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By the leader of the Majority, the Hon. Aden Duale, MP on Thursday, 6/4/2017

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EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY

REPORT OF THE COMMITTEE ON COMMUNICATION, TRADE AND INVESTMENTS ON THE OVERSIGHT OF RAILWAY INFRASTRUCTURE DEVELOPMENT IN EAST AFRICAN REGION

12TH – 15TH December, 2016, Nairobi - KENYA

Clerk's Chambers
3rd Floor, EALA Wing
EAC Headquarters' Building
Arusha, TANZANIA

January 2017

1.0 INTRODUCTION

The Committee on Communications, Trade and Investment held an oversight activity from 12th - 15th December 2016 in Nairobi, Kenya to assess the status of implementation of the Railway infrastructure development in East African Community. As provided for under Article 91 of the Treaty for the establishment of East African Community, the Partner States agreed to establish and maintain co-ordinated railway services that would efficiently connect the Partner states within the Community and, where necessary, to construct additional railway connections. It is against this background that the EALA Committee on Communications, Trade and Investment undertook the oversight activity to assess the status of the railway infrastructure development in the region.

1.1 OBJECTIVES OF THE OVERSIGHT ACTIVITY

The objectives of the workshop were to:

(a) Understand the status of the Railways Master plan in the EAC;

(b) Understand the status of EAC Specific Partner States' Railway Infrastructure development;

(c) Come up with recommendations.

1.2 METHODOLOGY

In carrying out this activity, the Committee employed various methods, which included the following:

(a) Tour and on spot assessment of the Standard Guage Railway (SGR) in Kenya;
(b) Received presentations from the Partner States on their respective status of railway infrastructure development ; and
(c) Held Plenary sessions for brainstorming, discussions, and clarifications about the EAC Financial Sector Integration matters.

2.0 SPECIFIC FINDINGS

2.1 EAC SECRETARIAT

The EAC Technical Expert/Adviser on Railways made a presentation at the meeting on the EAC Railway Master Plan as follows;

In April 2004, EAC Heads of State (HOS) directed that a Railways Master Plan be developed, and the directive was based on four Key issues:-

1. High transport cost adversely impacting economic growth, regional and international trade;
2. Low volumes and market share of railway mode;
3. Inadequate national and regional connectivity to support regional integration, spur trade and economic growth;
4. High renewal and maintenance cost of main roads due to overloading.

In July 12, 2007 EAC Secretariat engaged a Consultant to undertake EAC Railway Master Plan. The Master Plan has the following essential elements, which include;

i. examining the current state of facility, infrastructure or service;
ii. Identifying key issues such as vision which conceptualizes a long term desired state of transport system in terms of form: Utopia, World Class, best in industry/society;
iii. determining and quantifying the gap between current and desired;
iv. establishing strategic objectives, goals and desired outcomes;
v. developing substance, action plans, programs, activities required to achieve the form;
vi. estimating resource requirement and developing financing strategy and time frame;
vii. establishing monitoring and evaluation framework.

2.1.1 Objectives and Scope of Railway Master Plan (RMP)

The objective of study was to develop an EAC Railway Master Plan that would improve and/or develop railway transport in order to facilitate trade, enhance economic development and regional integration.

For the master plan to be implemented a number of activities were undertaken and these include; studies on Regional and Corridor business demand, a study High Level Option Analysis of hard infrastructure, and challenges, constraints and possible solution scenarios. A technical study was also carried out on existing network; gauge conversion, SGR and electrification, environmental, economic social impacts, indicative Cost estimates of Capital investment, Governance dimension in terms of Policy, legal, regulatory and institutional framework "soft infrastructure". The study further proposed recommendations on project packaging and financing strategy for implementing the Master Plan. This study was concluded in January 2009.

2.1.2 Key Findings of the Master Plan

i. It was found that in 1970's railways had 70-80% of freight market share due to poor road conditions and vibrant integrated regional railway system under East African Railways.
ii. Kenya Railway Corporation was best performing railway with max throughput of 4.5 min tons in 1981 then market share of 40% but started a steady decline.
iii. Low axle loads 12-18 tons which was caused by weak sub-structure and superstructure hence limited haulage capacity
iv. Poor horizontal track alignment due to the fact that construction was done 100 years ago leading to Low train speeds;
v. Obsolete signaling, communication and train control leading to low line capacity and system efficiency;
vi. Old and inadequate equipment due to lack of investment resulting to low freight volumes, high down time ;
vii. Poor infrastructure maintenance as a result of inadequate revenue, No government funding poor management and this led to low speeds, high accident rates;
viii. Overstaffing leading to high expenditure, low productivity, high tariff, less provision for capital investment;
ix. Run down infrastructure and poor railway services caused by No funding. Complete neglect of the railways by Governments, while concentrating on road, hence low train speed, frequent accidents, high repair costs, loss of market share, high tariff.

2.1.3 Vision for a Transformed Railway Sub-sector in East African Community

It was highlighted that the vision for transforming the railway sector in East Africa identified a number of key issues with respective strategic objectives as follows;

Key Issue 1: High cost of Transport making products expensive and international trade uncompetitive. The strategic objective is to reduce transport cost by improving economic efficiency.

Activities/Interventions

For this objective to be achieved, the following interventions need to be undertaken

1. Equitable allocation of public resources to competing or complementary transport modes by use of scientific or rational methods of resource allocation (economic, socio/political, environment, financial);
2. Improve quality of existing Infrastructure, Rolling Stock and management systems through downtime-Rehabilitation and maintenance;
3. Build/install modern infrastructure, systems through investing in modern technology, maintenance mechanization, cargo tracking and apply appropriate management tools.

4. Undertake Life Cycle Costing to determine the most cost effective option to finance, procure/develop, operate, maintain and dispose including externalities such as environment, climate change, health/accidents;
5. Reform transport and railway industry to create competitive business environment;
6. Establish smart corridors with quality infrastructure and logistic facilities to facilitate trade through simplification of transport procedures and reduction of border crossing/transit impediments;
7. Develop human resource capacity to enhance training of railway staff and capacity building.

Key Issue 2: Low freight volumes, reduced market share for railways, congestion and destruction of road. The strategic objective for this issue is to increase freight volume and market share and improve Business and Financial Performance of railways.

Activities and Interventions

The following interventions need to be undertaken in order to achieve the above objective;

1. Railways undertakers and Governments should develop framework for capital investment to improve condition of infrastructure and numbers and quality of equipment;
2. Restructure existing public railways or railway concessions within existing or amended legislative or contract agreement framework as may be necessary;
3. Upgrade existing railway mainlines into standard gauge (1435mm) on new right of way;
4. All new railway lines to be constructed in standard gauge (1435mm), with provision for future electrification when traffic level, power adequacy and reliability or environmental needs will justify;

Key Issue 3: Weak Business Regulatory Environment (BRE) in transport sector and railway subsector

The strategic objective is to develop/strengthen business regulatory, institutional and operating environment. For this objective to be achieved, the following activities need to be undertaken;

Activities and Interventions

1. Develop transport and cross-cutting policies on Public Private Partnerships; Procurement; competition by Partner States and corresponding EAC policies to deal

with regional issues; significant progress achieved by most Partner States.
2. Review existing or develop new railway laws and establish/strengthen railway institutions. Only Tanzania has enacted new law (2002), while Kenya has engaged consultant to assist in process.
3. Partner States to establish appropriate independent regulatory/authorities: safety, economic, competition as provided in respective laws;
4. Establish Railway Coordination unit/Agency at EAC Secretariat to provide Partner States with technical support and coordinate activities on cross border issues and this unit will:
   a. Develop EAC Railway legislation in respect of safety, interoperability, access management and non-discriminatory pricing in order to anchor and operationalize the provisions of the Treaty on cross border issues;
   b. Develop Regulations/ common rules/methods for EAC common railway market for safety management, licensing and authorization, qualification and certification for cross border freight and passenger services;
   c. Develop common technical standards for railway construction and maintenance, rolling stock, train signaling, communication operations, operator competences and qualifications, traffic management systems;
   d. Collaborate with Transport Corridor Agencies in order to improve the efficiency of transport corridors.

At Institutional level governance is assessed based on the quality of the institutions and covers external relations with its principals, stakeholders and public, and internal institutional structure, systems and processes.

The nature and quality of governance in a country can be a deal breaker and discourage not only private sector investors and investment banks but also multi and bilateral development partners;

Where infrastructure has been developed like Standard Gauge Railway in EAC, their macro-economic impact can be significantly reduced by governance failures;

Enabling business environment is at three levels that are interrelated and these include; country or national level, sector level and institutional level.

2.1.4 Challenges of weak Business Regulatory Environment (BRE) in transport sector and railway subsector

The following challenges were identified;

i. Non-existence or fragmented and uncoordinated sector policies;
ii. Overlaps in roles and responsibilities of public institutions or No separation

between institutions responsible for policy, regulation, implementation, operation and adjudication of disputes;

iii. Gaps in legislation or outdated sector specific statutes;

iv. "Stranded policies" either with no clear objective or not translated into legislative, regulatory or administrative instrument hence not enforceable;

v. Inadequate or inconsistent regulations against which to determine accountability;

vi. Lack of or weak enforcement mechanisms.

Key Issue 4: Unserved agricultural, commercial and industrial centers; prevalent social and economic inequality.

The strategic objective is to promote inclusive growth, enhance community welfare and regional integration and increase productive base of the economy.

Activities/Interventions

1. Undertake feasibility study on 21 potential new railway links identified and determine technical, economic and financial feasibility.
2. Improve connectivity by developing economically feasible links.
3. Prioritization of links was based on a weighted criteria covering;

   a. Number of countries linked;
   b. Connections to new countries;
   c. Bankability;
   d. Positive societal impact in terms of poverty reduction, inclusivity, equity;
   e. Trade corridor enhancement;
   f. Other efficiency gains.

4. The study also considered the transaction packaging in manner of institutional structure of the railway companies and found that the structure of the business has a profound impact on economic and financial viability. In this regard separation of infrastructure maintenance from train operations enhanced the bankability of a railway development.

2.1.5 REQUIRED STEPSACTIONS TO BE TAKEN

For the EAC Railway Master Plan to be implemented, the following actions should be undertaken;

(a) EAC Partner States need to provide strategic leadership, support and to champion;

(b) Development/Review of national policies and laws on railway, Public Private

Partnerships and competition by Partner States that have not done so. Tanzania has a new Railway law. Kenya has engaged consultant to assist in developing railway law;

(c) Development of regional policies, laws and regulations related to cross border railway operations and development of a common railway market including facilitation of stakeholder meetings and enactment of such laws and regulations to give effect and anchor the provisions of the EAC Treaty. This is a responsibility of the EAC Secretariat to support EAC common market;

(d) Competitive procurement of operators and establishment of infrastructure management agencies and regulatory institutions sector specific or multi-sectoral in the Partner States to ensure that the railway industry develops on a firm foundation in order to contributes to an efficient transport system. This is responsibility of Partner States;

(e) Follow on the establishment of railway fund to support develop of railways. Kenya and Tanzania have established railway development fund. Uganda, Rwanda, and Burundi have not yet established. Partner States need to consider extending usage of funds to fund maintenance and renewal. Also follow on establish EAC infrastructure fund to support project preparation, structuring and marketing projects as regional projects;

(f) Development of centers of excellence in railway capacity building (Human Resource), ICT and technology development (e.g. spare part manufacture;

(g) The establishment of a Railway section/Agency based at EACS to support, monitor and coordinate issue of development of a common railway market and driving the development of regulations, standards, specification for regional integration and safety monitoring;

2.2 BURUNDI

Under the EAC Railway Master Plan, Burundi is participating in two railway Projects, namely ; DAR ES SALAM-ISAKA- KIGALI/ KEZA – GITEGA – MUSONGATI, and UVINZA-MUSONGATI

It was observed that the Feasibility Study for the Isaka-Kigali/Keza-Musonagati Railway Project, was done in March 2009 including the Upgrade of the Dar es salaam - Isaka Railway Line.

DB-International (DBI) undertook a Phase I study that included a feasibility design and capital cost estimates for the Dar es Salaam-Isaka-Kigali/Keza-Musongati Railway line based on a standard gauge track and UIC (European) standards that focused primarily on the new line portion of the project and passenger services.

The preliminary field studies on the Dar es Salaam -Isaka line were also undertaken to determine the requirements for converting the existing meter gauge track to an AREMA-based (North American) standard gauge track and offered suggestions for reducing the estimated cost for the DB International designed a new line.

The study considered the project in the context of a broader, extensive expansion of east African railways and estimated costs at a conceptual level

1. DAR-ES-SALAAM-ISAKA-KIGALI/KEZA-GITEGA-MUSONGATI RAILWAY PROJECT

This Project received financial assistance from the African Development Bank, and the current study (Phase II of the Dar es Salaam – Isaka – Kigali / Keza – Musongati Railway Project) was awarded to Canarail and GIBB Africa by the Rwanda Transport Development Agency (RTDA) as the representative of the three governments to commence work in February, 2012.

It was further mentioned that technical guidance has been provided to the consultant by the Joint Technical Management Committee (JTMC) comprising of technical experts from the three countries.

The current study has two main objectives, which include the identify the optimal technical design for the railway and to recommend an institutional and financial structuring for the project

Phase II study consists of traffic forecasting, operations planning and preliminary engineering design work, environmental and social impact analysis, economic and financial analyses, definition of private sector participation (PPP), and a complete institutional analysis

i. Transaction advisory services for upgrading the Railway from Dar es salaam to Isaka and Construction of the Isaka-kigali/keza-musongati Railway (1673km) was awarded to CPCS Transcom International Ltd in association with AURECON (Global)- Africa, ITEC Engineering Ltd (Rwanda), Law Castles advocates (Tanzania) in August, 2014 ;

ii. Another Contract for currying out Phase II of the Transaction Advisory services for

Dar es salaam-isaka-Kigali/keza-musongati Railway Project and Dar es salaam-Isaka basic design was signed in August, 2016;

iii. Notification is being signed for allowing the consultant (CPCS, AURECON, ITEC Engineering, and Law Castles advocates) to start services.

2. UVINZA-MUSONGATI RAILWAY PROJECT

For this railway project, the following were mentioned:-

i. The Government of Burundi and Tanzania have agreed to construct a standard gauge railway line from Uvinza to Musongati;

ii. The railway line from Musongati will ease the exportation of Nickel from Musongati via Uvinza to join the Tanzania central line to the Port of Dar es Salaam as a gateway to the foreign markets in the world;

iii. The railway line will be mainly in Tanzania about 150Kms and makamba region 50Kms with total distance being about 200Kms built to preferably AREMA latest standard (inter-operability) mainly for freight (mining inputs/outputs, agricultural inputs/outputs, and other freights including passenger);

iv. The railway line will allow for the following maximum speed: 120 km/h for design train speed for passenger and /or 80 km/h for freight trains;

v. Further to the mining inputs and outputs, the line will link and give Burundi and neighboring DRC access to the port of Dar es Salaam and facilitate their imports and exports;

vi. The Consultant Gauff Ingenieure has been awarded to conduct the feasibility study and preliminary design of this line;

vii. Corridor Analysis Report is completed and presented in each Country;

viii. Scoping Report Competed and submitted to Countries;

ix. The traffic and market study report not yet submitted.

Burundi needs funds from the National Budget for paying the Consultants and following up the process of railway Projects. Burundi also needs capacity building for efficient technical monitoring during studies and construction of a railway line.

2.3 KENYA

The Kenya's status on the railway infrastructure development was presented as follows:-

Kenya is implementing the railway infrastructure as per the EAC Railway Master Plan whose objectives are:

1. Provide for efficient utilisation of EA Ports resources;
2. Contribute towards realisation of seamless rail transport facility in the region;
3. Realise efficiency and cost effectiveness in transportation;
4. Provide efficient platform for exchange of goods – particularly perishables;
5. Distribution of industries to the most effective production locations;
6. Environmental protection.

Kenya is constructing the Standard Gauge Railway (SGR) projects for Vision 2030, and these include;

1. Northern Corridor (Mombasa – Malaba SGR), which is phased as follows;

(a) Phase 1 = Mombasa – Nairobi
(b) Phase 2 = Nairobi – Malaba which is also sub phased as follows;
  i. Phase 2A = Nairobi – Naivasha County/Suswa
  ii. Phase 2B = Naivasha – Kisumu including developing the new high capacity Port at Kisumu
  iii. Phase 2C = Kisumu – Malaba (development to be synchronised with Malaba – Kampala SGR section)
(c) Jomo Kenyatta International Airport Commuter Rail Service;
(d) Lake Region Commuter Rail Service;
(e) Voi -Taveta branch line

There are other SGR projects that are under development in Kenya, and these are LAPSSET Railways, which include;

i. Lamu – Isiolo
ii. Isiolo – Nakodok (for connection to South Sudan)
iii. Isiolo – Moyale (for connection to Ethiopia)
iv. Isiolo – Nairobi
v. Lamu – Mariakani via Malindi, Kilifi and Mtwapa

Kenya Railways plans for rolling out SGR Master Plan as follows in the table below:

	Section	Stage	Commissioning
1.	Mombasa – Nairobi	Construction	01-06-16
2.	Nairobi – Naivasha	Mobilisation	31-12-19
3.	Naivasha – Kisumu – Kisumu Port – Malaba	Financing identification	30-06-20
4.	Lamu – Mombasa	Studies	30-07-19
5.	Lamu – Isiolo – Moyale	Studies	31-12-22
6.	Isiolo – Nakodok	Studies	31-12-25

NB. Completion of the Naivasha – Malaba section will be synchronised with the completion of Malaba – Kampala section.

Local content in Mombasa – Nairobi SGR projects

With regard to the use of local content, it was pegged at 40% of the Civil Works Contract whereby so far KShs. 81billion is spent locally on the following:

a. Supply of cement, sand, aggregates, transport equipment, earthmovers, hygiene and food items, general purpose steels, timber;
b. Small contracts such as drainage works, slopes protection, labour contracts;
c. Clearing and forwarding;
d. Insurances;
e. Transportation of special items from Mombasa to construction sites;
f. Security;
g. Electricity and water connection and supply.

2.3.1 Training and capacity building for Mombasa – Nairobi SGR operations

a. Kenya Railway plan: SGR will be operated by well trained and qualified locals
b. Kenya Railway intends to have trained at least 1,200 locals in the various railway operation skills by end of 2017.

c. Skills include:

i. Driving of trains
ii. Maintenance of the track, locomotives, rolling stock, electricity and water supply; signalling and communications;
iii. Operation of trains and other railway functions

d. Training are undertaken locally at Railway Training Institute and also in China;

Trainings undertaken in Kenya;

i. 107 students have completed classroom training and are in the field for hands-on experience; however, Chinese instructors locally supervise the training;
ii. A second class of 115 will complete classroom training in February 2017;
iii. A total of at least 1,200 students to be trained by end of 2017.

Trainings In China

i. Full scholarship being offered to Kenyan students to pursue 4 – 5 years railway related engineering degree courses in China (electrical, mechanical and civil);
ii. 25 students are at Beijing Jiatong University completing first semester this December of the 4-years engineering courses;
iii. 35 students are being recruited to join the University in February 2017;
iv. A total of 200 engineers to be trained graduated within the next eight (8) years.

The 13th Summit of the Northern Corridor Integrated Projects held in Kampala recognised the need to retain the engineering, procurement and construction (EPC) Contractor as the interim operator citing the following strengths:

i. Partner states will have adequate time to train locals to take over operations after Interim Period;
ii. EPC Contractor to manage in totality all the teething problems associated with a new project taking full advantage of the "defects liability period";
iii. There might be a challenge procuring and inducting a new operator causing delay to progressing the project to revenue generation stage;
iv. Lender prefers this model to protect loans repayment period.

i. Kenya Railways in the process of "procuring" CRBC (the EPC Contractor) as the Operator

2.3.2 Standard Gauge Railway Operations

i. Preferred operating model is "Management Contract" with well spelt out Key Performance Indicators (KPIs)
ii. Although passenger services are not expected to generate much revenue (and could in fact be loss making), they are the shop-window of operations and will attract strong KPIs to guarantee quality service delivery;
iii. There is currently debate on appropriate length of the "Interim Period" of operation by the EPC Contractor – the longer period (10 years) appears to be gaining mileage considering the length of time required for locals to acquire high technology skills; and length of time for locals to get familiar with SGR maintenance and operations facilities;
iv. Kenya Railways will maintain the "umbilical cord" relationship with the EPC Contractor even after taking over the operations to benefit from the well established and research supported railway support industries and technology in China.

Development of Phase 2A (Nairobi – Naivasha section)

The Nairobi-Naivasha section is part of the Mombasa - Kampala – Kigali – Juba SGR. This section is steeped with challenges and controversies relating to corridor identification through the city of Nairobi. This section should be fast tracked to serve proposed Industrial Parks planned for locations within Navaisha Sub County and Narok County specifically Mai Mahiu and Suswa.

Industrial Parks are strategically located within geothermal steam fields and electricity generation. Locations targeting industries requiring large quantities of cheap steam and quality electricity supply (such as leather and textiles)

Phase 2A route Description

The phase 2A route is described as follows:-

i. Starts from the West end of the Nairobi South Hub (end point of the Mombasa – Nairobi SGR);
ii. Turns south-westwards through the Nairobi National Park and west past Twala and Ongata Rongai Towns;
iii. Crosses Magadi Road next to the Adventists University and Ngong Road at Embulbul;
iv. Descends into Rift Valley through a tunnel located North-West of Ngong Hills;
v. Proceeds North-West to the proposed Industrial Parks at Mai Mahiu and Suswa
vi. Crosses B3 at Duka Moja;
vii. This is the most difficult section of the Mombasa – Malaba SGR

2.3.3 Mitigations for crossing Nairobi National Park

In order for SGR not to disrupt the operations of the National Park, the following mitigations were put in place:-

i. SGR crosses the park on a single line bridge spanning the total width of the Park (6.0 Km);
ii. Average height of the bridge above the ground = 18 metres – starting from 8 metres at the entrance into the Northern side of the Park and 41 metres at the exit Southern end of the Park;
iii. Bridge ensures the Park remains undivided;
iv. Clearance under the bridge considered adequate for smooth flow of Wildlife across the bridge and tourists traffic;
v. The bridge is similar to that applied across the Tsavo River where there is evidence wildlife have already got used to passing under the bridge;
vi. Bridge pillar foundations dug deep into the ground to reduce ground vibration during the operations;
vii. Noise deflectors installed on the bridge to reduce noise from passing trains;
viii. Bridge abutments to be outside the park to prevent human trespass and wildlife escaping;
ix. Bridge colour to be chosen for blending with the environment;
x. Bridge pillars to be at least 32 metres apart for unrestricted movement of wildlife in the Park. Bridge will be constructed in three (3) stages ensuring adequate space for wildlife and tourists traffic.

2.3.4 Emerging issues in Standard Gauge Railway development

1. The slow pace of railway development in East Africa due to financing capacity and lack of railway support industries. The railway projects are expensive with limited financing options; case for development easier to argue when supporting local industries;
2. The new railway development will be complementary to the roads transport industry;
3. EXIM Bank of China is financing the railway projects sustainably through EPC (turn-key) contract development, however benchmarking with similar railway projects is paramount;
4. The metre gauge railway needs rehabilitation for the country to benefit from extensive penetration and network of branch lines and sidings; the existing MGR specifications restrict its freight and passenger haulage capacity;
5. The proposed Phase 2A of the SGR is not "passing through" Nairobi National Park but it is "passing over" on a viaduct designed for:

i. Free passage of wildlife under the viaduct,
ii. Minimum interference with wildlife life during construction,
iii. Minimum noise during trains operations, and Minimum ground vibration.

2.4 TANZANIA

It was mentioned that Reli Assets Holding Company (RAHCO) and Tanzania – Zambia Railways Authority (TAZARA), manage Railway infrastructure in Tanzania. The railway infrastructure managed by TAZARA has a total length of 1,860km, which runs from Dar es Salaam in Tanzania to Kapiri - Mposhi in Zambia, while the total railway network managed by RAHCO is 2,707km, of which 2,127km (79%) is operational, namely:

i) Central Line from Dar Es Salaam to Kigoma via Tabora and Kaliua of 1,252km;

ii) Mwanza Line from Tabora to Mwanza via Isaka of 379km;

iii) Link-Line from Muruazi Junction to Ruvu Junction of 188km;

iv) Tanga-Korogwe Line of 98km;

v) Mpanda Line from Kaliua to Mpanda of 210km.

The United Republic of Tanzania has given priority to the Central Railway Line Network. The entire Central Railway Network planned for development to standard gauge is 2,561Km and the government of Tanzania has given priority to the following sections:

i. Dar es Salaam-Isaka-Mwanza (1,219Km),
ii. Tabora-Uvinza-Kigoma (411Km),
iii. Kaliua-Mpanda-Karema (321Km),
iv. Isaka-Rusumo (371Km),
v. Keza-Ruvubu (36Km); and
vi. Uvinza-Kalelema towards Musongati (203Km).

2.4.1 STATUS OF RAILWAY INFRASTRUCTURE

In Financial Year 2016/17, the Government of Tanzania has set aside funds to build a Standard Gauge Central Railway line, which will be parallel to the existing meter gauge. The new line will be built into phases; phase one will be from Dar es Salaam to Mwanza (1,219km) whereby the tender documents for design and build for section one of phase I (Dar Es Salaam – Morogoro, 202km) have been opened in this December, 2016.

The second Phase will be from Isaka – Keza – Rusumo – Ruvubu; third phase is from Tabora - Kigoma whereby detail design is still ongoing and last phase from Kaliua - Mpanda-Karema and Uvinza - Musongati whereby feasibility study and preliminary design is ongoing. All studies are expected to be complete before the end of financial year 2016/17.

Criteria for projects selection

The Identification of the projects was based on the East Africa Railway Master Plan and also on Article 89 of the Treaty for the establishment of East African Community, which focuses on:

i. Harmonization of standards and regulations;

ii. Integrate roads, railways, airports, ports, and pipelines programmes in their territories;

iii. Grant special treatment to land-locked Partner States;

iv. Provide security in the transport corridors for smooth movement of goods and persons.

2.4.2 RAILWAY PROJECTS IN TANZANIA

1. Northern or Tanga development corridor

This proposed standard gauge railway line will traverse northern Tanzania corridor from Tanga to Arusha (438km) on existing Right of Way (RoW) to replace the existing meter gauge and then extend in a green field to Musoma port in Lake Victoria (about 670km) with spurs to Engaruka soda ash mine and Minjingu phosphate mine, the total length is about 1,108 Km.

Detailed Design of Tanga to Arusha has been completed and feasibility study and preliminary design of Arusha to Musoma section is still ongoing and scheduled for completion in June 2017.

2. Southern or Mtwara development corridor

The Southern railways corridor is 1,000km, which will provide connectivity from Mtwara Port to Liganga Iron Ore fields located about 874km west of Mtwara Port.

In addition, the line will provide connectivity from Mtwara Port to Mchuchuma coalfields and construction will be of 120 pounds rails and concrete sleepers.

Feasibility study and preliminary design for construction of this railway line has been completed in February 2016, and it shows the project to be feasible.

2.4.3 Challenges

In a bid to implement the railway projects in Tanzania, the following challenges were identified;

a) Huge capital needed on investment of railway infrastructure;

b) Coping with new technological advancements in the railway industry;

c) Old and aged railway infrastructure.

2.5 UGANDA

With regard to status of railway development in Uganda, It was mentioned that the Government of Uganda is fast tracking the development of Standard Gauge Railway (SGR) in order to significantly contribute to transforming the country to middle income status. The SGR project is being implemented as a regional project with Uganda's NCIP partner states of Kenya, Rwanda and South Sudan, and a total of 1,724Km will be constructed countywide in phases. The SGR will be a modern, efficient, reliable and affordable railway system in Uganda

2.5.1 SGR Implementation Progress

It was mentioned that the development of the SGR will be phased starting with the Eastern Route and the construction is scheduled to commence early 2017.

Progress on Eastern Route

The engineering, procurement and construction (EPC) /Turkey contract signed with M/s China Harbour Engineering Co. Ltd. (CHEC) for development of the Eastern and Northern routes in March 2015. The Addendum to the EPC/Turnkey contract to prioritize Eastern Route ahead of the Northern Route signed whereby the feasibility study is complete and preliminary design ongoing.

The financing application was made to China EXIM bank in December 2015 and the financing negotiations are in advanced stages including land acquisition of 273.44km by 60m for development, which is substantially complete. Seismic and Mineralogy studies were completed and electricity connection plan from 132kV transmission lines to the traction substations have been prepared.

The Government of Uganda and CHEC Ltd signed an Operation and Management Memorandum of Understanding (MoU) in addition to a bilateral agreement on Operations that was signed between Uganda and Kenya.

The process of harmonizing the SGR project with other infrastructure in Uganda continues, to enhance project viability, environmental analysis in terms of TOD (total oxygen demand) and COD (chemical oxygen demand) have been mainstreamed including) Railway industrial parks, Inland Container Depots and Grain silos

It was further highlighted that the development of common policy, legal and institutional framework across four Northern Corridor Infrastructure Projects (NCIP) Partner States is ongoing and it is spearheaded by Kenya. In addition, the local content for construction inputs was mainstreamed with 40% target and the capacity development plan has already been prepared.

PROGRESS ON OTHER ROUTES

Northern Route. This is Tororo-Gulu-Nimule/Gulu-Pakwach-Vurra route with total route distance of 762Km, and it is part of the CHEC EPC/Turnkey contract. A bankable feasibility study by CHEC is already completed and the addendum to bankable feasibility Study for Pachwach-Vurra section is also being discussed as directed by the NCIP Summit. The environmental and social impact assessment (ESIA) for this project is also completed.

Western and South Western Routes

These routes are Kampala-Kasese-Mpondwe-Hima, Bihanga-Mirama Hills and Muko with total route distance of 660Km. The MOU for EPC/Turnkey development was signed in June 2015 with CCECC of China and the Bankable Feasibility Study by CCECC was completed including the Environmental and Social Impact Assessment (ESIA).

Existing Uganda Meter Gauge Railway (MGR)

With regard to the MGR, the concession to rift valley railway (RVR) was done in 2006 for 25 years Jointly by Uganda and Kenya, and the concession involved handing over (conceding) to RVR most Uganda Railway Corporation (URC) core assets. The whole network was concessioned but only 338km (27%) was taken over by RVR for operations at commencement

Expectations from RVR Concession

The following were expectations from the concession to RVR:-

i. Increased rail freight market share;
ii. Attract private capital and expertise necessary to improve operational efficiency and quality of service;
iii. Reduction in freight transport cost;
iv. Reduction in congestion on the roads and emissions;
v. Reduced Government financial support to railway sub-sector;
vi. Generation of additional Government revenues through concession fees and taxes.

Performance of the concession

Despite the above expectations from the concession to RVR, unfortunately by 2010, RVR had breached most of key concessionaire obligations, and the concession was restructured in August 2010 to avert collapse. To date, the concession performance remains unsatisfactory in spite of restructuring and the Government of Uganda has already served RVR with notices of default.

Future Plans (Northern MGR line)

The following are future plans for the Northern Metre Gauge Railway line:

i. European Union has agreed to partially fund upgrading/rehabilitation of northern line from Tororo to Gulu (373km);
ii. Budget USD 30m (EU to provide USD 22.5m);
iii. Scope of work includes stone ballasting plus essential repairs to earthworks, bridges, culverts, and station loops;
iv. Construction to take two years: operations to commence in 2020;
v. The Feasibility study is completed; and
vi. Detailed design, tender documentation, cost estimation, Environmental and Social Impact Assessment, implementation plan and methodology are expected to commence soon.

3.0 GENERAL FINDINGS AND OBSERVATIONS

1. it was observed that there is slow pace of railway development in East Africa due to lack of financing capacity and lack of railway support industries. The railway projects are expensive with limited financing options;
2. it was observed that there is no information sharing about the Standard Gauge Railway especially on the timelines by Partner States;
3. It was clearly observed that the construction of the Standard Gauge Railway among EAC Partner States is at different levels. Whereas some Partner States are in advanced stages, others are still lagging behind;
4. it was observed that there is minimal collaboration between the regional railway projects on the Central and Northern Corridors;
5. It was observed that there are limited skills and expertise in the railway infrastructure development in the East African Region;
6. It was highlighted that the existing metre gauge railways in Partner States are rundown and out-dated.

4.0 RECOMMENDATIONS

1. The Committee recommends Partner States to set aside annual budgets to sustainably fund the implementation of railway projects in the region;
2. The Committee recommends that the East African Community should create an EAC infrastructure fund;
3. Partner States should continue with rehabilitation of the existing railway networks to complement new ones;
4. The Committee recommends to Partner States that the Railway projects on the central and northern corridors should be complementary to each other in terms sharing information, skills and expertise since they are all EAC regional projects;
5. The Committee recommends that training schools for railway technology should be established and improve on the already existing ones in the EAC to enhance the skills and expertise in the region;
6. The Committee recommends that Partner States should rehabilitate the existing metre gauge railways to enhance and improve extensive railway penetration and network.

MEMBERS OF THE COMMITTEE ON COMMUNICATION, TRADE AND INVESTMENT

Report on Oversight of Railway Infrastructure in the EAC,

12^{th} – 15^{th} December 2016 – Nairobi, Kenya

	NAME:		SIGNATURE
1)	Hon. Fred Mbidde Mukasa	-	
2)	Hon. Abdullah Mwinyi	-	....
3)	Hon. Angela Charles Kizigha	-	....
4)	Hon. Bernard Mulengani	-	....
5)	Hon. Dr. James Ndahiro	-	
6)	Hon. Dr. Nderakindo P. Kessy	-	Ndere Kessy
7)	Hon. Emerence Bucumi	-	
8)	Hon. Frederic Ngenzebuhoro	-	
9)	Hon. Joseph Ombasa Kiangoi	-	....
10)	Hon. Nancy Abisai	-	
11)	Hon. Nusura Tiperu	-	....
12)	Hon. Patricia Hajabakiga	-	
13)	Hon. Sara T. Bonaya	-	
14)	Hon. Straton Ndikuryayo	-	
15)	Hon. Yves Nsabimana	-	....

EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY

REPORT OF THE EALA COMMITTEE ON REGIONAL AFFAIRS AND CONFLICT RESOLUTION ON: THE PUBLIC HEARING ON THE PASTORAL COMMUNITIES OF LONGIDO IN TANZANIA AND KAJIADO IN KENYA ON THE IMPLEMENTATION OF THE EAC COMMON MARKET PROTOCOL PROJECTS

February 19th - 22nd, 2017

Clerk's Chambers
3rd Floor, EALA Wing
EAC Headquarters
Arusha, TANZANIA

January 2017

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INTRODUCTION

1. Pastoralism[1] is a viable livelihood for a considerable population of East Africans, for over a century now. However, pastoralists have suffered prejudicial treatment reinforced by discriminatory laws and state policies. Developmental interventions in pastoral areas have been characterized by ignorance about pastoralists and the pastoral system. Many developmental projects have failed in pastoral areas because of stereotypical views held by those in authority (development agencies, NGOs and CSOs). The above history explains why pastoral areas today are characterized by poverty, lack of economic opportunities, conflicts, low education and poor infrastructure.

2. The Committee on Regional Affairs and Conflict Resolution (RACR) is mandated according to Rule 81, Annex 5 (E) of the EALA Rules of Procedure (2015), among others, to review legislation and oversee Chapter 17 of the Treaty for the Establishment of the East African Community (EAC) with regard to the implementation of regional programmes on movement of persons, labour, services and rights of establishment and residence.

JUSTIFICATION

3. It is on the above strength that the East African Legislative Assembly's (EALA's) Committee on Regional Affairs and Conflict resolution (RACR) undertook from February 19th to 22nd, 2017 Public Hearings on the Pastoral Communities of Longido in Tanzania and Kajiado in Kenya in the context of the Common Market Protocol which was ratified by the Heads of the EAC Partner States in November 30, 2009 and entered into force in July 1, 2010. The assessment was a follow up of the fact-finding mission earlier conducted by the Committee on Pastoral Communities of Kapenguria and Kacheliba in Kenya and Nakapiripirit in North Eastern Uganda, in May 2012.

OBJECTIVES

4. In line with the Common Market Protocol (CMP), the Committee: -

   (i) Examined the free movement of persons in the pastoral communities;
   (ii) Sought to understand the level of Security among pastoral communities;
   (iii) Identified the challenges faced by pastoralists in the context of the Common Market Protocol; and
   (iv) Sought to address the problems of pastoralists from a regional perspective.

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[1] Pastoralism in its definition has an element of mobility which has to do with movement of herds of domestic animals in search of fresh pasture and water. It is vital to note that pastoralism is a successful strategy to support a population on less productive land and adapts well to environment. One of the survival tactics pastoralists use is gathering the animals when the rain water is plenty and pasture is rich and then scattering them during the dry season. From the above explanation, it is very clear that there is freedom of movement among pastoralists. However, the fact that they agree where to grace at what time clearly indicates that there are rules which govern the movements.

EXPECTED OUTPUTS

5. The expected outputs of this exercise were as follows:

(i) Extent of free movement of persons in pastoral communities assessed;
(ii) Pastoralism as viable livelihood understood and the EALA Members lobbied to appreciate pastoral issues with a view of enacting laws that are sensitive to pastoral needs;
(iii) Challenges facing pastoralists understood and mechanisms to address them sought; and
(iv) Report produced and submitted to the House for consideration and approval.

METHODOLOGY

6. In carrying out its mandate, the Committee employed various methods, which included the following:

(a) Review of literature on the Common Market Protocol;

(b) Review of media reports including radio, print and electronic as well as written memoranda;

(c) meetings and interactions with various stakeholders at the two pastoral boarder communities of Longido, Tanzania and Kajiado, Kenya; and

(d) field visits to the two Partner States' selected pastoral border communities.

Findings at the Pastoral Border Communities visited:

7. During the two-day public hearings, the Committee observed the following general and specific challenges, concerns, fears and or emerging issues with regard to extent of the provisions on free movements of labour, persons, goods and services as well as on the provisions on the right of establishment and residence. It must be noted that these provisions, though they are separate, are all inter-connected and they form the overarching framework of the legal provisions that affect the implementation of the Common Market Protocol:

General Findings:

8. The Committee noted on both pastoral border communities overwhelming support of the integration process but call for their concerns to be addressed;

9. The two cross border pastoral communities of Longido, Tanzania and Kajiado, Kenya are interrelated by blood and inter-marriages between the Masaai communities of the two EAC Partner States;

10. The Maasai speaking peoples that transcends the Tanzania and Kenya borders share a cosmology and history that predates colonial experience. One of the negative impact of imperative of the Berlin Conference was to interfere and interrupt the family and cultural ties of the Maasai that occupy the Longido and Kajiado plains. This is the historical context under which the Committee on Regional Affairs and Conflict Resolution made an oversight visit to the Maasai communities living at both sides of the Namanga boarder between the United Republic of Tanzania and the Republic of Kenya;

11. Historical land claims arising from this history has continued to colour the relation of the communities on both side of the border with neighboring communities as well as with governments' and government agencies in both Tanzania and Kenya;

12. It was apparent that the majority of the people didn't have adequate knowledge on the operations of the EAC Common Market Protocol. Their main concern was the non-removal of barriers (tariff and non-tariff) at customs and along the borders;

13. Majority of stakeholders' discussions centred largely around challenges in cross border livestock marketing and trade, market information, disease control policies and strategies, marketing infrastructure, livestock movement and stock routes, and requirements for delivering slaughter stock to both Tanzania and Kenya Market Centres;

14. Stakeholders identified key issues that constitute impediments to cross border livestock marketing. They include: illegal cross border livestock movement, whether for trade, grazing or translocation; cumbersome and costly procedures for obtaining livestock import and movement permits; lack of harmonization of export / import regulations and other protocols; inadequate linking of both Tanzania and Kenya Market Centres and other markets to producers and traders; insufficient policy and legislation support; poor enforcement of disease control regulations; inadequate and poor marketing infrastructure and limited market information access;

15. Concerns were raised about differences in the land tenure systems between Tanzania and Kenya and loss of land due to free movement and right of establishment within the two countries. The fear of loss of land arises out of varied population densities between Tanzania and Kenya which continue to disadvantage some sections of the population. Similarly, the two Partner States have different land policies and laws, and land management systems, modeled against the traditional and colonial systems at independence. The land tenure systems, range from customary law, statutory land law offering various forms of ownership such as communal, freehold and fixed term leasehold or right of occupancy;

16. Stakeholders from both pastoral border communities were concerned about the increased rate of school drop outs in Longido, Tanzanian side who are engaged in child labour activities in Kajiado, the Kenyan side at the expense of their education;

17. The Committee noted that most of the challenges pastoral border communities raised are not anchored in the Partner States policies;

18. The shared environment and ecosystem covering part of the Arusha Region and the Kajiado County which is home of the Community under review have various challenges including complications arising from environmental degradation, tensions arising from different policies on land, environment, tourism, pastoralism, agriculture, different production systems including support systems such as extension services and so on;

19. Given that this geographical region also covers several game parks and other wild animal sanctuaries concerns were raised on poaching, illegal trade in wild animals' products as well as human and wildlife conflict.

Specific Findings at Longido, Tanzania Pastoral Border Community, *Monday February 20th, 2017*:

20. Poor communication between Longido and the Ministry of Foreign Affairs and East African Community Cooperation in Dar es Salaam was noted as Longido received a letter from the Ministry to notify them of the Committee Member's visit on Monday morning February 20th, 2017;

21. It was obvious that the majority of stakeholders on the Tanzania side lacked sufficient knowledge on the operations of the EAC Common Market. Most of them thought of an existence of a big market under one roof where people meet for trading purposes;

22. Stakeholders at Longido in the Tanzanian side expressed concern about the issue of special passage fee charged per head of cattle transiting on private parcels of land and or boreholes while taking them to market at the Kaijado County on the Kenyan side;

23. It was observed that the majority of the pastoral border community lacked sufficient knowledge on the laws and regulations guiding the EAC Common Market Protocol. They think it's a free zone and their main concern is non-removal of barriers (tariff and non-tariff) at customs borders contrary to what they thought the Common Market sought to eliminate;

24. It was reported that many school going children drop out of school to go to the Kenyan side where there are more employment opportunities than the Tanzania side;

25. Stakeholders appreciated the Government of the United Republic of Tanzania for opening an Immigration Office at Longido for issuance of temporary travel documents hence easifying free movement at the border;

Specific Findings at Kajiado, Kenya Pastoral Border Community, *Tuesday February 21st, 2017*

26. Stakeholders expressed with concern increased cases of donkey theft since the introduction of two slaughterhouses in the Rift Valley last year. Stakeholders are thinking of closing the private abattoirs, saying their continued existence will wipe out donkeys. In Kajiado County alone, hundreds of donkeys have been stolen in the past year, leaving owners to wallow in poverty as they rely on their animals for a living. What shocks stakeholders most is that the thieves are not interested with the meat, they are after the skin, liver and genetalia parts of the animal only;

27. Stakeholders on the Kenyan side expressed concern about the issue of fees and levies charged by allegedly the local authorities for pasture and water on the Tanzania side;

28. Stakeholders and pastoral communities on the Kenyan side lamented about the challenges encountered, including high population growth rates, encroachment of crop farming on grazing lands, restricted mobility due to sedentarisation of settlements, privatization of rangelands and resultant land grabbing, insecure land tenure, and environmental degradation. Other challenges include conflicts (violent/arms), climate change and variability, unsound development and trade policies biased in favour of crops, and cheap cows and or beef from Tanzania leading to distortion of prices, ineffectiveness of pastoral traditional risk management strategies, increased food insecurity and poverty levels among pastoralists;

29. Stakeholders on the Kenyan side expressed concern about the barriers they encounter when transiting their livestock and goods to Tanzania including being subjected to unofficial multiple fees and levies.

RECOMMENDATIONS

30. There is need to conduct as many joint meetings among pastoral border communities as possible to sensitize and enhance their understanding about the EAC integration;

31. There is need for EAC to work closely with cross border pastoral communities to ensure proactive measures are employed in responding to conflict such as providing rapid response, investigation and dispute resolution at community level;

32. Effective operationalization of One Stop Border Post (OSBP) will ease trade in both Namanga in Longido, Tanzania and Kajiado, Kenya borders. The Namanga OSBP did not make provisions for livestock trade and still restricts trade in livestock.

33. There is an urgent need for EAC Partner States to balance security of tenure on one hand and land as an asset/resource for economic development of the cross border pastoral communities;

34. There is need to rationalize/decentralize issuance of import/export permits so that they can be obtained locally in the district, region or County where the animals are originating from;

35. Need for creation of common border livestock markets and inspection points;

36. Call for empowerment of market players through capacity building, better market information access, formation of advocacy groups/associations and linking them to markets;

37. More education and awareness creation on the importance of observing disease control regulations on both sides of the pastoral border communities;

38. Improvement of marketing infrastructure such as stock routes, holding grounds, roads and communication;

39. Dialogue with policy makers and other relevant stakeholders should be pursued with a view to enhancing legal and policy support for cross border regional livestock marketing and trade;

40. There is a need for pastoral border communities to become more involved at the level of local governments and provide them with information and training about pastoralist livelihood systems in order for local government institutions to understand and value what pastoralists are doing. This includes documenting how the pastoral management system and practices, which have traditionally been able to cope with and adapt to changing climatic conditions are now threatened by the fragmentation of rangelands, which has reduced the mobility of pastoralists and their access to natural resources.

41. Rights of children particularly relating to education and child-labor will have to be addressed on both sides of the border. Child departments or agencies in both Tanzania and Kenya may need to develop harmonized and coordinated approaches to safeguard the rights of children and ensure children amongst pastoralist communities at this border and neighboring regions attend school and their rights are respected. Special attention need to be directed to addressing the problem of children crossing the border as "hired herders". The Committee received concerns on both sides of the border that children from Tanzania are especially vulnerable to this illegal and exploitative phenomenal;

ACKNOWLEDGEMENTS:

42. Finally, the Committee would like to thank the following personalities and institutions for having facilitated the on spot assessment to all EAC Partner States:

(a) The Rt. Hon. Speaker EALA for facilitating and making sure that the Committee got the funding on time to enable it carry out its oversight functions effectively in all the five EAC Partner States;

(b) The Ministries of the EAC Affairs in all the Partner States for the coordination, warm reception, hospitality and courtesies extended to the Committee throughout the exercise, in all the selected border posts;

(c) Various stakeholders in the border posts visited for turning up in large numbers to share with the Committee the challenges in implementing the Common Market Protocol on the ground; and

(d) The Office of the Clerk for ensuring that all logistics were in order prior to the on spot assessments to the respective EAC Member States.

List of Regional Affairs and Conflict Resolution Committee Members:

PUBLIC HEARINGS OF PASTORAL BORDER COMMUNITIES OF LONGIDO, TANZANIA AND KAIJADO, KENYA ON THE IMPLEMENTATION OF THE COMMON MARKET PROTOCOL: 19TH – 22ND FEBRUARY 2017.

NAME		SIGNATURE
1) Hon. Abdullah Mwinyi	-	
2) Hon. Abubakar Ogle	-	
3) Hon. Abubakar Zein	-	Zein
4) Hon. Adam Kimbisa	-	Kimbisa
5) Hon. Francois Xavier Kalinda	-	
6) Hon. Chris Opoka-Okumu	-	
7) Hon. Dora Byamukama	-	
8) Hon. Dr. Martin Nduwimana	-	
9) Hon. Emmanuel Nengo	-	
10) Hon. Jean Marie Muhirwa	-	
11) Hon. Martin Ngoga	-	
12) Hon. Mike K. Sebalu	-	
13) Hon. Pierre-Celestin Rwigema	-	
14) Hon. Sara T. Bonaya	-	
15) Hon. Twaha Issa Taslima	-	

EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY

REPORT OF THE COMMITTEE ON COMMUNICATION, TRADE AND INVESTMENTS ON THE ONE NETWORK AREA (ONA) IN EAST AFRICA

12TH – 15TH February 2017, Dar-es-Salaam - TANZANIA

Clerk's Chambers
3rd Floor, EALA Wing
EAC Headquarters' Building
Arusha, TANZANIA

March, 2017

1.0 BACKGROUND

The Committee on Communications, Trade and Investment held an oversight activity from 12th - 15th February 2017 in Dar es Salaam, Tanzania to assess the status of implementation of the One Network Area (ONA) in East African Community, as provided for under Article 99 of the EAC Treaty establishing the East African Community, that Partner States shall develop and adopt common telecommunication policies within the Community.

The Treaty further under Article 7 (1) (e) provides for variable geometry, which allows for progression in co-operation among groups within the Community for wider integration schemes in various fields and at different speeds. Under this principle therefore, Kenya, Rwanda, Uganda and South Sudan had the rights to pursue cooperation and progress in one network area among other areas of common interest, provided this was done within the ambit of the overall integration process of EAC.

In this regard, the EAC Heads of State in May 2014 directed that the implementation of One Network Area be effected by 31st December 2014, where Ministers responsible of ICT were tasked to implement the directive and report to the next Heads of States Summit.

Partner States' regulators were requested to harmonize tariff on traffic originating and terminating within Partner States to promote regional integration by bringing down the high cost of mobile roaming. A task force composed of representatives from Partner States' regulators, East African Communications Organization (EACO) and East African Community (EAC) was set up with following terms of reference:

i. Collection, compilation and analysis of data on termination and roaming charges applied by all operators within EAC;
ii. Establish the cause of the problem of high roaming charges within the region;
iii. Propose harmonized cost reflective EAC termination and roaming charges;
iv. Propose implementation mechanisms for the harmonized charges.

It is against this background that the Committee undertook an oversight activity on this initiative as mandated by Article 49 (d) and (e) of the Treaty.

1.1 OBJECTIVES OF THE OVERSIGHT ACTIVITY

The objectives of the Oversight were to:

a) To find out the status of implementation of the ONA initiative in the EAC Partner States;

b) To identify opportunities and challenges involved in the ONA initiative;

c) To come up with recommendations.

1.2 METHODOLOGY

The Committee undertook an oversight workshop where;

(a) Presentations from the Partner States on their respective status of implementation of the one network area were made; and

(b) Plenary sessions through which brainstorming, discussions, and clarifications about the EAC One Network Area were also made.

1.3 PARTICIPANTS

The oversight workshop was attended by EALA Members on the Committee on Communications, Trade and Investment, EAC Secretariat, All other EAC Partner States except Burundi and South Sudan.

2.0 SPECIFIC FINDINGS

From the oversight workshop, the following findings were highlighted about the One Network Area from the EAC Secretariat and Partner States;

2.1 EAC SECRETARIAT

The EAC Technical Officer made a presentation at the meeting on the One Network Area and highlighted on the following;

Definitions:

Roaming was defined as the use of a mobile subscription that belongs to the home network, using the resources of the Foreign/Visited Network. When the Home Network and the Foreign Network are in different sovereign jurisdictions, then it is called **International Mobile Roaming (IMR).** This means that the subscriber must be physically present in a Foreign Network.

International Direct Dialling (IDD) is whereby a subscriber in a home network calls another subscriber in a foreign country. This means that the calling subscriber must be physically present in his home network and calling a foreign subscriber.

One-Network-Area (ONA) is a jurisdiction (for example country, group of countries) where there is uniform tariff regime for both international mobile roaming and international direct dialling.

International Mobile Roaming (IMR) in developed countries, it dates back to the 1990s, when mobile telephony became a mass commodity in those countries, while in EAC, it dates back to the 2000s.

Regulating IMR tariffs is challenging because it involves at least two sovereign jurisdictions. Within the context of international trade, IMR is a service not a physical good. There is a well-established international regime for regulating trade in goods (for example restrictions, duty and quotas); a similar regime for trade in services is Work-In-Progress. There are current regional and international efforts to regulate IMR for-example it is being implemented in the European Union.

Controlling International Mobile Roaming tariffs in the EAC

Over the years, there have been efforts to control IMR tariffs within the EAC, up to 2010, the bilateral agreements between mobile operators in EAC countries (e.g. Kama Kawaida between Voda Tanzania, Safaricom, MTN). In this arrangement governments had no role until 2010. However after 2010, EAC governments started to intervene.

In 2013 the Sectoral Council on Transport, Communication and Metrology approved the terms of reference for developing draft policy and draft bill for regulating International Mobile Roaming within the EAC.

In the same year 2013, Kenya, Rwanda and Uganda agreed on a framework to regulate international mobile roaming tariffs for networks within their jurisdictions, and the framework regulates tariffs for both international mobile roaming and international direct dialling.

EAC Roaming Framework

In 2014, EAC Roaming Framework was developed and approved, and it was on the premise that it would provide a short term solution to the international mobile roaming challenge within the EAC, while the long term solution would come from the policy and law envisaged in the terms of reference that were approved by the Sectoral Council on Transport, Communication, and Metrology in 2013.

The EAC Roaming Framework covers the following;

(i) Voice services for international Mobile Roaming;
(ii) Imposes caps on both wholesale and retail tariffs for international mobile roaming;
(iii) Tariff for wholesale originating call is capped at USD 7 cents;
(iv) Tariff for retail originating call is capped at USD 10 cents;
(v) Zero-rates the tariff for receiving an International Mobile Roaming call;
(vi) Requests Partner States to remove surcharges on telecommunications traffic originating and terminating within the EAC;

After approving the Framework, the Council directed Partner States to fully implement the Framework by July 2015.

Implementation progress of the Framework

In June 2016, during the 13th Meeting of the Sectoral Council on Transport, Communication and Metrology, the status of implementation of the Framework was reported as follows:

i. Kenya, Rwanda, and Uganda had fully implemented the Framework, on a reciprocal basis;
ii. Tanzania was to complete the amendments to the tele-traffic monitoring regulations by September 2016, to allow implementation of the Framework;
iii. Burundi was undertaking an assessment of required facilities and processes. The assessment was to be completed by December 2016;

In November 2015, during the 5th Meeting of ICT Regulators, Kenya gave summary of statistics on its implementation of the Framework with Rwanda and Uganda, and the overall statistics showed an increase of about 500% for roaming traffic. It was therefore concluded that IMR is a valuable communications service in this era of cross-border mobility and personal communications.

2.2 RWANDA

The Committee received a presentation from Rwanda Utilities Regulatory Authority, and it highlighted on the following regarding the EAC One Network Area; It was noted that Roaming:

i. is a service that allows mobile users to use their mobile phones or other mobile devices to make and receive voice calls and text messages, browse the internet, and send and receive emails, while visiting other countries;
ii. extends the coverage of the home operator's retail voice and SMS services;
iii. allows mobile users to continue using their home operators' phone numbers and data services within other countries;
iv. that seamless extension of the home coverage is enabled by a wholesale roaming agreement between a mobile user's home operator and the visited mobile

operator's network.

Roaming-Technical and Commercial details

It was noted that effective roaming needs an agreement that addresses technical and commercial arrangements to enable the service countries.

Traditionally provision of roaming requires International Carriers and Clearing Houses. In this case, international carriers route traffics from one network operator to the other, while clearing houses are responsible for billing of calls from roaming subscribers through handling of files called transferred account procedure (TAP).

It was observed that roaming involves a number of processes, and these include:

i. A roaming subscriber calling either back home or on the networks in the visited country pays a retail roaming tariff to his home network;
ii. The visited operator sends transferred account procedure files to a clearing house which in turn forwards them to the home operator;
iii. The home operator pays the visited operator the wholesale charges as per the call volumes in the transferred account procedure file and rates in the wholesale roaming agreement;
iv. The visited operator pays an international carrier for carrying the call and handing over the call to the home operator;
v. The international carrier pays the home operator a termination rate for terminating the call in the home country.

It was observed that traditional roaming is complex and expensive due to a number of factors, namely:

i. Technical and legal constraints and opportunities, in this case there is monopoly of international gateways. However, the International Gateways are liberalized in all Member States;
ii. Lack of telecommunications infrastructures, in most cases, the operators is directly interconnected to make regional traffic to remain regional;
iii. Double taxation. A lot of charges per Minute are avoided by terminating traffic between operators in the region;
iv. Fraud, this is avoided by sending traffic to each other through direct links.

Challenges involved in International Mobile Roaming in the EAC

i. High roaming charges are an obstacle to regional integration efforts. These high charges do not facilitate free movement of people between the region, single tourism visa destination, inter regional trade among others;

ii. Roaming subscribers obliged to buy local SIM card to avoid high charges;
iii. Roaming charges are on top of the below termination rates in respective countries within EAC;
iv. Roaming is a cross border service and its provision is set through bilateral agreements between the home and host operator;
v. Provision of roaming services is speculative, no transparency in pricing methodology;
vi. Limited or no consumer choices available at all;
vii. Weak or limited competitive forces in roaming market segment;
viii. Significant tariff differentials while roaming on different networks within a host country.
ix. Roaming services involve many stakeholders (regulators, local and international carriers, and taxation authorities) and can not be tackled by one country in isolation;
x. Absence of a regional policy framework on international mobile roaming;

The One Network Area Framework in EAC

i. The taskforce came up with the findings and the framework, which were submitted, to operators in respective countries for comments and all supported the framework.
ii. On 3rd July 2014 Heads of States set implementation of the framework for 1st September 2014;
iii. Kenya and Rwanda launched ONA on 8th October 2014;
iv. Uganda joined on 2nd January 2015;
v. And South Sudan joined the arrangement in March 2015.

Components of One Network Area Framework as implemented in Rwanda

i. Framework applies only to traffic originating and terminating within Northern Corridor Partner States;
ii. The traffic will be exempted from surcharges on International traffic;
iii. Regional retail tariff be capped at 0.10 USD per minute and the IOT be capped at 0.07USD per minute (based on the minimum averages of countries);
iv. No charges for receiving calls while roaming;
v. Prevailing local tariff rates in the visited country shall apply to inbound roamers (Non discrimination between inbound roamer and subscriber of visited networks;
vi. Under the new frameworks for data and SMS, One SMS costs 5 USD cents to a subscriber, and the cost of data reduced to 11 USD Cents per MB from as higher as 50 USD Cents.

Achievement of the implementation of ONA framework

One of the greatest achievements is a tremendous change in international incoming and outgoing traffics after the implementation of the One Network Area. For example, outgoing traffic from Rwanda to Uganda increased from 2Million to 14Million Minutes per day, while the incoming traffic from Uganda to Rwanda increased from 1Million to 5Million Minutes per day.

2.3 KENYA

From the Kenya's presentation, it was highlighted that:

i. High International Mobile roaming price is an obstacle to the regional integration efforts as there is growth in regional travel due to opening of economies;
ii. There are significant tariff differentials while roaming on different networks within the host country in EAC;
iii. Cross Border roaming Services are affected by the absence of regulatory oversight because a single country cannot tackle the issue of roaming alone;
iv. There are weak/Limited competitive forces in the roaming market segment;
v. International roaming services involve many stakeholders (operators, regulators, taxation authorities) and therefor a regional policy framework is paramount.

DEVELOPMENT OF A HARMONIZED REGIONAL ROAMING FRAMEWORK

The EAC Heads of State directed that the "One-Network-Area" for mobile voice services be implemented by 31st December 2014. Following this directive, Kenya's Ministers of ICT Gazetted the implementation guidelines of One Network Area (ONA) in August 2014. It was noted that early implementation of ONA was set for 1st September 2014 for Kenya, Uganda and Rwanda. Rwanda and Kenya launched the ONA on 8th October 2014.

It was further observed that regional roaming framework has got the following guiding principles;

i. The framework only applies to traffic originating and terminating within the EAC Region;
ii. The said traffic is exempted from Surcharges on international incoming traffic (SIIT);
iii. Regional Retail tariff capped at USD 0.10 per minute. This retail rate included an inter-operator tariffs (IOT) for the Region capped at USD 0.07 per minute;-based on the average of the minimums of the countries;
iv. No charges for receiving calls while roaming;
v. The prevailing local tariff rates in the visited country shall apply to in-bound roamers (non-discrimination between in-bound roamers and subscribers of visited networks.

Key outcomes as at implementation between Kenya-Rwanda, the implementation was effected on 8th October 2014 and by December 2014, the traffic increased by 951%. This increase is accompanied by a 30 % increase of Rwanda customers roaming in Kenya.

The implementation of one network area between Kenya and Uganda was effected on 2nd January 2015 and the key outcomes as at implementation was 111% increase of the Inbound Roaming Traffic while the Outbound roaming traffic to Uganda increased by 219%.

ROAMING STATISTICS

Name of Country	*Jul - Sep 16*					
	Roaming Out (Own Subscribers)			*Roaming In (Foreign Subscribers)*		
	Voice	*SMS*	*Data (MB)*	*Voice*	*SMS*	*Data (MB)*
Uganda	22,516,191	3,822,089	789,483	15,975,444	4,731,993	294,286
Tanzania	5,419,267	1,847,090	793,003	1,983,700	3,975,557	273,485
Rwanda	1,901,231	1,838,952	180,229	5,688,639	247,439	143,585
Burundi	22,394	22,851	3,142	14,160	24,824	1,202
S. Sudan	2,582,488	546,363	37,328	6,321,366	211,797	139
Others	3,688,327	4,638,566	2,012,037	13,118,151	8,988,175	15,071,897
Totals	**36,129,898**	**12,715,911**	**3,815,222**	**43,101,460**	**18,179,785**	**15,784,594**

Source: First Quarter Sector Statistics Report For The Financial Year 2016/2017 (July-September 2016)

From the table above, the volume of roaming-out-bound voice traffic was registered at 36.1 million minutes with roaming voice traffic within EAC countries contributing 32.4 million minutes, while non- EAC countries contributed 3.7 million minutes. Roaming in voice traffic recorded a total of 43.1 million minutes with in- roamers from EAC countries contributing 29.9 million minutes. Roaming voice traffic within the EAC countries has maintained an upward trend since the launch of the One Network Area (ONA) initiative.

The total number of roaming-out messages stood at 12.7 million messages with EAC countries contributing 63.5 per cent of the roaming out messages. The total roaming out data was recorded at 3.8 million MB

Similarly, the roamers from EAC countries contributed 9.1 million messages out of the total 18.1 million roaming out messages. The total roaming-in data was registered at 15.7 million MB.

ONE NETWORK AREA FOR SMS SERVICES

The Heads of State directed that the implementation of "One-Network-Area" for SMS services be effected by 31st May 2015, and the Guiding Principles were as follows;

i. The maximum Inter-Operator Tariff within the Member States should be USD 0.03 per SMS;
ii. The maximum retail price for SMS within the Member States should be USD 0.06 per SMS inclusive of all applicable taxes; and
iii. These rates shall apply for both roaming and cross border SMS traffic;
iv. The implementation of the framework between Kenya, Uganda and Rwanda to be effected by 1st September 2016.

OTHER BENEFITS OF ONE NETWORK AREA

i. Enhance Regional Socio-Economic Integration;
ii. Fast-Tracks the Regional Common Market;
iii. Reduced cost of doing business for all Partner States;
iv. Spurs other Economic Activities such as Trade and Services;
v. Increased Government Revenues from increased usage of ICT services.

2.4 TANZANIA

It was reported that the adoption of the harmonized framework for EAC roaming charges by the EAC meeting of the council of Transport, Communications and Meteorology was held from 11th – 14th November, 2014 in Mombasa. The framework was further considered and endorsed by the 30th Meeting of the Council of Ministers on 22nd – 28th November 2014 in Nairobi. The 16th Meeting of the Summit of EAC Heads of State on 20th February 2015 in Nairobi consequently approved the framework.

Scope of the EAC Harmonized Framework

It was observed that the established framework had short term and long-term measures. The short-term measure was to have in place a harmonized roaming framework for voice calls originating and terminating within the EAC, while the long-term measure was to establish a One Network Area (ONA) for International calls originating and terminating within the EAC. This is a long-term solution because it involves a comprehensive study and requires all EAC Partner States to have in place fraud /illegal traffic detection system as well as removal of surcharges.

The Inter-operator Tariff (IOT) is capped at USD 0.07/minute for roaming traffic originating and terminating within EAC, while retail tariff is capped at USD 0.10/minute inclusive of taxes, for roaming traffic originating and terminating within EAC.

The framework provides for the abolition of charges for receiving calls while roaming within the EAC, and also removal of surcharges on international incoming telecommunication traffic originating and terminating within the EAC.

The framework further provides for Partner States to establish a system that prevents traffic refilling, fraud and other illegal termination of traffic; and Partner states to harmonize tariffs on telecommunications traffic.

One Network Area implementation in Tanzania

i. The United Republic of Tanzania put in place the Telecommunication Traffic Monitoring System (TTMS), which is guided by the Electronic and Postal Communications Telecommunications Traffic Monitoring System Amendment Regulations of 2015.
ii. Implementation of EAC Harmonized Roaming Framework required TTMS regulations to be amended in order to exclude regional roaming traffic from international surcharge with inclusion of fair use limits (avoid permanent roaming);
iii. The framework leads to the harmonized tariffs through removal of excise duty on roaming charges.
iv. Having realized that significant implication to Tanzania revenue collection from international incoming traffic, the Government had to make thorough consultations within, and with sector stakeholders.
v. Consequently, Tanzania installed the system for prevention of traffic refilling, illegal termination and fraud detection system.
vi. Tanzania completed the sector research study in collaboration with Mobile operators and consideration is made on removal of surcharges on roaming traffic originating and terminating in the EAC region without affecting the roaming costs to both Government and operators. This will enable effective implementation of the EAC Roaming Framework in Tanzania (Regulations for roaming implementation under approval processes)

Challenges towards the ONA initiatives

i. There are different regional regulatory frameworks in the EAC Partner States;
ii. Partner States need to put in place control mechanisms for Fraud prevention/ traffic refilling.

The Tanzania Communications Regulatory Authority (TCRA)

The Tanzania Communications Regulatory Authority (TCRA) Is a Government institution responsible for regulating the communications and broadcasting sectors in Tanzania.

Regional Roaming Initiatives

It was observed that TCRA Participates in three regional blocks initiatives, namely:

i. East African Community (EAC)
ii. Southern African Development Commission (SADC), and
iii. Central Corridor region.

EAC Framework for Harmonized Roaming Charges

The EAC framework on roaming provides for the following:

i. Inter-operator Tariff (IOT) is capped at USD 0.07/minute;
ii. Retail tariff is capped at USD 0.10/Minute, inclusive of taxes;
iii. Abolish charges for receiving calls while roaming within the EAC;
iv. Removal of surcharges on roaming traffic originating and terminating within the EAC;
v. Establish a system that prevents traffic refiling, fraud, and other illegal termination of traffic; and
vi. Harmonization of tariffs on telecommunications.

Implementation Status of One Net Work Area in Tanzania

i. The government of Tanzania is in consultation with the Mobile Network Operators (MNOs) with regard to the operationalization of the EAC One Network Area;
ii. Tanzania has also established systems to prevent traffic refilling, fraud, and other illegal termination of traffic;
iii. Tanzania is further undergoing a process of amending the Tele-Traffic Monitoring System (TTMS) Regulations in order to exempt Surcharges from roaming traffic originating and terminating in the EAC region is at decision making level;

Central Corridor Roaming Initiative

Tanzania participates in the central corridor roaming initiative among other Member countries including Burundi, DR Congo, Rwanda, and Uganda. The initiative is at a development stage whereby only two meetings have been held to see how best to implement a roaming initiative similar to that of East African Community.

Meeting with the Minister of Works, Transport and Communication, United Republic of Tanzania

The Committee met Hon. Makame Mbalawa, the Minister of Works, Transport and Communication in the United Republic of Tanzania. In his remarks on the EAC One Network Area, he made the following observations;

Tanzania supports the idea of One Network Area because it will promote integration and improve business between the people of East Africa. On the other hand the Minister observed that there is a problem of fraud whereby fraudulent actors terminate international calls and transfer them from other countries.

He however said that the government of Tanzania is working hard to develop the technology that controls fraud before implementing One Network Area.

The Minister further said that EAC needs to come up with a study on termination of local calls on One Network Area in the East Africa. This study should carefully identify the financial implication occasioned by the implementation of the One Network Area arrangement.

2.5 UGANDA

From the presentation made by Uganda, it was highlighted that the genesis of One Network Area Initiative originated from the recommendation of East African Communication Organisation (EACO), where EACO sought EAC Secretariat support for a Study on international mobile roaming (IMR) in the East African Community. The 5th Heads of State Summit of Northern Corridor Infrastructure Program adopted the immediate implementation of the One Network Area initiative.

Status of One Network Area in Uganda

One Network Area for Voice was implemented in Oct 2014 for Rwanda & Kenya; while in Uganda and South Sudan on 2nd Jan 2015. The wholesale Inter-Operator Tariff is at $0.07 @ minute while the retail cost is at $0.1 @ minute on the basis of per Second billing.

One Network Area for SMS was implemented in October 2015 for Uganda, Kenya, Rwanda and South Sudan, and the wholesale Inter-Operator Tariff is at $0.03 per SMS, while the retail cost is at $0.06 per SMS inclusive of all Taxes.

One Network Area for Data was implemented between August and Sept 2016 for Rwanda, Kenya and Uganda where the wholesale Inter-Operator Tariff a cost of $0.07 per MB while the retail cost of $0.11 per MB, all rates inclusive of taxes.

Opportunities of One Network Area

i. Lessons learned under Northern Corridor Infrastructure Program for EAC implementation of ONA;
ii. SMART Africa adoption of ONA roaming framework;
iii. Interoperability for Mobile Financial Services platforms across East African Community.

3.0 GENERAL FINDINGS AND OBSERVATIONS

1. It was further reported that due to the implementation of One Net Work Area, the roaming traffic has increased beyond expectation of some Mobile Net Work Operators;

2. It was reported that fraud incidences affect the One Net Work Area;
3. It was observed that some SIM cards are not registered in all Partner States, which poses a security threat in the region;
4. The committee observed that some partner states do not have the traffic monitoring and fraud management systems in place;
5. it was observed that the Tanzania and Burundi have not yet implemented the One Network Area;
6. It was generally observed that interoperability of Mobile Financial Services is a challenge in terms of Ownership, operation, and location of clearing House;
7. It was observed and recognised that East African Communication Organization (EACO) plays an important role in the One Network Area in the East Africa Community;
8. Differing and non-collaborative roaming requirements that limit cross-border communication were observed;
9. It was noted that roaming is an important cross border service in the social-economic development in the region, thus regional cooperation is highly required to deal with it;

4.0 RECOMMENDATIONS

1. The Committee recommends for the harmonization of the existing legal and regulatory frameworks in the telecommunication sector for effective implementation of the One Network Area in the East African Community;
2. The Committee recommends that EAC Central Banks should set up a framework for inter-operability of the Mobile Financial Services;
3. The Committee recommends that all Partner States should undertake interconnection through the EAC National Backbone infrastructure;
4. The Committee recommends that Tanzania and Burundi should fast truck the implementation of One Network Area to reduce roaming charges;
5. The Committee urges Partner States to harmonize tariff rates on the international incoming calls;
6. The urges all Partner States to install and share information on traffic monitoring systems that monitor all calls to enable one network area work effectively;
7. The committee urges the council of Ministers to oblige the Communication Authorities to develop and share information on SIM cards registration for security and fraud detections purposes in EAC.

MEMBERS OF THE COMMITTEE ON COMMUNICATION, TRADE AND INVESTMENT

***Report on* the One Network Area in the East Africa**

12th - 15th February 2017, Da-es-Salaam - Tanzania

	NAME		**SIGNATURE**
1)	Hon. Fred Mbidde Mukasa	-	....
2)	Hon. Abdullah Mwinyi	-	....
3)	Hon. Angela Charles Kizigha	-	....
4)	Hon. Bernard Mulengani	-	....
5)	Hon. Dr. James Ndahiro	-	....
6)	Hon. Dr. Nderakindo P. Kessy	-	...Ndera Kessy...
7)	Hon. Emerence Bucumi	-	....
8)	Hon. Frederic Ngenzebuhoro	-	....
9)	Hon. Joseph Ombasa Kiangoi	-	....
10)	Hon. Nancy Abisai	-	....
11)	Hon. Nusura Tiperu	-	....
12)	Hon. Patricia Hajabakiga	-	....
13)	Hon. Sara T. Bonaya	-	....
14)	Hon. Straton Ndikuryayo	-	....
15)	Hon. Yves Nsabimana	-	....

JUMUIYA YA AFRIKA MASHARIKI

EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY

A RESOLUTION OF THE ASSEMBLY URGING THE COUNCIL OF MINISTERS TO IMMEDIATELY COMPEL PARTNER STATES TO FULLY MEET THEIR FINANCIAL OBLIGATIONS TO THE EAC BUDGET FOR FINANCIAL YEAR 2016/2017 (Moved under Rule 30(L)

BY HON. NANCY ABISAI, adopted by the House on 16th March, 2017

WHEREAS ARTICLE 132 (L) of the Treaty for the establishment of the East African Community (the Treaty) provides that there shall be a budget for the organs and institutions of the Community; AND this being the basis for annual appropriations;

AND WHEREAS a total sum of USD.41, 890,538 was approved as the budget of the EAC organs and institutions to be funded by equal contributions from Partner States to cater for the Secretariat, the East African Legislative Assembly, the East African Court of Justice, the Lake Victoria Basin Commission, the Kiswahili Commission, the Science and Technology Commission, the Health Research Commission and the Competition Authority;

AWARE that to-date a total sum of USD.18,644,645 only has so far been remitted to the EAC accounts representing a 44.51% contribution thereby leaving an outstanding total sum of USD.24,016,930 as at the last quarter of the financial year which , represents 55.5% in arrears;

FURTHER AWARE THAT the Council of Ministers previously resolved that all Partner States should be fully paid up by 30th December every financial year to enable the Community to function and operate smoothly;

CONCERNED that to –date, the partner states have not met their obligations as directed by the Council of Ministers;

AND FURTHER CONCERNED that non action towards the Council's directive has led to an amazingly shocking levels of arrears by the Partner States for the budget of the FY/2016/2017 in which each partner state is required to pay $8,378,108 as follows:

1. Republic of Kenya has contributed $4,395,707 (52.47%) leaving an outstanding of $3,982,400 (47.53%)
2. United Republic of Tanzania has contributed $2,553,203 (30.47%) leaving an outstanding of $5,824,905 (69.53%)
3. Republic of Uganda has contributed 7,668,419 (91.53%) leaving an outstanding of $709,689 (8.47%)
4. Republic of Rwanda has contributed $4,027,316 (48.07%) leaving an outstanding of $4,350,791 (51.93%)
5. Republic of Burundi has not contributed any amount to this financial year's budget (0.00%) leaving an outstanding of $8,378,108 (100%) excluding arrears for the previous year amounting to $771,037.

The above scenario means that out of total contribution of $41,890,538 by all Partner States, they have only been able to pay $18,644,645 representing 44.51% leaving $24,016,930. This figure excludes the Lake Victoria Fisheries Organization which has so far received $455,486 (29%) out of a budget of $1,554,207 excluding arrears of $969,433. It also excludes the Inter University Council for East Africa which has received $1,066,445 (26%) out of a budget of $4,121,967. This excludes the arrears of previous years amounting to$10,945,835. The projections do not include CASSOA which is a self-accounting institution of the EAC.

DEEPLY CONCERNED THAT the non or delayed remittance of funds and recurring of the problem has completely disrupted activities of the Community; it has led to non-payment of entitled allowances; it has led to non-payment of service providers; it has led to delayed payment of personnel emoluments; it is causing persistent accumulation of debts; and overall, it is seriously affecting the EAC integration process, particularly for those organs and institutions that mostly depend on Partner State funding;

NOW THEREFORE, this Assembly do resolve as follows:-

1. We urge the Council of Ministers to immediately convene under matters of urgency to resolve the financial crisis in EAC by ensuring immediate and full disbursement of funds to EAC organs/ institution as per the approved budget.

2. We urge the Council of Ministers to look into avenues that will comprehensively address this issue once and for all and to ensure that it does not recur;

3. We urge the Council of Ministers to be proactive ensuring that this matter is on the agenda of the next EAC Summit meeting as a priority and matter of urgency and public importance.

4. We urge the Council of Ministers to, in accordance with Article 143 of the Treaty, recommend to the Summit to take action in regard to the Partner States defaulting at meeting their financial obligations.

5. We urge that the Assembly appoints a Select Committee to urgently and fully interrogate the causes of the obtaining financial crisis and propose measures to be taken to address the causes.

6. We urge that the Council immediately avails resources to the Select Committee to start work and report in the next Plenary.

CERTIFIED BY:

______________________ **DATE:** 16 MARCH 2017

ALEX OBATRE

DEPUTY CLERK OF THE ASSEMBLY

EALA-RES -3-20-2017

EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY

A RESOLUTION OF THE ASSEMBLY URGING THE COUNCIL OF MINISTERS TO IMMEDIATELY FILL THE VACANT POSITIONS IN THE EAST AFRICAN COMMUNITY SECRETARIAT (MOVED UNDER RULE 30(L)

BY HON. NAKAWUKI SUSAN and adopted by the Assembly on 16th March, 2017

WHEREAS ARTICLE 70 (1, 2, 3) of the Treaty for the establishment of the East African Community provides that there shall be such other officers and staff in the service of the Community as the Council may determine; and that all the staff of the Secretariat shall be appointed on contract and in accordance with staff rules and regulations and terms and conditions of service of the Community;

AND WHEREAS a total of 24 staff of the East African Community have completed their tenure and another 14 are due to complete on 18th March, 2017 thus causing a massive human resources gap in the Community;

AWARE THAT despite previous recommendations of the Assembly to the Council of Ministers urging the Secretariat to replace staff whose contracts have ended at least three months before their exit; and where this is not attained, the Council considers short-term contracts of exiting staff until recruitment is done so as not to affect the smooth operations of the Community;

FURTHER AWARE THAT the Council had directed the Director of Human Resources and Administration to undertake a study of other regional blocks like the ECOWAS,SADAC, the African Union among others on matters of staff recruitment, retention, and retirement;.

FURTHER AWARE THAT the study showed that employment in those regional blocks is based on contractual arrangements with staff retiring upon reaching the mandatory age of 60 years of age.

NOW THEREFORE, this Assembly do resolve as follows:-

1. We urge the Council of Ministers to abide by EALA's previous recommendations to ensure that in future the appointment of staff should be done at least three months before the expiry of the contracts of the outgoing staff.

2. We urge the Council of Ministers to review the employment policy and the two term contacts for staff of the East African Community to ensure staff retention is based on performance contract up to the age of retirement.

3. We urge the Council of Ministers, as an interim measure, to immediately address the human resource gap and grant short term contracts for the outgoing staff until the appointment of new staff is done.

CERTIFIED BY:

ALEX OBATRE
DEPUTY CLERK OF THE ASSEMBLY

16 MARCH 2017
DATE:

THE EAST AFRICAN COMMUNITY

BILLS SUPPLEMENT

No. 3 ***8th January, 2016.***

to the East African Community Gazette No. 1 of 8th January, 2016.

Printed by the Uganda Printing and Publishing Corporation, Entebbe, by Order of the East African Community.

THE EAST AFRICAN COMMUNITY

THE EAST AFRICAN COMMUNITY GENDER EQUALITY AND DEVELOPMENT BILL, 2016

MEMORANDUM

The object of this Bill is to make provision for gender equality, protection and development in the Community. The Partner States undertook, in Article 6(d) of the Treaty for the Establishment of the East African Community, not to discriminate against any person on grounds of sex or gender as one of the cornerstones of good governance, in addition to the principles of democracy, the rule of law, accountability, transparency, social justice, equal opportunities, gender equality, as well as recognition, promotion and protection of human and people's rights in accordance with the provisions of the African Charter on Human and People's Rights.

The Treaty for the Establishment of the East African Community in Article 121 recognizes the significant contribution that women make towards the process of socio-economic transformation and sustainable growth, and the importance of the full participation of women and men in the economic and social development of the Partner States. The Partner States in signing and ratifying or acceding to the various declarations on human and people's rights demonstrated their commitment to gender equality and their conviction that gender equality is a fundamental human right.

The Partner States further appreciate the significance of women and men's participation in the integration process of the East African Community, the obligations of the Partner States to their commitments under the different instruments the Partner States are party to and the targets set under those instruments, and that the emerging threats resulting from HIV and AIDS, globalization, and human trafficking of women, men and children in particular, the feminization of poverty, and gender based violence amongst other things will impact negatively on their citizens.

The Bill contends that whereas the Partner States have over the period severally recognized the importance of gender equality and have developed programmes and enacted legislation in this pursuit, these efforts are at different levels and contain differences particular to each Partner State. As a result, gender initiatives affect women, men and children differently across the East African Community.

This Bill consequently seeks to consolidate and harmonise the various commitments on gender equality that have been made at regional, continental and international levels in the context of the East African Community, so as to ensure that the rights of women and men are uniformly promoted, realised and protected in order to enable them to equally and fully enjoy all their human rights on an equal basis with men.

HON. NANCY ABISAI,
Member, East African Legislative Assembly.

THE EAST AFRICAN COMMUNITY GENDER EQUALITY AND DEVELOPMENT BILL, 2016

ARRANGEMENT OF CLAUSES

Clause

1. Short title and commencement.
2. Interpretation.
3. Principles of gender equality.
4. Objectives of Act.
5. Application.
6. Gender based violence.
7. The media.
8. Education.
9. Health.
10. Power and decision making.
11. Economic empowerment.
12. Agriculture and food security.
13. Land rights.
14. Trade.
15. Peace and security.
16. Environmental management.
17. Marginalised groups.
18. Financial provisions.
19. Institutional arrangements.
20. Regulations.

THE EAST AFRICAN COMMUNITY GENDER EQUALITY AND DEVELOPMENT BILL, 2016

A Bill for an Act

ENTITLED

THE EAST AFRICAN COMMUNITY GENDER EQUALITY AND DEVELOPMENT ACT, 2016

An Act of the Community to make provision for gender equality, protection and development and to provide for other related matters.

ENACTED by the East African Community and assented to by the Heads of State.

1. This Act may be cited as the East African Community Gender Equality and Development Act, 2016 and shall come into force on such date as the Council may, by notice published in the Gazette appoint. Short title and commencement.

2. In this Act, unless the context otherwise requires— Interpretation.

"African Charter" means the African Charter on Human and Peoples' Rights;

"Assembly" means the East African Legislative Assembly established by Article 9 of the Treaty;

"affirmative action" means policies, programmes or measures that take race, ethnicity, or sex into consideration in an attempt to promote equal opportunities;

"child" means a boy or girl under the age of eighteen;

"civil society" means a realm of organized social life that is voluntary, self-generating, self-supporting, autonomous from the state, and bound by a legal set of shared rules;

"Community" means the East African Community established by Article 2 of the Treaty;

"co-operation" includes the undertaking by the Partner States in common, jointly undertaken in furtherance of the objectives of the Community, as provided for under the Treaty or under any commitment in relation to the objectives of the Community;

"Court" means the East African Court of Justice established by Article 9 of the Treaty;

"discrimination against women" means any distinction, exclusion or restriction or any differential treatment based on sex and whose objectives or effects compromise or destroy the recognition, enjoyment or the exercise by women, regardless of their marital status, human rights and fundamental freedoms in all spheres of life;

"environment" means the natural resources of air, soil, flora, fauna, ecosystems, the man made physical features, cultural heritage and the social economic interactions between the said factors and any living and non-living organisms;

"female genital mutilation" means any procedure involving the partial or total removal of the external female genitalia or other injury to the female sexual organs whether for cultural, religious or other non-therapeutic reasons;

"gender" means the roles, duties and responsibilities, which are culturally or socially ascribed to women and men, girls and boys;

"gender based violence" means all acts perpetrated against women, men, girls and boys on the basis of their sex which cause or could cause them physical, sexual, psychological, or economic harm, including the threat to take such acts, or to undertake the imposition of arbitrary restrictions on, or deprivation of fundamental freedoms in private or public life during peaceful time and in situations of armed or other forms of conflict;

"gender equality" means the equal enjoyment of rights with dignity and the access to opportunities and outcomes, including resources, by women, men, girls and boys in economic, social political, cultural or civil life;

"gender equity" means the just distribution of benefits, rewards and opportunities in which relations between women, men, girls and boys are based on respect for differences;

"gender mainstreaming" means the process of identifying gender gaps and making women's, men's, girls' and boys' concerns and experiences integral to the design, implementation, monitoring and evaluation of policies and programmes in all spheres so that they benefit equally;

"gender stereotypes" means the beliefs held about characteristics, traits and activity domains that are deemed appropriate for males and females based on the conventional roles of men and women both domestically and socially;

"gender sensitive" means acknowledging and taking into account the specific gender needs of both women and men at all levels of planning, implementation, monitoring and evaluation;

"health" means a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity;

"harmful practices" means all behavior, attitudes and/or practices which negatively affect the fundamental rights of women, men, girls and boys, such as their right to life, health, dignity, education and physical integrity;

"HIV/AIDS" means Human Immunodeficiency Virus and its advanced stages the Acquired Immune Deficiency Syndrome;

"human trafficking" means the recruitment, transportation, harbouring or receipt of persons, by means of threat, abuse of power, position of vulnerability, force or other forms of coercion, abduction, fraud or deception to achieve the consent of a person having control over another person for the purpose of amongst other things, sexual and financial exploitation;

"marginalized groups" means community groups that are negatively perceived as socially and or physically outside the larger community structure, and are prevented from, or are unable to, participate in, or interact with, the mainstream community groups;

"Partner States" means the Republic of Burundi, the Republic of Kenya, the Republic of Rwanda, The United Republic of Tanzania, the Republic of Uganda, and any other country granted membership to the Community under Article 3 of the Treaty;

"public service" means government ministries, government departments and government agencies providing services to the public in a Partner State;

"Secretariat" means the Secretariat of the Community established by Article 9 of the Treaty;

"Secretary General" means the Secretary General of the Community provided for under Article 67 of the Treaty;

"sex" means the biological differences between females and males;

"sexual harassment" means any unwanted, unsolicited, or repeated verbal or sexual advance, sexually derogatory statement or sexually discriminatory remark;

"sexual and reproductive rights" means the universal human rights relating to sexuality and reproduction, including the right to sexual autonomy, sexual integrity and safety of the person, the right to sexual privacy, the right to make free and responsible reproductive choices, the right to sexual information based on scientific enquiry, and the right to sexual and reproductive health care;

"trader" means an adult person engaged in commercial transactions involving sale and purchase of goods, services and information.

"Treaty" means the Treaty for the Establishment of the East African Community and annexes and protocols thereto;

"violence against women" means all acts perpetrated against women which cause or could cause them physical, sexual, psychological, and economic harm, including the threat to take such acts; or to undertake the imposition of arbitrary restrictions on or deprivation of fundamental freedoms in private or public life in peace time and during situations of armed conflicts or of war;

"vulnerable groups" means population groups which, as a result of having the least access to public, economic and other resources, or as a result of their sex, physical ability, migrant status or age, are the least capable of maintaining subsistence, and easily fall prey to violations of their human rights.

Principles of gender equality.

3. (1) The Partner States shall uphold the principles of gender equality and gender equity as prerequisites and important elements of the regional integration processes and governance structures of the Community enshrined under Articles 6 and 7 of the Treaty.

(2) The Partner States shall recognize the importance of nationality and citizenship as fundamental components of the regional integration processes and shall grant rights to women and men on the basis of equality and non-discrimination;

(3) The Partner States shall prohibit discrimination and violence on the basis of gender or nationality in all its forms and shall pursue by all appropriate means and without delay, a policy of eliminating gender based discrimination by—

(a) embodying the principle of equality of men and women in their national legislations to ensure, through law, the practical realization of this principle;

(b) adopting appropriate legislative and other measures, including sanctions where appropriate, prohibiting gender based discrimination and violence and in particular protecting the reproductive rights of women and men and their respective rights in marriage;

(c) establishing legal protection of rights and access to justice for women on an equal basis with men and to ensure, through competent national tribunals and other public institutions, the effective protection of women against any act of discrimination;

(d) maintaining the age of majority at eighteen and to accord such corresponding rights to girls and boys; and to women and men on the basis of equality and non-discrimination;

(e) taking all appropriate measures to harmonize national, regional and international policies, strategies and programmes to ensure gender

equality, equity and the empowerment of women and girls in the areas provided under this Act through the modification or abolition of existing laws, regulations, customs and practices that contravene the principles under this Act in order to eliminate discrimination against women and men by any person.

(4) The Partner States shall adopt the necessary strategies and programmes, and shall develop human, technical and financial capacity, for the implementation of this Act.

(5) The Partner States shall share the information which the Partner States deem necessary for the implementation of this Act.

Objectives of Act.

4. (1) The principle objective of this Act is to advance gender equality in the Partner States in the economic, political, social and cultural aspects.

(2) The specific objectives of this Act are to—

(a) harmonise the national laws of the Partner States with the regional and international standards of protection and promotion of human rights, on the basis of the principles provided for under section 3, and in accordance with the commitments of the Partner States to these standards through the signature and ratification of the various human rights instruments;

(b) enhance the level of implementation of these instruments through the incorporation of emerging issues and gender concerns;

(*c*) promote non discrimination and gender equality in the processes of governance as a means of strengthening regional integration and sustainable development of the Community;

(*d*) provide a participatory framework for strengthening, monitoring and evaluating the level of adherence to regional and international standards of human rights protection through a reporting mechanism based on realistic, measurable targets, time frames and indicators supported by the allocation of the necessary resources for achieving them;

(*e*) promote the participation of women and men in regional trade and sustainable economic growth by entrenching enabling gender policies and macro-economic frameworks.

(3) In order to achieve the objectives of this Act, the Partner States shall co-operate in the advancement of regional gender equality through the national gender mechanisms and in such other areas as the Council may determine.

5. (1) This Act shall apply to any activity undertaken in co-operation by the Partner States to achieve gender equality and human rights within the Community. Application.

(2) For purposes of subsection (1) , and in pursuant to section 3 (2), the Partner States shall—

(*a*) eliminate discrimination based on gender;

(*b*) promote respect for women's rights as human rights;

(*c*) observe respect of gender equality levels in the Partner States by fifty to fifty percent;

(*d*) ensure gender mainstreaming in the integration process; and

(*e*) enhance the participation of women and men in regional trade for sustainable economic growth.

(3) For purposes of facilitating the implementation of this Act, the Partner States shall—

(*a*) harmonise existing legislations, policies and programmes; and

(*b*) ensure the availability of gender desegregated data.

Gender based violence

6. (1) The Partner States shall protect and uphold the right of every woman and man to life, dignity, integrity and security of person at all levels.

(2) The Partner States shall prohibit all forms of exploitation, cruel, inhuman or degrading punishment and treatment of women and men at all levels.

(3) The Partner States shall take appropriate and effective measures to establish, harmonise or reform the legislative framework in addressing gender based violence, and in particular to—

(*a*) prohibit all forms of sexual and gender based violence, including harmful traditional practices such as female genital mutilation, early and forced marriages, dangerous dietary practices, widow inheritance, albino and child sacrifices;

(*b*) enact laws and develop policies to prohibit human trafficking within national, regional and international boundaries;

(*c*) enact laws to prohibit pornography and sexual exploitation, for commercial or other gain by any person;

(*d*) enact penal laws against rape during war or armed conflict or political upheaval as a crime against humanity;

(*e*) harmonise the penal laws in the Partner States to provide a uniform punishment for sexual and gender based violence.

(4) The Partner States shall take measures to ratify, domesticate and implement the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa.

(5) The Partner States shall take appropriate and effective measures to protect women and men from sexual and gender based violence and in particular shall—

(*a*) create public awareness in all sectors of society regarding sexual and gender based violence through information, formal and informal education and outreach programmes;

(*b*) provide adequate and accessible law enforcement services, including information, education and communication programmes to women and men;

(*c*) provide or enhance the knowledge of law enforcement agents on human rights and gender, to enable them promote human rights and provide protection against sexual and gender based violence;

(*d*) provide effective access by women and men to judicial and legal services, including legal aid;

(*e*) establish mechanisms for research aimed at eradicating sexual and gender based violence;

(*f*) adopt and enforce legislative and administrative measures which are sufficiently deterrent to discourage gender based violence in educational institutions.

(6) The Partner States shall take appropriate and effective measures to provide necessary support and facilities to victims of sexual and gender based violence through basic services such as health services, safe shelter or rehabilitation centers including those linked to HIV and AIDS, legal and judicial support, emotional and psychological counseling as well as vocational training for self-support.

(7) The Partner States shall adopt necessary measures including budgetary and other resources, to cover the cost of promoting the rights of women and men, preventing violation of human rights, as well as protecting women and men from sexual and gender based violence.

(8) The Partner States shall enact and adopt legislative provisions to prevent human trafficking and provide holistic services to the victims, with the aim of re-integrating victims into society.

(9) The Partner States shall put in place mechanisms by which all relevant law enforcement authorities and institutions may eradicate national, regional and international human trafficking networks.

7. (1) The Partner States shall take appropriate measures to mainstream gender in all communication, information, media policies, programmes and laws and shall— The media.

(*a*) eliminate all forms of discrimination against women and men while guaranteeing equal opportunity and access to women in decision making processes in the media;

(*b*) eliminate all stereotypes in all the forms of contemporary and traditional media;

(*c*) protect women and children, especially the girl-child, through legislation, from all forms of abuse, including sexual harassment and pornography in advertising;

(*d*) promote education and training for journalists on human rights and gender to facilitate investigative journalism and gender sensitive reporting ;

(*e*) establish and strengthen the information, communication and technology infrastructure, and training, and set up tele-centers at the local levels to encourage the use of the media in the promotion and protection of human rights and gender equality;

(*f*) develop mechanisms for the collection and analysis of disaggregated data on the basis of sex and gender.

(2) The Partner States shall take positive measures to regulate the use of the media and in particular discourage the media from—

(*a*) promoting pornography, sexual exploitation and violence against all persons, especially women and children;

(*b*) depicting women as helpless victims of violence and abuse;

(*c*) degrading or exploiting women, especially in the area of entertainment and advertising and undermining their role and position in society; and

(*d*) reinforcing gender oppressions and stereotypes.

Education.

8. (1) The Partner States recognise the right of the child to quality education and shall—

(*a*) make primary and secondary education compulsory and available for free to all considering the student pupil ratios;

(*b*) encourage the development of different forms of post primary education, including general and vocational education, make them available and accessible to every child, and take appropriate measures such as the introduction of free education and the offering of financial assistance to all those in need;

(*c*) make higher education accessible to all on the basis of capacity by all appropriate means to address gender parity;

(*d*) make educational and vocational information and guidance available and accessible to all children;

(*e*) take measures to encourage regular attendance at schools and develop strategies for the reduction of drop-out rates especially for the girl child;

(*f*) incorporate in the educational curriculum, lessons on gender and rights at all levels and remove all forms of stereotypes in school curriculum and training programmes at all levels;

(*g*) take all appropriate measures to ensure that school discipline is administered in a manner consistent with the child's human dignity;

(*h*) ensure that adult literacy is strengthened at all levels for empowerment of communities;

(*i*) ensure that children with physical and mental challenges receive access to suitable facilities and quality education and training free of charge; and

(*j*) promote and encourage international cooperation in matters relating to education, with a view of contributing to the elimination of ignorance, illiteracy and facilitating access to scientific and technical knowledge and modern teaching methods.

9. (1) The Partner States shall incorporate the standards of protection set out in the 1994 Programme of Action of the International Conference on Population and Development, and other regional and international instruments on issues relating to health. Health.

(2) The Partner States shall implement legislative frameworks, policies and services to enhance gender sensitive, appropriate and affordable quality healthcare, and in particular undertake to—

(*a*) reduce maternal mortality ratios;

(*b*) develop and implement policies and programmes to address the primary health needs of women and men including mental, sexual and reproductive health;

(*c*) adopt or strengthen existing legislation on mental health, taking into account the gender considerations and healthcare of patients with mental disabilities;

(*d*) adopt adequate budgetary allocations, with appropriate gender considerations, at the national level for health care, and in particular invest in information for the prevention and care of illnesses such as cancer;

(*e*) ensure the provision of hygiene and sanitary facilities and nutritional needs of women, including women in prisons, women with disabilities, women in conflict situations and girls of school going age;

(*f*) ensure through the establishment of appropriate facilities and infrastructure, the provision of health care services and information especially in remote and rural areas, in conformity with the World Health Organization recommendation on access to health facilities within a radius of 10 kilometers; and in this regard collaborate with the private sector and development partners to enlarge the geographical reach of health services at all levels;

(g) provide training for health personnel including traditional birth attendants;

(h) undertake to enact appropriate gender policies and legal frameworks that take advantage of trade related intellectual property rights, in order to protect public health and address public health concerns; and

(i) establish social welfare benefits and safety nets for elderly women and men to address their special needs.

(3) The Partner States shall adopt a common regional policy to facilitate the domestication of the International Conference on Population and Development Programme of Action and shall take into account the particular vulnerability of women and men, girls and boys regarding their right to health;

(4) The Partner States shall adopt and implement gender sensitive policies and programmes and enact legislation for prevention, treatment, care and support of persons with HIV and AIDS, while taking into account the conditions, practices and biological factors that predispose women and girls to HIV and AIDS and in particular—

(a) develop gender sensitive strategies to prevent new infections of HIV and AIDS as well as other sexually transmitted diseases;

(b) ensure universal access to appropriate and quality health care, information, treatment and related services for HIV and AIDS for women, men, girls and boys infected with the virus;

(*c*) develop and implement policies and programmes to ensure the appropriate recognition of the work carried out by care givers, the allocation of resources and the psychosocial support for care givers; and to promote the involvement of men in the care and support of people living with HIV and AIDS;

(*d*) establish appropriate and effective mechanisms to ensure community responsibility for orphans.

(*e*) encourage national budgetary allocation to reproductive health; ensure women's access to health services at all levels and harmonise national health policies in conformity with regional and international instruments on maternal health.

Power and decision making.

10. (1) The Partner States shall protect and uphold the right of every woman and man to equal access to public service and to take part in the governance of his or her country, directly or through freely chosen representatives.

(2) The Partner States shall take appropriate and effective measures to enhance the capacity and resources of women and men to influence policies for their advancement, and put in place measures for affirmative action to eliminate barriers which prevent women from participating in all spheres of life and to create a conducive environment for such participation, and in particular shall—

(*a*) develop transparent criteria for decision-making positions and ensure that the selecting bodies have a gender balanced composition ;

(*b*) develop mechanisms and training to encourage women to participate in the electoral process, political activities and other leadership areas ;

(*c*) establish and strengthen structures to enhance gender mainstreaming; and

(*d*) put in place legislative provisions which ensure that political party structures and policies are gender sensitive.

Economic empowerment.

11. (1) The Partner States shall promote and protect the right of every person to employment and a standard of living adequate for the health and well-being of every woman and man and their families, including access to food and necessary social services, the right to security in the event of unemployment, sickness, disability, widowhood, old age, and shall in particular—

(*a*) identify the gaps, and barriers in the economic empowerment of women and men to take appropriate and effective measures to enhance the economic capacity and resources available to women and men;

(*b*) recognize the role and contribution of women and men to the determination of the Gross Domestic Product of the Partner States including trade and agriculture; and incorporate such contributions as an integral part of budgetary, planning and governance processes in the Partner States on the basis of equality;

(*c*) develop gender inclusive policies and laws on trade, in order to encourage the participation of women and men in the regional trade; and

(*d*) include macro-economic policies that equitably address the horizontal and vertical poverty gender relations as a fundamental concept in the national budgetary processes.

(2) The Partner States shall adopt policies and enact laws which ensure that women and men have access to credit to establish and sustain enterprises.

(3) The Partner States shall develop and integrate subsidized training programmes that facilitate—

(a) the creation and sustainability of women's entrepreneurial opportunities;

(b) the development or enhancement of women's entrepreneurial skills; and

(c) opportunities to enhance the production, marketing and exporting of quality products by women.

Agriculture and food security.

12. (1) The Partner States shall incorporate gender considerations to the overall objectives of achieving food security and rational agricultural production in the Community, and in particular shall—

(a) harmonise the agricultural and food security policies of the Partner States to recognise and strengthen the role of women and men in agriculture;

(b) exchange information on demand and supply, surpluses and deficits, trade, forecasting, state of food nutrition and market prices, taking into consideration the varied levels of educational attainment of the women and men engaging in regional trade ;

(c) harmonise the quality and standards of inputs and products including food additives and their effects on men and women;

(d) initiate and maintain strategic food reserves in consultation with the women and men as a means of harnessing the traditional knowledge of women and men, who have been engaged in ensuring food security for the local communities;

(e) develop alternative sources of food production taking into consideration the role and knowledge of the men and women in the different communities in the region;

(f) ensure environmental assessments of proposed projects or activities which may significantly affect the environment or use of natural resources in trans-boundary ecosystems;

(g) ensure that environmental awareness on trans-boundary ecosystems is treated as an integral part of education in the Community at all levels;

(h) promote international cooperation between the Community and other regional organisations in the management of trans boundary ecosystems;

(i) encourage increased agricultural productivity by supporting effective agricultural markets and agro processing in regional trade;

(j) initiate and maintain strategic food reserves at national and regional level;

(k) ensure the adoption of internationally accepted quality standards for food processing; and

(l) undertake joint regional effort to combat drought and desertification.

Land rights.

13. The Partner States shall ensure that access to and use of land is governed by the national laws and policies of each Partner State and shall in particular—

(a) ensure that ownership, access to and control of land is void of any cultural barriers that inhibit women from ownership of land;

(b) enact laws and policies that determine access to control of productive resources including land tenure and use, to provide for equality between men and women and enable beneficial use of land by both women and men; and

(c) ensure the protection of women and men from unfair treatment in administration of land matters in the administration of justice.

Trade.

14. (1) The Partner States shall promote the participation of women and men in regional trade and sustainable economic growth, taking into consideration the gender dimensions to personal safety in cross border trade.

(2) In the process of engendering trade in the region, the Partner States shall—

(a) support the national and regional associations of women in business;

(b) address the gender and non-tariff trade barriers through engagement of relevant stake holders;

(c) address the institutional bottlenecks that infringe on the rights of the poor and marginalized to access social services and empower them to participate in community development;

(d) scale up efforts to address gender constraints such as access to credit and other financial services, technology and market information;

(e) facilitate entry of women, men, boys and girls in the trade and services sector by providing training on information and communications technology, e-commerce as well as their participation in cross-border, regional, and international trade;

(f) ensure gender analysis in diagnostic trade integration studies and other trade impact assessments;

(g) institutionalise a gender-aware public private dialogue mechanism that actively involves women and men traders and entrepreneurs in the negotiations, formulation and harmonisation of gender-aware policies, laws and procedures relevant in regional trade and macroeconomic policies and legislation; and

(h) establish and institutionalize regional integrated women trade and enterprise development frameworks that include, but not limited to, trade-related capacity building, networking and information exchange, support centres and business development services, access to financing, systematic research and data collection on the state of women in trade and entrepreneurship, and mechanisms to recognise and promote women in trade.

(3) The Partner States shall review their trade policies to make them gender responsive and take steps to minimize the negative impacts of free trade agreements through—

(a) inclusion of regional women's and men's networks in trade policy structures;

(b) create gender quotas in all trade missions; and

(c) ensure equal access by women and men to financial and other markets, including trade negotiation processes.

(4) The Partner States shall ensure that women and men in the informal sector have access to financial resources, legal aid and other resources on terms commensurate with their financial circumstances, and that women have equal access and rights to credit, capital, mortgages, security and training as men.

Peace and security.

15. (1) The Partner States shall promote peace, security and stability in the Community, in order to guarantee the protection and preservation of life and property, the well-being of the people and their environment.

(2) In particular, the Partner States shall, through co-operation and consultations for prevention, better management and resolution of disputes and conflicts within and between the Partner States—

(a) promote and encourage democratic practices, good governance, the rule of law, protection of human rights and fundamental freedoms, respect for the sanctity of human life and international humanitarian law, as part of efforts for anticipating and preventing conflicts;

(b) in circumstances where conflicts have occurred, and in times of armed and other conflict, take such steps as are necessary to prevent and eliminate incidences of human rights abuses especially of women, men and children, and ensure that—

(i) the rights of women and men to equal justice for violations suffered and protection during the judicial and reconciliation processes are respected through the provision of psychosocial support;

(ii) those affected by the conflict, especially women and children are reinstated to their pre conflict situations in the shortest time possible and protected from human rights abuses in refugee camps and in the internally displaced persons camps, pending resettlement and repatriation as provided by the regional and international instruments on refugee rights;

(c) put in place measures to ensure that women and men have equal representation and participation in key decision making levels in conflict resolution and peace building processes;

(d) renounce the use of force in resolving conflict in order to protect women and men, boys and girls from participating in conflict, forceful recruitment into conflict and sexual slavery;

(e) establish common communication facilities for cross border security;

(f) ensure the implementation of the United Nations Security Council Resolution on peace building, peacemaking and peace keeping; and

(g) protect asylum seeking persons, refugees, returnees, and internally displaced persons against all forms of gender based violence and ensure that the perpetrators of those acts are brought to justice before a court of competent jurisdiction.

Environmental management.

16. (1) The Partner States shall enact laws and policies to reverse the negative effects of climate change and ensure sustainable environmental management.

(2) The Partner States shall promote the sustainable use of the environment taking into consideration the appropriate gender dimensions of access to alternative energy sources and environmental conservation in order to reduce dependence on wood-fuel and access to clean and safe water, and in particular shall—

(a) promote research and investment in new and renewable energy sources and appropriate technologies, including information technologies, and facilitate women and men's access to, and participation in their control;

(b) establish mechanisms to reduce the time spent by women and girls in search of water and firewood at the expense of their security, welfare, and development related activities such as education and training opportunities;

(c) protect and enable the development of women and men's indigenous knowledge systems and use of appropriate technologies especially in the agricultural sector;

(*d*) protect women and men from exposure to hazardous waste through the establishment of proper standards for the management, processing, storage, transportation and disposal of toxic waste including domestic waste;

(*e*) address the diverse effect and impact of climate change on the environment by ensuring and taking appropriate measures to reverse the effect of climate change and sustainable use of the natural resources; and

(*f*) develop and promote capacity building programmes for the sustainable management of natural resources.

Marginalised groups.

17. (1) The Partner States shall protect and uphold the right of persons in situations of vulnerability due to geographical, physical or mental reasons.

(2) The Partner States in particular shall—

(*a*) protect persons with disability against all forms of violation of their rights including sexual abuse and discrimination, and ensure that they have access, commensurate with their disability, to all the civil, political, social, economic and cultural rights available to all persons;

(*b*) ensure that socially excluded groups such as pastoralist communities, minorities and indigenous people are protected against discrimination and have access to the existing justice mechanisms;

(*c*) ensure the development and protection of boys and girls by eliminating all forms of discrimination against the children;

(d) ensure that widows and widowers are not subjected to inhuman, humiliating or degrading treatment and in particular that a widow or widower—

(i) automatically becomes the guardian and custodian of the children upon the death of the other spouse;

(ii) has the right to continue to live in the matrimonial house after the death of the other spouse;

(iii) has access to employment and other opportunities to enable her or him to make a meaningful contribution to society;

(iv) has the right to inheritance of the property in a joint estate within a marriage;

(v) may remarry any person of her or his choice after the death of the other spouse; and

(vi) has protection against all forms of violence and discrimination based on his or her status;

(e) enact and enforce legislative measures to ensure that elderly persons are treated with dignity; protected against violence and discrimination based on their age, and have access to essential social services and social protection benefits;

(f) promote the rights of older persons and adopt innovative policies and programmes to mainstream the issue of older persons; and

(g) support older persons by effectively addressing their needs through specific programmes that are incorporated into national development plans and strategies including social protection.

18. (1) The Partner States shall incorporate gender considerations into the planning and allocation of resources and shall— Financial provisions.

(a) include specific initiatives to empower women and men, boys and girls;

(b) ensure equality in employment; and

(c) observe gender within and between all sectors, spheres and levels of government.

(2) All Ministries shall, in their budgetary submissions, state their efforts in achieving gender equality and shall include gender awareness in the allocation of resources.

(3) The Partner States shall allocate the necessary financial resources to ensure the implementation and sustainability of the programmes under this Act.

19. The Council shall establish and confer powers and authority upon such institutions as the Council may deem necessary for the implementation of this Act. Institutional arrangements.

20. The Council may make regulations providing for any matter which by this Act is required to be prescribed or which the Council considers necessary for giving effect to the purposes of this Act. Regulations.

THE PRESIDENCY
EXECUTIVE OFFICE OF THE PRESIDENT
CHIEF OF STAFF AND HEAD OF PUBLIC SERVICE

Telegraphic Address
Telephone: +254–20–2227436
When replying please quote
Ref. No. CAB/FIN. 2/1
and date

STATE HOUSE
P.O. Box 40530–00100
Nairobi, Kenya

23rd March, 2017

All Principal Secretaries/Accounting Officers

PREPARATION OF THE THIRD MEDIUM TERM PLAN (MTP) 2018-2022

Kenya Vision 2030, the country's long term development blue-print is implemented through five-year successive Medium Term Plans. The First Medium Term Plan (MTP 2008-2012) covered the first five years of the Vision. This Plan was succeeded by the Second MTP 2013-2017 which is under implementation and whose theme is: *"Transforming Kenya: Pathway to Devolution, Socio-Economic Development, Equity and National Unity"*.

The Second MTP is ending soon, consequently the Government has embarked on the process of preparing the Third MTP 2018-2022 which will be coordinated by the by Ministry of Devolution and Planning. Through a wide consultative process involving Ministries, Departments and Agencies (MDAs), a Concept Note on the Third MTP has been prepared. This Concept Note outlines the achievements and challenges of implementing the Second MTP, emerging and outstanding issues, the medium term development strategies and timelines of key activities and sub activities relating to the development of the Third MTP.

For the successful preparation of the Third MTP, institutions have been created to coordinate and oversee the process. These include the National Steering Committee

(NSC), the National Stakeholders Forums, MTP Technical Committee, 24 MTP Working Groups (MTPWG) and 2 MTP Thematic Working Groups (MTPTWG). The main role of the MTPWG and MTPTWG will be to formulate policies, programmes and projects to be considered in the Third MTP. These two institutions (MTPWGs and MTPTWGs) will therefore be required to work with the relevant stakeholders when drafting their reports. The Ministries/ Departments and Agencies are alerted that the first draft MTP 2018-2022 should be ready by August 2017.

Towards this end, all Ministries, Departments and Agencies are requested to commence the development of their inputs to the Third MTP within their MTP Working Groups/Thematic Working Groups. The State Department for Planning and Statistics in the Ministry of Devolution and Planning will lead the preparation process, provide guidance and above all report regularly on the progress to my office.

Attached, please find the Concept Note for the Third MTP 2018-2022 together with its annexes for your information and use during the preparatory process.

The purpose of this letter is to request you to commence the preparation of the Third MTP immediately.

JOSEPH K. KINYUA, CBS
CHIEF OF STAFF AND HEAD OF THE PUBLIC SERVICE

Encl.

Copy to: **All Cabinet Secretaries**

The Hon. Attorney General

The Chief Justice and President of the Supreme Court

The Clerk, National Assembly

The Clerk of the Senate

REPUBLIC OF KENYA

CONCEPT NOTE ON

MEDIUM TERM PLAN

2018-2022

March 2017

1. Introduction

1. The Third Kenya Vision 2030 Medium Term Plan (MTP 2018-2022) will succeed the Second MTP 2013-2017. Like its two predecessors, it will be guided by Kenya Vision 2030 - the country's long term development strategy which seeks to transform Kenya into a newly industrializing upper middle income country providing a high quality of life to all its citizens by 2030. It will also be guided by the constitution of Kenya and incorporate the priorities outlined in the Manifesto of the Political Party forming the government after the next general elections scheduled in August 2017.

2. The Third MTP will endeavor to move the economy towards a high growth trajectory to achieve 10 percent economic growth rate target by the end of the Plan period. It will prioritize policies, programmes and projects which generate broad based inclusive economic growth, as well as faster job creation, reduction of poverty and inequality, take into account climate change impacts, and meeting the 17 Sustainable Development Goals (SDGs) and the goals of African Union Agenda 2063.

3. The Plan will build on gains made so far in key sectors of the economy including completing projects initiated during the Second MTP. It will target not only at increasing the level of investment but also enhancing the productivity of investment, as well as raising productivity in all sectors of the economy.

4. In particular, the Plan will aim at effecting structural changes towards increasing the shares of the manufacturing, industrial, and exporting sectors in the economy. Furthermore, the Plan will prioritize development of the country's oil and mineral resources sector, which is expected to play a crucial role in terms of contribution to the growth of Kenya's economy in the next five years and beyond. The Third MTP will thus accord priority to foster investment in upstream, mid-stream, and downstream infrastructure to facilitate development of the country's oil and mineral resources sector. It will also pay special attention to the maritime sector as a new frontier for social and economic growth.

5. In order to support the above stated objectives and targets, the Plan will accord priority to enhancing and developing foundations/enablers such as Infrastructure; Public Sector Reforms; Science, Technology and Innovation (STI) and ICT. In this regard, increased budgetary resources will be allocated to development spending over the course of the Plan period. This will ensure that key infrastructure projects initiated during the Second MTP period, such as the 5,000 + MW project, are completed and the new infrastructure projects planned for implementation during the Third MTP period are adequately funded.

6. To facilitate its implementation, the Plan will put in place incentives to attract both domestic and foreign investment including increased reliance on Public Private Partnership (PPP) arrangements in implementing programmes and projects. It will also take into account and promote use of new and innovative financing mechanisms and other means of implementation. The Plan will also prioritize measures and programmes aimed at strengthening social and political sectors to facilitate faster development and socio-economic transformation of the country.

7. The Third MTP will be prepared against the backdrop of slowing global economic growth and uncertainty following the Brexit Vote which could adversely impact the rest of the world economy. The other risks and challenges relate to climate change, cyber security, global terrorism, rise of extremism and regional peace and security. The Plan will therefore be formulated taking cognizance of such risks and incorporate mitigation measures and strategies to increase the economy's resilience to cope with such adverse shocks.

8. In accordance with its mandate, the Ministry of Devolution and Planning will spearhead and coordinate the process and production of the MTP 2018-22.This Concept Note outlines the road map for the preparation of the Third MTP.

2. Background

2.1 Achievements Under the Second MTP (2013-2017)

9. The Second MTP targeted achievement of 10 % real GDP growth by 2017. The economy recorded growth rates of 5.7 %, 5.3 % and 5.6 % in 2013, 2014 and 2015 respectively which were lower than those projected in the Second MTP. Among the reasons for lower than projected growth include: insecurity which impacted on investment and other key sectors such as tourism; slowdown in the growth of the manufacturing sector as a result of cheaper imports of manufactured products and reduced share of Kenya's manufactured exports in the regional market; adverse weather patterns which affected growth of the agricultural sector; high bank lending rates and slow uptake of PPP projects. Adverse global environment and market conditions such as financial market volatility and falling commodity prices also played a part in contributing to lower than projected economic growth rates.

10. Despite registering lower than projected growth rates in the first three years of the Second MTP, there are indications that the economy is moving towards a higher growth trajectory. Quarterly GDP estimates by Kenya National Bureau of Statistics (KNBS) indicate that the economy grew by 5.9 % in the First Quarter of 2016 and by 6.2 % in the Second Quarter of 2016.

11. A review of the other performance indicators shows that significant progress has been achieved in implementing the Second MTP, some of which are highlighted below.

2.1.1 Foundations and Enablers

12. Total installed capacity for generation of electric power increased by 38% from 1,690 MW in 2012 to 2,341 MW in 2016. Additionally, in order to serve the rapidly increasing customer base and absorb new generation, Medium Voltage and High Voltage Transmission and Distribution Network length grew from 47,035 km in June 2012 to 68,493 km in June 2016, an increase of 45.6 %. The total number of customers connected to electricity increased from 2,038,625 in 2012 to 4,890,373as of June 2016, representing a growth of 139.9 %. By 30th June 2016 an additional 13,965 public schools had been connected to electricity (mainly through the national grid connections while some through solar power) increasing the total number of schools connected to power to 22,796. The Government has also introduced the National Street Lighting Project in major cities and towns. The project's target is to install a total of 71,603 street light lanterns across major cities and towns countrywide. As at end of June 2016, a total of 39,336 street lights had been installed.

13. Since the commencement of the 2nd MTP, to date, a total of 1,304 km of new roads have been constructed, and 535 km rehabilitated, 4,212 km periodically maintained and 154,198 km routinely maintained. In addition, the design of 1,092 km of new roads and construction of 41bridges has been completed.

14. Significant progress had been achieved in development of the first phase of the Standard Gauge Railway (SGR) line from Mombasa to Nairobi. The project is 95 % complete on civil works and laying of the track line and is expected to be fully completed in June 2017. The contract for the second phase of the SGR that runs from Nairobi to Naivasha has been awarded and construction is expected to be completed in 2019.

15. The second container terminal at the port of Mombasa has been completed. Work is on-going to upscale investments in associated infrastructure facilities, including further dredging of the port and construction of the road networks around and out of the port. Customs officers from Partner States have been deployed to the Port of Mombasa to carry out clearance of cargo to their respective Partner States. This has resulted in reduction in the time taken to transport goods to Partner States from between 18 and 22 days to 3 and 4 days. The development of the first three berths at the port of Lamu is on-going. With regard to air transport, Terminal 1A at JKIA has been completed including the screening yard and security toll gate. Five airstrips (Nanyuki, Ikanga, Lodwar, Embu and Malindi) have been rehabilitated while Isiolo and Kisumu airports have been expanded and modernized.

16. The construction of the 450 km 20- inch multi-product oil pipe line from Mombasa to Nairobi is on course and as at 30th June 2016, 265 km of the 450 km had been completed while the 120km (10 inch diameter) pipeline from Sinedent in Nakuru to Kisumu was completed and commissioned on 28th April 2016. Pre-qualification was completed for engineering, procurement and construction of the 354 km 20 inch diameter Eldoret-Tororo-Kampla-Kigali refined petroleum products pipeline.

17. Significant progress has so far been achieved in the ICT sector. Internet users increased by 125 % from 16 million users in December 2012 to an estimated 36 million in December 2015 resulting in an increase of the internet penetration ratio from 41 % to 83 %. Mobile phone subscriptions grew from 31 million in 2012 to 38 million by December 2015. This increased the mobile phone penetration ratio from 78 % to 88 %. The number of mobile money transcriptions grew by 28 % from 21 million in 2012 to 27 million in 2015. Mobile money transfer agents grew by 129 % from 62,000 in 2012 to 142,000 in 2015. The establishment of the one-area network with a harmonized EAC rate 10 cents US $ per minute for outgoing calls and zero charges for incoming calls between Kenya, Uganda and Rwanda has resulted in reduced cost of telecommunications and reduction in the cost of doing business. Phase II of the National Optic Fibre Backbone Infrastructure (NOFBI) involves the laying of 1,600 km of fiber optic cables linking all 47 county headquarters. To date, 1,200 km out of 1,600 km civil works are completed. The 4G Networks was rolled out in 2014starting with Nairobi and Mombasa. The migration from analogue to digital TV was completed in time to meet the global deadline of 17th June 2015. Phase I of implementation of Konza Technology City is underway with development of basic infrastructure including water supply, installation of electricity to the site and on-going construction of 2 sub stations to guarantee adequate and stable power.

18. The government completed construction of four stalled government building projects i.e. Mtihani House Phase V, West Park Police Housing project comprising 595 housing units, Kitui Primary Teachers Training College and Voi Primary Teachers Training College. Other seven projects are at an advanced level of completion. In addition, the government designed, documented and supervised to completion of 355 new government buildings projects as requested by Government Ministries, Agencies and County Governments. In addition, 189 government building projects were rehabilitated and maintained in both national and county governments. Three jetties were constructed/rehabilitated to 100 % completion (Matondoni and Lamu Jetty in Lamu County and Shimoni Fisheries Jetty in Kwale County) and 487 meters of sea wall at Ndau in Lamu County. A total of 72 term supply contracts for procurement of common user items were procured to be used by government institutions.

19. During the Second MTP period, the Ministry of Lands and Physical Planning developed an e-archive and title printing system and established a national bulk titling center to fast track the issuance of title deeds. The Ministry has initiated digitization of records in 13 land registries. The national one stop titling center was launched in February 2015. The center offers services including land surveys, adjudication and registration within 16 days from the previous 73 days. It is connected electronically to key Ministry Departments and has a capacity of processing 12,000 title deeds per day. A total of 2.4 million titles have been registered. Other achievements on digitization, include: launch of the National Land Information Management System (NLMIS) in collaboration with National Land Commission, automation of land registration transactions and online searches through e-citizen portal for Nairobi registry hence reducing timelines in conducting title searches from 3 days to instant, conversion from analogue to digital title deeds with security features to deter forgery and reorganization of records in 22 out of 57 land registries. Under tenure regularization of informal settlements, the Ministry has prepared advisory plans for 10 informal settlements and draft plans for 5 informal settlements. On surveying and maintenance of national and international boundaries the Ministry has surveyed, inspected, reaffirmed and maintained 290 km along Kenya and neighbouring countries borders. These include; Kenya-Uganda (44 km), Kenya-Ethiopia (110 km), Kenya-Tanzania (30km) and Kenya-Somalia (106 km). The ministry has finalized formulation of a National Spatial Plan, Kenya National Spatial Data Infrastructure Policy and the National Land Use Policy has been submitted to Cabinet for approval. In addition Community Land Act (2016) and Land Laws(Amendment) Act 2016 have been enacted while the Physical Planning Bill is before the Senate. The Ministry has also commenced development of a Land Value Index with a view to determine trends of property values in the country to guide investors and also help in avoiding speculation during acquisition of land for infrastructure projects.

20. A total of 44Huduma centers had been established in 40 counties serving as one-stop shop service delivery centers offering 66 government services. It is expected that all 47 counties will have a Huduma Center by the end of FY2016/17. Since inception, over 11 million customers have been served in Huduma centers while a total of 700,000 youths have been served at the HELB counters in the centers. Over 12 billion Kenya shillings have been collected from services that require payments in the centers. To date, the Huduma Kenya Programme has won over 10 Global and National Awards including the 2015 United Nations Public Services Award and the 2015 African Association for Public Administration and Management (AAPAM) Gold Award in Innovative Management.

21. Considerable progress has also been achieved in implementing projects in the security sector. By April 2016, the construction of the forensic laboratory to improve the forensic investigation capability of the Directorate of Criminal Investigation was 74 % complete and the project is expected to be completed by the end of 2016. Installation of 3,000 CCTV cameras in Nairobi and Mombasa and their environs was completed. During the Second MTP period 26,000 additional police were recruited, trained and deployed. This has resulted in the police to population ratio improving from 1:505 to 1:407 (against the UN recommended ratio of 1:450). In April 2016, 10,000 more police recruits were enlisted and this will further improve the police to population ratio. A total of 2,220 police vehicles were also acquired for National Police Service, 492 vehicles for National administration, and 5,000 motor bikes for chiefs. A total of 5,342 housing units were constructed by the National Government for National Police and Kenya Prison Services. The integrated Population Registration System was also enhanced with connection to agencies as well as launch of e –passport.

22. With regard to foreign relations and international cooperation, the Government finalized the first ever written Kenya Foreign Policy in January 2015 and also launched and implemented the Kenya Diaspora Policy which aims to deepen the engagement and partnerships of Kenyans living abroad in order to leverage and harness their diverse skills and expertise for national development. Since 2013, the government grew kenya's diplomatic footprint by opening and operationalizing five fully fledged diplomatic missions to enhance the county's ability to articulate national interests abroad and provision of Consular services. Additionally, over the same period, Kenya became party to 27 multilateral treaties and 93 bilateral treaties.

23. During the second MTP period, the government also increased the housing and hardship allowance for civil servants by 10% and 30% respectively, comprehensive medical Insurance Cover for 246,030 employees increased by 50% and introduction of a comprehensive Medical Insurance Cover for 112,625 Members of the Disciplined Services w.e.f. 1st October, 2016.

2.1.2 Economic Pillar

24. Notable progress has also been made in implementing programmes and projects under the economic pillar. In the Second MTP period, a total of 526,176 tons of subsidized fertilizer was availed to farmers. A Kshs.103 billion fertilizer plant with an annual capacity of 150,000 metric tons was completed. The piloting phase of the 10,000 acres for the one million acre Galana Irrigation project has been successfully completed.

25. To increase productivity in the livestock sector six liquid nitrogen plants were established. This has led to improved accessibility and reduced the cost of delivery of A.I services from an average Kshs 1,000 to Ksh 500 with 880,000 straws of semen produced and availed to farmers. The Kenya Veterinary Vaccine Production Institute (KEVEVAPI) was upgraded to produce affordable and quality vaccines through efficient and effective technologies. The production of oil-based Foot and Mouth Disease vaccine has reduced the cost of vaccination by over 50 % saving livestock keepers over Kshs 1.185 billion. To date, a total of 135 million doses of assorted vaccines for animal disease control were produced since 2013. Tsetse and Trypanosomiasis eradication interventions have been carried out in five tsetse belts. In addition, the Tsetse and eradication Strategy was developed and a draft Tsetse and Trypanosomiasis Eradication Bill developed. In order to

improve livestock products value addition and marketing, the State Department of Livestock procured and distributed 48 milk coolers to 20 counties. Eight export slaughter houses, 6 milk processing facilities and 5 animal feed manufacturing facilities were inspected and licensed to ensure compliance with required standards. In order to minimize risks emanating from drought-related disasters and build resilience to pastoralists, the Ministry established a livestock insurance scheme targeting 14 ASAL counties. A total of 66,085 tropical livestock units (TLUs) have been insured at a value of Kshs 2 billion. At full implementation, 350,000 livestock units valued at Kshs 14 billion will be insured and the project will directly benefit 420,000 people.

26. To facilitate development of the Blue economy, the Tuna Fisheries Development and Management Strategy was developed and launched in November 2014 while the Fisheries Management and Development Bill (2016) was enacted into law on 3rd September 2016. In 2014, the government acquired a 55.6 meter long Deep Sea Research Vessel at a value of Kshs 3.2 billion to enhance the capacity on marine fisheries research. The government has also commissioned construction of an offshore patrol boat to deter illegal fishing activities in Kenya's EEZ which are estimated to deny the country revenue estimated at Kshs 10 billion annually. Plans are also underway to develop a designated fish port at Lamu to facilitate the landing of the catch by deep sea fishing vessels. In addition, to facilitate inland fisheries, three mini fish processing and cold storage facilities have been established including ten aquaculture products marketing outlets in collaboration with private fish vendors.

27. In the tourism sector, positive brand endorsement of Kenya tourism product has put the sector on a recovery path. The lifting of travel restrictions and advisories and governments efforts in beefing up security as well as in waiving landing fees for tourist charter flights have also assisted the sector' recovery. Domestic tourism has improved with increase in the number of bed nights by Kenyans from 2.8 million in 2013 to 3.15 million in 2015. Business and conference tourism has improved with the number of international delegates increasing from 40,109 to 77,848 between 2013 and 2015.

28. The Special Economic Zone (SEZ) Act 2015 is in place. This paves way for the development of the SEZ at Dongo Kundu on 3,000 acres of land adjacent to the port of Mombasa. The project for development of the SEZ at Dongo Kundu has been awarded to Japanese investors. It is expected that the establishment of SEZs will contribute to significant growth of manufacturing sector, including exports of manufactured products. The Kenya Industrial Research and Development Institute (KIRDI) facilities in Kisumu were upgraded and the project completed in 2015. Equipping of the Facility has been on-going in 2016 and the center is now ready for commissioning and full operations. The construction work for KIRDI Techno Center (KTC) in Nairobi is 60 % complete. The Center will host the Nano Technology Laboratory, the third of its kind in Africa. The other two are in South Africa and Egypt. To enhance competition in the economy, the Competition Act 2010 was amended through the Competition amendment Bill 2016.

29. Significant progress has been achieved in strengthening Kenya's financial services sector by improving access, efficiency and stability. Financial inclusion has increased with 75.3 % of Kenyans being formally included, up from 66.9 % in 2013 (FinAccess household survey, 2016) by lower cost and more convenient electronic financial transactions through operationalization of the National Payments Systems Act on 24th August 2014. Measures have been taken towards establishment of the Nairobi

International Financial Center (NIFC) by establishment of Nairobi International Financial Center Authority (NIFCA) through Executive Order under legal Notice No 44 of 9th May 2014 and development of the NIFC Bill approved by Cabinet on 22nd December, 2016. In addition, Financial Services Authority (FSA) Bill has been developed and a ten year Capital Market Master Plan (2014-2023) launched. The FSA Bill seeks to consolidate four financial regulators under one umbrella and to provide the framework for regulation of market conduct. A draft new Central Bank of Kenya Bill has been prepared and will be taken through the relevant approval processes before being enacted into Law. The Banking (Amendment) Act 2016 was passed. The Act caps lending rates at four percentage points above the Central Bank's benchmark rate and deposit rate at at-least 70 percent of the benchmark rate. This has reduced the bank lending rates and increased the deposit rate offered to savers. The Kenya Credit Guarantee Scheme Bill to further support access to credit by Micro, Small and Medium Enterprises (MSMEs) is being finalized and forwarded to Cabinet and thereafter to the National Assembly. During the second MTP period, the scope of capital market products at the disposal of investors was also widened with the advent of Real Estate Investment Trusts, Asset Backed Securities and Global Depository receipts.

30. Development of the oil and gas and other mineral resources sector has progressed well during the first four years of the second MTP. By the year 2015, a total of 74 oil exploration wells were drilled. A total of 17 new exploration blocks were created increasing the total number of exploration blocks from 46 to 63. A total of 36 blocks have been licensed to 18 international oil companies. The national petroleum data center was established to enable archival and retrieval of exploration and production data. Skills development and enhancement of local expertise in petroleum exploration and production was undertaken through training, technical collaboration with exploration companies and universities. To date, a total of 349 Kenyan citizens from various agencies have been trained and a total of USD 4.8 million spent under the Kenya Petroleum Technical Assistance Project (KEPTAP).

31. The Governments of Kenya and Norway have initiated discussions to develop a five year technical assistance and capacity building programme beginning 2017 that will assist Kenya in developing and managing its oil and gas sector drawing on the experiences and best practices of the successful Norwegian model. In order to facilitate development of the oil and gas sector, the government has drafted a new Petroleum Exploration and Production Bill which will soon be enacted into law. A new Model Production Sharing Contract (PSC) has also been drafted. The Mining Act 2016 has been enacted replacing the old mining legislation enacted way back in 1940 during the colonial period. The new mining Act is aligned with the provisions of the constitution and with the industry international best practices.

2.1.3 Social Pillar

32. Notable progress has been achieved in the social sector. Enrollment in Early Childhood education (ECD) increased by 12 % from 2.85 million in 2013 to 3.2 million in 2015. On mainstreaming ECDE into Basic Education, a draft policy on ECDE has been validated. Between 2013 and 2016 primary school enrollment increased from 9.86 million to 10.1 million, the Pupil Completion Rate (PCR) increased from 78 % to 82.7 % and the Primary to Secondary Transition Rate increased from 76.8 to 82.3 % and enrollment in secondary schools increased by 19 % from 2.1 million to 2.6 million. The KCPE

examination candidatures increased from 839,759 in 2013 to 938,912 in 2015. The KCSE candidature increased from 446,696 in 2013 to 525,839 in 2015. Implementation of competency based curriculum in education and training is underway. Enrollment in TVET institutions increased by 4.6 % from 136,034 in 2013 to 144,248 in 2016 while enrollment in public TVET institutions increased by 0.5 % from 64,465 in 2013 to 64,783 in 2015. Enrolment in youth polytechnics grew by 8.2 % from 71,569 in 2014 to 77,465 in 2015. There has been an increase to access of loans for TVET trainees with the number of beneficiaries increasing from 2,504 in 2013/14 to 12,148 students in 2015/16. On TVET reform, a policy framework for the sector is in place and TVET is focusing on providing Competency-Based Education and training (CBET) that meet the need of the workplace as well as self-employment. The number of public universities increased from 8 in 2012 to 23 in 2015. Overall, university student enrollment rose from 251,196 in 2012/13 to 512,924 in 2015/16 representing an increase of 104 %. In 2013/14 the education and training sector started a major curriculum reform in order to align the curriculum with goals and aspirations of Kenya Vision 2030 as well as to emphasize national values, integration of science and innovation, and adoption of ICT technologies.

33. ICT integration in education and training is under implementation with a number of achievements made in implementing the Digital Literacy Programme during the second MTP period including: training of 62,784 teachers, development of digital content for all Class One subjects and Class 5 to 8 Science and Mathematics. A total of 150 pilot schools had ICT gadgets delivered initially, 150 master trainers, 62,000 TOTs and 3 teachers per school having been trained for effective implementation. 18 counties were supplied with computers for establishment of EMIS centers. A total of 40 public TVET institutions have been connected to internet through fibre optic cable.

34. The health sector realized significant achievements during the Second MTP period. Infant Mortality Rate (IMR) dropped from 52 to 39 per 1,000 live births while under five mortality rate declined from 74 to 52 per 1,000. Immunization coverage increased from 77 % to 83.5 %; Malaria incidence reduced from 32 to 22 % while HIV prevalence rate declined from 6.3 % to 5.6 % with an estimated 850,000 deaths averted by scaling up ART programme. Similarly, the removal of user fees from public health facilities has seen an increase in delivery by skilled providers from 43 % to 62 % and decline in maternal mortality rate from 488/100,000 to 362/100,000. The health insurance subsidy programme so far covered 21,525 households and 198,752 elderly and people with disabilities (PWD). The Implementation of Managed Equipment Services programme in 98 hospitals across the country is expected to further transform health care delivery and manage the increasing non-communicable conditions.

35. Notable achievements have also been realized in the area of environmental management and protection. The area under forest and tree cover increased from 6.9 % in 2013 to 7.2 % in 2016. A total of 47 County Environmental Action Plans have been developed and finalized. Water Resources Information System (WRIS) for Lake Victoria has been established including harmonized municipal and industrial effluent standards within the Lake Victoria Basin. The National Solid Waste Management Strategy (NWMS) 2015 has been developed and its implementation monitored in 47 counties including 1,375 inspections of high risk facilities for pollution control in all counties. A total of 214 cases relating to environmental offences under EMCA Cap 386 have been prosecuted. Rehabilitation of 20 km of Nairobi River and 250 km of other 7 urban rivers have been completed.

36. To improve water supply and related services, expenditure by the national government increased from Kshs.20.4 billion in FY 2012/13 to Kshs 41.2 billion in FY 2015/16. Between FY 2013/14 and FY 2015/16 the population with access to safe drinking water rose from 53.3 % to 58 %. Over the same period, urban water supply coverage increased from 65.4 % to 68.3 % and rural water supply coverage improved from 48.8 % to 50.2 % while access to sanitation increased from 66.7 % to 74 %. A total of 199 new water and sanitation projects were constructed, 410 existing rural water supplies rehabilitated and 276 new boreholes drilled and equipped. A total of 701 small dams and pans were constructed and an additional 149 earth dams constructed across all counties.

37. A Kenya Labour Market Information System (KLMS) has been developed to enhance efficiency and flexibility in the labour market and matching skills to industry demand. The system will facilitate storage, access, retrieval and interrogation of data on various facets of the country's labour market. In addition, a Master file of local training institutions has been updated to inform supply side of labour.

38. During the Second MTP period, several empowerment programmes were undertaken under the Youth Enterprise Development Fund, Women Enterprise Fund (WEF), Uwezo Fund and Access to Government Procurement Opportunities (AGPO).Under Uwezo Fund Ksh 5.1 billion has been distributed to 58,943 groups reaching 871,606 beneficiaries. A total of 37,005 youths were recruited in the National Youth Service (NYS) and underwent para-military and social training. The youths were also trained in vocational and technical training to enable them undertake various activities such opening up of rural access roads, construction of water dams and pans, and distribution of relief food and medicines. Among the achievements under NYS interventions are: 405.6 km of roads graded and repaired to murram standards in different constituencies, 213 water dams and water pans constructed and 56 boreholes sunk. The NYS were also involved in projects such as provision of community assets in informal settlements (Kibera), renovation of Makinnon Market in Mombasa and provision of security services government facilities such as Kenyatta International Convention Center (KICC) and Kenya Airports Authority (KAA). A total of Kshs 4.9 billion was disbursed to 497,037 youths under the Youth Enterprise Fund (119% increase in the number of beneficiaries). In addition, a Financing Agreement for Kshs 15 billion has been signed to scale up Kenya Youth Employment and Opportunities Project, targeting 280,000 youths in 5 years commencing 2016.A total of 153 youth development centers were established which offer mentorship, nation building, vocational and entrepreneur skill development opportunities. An on-line Industrial Training Attachment Portal (ITAP) www.nita.go.ke/itap was also developed to link industrial training institutions to industry and help students secure attachment places.

39. A total of 49,571 women groups composed of 630,546 individuals received loans amounting to Kshs 6.3 billion through WEF and 213,636 women trained on basic accounting, business skills and formation of cooperatives. The Government developed National Policy for Prevention and Response to Gender Based Violence (GBV) in 2014 which gives guidelines on implementation of GBV activities in the country. Through the Anti-FGM Board established within the second MTP period, rigorous awareness campaign on FGM prevalence was undertaken across the country and this has led to reduction of FGM prevalence from 27 % before 2013 to 21 %.

40. Through the National Government Affirmative Action Fund, established during the Second MTP period, Kshs 3.2 billion has been disbursed to counties to support Affirmative Action Groups/Projects. The government also significantly increased its funding to cash transfer programmes. The number of older persons receiving cash transfers increased from 164,000 to 310,000; the number of Orphans and Vulnerable Children (OVCs) receiving cash transfers increased from 253,000 to 353,000 and the number of persons with severe disabilities receiving cash transfers increased from 27,000 to 46,414. An Integrated Management Information System (MIS) Single Registry aimed at consolidating all cash transfers to enhance efficiency, accountability and transparency has also been established.

41. Some of the achievements in the Sports, Culture and Arts during the second MTP period include: provision of space and platforms for sports persons, cultural practitioners, artists and other players in the sector for them to develop, tap and nurture their talents in their different fields of operation. This was achieved through rehabilitation of stadia in Mombasa, Kisumu, and Eldoret. Construction of Kenya Academy of Sports in Kasarani for training sports persons as well as coaches, referees and umpires. Renovation of the Kenya Cultural Center and representation 223 sports teams in various regional and international competitions. In addition, there was intensive capacity building of 74,394 sports persons, 7,483 cultural practitioners and artists through training workshops and provision of facilities to talented and interested players.

2.1.4 Political Pillar

42. During the Second MTP period, the 47 county governments and the National Government were established and operationalized in line with constitution of Kenya 2010. This is major milestone and has led to positive impacts in the county's political and socio-economic development. Key devolution institutions were also established including the Inter-Governmental Relations Technical Committee (IGRTC), the Intergovernmental Budget and Economic Council (IBEC) and the Council of Governors, among others.

43. Sessional Paper No 9 of 2013 on National Cohesion and Integration and Sessional Paper No 8 of 2013 on National Values and Principles of Governance were finalized. Parliament adopted Sessional Paper on the National Policy on Peace Building and Conflict Management and all MDAs were facilitated to include them in their performance contracts. The Judiciary developed and is implementing an Integrated Judiciary Transformation Framework to transform it into an effective and independent custodian of justice through ensuring access to and expeditious delivery of justice to all.

44. During the period under review, several laws to implement the Constitution under the Fifth Schedule and harmonize existing laws were passed, including: The Public Audit Act No 34 of 2015, the Public Procurement and Asset Disposal Act No 33 of 2015, various County Allocation of Revenue Acts, the Organization and Administration of the High Court Act No 27 of 2015, the Law Society of Kenya Act No 21 of 2014, Statute Law (Miscellaneous) Amendment Act of 2014, the Security Laws Amendment Act No 19 of 2014, the National Police Service Management Act No 11 of 2014, the National Police Service Commission (Amendment) Act No 47 of 2014, the Fair Administrative Action Act No 4 of 2015, Victims Protection Act No 17 of 2014 and the Public Service (Values and Principles) Act No 59 of 2015.

45. In addition, the Devolution Policy was developed and launched while 51 model laws to guide counties in legislation were also developed. Efforts were made to ensure proper implementation of constitutional provisions on devolution. Specifically, public participation guidelines were developed, launched and disseminated. Civic education programmes were conducted at both the national and county level to promote the collective national aspirations in the Constitution as well as enhance citizens participation and engagement.

46. In 2013 a National Capacity Building Framework (NCBF) was developed and is being implemented in all counties and at the national level. It consists of four key result areas: training and induction, institutional strengthening, technical assistance and support to intergovernmental relations. Laws to implement devolution such as the the National Government Coordination Act (2013) and the Transition County Allocation Act (2013) were enacted. The Ministry of Devolution and Planning developed and disseminated guidelines for preparation of County Integrated Development Plans (CIDP) to guide counties in developing their CIDPs as well as guidelines for mid-term reviews of CIDPs. The Integrated Financial Management Information System (IFMIS) was rolled out to all counties. The Intergovernmental Budget and Economic Committee (IBEC) has initiated the development of a framework to enhance county own-source revenue as well as a framework to guide and manage county borrowing. The Transition Authority devolved 11,456 km of roads to the County Governments following a reclassification exercise and gazettement vide Legal Notice No 2 of 22 January 2016. In the same gazette notice the National Government was assigned a road network of 39,974.9 km.

47. To improve efficiency and effectiveness in public resource utilization and budget execution, the Capacity Assessment and Rationalization of the Public Service (CARPS) was launched and is being implemented. The Mwongozo Code of Governance has been put in place to enhance performance of state corporations.

2.2 Critical Issues, Remaining and Emerging Challenges

48. Despite the achievements in implementing the Second MTP, key challenges still remain. The agriculture sector which provides a source of income and livelihood to a majority of Kenyans requires significant investment in irrigation infrastructure to reduce its high dependence on rainfall. Furthermore, the sector needs to be modernized through investment in storage and preservation facilities and in value-addition to boost income of farmers, pastoralists and fisherman and thus increase the growth of value-added agricultural products and exports.

49. The low and declining shares of the manufacturing, industrial and exporting sectors in GDP constitute a key challenge. Between 2011 and 2015 the share of the manufacturing sector in the economy declined by 1.5 percentage point from 11.8 % to 10.3 %, while over the same period, the share of exports of goods and services declined from 21.6 % to 15.8 %. These figures highlight the need to put in place measures to effect structural transformation towards a manufacturing and export led economy in line with Kenya's long term development blue print Vision 2030. Furthermore, dumping of cheap counterfeit and contraband goods, high cost of power and low level of technology absorption by SMEs pose a key challenge to growth of manufacturing and industry sector. The decline in crude prices in the world market also slowed oil and gas exploration activities in the country as a result of exploration companies cutting down exploration

costs. In addition, the pulling out of a strategic partner in the crude oil pipeline affected the project economics leading to delays in its implementation. These emerging issues have adversely affected the oil and gas commercialization timelines.

50. The other critical challenge is Kenya's relatively low labour productivity thus negatively affecting the country's competitiveness. Kenya's ranking in the World Economic Forum (2016) is comparatively low at 99 out of 138 countries with labour productivity stagnating at 2.2 out of 10 over a long time period.

51. The high cost of capital and high lending rates remain a challenge to investment and job creation by the private sector despite the recent legislation to cap and bring down the lending rates.

52. The land acquisition process including compensation and resettlement disputes poses a significant challenge in developing infrastructure projects in Kenya. This has delayed and at times stalled implementation of key development projects and increased the cost of public as well as private investments. Other challenges include: slow approval and uptake of PPP projects, low absorption of development partner funds in the development budget leading to low and slow project implementation. The slow pace of implementation of proposed legal, institutional and structural reforms has contributed to Kenya ranking low in the World Bank Ease of Doing Business indicators. The Second Medium Term Plan had targeted an overall ranking of the country to be among the top 50 countries by the end of the Plan period. Currently Kenya ranks 92 out of 189 countries.

53. Unemployment and under employment especially for the youth remains high. This is further compounded by skills mismatch between demand and supply, weak linkage between industry and training institutions and skills shortages in some critical areas within the labour market. A significant proportion of Kenya's population also lacks access to basic services such as electricity and safe drinking water, realization of universal access to water remains a significant challenge and requires huge investments in water supply infrastructure. The persistent challenges to the health sector remain. Communicable and non-communicable diseases including injuries continue to exert pressure to the health care system. Likewise, out of pocket expenditure for health care at 32 % still poses a challenge to accessing quality health care. High income inequality also poses a significant socio-economic challenge. Other key and emerging challenges relate to climate change, cyber security, and increase in insecurity and global terrorism.

54. Implementation of devolution has also faced several challenges. The key among them being the interpretation of the roles and functions between the national government and county governments as outlined in the Fourth Schedule of the Constitution as well as concurrent and shared functions. Other challenges relate to low collection of own source revenue by county governments and delays in the release of resources to counties occasioned by various factors. Corruption and misuse of public funds further constitutes a critical challenge.

3.0 Medium Term Development Strategy

55. The Third MTP will carry forward and complete the programmes and projects initiated during the Second MTP. These include key infrastructure projects such as the 5,000 +MW project and the Roads 10,000 Programme comprising of Low Volume Sealed

Roads and the Road Annuity Programme. It will also outline policies and programmes and projects aimed at achieving high inclusive and broad based economic growth.

56. A key objective of the Third MTP will be to include policies, programmes and projects aimed at meeting the Sustainable Development Goals (SDG) targets. (SDGs replaced the Millennium Development Goals from January 2016.) The Cabinet has approved a Cabinet Memo to mainstream the 17 SDGs by Ministries Counties Departments and Agencies (MCDAs) in their policy, planning, programmes and budgeting. MCDAs will be expected to report on the relevant monitoring indicator identified by Kenya National Bureau of Statistics (KNBS) out of the 230 Global Monitoring Indicators.

57. The Third MTP will outline strategies to increase domestic savings and investment (including FDI). The Plan will also adopt the new framework for financing development and SDGs which relies on interdependent mix of financial resources, technology and capacity building initiatives and other innovative means of implementation. Mechanisms will also be put in place to improve budget implementation in an effort to increase absorption capacity especially for development projects.

58. It will place emphasis on structural transformation of the economy in terms of increasing the share of manufacturing and industrial sectors and increasing the share of exports to GDP; especially that of manufactured exports as a strategy to generate employment and higher economic growth and to ensure a sustainable Balance of Payments (BOP) position.

59. The Micro, Small and Medium Enterprises (MSME) Survey 2016 carried out by KNBS shows that there are 7.5 million MSMEs which employ 14.9 million Kenyans. The Survey findings also show that MSMEs contribute 28.8 % to Kenya's GDP. In view of this, the Third MTP will accord priority to development of this important sector of Kenya's economy and will outline measures to further support the sector's growth.

60. The Third MTP will further prioritize the development of infrastructure and the enabling environment to develop the country's oil and gas other mineral resources sector, which is expected to be a major contributor to attainment of high economic growth in the medium and long term period.

61. In addition, priority will be accorded to development of the maritime sector and the Blue Economy utilizing our marine and fisheries resources in the 230,000 km square of Kenya's Exclusive Economic Zone in the Indian Ocean as well as in international territorial waters. To this end, the State Department of Fisheries and the Blue economy, being the coordinating department on matters of the Blue Economy as per the Government Executive Order No 1/2016 of May 2016 will collaborate with other stakeholders towards development of legal, regulatory and institutional framework for Kenya's maritime blue economy including enhancement of technical cooperation, maritime spatial planning and integrated coastal zone management, protection and regulation of the marine ecosystem, sustainable exploitation of agro based marine resources, development of fishing ports and associated infrastructure and promotion of Kenya as a center for agro based blue economy. The development of the Blue economy will result in increased job creation, increased export revenue as well as higher economic growth.

62. The medium term development strategy of the third MTP will also focus on implementing the Vision 2030 flagship project on irrigating 1.3 million acres of land, rejuvenation of the agricultural extension and advisory services, value addition of agricultural products, expanding existing and creating new markets, regional integration, improving competitiveness, plan for relevant and quality education and training to meet the country manpower needs and skills development, focus on community-based approaches to improve access to essential services including achieving Universal Health Coverage, focus on policies and measures to build domestic capacity and capabilities especially in engineering and construction through local and overseas training and cooperation and joint ventures with leading foreign construction and technology firms.

63. The Third MTP will incorporate plans and strategies to progressively achieve universal access to water and sanitation. About 200,000 new water connections will be required annually for universal water access to be realized by 2030. Likewise, about 350,000 new sewer connections (for about 3.2 million people) will be required annually for universal sanitation access to be reached. In view of the rise in non-communicable diseases, the Plan will include strategies to increase manpower in the highly specialized areas such as Oncology, Renal and Heart Transplants, Geriatrics, Neurosurgery and Cardiothoracic services including investment in related equipment and machinery. Health care automation and shared platform for expert clinical consultation needs will form a major part of the Third MTP heath care strategy. This will lead to shared skills and expertise across the 47 counties.

64. Food safety has also been an emerging issue in the country in the last decade. In this regard, the Plan will address issues related to pesticides and heavy metal contamination for safe production of food and animal feeds. Additionally, the Plan will include strategies to combat harmful emissions and pollution from vehicles and industrial activities.

65. The Plan will focus on a multi-dimensional approach aimed at mainstreaming of productivity improvement in public and private sectors with a view to increasing the country's competitiveness. The medium term development strategy of the Third MTP will thus focus on creation of sustainable and decent employment opportunities, creation of green jobs and building a pool of skilled, adaptive and enterprising labour force. It will also aim at improving labour market efficiency, strengthening the labour administration system and social dialogue, and promoting public-private partnerships in employment creation. Focus will also be on establishing more youth polytechnics and TIVET institutions to impart the requisite technical skills.

66. Emphasis will also be placed on preventing corruption and improving governance and accountability, deepening public sector reforms and strengthening the capacity of county governments as well as coordination between national and county governments. In this regard, the strengthening of oversight institutions will be prioritized to ensure service delivery and proper utilization of public resources. The monitoring and evaluation framework National Integrated Monitoring and Evaluation System (NIMES) will also be strengthened to better track implementation of national and county government's development programmes and projects. Increased investment will also be made in developing ICT based data collection systems and sharing of data across government entities through electronic means. The Third MTP will also place emphasis on implementing the constitutional provision of more than 2/3 gender principle and

empowerment of women to reduce gender inequalities in public and private spheres. Priority will also be given to Programmes targeting eradication of Gender Based Violence.

67. Among emerging challenges, climate change impacts continue to exert negative effects on key sectors of the economy. Estimates from some studies have shown the burden of extreme climatic events could cost Kenya's economy an annual loss of as much as 2% of the country's GDP. This is likely to stunt Kenya's long-term economic growth prospects as well as its ability to meet the targets set in Kenya Vision 2030. Priority will be given to effectively mainstream and integrate climate change measures in Third MTP, CIDPs and Sectoral plans. The Government has already taken steps towards developing key policy documents and legislation including the Climate Change Act (2016), National Climate Change Framework Policy, National Climate Change Action Plan and National Climate Change Response Strategy. Article 19 (2) of the Climate Change Act (2016) calls for county governments to mainstream the implementation of the National Climate Change Action Plan while Article 15 (5) requires that each state department and national government public entity integrate climate change action plan into its plans and sectoral strategies. Goal 13 of the SDG further calls on countries to take urgent action to combat climate change and its impacts.

3.1 Medium Term Plan Macro-fiscal Framework

68. A Macroeconomic Working Group (MWG) consisting of members from the Macro Planning Directorate of the State Department of Planning and Statistics, the National Treasury, Kenya National Bureau of Statistics (KNBS), Kenya Institute for Public Policy Research and Analysis (KIPPRA),Central Bank of Kenya (CBK), Kenya Revenue Authority (KRA), Parliamentary Budget Office, The Commission on Revenue Allocation , and Office of the Controller of Budget will be constituted to prepare the medium term macro-fiscal framework which will underpin the MTP 2018-2022. Departments of economics of local universities, Local offices of the IMF, World Bank, and African Development Bank will also be invited to participate in MWG technical meetings. Annex 4 outlines the TORs for MWG. As an expert technical group, the MWG will ensure consistency in the key macro variables as well as consistency between medium term sector targets e.g sector investment/expenditures and the overall medium term macro-fiscal framework.

Table 1 - Key Macro economic targets for MTP 2018-2022

	2018	2022
Real GDP Growth	6.3	10.0
Investment/GDP	24.4	27.2
Domestic Savings /GDP	18.3	24.6
Exports/GDP	19.2	29.0
Imports/GDP	31.5	33.9
Public Debt/GDP	47.3	49.1

4.0 Steps in Production of the Medium Term Plan 2018-2022

69. Annex 1 outlines the Timetable and main steps in preparation of the third medium term plan 2018-2022. It indicates the main activities, sub-activities and their time schedules. A National Steering Committee to oversee preparation and production of the Third MTP will be established in January 2017. A Draft MTP is expected to be ready by end of July 2017. Its validation and approval process is mainly planned to take place in the period after the General elections. The MTP 3 (2018-2022) is expected to be launched in November 2017.

4.1 The MTP National Steering Committee (NSC)

70. The Chief of Staff and Head of Civil Service will Chair the NSC. All Principal Secretaries are members of the NSC. Other members include the Head of the Presidential Delivery Unit and the Director General Vision Delivery Secretariat. The NSC provides guidance and advises at all stages of the process of production of the MTP. The NSC will meet once a month.

4.2 MTP National Stakeholders Forum

71. The composition of the MTP Stakeholders Forum (NSF) is highlighted in Annex 2. The NSF will be chaired by the Cabinet Secretary Devolution and Planning, and co-chaired by Chairman KEPSA. The other members include: The Chair Council of Governors, The UN Resident Coordinator (to represent UN agencies) the Chair of the Development Partners forum, the Chair National NGO Council, the Chair Mandeleo ya Wanawake, and other key stakeholders. The NSF provides a forum to obtain views of all key stakeholders and consensus on the MTP III (2018-2022). It will meet quarterly.

4.3 MTP Technical Committee

72. The MTP Technical Committee (TC) comprises of Secretaries of the MTP Working Groups. The Economic Planning Secretary, State Department of Planning and Statistics will chair the TC and the Head Macro Planning Division will serve as TC's Secretary. The TC will meet monthly. It will also prepare briefs and the necessary documents for NSC and NSF meetings.

4.4 Composition and TORs of Medium Term Plan Working Groups

73. A total of 24 Medium Term Plan Sector Working Groups (MTPWGs) will be constituted in line with Vision 2030 Sectors. These are : (i) Tourism (ii) Agriculture, Livestock and Fisheries (iii) Trade (iv) Manufacturing (v) Business Process Outsourcing (BPO) and IT-Enabled Services (vi) Financial Services (vii) Oil and Other Mineral Resources (viii) Education and Training (ix) Health (x)Environment, Water and Sanitation (xi) Population, Urbanization and Housing (xii) Gender, Youth and Vulnerable Groups (xiii) Sports, Culture and Arts (xiv) Devolution (xv) Governance and Rule of Law (xvi) Infrastructure (xvii) Information and Communications Technology(xviii) Science, Technology and Innovation (xix) Land Reforms (xx) Public Sector Reforms (xxi) Labour and Employment (xxii) National Values and Ethics (xxiii) Ending Drought Emergencies (EDE) (xxiv) Security, Peace Building and Conflict Resolution (xxv) Macroeconomic Working Group. In addition, thematic groups will be constituted to look into the emerging challenges emanating from droughts and climate change; an issue which cuts across sectors

and HIV/AIDS. The MTPSWGs will be chaired by Principal Secretaries and each MTPWG will appoint its own co-chair from among its members.

74. Private Sector Organizations such as Kenya Private Sector Alliance (KEPSA) and Kenya Association of Manufacturers (KAM), NGOs, universities, and research institutions will be represented in the MTPWGs. Development partners, civil society organizations, youth, women and disadvantaged groups will be invited to participate in the MTPWGs. The Head of the Central Planning Monitoring and Evaluation Unit (CPMEU) of the line ministries will serve as Secretaries of the MTPWGs and also be members of the MTP Technical Committee.

75. Annex 3 lists the MTPWGs and outlines their TORs. The MTPWGs will, among other things, review the progress achieved so far under the second MTP, highlight the main constraints which hindered the implementation of the sector programmes and projects as well as remaining challenges. The MTPWG will identify the priority programmes and projects to be included in the third MTP guided by the Kenya Vision 2030, reports from County Consultations, and other priorities such as job creation and poverty reduction. The MTPWGs will identify the required reforms, capacity development needs, establish linkages between sectors including cross sectoral requirements. Each MTPWG will be required to identify the risks and possible adverse shocks likely to negatively impact achievement of the sector targets in the third MTP period and propose mitigation measures. Additionally each MTPWG will be required to mainstream SDGs, climate change issues and the National Spatial Plan into its sector reports/plans and identify and cost climate change mitigation and adaptation interventions in its sector plan implementation matrix.

76. The MTPWGs will prepare implementation matrices with costed programmes and projects; identify the projects to be implemented under Public Private Partnerships (PPPs) as well as those to be implemented by County Governments or in partnership between the National and County Government.

4.5 Situation Analysis

77. A situation analysis will provide background information on past targets, achievements and challenges. It will take stock of achievements and remaining challenges under the Second MTP 2018-2022. It will be informed by the Annual Progress Reports (APRs) on implementation of the 2nd MTP, the Medium Term Review Report (MTR) of the second MTP, SDG status reports, Vision Delivery Secretariat (VDS) Status Reports, Reports of the Presidential Delivery Team, Economic Surveys, Public Expenditure Reviews (PERs), Demographic and Health Surveys, Manpower Survey, Kenya Integrated Household Budget Surveys (KIHBS), Population Census Reports, National Spatial Plan Targets, APRM Reports, Reports of UN agencies such as UNDP and UNICEF, World Bank, IMF, AfDB, and EAC.

78. The Situation Analysis for the Third MTP will also include consultancy studies and desk reviews focusing on critical areas such as policies and programmes to mainstream SDGs and climate change issues and generating employment especially of the youth. The consultancy studies will also review definitions and methodologies and issues related to measurement of formal and informal sector employment in Kenya.

4.6 Consensus Building and Communication Strategy

79. An interactive web portal will be developed which will contain information on the venues, times and dates of all meetings MTPWG meetings, County Consultations meetings, and Validation fora. The interactive portal will also enable the public and stakeholders to present their views on line regarding the content and process of preparation of the Third MTP.

80. All the key stakeholders will be represented in the National MTP Stakeholders Forum and the MTPWGs. The grassroots and County consultative forums and National Consultative forums will serve as avenues to obtain consensus on the Third MTP priorities, strategies, programmes and projects.

4.7 County Consultations

81. Several articles of the Constitution of Kenya (2010) call for the involvement of the public in the formulation of policies and plans. County consultations Fora will therefore be undertaken in all 47 Counties during February 2017 to obtain views and county development priorities which will inform the formulation of policies, programmes and projects of the Third MTP. All key stakeholders involving government, private sector, NGOs, Community Based Organization (CBOs), faith based organizations, women and youth groups, and development partners will be invited to participate in the county consultation forums. County Secretariats will set up teams to assist in organizing the consultative meetings and forums in all of the 47 Counties. Governors, Cabinet Secretaries, Principal Secretaries and members of the National MTP Stakeholders Forum will be invited to participate in the county consultative forums and including serving as the forums' resource persons.

4.8 Validation and Endorsement

82. The Draft MTP 2018-22 will be subjected to a validation and endorsement process involving a Committee of all Principal secretaries and accounting officers, national Stakeholders Coordination Forum, the Cabinet, Parliamentary committees, a National Consultative Forum and the Summit (National and County Government Coordinating Committee). The validation and endorsement process of the draft MTP is mostly expected to take place after the next General elections scheduled for August 2017.After its publication and launch, a Sessional Paper will be prepared and tabled in Parliament for validation and endorsement of the MTP. The Sessional Paper will also identify Economic Bills to be fast tracked for enactment by Parliament to facilitate implementation of the MTP 2018-2022.

5.0 Resource Requirements for Preparation of the MTP

83. The budget for preparation of the third MTP is estimated at Kshs 495 million. Given its importance as a national exercise, the Government of Kenya will provide the bulk of the resources. Some components of the cost will be met through development partner assistance.

Annex 1 - Timetable for Preparation of MTP - 2018 -2022				
Activity	**Sub-Activities**	**Time schedule**	**Action to be taken by**	**Status**
1. Develop Concept Note on MTP 2018-22	(i) Prepare draft Concept Note (ii) Technical Retreat to validate Concept Note (iii) Share Concept Note with PSs and Stakeholders (vi	21st November 2016 14th December 2016 16th December 2016 15th February 2017	EPS, Head Macro Division EPS, Director Macro Dept, Head Macro Division PS P&S	Done Done Done
2. Consultancy Studies (Emerging Issues)	(i) Develop TORs for Consultancy Studies (ii) Consultancy Studies	December 16th 2016 March to May 2017	EPS, Director Macro Dept, Head Macro Division EPS, Director Macro Dept, Head Macro Division	Done
3. Production of MTP Macro-economic framework	(i) MWG meeting on 3rd MTP macro fiscal framework (ii) Finalization of 3rd MTP Macro Targets	28th November 2016 2nd December 2016	Head Macro Division MWG	Done Done
4. Formation of Sector Working Groups	(i) Letter to all Principal Secretaries on MTP preparation process (ii) Constituting an MTP Stakeholders Forum (iii) Letters Appointing Chairs of the MTPSWGs (iv) Reports on Review of Achievements, Challenges of MTP II and Identification of Sector Priorities for MTP III (v) Initial Draft Chapters (vi) Revised Draft Chapters (vii) Zero Draft MTP 2018 -2022	24th March 2017 31st March 2017 31st March 2017 End April 2017 End May 2017 End June 2017 July15th 2017	Chief of Staff and Head of Public Service PS P&S PS P&S Chair of MTPSWGs Chair of MTPSWGs Chair of MTPSWGs PS P&S	
5. Consultation in Counties	(i) Hold County Consultations	April /May 2017	PS P&S, EPS, Director Macro Dept, Head Macro Division	
6. Consensus Building		July 2017	Hon. Cabinet Secretary MDP	
7. Production of Draft MTP 2018-2022	(i) Establishment of Drafting Team (ii) 1stDraft MTP (iii) Draft MTP	End April 2017 End July 2017 End August 2017	PS P&S PS P&S, EPS, Head Macro Division PS P&S, EPS, Head Macro Division	
8. Validation and Approval Process	(i) National Validation forum (ii) Discussion and Approval of Draft MTP by Cabinet (iii) Approval by the National and County Govt (Summit) (iv) Discussion and approval by relevant Parliamentary Committees	September 2017 September 2017 September 2017 September 2017	Hon. Cabinet Secretary MDP Hon. Cabinet Secretary MDP Hon. Cabinet Secretary MDP Hon. Cabinet Secretary MODP	
9. Publication and Launch	(i) Launch of MTP (ii) Dissemination Forums in all Counties	December 2017 January 2018	H.E. The President Chief of Staff and Head of the Public Service Principal Secretary Planning & Statistics	

Annex 2 - Composition of the MTP Stakeholders Forum

1. Chair –Cabinet Secretary, Devolution and Planning
2. Co-Chair – Chairman, KEPSA
3. Chair – Council of Governors
4. Clerk National Assembly
5. UN Resident Coordinator (to represent UN Agencies)
6. Chair of Development Partners
7. Chair - National NGO Council
8. Chairperson Maendeleo ya Wanawake
9. Chair, Youth Representative Organization
10. Chair of National Council for Persons with Disability
11. National Council of Churches of Kenya (NCCK)
12. Kenya Episcopal Conference (KEC)
13. Supreme Council of Kenya Muslims (SUPKEM)
14. Hindu Council of Kenya
15. CEO, Association of Media Owners
16. Central Organization of Trade Union
17. Federation of Kenya Employers (FKE)

TORs of the MTP Stakeholders Forum

1. Facilitate the consultative process of preparation of the MTP (2018-2022) by informing Organizations/Institutions members about the planned activities and how they can participate in the preparation of the MTP.
2. Provide input and advice on the organization of the County Stakeholders Forums and participate in the MTP SWGs and County Forums.
3. Serve as a consensus Building Forum and advice on action /measures to improve the consultative process of preparation of the MTP.

Annex 3 - List of MTPWGs
Foundations/Enablers

1. Infrastructure
2. Information and Communication Technology (ICT)
3. Science, Technology and Innovation
4. Land Reforms
5. Public Sector Reforms
6. Labour and Employment
7. National Values and Ethics
8. Ending Drought Emergencies (EDE)
9. Security, Peace Building and Conflict Resolution

Economic Pillar

10. Tourism
11. Agriculture, Livestock and Fisheries
12. Trade
13. Manufacturing

14. Business Process Outsourcing (BPO) and IT-Enabled Services (ITES)
15. Financial Services
16. Oil and other Mineral Resources

Social Pillar

17. Education and Training
18. Health
19. Environment, Water and Sanitation
20. Population, Urbanization and Housing
21. Gender, Vulnerable Groups and Youth
22. Sports, Culture and Arts

Political Pillar

23. Devolution
24. Governance and the Rule of Law

Thematic Working Groups

25. Hiv/Aids
26. Climate Change

TOR for MTPSWGs

(i) Undertake situation analysis for the Sector highlighting achievements, constrains, bottlenecks in achieving the targets and remaining challenges
(ii) The situation analysis above should also highlight inequalities in achievement of indicators based on gender and location.
(iii) Develop implementation plan for selected Vision 2030 Flagships Projects for 2018 - 2022
(iv) Identify programmes and key policies other than the flagship projects for implementation in the next 5 years
(v) Identify the key enabling programmes and projects for implementation in the next 5 years
(vi) Identify programmes for implementation by the National government, County Government and those to be implemented jointly by National and County Governments.
(vii) Identify projects to be funded under Private Public Partnership (PPP)
(viii) Identify the risks and likely adverse shocks which may impact achievements of the sector targets and propose mitigation measures
(ix) Identify the policy, legal and Institution framework/reforms required
(x) Mainstream gender issues
(xi) Mainstream SDGs, Agenda 2063, climate change issues and disaster risks reduction (DRR) into the sector, programmes
(xii) Develop Indicators /Targets for monitoring and implementation of sector plans, policies and programmes including those aimed at addressing inequalities based on gender and location
(xiii) Integrating the National Spatial Plan into MTP III and the second generation CIDPs
(xiv) Prepare an implementation matrix which costs the programmes, projects and also indicate the timelines as well as implementing agencies.

Macroeconomic Working Group – PS Planning and Statistics and PS National Treasury

(i) Ministry of Devolution and Planning
(ii) National Treasury
(iii) Kenya National Bureau of Statistics
(iv) Central Bank of Kenya
(v) KIPPRA
(vi) Kenya Revenue Authority
(vii) University of Nairobi – Department of Economics
(viii) IPAR
(ix) Office of the Budget Controller
(x) Commission on Revenue Allocation
(xi) Parliamentary Budget Office
(xii) World Bank
(xiii) African Development Bank
(xiv) IMF
(xv) Export Promotion Council

Annex 4

TORs for the Macro Working Group (MWG)

1. Generate the Medium Term Macro-Fiscal Frame Work for 3rd MTP 2018 -2022 including:
   (i) GDP Growth Rates
   (ii) Sectoral Growth Rates
   (iii) Sector Shares in GDP
   (iv) Overall GDP growth rates
   (v) GDP at constant prices and at market prices
   (vi) Growth rates of private and public sector investment
   (vii) Gross Investment/GDP ratios
   (viii) Shares of public and private sector investment in total investment
   (ix) Growth of Gross national savings
   (x) Gross national savings /GDP
   (xi) Growth of public and private sector savings
   (xii) Shares of public and private sector savings GDP
   (xiii) Growth rate of exports and imports (volumes)
   (xiv) Growth rate of exports and import prices
   (xv) Trading partner growth
   (xvi) Trading partner CPI
   (xvii) Exports and imports /GDP ratios
   (xviii) Current Account Balance /GDP
   (xix) Overall balance of payments (BOP)
   (xx) Gross International Reserves
   (xxi) Revenue/GDP ratios
   (xxii) Government Expenditure GDP ratios
   (xxiii) Changes/Targets in shares of main expenditure categories (recurrent

Development, public sector, wages, interest payments, transfer to state Corporations, expenditure on core poverty programmes, spending on core poverty Programmes, spending on social sector, and on SGDs etc)

(xxiv) External grants and loans
(xxv) Budget deficit/GDP ratios
(xxvi) Domestic and External Debt
(xxvii) Money supply (Broad Money M3X)
(xxviii) Growth of domestic credit to public and private sector
(xxix) Inflation (CPI, GDP deflator)
(xxx) Interest rates
(xxxi) Exchange rate

2. Targets for job creation and poverty reduction
3. Identify /highlight the main policies/reforms needed to achieve the macro forecasts/targets
4. Medium term financing framework /government, private sector, debt FDI etc)
5. Ensure consistency between key macro variables/prices in the macro framework for the Medium Term Plan.
6. Analysis/assessment of risks to the medium term growth and forecast of the macro forecasts
7. Draft the Macro Chapter of the Medium Term Plan
8. Draft the implementation matrix of macroeconomic framework (which highlights under the various columns and row the following: sub-sectors, objectives, proposed action expected outcomes, implementing agency, and time frame)

REPUBLIC OF KENYA

HOUSES OF PARLIAMENT

REPORT OF THE JOINT PARLIAMENTARY SELECT COMMITTEE TO REVIEW THE PROCEDURE AND RULES FOR ELECTION OF MEMBERS TO THE EAST AFRICAN LEGISLATIVE ASSEMBLY

ADOPTION LIST

We, the undersigned, hereby affix our signatures to this Report to affirm our approval:

DATE: 5TH APRIL, 2017

	HON. MEMBER/SENATOR	SIGNATURE
1.	Hon. Katoo Ole Metito, M.P. – **Co-Chairperson**	[signature]
2.	Sen. Kipchumba Murkomen, M.P. – **Co-Chairperson**	[signature]
3.	Hon. Samwel Chepkonga, M.P.	[signature]
4.	Sen. Kimani Wamatangi, M.P.	
5.	Hon. Wanjiku Muhia, M.P.	
6.	Hon. Ali Wario, M.P.	[signature]
7.	Sen. Peter Mositet, M.P.	[signature]
8.	Hon. Florence Mutua, M.P.	
9.	Sen. Mshenga Mvita, M.P.	[signature]
10.	Hon. Daniel Maanzo, M.P.	
11.	Sen. Mutula Kilonzo Jnr, M.P.	Mutula Kilonzo Junior
12.	Hon. Wafula Wamunyinyi, M.P.	[signature]
13.	Sen. Elizabeth Ongoro, M.P.	
14.	Sen. Henry Tiole Ndiema, M.P.	