels for enabling flagships

MTP I						MTP II					
Flagships	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure**	**Status of Implementation**	**Flagships**	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure**	**Status of Implementation**
ENDING DROUGHT EMERGENCIES											
		-	-	-	-	Enhance capacity for drought resilience and climate change adaptation [1]	NDMA,	31,877 million[1]			-
		-	-	-	-	The National Drought and Disaster Contingency Fund	NDMA		In 2016/17 - 2,000 million.	The fund is not operational	Initial stages - Regulations to operationalise the fund are still in parliament.
		-	-	-	-	Hunger Safety Net Programme	NDMA	2013-2017: Annual budget is about 4.5 Billion	Between 2013-2017 about 22 billion was allocated	About 20 billion has been utilized	Achieved
						Integrated Knowledge Management System for Drought	NDMA		Total amount allocated has been 17 million from EU.	About 55% has been Utilized.	Initial stages
						Integrated Drought Early Warning System	NDMA		Allocation of 120 million p. a; 600 million for the 2013-17 period	100% utilization.	Achieved
ICT											

Broadcasting and Telecommunication: General Administration, Planning and Support Services	CCK, MICT, ICT Authority, KEBS, KIE, KBC, MCK	1,189,000,000	-	-	On-going	Broadcasting and Telecommunication: General Administration, Planning and Support Services	CCK, MICT, ICT Authority, KEBS, KIE, KBC, MCK	988,000,000	998,000,000	1,218,000,000	On-going
ICT and BPO Development	MICT/IFC/PPP/	10,000,000	1,734,000,000	3,807,000,000	On-going	ICT and BPO Development	MICT/IFC/PPP/	3,159,000,000	3,916,000,000	9,052,000,000	On-going
ICT Infrastructure Connectivity	OCIO, MICT, ICT Board, CCK, KEBS	-	3,945,000,000	3,207,000,000	-on-going	ICT Infrastructure Connectivity	OCIO, MICT, ICT Board, CCK, KEBS	24,755,000,000	32,063,000,000	29,636,000,000	On-going
Digital Learning Programme	e-Government, ICT Authority	-	--	-	On-going	Digital Learning Programme	e-Government, ICT Authority	13,408,000,000	17,308,000,000	30,716,000,000	On-going
Government integrated Management System: E government	e-Government, ICT Authority	175,000,000	-	-	On-going	Government integrated Management System: E government	e-Government, ICT Authority	1,950,000,000	3,246,000,000	3,302,000,000	On-going
ENERGY											
Rural Electrification	REA, MoE, KPLC	40,398,000,000	30,608,000,000	-	Incomplete	Rural Electrification Programme (Estimated cost	REREC	29,759,000,000	63,218,688,379	26,722,690,000	Nearly complete

Programme						for the year 2013/2014)					
National Grid System	MoE, KPLC,	132,334,470,000	57,390,400,000	-		National Grid System	MoE, KPLC, KETRACO		15,429,173,444	11,322,850,946	Ongoing
Energy Efficiency Enhancement	EPRA	855,000,000	1,267,000,000		**Ongoing**	-	-	-	-	-	-
Olkaria IV appraisal drilling of 6 wells	GDC, KenGen	17,064,000,000	16,994,000,000	8,000,000,000	**Incomplete**	Drilling of wells at Olkaria, Menengai and Silali-Bogoria	GDC, KenGen	500,927,000,000			Olkaria IV complete
Development of Renewable Energy Technologies	MoE, REREC	1,201,570,000	1,061,000,000	1,459,000,000		Solar Energy Development	MoE, REREC	2,500,000,000	473,019,583	500,000,000	On going
						Other renewable energy projects	REREC	7,579,300,000	438,000,000	382,000,000	Ongoing
						Small Hydro Power Plants	MoE	4,900,000,000	-	-	Ongoing
Wood fuel resource development	MoE	1,507,890,000	986,400,000			Co-generation projects (wind and solar hybrid generators)	MoE and REREC	3,358,000,000			Ongoing
Petroleum exploration and distribution	MoE, MMP	2,092,710,000	1,368,200,000	3,131,000,000		Petroleum exploration and distribution	MoE, MMP	1,487,000,000	2,557,739,010	1,284,524,232	Ongoing
Wind power generation by IPPs at various sites-	REREC, MoE, KPLC, KenGen	469,000,000	1,213,000,000	720,000,000		Development of wind power Projects	IPP, KenGen	1 64,993,000,000	8,118,690,000	8,118,354,000	Some projects complete others Ongoing
						Coal exploration and Mining	MoE, KPLC		60,625,000,000	45,734,000,000	Ongoing

						Raising Masinga Dam	KenGen	166,480,000,000			Ongoing
						Coal plant at Kilifi	KenGen	332,960,000,000			Incomplete
						LNG import handling Facility	KenGen	51,000,000,000			Incomplete
						Nuclear Power Programme	KNEPE, MoE, MoI	300,000,000	2,316,054,739	1,119,630,780	
						High Grand Falls, Magwagwa, Arror and Nandi Forest Multi-purpose project	KenGen, MWS	1,438,799,000,000	120,080,000		Incomplete
						Power transmission system improvement project: Extension and rehabilitation of electricity transmission line	KETRACO, KPLC	138,838,000,000	6,235,000,000	591,727,110	Ongoing
						Lesoso-Tororo Transmission Line: Olkaria Lessos Kisumu Power Lines Construction Project	KETRACO KPLC	4,900,000,000	2,329,500,000	1,084,174,766	Complete
						Ethiopia Kenya Transmission line: Eastern Electricity Highway Project (Ethiopia-	KETRACO	65,000,000,000	1,518,435,815	908,848,215	Complete

						Kenya Interconnector)					
						Kenya Electricity Expansion Project (KEEP)	KPLC	4813000000	5346237629	8,738,100,855	Complete
						Last Mile Connectivity	KPLC, REA		10,688,500,000	10,737,786,732	Ongoing
TRANSPORT											
Road Network expansion	MoTIH & UD	98,000,000,000	128,432,000,000	75,061,110,000	Ongoing	Road expansion, upgrading and rehabilitation	MoTIH & UD	106,526,000,000	168,625,155,834	105,146,000,000	Ongoing
Roads and Airstrips Maintenance project	MoTIH & UD	118,000,000,000	134,068,000,000	75,061,110,000	Ongoing	Maintenance of Roads	MoTIH & UD, KeRRA KeNHA KURA, KRB	49,100,000,000	108,636,801,963	2,400,000,000	Ongoing
National Road Safety System	MoTIH & UD, MoNMD, MoLG	2,654,000,000	8,693,000,000	11,055,000,000	Ongoing	Road Safety Programme	MoTIH & UD, MoNMD, MoLG	23,286,350	382,000,000		Ongoing
Modernisation of Airstrips and Airports	KAA, KQ	12,421,300,000	25,775,000,000	3,276,000,000	Complete	Expansion and Modernisation of Airstrips and Airports	KAA, MoTIH & UD	-	-		Ongoing
Air Facility Modernization	KAA	27,640,000,000	17,839,000,000	8,270,000,000	Ongoing	Expansion and Modernization of Air Facility	KAA	26,951,000,000	26,389,500,000		Ongoing

National Integrated Transport Masterplan	MoTIH & UD			1,000,000,000		National Integrated Transport Masterplan	MoTIH & UD	-			Complete
Dredging of Mombasa port	MoTIH & UD KPA	2,000,000,000	23,300,000,000	2,300,000,000	Complete	Dredging of Mombasa port	MoTIH & UD KPA	720,000,000	720,000,000	720,000,000	Complete
Development of light rail for Nairobi and its suburbs	MoTIH & UD KRC	6,476,000,000	23,995,000,000	-	Incomplete	Development of light rail for Nairobi and its suburbs	MoTIH & UD KRC	--	-	-	Incomplete
Nairobi Metropolitan Rapid Mass Transit Programme	MoTIH & UD,	8,476,000,000	6,000,000,000	-	Incomplete	Development of Mass Transport System in Major cities	MoTIH & UD,	-	-	-	-
Ferry Services Programme	KFS, Private sector	2,663,000,000	2,840,000,000		partially complete	Ferry Services Programme	KFS, Private sector	12,120,000,000	1,950,000,000	11,150,000,000	In progress
Standard Gauge Railway	KRC	3,000,000,000	-	-	Incomplete	Standard Gauge Railway	KRC	313,600,000,000	461,447,805,038	89,700,000,000	Ongoing
Second container Terminus	KPA	15,201,000,000	27,802,000,000	1,400,000,000		Second container Terminus	KPA	13,600,000,000	1,000,000,000	11,013,575,000	
LAPSSET	-	-	-	-		LAPSSET: Construction of	KPA	13700000000	10,300,000,000	11,585,251,782	Completed

						the first three berths at Lamu					
Roads 2000 Programme	KeRRA MoTIH & UD KeNHA KURA KWS KRB	-	-	-	-	Roads 2000 Programme	KeRRA MoTIH & UD KeNHA KURA KWS KRB	2,050,000,000	2,300,000,000	1,583,762,663	Ongoing
						Completion of on-going roads		140,378,000,000	41,823,674,081	20,600,000,000	
						Road Annuity Programme	MoTIH & UD	15,000,000,000			
						Rehabilitation of Northern Corridor Transport Improvement Project (NCTIP): Component of M&E	KeNHA	400,000,000	600,000,000	321,188,084	

Annex 4: Resource allocation and completion levels for flagships under the social pillar

MTP I						MTP II					
Flagships	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure**	**Status of Implementation**	**Flagships**	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure**	**Status of Implementation**
ENVIRONMENT, WATER AND SANITATION											
Rehabilitation and Protection of the Water Towers	Dept. of Environment, KEFRI, KFS, WRMAs, Counties	204 million	956 million			**Rehabilitation and Protection of the Water Towers (**Estimates obtained from IFMIS under the Environment management and protection sub sector which includes rehabilitation of the five water towers)	KFS, KEFRI	40,583.2 million	17,256.2 million	11,205.2 million	
						Rehabilitation and Protection of the Water Towers	KEFRI	45 million p.a		All flagships = Ksh.40 Million p.a. (KEFRI spends approximately Ksh.40 Millions p.a on flagship projects (4 flagships including that of	Partial achievement

										rehabilitation of water towers)	
	KFS	KFS 1,855.4 million;	KFS 1,077.2 million;	KFS 1,004 million;	Partial Achievement	**Rehabilitation of water towers**	KFS	KFS 684.4 million	KFS 272 million	KFS 267.7 million	Partial Achievement
Secure wildlife corridors and migratory routes	Dept. of Wildlife, KWS	110 million	-	-	In Progress: Though The timeline of this flagship was between 2008-2012.	**Wildlife Conservation and Management**	Dept. of Wildlife, KWS	-	-	-	-
Waste Management Programme/ National solid waste management system Flagship	Leas: Dept. of Environment Supporting MD: NEMA	180 million		158.4 million (Nairobi City Council)	Partial Achievement (Information status from NEMA)	**Waste Management and Pollution Control** (Estimates obtained from IFMIS under the Environment management and protection sub-sector which includes Waste Management and Pollution Control	MEMR/ NEMA	40,583.2 million	17,256.2 million	11,205.2 million	Partial Achievement
Rehabilitation of Nairobi river Flagship	Dept. of Environment and Water;WSBs; NEMA;respective counties	859 million	1,419 million	289.5 million;	Partial Achievement	**Rehabilitation of Urban Rivers** (Estimates obtained from IFMIS under the Environment management and protection sub-sector	MEMR/ NEMA	40,583.2 million	17,256.2 million	11,205.2 million	Partial Achievement

						which includes Rehabilitation of Urban Rivers)					
Water harvesting and storage programme	Department of Water;; Non-State Actors; WSBs;WRMAs; County govts within the project area (Data estimates from IFMIS)	27,162 million	25,552 million	6,258 million	Major Achievements	**Water harvesting and storage programme** (Data estimates from IFMIS)	Department of Water; Non-State Actors; Water service boards	64,737.2 million;	8,591 million;	7,665.7 million;	Major Achievements
Water resources information management	Lead Implementer - Department of Water	Total for MTP I and II=1.5 Billion	Total for MTP I and II=233 Million	-	Partial Achievement	**Water Resources Management Programme**	Lead Implementer- Department of Water	Total for MTP I and II=1.5 Billion	Total for MTP I and II=233 Million	-	Partial Achievement
National water supply and sanitation	Department of Water Supporting MDAs; County governments within the project area; WSBs (Data estimates from IFMIS)	66,841.1 million	81,839.2 million	53, 840 million	Major achievement	**Rural Water Supply Sub Programme** **Urban Water Supply Sub Programme** (Data estimates from IFMIS)	Department of Water *Supporting MDAs:* -County governments within the project area -WSBs	70,215.7 million	61,091.8 million	46,956.1 million	Major achievement
						SPECIFIC Flagships under Rural & Urban Water Supply Sub Programme: Rift Valley Water Services Board					
						Itare dam (MTP III)	Rift Valley Water Services Board (Rift Valley Water Services Board Serves seven counties -	35 billion project		11 billion has been utilized	Project stalled at 27% completion rate.

							Narok, Nakuru, Baringo, Elgeyo Marakwet,, West Pokot and Turkana)				
						The Chemususu dam water distribution project	Rift Valley Water Services Board	Kes 2.9 billion.			Overall completion Rate=39.6%% completion as end of May 2018
						The sabor-iten water supply project phase II	Rift Valley Water Services Board	1 billion		300 million utilised for Iten while 700 million was reallocated for renewal of water systems in Nakuru	-
						Kirandich dam water supply project phase II	Rift Valley Water Services Board	Euros 18,856,0 00			Overall completion Rate 3.1% completion as end May, 2018
						Kapindaram water project	Rift Valley Water Services Board	Kshs 64.8 million (The Kapindar am Water Project Is Part Of Water And Sanitatio n Services Improve ment Project – WASSIP)			Partial achievement (about 50%)
						Construction of Narok town	Rift Valley Water Services Board	1.59 billion			Procurement for works

						sewerage project					
						Narok last mile connectivity project	Rift Valley Water Services Board	100 million			Preparation of ToRs
						Construction of Olkalou sewerage project	Rift Valley Water Services Board	397 million			Procurement of Consultant
						Construction of kapenguria – chepararia sewerage project		543 million			Procurement of Consultant
						Eldama ravine sewerage project		Kes 20 million			Procurement of Consultant
						Bergei multi – purpose dam project		Kes 90 million			Procurement of Consultant
						Amaya multi – purpose dam project		Kes 90 million			Procurement of Consultant
						Kabarnet last mile connectivity project		Kes 100 million			Preparation of ToRs
						JICA baringo rural water projects		39.4 million			
						Upper Chemususu water supply projects		39.5 million			Most of the projects are complete and in use.

						Suswa water supply project		104.9 million			Project construction is at 68% completion level with a time lapse of 134%.
Preparation of a National Spatial Plan (Land Use Master Plan)	Lead Implementer: Department of Environment	-	-	-	-	**Digitisation of urban plans**	Department of Environment	-	-	-	-
						Irrigation and Drainage Infrastructure:	National Irrigation Board Department of Water	-	-	-	Status/ level of Implementation (end 2017): - 404,800 hectares under irrigation
						Strengthening Environmental Governance	Department of Environment Supporting MDAs: NEMA				
						Modernisation of Meteorological Services:	Department of Environment Supporting MDAs: KMD				Partial achievement
						Advertent Weather Modification Programme	Department of Environment Supporting MDAs: KMD				Partial achievement

						Forest Conservation and Management:	Department of Environment Supporting MDAs: KFS				Partial achievement
						Forestry Research and Development	Department of Environment Supporting MDAs: KFS				Partial achievement
						Promotion and Piloting of Green Energy	Department of Environment Supporting MDAs: NEMA				
						Carbon Credit Trading	Department of Environment Supporting MDAs: KFS				

						Trans-Boundary Waters	Department of Water Supporting MDAs: Counties				The locations of trans-boundary surface waters and their status were established Three bilateral frameworks developed, negotiated and finalized for the management of transboundary water resources of Sio-Malaba-Malakisi river, Mara river and lakes Challa-Jibe and Umba river.
						Blue Economy / Marine Resources and Fisheries:	Department of Environment Supporting MDAs: NEMA, KWS, KEMFRI				
						Operationalisation of Water Research and Resource Center (WARREC) Programme	Department of Water Supporting MDAs: JKUAT				
						ProVision of Water to Poor Un-Served Areas	Department of Water				

						Including Informal Settlements	Supporting MDAs: WSBs, NSAs				
						Rehabilitation of Storm Water Drainage Systems in Selected Towns	Department of Water Supporting Implementing Agency WSBs, counties, NSAs				
						Land Reclamation:	Department of Environment				

MTP I						**MTP II**					
Flagships	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure**	**Status of Implementation**	**Flagships**	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure**	**Status of Implementation**
HOUSING AND URBANIZATION											
Housing Development Initiative (Increase housing stock to 200,000 units)	MoTIH & UD NHC	4,727,000,000	18,477,000,000	9,996,500,000	Ongoing	Slum upgrading	MoTIH & UD and non-state actors	23,731,645,958	10,437,107,198	8,384,966,074	
Installation of	MoTIH & UD	18,477,000,000	4,727,000,000	9,996,500,000	Ongoing						

physical and social infrastructure in informal settlements											
One Stop Housing Development Approval mechanism	MoTIH & UD	-	-	-	Incomplete						
National Housing Fund		18,477,000,000	9,454,000,000		Incomplete						
Slum upgrading	MoTIH & UD and non-state actors	1,624,000,000	1,624,000,000	1,624,000,000							

Annex 5: Resource Allocation and Completion Levels for Flagships under the Political Pillar

MTP I						MTP II					
Flagships	**Implementing Agency**	**Estimated Costs (KSh.)** (budgeted expenditure)	**Approved Budget (KSh.)**	**Actual Expenditure (KSh.)**	**Status of Implementation**	**Flagships**	**Implementing Agency**	**Estimated Costs (KSh.)** (budgeted expenditure)	**Approved Budget (KSh.)**	**Actual Expenditure (KSh.)**	**Status of Implementation**
To Develop National Land Title Register	Ministry of Lands, Housing and Urban Development	220,000	-	-	Ongoing	To Develop National Land Title Register	Ministry of Lands, Housing and Urban Development	220,000	-	-	Ongoing

-	-	-	-	-	-	Modernisation of Land Registries	Ministry of Lands, Housing and Urban Development	-	-	-	Ongoing
Develop a National Land Information Management System and National Land Registry	Ministry of Lands, Housing and Urban Development National Lands commission	-	-	-	Ongoing	Develop a National Land Information Management System and National Land Registry	Ministry of Lands, Housing and Urban Development National Lands Commission	23,000	-	-	Ongoing
To construct Sixteen (16) Land Registry Offices Constructed and another Sixteen (16) Rehabilitated Annually	Ministry of Lands, Housing and Urban Development	-	-	-	Ongoing	Modernisation ofLand Registries	Ministry of Lands, Housing and Urban Development	-	-	-	Ongoing
Develop county land use/spatial plan	Ministry of Lands, Housing and Urban Development	210,000	-	-	Ongoing	Develop county land use/spatial plan	Ministry of Lands, Housing and Urban Development	23,000	-	-	Ongoing
-	-	-	-	-	-	National Spatial Plan:	Ministry of Lands, Housing and Urban Development	23,000	-	-	Ongoing
-	-	-	-	-	--	Kenya National Spatial Data Infrastructure (KNSDI	Ministry of Lands, Housing and Urban Development	-	-	-	Ongoing

-	-	-	-	-	-	Land Adjudication and Titling Programme	Ministry of Lands, Housing and Urban Development National Lands Commission	23,000	-	-	Ongoing
Land Ownership Document Replacement	Ministry of Lands, Housing and Urban Development National Lands Commission	100,000	-	-	Ongoing	Land Ownership Document Replacement	Ministry of Lands, Housing and Urban Development National Lands Commission	-	--		Ongoing
LAND REFORM POLICIES											
National Land Policy Finalisation and implementation	National Land Commission Ministry of Lands, Housing and Urban Development	15,000	-	-	Ongoing						
Institutional Transformation	National Land Commission	-	-	-	Ongoing						
Local Level Mechanisms for Sustainable Land Rights Administration	National Land Commission	-	-	-	Ongoing						

and Management											
SECURITY PEACE BUILDING											
Forensic Laboratory	Ministry of in Interior and Coordination of National Government		-	-	Ongoing 90% completion	Completion of the Forensic Laboratory	Ministry of in Interior and Coordination of National Government	-	-	-	Ongoing
Urban Camera Surveillance	Ministry of in Interior and Coordination of National Government(National Police Service) MIRP	78,985	-		Ongoing only Nairobi and Mombasa have been installed	Installation of CCTV cameras in Nairobi, Mombasa, Kisumu and Nakuru(Including establishment of a command control centre with an Integrated Security Intelligence and Surveillance System)	Ministry of in Interior and Coordination of National Government (National Police Service) MIRP	78,985	-	-	Ongoing
Construction of 20,000 police houses	Ministry of in Interior and Coordination of National Government National Police Service	-	-	-	25% completion The project has project has been abandoned	Complete the Police Reform Programme including housing projects;	Ministry of in Interior and Coordination of National Government National Police Service	-	-	-	Ongoing

National Security Data Centre	Ministry of in Interior and Coordination of National Government	-	-	-	The project did not kick off	Establishment of a National Security Data Centre	Ministry of in Interior and Coordination of National Government	-	-	-	No information about the project
Integrated Population Registration system	Ministry of in Interior and Coordination of National Government Ministry of Immigration	13,038	-	--	Ongoing	Completion of Integrated Population Registration System (IPRS)	Ministry of in Interior and Coordination of National Government	-	-	-	Ongoing
						Completion of the construction of 6 prisons	Ministry of in Interior and Coordination of National Government (National Police Service) Kenya Wildlife Service National Disaster Management Authority CGs	395,352	-	-	Ongoing
						Restoration of the five water towers	Ministry of in Interior and Coordination of National Government (National Police Service) Ministry of Defence	51,906	-	-	Ongoing

							Kenya Forest Service National Disaster Management Authority				

Annex 6: Resource Allocation and Completion Levels for Flagships under the Economic Pillar

MTP I						MTP II					
Flagships	Implementing Agency	Estimated Costs (KSh.) (budgeted expenditure)	Approved Budget (KSh.)	Actual Expenditure (KSh.)	Status of Implementation	Flagships	Implementing Agency	Estimated Costs (KSh.) (budgeted expenditure)	Approved Budget (KSh.)	Actual Expenditure (KSh.)	Status of Implementation
TOURISM											
Cradle of mankind	Ministry of Tourism & Wildlife	100,000,000	0	0	Ongoing	Cradle of mankind	Ministry of Tourism & Wildlife	0	0	0	Ongoing
Resort Cities Initiative	• Ministry of Tourism & Wildlife as the leady agency	55,805,000,000	1,639,000,000	0	To start	Resort Cities Initiative	Ministry of Tourism & Wildlife as the leady agency	1,913,000,000	0	0	To be implemented as part of LAPSSET corridor.
Upgrading premium parks	• Ministry of Tourism, local	3,796,000,000	2,303,000,000	545,000,000	Ongoing	Upgrading premium parks	Ministry of Tourism, local	2,878,000,000	0	0	Rehabilitation of roads ;

	authorities, KWS						authorities, KWS				renovation of campsites
Under-utilised parks initiatives	• Ministry of Tourism & Wildlife • Local authorities, KTDC, KTB, OP, KWS	4,800,000,000	0	0		Under-utilised parks initiatives	• Ministry of Tourism & Wildlife Local authorities, KTDC, KTB, OP, KWS	0	0	0	Access roads constructed / rehabilitated.
Development of Niche products	• Ministry of Tourism & Wildlife Tourism Research Institute; Ministry of sports, culture and heritage; Private sector	8,445,000,000	0	0	ongoing	Development of Niche products	• Ministry of Tourism & Wildlife Tourism Research Institute; Ministry of sports, culture and heritage; Private sector	5,578,000,000	1,502,135,147	0	A National Tourism Blueprint 2030 developed and launched
Community-based Tourism Initiative	Ministry of Tourism & Wildlife as the leady agency				Cultural and Heritage Tourism strategy and an Agro-Tourism strategy developed	Community-based Tourism Initiative	Ministry of Tourism & Wildlife as the leady agency				-Sensitization and awareness trainings on homestays and agro-tourism
Development of Coastal Beach Ecosystem Management	Ministry of Tourism & Wildlife Tourism Protection Service				Tourism police unit established	Development of Coastal Beach Ecosystem Management	Ministry of Tourism & Wildlife Tourism Protection Service				Coast guard service established.
Business and Conference Tourism (Nairobi,	Ministry of Tourism & Wildlife, KICC,	16,919,000,000	0	0	A National Strategy on M.I.C.E.	Business and Conference Tourism	Ministry of Tourism & Wildlife, KICC,	11,142,000,000	351,000,000	575,000,000	KICC development at Sh.351M;

Mombasa and Kisumu)	MoPW, KTDC, KIA, Local Authorities; Brand Kenya				developed	(Nairobi, Mombasa and Kisumu)	MoPW, KTDC, KIA, Local Authorities; Brand Kenya				Ongoing
Destination Marketing Initiatives	• Kenya Tourism Board	9,906,000,000	4,808,400,000	6,394,400,000	Ongoing	Destination Marketing Initiatives	• Kenya Tourism Board	14,807,755,059	8,571,690,681	12,061,175,278	Ongoing
AGRICULTURE, LIVESTOCK AND FISHERIES											
Consolidated Agriculture Policy and Legal Framework	Ministry of Agriculture, Livestocvk, Fisheries (and Irrigation)	50,000,000	-	-	Largely completed for Department of Crop Development						
Fertilizer Cost-Reduction		4,000,000,000	3,000,000,000	-	L argely implemented except local manufacturing of fertilizer						
Development of Disease Free-Zones		1,500,000,000	-	-	-						
Development of Land use Master Plan											
Development of Irrigation in Tena Delta and Other Arid Areas			321,500,000	300,500,000	Varied; moderate ongoing						
Development of a 200-Mile Exclusive Economic Zone for Marine Fosheries											

BUSINESS PROCESS OUTSOURCING (BPO)/IT ENABLED SERVICES (ITES)											
Design and establish one BPO Park in Nairobi	Ministry of Information, Communication and Technology and Konza Technopolis Development Authority	9093 million	3800 million	10 million	Ongoing	BPO	Ministry of Information, Communication and Technology and Konza Technopolis Development Authority	1,20 Million	2,907 million	-	Ongoing
						Konza Metropolis	Konza Technopolis Development Authority	800 million	-	-	Ongoing
						Digital Talent	Konza Technopolis Development Authority	250 million	-	-	Ongoing
						IFMIS roll out	National Treasury	1,90 million	101.790 million	101.79 million	Completed
FINANCIAL SERVICES											
Consolidation of the banking sector through enhanced capital base	Central Bank of Kenya, National Treasury, KBA, AMFI,	125 million	0	0	Ongoing	Nairobi International Financial Centre (NIFC)	National Treasury	400 million	N/A	N/A	Ongoing

Increase financial access through formalization of microfinance	Central Bank of Kenya, National Treasury	25 million	0	0	Ongoing	Deepening Capital markets	NT, CMA	125 million	N/A	N/A	about 90%. complete
Deepen capital markets by raising institutional capital and expanding bond and equity markets	CMA, NT	0	0	0	Draft Master plan almost complete	Infrastructure bonds to deepen long term bond market	NT , CBK	0	0	0	Ongoing
Leverage remittance and long-term capital inflows	RBA, NT, CBK, SASRA	0	0	0	Ongoing						
Develop and execute comprehensive model for Pension reform	RBA, NT, CBK,	1,250 million	0	0	Ongoing						
MANUFACTURING											
Development of a strategy for the establishment of at least 2 special “economic clusters” that is, related industries located together to gain form economies /	MOEAACT (lead), NT, MOIED, MOTI, MOEP, MODP, MOLHUD, PPP	21,000	0	0	Ongoing	Establishment of Special Economic Zones (SEZs) in Mombasa, Lamu and Kisumu	NT, MOIED, MOTI, MOEP, MODP, MOLHUD, PPP	2,300 (The estimate 2017/18)	2,447 (2017/18 approved budget)	1,517 (2017/18 actual expenditure	Ongoing
Development of at least five SME industrial parks and specialized Economic Zone in key urban centers.	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE,	13021	N/A -	N/A	Ongoing	Development of SME and industrial Parks in each of the 47 counties	NT, KEPSA Universities MOIED, MOALF, NT, KIRDI, KIPI, KEBS, KIE,	250 (2017/18)	26 (2017/18)	26 (2017/18)	Lead counties Ongoing

	KEPSA, MOLHUD, MODP					KEPSA, MOLHUD, MODP				

	MTP I					MTP II				
Flagships	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure per programme**	**Status of Implementation**	**Implementing Agency**	**Estimated Costs**	**Approved Budget**	**Actual Expenditure per programme**	**Status of Implementation**
TRADE										
Creation of atleast 10 wholesale hubs and with a pilot project in Maragua	Ministry of Industry, Investment and Trade	Ksh 250 million	Nil	Nil	Incomplete	Ministry of Industry, Investment and Trade	Ksh 3 billion	Nil	Nil	Nil
1000-1500 Producer Business Groups (PBGs)	Ministry of Industry, Investment and Trade					Ministry of Industry, Investment and Trade	24.2 million	Nil	Nil	Nil
Build atleast 10 'Tier 1' retail markets	Ministry of Industry, Investment and Trade	Ksh 400 million	Ksh. 1.8 billion		Incomplete	Ministry of Industry, Investment and Trade	18.8 billion	Nil	Nil	Nil
Establish a Free Trade Port in Mombasa		Ksh 427,464 million								
Export Development Fund Project		Ksh 13.5 million								
PPP Project		Ksh 8 billion								
Small Businesses Rebuilding Project: Micro, small and Medium enterprises (MSME) competitiveness project		Ksh 9 billion								

Trade Policy Institute Development Project		Ksh 100 million								
Kenya National Electronic Single Window (KNESW)						KENTRADE	1,070.4	unclear	unclear	unclear
National Payment System (NPS)						Ministry of Trade	23			
Integration of the International Road transport (TIR) Carnet in Kenya							710			
Information system on goods and services										
Revitalization of JLB scheme Access to Trade Finance										
Construction of Legal Metrology laboratories in 47 counties to meet international best practises										
Formulate and implement the PPP Development Strategy II (2013-2017)										
Capacity building on counterfeiting and property rights in Kenya										
Development and upgrading of MSE infrastructure										
MSE survey and informal sector surveys										
Establishment of an EMPRETEC centre										
Trade Exhibitions										

Establishment of MSME Tool room and incubation centre at Kenya Institute of Business Training										
Establish an open learning programme centre in Entrepreneurship in 47 counties										
Establishment of Centres of excellence (COEs)										
Establish seven independent Trade Commissions										
Decentralize the operations of the Export Promotion Council to selected counties, undertake outreach programmes to exporters and establish and operationalize a Centre for Product Design and Development										
Attract investments in the export related value chain for production of value added products										
Establish a world class Trade Centre in Nairobi and a modern Exhibition and Convention Centre										
Develop an Export Development Strategy										
Establish and operationalize a Credit Guarantee Scheme and Export Development Fund										
Establish distribution infrastructure; warehouses										

and business information Centres in Kinshasa and Lumumbashi-DRC; in Juba-the Republic of South Sudan; and in Dubai-UAE										
Formulate and implement a coherent regional integration strategy for Kenya										
Implement the EAC Single Customs Territory through introduction of tax payment at first point of entry										
Enactment of the Export Development and Promotion Bill										
Review the Anti-Counterfeit Act										
Develop an e-trade policy										
Establish an effective Trade Remedy Regime										
Trade (Commercial) Centres in London, New York and Dubai										
Development of phase 3 of Export Business Accelerator (EBA) in Athi River EPZ.										
Formulate and implement cluster development policy										

Kenya Institute for Public Policy Research and Analysis
Bishops Garden Towers, Bishops Road
P.O. Box 56445-00200, Nairobi, Kenya
Tel: +254 20 4936000; +254 20 2719933/4
Fax: +254 20 2719951
Email: admin@kippra.or.ke
Website: http://www.kippra.org

ISBN 978 9966 058 84 6