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MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT

**2020/21 ANNUAL REPORT TO PARLIAMENT
IN FULFILMENT**

OF THE

CONSTITUTIONAL REQUIREMENT IN ARTICLE 153(4B)

BY THE

CABINET SECRETARY

**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT FOR
THE FY 2020/21**

AUGUST 2021

List of Acronyms and Abbreviations

AfCFTA	African Continental Free Trade Agreement
CDA	Coast Development Authority
CET	Common External Tariff
CMA	Capital Markets Authority
COMESA	Common Market for Eastern and Southern Africa
DRD	Directorate of Regional Development
DCI	Directorate of Criminal Investigations
EAC	East African Community
EALA	East African Legislative Assembly
EAMU	East African Monetary Union
EATV	East African Tourism Visa
ENNDA	Ewaso Ng'iro North Development Authority
ENSDA	Ewaso Ng'iro South Development Authority
EU	European Union
ICT	Information, Communication Technology
KBC	Kenya Broadcasting Corporation
KOMEX	Kenya Commodity Exchange
KVDA	Kerio Valley Development Authority
LBDA	Lake Basin Development Authority
LVBC	Lake Victoria Basin Authority
LVFO	Lake Victoria Fisheries Organization
MDAs	Ministries Departments and Agencies
MOU	Memorandum of Understanding
NCIP	Northern Corridor Integration projects
NCTTCA	Northern Corridor Trade and Transport Coordination Authority
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Post
RNCD	Regional and Northern Corridor Development
SADC	South African Development Community
SGR	Standard Gauge Railway
SCT	Single Customs Territory
TARDA	Tana Athi River Development Authority
TDMC	Tana Delta Main Canal
TDIP	Tana Delta Irrigation Project
UAE	United Arab Emirates

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FOREWORD

This is the Ministry of East African Community and Regional Development Annual report for the Financial Year (FY) 2020/21. The Report is in compliance to the Article 153 (4b) of the Constitution that requires a Cabinet Secretary to provide Parliament with full and regular reports on matters under their control.

The main highlight of the report is the presentation of planned activities and the corresponding achievements, and challenges encountered during the FY 2020/21. Some of the notable achievements for the State Department for East African Community during the period include: improvement in Kenya's global ease of doing business ranking to Position 50 from 56 out of 190 countries globally and tabling of the Doing Business Milestones in Parliament by H.E the President in November 2020; convening stakeholders' consultation and identification of a total of 1,121 tariff lines for review under the EAC Common External Tariff; development of the EAC Export Promotion Strategy 2020 – 2025 and its implementation Work Plan; Two Hundred and Twenty-Six (226) Non-Tariff Barriers (NTBs) cumulatively resolved since 2007; validated the final draft Common Market Scorecard 2020 on free movement of goods, services, and capital; development of the EAC Customs Strategy 2021/22-205/26; finalized feasibility study and titling of land for the construction of the Busia Cross Border Market; coordination of ratification the Protocol on Cooperation in ICT; finalized the EAC Banking certification Policy; finalized EAC Microfinance services Policy and its implementation strategy; East African Monetary Institute Bill 2018 was assented to by all Partner States; and East African Statistics Bureau Bill 2018 was passed by EALA.

The achievements under Northern Corridor Integration Projects include: finalization of the Land Valuation Index Bill, to assist in speeding up acquisition of land for NC infrastructure projects; finalization of the Land value (Amendment) Act which has been assented into Law and established a Land Acquisition Tribunal; finalization of the Lake Victoria Inter-Modal Transport System which was commissioned by H.E. the President.

Achievements for the State Department for Regional Development include: establishment of integrated irrigation projects, set up of value addition factories like the integrated fruit processing

plant to support the “Big Four” Agenda; coordinated tree planting campaign where over 2 million tree seedlings were planted as a mitigation towards climate change and also a contribution towards 10% tree cover; and development of a draft miscellaneous amendment Bill for the Regional Development Authorities Act.

As the country moves on with the implementation of the “Big Four” Agenda and Kenya’s Blue Print Vision 2030, it is envisioned that the information contained in this report will provide valuable source of reference in updating Kenyans on the business reforms on ease of doing business, progress of the EAC integration and also in the integrated regional development projects. I urge all stakeholders to review the report as a way of increasing knowledge and our commitment in the use of public resources and service delivery.

Hon. Adan Mohamed, EGH
Cabinet Secretary
Ministry of East African Community and Regional Development

1.0 INTRODUCTION

1.1 Overview of the Ministry

The Ministry of East African Community and Regional Development was established in January, 2018 following the reorganization of the Government of Kenya. The Ministry has two State Departments namely; East African Community, and Regional & Northern Corridor Development. Prior to 2018, the then State Department for East African Community Affairs was under the Ministry of East African Affairs, Labour and Social Protection while Regional Development was coordinated by the Ministry of Devolution and Planning. Northern Corridor Integration Project was coordinated from the Cabinet Office. The Ministry is established to coordinate Kenya's participation in the East African Community integration process pursuant to Article 8(3)a of the Treaty for the Establishment of the East African Community; coordinate business transformation in Kenya; coordinate Northern Corridor Integration projects (NCIP) and Regional Development Authorities.

1.2 Mandate

The Ministry derives its mandate from the Executive Order No. 1 of May, 2020 (Revised) as follows:

- i. Policy on East African Community.
- ii. East African Community Affairs.
- iii. Implementation of the East African Treaty.
- iv. Facilitate and enhance the Ease of doing Business in Kenya.
- v. Identifying and recommending business reforms for promoting business and for making Kenya competitive locally, regionally and internationally.
- vi. Coordinating engagements of the Government of Kenya with private sector in respect to business climate and business transformation.
- vii. Co-ordination of implementation of EAC regional Programmes and Projects.
- viii. Promotion and Fast Tracking of EAC Integration.
- ix. Co-ordination of Government's participation in East African Community Affairs.
- x. East African Community Meetings and Institutions.
- xi. Coordinating Kenya South Sudan Liaison Office (KESSULO).
- xii. Coordination of Regional development Authorities.
- xiii. Monitoring and Evaluation of the implementation of Northern Corridor Development.
- xiv. Fast tracking identified Northern Corridor Integration Projects.
- xv. Oversight and Co-ordination of Lamu South Sudan Ethiopia Transit Corridor (LAPSSET) Programme implementation.

- xvi. Providing Secretariat Service during Ministerial and Head of States Summit Meetings on Northern Corridor Development.
- xvii. Coordinating Northern Corridor Transit and Transport Co-ordination Authority (NCTTCA).

1.3 Vision

To be a champion on regional integration, business transformation and sustainable basin-based development.

1.4 Mission

To deepen and widen East African Integration, facilitate business transformation and enhance integrated basin-based development for improved livelihoods for all Kenyans.

1.5 Ministry's Key Result Areas

The Ministry's Key Result Areas as outlined in the 2018-2022 draft Strategic Plan are:

- i) Finance and Human Resource management and development.
- ii) National consultations and engagement of stakeholders on EAC and Regional and Northern Corridor Development activities.
- iii) Coordination and participation in the formulation and implementation of EAC and RNCD policies, decisions and directives.
- iv) Implementation of the EAC Pillars of Integration.
- v) Institutionalize Knowledge Management.
- vi) Upgrading of ICT infrastructure within the Ministry.
- vii) National publicity and advocacy on EAC integration and its benefits.
- viii) Emerging issues in regional integration.
- ix) Gender, Youth and Disability mainstreaming.
- x) Deepen and widen the market access for goods and services within the context of Northern Corridor Integration Projects (NCIPs).
- xi) Coordination of Regional Development Authorities.
- xii) Sustainability of the Regional Development Authorities.
- xiii) Business climate reforms and transformation.

2.0 FINANCIAL REPORTING

2.1 Ministry's Budget Expenditure in 2020/21

The Ministry was allocated a total of **Kshs 3,677,524,714** with recurrent and development allocations of **Kshs 2,419,624,814** and **Kshs 1,257,899,900** respectively. As shown in Table 1 below, the State Department for EAC (SDEAC) had a budgetary allocation of Kshs. 511,325,519 as recurrent expenditure and no development allocation for the Financial Year 2020/21. The State Department for Regional and Northern Corridor Development (SDR&NCD) was allocated of Kshs 3,166,199,195 with Kshs 1,908,299,295 and Kshs 1,257,899,900 as allocations for recurrent and development respectively.

As at 30th June 2021, **94.32%** of the allocation was utilized by the Ministry, with the State Department for EAC utilizing **94.92%** of its allocation while the State Department for Regional and Northern Corridor Development managed to utilize **94.22%** of its approved allocation as shown in the table below.

Table 1: Utilization of funds in the Ministry for the period 2020/21

Expenditure Type	State Department	FY 2020/21 (Kshs)		Absorption rate as at 30th June 2021
		Approved Estimates (Kshs)	Total Expenditure (Kshs)	
RECURRENT BUDGET	EAC	511,325,519	485,354,372	94.92%
	Regional and Northern Corridor Development	1,908,299,295	1,900,674,833	99.60%
	Sub Total	2,419,624,814	2,386,029,205	98.6%
DEVELOPEMNT BUDGET	EAC	0	0	0%
	Regional and Northern Corridor Development	1,257,899,900	1,082,591,452	86.10%
	Sub Total	1,257,899,900	1,082,591,452	86.10%
Grand Total		3,677,524,714	3,468,620,657	94.32%

The actual expenditure rates for the two State Departments are herewith attached as *Appendix I and II*

During the review period, the recurrent budget and expenditure for State Department for Northern Corridor & Regional Development amounts to **Kshs. 1,908,299,292** and **Kshs. 1,900,674,833** respectively comprised of Headquarters budget and transfer to SAGAS as shown in table 2.

Table 2: SDR&NCD Headquarters budget and transfer to SAGAS

#	Name	Approved Estimates FY 2020/21	Total Expenditure FY 2020/21	Absorption Rate %
1	Headquarters'	139,499,295	131,874,832	94.5
2	KVDA	100,180,000	100,180,000	100
3	TARDA	287,000,000	287,000,000	100
4	LBDA	322,610,000	322,610,000	100
5	ENSDA	298,890,000	298,890,000	100
6	CDA	217,680,000	217,680,000	100
7	ENNDA	235,440,000	235,440,000	100
8	LAPSSET	307,000,000	307,000,000	100
	Total	1,908,299,295	1,900,674,833	99.6

2.2 Expenditure of Ministry' projects

The Ministry's Capital projects were allocated a total of **Kshs. 1,257,899,900** with Appropriation in Aid of **Kshs. 186,000,000** leaving a net GOK funding of **Kshs. 1,082,591,452**. The capital projects which are implemented by various Development Authorities are as tabulated in table 3.

Table 3: Expenditure of Ministry's Capital Projects

Project	Gross Expenditure	Appropriation in Aid	Net Expenditure	Implementing Agency
Gum Arabic and Resins Integrated Development Programme	40,631,000	0	40,631,000	ENNDA
Ewaso Ng'iro North Catchment & Riparian Conservation Project	11,287,000	0	11,287,000	ENNDA
Kieni Integrated Project	0	0	0	TARDA
Tana Delta Rice Irrigation Project (TDIP)	53,275,000	0	53,275,000	TARDA
Muranga Integrated Programme	0	0	0	TARDA
Ewaso Ng'iro Leather Factory	20,500,000	0	20,500,000	ENSDA
Integrated Bamboo commercialization and Value Addition	19,548,000	0	19,548,000	ENSDA

Wei Wei Phase 3 Irrigation Project	142,253,500	126,000,000	16,253,500	KVDA
Mango Value Chain Programme	24,831,500	0	24,831,500	KVDA
Kimira Oluch Stallholder Farm improvement	62,594,000	0	62,594,000	HQS
Oloyiangelani Dam Development Project	17,216,000	0	17,216,000	ENSDA
Napuu, Lomut and Lower Turkwel Irrigation Project	16,253,500	0	16,253,500	KVDA
Lichota, Muhoroni and Alupe Solar Irrigation Project	83,943,400	0	83,943,400	LBDA
Boji Farmers Irrigation Project	51,220,500	0	51,220,000	CDA
Wananchi Cottages in Kilifi County	0	0	0	CDA
Construction of Nyakoe Market	40,000,000	0	40,000,000	LBDA
Coast Development Authority – Drought mitigation Projects	40,000,000	0	40,000,000	CDA
Oloitoktok Agro processing Factory Project	29,346,500	0	29,346,500	ENSDA
Transaction Advisory services LAPSSET	60,000,000	60,000,000	10,691,552	LAPSSET
Drought and floods emergency intervention- ENNDA	50,000,000	0	50,000,000	ENNDA
Reytab Alam Dam	45,000,000	0	45,000,000	ENNDA
Tula Tula Wajir	100,000,000	0	100,000,000	ENNDA
Selle Gabaro Marsabit	100,000,000	0	100,000,000	ENNDA
Ajawa-Wajir North	100,000,000	0	100,000,000	ENNDA
Baragoi samburu	70,000,000	0	70,000,000	ENNDA
Kargi-Laisamis	80,000,000	0	80,000,000	ENNDA
Total	1,257,899,900	186,000,000	1,082,591,452	

2.3 Pending Bills

As at 30th June, 2021, the Ministry had a pending bill of **Kshs. 6.26 billion** as tabulated in table 4.

Table 4: List of pending bills

Unit	Development	Recurrent	Total
EAC	0	5,042,798.15	5,042,798.15
DRD HQs	1,602,095,720	6,141,539	1,608,237,259
KIMIRA OLUCH PROJECT	711,422,237	0	711,422,237
CDA	3,508,101.20	334,916.62	3,843,018
KVDA	0	9,041,800	9,014,800
LBDA	2,831,263,401	102,367,330	2,933,630,731
ENNDA	356,242,434	93,328,850	449,571,284
TARDA	103,287,745	391,037,416	494,325,161
ENSDA	0	0	0
LAPSSET	0	47,139,749	47,139,749
TOTAL	5,607,819,638.20	654,434,398.77	6,262,227,037.15

2.4 Challenges in the implementation of the budget

The Ministry faced the following major challenges in the implementation of the 2020/21 budget:

- i. Inadequate budgetary allocation vis-a-vis the departments mandate/planned activities.
- ii. Delays in exchequer releases.
- iii. Rapid change of policies such as delays in approval of supplementary budget.

3.0 SUMMARY OF PLANNED ACTIVITIES AND ACHIEVEMENTS DURING THE FINANCIAL YEAR 2019/2020

3.1 SUMMARY OF PLANNED ACTIVITIES FOR THE YEAR 2020/21

The following is a summary of the activities that the Ministry's planned to implement in the FY 2020/21:

3.1.1 *State Department of East African Community*

- i. Improve Kenya's ease of doing business global ranking from position 56 to 50;
- ii. Holding two national consultations forums on the tariff band above 25% to facilitate finalization of the review of the EAC Customs Management Act and the EAC Common External Tariff
- iii. Participating in four Policy meetings on mitigations against non-communicable diseases on implementation of the 2020/2021 activities in the roadmap for the establishment of the East African Kidney Institute (EAKI)
- iv. Coordinating Kenya's participation in the development of two EAC Policy Instruments to enhance food security
- v. Unlocking economic potential by reducing barriers of trade in the region and improve business competitiveness to boost manufacturing in the region
- vi. Finalize Review of the EAC Trade Policy
- vii. Develop and disseminate the annual business reform action plan across the eleven (11) ease of Doing Business indicators
- viii. Develop and publish an Ease of Doing Business Milestone Report: 2014 – 2020
- ix. Developing and implementing roadmaps for the establishment of cross border markets in Busia, Kajiado, Migori and Taita Taveta Counties
- x. Strengthening synergies and policy convergence between the Government and the private sector and civil society on EAC Integration issues by holding the 4th National Dialogue Forum for the Private Sector and Civil Society Organizations
- xi. Strengthening synergies and policy convergence between the Government and the private sector and civil society on EAC Integration issues by: b) Holding quarterly meetings with key stakeholders in the Agriculture; Cereals; Food and Beverage; and Construction value chains
- xii. Developing and implementing a Cross-border Skills Enhancement Programme to tap on the global trade value chains
- xiii. Redesigning and upgrading the NTBs SMS and online reporting web-based system with SMS capabilities to enhance effectiveness of strategic interventions on identification and elimination of NTBs

- xiv. Participating in four third-party trade negotiation forums and harmonize third-party trade policies (COMESA-EAC-SADC Tripartite FTA; Africa CFTA; Kenya-US FTA and EAC-UK FTA) with the EAC trade policies
- xv. Holding one national consultation forum on the Study on the Required Reforms to Align the EAC Structures, Programs and Activities with the Financial Resources Available from EAC Partner States
- xvi. Operationalizing the Monetary Union Pillar by finalizing the EAC Banking Certification Policy, its Implementation Strategy and Roadmap
- xvii. Operationalizing the Monetary Union Pillar by finalizing the EAC Microfinance Services Policy and its Implementation Strategy and Roadmap
- xviii. Operationalizing the Monetary Union Pillar by finalizing the EAC Insurance Bill
- xix. Developing four regional frameworks to facilitate cross border movement of goods and persons in the context of Covid-19
- xx. Enhancing safe trade in the transit corridors by developing and operationalizing a Regional mobile phone-based Truck Drivers Tracker for Covid-19 surveillance
- xxi. Establishing a Safe Trade Zone in Busia Town to facilitate cross-border trade among the Micro-Small and Medium Enterprises
- xxii. Partnering with the private sector to develop and implement a post Covid-19 Recovery Strategy
- xxiii. Coordinating the development of EAC guidelines on resumption of Tourism Services
- xxiv. Coordinating the development of EAC Covid-19 Tourism Recovery Plan
- xxv. Holding quarterly meetings with border agencies and cross border traders to enhance efficiency in cross border trade
- xxvi. Implementing a capacity building programme for border agencies and private sector organizations in Namanga and Malaba OSBPs on Kenya's Foreign Policy
- xxvii. Undertaking a sensitization programme for border communities on prevention of transnational organized crimes: human and drug trafficking, smuggling of goods and illegal migration in Busia and LungaLunga counties
- xxviii. Coordinating conservation of the Trans boundary Mara River Basin to commemorate the annual Mara Day
- xxix. Developing measures for the management of Climate Change: Kenya's participation in preparation of EAC Position Paper to inform negotiations at the Global Climate Change Conference (UNFCCC-COP 26)
- xxx. Coordinating Kenya's participation and contribution for a common EAC position in preparation to the United Nations Convention on Biological Diversity (UNCBD)
- xxxi. Initiating sustainability evaluation of one Trans-boundary Wildlife Habitat
- xxxii. Undertaking two policy and two technical visits to Juba
- xxxiii. Training and capacity building of 100 officials from the Government of South Sudan

3.1.2 State Department for Regional and Northern Corridor Development

3.1.2.1 Regional Development Agencies

Ewaso Ng'iro South River Basin Development Authority (ENSDA)

- i. Under the Ewaso Ng'iro Tannery and Leather factory, completed Phase I and commenced operations of the Tannery and Leather Factory and processed over 700,000 square feet of finished leather. Phase 2 which includes construction of cottage industry ongoing.
- ii. Implement the Integrated Bamboo commercialization and value addition project by raising over 200,000 bamboo seedlings in Narok, Nakuru and Nyandarua; establish acreage of bamboo plantation and train CBOs on bamboo value chain,
- iii. Established over four hundred acres bamboo plantation in the Mau catchment and undertook Community capacity building initiatives in Nakuru, Nyandarua and Narok;
- iv. Established fruit/tree seedlings across the region with an aim to conserve and restore wetlands areas in Mau forest and riparian areas;
- v. Constructed 25km Kimuka Olosho-oibor water supply pipeline to provide water under the Oloyiangelani Dam Development programme; supported Kajiado West Vocational Institute and community to establish irrigation farms; Oloyiangelani Small Dam (100,000 M3) construction completed and operational; Community capacity building undertaken
- vi. Raised 2M tea seedlings for tea expansion programme and leased 20 acres of land for tea expansion under the Integrated Tea Development and value addition;
- vii. Rehabilitate, Drill and equip 60 boreholes and water pans under the Drought Mitigation Programmes;
- viii. Conduct full feasibility study and design the agro processing plant and acquire land for factory under the Agro processing (potato) and Value Addition programme.

Kerio Valley Development Authority (KVDA)

- i. Wei Wei Irrigation Project - Implementation of the capacity building and supply of equipment components of the Wei Wei phase 3 project, Repair of the main water pipeline, Construction of Ptokou/Sangat Intake, Repair of Ptokou River crossing flyover pipeline and Bush clearing/unblocking drainage.
- ii. Napuu Irrigation Project - Installation of 1.4km water pipeline and Supply of solar power to 3 boreholes.
- iii. Lomut Irrigation Project- Support farmers (50 acres) with seeds and ploughing.
- iv. Mango Value Chain Project- Procure additional machines & equipment (to comply with industrial standards and efficiency) including automatic filler, Coding, shrinking and rapping machine, sterilizer & conveyor belt, Construction of additional store/warehouse and Process 50 tons of mango puree from Mango Factory

- v. Honey Value Chain Project- Procure and install honey processing plant, Process 100 tons of honey, Produce 1,000 beehives and Capacity building for 500 beekeepers.
- vi. Livestock Improvement Centre - Construction of Cowshed at Nomotio, Samburu, Construction of Perimeter wall at the new office-Samburu, Furnishing of office block-Samburu, Purchase of Rake and mower, Construction of 3No. storage facilities and Repair of Spray race and loading ramp in Chemeron.
- vii. Pasture seed Development- Produce 70 tons of pasture seed and Purchase of pasture seed from farmers.
- viii. Crop Production- Production of 70 tons of Seed maize in Wei Wei and Production of 40 tons pulses/cucurbits in Napuu.
- ix. Conservation of Cherangany Ecosystem- Raise 1 million assorted tree/fruit seedlings for conservation of water catchment areas of the region and Undertake 5 tree planting activities in the region.
- x. Resource mobilization -Lower Turkwel Irrigation Project, KVDA Nairobi office Complex, Affordable Housing project at Kerio Roses and Todonyang Irrigation Project
- xi. Refurbishment of KVDA Properties- Turkwel Guest House and KVDA Houses, Eldoret.
- xii. Compliance activities- ISO Certification and ERP System

Lake Basin Development Authority (LBDA)

- i. Produce 200,000 tree seedlings and plant 50,000 to mitigate against climate change
- ii. Process 2,500 tonnes of paddy rice in the LBDC Rice Mill,
- iii. Produce 4,000,000 fingerlings under the Regional Demonstration and Technology Transfer Centres
- iv. Drill 4 boreholes and equip each with solar powered pumps at Lichota, Muhoroni and Alupe Solar Irrigation Project
- v. Install solar panels and irrigate 60 acres of land at Lichota, Muhoroni and Alupe Solar Irrigation Project
- vi. Construct 4 steel towers to mount elevated water tanks at Lichota, Muhoroni and Alupe Solar Irrigation Project
- vii. Complete Phase I of the Construction of Nyakoe Market in Kisii County.

Tana and Athi Rivers Development Authority (TARDA)

- i. Finalize and Launch the Authority's Strategic Plan for 2019 – 2023.
- ii. Desilt the rubber dam reservoir and water intake to the farm at Tana Delta Irrigation Project (TDIP).
- iii. Repair the Tana Delta Main Canal (TDMC) at Tana Delta Irrigation Project.
- iv. Repair and rehabilitate Tana Delta Irrigation Project rice mill complex.

- v. Rehabilitate Tana Delta Irrigation Project western dyke breach at Mitapani section.
- vi. Construct two (2) small holder irrigation projects in Muranga County.
- vii. Procure and process 3,000 Kg of honey at Kiambere honey refinery.
- viii. Produce 420,000 assorted tree seedlings for planting within the Tana (167 acres) and Athi (113 acres) Basins, distribute 170,000 seedlings to farmers and sell 200,000 tree seedlings.
- ix. Upscale Kibwezi farm through production of 125 tonnes of horticultural produce, grafting of 1,500 citrus & 2000 Mango tree seedlings and produce 5,000 bales of hay.

Coast Development Authority

- i. Develop a Business Plan for the Modernization of Wananchi Cottages and Conference Facility
- ii. Complete the construction of one modern conference facility and construct 43 extra accommodation rooms
- iii. Avail 1,000,000 bottles of water to market from the Integrated Fruit Processing Plant
- iv. Process 60,000kg of mango pulp at the Integrated Fruit Processing Plant
- v. Training of 100 farmers on Good Agricultural Practices
- vi. Establish irrigation infrastructure in 200 acres in Chakama, Challa and Vanga sites
- vii. Support 300 households' farmers with farm inputs to carry out high value crop production
- viii. Establish a 10-acre demonstration farm in Chakama for training purposes
- ix. Plant & grow 20,000 trees and establishment of 20km terraces in the Mwache catchment area.
- x. Plant and grow 90,000 tree seedlings and establish 20 km terraces in the Mwache catchment area

Ewaso Ng'iro North River Basin Development Authority (ENNDA)

During the period under review, ENNDA planned to implement the following:

1. Ewaso Ng'iro North Integrated Catchment Conservation Project

Under this programme the Authority was to undertake the following activities:

- i. Improve Community water supply through rehabilitation of two (2) boreholes
- ii. Construct a 100m³ ground level masonry water storage tank for Ngilai Water supply scheme

2. Gums and Resins Development Programme

Under this programme, the Authority was to undertake the following activities for the ENNDA Gums and Resins Factory in Wajir:

- i. Modification of factory building
- ii. Develop a water supply scheme for the factory
- iii. Construction of factory warehouse
- iv. Construction of boiler house

- v. Construction of ethanol/hexane house
- vi. Purchase and processing 5 tons of gums

3. Drought and Floods Emergency Intervention – ENNDA

4. Reytab Alam Dam

5. Mega Water Pans Project

- i. Construction of Tula Tula Water Pan -Wajir
- ii. Construction of Selle Gabaro Water Pan-Marsabit
- iii. Construction of Ajawa Water Pan - Wajir North
- iv. Construction of Baragoi Water Pan - Samburu
- vii. Construction of Kargi Water Pan - Laisamis

3.2 SUMMARY OF ACHIEVEMENTS DURING THE FINANCIAL YEAR 2020/21

During the period 2020/21, the Ministry under the two State Departments achieved the following in the highlighted thematic areas:

3.2.1 THE STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY

Ease of Doing Business

Kenya's ease of doing business ranking under business transformation improved from position 56 to position 50. The Ministry:

- i. Developed the Ease of Doing Business Reform Milestone Report 2014-2020, that was tabled in Parliament by H.E the President during the Seventh (7th) State of the Nation Address
- ii. Developed and disseminated the annual business reform action plan across the 11 Ease of Doing Business indicators.
- iii. Coordinated the drafting and enactment of the Business Laws (Amendment) Act 2021.
- iv. Coordinated the publication of Eight (8) Legal Notices to implement the identified regulatory reforms.
- v. Held Fifteen (15) meetings to monitor the implementation of reforms in accordance with the action plan for the current Doing Business cycle.
- vi. Coordinated the publication of Sixteen (16) Public Notices that communicated the implemented Business Reforms in the current Doing business cycle.

EAC Customs Union

The implementation of the EAC Customs Union and Common Market Protocols continued during the period under review. Among others, the following were achieved.

Customs

- Consultations on goods to be exempted from paying Infrastructure Levy were undertaken and reports of the national consultation was submitted to the EAC Secretariat as directed by Sectoral Council on Trade Industry, Finance and Investment (SCTIFI) to undertake further consultations on goods to be exempted from paying Infrastructure Levy and report back by 30th September, 2020.
- Inclusion of a harmonized "de minimis" value for the expedited shipments and corresponding amendment of Section 124 of the EAC Customs Management Act (EAC CMA), 2004 to provide for the USD 50 as *de minimis* based on the value of goods instead of computed duties. Under this threshold (USD 50), no customs duties or taxes will applied to imported goods by the Customs Authorities in the region, including the Kenya Revenue Authority, KRA.
- Development of draft the East African Community Assembly and Manufacturing Regulations, 2020 pursuant to Section, 251 of the East African Community Customs Management Act, 2004 which empowers the EAC Council to make such Regulations. The regulations when adopted will provide a regulatory framework for the Assembly Sector in the region and spur value addition in

the assembling of motor vehicles, motorbikes and trailers through local sourcing of raw materials, support to localization and improvement of skills for the labour force, technology transfer and increased investment in the sector.

- Transposition of the EAC CET 2017 to the Harmonised System (HS) 2022 version undertaken at the regional level. The proposed changes to the Harmonised System (HS) that have resulted in the 2022 version were undertaken through experts' review that identified changes in the EAC CET that required amendments as result of migration from HS 2017 to 2022 Version. The transposed EAC CET was adopted by the Sectoral Ministers in May 2021 who also directed that the transposed EAC CET 2022 comes into effect from 1st July, 2022 in view of the EAC fiscal calendar.
- Comprehensive Review of the EAC Common External Tariff (CET) is still ongoing under the Regional Task Force. The Ministry conducted four (4) stakeholders' consultative meetings on CET Review, consolidated submissions from stakeholders and submitted Kenya Country Position Paper to the EAC Secretariat for consideration by the Task Force during its meeting held in May 2021. The Community adopted a four-band structure i.e. 0% (Raw materials), 10% (intermediate goods (locally unavailable), 25% (intermediate goods (locally available), a rate above 25% (to be decided between 30% - 35%) and reviewing the sensitive list. Good progress was made during the period and review of the EAC CET to determine products that will fall under the 30%-35% range in order to inform decision by Ministers/Cabinet Secretary on the maximum rate of either 30% or 35%.
- **EAC Single Customs Territory:** During the period under review, major achievements were made with regard to implementation of the EAC Single Customs Territory. These achievements include the following:

- ✓ **Efficiency in clearance of goods:** Processes have been reviewed and implemented according to the single customs territory (SCT) principles of clearing cargo at first point of entry and point of exit for intra - regional trade.

[1] Joint Northern and Central Corridors Performance Report (2016 – 2020) published by Northern and Central Corridor Transit and Transport Coordination Authorities, October 2020.

The total cargo throughput at the port of Mombasa, for example, from 27 million metric tons in 2016 to 34 million metric tons in 2019 as compared to that of Dar es Salaam Port which increased from about 14 million metric tons to 16 million metric tons over the same period.

- ✓ **Transit Time and border crossing:** The transit time reduced from 21 days in 2014 to 3-5 days in 2019 on average between the entry points to Kampala in Uganda, Kigali in Rwanda, and Bujumbura in Burundi.
- ✓ **ICT systems interconnectivity:** Enhancement and development of information systems solutions has significantly improved information sharing and coordination among

Revenue, Port Authorities and other border agencies. Introduction of pre-arrival submission of manifests by shippers to customs administrations at the entry points and destination within a span of 48 hours before docking of vessels has increased efficiency of document processing and border crossing. Declaration lodgement time has shortened at the destination Customs Document Processing Centres resulting in faster release of goods at the entry points and exit points for intra - regional trade.

- ✓ **The Simplified Trade Regime (STR):** procedure for small-scale cross-border traders engaged in intra region trade has been automated in the customs management systems. The STR enables lodging of declarations with limited paperwork such as Simplified Certificate of Origin along with proof of cost of goods (invoice or receipt).
- ✓ **E-certificate of Origin:** The EAC Certificate of Origin is a key trade document that provides a basis for preferential treatment of goods produced in the region. Automation of this process has commenced aimed at exchange of electronic certificates to allow confirmation of the authenticity in the destination Partner States.
- Trade Facilitation Measures instituted under Covid-19: Adoption of a multi-Sectoral and coordinated approach for cargo clearance including customs, Standards bodies, Health, Immigration, Security, Police, Port/Border control in the one-stop centre to minimize the time taken to clear goods, drivers and crew: -
 - ✓ Application of advance clearance processes under the Single Customs Territory and increased use of information technology systems to minimize human contact and physical exchange of documents;
 - ✓ Prioritization and expediting clearance of essential goods to mitigate the COVID-19 pandemic. The priority was given to clearance of food, fuel, medicaments, agricultural products and inputs, security supplies, emergency and humanitarian relief goods;
 - ✓ Promotion of use of electronic payments, such as mobile money and internet banking to significantly reduce on the use of cash to curb the spread of COVID19; and
 - ✓ Capacity building through sensitization and training of border officials, traders, truck drivers and clearing agents on the instituted COVID containment and cargo clearance measures were undertaken.
- Implementation work-plan for the enhancement of the EAC Single Customs Territory (SCT) Information Sharing Platform adopted by the Sectoral Council on Trade, Industry, Finance and Investment in May, 2021.
- **Comprehensive Review of the East African Community Customs Management Act, 2004:** The East African Community Customs Management Act, 2004 is an Act of the Community that provides for the administration and management of customs in the Community. Since 2004 when the Act

was enacted, several amendments have been proposed by the Council and Members of the Assembly to change specific provisions to facilitate the administration and management of customs. In 2017, the Sectoral Council on Trade, Industry, Finance and Investment directed the Secretariat to undertake a comprehensive review of the East African Community Customs Management Act, 2004 in order to avoid piecemeal amendments. The review progressed substantially and proposed amendments of the EACCMA, 2004 were adopted by the Sectoral Council in May 2021 which also referred to the Sectoral Council on Legal and Judicial Affairs for legal input.

- **EAC Customs Strategy 2021/22-205/26** was prepared with the development objective and the strategic interventions for the period 2021/22-25/26 as follows:

(a) Development Objective: Attaining a fully functioning Customs Union

(b) Strategic Interventions include the following:

- ✓ Leveraging on new technologies to maximize efficiency in Customs operations;
- ✓ Enhance trade facilitation through adoption and implementation of regional, continental, and international agreements;
- ✓ Strengthen Customs institutional capacity and human capital;
- ✓ Strengthen public-private sector partnerships;
- ✓ Conclude trade negotiations and develop strategies for implementation of AfCFTA and TFTA agreements and other key identified partners while aligning with the outcome of implications of EAC negotiating Agreements with Third Parties.

One Stop Border Posts (OSBPs): The EAC has established twelve (12) One-Stop Border Posts out of fifteen (15) currently planned for establishment. Out of the 12 OSBPs established, 9 are already operational across the region. The facilities are being rolled out as part of EAC regional integration agenda that seeks to, among others, facilitate the movement of people and goods through seamless process flow, improved work environment, coordinated border management and increased transparency and improve infrastructure. Therefore, the OSBP concept was intended to promote a coordinated and integrated approach in facilitation of trade and travel at the EAC borders. This was to be achieved by simplifying the clearance procedures, enhancing joint controls and inspections of traded goods, thus minimizing routine activities and eliminating duplications in the clearing processes.

Development Partners and Agencies which have supported the establishment and operationalization of OSBPs in the Region but there has been need for the EAC Partner States to adopt a long-term strategy to ensure consistency in the availability of resources for construction, management, maintenance and meeting utility costs among others in order for OSBPs to operate optimally. In response to this, Partner States developed the EAC OSBP Sustainability Strategy 2021/2022 - 2025/2026 during the period under review with a mission to ensure the sustainability of OSBPs by mobilizing, coordinating and effectively utilizing available resources and the objective to develop and implement interventions that ensure the sustainability of OSBPs. The Strategy identifies key interventions to be implemented by Partner States and relevant stakeholders in order to ensure

sustainability of the OSBPs. Additionally, the Strategy provides general guidelines on facility management and maintenance, capacity building, deployment of appropriate technologies and resources mobilization for running the OSBPs by the respective Partner States.

Trade

Elimination of Non-Tariff (NTBs)

Trade restrictions by EAC Partner States through Non-Tariff Barriers (NTBs) remained a feature in intra-regional trade. Partner States use these to further their political and economic goals. As at 14th May 2021, Two Hundred and Twenty-Six (226) None Tariff Barriers (NTBs) had been cumulatively resolved since 2007, while Fifteen (15) NTBs remained outstanding.

At the bilateral level, there were outstanding NTBs between The United Republic of Tanzania and the Republic Kenya. The matter was during the State Visit of Her Excellency, President Samia Suluhu Hassan, to the Kenya from 4th – 5th May, 2021. Arising from the directive of the two Heads of States, a bilateral meeting between Tanzania and Kenya was held on 26th – 29th, May 2021 in Arusha, Tanzania to resolve the outstanding issues. Out of the identified sixty-four (64) outstanding NTBs, thirty (30) were resolved. The decision was made on how to resolve the remaining thirty-four (34) and the two parties agreed to meet after 90 days to assess the level of implementation.

An important development was the finalisation of the review of the EAC Elimination of NTBs Act, 2017 which had dragged on for a long time. The sector Ministers in May, 2021 considered the outstanding views and decided on the revision of the specific Section of the Act. This marked finalisation of the Act.

Undertaking a Study on the identification and harmonisation/elimination of the levies, fees and charges in Partner States: The impact of charges of equivalent effect imposed on products in the EAC attracted a lot of concern to the business community and government. In 2016, the sector Ministers directed that all discriminatory charges and levies of equivalent effect being imposed in Partner States be identified and compiled for harmonization or elimination. Pursuant to this directive, the Study was undertaken and the report validated by experts. The report, among others recommended establishment of regional Task Force to compile a comprehensive list of all levies, fees and charges for harmonisation and/or removal. Progress was made on this during the period under review when in May, 2021, the SCTIFI established the regional Task Force and also approved their Terms of Reference (ToRs) to compile a comprehensive list of levies, fees and charges for harmonisation and or/removal.

Regulation on Free Movement of Services and Service Suppliers: Draft Regulations on Free Movement of Services and Service Suppliers was finalised and adopted by the EAC Council in February, 2021 thus clearing the regulations for consideration by the Sectoral Council on Legal and Judicial Affairs for legal input.

Export Promotion: Development of the EAC Export Promotion Strategy 2020 – 2025 and its implementation Work Plan which identifies activities to be implemented during the plan period. The EPS 2020-2025 Work Plan has four intervention areas and seventeen (17) activities clusters. The four intervention Pillars identified in the 2020-2025 IWP include:

- Intervention 1: Stimulating exports through acquired Market Intelligence for enterprises and improved visibility on international markets;
- Intervention 2: Improving market access and conditions for EAC export;
- Intervention 3: Strengthening export competitiveness through interventions like improved access to finance and technology for enterprises, in particular SMES; and
- Intervention 4: Strengthening trade support institutions and partnership.

Additionally, the EAC collaborated with development Partners for the initiation of a programme that to be implemented in 2021 - 2024 whose main focus is on cross border trade, value chain development, horticulture, livestock, legumes and cereals.

EAC Trade and Investment Report 2020

Preparation of the EAC Trade and Investment Report 2020 was undertaken during the period under review with a projection to finalise the advanced draft 30th June, 2021. Printing and publication of the final report and was to follow after finalisation and approval by the SCTIFI.

Trade Facilitation

Simplification of Procedures for exports and imports: Simplification of trade process as an activity under Phase two of the EAC Trade facilitation Project started in 2018. Mapping of imports, exports and transit procedures, fees and time through Trade Information Portals continued to be undertaken during the period under review. These were being done for the purpose of ultimately removing unnecessary and redundant bottle necks for trade. Simplification of trade process started with the procedure of export of coffee as the pilot commodity. By June, 2021, 42 procedures from different commodities notably Coffee, Tea, Flowers, Meat and Meat products, cotton and Nuts & Oils have undergone simplification. The following milestones have been achieved at the national level: -

- (i) 46 steps have eliminated
- (ii) 4 required documents have been removed;
- (iii) 16 steps can now be completed online instead of in-person (physical);
- (iv) KES 194'780 on administrative burden cost savings for these procedures; and
- (v) 69 business hours have been saved.

Trade Facilitation the EAC-EU Market Access Upgrade Program (EAC-EU MARKUP):

During the period under review, the EAC-EU MARUP Project achieved various milestones through the EAC Window (regional level) and Partner States Windows (national level) as follows:

(a) The EAC Window

(i) Result 1: Improved capacity to advocate for the removal of sector trade barriers (ITC)

- Held WTO Trade Facilitation Agreement workshops in collaboration with the East African Business Council (EABC) in **Kenya**, Rwanda, Uganda and Tanzania. A total of 100 SMEs were represented at the workshops, which aimed at strengthening the capacity of the private sector to advocate effectively for trade facilitation reforms in order to create a business-friendly environment.
- Established governance structures for the new Burundi portal., 4 products and 47 sub-procedures were included in the portal. Consultations, training and coaching were held with over 15 key organisations involved in providing content for the Portal.

(ii) Result 2: Improved sector standards and harmonisation of Sanitary and Phytosanitary (SPS) measures (GIZ)

- Supported national consultations on draft standards for (a) Cocoa beans, (b) Cocoa powder and cocoa powder mixtures, (c) Cocoa butter, (d) Chocolate and Chocolate products in Rwanda, Burundi and Uganda. The draft standards were approved by the East African Technical Committee on Cocoa and Cocoa products and have been notified to the WTO for public comment.
- The harmonised criteria for registration, approval and border clearance of pre-packaged complementary foods and implementation roadmap was approved by the EAC Standards Committee.
- Finalised development of the training manual on standards development and harmonization; conducted training of trainers and training of members of over 150 Standards Technical Committee (TC) members in all EAC Partner States.

Result 3: Enhanced export competitiveness for sector SMEs (ITC)

- Added the Quality Connect module to the EAC Quality Portal. Quality Connect -which is the 2nd out of the 4 modules of the Quality Portal - links the regional network of quality experts, and the Quality Champions (QC) trained through MARKUP with SMEs. 114 users registered on the platform during the period under review.
- Conducted training on a range of topics including Food Safety, ISO 9001, sampling and quality assurance for Quality Champions in Rwanda, Burundi, **Kenya** and Tanzania. The QCs continued to support SMEs in the region through individual coaching sessions.

- Distributed moisture meters to 100 SMEs in the coffee sector in **Kenya**, Rwanda and Uganda, and 14 SMEs in the cocoa sector in Uganda.
- Two (2) Kenyan companies reported improved performance as a result of MARKUP support in Resource Efficiency and Circular Production (RECP). One tea estate installed a solar PV system as part of cost management measures and also, integration of renewable energy generated electricity in its electrical power system. The second company integrated rainwater harvesting, storage and use in its factory water system.
- 151 SMEs from Kenya, Rwanda, Tanzania and Burundi participated in the second round of Access to Finance Bootcamps. An online pitching event for investors was organised in Rwanda in December 2020 with 10 SMEs presenting their business cases to regional and international impact investors and financial institutions.
- Issued GlobalGAP certificates to three (3) farmer groups in Kenya that are linked to avocado exporters
- 52 SMEs in the coffee sector in Uganda supported on managing and implementation of private voluntary standards: gaps assessment process and documentation of Internal Management Systems (IMS) has been finalized for all SMEs
- 27 Financial Institutions were trained on Sustainable Finance aimed at increasing the knowledge and capacity on how to support clients to tap Green Economy /financing opportunities.

Result 4: Improved business development capacities for sector SMEs (ITC)

- Trade and Investment Support Institutions (TISIs) from **Kenya**, Rwanda, Tanzania and Uganda attended a webinar on Effective Client Management and the Global Trade Help Desk with a focus on exploring opportunities amidst the pandemic.
- Facilitated a virtual business to business meeting between 5 Tanzanian spice exporters and 4 European buyers. All the SMEs intend to pursue the potential market opportunity in 2021.
- Undertook a survey of the companies that participated in United Fresh Live and Fruit Logistica Trade Fairs and confirmed that the SMEs concluded sales of nearly 3.5m USD from the 2 events.
- Organised a virtual MARKUP EAC Invest Event from 02-04 March 2021 where more than 75 small and medium-sized enterprises and/or cooperatives from EAC Partner States participated

Coordination, Monitoring and Evaluation, Communication and Visibility (GIZ)

- The 4th Regional Steering Committee was held on 9th, 2021 and attended by representatives from all Partner States, EAC Secretariat, EU Delegation, and the implementing partners on board- ITC, GIZ, Solidaridad, UNIDO and UCDA. The meeting was chaired by **Kenya**.
- 3 Regional Technical Committee meetings were held during the period to review implementation progress and provided guidance to the PCU on identified challenges.
- Conducted National M&E Workshops for **Kenya**, Tanzania, Uganda and Rwanda to familiarise partners with the MARKUP Monitoring and Evaluation Framework and System, and to update the indicators following approval by the Regional Steering Committee.
- Completed Phase 2 development of the MARKUP Website to facilitate e-Newsletter circulation product page, enhance Partner State profiles and adding of news items on a regular basis
- Published 2 Quarterly Newsletters and produced Year 2 of MARKUP publication.
- Publications and MARKUP news are on the MARKUP website (www.eacmarkup.org)
- Supported MARKUP visibility for various events including Saba Saba and Nane Nane Trade Fairs as well as International Coffee Day
- Launched the MARKUP Facebook Page

Partner States Window for Kenya

Under the Partner States Window for Kenya, the Project accomplished the following during the period:

- A review of the food safety regulatory framework in Kenya was finalised and validated by stakeholders.
- Finalised analysis and facilitation of market linkages in priority value chains in EU, Middle East and EAC Markets
- The Project Technical Committee (PTC) undertook missions to 9 out of the 12 participating counties to introduce the programme, identify county priorities, explain objectives of the project and the role the office shall be expected to play in its implementation of activities. Kenya
- A review of the food safety regulatory framework in Kenya was finalised and validated by stakeholders.
- Finalised analysis and facilitation of market linkages in priority value chains in EU, Middle East and EAC Markets
- The Project Technical Committee (PTC) undertook missions to 9 out of the 12 participating counties to introduce the programme, identify county priorities, explains objectives of the project and the role the office shall be expected to play in its implementation of activities.

- The project partnered with regional and national organisations in enhancing advocacy capacity in the coffee sector during 2019-21. It partnered with the East African Business Council (EABC) at the regional level and coffee sector business membership organisations (BMOs). In Kenya, like in the other Partner States, ITC partnered with the Kenya Coffee Traders Association (KCTA) focusing mainly on addressing export-related trade barriers, with an emphasis on incorporating public-private dialogue (PPD) and trade facilitation approach at every step of the advocacy process. For instance, simplification process with regard to coffee export procedures reduced the steps to export coffee from a high of 89 steps requiring 76 documents in April 2019, to 56 steps requiring 49 documents in 2020/2021.

Table 5: Summary of procedural requirements for coffee exports in the EAC (captured in March 2021)

Measure	Burundi	Kenya	Rwanda	Tanzania	Uganda
No. of Steps	49	56	17	31	37
No. of Institutions	14	24	10	15	13
Required Documents	32	49	19	41	50
Estimated Cost (USD)	905	372	200	114	512
Total Duration	7-15 days	27-129 days	3 hrs – 4 days	8-20 days	10-30 days
No. of Laws	21	25	11	14	11

Source: Report of the SCTIFI, May 2021

Development of EAC Regional Trade Policy

- A Draft EAC Regional Trade Policy was developed and validated by experts drawn from the Partner States. Approval by the Sectoral Council was deferred to enable The United Republic of Tanzania to undertake further internal consultations on the draft.

Comprehensive Assessment of the Cross-Border E-Commerce Ecosystem in the EAC Partner States:

Another achievement during the period under review was the undertaking of a comprehensive assessment of the e-commerce ecosystem in the region which was adopted in May, 2021 by the Sectoral Council for Trade, Industry, Finance and Investment. This was intended to form a basis for the development of the EAC regional E-Commerce Strategy

The Assessment Report provides a situational analysis of e-commerce ecosystems (current trends, volumes of trade e.t.c); legal, policies and regulatory aspects, operational levels and challenges of cross border e-commerce; mapping of stakeholders; operational models to facilitate cross border e-commerce; postal services providers and e-commerce; regional ecommerce engagement platform; emerging issues in e-commerce; and the key findings and recommendations.

The COMESA-EAC–SADC Tripartite Free Trade Area

The Tripartite Free Trade Area (TFTA), brings together Member/Partner States of COMESA, EAC and SADC. Negotiations on the movement of business persons across the three RECs, COMESA-EAC and

SADC are ongoing. This will enhance more trading opportunities across the tripartite region, providing a wider market for the business community. As at the end of the reporting period (June, 2021), a total of 22 countries had signed the TFTA Agreement and 7 countries (Ethiopia, Eritrea, Lesotho, Mozambique, South Sudan, Tunisia, Somalia) were outstanding in terms of ratifying the agreement. Kenya was amongst the member countries which had already ratified the agreement by the reporting period.

The Tripartite Council of Ministers during the 2nd Extra-Ordinary Meeting held on 15th February 2021 had set June 2021 as the deadline to achieve the threshold of 14 ratifications required to enable the Tripartite Free Trade Area (TFTA) enter into force. The commencement of implementation of the Africa Continental Free Trade Area (AfCFTA) in January, 2021 had provided the necessary impetus to countries that had not ratified the TFTA to do so but this did not happen as was expected.

Status of negotiations on Phase I issues

In terms of Phase negotiations, various achievements have been made and the Tripartite Task Force (TTF) convened the meetings to continue with work on the development of instruments to implement the Annexes to the Agreement and to consider other outstanding issues.

(a) Rules of Origin (Annex IV)

- The 27th Meeting of the Technical Working Group (TWG) on Rules of Origin was held from 27th–28th April, 2021 to consider draft Manual on application of Tripartite FTA Rules of Origin and the draft Regulations. The meeting identified areas which were not adequately covered in Annex IV.
- Outstanding issues on the Rules of origin, for instance the basis for the value of non-originating materials remained outstanding where one Member/Partner State did not agree on a value based on the free on board (FOB) value and Special and Differential treatment on fisheries for Island States with regard to Article 6(2) on the definition of “their vessels” and “their factory ships.”
- Textiles and Textile products of Chapters 51 – 63 with regard to List rules of origin for some textiles and textile products of Chapters 51- 63.
- Products of the automotive sector (Chapter 87) with regard to List Rules of Origin for automotive products of headings 87.01, 87.02, 87.03, 87.04, 87.05, 87.06, 87.07, 87.08, 87.09, 87.09, 87.10 and 87.16 which remained outstanding.

(ii) 11th Meeting of the TWG on NTBs, TBT and SPS: (ii) 11th Meeting of the TWG on NTBs, TBT and SPS

- The TWG considered draft working procedures and tools for the implementation of Annex IX on SPS and Annex VIII on TBT, outstanding matters in the NTBs Working procedures and work programme for the TWG for 2021/2022 and made various recommendations Tripartite Trade Negotiation Forum (TTNF).

Status of negotiations on Phase II issues

The Tripartite Task Force convened various Tripartite meeting to continue with work on the development of the Tripartite Protocols on Trade in Services and Competition Policy from 27th – 28th April, 2021:

- 4th Meeting of the TWG on Trade in Services to consider the draft Modalities for Tripartite Free Trade Area (TFTA) Trade in Services Negotiations and consider the initial draft Protocol on Trade in Services.
- 4th Meeting of the TWG on Competition Policy which adopted the Situational Analysis Report and considered the second draft Tripartite Protocol on Competition Policy as well as the meeting adopted the Final Draft Protocol on Competition Policy.

The African Continental Free Trade Area (AfCFTA)

- i. As at 3rd May 2021, 37 countries have deposited their instruments of ratification, Kenya among them. From a REC perspective, it was only Kenya and Rwanda which had ratified the agreement as of the reporting period. Burundi and The United Republic of Tanzania were, earlier in February, 2021 directed by the 40th EAC Council of Ministers to ratify the Agreement by 30th June, 2021.
- ii. The AU Assembly, at its meeting on 5th December 2020, decided that outstanding work on Rules of Origin, tariff concessions and specific commitments on Trade in Services be finalized by June 2021.
- iii. In order to implement the 5th Assembly's decision, AfCFTA Committee meetings on Trade in Goods and Trade in Services were held, including the sub-committees have been held since March 2021 to facilitate conclusion of outstanding negotiations. These meetings culminated into the 5th Meeting of Senior Trade Officials (STO) on 29th April - 1st May 2021, and the 5th Meeting of Council of Ministers (CoM) of Trade on 3rd May 2021.

(a) On Rules of Origin:

Agreed Rules of Origin improved from 81.8% to 86% when the AfCFTA and agreement was also reached on the definition of “vessels” and “factory ships”. Further, the AfCFTA Council of Ministers of Trade directed, among others, the AfCFTA Secretariat to organize dedicated workshops to unpack the details of the Policy Notes on sugar; edible oils and the automotive sectors.

(b) Tariff Offers

Readiness status in terms of tariff offers were at low levels among the Parties. EAC, for instance, had submitted offer which did not comply with tariff modalities on key points. This led the 5th Meeting of the Council of Ministers of Trade to make various recommendations, among others, including:

- (i) urged State Parties/non-State Parties and Customs Unions to finalise bilateral engagements on offers and Schedules of Tariff Concession by end of May 2021 to enable full implementation of the start of trading;
- (ii) requested State Parties with approved Schedules of Tariff Concessions to notify the AfCFTA Secretariat as soon as possible in writing of the date of implementation and scope of application of these schedules under the AfCFTA;
- (iii) urged State Parties and Non-State Parties that have not submitted tariff offers to do so urgently before the end of May 2021;
- (iv) Invited State Parties/Non-State Parties and Customs Unions that have not submitted tariff offers covering Category A, to officially submit them to the AfCFTA Secretariat to be provisionally implemented; and
- (v) Requested State Parties/Non-State Parties and Customs Unions to commence engagement on bilateral market access negotiations on technically verified offers for future inclusion into the Schedules of Tariff Concessions based on the flexibilities given by the Assembly.

Draft EAC Schedule of Tariff Concessions: The EAC On 3rd December 2020, had submitted to the African Union Commission its tariff offers to AfCFTA at 8-HS Code digit level comprising 4,516 out of the EAC CET of 5,688, representing 79.4 percent tariff lines. In order to meet the Tariff modalities for Category A of 90 percent tariff lines (5,119 Tariff lines), EAC needed to raise an additional 603 tariff lines to satisfy the Category A modalities.

The EAC Secretariat convened two Experts' Meetings on 19th -21st April 2021 and on 6th May 2021. Their recommendations to raise the EAC offer upwards were indicated as follows:

- (i) EAC Partner States adopt 192 tariff lines that held consensus among all the EAC Partner States. The additional 192 tariff lines improved the EAC offer from (4,516 Tariff lines to 4,705 Tariff lines.
- (ii) EAC Partner States to negotiate and consider 68 tariff lines that had convergence in 4 EAC Partner States to Category A. (Convergence among the four Partner States shifts from 145 tariff lines to 68 tariff lines as per the agreement of meeting of 6th May 2021 and April meeting). **Under this category, Kenya offered 68 tariff lines.**

- (iii) EAC Partner States to negotiate and consider the 36 additional tariff lines that had convergence among three EAC Partner States under category A.
- iv. The 38th Meeting of the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) held on 28th May, 2021 adopted the 192 tariff lines in (a) above which improved the EAC offer to 82.6%; and (b) directed the EAC Secretariat and the Partner States to finalise the remaining tariff offer in category A by 15th June, 2021. By the close of the reporting period, the Secretariat had planned to convene experts meeting in compliance with the directive and to finalise tariff offers in category A.

(c) Trade in Services

- i. 33 State Parties and non-State Parties that had submitted their initial services offers to the AfCFTA Secretariat
- ii. Draft EAC Schedule of Specific Commitments on Trade in Services for the AfCFTA:
- iii. The EAC Initial Offer for the AfCFTA negotiations on Trade in Services consolidated the offers by the Four EAC Partner States, namely: The Republics of Burundi, Kenya, Rwanda and Uganda. The United Republic of Tanzania was yet to submit to the EAC Secretariat its initial schedule of commitments on Trade in Services.
- iv. The EAC initial offer together with initial offers by other AU Members were being considered in the AfCFTA meetings of the Sub-Committee on Specific Commitments during the period under review.
- v. The SCTIFI in May, 2021 while taking note of the progress made on the negotiations on Trade in Services urged The United Republic of Tanzania to expedite internal processes and submit the initial offer on Trade in Services by 15th June 2021, for consolidation into the EAC Schedule of Specific Commitments on Trade in Services for the AfCFTA.

Phase II Negotiations

- Capacity Building Workshops and Technical Meetings were held on Investment and intellectual property rights (IPRs) were undertaken in March and April 2021.
- The AfCFTA Council of Ministers of Trade on 3rd May, 2021:
 - (i) Established Committees on Phase II issues, including Investment; Competition Policy, Intellectual Property Rights, Digital Trade, and Women and Youth in Trade to facilitate the negotiations in these relevant committees;
 - (ii) Noted that the Terms of Reference (ToR) of the Committee on Investment and the Committee on IPR will be considered at the next meeting for adoption;

- (iii) Directed the development of the AfCFTA Protocol on Investment; and
 - (iv) Instructed the AfCFTA Secretariat to undertake awareness creation initiatives on the potential impact and effect of the Multilateral Framework for Investment Facilitation (MFIF) on the implementation of the AfCFTA Investment Protocol.
- Development of the EAC Regional Strategy on Implementation of the African Continental Free Trade Area (AfCFTA):

During the period under review, the EAC with the support of the United Nations Economic Commission for Africa (UNECA) developed a Regional Strategy for the implementation of the African Continental Free Trade Area (AfCFTA). The draft Strategy was considered by the Sector Ministers in May, 2021 who directed Partner States to submit to the EAC Secretariat any additional comments and inputs into the draft EAC Regional Strategy on the Implementation of the AfCFTA by 31st December, 2021.

Standards

- The SCTIFI in May, 2021, declared as as East African standards whose titles and scopes of 75 considered and approved as Final Draft East African Standards by the East African Standards Committee (EASC), declared as amendments to existing East African Standards, titles of 3 amendments and endorsed for adoption by the Partner States, the titles and scopes of the list of 50 international standards normatively referenced in accordance with the EAC procedures, and withdrew thirty-eight (38) editions of the East African Standards that had been technically replaced by the new editions of the standards.
- The approved standards were on the most traded goods in the region covering the following key sectors: qanimal feeds and feeding stuffs (8 FDEAS); coffee, cocoa and related products (4 FDEAS); meat, poultry, game, eggs and their products (4 FDEAS); oil seeds, Edible fats and oils (8 FDEAS); milk and milk products (6 FDEAS); nutrition and foods for special dietary uses (7 FDEAS); sugar and sugar products (4 FDEAS); steel and steel products (4 FDEAS); utensils, cutlery, sanitary wares, fittings and domestic hardware (6 FDEAS); production and general engineering (5 FDEAS); textiles, textile products and accessories (3 FDEAS); paints, varnishes and related products (5 FDEAS); surface active agents (8 FDEAS); and health care and medical devices (3 FDEAS).
- Data on the total standards that had been cumulatively harmonized and adopted as EAC standards by East African Standards Committee ((EASC) as of 31st June, 2021 was not readily available for inclusion in this annual report. Kenya and the rest of the EAC Partner States were bound to benefit from harmonization of these standards given that they involved the most trade goods in the region as they address standard related challenges, technical barriers to Trade (TBTs).

Investment and Private Sector Development

- A Draft EAC Private Sector Development Strategy (PSDS) was developed and validated in November, 2020. During the experts' meeting, Partner States provided further comments to improve the draft report which were consolidated and incorporated into the revised draft report. The subsequent meeting on 7th December, 2020 considered the revised report and made recommendations to SCTIFI. The SCTIFI in May, 2021 adopted the draft EAC Private Sector Development Strategy and directed the EAC Secretariat to develop the roadmap including the preparation of a concept paper and Terms of Reference for TWG to spearhead its implementation.
- During the period under review, a draft EAC Investment Policy adopted by the EAC Council at its 40th Meeting held in February, 2021.

EAC Common Market

During the review period, the Ministry coordinated and achieved the following under the EAC Common Market:

- (i) The final draft 1st EAC Common Market Protocol Formative Evaluation Report 2010 – 2018 was adopted by the Sectoral Council of Ministers Responsible for EAC and Planning during its meeting held in June, 2021.
- (ii) The final draft Common Market Scorecard 2020 on free movement of goods, services, and capital validated during Regional Monitoring Group meeting on the validation of the draft EAC common market scorecard 2020. The EAC Secretariat to submit the final draft CMS 2020 to the 32nd Meeting of the SCMEACP for consideration.
- (iii) A draft Framework for Reporting Restrictions imposed on Capital Account in compliance with Article 25(2) of the Common Market Protocol that was approved by the 11th Sectoral Council for Finance and Economic Affairs and recommended for adoption and use by the Partner States after approval by the 40th Council in February, 2021. The Council also directed the EAC Partner States to use the adopted framework to notify the EAC Secretariat on any restrictions imposed on their capital account in order to comply with Article 25(2) of the Common market Protocol.
- (iv) The EAC Banking Certification Policy, the Banking Certification Policy Implementation Strategy and Roadmap were finalized and approved by the 11th Meeting of the Sectoral Council for Finance and Economic Affairs. The 40th Council held in February, 2021 adopted the policy, its implementation strategy and roadmap for implementation by the Partner States to implement.
- (v) The EAC Microfinance Services Policy and its Implementation Strategy and Roadmap were finalized and approved by the 11th Meeting of the Sectoral Council for Finance and Economic

Affairs. The 40th Council held in February, 2021 adopted the policy, its implementation strategy and roadmap for implementation by the Partner States.

- (vi) The EAC Insurance Bill was finalized and approved by the 11th Meeting of the Sectoral Council for Finance and Economic Affairs. The Bill was considered and adopted by the 40th Council held in February, 2021 but stayed its adoption on the request of the United Republic of Tanzania to be allowed to conclude internal consultations on the draft bill. The Council directed The United Republic of Tanzania to conclude its internal consultations on the draft EAC Insurance Bill and report to the 41st Meeting of the Council.
- (vii) The draft Paper and the Corresponding Principles on Extending Pension Coverage to the Informal Sector in the EAC Region was finalized and approved by the 11th Meeting of the Sectoral Council for Finance and Economic Affairs in January, 2020. The approved Paper and Principles was considered and adopted by the 40th Council in February, 2021.

EAC Monetary Union

Under the Monetary Union, the Ministry undertook the following:

- (i) The East African Monetary Institute Bill 2018 was assented to by all Partner States with, the Republic of Burundi being the last to assent the Bill in January, 2020 thus concluding the enactment of the Bill which became the East African Monetary Institute Act, 2019. The 40th EAC Council considered the Act during its meeting held in February, 2021 and decided as follows:
 - Pronounced 1st of July, 2021 as the commencement date of the operationalisation of the East African Monetary Institute Act, 2019;
 - Directed the EAC Secretariat to convene a Meeting of the Sectoral Council on Finance and Economic Affairs to develop an institutional structure of the East African Monetary Institute by 30th September, 2021;
 - Directed the EAC Secretariat to initiate the process of identifying the host Partner State, in accordance with the EAC procedures; and
 - Directed the host Partner State to cover office rent, office equipment, utilities and other support for the first two years.

The Secretariat, on 28th April, 2021, initiated the process of identifying the host Partner State, in accordance with the EAC procedures.

- (ii) Five (5) additional Chapters (5-9) of the EAC Guidelines on Compilation of Government Finance and Public Sector Debt Statistics to facilitate harmonization of Fiscal Statistics were developed and are due for publication in readiness for implementation by the Partner States.

- (iii) Study on the Required Reforms to align the EAC Structure, Programs and Activities with Financial Resources Available from EAC Partner States was done and the first regional validation meeting held on 22nd June, 2020 via Video Conference.
- (iv) Study on the Required Reforms to Align the East African Community's Structure, Programs and Activities with Financial Resources Available from EAC Partner States in order to ensure Sustainability of the Community was finalised after its final validation by the Partner States in November, 2020. The report of the Study made various recommendations on measures to be implemented in order to cut cost. It also made recommendation on the model of contribution to the Communities budget. While Partner States were convergent in the other recommendations of the report of the Study, they were divergent on the model of contribution to the budget. Whereas Burundi, Kenya, Rwanda and Uganda agreed with the study recommendation of hybrid option of contribution with various justifications, Tanzania was of the contrary view and similarly justified her position, including citing Treaty provisions. In order to comprehensively address the divergence among the Partner States, Council directed the EAC Secretariat to convene a dedicated Session of EAC Ministers of Finance and Central Bank Governors by September 2021.
- (v) The directive by the 17th Summit of the EAC Heads of State to mainstream the East African Development Bank (EADB) into the EAC Mainstream was implemented when the 40th Council in February, 2021 considered the recommendations of the 11th Sectoral Council for Finance and Economic Affairs pursuant to the recommendations in the Report of the Regional Task Force on the mainstreaming of EADB into the EAC Main Structure. The Council in its recommendations urged the EADB's Governing Council to consider the EAC development plans in setting the priorities of the Bank, urged EAC Partner States who were not members of the EADB to formally seek admission as members in EADB by acquiring shares and maintained the then arrangement, whereby the EADB Governing Council approves the appointment of external auditors as a best practice. The Council also urged the EADB to annually inform the Summit of EAC Heads of State on the performance of the Bank.
- (vi) Measures Implemented by EAC Partner States to Limit the Economic Impact of COVID-19
- EAC Partner States coordinated and adopted policy measures both at the national and regionally to cushion their economies from the adverse effects of the pandemic. The monetary and fiscal policy measures were adopted to cushion businesses, households and lending institutions. The monetary policy within the region was geared towards supporting the economy through provision of liquidity to banks to support lending to the private sector and allowing for loan restructuring to support private debt management, while macro prudential policy was directed at securing the integrity of the financial system.
 - Specific measures included lowering of policy interest rates; reduction of the statutory minimum reserves requirement for commercial banks; directing all Supervised Financial Institutions (SFIs) to defer dividend and bonus payments; granting regulatory flexibility to

banks in order to support loan restructuring; providing emergency liquidity assistance facilities; and raising the limit on mobile money transactions as well as reducing associated charges to promote e-commerce and reduce cash transactions. The fiscal policy measures included increased healthcare spending; accelerated payment of domestic arrears; tax relief through lower tax rates, exemptions and deferral of tax payments; direct financial support to small enterprises through credit guarantee schemes; and labour-intensive public works to provide employment particularly for the youth. EAC countries additionally received support from development partners to cushion the economies against risks associated with the pandemic and to provide public debt relief.

- As a result of policy interventions, EAC countries reported sustained lending to the private sector and cushioning of businesses from insolvency. This outcome was to ensure financial sector stability and preventing sharp deterioration in loan book quality due to enterprise insolvency. Banks within the region also restructured loans particularly in sectors significantly impacted by the pandemic, notably transportation and logistics; tourism, hotel and restaurant; and trade. The measures to support the financial sector through increased liquidity and capital buffers further mitigated risks in the financial markets and resulted in low exchange rate volatility.
- The monetary and financial measures implemented to mitigate effects of the COVID-19 pandemic were expected to boost private investment and household consumption and hence improve economic performance going forward. This was in addition to positive economic effects coming from the easing of lockdowns in the beginning of the third quarter of 2020 in most countries in the EAC. Fiscal stimulus packages were also contributing to recovery by supporting private consumption and investment. However, Partner States were cautious about the rise in the level and the cost of public debt.

EAC Political Federation

During the period under review the Ministry coordinated Kenya's participation in the following meetings/ activities that produced various outcomes:

Political Affairs, Good Governance and Conflict Prevention

1. To enhance efficiency in cross border trade through effective communication on the Foreign Policy ideals in light of the COVID 19 pandemic, a sensitization meeting on Kenya's Foreign Policy targeting Namanga and Malaba OSBPs was held on 24th February 2021. The meeting made key recommendations among them the need for continuous Sensitization of MDAs and border communities on Public Diplomacy and the need to engage Media in a bid to protect Kenya's image in the course of their dissemination of information in the region.
2. To enhance the promotion of good governance and adherence to the principles of democracy in the region the Ministry coordinated Kenya's participation in the EAC Elections Observer Missions to the 2020 General Elections in the United Republic of Tanzania and the 2021 General Elections in the Republic of Uganda from 23rd to 31st October 2020 and 9th – 19th January 2021 respectively.
3. Pursuant to the Directives of the 18th, 19th, 20th and the 21st Summits of the EAC Heads of States, the Ministry coordinated the participation of the Kenyan experts in the regional team drafting the EAC Confederation Constitution in the Stakeholder Consultations held in Republic of Uganda from 21st April- 5th May 2021. The key issues around which the consultations are made among others include the: areas of cooperation under the political confederation; governing structure of the political confederation; modes of decision-making by the confederal authority; governance principles of the confederation; relationship between the National States and the confederal authority; modes of funding for the confederal authority be funded and the adoption of the constitution establishing the political confederation.
4. The Ministry coordinated the Country's participation in the 1st and 2nd Meetings on the Domestication of the African Union Post Conflict Reconstruction and Development from 18th – 20th November 2020 and 2nd -4th June 2021 respectively. The 1st Meeting generated various proposals on how to move from vision to operationalization and the implications of

domestication in the context of existing EAC Treaty and protocols while the 2nd Meeting observed the need for a functional coordination mechanism to facilitate assimilation of the PCR Policy to the already existing institutional structures and arrangements.

5. Pursuant to the 10th Meeting of the Sectoral Council on Foreign Policy Coordination held in Arusha on 18th January 2012, 11th Meeting held in Dar es Salaam on 13-15th February, 2013 and at its 12th Meeting held in Nairobi on 17th January 2014, the Ministry Coordinated the meeting of Foreign Policy Coordination Experts from 10th -12th May 2021. The meeting reiterated on the need for Partner States that had not submitted comments on the common foreign policy areas as well as those that may wish to update their earlier submissions to do so by 30th July 2021 and that an experts meeting be convened ahead of the 13th meeting of the Sectoral Council on Foreign Policy Coordination. It further observed the need to establish a multi Sectoral experts group to review the current criteria of granting observer status as well as preparation of an updated paper on assessment of benefits of granting observer status by 30th August 2021. The meeting also recommended to the Sectoral Council on Foreign Policy Coordination to urge the United Republic of Tanzania and the Republic of Burundi to expedite the process of ratifying the protocols on Foreign Policy Coordination and Immunities and Privileges respectively by September 2021.
6. Stakeholders Consultation Meeting on Integrated EACWARN Methodologies and Supporting Partner States to Establish/Operationalize National Early Warning Centres from 7th -9th June 2021. The meeting was a follow up on the implementation of the 26th Meeting of the EAC Council of Ministers and the 5th Meeting of the EAC Sectoral Council on Inter-State Security that directed Partner States to establish National Early Warning Centers (NEWCs) and to provide them with human and financial resources. The meeting deliberated and made recommendations on the following:
 - i) Partner States to designate Focal persons and to liaise with the EACWARN on the establishment and operationalization of NEWCs;
 - ii) Designation of an agency or office in Partner States to house the national early warning center and responsible for regular coordination with the REWC;

- iii) Developed a draft schedule (roadmap) for fast-tracking the operationalization of national early warning structures, including: distribution of equipment, installation of tools and training of personnel responsible for national early warning;
- iv) Increased Partner States awareness and ownership of the EAC Early Warning System, ongoing regional initiatives and preparedness toward full operationalization of EAC conflict early warning system.

Peace and Security

1. Participated in the Commemoration of International Day of Peace and Security on 21st September 2020. This meeting culminated in the launch of the National Peace Building strategy for COVID 19 preparedness, Response and Recovery.
2. Through the GIZ support to the African Union Border Program, the Ministry coordinated the distribution of six Motor Cycles meant for Namanga and Busia One Stop Border Posts (OSBPs) respectively on 9th December 2020. The motor cycles are aimed at enhancing police border patrols and help in the interdiction of smuggled goods, narcotics, firearms and other cross border illegal activities.
3. Under the auspices of the EAC Joint Response to Regional Cross Border Security Threats Project, the Ministry Coordinated Kenya's participation in the following meetings:
 - i. Meeting of the Heads of Ballistics Forensics Investigations from 16th to 17th November 2020. The meeting determined the needs of each EAC Partner State towards establishment and operationalization of the East African Ballistics Information Network (EABIN)
 - ii. Meeting of Legal Officers from the National Police Forces/Services from 18th -19th November 2020. This meeting concluded the operationalization framework of the Regional Police Centres of Excellence.
 - iii. Meeting of the EAC Component Joint Response to Trans National and Cross Border Threats Project Technical Steering Committee on 20th– 21st November 2020. The meeting apprised Partner States on the joint response project funded by the European Union and whose activities were scheduled to begin in year 2020 but had been delayed due to the Covid19 pandemic. The Project which has two components, the EAC and the INTERPOL Components, aims at enhancing joint response to transnational and cross border threats.

- iv. The Ministry coordinated the Meeting of the Experts Working Group for Development of a Regional Strategy for Youth In Peace and Security and a Framework For Establishment of A Youth Peace and Security Platform from 30th November – 6th December 2020. The meeting considered the draft EAC Strategy and implementation plan for Youth in Peace and Security that was presented by a Consultant and recommended that Partner States consult nationally with stakeholders and submit their inputs by March 2021. The 2nd meeting held from 12th to 14th May, 2021 considered the draft that had been enriched with inputs from all Partner States and recommended to the Joint meeting of the Sectoral Councils on Interstate Security, Cooperation in Defence Affairs and Foreign Policy Coordination to consider and adopt the Strategy and Implementation Plan for implementation.
- v. The 8th Meeting of Experts for Development and Harmonization of Police Standard Operating Procedures (SOPs) from 24th -27th May 2021. The meeting finalized SOPs on Training and Traffic management, Community Policing and Social Media, Training for Police Promotional Courses, Emergency Response and Fire Safety Procedures, and Anti Narcotic Drug Procedures. The SOPs await adoption by the Sectoral Council on Interstate Security.
- vi. Experts Workshop to Review Implementation of UNSCR 1540 by EAC Partner States from 1st – 4th June 2021. The Meeting received and considered presentations from Partner States on the Status of implementation of the BWCT, CWC and NPT (these acronyms should be explained) and recommended to the Joint Meeting of the Sectoral Councils of Interstate Security, Cooperation in Defense and Foreign Policy Coordination to: Direct the Partner States to expedite development of necessary policies and legal framework to facilitate implementation of instruments under UNSC Resolution 1540; and to consider setting up of Regional Centres of Excellence to spearhead implementation of the obligation under UNSCR 1540.
- vii. Sensitization Workshop for National Level Analysts on Information Sharing and Joint Security Analyses from 15th -18th June 2021. The meeting generated a road map on the harmonization of policies and legal frameworks that relate to crime and information sharing and exchange as well as the setting up of a technical working group on information sharing;
- viii. The 2nd meeting of the EAC Ballistics Experts Working Group from 21st – 25th June 2021. The meeting identified ballistics equipment and infrastructure gaps in the Partner States that should be addressed to facilitate the procurement of the East African Ballistics Information

Network (EABIN) equipment. The meeting also developed a training plan to boost capacity building in this area.

- ix. Participated in the Bench Marking Studies of IGAD and ECOWAS to provide input for the development of the EAC Transboundary framework from 28th June – 7th July 2021.

Border Control and Operations Coordination Committee (BCOCC) Frame work:

The Ministry participated in the following meetings/ activities under the Border Control and Operations Coordination Committee (BCOCC) Frame work:

- a) 28th BCOCC meeting held on 29th July 2020, preceded by a Contact Persons meeting on 22nd July 2020. The meeting received and considered highlights on harmonization of testing for Covid19 for truck drivers across Partner States; effect of Covid19 on trade and cargo movement; and common challenges experienced at the OSBPs.
- b) Handover of the Security Project by the Kenya Defence Forces to BCOCC in Moyale on 21st September 2020. Smuggling was found to be a major challenge at the Kenya – Ethiopia border leading to loss of revenue and a threat to national security and public safety. Thus the project involved sealing off the cut lines/illegal border entry/exit points to safeguard the borders and also to promote legitimate cross border trade between the two countries.
- c) Assessment of Compliance with Ministry of Health Protocols on Containment of the spread of Covid19 among truck drivers/ crew in all transit cargo loading points as well as border exit/entry points. The assessment took place from 5th – 9th October 2020 at Naivasha ICD, Nakuru KPC Depot, Isebania border, Busia, Malaba, and Eldoret Fuel Depot. The team identified challenges faced by the Border Operators/Agencies in Enforcing MOH Covid-19 Protocols and proposed recommendations to address the challenges.
- d) 29th BCOCC meeting held on 30th October 2020 at Lokichogio preceded by consultations with Turkana County Security Intelligence Committee, tour of Lokichogio airport, assessment of Nadapal border infrastructure and a Contact Persons meeting on 29th October 2020. The meeting resolved that: OSBPs be established at Nakodok, Lokiriama and Tondonyang, the pursuit of a diplomatic solution to the Kenya – South Sudan boundary dispute and the need to improve access roads to facilitate patrols.

- e) 30th BCOCC meeting held on 30th November 2020 preceded by a contact persons meeting on 26th November 2020. The meeting considered and approved BMS planned activities, i.e. induction for BCOCC Principals and contact persons from 17th – 18th December 2020; survey on potential POEs in coast region from 11th – 14th December 2020. The meeting also considered a report on assessment of Suftu Point of Entry/Exit in Mandera County and recommended that Suftu be established as a border Post under Mandera POE.
- f) Review of Draft Curriculum for Coordinated Border Management by BCOCC Contact Persons, 20th – 23rd December 2020. The draft was reviewed to incorporate stakeholder input. 31st BCOCC meeting held on 29th January 2021 preceded by BCOCC Contact Persons meeting on 26th January 2021. The meeting considered and adopted the reports on establishment of Inland Border Control Checks (IBCCs) and National Survey of Potential POEs. Five (5) border points were identified for gazettelement in order of priority, as follows:
- Lokiriama, Turkana County – Kenya Uganda border;
 - Illeret, Turkana County – Kenya Ethiopia border;
 - Konyau, West Pokot County – Kenya Uganda border;
 - Olposimoru, Narok County – Kenya Tanzania border; and
 - Todonyang', Turkana County – Kenya Ethiopia border.
- g) Stakeholder Consultative meeting to review architectural plans for the proposed Suam One Stop Border Post, 10th March 2021, to ensure efficient process flow at the OSBP and provision of sufficient office space for the operations of all border agencies.
- h) Participation in the validation of the Border Management Curriculum, 3rd March, 2021, Kenya School of Government.
- i) Joint meeting between the Republic of Kenya and the Republic of Uganda to review architectural designs for Suam OSBP, 23rd March 2021. The two countries considered and adopted the designs presented by Kenya National Highways Authority (KeNHA).
- j) 32nd BCOCC meeting held on 31st March 2021 preceded by a contact persons meeting on 26th March 2021. The meeting involved presentation and adoption of reports on assessment of Joint Operation Centres; Field Tour of Suam POE, Eldoret International Airport and Kisumu Port; and Acquisition of land for establishment of border posts at Konyao and Lokiriama. The meeting also

considered and adopted a report on Review of MoU between Government of Kenya and United Nations Office on Drugs and Crime (UNODC).

- k) 33rd BCOCC meeting held on 30th April 2021 preceded by a contact persons meeting on 26th April 2021. The meeting reviewed and adopted the report on establishment of Suftu as a POE, as directed by the National Security Advisory Committee (NSAC). The meeting resolved that the report be resubmitted to NSAC with a recommendation to gazette Suftu as a POE to ease business and promote trade between Kenya and Ethiopia. The meeting also considered and adopted a report on identification of POEs experiencing porosity challenges for action by BCOCC.
- l) Participation and sensitization in Commencement of Operationalization of Moyale OSBP, 14th – 18th June 2021. The operationalization involved bilateral engagements between Kenya and Ethiopia, deployment and sensitization of border officials and jointly officially commencing OSBP operations.
- m) 34th BCOCC meeting was held on 29th June 2021 preceded by a contact persons meeting on 24th June 2021. The meeting considered and adopted report on survey of Rhamu as a proposed POE in Mandera County; report on operationalization of Moyale OSBP from 6th – 10th June 2021.
- n) Official Launch of Kenya Coordinated Border Management Program on 30th June 2021 at the Kenya School of Government.

EAC Cross cutting issues

Lake Victoria basin Commission (LVBC)

The Ministry:

- i. Supported the Lake Victoria basin Commission in finalizing the designs and developing the Tender Documents for the construction of the first phase of LVBC Headquarters. Tenders were advertised and bids evaluated. A contractor was identified and construction work commenced. The Ministry has continued to support the Institution to ensure the work is completed in time. Ongoing construction of phase I of the Headquarters is expected to be completed 31st December 2021.

Left: Architectural impression of the LVBC HQ; Right: Project Management Team on a site visit of the ongoing construction of the LVBC Headquarters on 27th May 2021.

LVBC is currently the only Institution of the EAC hosted in Kenya and once the construction of the office block is completed, the Institution will have a permanent home.

- ii. Coordinated the conclusion and launch of the Lake Victoria Integrated Water Resources Management (IWRM) Project. The project among others will provide sanitation services to Manyatta and Obunga slums of Kisumu City. The review involved incorporation of comments raised by the stakeholders on the initial feasibility study report. The project is being implemented by the LVBC with funding from the EU and Federal Republic of Germany through KfW and aims to improve water quality and availability through strategic and sustainable management of the Lake Victoria Basin.

Sensitization and Awareness

The Ministry:

- i. Sensitization and awareness creation of cross border women traders, entrepreneurs and Border Agencies on Childcare Project in Busia (Busia and Mbale), Kajiado (Namanga) and Migori (Isabania) Counties.
- ii. Sensitization and awareness creation forum on Consultancy Services for the Assessment, Design, and Supervision of the Proposed Safe Market for Traders in Soko Posta, Busia County.
- iii. Coordinated conservation of Trans Boundary Mara River Basin and participated in commemoration of the annual Mara Day celebrations on 15th September 2020 at the Mara Serena Game Lodge.

Stakeholders Engagement

The Ministry:

- i. Convened stakeholder meetings at national level as well as bilateral meetings with Uganda and Tanzania and sustained the monitoring and resolution of challenges encountered by cross border transporters between Kenya and other EAC Partner States owing to measures taken to contain the spread of Covid-19.
- ii. Held four (4) bilateral meetings with the Republic of Uganda and another two with the United Republic of Tanzania. The main objectives of these meetings were to address non-tariff barriers and strengthen bilateral relations in political, economic and social sectors.
- iii. Coordinated nine (9) cross border meetings at Malaba, Busia, Isabania, Namanga, Taveta and Lunga Lunga points of entry and exit to enhance cross border relations and promote and coordinate border management.

Policy instruments

The Ministry

- i. Coordinated the development of regional Standard Operating Procedures (SOPS) for implementation of Pest Risk Analysis (PRA) for Maize, Beans and Rice. In addition, the Ministry coordinated the country's participation in identification of seven additional crops to be prioritized in development of Pest Risk Analysis for the region. The seven additional crops are Banana,

- Cassava, Potato (ware and seed), sorghum, Soybean, groundnuts and pineapples for the next set of Pest Risk Analysis;
- ii. Coordinated the development of the following policy instruments, which will support the Regional Food and Nutrition Security:
 - Draft EAC Fertilizer Policy;
 - Draft EAC Fertilizer Bill;
 - Draft EAC Comprehensive Africa Agriculture Development Programme (CAADP) Regional Agriculture Investment Plan (RAIP).
 - EAC Regional Fruits and Vegetables Strategy and Action Plan 2021-30
 - iii. Coordinated the review and implementation of the EAC Regional Food Balance Sheet as a mechanism for monitoring and Early Warning Food Security situation in the region;
 - iv. Coordinated the implementation of the domesticated regional agriculture joint sector review mechanism in line with Best Practices of the (Comprehensive African Agricultural Development Programme (CAADP) Mutual Accountability.
 - v. Develop EAC regional Harmonized Pesticides Guidelines.
 - vi. Coordinated the development and operationalization of regional protocols and guidelines, and a mobile phone-based Cargo and Truck Driver Tracking System to mitigate against the spread of Covid-19.
 - vii. Coordinated the country in participating in the development and adoption of the following regional policies to facilitate the movement of transit trucks and cargo across the tripartite region of COMESA-EAC-SADC:
 - a. Vehicle Load Management Agreement (VLMA)
 - b. Multilateral Cross Border Road Transport Agreement (MCBRTA)
 - c. Vehicle Load Management Model Law and Model Regulations
 - d. Cross Border Road Transport Model Law and Model Regulations
 - e. Road Traffic Model Law and Model Regulations
 - f. Road Transport Transgression Model Law and Model Regulations
 - g. Transport of Dangerous Goods Model Law
 - viii. Coordinated the country in participating in the development of the EAC Road Safety Study and EAC Road Safety Action Plan;
 - ix. Coordinated the development and adoption of EAC guidelines on resumption of Tourism services, and the EAC Covid-19 Tourism Recovery Strategy.
 - x. Coordinated the development of the country position to inform the EAC regional position for negotiation in the UNCBD
 - xi. Coordinated the development of Kiswahili Training Programs and Manuals for Parliament in Kenya to enhance popularization and use of Kiswahili amongst the parliamentarians.
 - xii. The Ministry coordinated the Cabinet Approval for establishment of the National Kiswahili Council.

East African Legislative Assembly

The Ministry coordinated participation of members of EALA, Kenya Chapter in all activities of the Assembly. The Ministry also ensured that the welfare of honourable members of EALA is catered for as per the law. In order to ensure that EALA, Kenya Chapter continuously engage the Kenyan public to directly articulate their interests at the Assembly, The Ministry organised three (3) public hearing sessions in various parts of the country. It similarly, organised various meetings between members of EALA Kenya Chapter and the relevant Committees of the National Assembly and the Senate.

Research

- i. The Ministry undertook a total of ten (10) preliminary desk reviews during the review period. These reviews are:
 - a. Baseline study to Identify the Impact of AfCFTA on Kenyan Trade, Investments, Exports/Import and Cost Benefits Analysis;
 - b. Factors contributing to falling Kenya exports to EAC Region. Research on Current Trends, Progress Made, Mitigation Measures, Incentives and Remedial Interventions;
 - c. Impact of e-Commerce in the Advent of Covid-19 Pandemic;
 - d. How to Enhance Cross Border Trade between the Republic of Kenya and South Sudan against a Backdrop of Peace and Security Challenges in the area. Propose Measures and Strategies to be Undertaken to Manage and Stabilise the region to widen and deepen integration;
 - e. Research on the Preparedness of the Busia Traders for the Jumuiya Cross Border Market. Expectations in terms of Trade;
 - f. Study on the Implementation of the Common Market Protocol by Kenya: Movement of Labour to Kenya's Market from 2015-2020 –Numbers and Occupations;
 - g. Study on Strategies to Accelerate Intra-EAC Trade from 15% to 50% in three years;
 - h. Study on the Potential of Ethiopia as a Strategic Trading Partner with EAC; Prospects and Benefits;
 - i. Study of Intra-EAC Trade in Cereals and its Impact on Economies of Busia, Bungoma, Uasin Gishu and Trans Nzoia counties; and
 - j. Establishment and Operationalization of an Online e-Library for Storage and Retrieval of Information;

Trade facilitation and infrastructure

The Ministry:

- ii. In liaison with the Ministry of Interior participated in the coordination of the operationalization of Moyale One Stop Border Post. Moyale OSBP became operational in May, 2021.

- iii. Coordinated two (2) Council meetings. These were 41st and 42nd meetings. The main objectives were to prepare for the 21st Ordinary meeting of the Summit and to progress regional integration agenda including reviewing progress made in the elimination of non-tariff barriers to trade.
- iv. Concluded a feasibility study on the Jumuiya market in Busia and held a stakeholders meeting for buy-in. Land identification and demarcation was also undertaken in conjunction with the Busia County government. Beacons were erected, hydrological survey was done and water points identified. The Ministry also initiated the process of acquisition of Land Title Deed in collaboration with the Ministry of Lands and Physical Planning. The main sponsor of the market Trademark East Africa (TMEA) is to undertake the identification of a contractor and develop the market design.
- v. Coordinated the procurement of Two Mobile Laboratories for Covid-19 testing under the EAC Regional Network of Public Health Reference laboratories project. The two mobile laboratories are deployed at Namanga OSBP and Naivasha ICD. The two laboratories have facilitated the testing of truck drivers transporting cargo along the Transit Corridors.

Capacity Building

The Ministry:

- i. Trained cross border women and youth traders on the Simplified Guide to EAC Trade Rules, Regulations and Procedures in Busia, Homabay, Kisumu, Kwale, Migori, and Siaya, Counties. The focus was to raise awareness of business women on the EAC Customs Union and the EAC Common Market and develop ways and mechanisms for taking advantage of the opportunities available in the region; enhance the Business Women discussions on regional business opportunities, and creation of networks in cross border trade and investment; and create a structure for sustainable engagement between women traders and facilitating agencies.
- ii. Coordinated the national consultations on updating of the Draft EAC Technical and Vocational Education and Training (TVET) Harmonization Strategy.
- iii. Coordinated joint cross border capacity building programmes on OSBP with the Ministry of Foreign Affairs and East African Cooperation of Tanzania. Consequently, three (3) joint capacity building programmes were organised. Two (2) were at Namanga and one at Lunga Lunga. Similarly two (2) capacity building programmes were organised with the Ministry of East African Community Affairs of Uganda for border regulatory staff at Malaba and Busia OSBPs. The objective of the programmes was to build the capacity of border regulatory staff to effectively apply OSBP operations principles, legal framework and procedures.

3.2.2 STATE DEPARTMENT FOR REGIONAL AND NORTHERN CORRIDOR DEVELOPMENT

During the review period, the state Department made the following achievements:

3.2.2.1 NORTHERN CORRIDOR INTEGRATED PROJECTS

- i. Development of the Land Valuation Index Bill, 2018 was finalized to assist in speeding up acquisition of land for NC infrastructure projects; Land value (Amendment) Act finalized and assented into Law on 16th August, 2019; and Land Acquisition Tribunal established.
- ii. Lake Victoria Inter-Modal Transport System was finalized and commissioned on 31st May, 2021 by H.E. the President. Figure below is the rehabilitated MV Uhuru and 3 billion revamped Lake Victoria Inter-Modal Transport.
- iii. The fast-tracking of the link up of Kisumu Oil Jetty with the Bukasa Oil Jetty in Uganda is ongoing.
- iv. A verification exercise was undertaken on the status of East African Tourism Visa (EATV) Stickers Sales at National, Regional and International level which recommended that Partner States need to publicize the EATV at all border entries and enhance record keeping and data management. Due to COVID -19 Pandemic considerable slowdown in the uptake of EATV is noted.
- v. Kenya Commodity Exchange (KOMEX) registered and ready for trading upon receipt of license from CMA.

Kenya Commodity Exchange-Achievements Made

- a. Legal and Regulatory Framework
 - Legal and Regulatory framework has been finalized.
 - Gazzement of Commodities Exchange Regulations finalized.
 - Operational Office established at Parklands
- b. Trading and Settlement System
 - Installation in progress
- c. Price Dissemination & Market Information System
 - Market Information System installed.
 - Capitalization through engagement with Private Sector ongoing.
- d. Training and Capacity Building
 - Awaiting funds to start recruitment of staff

- e. COVID-19 slowed down implementation in Kenya and other Member States
- vi. Implementation of Single Customs Territory (SCT) applied for all imports and 80% of exports at the Port of Mombasa. The implementation of SCT continued to decongest the Port through fast-tracking of cargo clearance at the Nairobi Container Depot. Increased use of SGR continued to lower the cost of doing business along the Northern Corridor. Implementation of Regional Electronic Cargo Tracking System (RECTS) led to improved availability of seals for domestic and transit cargo. Implementation of RECTS also addressed COVID 19 clearance delays at the border points where clearance certificates were issued and uploaded at source.
- vii. Survey done in collaboration with NCTTCA to inspect Road Side Stations (RSS) designs with a view to upgrading them to the recommended RSS requirements for the benefit of road users along the Northern Corridor

Survey Team

The proposed/recommended RSS amenities/requirements are;

1. Parking for buses, small cars, motor bikes, bicycles, tricycles
2. Restaurants linked to hotel services
3. Vehicle cleanings/carwash
4. Mechanic shops
5. Shops/supermarket
6. Elaborated health clinic/wellness centers
7. Free rest hall
8. Free rest green areas,
9. Pedestrian pathways;
10. Banks/money transfers services and
11. Petrol station

This proposal once fully implemented will lead to reduction in road accidents and improvement of wellness for the truck drivers and other road users along the corridor.

3.2.2.2 REGIONAL DEVELOPMENT PROJECTS

The State Department of Regional Development:

- i. Initiated the process of developing the following Policy documents:
 - a. Regional Development Policy
 - b. Regional Development Strategy

- c. Regional Development compendium.
- d. National Regional Development Masterplan.
- ii. Continued with the RDAs reform process in order to align the RDAs with the constitution and strengthen governances;
- iii. Contributed to the big four agenda through establishment of the integrated irrigation projects, value addition factories and manufacturing plants;
- iv. coordinated the tree planting campaign in the RDAs and over saw the distribution/planting of over 2 Million tree seedlings by the RDAs and their stakeholders
- v. Contributed to the achievement of the 10% tree cover by participating in tree planting in fulfillment of the presidential directive as well;
- vi. Oversighted the RDAs by undertaking monitoring and evaluation the RDAs projects and Programmes;
- vii. Developed a draft miscellaneous amendment Bill for the RDAs Act;

Resources in the Regions

Table 6: Resources in the Regional Development Authorities

	CATEGORY	ENNDA	CDA	ENSDA	LBDA	KVDA	TARDA
1.	Geographical size and area of coverage	- 209,576 km ² , - 10 Counties, - 4.34 million people (2019 census)	- 202,983km ² - Kenya's EEZ - 7 Counties - 4.77 million people (2019 census)	- 47,000 km ² , - 4 Counties - 4.27 million people (2019 census)	- 39,240km ² , - 18 Counties, - 15.45 Million People (2019 census)	- 107,000 km ² - 7 Counties - 3.55 Million People (2019 census)	- 138,000 km ² , - 19 Counties - 15.94 million people (2019 census)
2.	Natural Resources	- Water Catchments (Mt. Kenya, Nyambene and Aberdare ranges), - Rivers (Ewaso Ng'iro North River & Daua),	- 608 km of coastline - Sea ports – KPA, Lamu, Shimoni - Scenery: Mt. Kilimanjaro, Taita and, Shimba hills - Water resources: Lake Challa	- Rivers (Ewaso Ng'iro South, Njoro, Malewa, Mogor, Mara & Nolturesh), - Scenery (Ngurumani & Rift Valley Escarpments	- Lake Victoria- 4,000km ² , - 7 major rivers: (Sio, Nzoia, Yala, Nyando, Sondu, Kuja-Migori, and the Mara), - Water Catchments: (Mount Elgon, Cherangany	- The natural resources available in the region include:- - Beautiful landscape (Elgeyo escarpment, Cherangany hills, Mt. Elgon, Tugen	- Rivers (Tana & Athi) - Water catchments (Mount Kenya, Aberdare ranges, Ngong hills, Nyambene hills, Kilimambogo)

CATEGORY	ENNDA	CDA	ENSDA	LBDA	KVDA	TARDA
	<ul style="list-style-type: none"> - Energy Resources (Solar, wind & Hydro), - Gums and resins, - Mineral deposits (limestone, gypsum and salt, - Wildlife, game parks, reserves and conservancies, - Oasis, springs and swamps, - Arable land, - Rich cultural diversity, - Extensive rangelands. 	<ul style="list-style-type: none"> and Lake Jipe, - Lower Tana and Sabaki rivers (delta, estuary), Umba river, springs (Mzima, Marere) - Conservancies: Internationally recognized Important Bird Areas (IBA) in the River Sabaki estuary, UNESCO and Ramsar sites – Lamu archipelago, Tana delta, Kaya forests, National monuments - Indigenous flora and fauna – in Arabuko Sokoke and Boni forests - Wildlife resources – rare species like Hirola, - Marine resources and coastal wetlands – 	<ul style="list-style-type: none"> , Aberdares ranges, Mt Kilimanjaro, Mt. Longonot, Mt Suswa, Extensive plains) - Lakes (Nakuru, Magadi, Elementaita, Naivasha and Olbolosat) - Mineral deposits (Soda ash, gold, Diatomite, Silica, sand, Gypsum, Limestone) - Geothermal resources, hot springs, Geothermal steam at Olkaria and Eburu - Renewable energy resources (solar, wind) - Tourism & wildlife resources (Masai Mara Game reserve, Amboseli National 	<ul style="list-style-type: none"> hills, Nandi escarpment, Nandi hills), - Forests: (Mau Forest, Kakamega forest, Nandi forest, Koderia Forest, Kaimosi Forest, Limo Forest,) - Minerals (Gold, Graphite, Soap Stones) - Sceneries (Got Ramogi, Got Mesa, Nyabondo plateau, Chetambe hills, Kano plains) - Energy Resources (Solar, Hydro, Wind) - Pasture and Arable Land 	<ul style="list-style-type: none"> hills and Kamasya hills) - Water resources comprising of; - 3 rivers (Turkwel, Kerio & Perkerra) - lakes Turkana, Baringo and Bogoria - Turkwel dam. - Lotikipi underground aquifer - Land for agriculture (over 300,000 ha) - Energy sources (hydropower, wind, solar & Geothermal), oil/petroleum - Mineral deposits (limestone, flou spar, marble, gold, gypsum) - Wildlife and tourism resources (Sports tourism) - Livestock resources 	<ul style="list-style-type: none"> - Energy Sources (Solar, wind and hydro) - Game parks (Tsavo, Nairobi and Mt. Kenya) - Sceneries (Fourteen falls, Lugard falls) - Swamps (Ondiri and Manguo) - Minerals (coal, copper) - Arable and pasture land

CATEGORY	ENNDA	CDA	ENSDA	LBDA	KVDA	TARDA
		<ul style="list-style-type: none"> - dolphins, mangrove forests, coral reef) - Energy sources (solar and wind energy) - National and Marine Parks - Minerals – limestone, gemstones, ballast, slates, uranium, silica sand) - Range land 	<ul style="list-style-type: none"> - Park, Lake Nakuru National Park, Hell's gate National Park, conservancies) - Catchments Enoosupukia, Mau, Nyangores, OlposuMoru, Naimina Enkiyio, Nyakweri, wetlands and swamps - Pasture and arable land 			
3. Value addition projects	<ul style="list-style-type: none"> - Gums and Resins Value Chain - Camel Milk Value Chain 	<ul style="list-style-type: none"> - coconuts, cashewnuts, mangoes, pineapples value chains - Integrated fruit processing - Coral block cutting - Magalana slate cutting 	<ul style="list-style-type: none"> - Leather & Tannery value chain - Potato & Tomato value chain, - Bamboo value chain 	<ul style="list-style-type: none"> - Rice value chain - Honey Value Chain 	<ul style="list-style-type: none"> - Mango Processing factory - Honey processing factory 	<ul style="list-style-type: none"> - Rice value chain - Honey value chain - Fruit trees improvement program
4. Technology transfer projects	<ul style="list-style-type: none"> - Stabilized Soil Bricks and Tiles Project - Ewaso Ng'iro North Integrated Camel Development 	<ul style="list-style-type: none"> - Smallholder irrigation - Coral reef, sea grass, mangroves restoration and rehabilitation 	<ul style="list-style-type: none"> - Livestock improvement programme - Bamboo commercialization 	<ul style="list-style-type: none"> - Fish sex reversal - Livestock Improvement Program - Fruit Tree Improvement Program 	<ul style="list-style-type: none"> - Livestock improvement programme - Seed maize production - Pasture seed 	<ul style="list-style-type: none"> - Emali livestock improvement and multiplication program - Kibwezi demonstratio

	CATEGORY	ENNDA	CDA	ENSDA	LBDA	KVDA	TARDA
		t programme	- Coral block cutting - Magalana slate cutting and polishing - Bamboo propagation		- Alternative Building Materials - NERICA Rice		n farming program
5.	Irrigation projects	- Ewaso Ng'iro North integrated water, drought and food security. - Ewaso Ng'iro North Integrated Sustainable Livelihood Transformation Programme (sustainable patriotism component and climate smart agriculture)	- Smallholder Irrigation Projects (Boji, Chakama, Challa, Vanga)	- Small holder irrigation (Kimuka Oloyiangalani, Iltital)	- Kimira-Oluch Small-holder Farm Improvement Project (KOSFIP) - Solar Irrigation Projects (Lichota, Alupe & Muhoroni)	- Wei Wei Integrated Project - Napuu centre pivot irrigation system - Lomut Irrigation Project	- Kiambere irrigation project - Masinga irrigation project - Tana Delta Irrigation Project (TDIP) - Smallholder irrigation projects (Kieni, Murang'a, Narumoru)
6.	Infrastructure projects	- Water Resources Development Projects (Boreholes, Dams, Water Pans)	- Mwache Multi-purpose dam - Wananchi Cottages and conference facility - Strategic water structures – Djabias,	- Water resources Development projects (water pans and boreholes)	- Hydropower (Sundu Miriu) LBDA Mall - Nyakoe Market	- Turkwell dam which is currently generating 106 MW HEP - Wind energy	- Water projects (Water pans and boreholes) - Multi-purpose dams (Masinga, Kiambere) - Resorts (Masinga and Kiambere)

	CATEGORY	ENNDA	CDA	ENSDA	LBDA	KVDA	TARDA
			Earth fill pans, water pans, Boreholes etc. - Small holder irrigation in-field infrastructures				- Airstrips (Masinga and Kiambere)
7.	Environmental conservation projects	- Ewaso Ng'iro North River Catchment Conservation & Rehabilitation Programme - Ewaso Ng'iro North Integrated Sustainable Livelihood Transformation Programme - Water Harvesting and Storage Project - Flood and Drought mitigation programme	- Mwache Catchment conservation - Kenya climate change and Adaptation programme - Riparian area conservation	- ENSDA Catchment conservation programme - Green school programme - Suswa Magadi restoration programme	- Integrated Sustainable Restoration & Enhancement of Forest Cover Program (ISREF project)	- Forest Conservation through restoration/afforestation of Cherangany Watershed - Soil Conservation	- Masinga and Kiambere catchments conservation program - Tana and Athi rivers catchment conservation program
8.	Community empowerment projects	- Ewaso Ng'iro North Integrated Livelihoods Transformation Programme	- Coral reef, sea grass, mangroves restoration and rehabilitation	- Leather cottage industry - Potato and Tomato value chain,	- Water Harvesting & Supply Projects (boreholes, water pans)	- Mango fruit production - Tree seedlings production	- Community boreholes and waterpans - Ngiiri market in Kiambere

CATEGORY	ENNDA	CDA	ENSDA	LBDA	KVDA	TARDA
	<ul style="list-style-type: none"> - Gums and Resins Development Programme - Flood and Drought mitigation programme - The Ewaso Ng'iro North Integrated Camel Development programme 	<ul style="list-style-type: none"> - Coral block cutting and slate making - Malindi Integrated Social Health Development Project - Drought mitigation project - Small Holder Irrigation Project - Catchment conservation programme 	<ul style="list-style-type: none"> - Bamboo commercialization - Integrated Water supply and food security project - Integrated tea Development project - Cultural diversity 	<ul style="list-style-type: none"> and small dams) - Okiki Amayo Domestic Water Supply Project in West Karachuonyo - Rural Domestic Water and Sanitation - West Kenya Rainfed Rice Development Project 	<ul style="list-style-type: none"> - Livestock Multiplication center - Water projects - Wei Wei integrated Scheme - Napuu Irrigation Scheme - Development of wildlife conservancies 	<ul style="list-style-type: none"> - Small holder irrigation farms (Kieni and Murang'a)

RDA's PROJECTS

The regional development Authorities are tasked with the implementation of various category of integrated projects as outlined in table 7.

Table 7: Projects category and potential

PROJECTS CATEGORY	POTENTIAL
Food Security Enhancement Programmes (irrigation)-	10,996 ha of land under irrigation
Value Addition / Manufacturing projects-have a potential of producing	199,775 tons of various products from bamboo products, mango value addition, gum Arabic, tannery, etc.
Drought Mitigation Projects- facilities	there are 250 water pans, 250 boreholes and 75 small water storage in place
Multipurpose Dams-	Have potential to irrigate a total of 223,700 Ha of land and conserve related water catchment area, 186000 Cubic metres of water per day and a total of 930 MW of H.E.P
Environmental conservation and river bank protection	3600 Ha
Climate Change Adaptation/Mitigation	1640 MW of solar and wind power

ACHIEVEMENTS

Conservation

The regional Development Authorities intensified tree planting activities during 2020/21 financial year after presidential directive for MDAs to achieve 10% tree cover through tree planting.

Tree planting sites in LBDA were distributed over several locations. During the FY 2020/21, there were 166,037 tree seedlings produced by the Authority in the nurseries and community-based initiatives. Out of the tree seedlings produced, a total of 34,085 tree seedlings were planted in the Integrated Technology Transfer Centers while 11,950 tree seedlings were planted through CSR activities in collaboration with other stakeholders and partners.

TARDA raised 602,718 assorted tree seedlings and 267,676 seedlings distributed and planted by the stakeholders/ farmers within the Tana and Athi regions.

ENSDA raised over 1 million seedlings (mostly bamboo) and distributed 200,000 seedlings to schools and farmers.

Achievements by the specific regional authorities are summarized below.

Ewaso Ngiro South River Basin Development Authority (ENSDA)

During the review period ENSDA achieved the following:

- i. Processed over 700,000 square feet of leather and continued capacity building across the value chain to promote the quality of raw hides and skin. Phase 2 of the project currently ongoing



Assorted value added products



Installed overhead dryer

- ii. Implemented the Integrated Bamboo commercialization & value addition project by raising 200,000 bamboo seedlings in Narok, Nakuru and Nyandarua, and establishing 79 additional acres of bamboo plantation in the Mau Forest.



ENSDA green school initiatives



Degraded Mau forest (Nkobon) under ENSDA bamboo initiative.

- iii. Commenced Phase 1 of construction of the Oloitokitok Agro-Processing Factory Project and conducted prefeasibility study and design of the Agro-processing (potato) & Value Addition plant.



Tomato produce at Oloitokitok Region 1

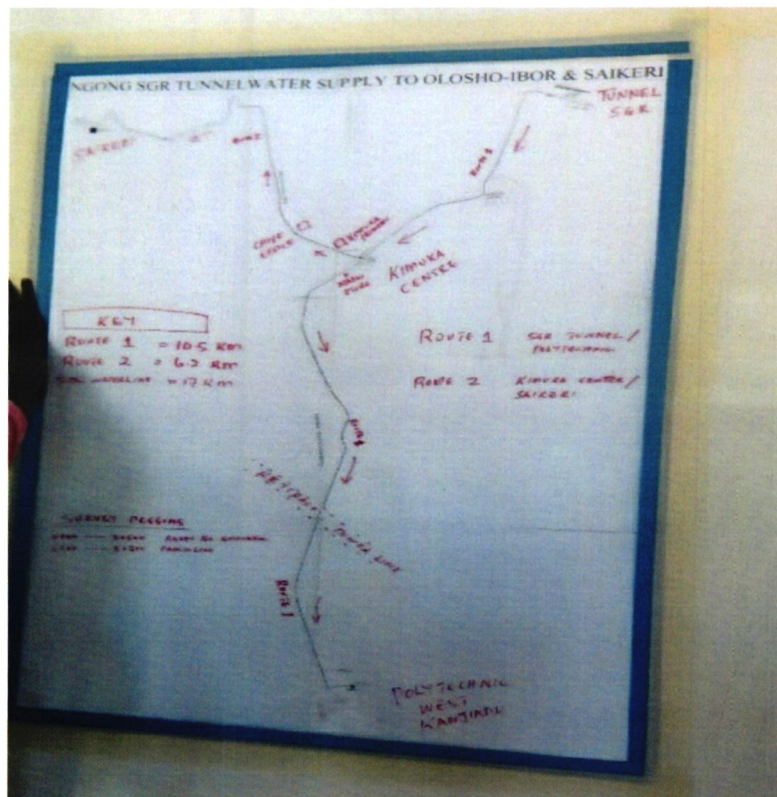
- iv. Established over million fruit/tree seedlings across the region and conserved and restored 3 km² of wetland areas ;
- v. Under the Oloyiungalani / Olosho Oibor Dam Development programme the Authority supported in developing a 20-acre community irrigation scheme in Kimuka, Kajiado West and 5-acre demonstration / model farm at Kajiado West Vocational Training Centre and trained and sensitize farmers on irrigation and agricultural production.



Oloyiungalani dam full to capacity



Irrigation at the at Kajiado West Vocational Training Centre



Drawing of the Kimuka project area 1

The challenges that ENSDA faced include:

- i. Delay in release of allocated funds and financial constraints which affected implementation of some projects;
- ii. Covid-19 pandemic affecting operations
- iii. Prolonged drought in the region.

Kerio Valley Development Authority (KVDA)

During the year 2020/2021, the Authority achieved the following:-

- i) **Finalised preparation of Strategic Plan 2021 - 2025**
- ii) **Wei Wei Phase III Irrigation Project for 325 Ha.**

This is a donor supported project located in Sigor constituency, West Pokot County and supports “Food and nutrition security”. Phase I & II developed 275 ha of land which is currently under seed maize production. Phase III aims to expand land by another 325 ha for food production that will make a total of 600 ha land under irrigation.

During the year, the following activities were achieved:-

- the irrigation infrastructure was completed on 325 Ha,
- Construction 17 km perimeter fence around around the farm
- Repair of main Wei Wei intake done
- Repair of Prokou/Psangat furrows done
- Capacity building of phase 3 farmers undertaken
- Catchment conservation activities in Korellach undertaken
- 3yr capacity building and supply component contract was signed but progress suspended due to delay in disbursement of funds and the effects of COVID-19 pandemic;



Ptokou Furrow



Sangat Furrow

iii) Progressed Napuu Irrigation project

The project supports “Food and Nutrition security” through provision of water for irrigation and consumption. It is located in Turkana Central, Turkana County. Napuu Centre pivot irrigation system aims to develop a Centre pivot irrigation system on 150 acres of land for food production.

Objectives

- i) To develop a centre pivot irrigation infrastructure on 150 acres for crop production to enhance food security and reduce dependency on relief food.
- ii) To improve access to water for farming, human and livestock consumption.
- iii) To build the capacity of the youth and women to be engaged in gainful employment through agro based incomes through dry land agricultural activities.

The following were achieved:-

- Centre pivot irrigation infrastructure developed on 150 acres using both electricity and solar power.
- 3 boreholes constructed and equipped.
- A pilot crop planted on 30 acres
- 4.5 tons of cereals produced.



Centre Pivot Irrigation system, Napuu

iv) **Progressed Lomut Irrigation Project**

Lomut Irrigation scheme is located in West Pokot County. It is being developed to expand land by 800 acres for food production.

The immediate objective is to develop irrigation infrastructure on 200 acres for food production and to be implemented in 2 phases. Phase 1 is under implementation and involves Construction of intake weir, Construction of sedimentation basin, surge tank and 5km conveyance pipeline. Phase 2 involves extension of 4.5 km main pipeline and installation of sprinkler system on 200 acre.

The following were realized during the year:-

- Phase 1 completed conveyance pipeline of 5km, sedimentation tank, weir and intake.
- Supported Lomut farmers by developing 20 acres pilot farm to utilize the available water

v) **Mango Value Chain Project**

The project supports “industrialization, manufacturing and agro processing” through increased production of mangoes and value addition in the region. In addition, it improves tree cover thereby contributing to environmental conservation particularly conservation. A mango processing plant for value addition initiative has been established and currently processing mango fruit into juice/pulp in Tot, Elgeyo Marakwet County

Achievements

During the year, the following were achieved:-

- 14.42 tons of mango puree processed
- A folklift for the factory operations was procured
- undertook maintenance works of the factory
- 750,000 mango seedlings raised
- 1000 mango farmers sensitized



KVDA Nursery



Mango Factory



KVDA Mango Juice



KVDA Mango Juice

v) Progressed Beehive and Honey Production

Bee keeping and Honey production is dominant in the region. The total potential is 2000 metric tons of comb honey and 190 metric tons wax. However, only 700 tons of comb honey and 10 tons of bees wax are produced annually. KVDA is the leading institution that promotes sustainable beekeeping and honey production in the region.

The region has potential for beehive production and the Authority has established a fully equipped wood workshop at Kabarnet town of Baringo County where modern beehives (Kenya Top Bar Hives and Langstroth) are produced for sale to farmers.

Achievements

- Processed 72 tons of KVDA pure acacia
- Produced 500 beehives from Kabarnet Wood workshop.
- 200 farmers trained



vii) **Progressed resource mobilization of Lower Turkwel Irrigation Project**

The Turkwel Gorge Project is situated in north-west of Kenya, about 630 km by road from Nairobi and 270 km from Eldoret. The project was conceived as a multi-purpose project including hydropower, utilize powerhouse releases for sugarcane irrigation in the downstream command area, water storage and supply for human and livestock consumption, environmental conservation, fisheries and tourist development. To date, a dam has been developed with a capacity of 1.6 billion m³ of water and currently produces 106MW of electricity that is fed into the national grid. The irrigation component has not been developed to-date.

The objective of this project are:-

- to develop irrigation infrastructure for 30,000 ha of land for sugarcane production,
- establish a sugarcane factory for value addition
- to develop land for food production to address issues of food security.

During the year, the following were achieved:-

- Rehabilitation of Dam infrastructure done
- Construction of Security sentry houses
- General maintenance of Dam
- Progressed resource mobilization for Lower Turkwel irrigation project

viii) Livestock & Pasture Seed Development

Livestock rearing is the main economic activity for the pastoral communities in the region which forms part of the northern Kenya rangelands. The area supplies over 85% of all meat consumed in the country. Over the years, livestock population has increased particularly in the counties of Baringo, Samburu, Elgeyo Marakwet and West Pokot and has put pressure on the available water and pasture resources.

Arising from the demand for improved breeds, the Authority established three livestock centres in Chemeron, Chesongoch and Nomotio where Galla goats and Sahiwal bulls are raised for cross breeding with local breeds.

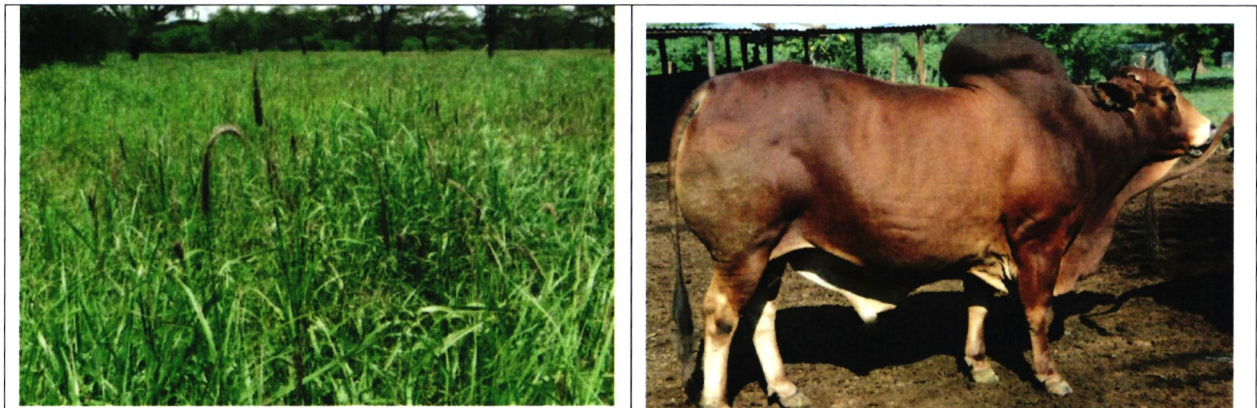
The main objectives of establishing the multiplication centres are to:-

- i) Improve animal breeds
- ii) Pasture seed production
- iii) Create wealth
- iv) Improve livelihoods

Achievements:-

During the year, the following were achieved:-

- Improvement of the Livestock multiplication centres established at Chemeron, Namotio and Chesongoch.
- 17 tons of seed grass were produced
- 70 No Galla goats raised in Chesongoch.
- 43 animals (15 mature cows, 8 heifers, 11 No. mature calves, 8 small calves and one Sahiwal bull) available at Namotio, Samburu.



ix) Renovated KVDA Nairobi Liaison Office.



x) **Constructed KVDA Samburu office**



Newly constructed Samburu Office

xi) **Conservation of Cherangany Watershed**

Cherangany watershed is one of the water towers identified by vision 2030 for conservation and protection due to its immense influence to the economy supporting agriculture, tourism, water and energy sectors. It is the main catchment for rivers flowing into L. Victoria and Lake Turkana basins. consists of a large area of forest blocks covering an area of some 120,000 ha. The gazetted forest reserve covers an area of 102,000 ha and the remaining being either private or Trust land forest. A large proportion of the forest cover is made up of indigenous tree species such as bamboo, podo and junipers. In addition, it hosts several faunal and floral Communities that are unique to the ecosystem.

Despite the importance of the watershed, it has not received strong and sustained focus towards conservation of the existing natural resources which are currently facing serious degradation. The main causes include:-

- Unwarranted human activities especially logging, have led to deforestation of more than a quarter of the area.
- Deforestation
- Encroachment (for human settlement)
- effects of global warming

Currently the Authority is spearheading conservation efforts through a targeted area approach with emphasis on greater stakeholder participation and community ownership to ensure a sustainable development of natural resources

KVDA's overall goal is to conserve, rehabilitate, and protect Cherangany watershed through integrated activities for sustainable natural resource development and socio-economic enhancement of the communities.

Specific Objectives

- To undertake restoration/afforestation of Kipkabus Forest within Cherangany Watershed for future generation. This is aimed at making significant contribution to the national target of 10 per cent tree cover.
- To promote agro-forestry activities for communities living adjacent to the forest aimed at supporting livelihood activities thereby making them self-reliant. Specific activities include planting of early maturing high value crops, beekeeping, livestock improvement etc. These are aimed at increasing household incomes as well as nutritional values for the locals.

Achievements realized during the year

- Planted bamboo seedlings on 13.5 acres of forest land
- established 4No. Tree nurseries
- provided over 20,000 tree seedlings to the local schools for environmental protection and conservation.
- Farm forestry /(woodlot) established



Planting of bamboo tree seedlings at Kipkabus Forest of Cherangany watershed.

Tana and Athi Rivers Development Authority (TARDA)

During the review period TARDA:

- i. Finalized the Strategic Plan for 2019 – 2023 but the launch of the strategic plan was not conducted due to the prevailing Covid-19 pandemic.
- ii. Repaired part of the rice mill and fenced the entire rice mill complex compound at the Tana Delta Irrigation Project.
- iii. Repaired three (3) breaches of the Western flood protection dyke, two (2km) service roads and two (2km) of Tana Delta Main Canal at Mitapani area. This helps in protecting the developed rice production farm and the estate compound against flooding.
- iv. Purchased two (2) new farm tractors in readiness to engage in land preparation for rice farming activities. Two (2) other tractors and one (1) service van were repaired.
- v. Constructed two (2) small holders irrigation projects in Muranga County namely Wairuri Mariki Samar and Gaitega Gaturi. Wairuri Mariki Samar is 100% complete and handed over to community. The community is now engaging in irrigation by use of small pumps thus earning livelihoods.

The second project namely; Gaitega Gaturi is 90% complete with the intake structure completed and the installation of 2.5km pipeline ongoing. The project completion schedule was affected by untimely release of funds, heavy rains over the year and effects of Covid 19. However, the project is ongoing and near completion.
- vi. Procured 1700 Kg of honey, processed and sold 580kg, worth Kshs.464,000 at Kiambere honey refinery.
- vii. Raised 602,718 assorted tree seedlings on 440.8 acres, distributed and planted 267,676 seedlings (Athi Basin – 255,676 & Tana Basin 12,000) to farmers and sold 93,000 seedlings.
- viii. Harvested a total of 16.626 tonnes of horticultural produce (Tomatoes – 15 tonnes, Kales- 1.1tonnes and Capsicum – 0.126tonnes) and produced 3,365 hay bales at the Kibwezi farm.

a) Tana Delta Irrigation Project (TDIP) Photos



Fenced and repaired part of the rice mill complex TDIP estate compound.



Repairs of the flood protection dyke section in at Mitapani breach at the preliminary stages



Damaged river brook at TDIP



Repaired river brook at TDIP



One of the new farm tractors being tested in readiness to engage in land preparation for rice farming activities.

b) Small Holder Irrigation Projects in Muranga County Photos



Handover ceremony of Wairuri, mariki Samar. Irrigation in practice drawing water from Mariki Samar small holder project



Gaitega Gatari Small Holder project water intake structure and pipeline installation works



Gaitega Gatari project-River diversion works during intake structure construction



Overview of the Sama Mariki project showing the reservoir, fence and irrigation pipeline

c) Conservation Photos

Tree seedling bed at Masinga



Seedling production at Machakos tree nursery



Tree planting ongoing at Tana region with communities



Coast Development Authority (CDA)

The Authority achieved the following during the period under review:

Wananchi Cottages and Conference Facility

- i. Business plan for the conference facility developed
- ii. Construction of one state of the art conference facility of 400pax capacity completed and construction of 43 accommodation rooms is near completion



Newly constructed conference facility at Kilifi



Construction of accommodation room in progress

Boji, Challa, Chakama and Vanga Small Holder Irrigation Project

1. Solarized borehole operational in Challa and Chakama
2. 260 farmers supported with farm inputs to carry out high value crop production
3. Establishment of irrigation infrastructure in 531 acres of land in Chakama and Challa undertaken.
4. Demonstration farm in operation



Farmers supplied with water pumps



Demonstration farm at Chakama



Solar Powered irrigation borehole at Chakama irrigation farm at Challa



Water borehole at Challa



Water kiosk – Challa

Integrated Fruit Processing Plant

- i. 118, 440 bottles of water availed to market from the Integrated Fruit Processing Plant
- ii. 5,218 kgs of mango pulp processed
- iii. 100 farmers training on Good Agricultural Practices



Mango processing in Hola plant



Water bottling at Hola plant

Mwache Catchment Management

- i. 130,210 trees planted and grown.
- ii. 32.1 km of terraces dug.



Tree planting and growing in Mwache



Terracing undertaken in Mwache



Ongoing terracing work at Mwache



Tree nursery in Mwache

Lake Basin Development Authority (LBDA)

- i. During the review period LBDA upscaled the LBDC Rice Mill leading to the purchase and processing of **690 tonnes** of paddy rice, and produced **1,330,363 fingerlings** under the Regional Demonstration and Technology Development Centres.
- ii. For the implementation of Solar irrigation project, the Authority has drilled and equipped 6 boreholes (2 boreholes each site), installed solar panels (90 panels) at each site and installed sprinklers for irrigating about 60 acres of land in Alupe, Muhoroni and Lichota Solar irrigation project sites
- iii. LBDA has constructed Phase I of Nyakoe Market to 100% completion and is awaiting commissioning. The project will spa trade in Kisii county and in extension to Nyanza region due to its location and accessibility.
- iv. Further, the Authority implemented 8 integrated water and food development projects in eight different locations namely;
 - a) St. Brigitta Girls School in Mosop constituency (0.5%)
 - b) Seretut primary and secondary in Belgut constituency (1.5%)
 - c) Bishop Crowley Lukesi secondary school in Saboti constituency (0.5%)
 - d) Ideleri primary and secondary in Vihiga constituency (0.5%)
 - e) Boronyi DEB primary and secondary in NyaribariChache constituency (11.5%)
 - f) Katanga primary school in Kasipul constituency (0.5%)
 - g) Wikoteng' primary and secondary schools in Rangwe constituency (1.5%)
 - h) Oriwo SDA in Karachuonyo constituency (1.5%)

The projects included drilling and equipping boreholes, installation of solar panels and construction of



water collection points.



Land preparation for crop production is ongoing at Alupe Integrated Technology Transfer Centre

Farm houses, steel tower for elevated water tank and solar power fabrications and installations at Alupe Integrated Technology Transfer Centre



Solar array installation and mounting at Lichota Integrated Technology Transfer Centre



Chain-link fencing and farm house construction at Lichota Integrated Technology Transfer Centre

Ewaso Ng'iro North Development Authority (ENNDA)

During the review period, ENNDA achieved the following:

- i. Modification of factory building



- ii. Construction of factory warehouse and sorting yard



iii. Construction of boiler house



iv. Construction of ethanol/hexane house



- v. Purchased and processed 2 tons of gums for testing



LAPSSET Corridor Development Authority (LCDA)

During the Financial Year 2020/21, the LAPSSET Corridor Development Authority was able to achieve the following milestones towards the development of the LAPSSET Corridor Program:

- i. Coordinate the construction and operationalization of the 1st Berth of the Port of Lamu. This was commemorated through an official operationalization ceremony on the 20th of May by H.E. President Uhuru Kenyatta whereby two ships were able to call the port and offload goods. Port operations are off to a good start, with Kenya Ports Authority (KPA) continuing to increase ship calls each month.
- ii. Completion and Gazettement of a Preliminary Master Plan and Investment Framework for Lamu Port City. This framework provides a guide towards integrated implementation of LAPSSET Projects in Lamu which plays host to several components of the Program. In addition, the framework provides a high-level zoning plan that identifies areas for development on the hinterland adjacent to the Port.
- iii. Completion and Gazettement of an Integrated Transport Infrastructure Master Plan for Lamu Port City. Building on the Preliminary Master Plan and Investment Framework, The Master plan entails Provision for Integrated road and rail networks interlinking the LAPSSET Corridor project components in Lamu, as well as providing a clear plan for development of transport modals within Lamu Port City. The plan ensures that both heavy commercial traffic from the port as well as traffic resulting from the influx of people into Lamu Port City and sufficient and complementary to each other. The designs will ensure adequate provision for Non-motorized transport, pedestrians, and vehicles from the onset ensuring that movement within the city is optimal.
- iv. Develop a Framework for the joint coordination and development of the trans-boundary components (Roads, Rail, Pipelines, Power lines and Communication) was developed within the financial year and signed in June 2021 with the LAPSSET Member states of Ethiopia and South Sudan.
- v. Coordinate the acquisition of the Land for the LAPSSET Corridor, which is being done collectively for all project components, the Authority has so far Gazetted all the land set for acquisition. In addition, Inspection, Preliminary Valuation and Surveying Done in Lamu, Garissa, Meru, Isiolo and Samburu Counties.
- vi. Coordinate construction of the roads under the LAPSSET Corridor program, the Port Access road (10 KM) and Lamu-Witu-Garsen Road (114 KM) were completed within the Financial Year. In addition, the Lamu-Garissa road section has commenced construction which is a major milestone given that it is part of the main LAPSSET Corridor route. Significant progress has also been seen on the Lokichar to Nakodok section of the corridor.





4.0 CHALLENGES FACING THE MINISTRY

4.1 State Department for EAC

- i. Delay in ratification of protocols such as the Protocol on Sanitary and Phytosanitary. This hinders implementation of key interventions. Only Kenya, Uganda and Rwanda have ratified the Protocol;
- ii. Decision making process at the regional level is by consensus. This implies that incase one Partner State disagrees with a decision; nothing progresses until there is consensus; and
- iii. Financial challenges at regional level which hamper implementation of regional activities as per the EAC Annual Calendar of Activities.

4.2 State Department for Regional and Northern Corridor Development

- i. Frequent movement of the Directorate on government reorganization;
- ii. Slow pace of reviewing the Regional Development Authorities policy and bills;
- iii. Inadequate staffing;
 - i. Align the regional Development Authorities towards implementation of programmes/projects under the 'Big Four' initiatives;
 - ii. Regional geopolitics has adversely affected the implementation of the Petroleum Oil Pipelines and other NCIP infrastructure projects;
 - iii. The construction of the SGR continues to present challenges of land acquisition and funding in Kenya while in Uganda the project financing is a major bottleneck;
 - iv. The East African Tourism Visa (EATV) stickers' sales continue to experience the challenge of accountability due to poor record keeping at points of sale and uncoordinated purchases of stickers by Partner States. This makes it difficult to reconcile the sales and revenue sharing among the Partner States;
 - v. Delay in enacting of the proposed amendment of land laws in Kenya to fast track land acquisition for NCIP;
 - vi. Delayed submission of geo-spatial data by Ministries in charge of infrastructure projects leading to inefficient coordination of implementation of the NCIP by the lands cluster;
 - vii. Incompatible Partner States National Laws that hinders the finalization of several agreements and MOUs in the Peace and Security Cluster;
 - viii. The NCIP office faces challenge of inadequate funding for project monitoring and evaluation; and
 - ix. Lack of a policy framework to guide the funding and operationalization of the NCIP Regional Centres of Excellence.
 - x. Delayed receipt of development funds hence delay in implementation of some of the projects.
 - xi. High levels of insecurity in some of the areas where projects are being implemented

State Department for EAC

Recurrent Expenditure by Economic Classification

Economic Classification	Approved Budget FY 2020/21	Expenditure FY 2020/21	Absorption Rate
2100000 Personal Emoluments	243,190,000.00	240,683,456.15	99%
2210300 Domestic Travel	35,852,285.00	35,696,223.50	98.50%
2210400 Foreign Travel	47,846,822.00	46,092,909.00	96%
2210500 Printing and Advertising	5,162,689.00	3,453,485.05	67%
2210600 Rentals and Rates - Non-Residential	99,426,293.00	97,621,929.30	98%
2210700 Training	1,637,603.00	1,581,088.00	97%
2210800 Hospitality	14,562,809.00	14,132,954.00	97%
2220100 Maintenance Expenses-Motor Vehicles	4,304,118.00	3,908,731.20	91%
2220200 Maintenance Expenses-Other Assets	463,738.00	462,466.15	99.70%
2211100 General Office Supplies	6,588,745.00	6,480,223.10	98%
2211200 Fuel and Lubricants	7,146,396.00	6,669,007.00	93%
2211305 Contracted Guards & Cleaning Services	7,817,873.00	6,821,427.25	87.30%
2211310 Contracted Professional services	2,422,136.00	2,391,042.15	99%
2211306 Membership Fees and Subscriptions	349,889.00	349,400.00	99.90%
2210200 Communications, supplies and services	4,670,976.00	4,580,042.35	98%
2211000 Specialized Materials and Supplies	741,356.00	348,987.00	47.10%
2600000 Grants	7,736,230.00	7,736,230.00	100%
2700000 Social Benefits	4,702,359.00	4,702,359.00	100%
3110700 Purchase of Vehicles and Other Transport Equipment	14,500,000.00	14,500,000.00	100%
3111000 Purchase of Office Furniture and General Equipment	118,358.00	23,000.00	19.40%
3111400 Research, Feasibility Studies, Project Preparation and Design, Project Supervision	2,084,844.00	2,083,949.60	99.95%
TOTAL	511,325,519.00	500,318,909.80	97.85%

State Department for Regional and Northern Corridor Development

Recurrent Expenditure by Economic Classification

Economic Classification	FY 2020/21 BUDGET		Absorption Rate %
	Approved	Expenditure	
2100000 Personal Emoluments	101,289,997	93,922,119.70	92.7%
2210300 Domestic Travel	7,778,388	7,777,920	100.0%
2210400 Foreign Travel	881,491	873,050	99.0%
2210500 Printing and Advertising	388,301	373,177	96.1%
2210700 Training	1,865,893	1,832,280	98.2%
2210800 Hospitality	7,762,103	7,761,196	100.0%
2220100 Maintenance Expenses-Motor Vehicles	1,788,953	1,753,399.20	98.0%
2220200 Maintenance Expenses-Other Assets	459,170	457,476	99.6%
2211100 General Office Supplies	2,206,224	2,204,463	99.9%
2211200 Fuel and Lubricants	1,737,016	1,736,614.65	100.0%
2710101 Gratuity to civil servants	10,247,397	10,247,397	100.0%
2211306 Membership Fees and Subscriptions	300,000	299,292	99.8%
2210200 Communications, supplies and services	977,636	961,615	98.4%
2210100 Utilities, Supplies and services	500,000	500,000	100.0%
2211000 Specialized Materials and Supplies	443,515	441,887	99.6%
3111000 Purchase of office furniture & equip	873,211	732,946	83.9%
Totals	139,499,295	131,874,833	94.53%

Development Expenditure

Economic item and Title	Approved Budget FY 2020/21 (Kshs)	Cumulative Expenditure	Absorption Rate %
2600000 Grants & Transfer to other Govt Agencies	1,071,899,900	1,071,899,900	100
AIA	186,000,000	10,691,552	5.7
TOTAL	1,257,899,900	1,082,591,452	86.1

Remarks

- The overall budget performance of 86.1% was attributed to low absorption of the donor funds allocated to Wei Wei irrigation Project Kshs.126M and Kshs.60M allocated to LAPSET for transaction advisory services.
- Expenditure on Donor funds was based in the actual certificates of works issued by the contractors.