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By Hon. M. Ole Keenya
Chair - Committee on
Implementation of
TMS 23.08.2018 (pm)
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TWELFTH PARLIAMENT-SECOND SESSION

THE COMMITTEE ON IMPLEMENTATION

REPORT ON

THE EXECUTIVE SEMINAR ON LIVESTOCK INSURANCE

FUND; 16TH TO 18TH APRIL, 2018, MOMBASA

Directorate of Committee Services
Clerk's Chambers
National Assembly
Parliament Buildings
NAIROBI.

August, 2018

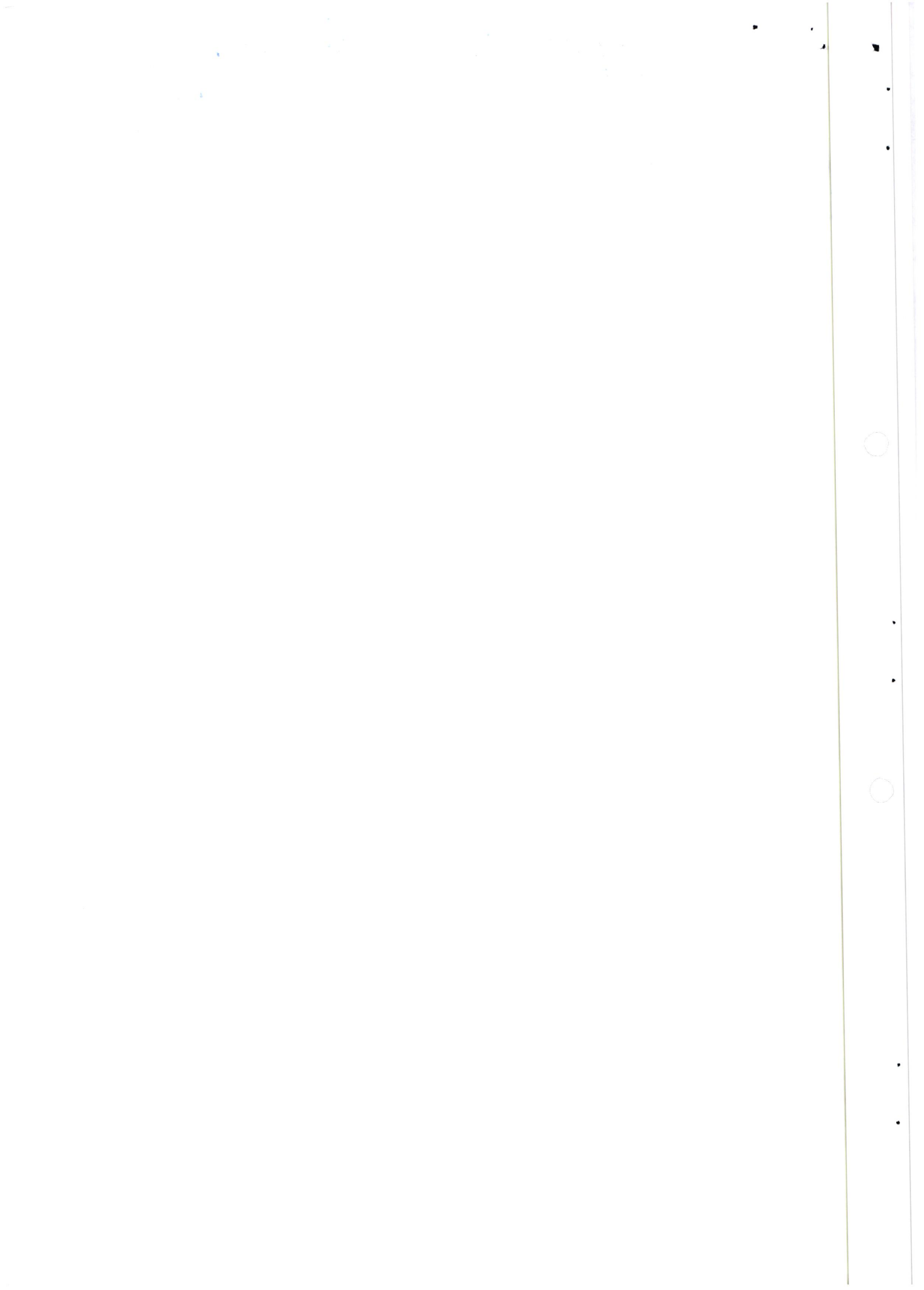


Table of Contents

CHAIRPERSON’S FOREWORD3

EXECUTIVE SUMMARY4

1.0 PREFACE.....6

1.1 Mandate of the Committee.....6

1.2 Committee Membership.....7

2.0 BACKGROUND9

3.0 OFFICIAL OPENING REMARKS.....10

4.0 PRESENTATIONS.....12

4.1 Introduction to the Kenya Livestock Insurance Program (KLIP).....12

4.2 Components of KLIP and Prerequisite to Sustainable Scale12

4.3 Private sector experience on agriculture insurance.....13

4.4 Value of KLIP to the pastoralists, results of recent impact study.....13

4.5 Lessons learned, emerging issues and sustainability of KLIP.....15

5.0 OBSERVATIONS.....17

6.0 RECOMMENDATIONS.....18

APPENDICES

Adoption List

Minutes

ABBREVIATIONS AND ACRONYMS

KLIP – Kenya Livestock Insurance Program
SDL – State Department for Livestock
ILRI – International Livestock Research Institute
IRA - Insurance Regulatory Authority
GIZ – German Technical Co-operation
PPP – Public Private Partnership
NDVI – Normalized Differenced Vegetative Index
ASTGS - Agricultural Sector Transformation and Growth Strategy
TLUs – Tropical Livestock Units
MPs – Members of Parliament
ASALs – Arid and Semi-Arid Lands
CIDP - County Intergraded Development Plans
HSNP - Hunger Safety Net Program

CHAIRPERSON'S FOREWORD

The Committee on Implementation together with the Departmental Committee on Agriculture & Livestock and the Budget & Appropriations Committee were invited by the State Department for Livestock to attend the Executive seminar on Livestock Insurance Fund for Members of the Kenyan Parliament.

The event was co-organized by Kenya livestock insurance program coordination office under the State Department of Livestock, Ministry of Agriculture and Irrigation and the project *Alliance on Climate Risk Transfer Solutions*, a collaboration of Swiss Re Ltd. and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) under the develoPPP.de program funded by the German Federal Ministry for Economic Cooperation and Development. In addition, the organization team included ILRI and The World Bank Group as well as Stanley Machogu Miyogo, a consultant with the GIZ, who facilitated the seminar.

The Seminar attracted participants who comprised of professionals and practitioners in the livestock sector and insurance firms. The following Members of the Committee and accompanying staff represented the Committee during the said Seminar:

1. Hon. Moitalel Ole Kenta, MP – **Chairperson**
2. Hon. Alois Musa Lentoimaga, MP
3. Hon. Paul Abuor, MP
4. Hon. Owen Yaa Baya, MP
5. Hon. Charles Ngusya Nguna, MP
6. Hon. Joshua Mwalyo Mbithi, MP
7. Hon. Hassan Oda Hulufu, MP
8. Mr. Abdirahman Gele Hassan- Third Clerk Assistant

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate.

The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

The Committee further wishes to express their gratitude to the Ministry of Agriculture and Irrigation, for the kind support in convening the seminar.

Finally, it is now my pleasant duty, on behalf of the Committee on Implementation and pursuant to the provisions of Standing Order 199, to present to this House the Report of the Committee on the Executive Seminar of Livestock Insurance Fund: 16th to 18th April, 2018 held at Mombasa County.

Hon. Moitalel Ole Kenta, MP

EXECUTIVE SUMMARY

The Kenya Livestock Insurance Program (KLIP) is a national initiative of the Government of Kenya, led by the State Department of Livestock with technical assistance provided by the World Bank Group and ILRI in partnership with private insurance companies. The Ministry of Agriculture and Irrigation plays a central role in ensuring the success of the program. The fundamental goal and purpose of the Ministry is to conserve, protect and manage agricultural, livestock and fisheries resources for socio-economic development.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a federal enterprise that supports the German Government in achieving its objectives in international cooperation for sustainable development. The Swiss Re Group is a leading wholesale provider of risk transfer solutions. GIZ and Swiss Re through their *develoPPP.de Alliance on Climate Risk Transfer Solutions* collaborate with Governments to build technical capabilities and assist them in identifying and accessing suitable instruments for climate risk transfer instruments.

Pastoralists in Kenya are at the forefront of climate change, with extreme weather posing a potentially fatal threat to livestock. The impacts of drought on livestock threaten to cause setbacks to the overall economy and the livelihood of pastoralist communities if adequate protection and response measures are not taken.

To address this challenge, the Kenyan Government together with the private insurance sector started implementing the Kenya Livestock Insurance Program (KLIP) in 2014. KLIP is an index-based livestock insurance program that uses satellite technology to protect pastoralists in the remote, arid and drought-prone rangelands of Kenya from the impacts of extreme weather. The program currently covers close to 90,060 livestock units, and has made payouts of more than Kshs.700 million to 32,000 pastoralists since inception.

In order to support this commendable effort and the successful operation of KLIP, the German Development Cooperation GIZ (previously GTZ) and the Swiss Reinsurance Company (Swiss Re) through their *develoPPP.de* project *Alliance on Climate Risk Transfer Solutions* combined efforts with KLIP management in order to organize an executive seminar on index based livestock insurance. The event was held on 17th and 18th April, 2018 and targeted policy makers especially MPs. In addition to the State Department of Livestock, GIZ and Swiss Re, the organizing team of the seminar featured experts from the International Livestock Research Institute (ILRI) and the World Bank Group, both key institutions for the development and operation of KLIP.

The seminar was designed for Members of Parliament-National Assembly and Senate- with representation from the Departmental Committee on Agriculture and Livestock, the Budget and Appropriations Committee and the Committee on Implementation. In terms of content, the seminar provided:

1. An understanding of the technical and operational design of KLIP;
2. insights into the role of the private insurance sector; and
3. findings of recent impact studies conducted on KLIP and lessons learned, as well as an overview of the next steps on the program and the required support.

The seminar provided an opportunity for MPs to discuss critically the state of the program. Furthermore, the Cabinet Secretary, Ministry of Agriculture and Irrigation in acknowledging the importance of KLIP emphasized the significant benefit offered to pastoralist communities where the program is active. However, he stated the challenges, particularly on the inadequate budgetary support facing the program. He announced that the Ministry would start supporting partial voluntary cover to help the program in graduate its beneficiaries from the fully government funded initial phase to self-sustaining commercial cover.

The participants of the workshop agreed that the Budget & Appropriation committee would support the budgetary allocations for KLIP when the ministry's estimates are brought to Parliament. The next budget proposals from KLIP through the State Department of Livestock should actively be coordinated with the parliamentary departmental committee.

MPs should support regulatory proposals on index-based insurance by the Insurance Regulatory Authority (IRA) of Kenya as well as proposals to amend the Insurance Act when brought to the House for deliberations.

Stakeholders from the Arid and Semi-Arid Lands (ASAL) counties should be sensitized about KLIP to improve awareness and uptake as well as garner support in Assemblies (National and County). The participants recommended that more forums for sensitization of the Index-Based Livestock Insurance fund should be undertaken especially in the Counties where the program is currently being effected.

1.0 PREFACE

1.1 Mandate of the Committee

The Committee on Implementation is a select committee of the House established pursuant to the provisions of Standing Order 209 of the National Assembly Standing Orders, with the following terms of reference:-

1. The Committee shall scrutinize the resolutions of the House (including adopted committee reports), petitions and the undertakings given by the National Executive and examine-
 - a) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and
 - b) whether or not legislation passed by the House has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.
2. Standing Order 201 further provides that within sixty days of a resolution of the House or adoption of a report of a select committee, the relevant Cabinet Secretary under whose portfolio the implementation of the resolution falls shall provide a report to the relevant committee of the House in accordance with Article 153(4) (b) of the Constitution.
3. The Committee may, therefore, propose to the House, sanctions against any Cabinet Secretary who fails to report to the relevant select Committee on implementation status without justifiable reasons.

1.2 Committee Membership

Chairperson	The Hon. Moitalel Ole Kenta, MP
Vice Chairperson	The Hon. Godfrey Osotsi, MP
	The Hon. Richard Onyonka, MP
	The Hon. Alois Lentoimaga, MP
	The Hon. Paul Simba Arati, MP
	The Hon. Onesmas Kimani Ngunjiri, MP
	The Hon. George Theuri, MP
	The Hon. (Dr.) James Murgor, MP
	The Hon. Maj. (Rtd) John Waluke Koyi, MP
	The Hon. Francis Munyua Waititu, MP
	The Hon. Joseph Wathigo Manje, MP
	The Hon. Johnson Many Naicca, MP
	The Hon. (Dr.) Daniel Kamuren Tuitoek, MP
	The Hon. Hassan Oda Hulufu, MP
	The Hon. Nelson Koech, MP
	The Hon. Generali Nixon Kiprotich Korir, MP
	The Hon. Owen Yaa Baya, MP
	The Hon. Paul Odalo Abuor, MP
	The Hon. Silvanus Osoro, MP
	The Hon. Michael Thoya Kingi, MP
	The Hon. Jared Okelo, MP
	The Hon. Joshua Mbithi Mwalyo, MP
	The Hon. Charles Ngusya Nguna, MP

1.3 Committee Secretariat

- | | | |
|--------------------------|---|----------------------------------|
| 1. Ms. Rose M. Wanjohi | - | First Clerk Assistant/Lead Clerk |
| 2. Mr. Abdirahman Hassan | - | Clerk Assistant III |
| 3. Mr. Dennis Abisai | - | Principal Legal Counsel |
| 4. Ms. Doreen Karani | - | Legal Counsel II |
| 5. Mr. Eugene Akaa | - | Research Officer III |
| 6. Mr. James Muguna | - | Research Officer III |
| 7. Mr. Joseph Okongo | - | Media Relations Officer I |
| 8. Mr. Moses Kariuki | - | Serjeant-at-arms |

2.0 BACKGROUND

Pastoralists in Kenya are at the forefront of climate change, with extreme weather posing a potentially fatal threat to livestock. Climate change related droughts are a major source of vulnerability for those who depend on livestock for income and food in the Arid and Semi-Arid Lands (ASAL) of Kenya. Livestock losses alone have accounted for approximately 70 percent of the USD 12.1 billion damages caused by drought between the years 2008 and 2011. Without adequate protection and response measures, the impacts of drought on livestock threaten to cause setbacks to the overall economy.

To address this challenge, the Kenyan Government together with the private insurance sector initiated the Kenya Livestock Insurance Program (KLIP) in 2014. KLIP is an index-based livestock insurance program that protects pastoralists in the remote, arid and drought-prone lowlands of Kenya from the impacts of extreme weather.

The program uses satellite technology to monitor the level of greenness and the state of vegetation available to livestock. When drought becomes particularly severe, payouts are triggered based on the index data and are directly transferred to the pastoralists with the help of mobile payment systems (M-PESA technology). With these payments, pastoralists can purchase water and fodder to sustain livestock such as camels, goats and cows through the drought period.

This agriculture insurance initiative is not only an efficient financing tool but it also helps vulnerable communities avoiding catastrophic livestock losses in the first place and thus reduces the negative impacts of climate change. The program currently covers close to 18,012 people and 90,060 livestock units. Since 2014, payouts of more than Kshs. 700 million have been made to 32,000 pastoralists in need of drought assistance.

In order to support this commendable effort and the successful operation of KLIP, the German development cooperation GIZ (previously GTZ) and the Swiss Reinsurance Company (Swiss Re) through their developPPP.de project *Strategic Alliance on Climate Risk Transfer Solutions* have joined KLIP management in organizing an executive seminar on index based livestock insurance. The initial idea, to conduct capacity-building events for high-level stakeholders, arose during a workshop organized by GIZ and Swiss Re on “Advancing Agriculture Insurance in Kenya through Sustainable Public-Private Partnerships” in March 2017, in Nairobi.

The seminar aimed at building capacity and creating awareness among elected leadership in the Parliament responsible for passing, among others, agricultural sector policy sessional papers, enacting supportive legal and institutional frameworks and appropriating budgets both at National and County levels. The seminar targeted and drew participation from Members of Parliament (National Assembly and Senate) from the Budget and Appropriations Committee, Committee on Implementation and Committee on Agriculture and Livestock

The seminar also included participants and support from the Insurance Regulatory Authority

(IRA) of Kenya, World Bank Group, ILRI and insurance service providers (APA Insurance, Apollo Group and Takaful Africa Group).

3.0 OFFICIAL OPENING REMARKS

The Cabinet Secretary (CS) responsible for the Ministry of Agriculture and Irrigation, Hon. Mwangi Kiunjuri accompanied by the Principal Secretary (PS), State Department of Livestock, Mr. Harry Kimutai and the Chief Administrative Secretary (CAS) of the Ministry of Agriculture and Irrigation, Dr. Andrew Tuimur, in his official welcome remarks noted that the livestock industry plays a significant role in the economy of the Country including improving livelihoods of farmers, especially for pastoralist, food security and employment creation among others. Despite this positive role that livestock farming plays, the sector is facing several challenges, including weather related risks such as drought and floods, diseases and poor infrastructure for the distribution of products.

In order to address these challenges, the Ministry has put in place policy, legal and institutional frameworks promoting a growth path in the subsector. These initiatives include the development of veterinary and livestock sectors and overarching agriculture policies that have been approved and are currently under implementation. Other initiatives include Vision 2030 and the Agricultural Sector Transformation and Growth Strategy (ASTGS).

KLIP is a critical weather related disaster risk transfer tool that has significantly benefited the pastoralist communities in eight Counties (Wajir, Turkana, Isiolo, Marsabit, Mandera, Tana-River, Garissa and Samburu) where the program is operational. Despite the benefits, the Minister noted that the program faces several challenges, notably inadequate budgetary support for effective delivery of program activities. To this end, the intervention of the MPs was sought towards support of the insurance program by enhancing budgetary appropriation to KLIP.

In order to facilitate further support to KLIP and encourage pastoralist farmers to graduate from a fully Government funded insurance cover program to commercial cover, the Ministry proposes to start a partial voluntary cover where for every livestock insurance cover taken by a farmer on a commercial basis, the Government gives a corresponding cover support to the farmer. To this end, insurance companies were encouraged to promote this unique insurance initiative among livestock farmers with the final objective to facilitate the uptake of voluntary cover.

To improve the delivery of KLIP and other livestock programmes and facilitate timely and accurate payouts to the beneficiaries, the Ministry was rolling out a census program in the sector to create an accurate database. The CS concluded by appreciating the efforts of the organizers, including development partners, for making the capacity building seminar possible.

The PS, Ministry of Agriculture & Irrigation urged the MPs to support KLIP in budgetary

allocation and legislation. The CAS encouraged all other relevant stakeholders, such as the insurance companies, to come in and support the index-based agricultural insurance.

The Director of Livestock Production, Mr. Julius Kiptarus noted with appreciation the technical support that the International Livestock Research Institute (ILRI) and the World Bank Group continues to provide for KLIP since its inception in 2014. The CEO and Commissioner of Insurance, Insurance Regulatory Authority (IRA) of Kenya Mr. Godfrey Kiptum, commended the gains so far made by KLIP and promised that IRA will continue with customer protection and guidance on product development for index-based livestock insurance.

Mr. Isaac Magina, of Swiss Re noted that KLIP is a pillar of innovation in Africa that is being copied widely by other Countries. He reiterated that Swiss Re would continue its support for index-based livestock insurance in Kenya. Dr. Alexander Jäger, GIZ, complemented his remarks by elaborating the background and objectives of the event and emphasising the commitment of GIZ to support the agricultural sector of Kenya.

4.0 PRESENTATIONS

The following presentations on various thematic areas were made during the Seminar:-

4.1 Introduction to the Kenya Livestock Insurance Program (KLIP)

Dr. Richard Kyuma reported that currently KLIP has paid premiums amounting to just over Kshs. 400 million while payouts of over Kshs. 700 million have been made to beneficiaries. Kenya remains vulnerable to frequent and extremely expensive natural disasters, including drought and floods that impact the livelihoods of pastoralist communities in particular and the country's economy in general. To mitigate against disaster shocks, the Government spends huge amounts of resources that run into billions of Kenya Shillings on, among others, food aid, cash transfers and post drought restocking for affected populations.

KLIP was initiated to increase the resilience of pastoral communities against disaster (drought) shocks through disaster risk transfer products offered by insurance service providers. KLIP design is based on satellite data of the vegetation cover to assemble an index of seasonal forage availability/scarcity, referred to as Normalized Differenced Vegetative Index (NDVI) that is then used to determine when payouts will be made. Currently, the National Government provides 100% premium support for five Tropical Livestock Units (TLUs) for vulnerable households.

The program has had positive impacts to pastoralist communities including improved access to forage and water for livestock during periods of drought, access to veterinary services after payouts and pastoral household welfare and drought mitigation and overall disaster management. KLIP faces challenges including low and unpredictable funding levels leading to low levels of KLIP insurance penetration in the ASALs.

4.2 Components of KLIP and Prerequisite to Sustainable Scale

KLIP is part of agricultural sector risk management financing tool recognized by the National Disaster Risk Financing Strategy. KLIP despite its limitations and challenges has provided significant benefits to both pastoralists and Government by providing timely and direct payouts to pastoralists to enable them keep their livestock alive during periods of drought and transferring weather related risk financing by the Government to private sector insurance companies.

The Programme has enabled the Government to directly target the vulnerable households, respond quickly to drought risks and ensure transparency and accountability in the use of public funds. However, to ensure sustainability of the programme there is a need to promote and expand the voluntary component which will in turn help to enhance the market size for insurance companies and thus reduce premium costs that there was need for further technical capacity building in the programme.

4.3 Private sector experience on agriculture insurance

Services providers from the private sector insurance sector, Mr. Ashok Shah, Mr. Hassan Bashir and Mr. Isaac Magina reiterated that the industry would continue underwriting for KLIP. They all agreed that the Government would need to continue subsidizing KLIP product until the market for index-based livestock insurance grows the critical numbers for commercial sustainability.

As reinsurer, Swiss Re provides stability and protection to primary insurers. With KLIP, Swiss Re provides reinsurance to all insurance companies that provide insurance to pastoralist through KLIP program which include Takaful Insurance and APA Insurance. In addition, Swiss Re provides product development support, capacity building and trainings to stakeholders in agriculture insurance. Swiss Re would continue to support KLIP in partnership with the primary insurance providers and development partners.

The private sector has been crucial in the implementation of KLIP. It has assisted in uplifting the burden from the Government to mitigate against the vagaries of drought for the ASAL areas. There is no better approach to de-risking agriculture and invigorating growth than a Public Private Partnership arrangement. A consortium of seven insurance companies in partnership with the Government has provided insurance cover to KLIP from 2015 up to September 2017. APA Insurance provided insurance cover from 2010 up to 2015, after which Takaful Insurance was awarded with the contract. A total payout of Kshs. 700 million has been made to beneficiaries against a premium cover of Kshs. 400 million.

4.4 Value of KLIP to the pastoralists, results of recent impact study

Dr. Alexander Jäger, GIZ stated that GIZ's purpose is to promote international cooperation for sustainable development. He reported that on a recent study conducted on the perceptions and impact of KLIP, interviews confirmed that prolonged droughts are the main challenge for pastoral activities and cause further difficulties such as diseases and social conflicts. There is high self-reported satisfaction with KLIP and the majority of beneficiaries confirmed using the payouts on household needs and livestock management. Among KLIP beneficiary households, food insecurity is slightly lower and there is qualitative indication for community spill over, e.g. sharing of payouts. There is no significant difference between KLIP and non-KIP households in terms of livestock accounting/management and the willingness to pay for livestock insurance. However, it was noted that there are delays in receiving payouts due to failures in operational processes and that at times recovering the payouts needs extensive and time-consuming travels.

He reported that results from the study indicate that although beneficiary households are more knowledgeable about insurance (general & KLIP specific), their general knowledge levels are still very low. This contributes to a reduction of adaptive behaviour and reduces the potential

benefits of KLIP. Knowledge on livestock insurance cover is also low at the administrative level especially for agricultural extension officers and village chiefs.

Based on the findings of the study, it was recommended that: there should be timely payouts with little effort for beneficiaries; reduced efforts and costs for beneficiaries; and the need for increased impact on livestock management. It was recommended that: trainings on KLIP should be provided to administrative staff, KLIP focal persons, extension officers, village chiefs etc; facilitation of regular sharing of information with communities; improve materials/formats for knowledge creation and awareness; and provision of adequate logistics for KLIP manager.

Feedback from the Members of the Kenyan Parliament

The participants attending the seminar noted and expressed their appreciation on the significant role KLIP is playing in addressing the challenges faced by pastoralist households with respect to weather related negative impact. However, the participants raised concerns that the programme may face sustainability challenges as the premiums are 100% financed by the Government, but budgetary provisions in support of KLIP from the exchequer are low and unpredictable. The Participants queried why the programme is restricted to a few Counties all who fall in the ASAL areas and on the criteria that was used to select the said Counties.

They noted that the majority of households in KLIP Counties own large herds of livestock and yet the cover is restricted to only five Tropical Livestock Units (TLUs). How is the drought risk mitigated for the rest of the herd? As to the small number of animals under the cover, what significant impact has KLIP made so far.

Concerns were also raised on the strategy KLIP proposes to use towards graduating beneficiaries to partial subsidy and eventually to voluntary commercial arrangements with insurance service providers.

They raised queries on the extent to which there was public participation at the initiation stages of the programme and whether the input of the public institutions was considered in the programme formulation and implementation. The participants also raised concerns on the perceived low levels of awareness of KLIP among pastoralist communities in ASAL areas.

During discussions on the concerns raised, the Members of Parliament (MPs) made the following proposals:

1. MPs and other elected leaders in the County Assemblies from the ASAL counties should be provided with capacity building knowledge and lobbying strategies. This will enable them to better understand KLIP and support the programme by creating awareness among their electorate and in the mobilizing of resources.
2. The Counties that have been benefited from KLIP for some time, should request for

subsidies from the County Budget through their County Assemblies so that the monies from the National Budget can be allocated to those counties that are new to KLIP

3. The Ministry of Agriculture & Irrigation through the State Department of Livestock in liaison with Counties should develop an accurate data base on the subsector in ASAL areas including accurate data on beneficiaries to facilitate timely and efficient payouts when triggered.

4.5 Lessons learned, emerging issues and sustainability of KLIP

It was emphasized that: index based insurance is a new concept and therefore most of the target population might not yet understand how it works; the importance that clients receive accurate and complete information and training; misinformation leads to unrealistic expectations and subsequent disappointment that may damage the reputation of the product; and KLIP beneficiaries are most likely to be illiterate or semi illiterate and have had zero or limited prior experience with insurance.

It was therefore concluded that: there is need for continuous education on the product and its benefits; tools for education need to be easy to understand for the beneficiaries' and approaches need to be acceptable and interesting

It was noted that to establish informed demand for KLIP, tools and training are critical but there is also a need to develop the expertise within the participating institutions and ensure widespread awareness and acceptance

For this to occur, three-tier targeting is necessary:

- ✓ Level 1: Facilitate and enable a supportive environment - including regulation, curriculum development, policy support, technical assistance, ombudsman;
- ✓ Level 2: Improve service delivery - Mainstream KLIP training in collaboration with the Government of Kenya, IRA, World Bank and ILRI. Build capacities for contract design, validation, standardization and certification; and
- ✓ Level 3: Create informed demand - Raising public awareness through mobile based technology, radio and printed materials.

The support of MPs for the success of the program is required for: budgetary allocation during the budget cycle; Agriculture policy development support and enactment of regulations; County engagement support; and the promotion of agriculture insurance and creating awareness in the general public

Feedback from the Members of the Kenyan Parliament

The members gave feedback on the discussions which include:

1. Budgetary support and funding of KLIP. The Members of Parliament indicated that the Budget & Appropriation Committee would support the budgetary allocations for KLIP when the Ministry of Agriculture & Irrigation budgetary estimates are presented to Parliament. The next budget proposals from KLIP through the State Department of Livestock should be developed in active collaboration with the responsible Parliamentary Departmental Committees.
2. Policies and Regulations on Index-Based Livestock Insurance. The IRA has made regulatory proposals on index-based insurance that will be brought to Parliament for deliberations. The MPs promised to support the proposals to amend the Insurance Act
3. County engagement and promotion on KLIP. Members of Parliament and other leaders from the Arid and Semi-Arid Lands (ASAL) Counties should be sensitized about KLIP for more support in Parliament/County Assemblies and at their Constituencies. Other opinion leaders such as chiefs, women group leaders, religious leaders and all gate keepers in the community should be sensitized on KLIP to improve on awareness and uptake. The County Agricultural extension services should be used for KLIP implementation. Local FM radio stations should be used for awareness creation

5.0 OBSERVATIONS

The Committee in its deliberation observed that

1. The Livestock Insurance came about as a result of a resolution of the House which required establishment of a Livestock Insurance Fund to cushion livestock farmers in ASAL areas against losses occasioned by drought. Despite the resolution of the House, the program has yet to spread to all the counties in arid and semi-arid lands.
2. The sum assured which was the cost of fodder to keep a livestock unit alive was Kshs. 14,000, an equivalent to 10 goats. It was noted with concern that the amounts paid out were negligible.
3. Kenya Livestock Insurance Program is underfunded.
4. There is lack of sensitization and awareness creation of the Livestock insurance program.
5. There is no clear policy that regulates the Livestock Insurance as the program is not defined in the Insurance Act.
6. There is no mandatory electronic registry system and continuous registration process for efficient management of the beneficiaries list.
7. Most of the Counties in ASALs have not factored in the Livestock Insurance programs in their County Integrated Development Plans.

6.0 RECOMMENDATIONS

The Committee recommends that

1. Increased/additional funding for the Kenya Livestock Insurance is provided to enhance continuity and sustainability of the program. The Cabinet Secretary for Agriculture & Irrigation should engage the National Treasury and request for more funding.
2. The State Department for Livestock collaborates with Insurance Regulatory Authority and facilitates sensitization programmes and awareness creation on Index-Based Livestock Insurance for Members of Parliament and other leaders from Arid and Semi-Arid Lands (ASAL) Counties to create support in those areas and improve awareness and uptake.
3. The scope of the program should be expanded to cover other counties in arid and semi-arid areas than those currently covered.
4. The CS for Agriculture and Irrigation and IRA should provide regulatory proposals on index-based insurance, propose amendments to the Insurance Act to cater for the Livestock Insurance Program and develop necessary policies and regulations on the same.
5. The CS for Agriculture and Irrigation should create an electronic registry system to enhance a continuous registration process for efficient management of the program. This will make it easy to register recipients and update the list without incurring substantial cost when graduating them or bringing the new ones on board.
6. Cost sharing of premium subsidies should be actively encouraged between the National and county governments to encourage. SDL to establish close collaboration with Counties to seek their support in growing the number of households covered. Counties in ASALs should factor in livestock insurance in their County Intergraded Development Plans (CIDP), and allocate resources to promote livestock insurance.
7. The Ministry of Agriculture and Irrigation should devote technical resources to expand access to insurance through the voluntary insurance component with partial subsidy.
8. The Ministry of Agriculture and Irrigation ought to promote an incentive-based structure in their procurement of insurers where the fully subsidized premiums are allocated in proportion to the number of voluntary policies sold. This would incentivize private sector insurance companies to develop a sales network and drive uptake of voluntary sales of KLIP.

Signed.......... Date.....16/08/2018.....

Hon. Moitalel Ole Kenta, MP

Chairperson, Committee on Implementation

The National Assembly



12th Parliament-2nd Session-2018

Committee on Implementation

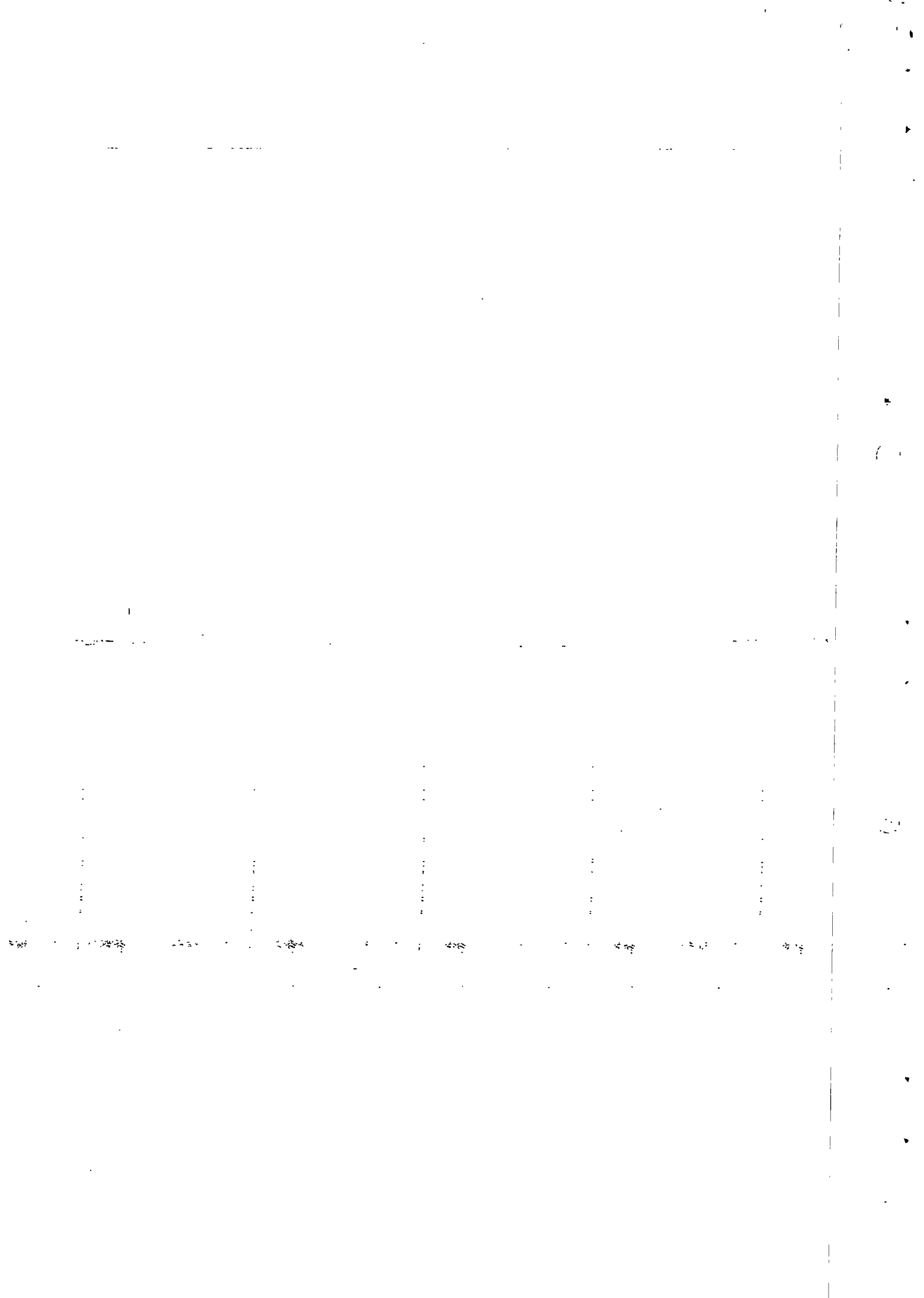
AGENDA: Adoption of the following Reports: -

1. Report on implementation status of the Scrap Metal Act, 2015;
2. Report on implementation status of the Report by the Departmental Committee on Health on the allegations of sexual assault, breakdown of equipment, surgical mix-up and general operations of the Kenyatta National Hospital, the resolution on establishment of a National Health Referral Hospital in Mombasa County and the resolution to declare cancer a national disaster & establishment of a cancer fund to cater for cancer treatment and care;
3. Report on the Executive Seminar on Livestock Insurance Fund, Mombasa;
4. Report on inspection visit regarding land issues in Taita Taveta County;
5. Report on training on monitoring and evaluation of the Committee on Implementation in Mombasa;
6. Report on the 3rd Annual ICPAK Chapter Seminar, Johannesburg, South Africa;
7. Report on training on strengthening oversight using monitoring and evaluation tools at United Nations Institute on Training and Research (UNITAR), Geneva, Switzerland; and
8. The Report on submissions from stakeholders regarding implementation status of House Resolutions, Petitions, Adopted Committee Reports and Acts.

VENUE: 2nd Floor Boardroom, Protection House **DATE:** Thursday 9th August, 2018 at 10:00 a.m.

NO.	NAME	SIGNATURE
1.	The Hon. Moitalel Ole Kenta, MP - Chairperson	
2.	The Hon. Godfrey Osotsi, MP - Vice Chairperson	
3.	The Hon. Alois Musa Lentoimaga, MP	
4.	The Hon. Maj. (Rtd) John Waluke Koyi, MP	
5.	The Hon. Paul Simba Arati, MP	
6.	The Hon. (Dr.) James Kipkosgei Murgor, MP	
7.	The Hon. Onesmas Kimani Ngunjiri, MP	

8.	The Hon. Francis Munyua Waititu, MP	<i>Francis Munyua Waititu</i>
9.	The Hon. Richard Onyonka, MP	
10.	The Hon. Johnson Naicca, MP	<i>Johnson Naicca</i>
11.	The Hon. George Theuri, MP	<i>George Theuri</i>
12.	The Hon. Joseph Wathigo Manje, MP	
13.	The Hon. (Dr.) Daniel Kamuren Tuitoek, MP	<i>Daniel Kamuren Tuitoek</i>
14.	The Hon. Hassan Oda Hulufo, MP	<i>Hassan Oda Hulufo</i>
15.	The Hon. Nelson Koech, MP	<i>Nelson Koech</i>
16.	The Hon. Generali Nixon Korir, MP	<i>Generali Nixon Korir</i>
17.	The Hon. Owen Yaa Baya, MP	<i>Owen Yaa Baya</i>
18.	The Hon. Paul Abuor, MP	<i>Paul Abuor</i>
19.	The Hon. Silvanus Osoro, MP	<i>Silvanus Osoro</i>
20.	The Hon. Michael Thoya Kingi, MP	
21.	The Hon. Jared Okelo, MP	
22.	The Hon. Joshua Mwalyo, MP	
23.	The Hon. Charles Ngusya Nguna, MP	



MINUTES OF THE 46TH SITTING OF THE COMMITTEE ON IMPLEMENTATION HELD ON THURSDAY 9TH AUGUST, 2018, IN THE BOARDROOM ON 2ND FLOOR, PROTECTION HOUSE, PARLIAMENT BUILDINGS AT 10.00 AM.

PRESENT

1. The Hon. Moitalel Ole Kenta, MP - **Chairperson**
2. The Hon. Godfrey Osotsi, MP - **Vice Chairperson**
3. The Hon. Paul Simba Arati, MP
4. The Hon. Alois Musa Lentoimaga, MP
5. The Hon. George Theuri, MP
6. The Hon. (Dr.) James Kipkosgei Murgor, MP
7. The Hon. Maj. (Rtd) John Waluke Koyi, MP
8. The Hon. Francis Munyua Waititu, MP
9. The Hon. Joseph Wathigo Manje, MP
10. The Hon. Richard Onyonka, MP
11. The Hon. Onesmas Kimani Ngunjiri, MP
12. The Hon. Johnson Many Naicca, MP
13. The Hon. (Dr.) Daniel Kamuren Tuitoek, MP
14. The Hon. Hassan Oda Hulufu, MP
15. The Hon. Nelson Koech, MP
16. The Hon. Silvanus Osoro, MP
17. The Hon. Generali Nixon Kiprotich Korir, MP
18. The Hon. Paul Odalo Mak'Ojuando Abuor, MP

APOLOGIES

1. The Hon. Michael Kingi, MP
2. The Hon. Jared Okelo, MP

ABSENT

1. The Hon. Charles Ngusya Nguna, MP
2. The Hon. Owen Yaa Baya, MP
3. The Hon. Joshua Mbithi Mwalyo, MP

IN-ATTENDANCE

THE NATIONAL ASSEMBLY

1. Mr. Abdirahman Gele Hassan - Clerk Assistant III
2. Mr. Moses Kariuki - Serjeant-at-arms

MIN. NO.COI/244/2018:

PRELIMINARIES

The Chairperson called the meeting to order at twenty-five minutes past ten o'clock followed by a word of prayer from the Hon. (Dr.) Daniel Kamuren Tuitoek, MP. Thereafter, the agenda of the day was adopted having been proposed and seconded by the Hon. (Dr.) Daniel Kamuren Tuitoek, MP, and the Hon. Godfrey Osotsi, MP, respectively, as follows: -

1. Meeting with the acting Managing Director, Kenya Bureau of Standards to consider implementation status of the Report by the Departmental Committee on Agriculture and Livestock on inquiry into the crisis facing the sugar industry in Kenya;
2. Meeting with the acting CEO, Mumias Sugar Company to consider implementation status of the Report by the Departmental Committee on Agriculture and Livestock on inquiry into the crisis facing the sugar industry in Kenya;
3. Consideration of a report from the sub-committee on implementation of the National Budget;
4. Adoption of Reports; and
5. Consideration of pending business.

MIN. NO.COI/245/2018:

CONFIRMATION OF MINUTES

The agenda was deferred.

MIN. NO.COI/246/2018:

**MEETING WITH THE ACTING MD,
KEBS**

The meeting did not take place since the acting Managing Director, Kenya Bureau of Standards has not appeared before the Committee as scheduled.

The Committee noted with concern that it had not received official communication from KEBS indicating that the acting Managing Director would not attend the meeting. Consequently, the Committee resolved to reschedule the said meeting to Thursday 16th August, 2018.

MIN. NO.COI/247/2018:

**MEETING WITH THE ACTING CEO,
MUMIAS SUGAR COMPANY**

The Chairperson informed the Committee that the acting CEO was not able to come with the management of Mumias Sugar Company as directed earlier. The acting CEO would write to the Committee to explain as to why he was not able to come with the management of the company.

MIN. NO.COI/248/2018:**REPORT ON SUB-COMMITTEE**

The sub-committee on implementation of National Budget informed the main Committee on its Terms of Reference and highlighted key issues that required implementation from the Budget and Appropriations Committee (BAC) Report on the Budget Estimates for the Financial Year 2018/2019.

The Committee was advised not to step on mandate of the BAC and Departmental Committees as it follows up on approved projects for implementation considering that departmental committees play the oversight roles.

MIN. NO.COI/249/2018:**ADOPTION OF REPORTS**

The Committee adopted the following Reports: -

1. The Report on Implementation status of the Scrap Metal Act, 2015;
2. The Report on Implementation status by the Departmental Committee on Health Report on the allegations of sexual assault, breakdown of equipment, surgical mix-up and general operations of the Kenyatta National Hospital, the Resolution on establishment of a national health referral hospital in Mombasa County and the Resolution to declare cancer a national disaster and establishment of a cancer fund to cater for cancer treatment and care;
3. The Report on the Executive Seminar on Livestock Insurance Fund, Mombasa;
4. The Report on inspection visit regarding land issues in Taita Taveta County.
5. The Report on training on monitoring and evaluation of the Committee on Implementation in Mombasa;
6. The Report on the 3rd Annual ICPAK Chapter Seminar, Johannesburg, South Africa;
7. The Report on training on strengthening oversight using monitoring and evaluation tools at United Nations Institute on Training and Research (UNITAR), Geneva, Switzerland; and
8. The Report on submissions from the stakeholders regarding implementation status of House Resolutions, Petitions, Adopted Committee and Acts.

MIN. NO.COI/250/2018:**ANY OTHER BUSINESS**

The following issues were raised: -

1. Consideration of submissions from stakeholders

The Committee noted the need to include the dates responses were received from various stakeholders and categorize the submissions into resolutions/motions, adopted committee reports, petitions and legislations passed by the House.

2. Study Visits/Proposed Training

- a) The Chairperson informed the meeting that the Committee received an invitation from the State University of New York in conjunction with the Centre for Parliamentary Studies & Training requesting for nomination of Members for training. The training is proposed to be undertaken from 14th to 23rd September, 2018 at Albany, New York.

The Committee had proposed the following seven (7) Members to undertake the training: -

- i. Hon. Godfrey Osotsi, MP – Vice Chairperson/Leader of the Delegation
- ii. Hon. Onesmas Kimani Ngunjiri, MP
- iii. Hon. Alois Musa Lentoimaga, MP
- iv. Hon. Nixon Kiprotich Korir, MP
- v. Hon. John Waluke Koyi, MP
- vi. Hon. (Dr.) Daniel Kamuren Tutoek, MP
- vii. Hon. Jared Okelo, MP

- b) The Hon. Francis Waititu, MP, to replace the Hon. Jared Okelo, MP, for the proposed study visit to Romania.
- c) The Hon. Paul Abuor, MP, to replace the Hon. Godfrey Osotsi, MP, Vice Chairperson, for the proposed study visit to Zambia.

MIN. NO.COI/251/2018:

ADJOURNMENT

There being no other business, the meeting was adjourned at forty minutes past eleven o'clock.

Sign.......... Date.....16/08/2018.....
(Chairperson)

MINUTES OF THE 24TH SITTING OF THE COMMITTEE ON IMPLEMENTATION HELD ON WEDNESDAY 18TH APRIL, 2018, IN WHITE SANDS HOTEL, MOMBASA AT 9.00 AM.

PRESENT

1. The Hon. Moitalel Ole Kenta, MP - **Chairperson**
2. The Hon. Alois Musa Lentoimaga, MP
3. The Hon. Charles Ngusya Nguna, MP
4. The Hon. Owen Yaa Baya, MP
5. The Hon. Hassan Oda Hulufu, MP
6. The Hon. Joshua Mbithi Mbithi, MP
7. The Hon. Paul Odalo Mak'Ojuando Abuor, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

Mr. Abdirahman Gele Hassan - Clerk Assistant III

VARIOUS STAKEHOLDERS

1. Hon. Mwangi Kiunjuri - Cabinet Secretary, Ministry of Agriculture and Irrigation
2. Dr. Andrew Tuimur, Chief Administrative Secretary, Ministry of Agriculture and Irrigation
3. Mr. Harry Kimtai, Principal Secretary, State Department of Livestock
4. Mr. Julius Kiptarus – Director of Livestock Production
5. Dr. Alexander Jäger - Project Leader, Alliance on Climate Risk Transfer Solutions / GIZ
6. Mr. Isaac Magina- Senior Client Manager Africa/Swiss Re
7. Mr. Godfrey Kiptum- Ag. CEO & Commissioner of Insurance, Insurance Regulatory Authority of Kenya
8. Dr. Richard Kyuma- Project Coordinator KLIP, State Department of Livestock/Ministry of Agriculture and Irrigation
9. Dr. Andrew Mude- Project Leader, Index-Based Livestock Insurance/International Livestock Research Institute (ILRI)
10. Mr. Barry Patrick Maher- Senior Risk Financing and Insurance Specialist/The World Bank Group

11. Mr. Isaac Magina- Senior Client Manager Africa/Swiss Re
12. Mr. Charles M. Wambua- Head of Micro insurance & Agribusiness/APA Insurance, Apollo Group
13. Mr. Ashok Shah – Group CEO/APA Insurance, Apollo Group
14. Mr. Hassan Bashir- Group Chief Executive/Takaful Africa Group
15. Mr. Duncan Collins Khalai- Market and Capacity Development Specialist/International Livestock Research Institute (ILRI)
16. Mr. James Sinah- Disaster Risk Financing and Agriculture Insurance Consultant/The World Bank Group
17. Mr. Robert Kuloba- Manager, Policy Research and Development/IRA
18. Mr. John Karanu- Head East Africa/Swiss Re

MIN. NO.COI/127/2018:

PRELIMINARIES

The meeting was called to order at fifteen minutes past nine o'clock followed by a word of prayer.

MIN. NO.COI/128/2018:

CONFIRMATION OF MINUTES

The agenda was deferred.

MIN. NO.COI/129/2018:

MOVING TOWARD SUSTAINABLE SCALE

The Committee was informed as follows:-

1. Growing body of evidence continues to highlight the socioeconomic and risk-management value of index insurance programs and the logic of public support.
2. IBLI experience has made a contribution to that evidence and to identifying some of the barriers to scale and to solve them.
3. Scaling requires careful research and development efforts to further unlock the barriers and an alignment of policy and technological forces.

INVESTMENTS NEEDED IN:

- i. Additional evidence on household and poverty impacts of IBLI, integration with other complementary interventions targeting poverty alleviation, risk-management and graduation to prosperity.
- ii. Improvements in contract design and validation and alignment with other

- related index-based products and programs.
- iii. Development of internationally recognized product quality metrics.
 - iv. Development of digital platforms and data infrastructure for cost-efficient product and information delivery, capacity development, impact assessment and product design.

CHALLENGES

- i. Low and unpredictable funding levels;
- ii. Low awareness creation and capacity building levels;
- iii. Beneficiary recruitment and data management challenges;
- iv. High premiums;
- v. Slow payout pathways;
- vi. Geographical distances.
- vii. Variations between triggers and reality. For example in some counties, payment were made but later confirmed there was no actual loss.

CONCLUSION

- i. Whenever a disaster occurs, governments are called upon to support the affected population. In so doing, the government helps in minimizing the effects of such disasters on the economy.
- ii. Increasingly around the world, governments are using insurance instruments to better cope with the aftermath of disasters.
- iii. KLIP is an excellent risk transfer mechanism that works. Indeed Kenya is role model in innovating risk transfer solutions.
- iv. KLIP can only be scaled up with continued government support in form of policy, premium support and regulatory environment.

OBSERVATIONS

Follows the presentations and deliberations, the Committee made the observations as follows:-

1. There was no clear process in terms of identifying the agent and monitoring and evaluation after payments are made.

2. The program started in the 2014/15 Financial Year, yet there is no much impact felt four years down the line.
3. The Ministry of Agriculture and Irrigation has paid 4 payments since the program started.
4. The premium is 2,300 per cow on average.
5. Members noted that the numbers of beneficiaries was still low hence the need to increase the number of beneficiaries.
6. There was need to ensure continuous capacity building and sensitization programme so that the program can reach its intended targets.
7. There was need to establish fund for partial subsidy and create awareness for voluntary subsidies.
8. There is no policy, regulation or law on how to regulate the index insurance program.
9. There was also need to review National Livestock Policy to accommodate livestock insurance.
10. The Members urged the ministry to fast track the necessary legislations/regulations to ensure that the livestock insurance program achieves its objectives.
11. There was need to create policy and regulatory environment on Kenya Livestock Insurance Program to ensure sustainability and assure sustainable funding.
12. There was need for the government to put in mechanisms in place to ensure continuity and sustainability of the insurance program.
13. There was need to institutionalize development of expertise and ensure widespread awareness and acceptance of index-based livestock insurance.
14. Mitigate and prepare for all eventualities that come with drought.

WAY FORWARD

After the presentations and deliberations, the Committee resolved the following as the way forward:-

1. Enhance knowledge on index insurance among key stakeholders to improve investment in insurance and its uptake.
2. Entrench livestock insurance implementation structures at the two levels of Government.

3. Establish a livestock insurance electronic system for managing the pastoralists' data.
4. Streamline payouts responsibilities.
5. Develop local capacities in calculating agent services.
6. Sustainability through development of partial subsidy to purely commercial products.
7. Continuous research for product fitness.

MIN. NO. COI/130/2018:

ADJOURNMENT

The meeting was adjourned at 12:50 p.m.

Sign..........

Date.....05.06.2018.....

(Chairperson)

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MINUTES OF THE 23RD SITTING OF THE COMMITTEE ON IMPLEMENTATION HELD ON TUESDAY 17TH APRIL, 2018, IN SAROVA WHITE SANDS HOTEL, MOMBASA AT 2.30 PM.

PRESENT

1. The Hon. Moitalel Ole Kenta, MP - **Chairperson**
2. The Hon. Alois Musa Lentoimaga, MP
3. The Hon. Charles Ngusya Nguna, MP
4. The Hon. Owen Yaa Baya, MP
5. The Hon. Hassan Oda Hulufu, MP
6. The Hon. Joshua Mbithi Mbithi, MP
7. The Hon. Paul Odalo Mak'Ojuando Abuor, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

Mr. Abdirahman Gele Hassan - Clerk Assistant III

VARIOUS STAKEHOLDERS

1. Hon. Mwangi Kiunjuri - Cabinet Secretary, Ministry of Agriculture and Irrigation
2. Dr. Andrew Tuimur, Chief Administrative Secretary, Ministry of Agriculture and Irrigation
3. Mr. Harry Kintai, Principal Secretary, State Department of Livestock
4. Mr. Julius Kiptarus - Director of Livestock Production
5. Dr. Alexander Jäger - Project Leader, Alliance on Climate Risk Transfer Solutions / GIZ
6. Mr. Isaac Magina- Senior Client Manager Africa/Swiss Re
7. Mr. Godfrey Kiptum- Ag. CEO & Commissioner of Insurance, Insurance Regulatory Authority of Kenya
8. Dr. Richard Kyuma- Project Coordinator KLIP, State Department of Livestock/Ministry of Agriculture and Irrigation
9. Dr. Andrew Mude- Project Leader, Index-Based Livestock Insurance/International Livestock Research Institute (ILRI)
10. Mr. Barry Patrick Maher- Senior Risk Financing and Insurance Specialist/The

World Bank Group

11. Mr. Isaac Magina- Senior Client Manager Africa/Swiss Re
12. Mr. Charles M. Wambua- Head of Micro insurance & Agribusiness/APA Insurance, Apollo Group
13. Mr. Ashok Shah – Group CEO/APA Insurance, Apollo Group
14. Mr. Hassan Bashir- Group Chief Executive/Takaful Africa Group
15. Mr. Duncan Collins Khalai- Market and Capacity Development Specialist/International Livestock Research Institute (ILRI)
16. Mr. James Sinah- Disaster Risk Financing and Agriculture Insurance Consultant/The World Bank Group
17. Mr. Robert Kuloba- Manager, Policy Research and Development/IRA
18. Mr. John Karanu- Head East Africa/Swiss Re

MIN. NO.COI/122/2018:

PRELIMINARIES

The meeting was called to order at thirty-five minutes past two o'clock followed by a word of prayer.

MIN. NO.COI/123/2018:

CONFIRMATION OF MINUTES

The agenda was deferred.

MIN. NO.COI/124/2018:

**VALUES OF THE KENYA
LIVESTOCK INSURANCE
PROGRAM (KLIP)**

The Committee was informed that some of the values of KLIP included:-

1. A 33 percent reduction in reliance on food aid.
2. A 36% reduction in likelihood of distress livestock sales.
3. A 25 percent reduction in likelihood of reducing the number of meals as a coping strategy.
4. Insured households invested more in veterinary and vaccine services during both drought and non-drought periods.
5. Insured households generated higher milk productivity and incomes and had better child nutrition than non- insured households.
6. A positive impact on important indicators of well-being, including greater household income per adult equivalent (AE) and improvements to mid-upper

arm circumference (MUAC), a strong predictor of child malnutrition.

7. Insured herders were more likely to reduce their overall herd sizes.

MIN.NO.COI/125/2018:

PRIVATE EXPERIENCES ON KLIP

The Committee was informed that some of the collaborators and partners on KLIP were:-

1. National and County governments through premium purchase, awareness creation, recruitment and follow-up of beneficiaries and matching funds.
2. World Bank and International Livestock Research Institute through insurance tool development, building of capacities at national and county levels and other technical support on NDVI insurance.
3. Insurance Regulatory Authority through product approval and collaboration in pastoralists' awareness creation.
4. Insurance companies underwrite the drought risk and collaborate in awareness creation.

Policy and institutional structure

- i. Sustainable, large-scale index insurance program requires a clear and well-articulated policy structure.
- ii. No example of unsubsidized private market for index insurance in developing countries. Globally only 7% of transaction volume is purely private.
- iii. Experience and evidence suggests that for programs to go to scale, they need to build on strong, well-coordinated public and private sectors.
- iv. KLIP is anchored on a public private partnership framework that brings together various partners e.g. the World Bank, Insurance sector and ILRI.

Why PPP's for KLIP

- i. Initial cost of setting up large public good programs such as KLIP can be a heavy and challenging for private insurance companies or even governments to go in alone. For example, cost of calculating agency services such as NDVI data collection, audit and analysis.
- ii. Insurance companies do not have proper incentives to venture into the ASAL regions because initial costs have been too high considering limited infrastructure & low penetration of financial services.

- iii. Local capacity across the delivery chain was still low. i.e. insurance underwriters, implementing partners, government agencies, regulators, extension and sales agents.

The need for re/insurance market solutions

- i. Efficient way to cope with financial consequences of natural catastrophes.
- ii. Guaranteed access to required funds for recovery. up to agreed cover limits.
- iii. Speedy delivery, especially with innovative instruments such as parametric solutions.
- iv. Pre-determined premium allows for budget planning certainty, particularly in multi-year contracts.
- v. No payback obligation in contrast to loans.
- vi. Reduction of a country's contingent liabilities to acceptable levels.
- vii. Limits the pressure to divert own funds from other projects to affected areas.

Key Design features of KLIP

- i. Insurance contract is based on a satellite index, which makes payouts to pastoralists when early signs of drought become apparent. 100% premium subsidies for 14,000 pastoralists. Payouts are made directly to pastoralists, using mobile money, mobile banking and cheques.
- ii. Beneficiaries use rapid payouts to keep animals alive, protecting their livelihood.

KLIP provides significant benefits to both pastoralists and Government

1. Pastoralists benefit from more rapid, transparent payments made early with drought early warning. This enables pastoralists to:
 - i. Take early action to keep livestock alive;
 - ii. Reduce the need for negative coping, and;
 - iii. Increase household welfare in the short and long term.
2. Government benefit by transferring the unknown cost of response to the private sector, reducing the uncertainty of the budget. KLIP also enables:
 - i. Government to directly target the vulnerable households
 - ii. Rapidly respond to drought, through using insurance companies to make payouts to the beneficiaries, and;
 - iii. Increase transparency and accountability for the use of public funds.

3. No country can fully insulate itself against extreme natural disasters, despite prevention and mitigation efforts.
4. Individuals, corporations and governments – both on national and sub-national level – bear the brunt of economic losses from natural disasters.
5. From an ex-post perspective, the availability of insurance offers the best mitigation approach against real and fiscal consequences of disasters.


The Members were further informed that:-

1. The program targets only the vulnerable groups in the society with less than ten livestock and its goal is to protect vulnerable members in the society.
2. In regional cover/insurance units, people are not compensated uniformly but were paid based on the way they were affected by droughts through participatory approach that involves local leaders.
3. The program currently runs on the goodwill of the current government hence the need to develop policies to ensure continuity and sustainability.
4. The Ministry was allocated 85 Million in the 2014/15 Financial Year (FY), 121million in the 2015/16 FY, 103 million in the 2016/17 FY and 300 million in the 2017/18 financial year and premiums took 82% of the budget. The Ministry requested for a budget of 600 million in the 2017/18 FY but was allocated 300million.
5. The State Department of livestock requested for the required budget but was never allocated the same by Treasury adding that the department was underfunded.
6. All other programs associated with the project are either underfunded or not funded at all.
7. There was need for the government to inject partial subsidy with effect from the 2018/19 Financial Year.
8. There was a taskforce to look at the livestock insurance program and the Kenya Revenue Authority handles tax issue
9. The Ministry further emphasized the need to relieve tax burdens on the premiums.
10. For one to benefit from the program, premiums must be received first and there must be an upfront payment.

MIN. NO.COI/126/2018:

ADJOURNMENT

The meeting was adjourned at ten minutes past five o'clock.

Sign.....


Date..... 05.06.2018.

(Chairperson)

**MINUTES OF THE 22ND SITTING OF THE COMMITTEE ON
IMPLEMENTATION HELD ON TUESDAY 17TH APRIL 2018, AT SAROVA
WHITE SANDS HOTEL, MOMBASA AT 9.00 A.M.**

PRESENT

1. The Hon. Moitalel Ole Kenta, MP - **Chairperson**
2. The Hon. Alois Musa Lentoimaga, MP
3. The Hon. Charles Ngusya Nguna, MP
4. The Hon. Owen Yaa Baya, MP
5. The Hon. Hassan Oda Hulufu, MP
6. The Hon. Joshua Mbithi Mbithi, MP
7. The Hon. Paul Odalo Mak'Ojuando Abuor, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

Mr. Abdirahman Gele Hassan - Clerk Assistant III

VARIOUS STAKEHOLDERS

1. Hon. Mwangi Kiunjuri - Cabinet Secretary, Ministry of Agriculture and Irrigation
2. Dr. Andrew Tuimur - Chief Administrative Secretary, Ministry of Agriculture and Irrigation
3. Mr. Harry Kimtai - Principal Secretary, State Department of Livestock
4. Mr. Julius Kiptarus - Director of Livestock Production
5. Dr. Alexander Jäger - Project Leader, Alliance on Climate Risk Transfer Solutions / GIZ
6. Mr. Isaac Magina - Senior Client Manager Africa/Swiss Re
7. Mr. Godfrey Kiptum - Ag. CEO & Commissioner of Insurance, IRA
8. Dr. Richard Kyuma - Project Coordinator KLIP, State Department of Livestock, Ministry of Agriculture and Irrigation
9. Dr. Andrew Mude - Project Leader, Index-Based Livestock Insurance/International Livestock Research Institute (ILRI)
10. Mr. Barry Patrick Maher - Senior Risk Financing and Insurance

Specialist/The World Bank Group

11. Mr. Isaac Magina - Senior Client Manager Africa/Swiss Re
12. Mr. Charles M. Wambua- Head of Micro insurance & Agribusiness/APA Insurance, Apollo Group
13. Mr. Ashok Shah - Group CEO/APA Insurance, Apollo Group
14. Mr. Hassan Bashir - Group Chief Executive/Takaful Africa Group
15. Mr. Duncan Collins Khalai- Market and Capacity Development Specialist/International Livestock Research Institute (ILRI)
16. Mr. James Sinah - Disaster Risk Financing and Agriculture Insurance Consultant/the World Bank Group
17. Mr. Robert Kuloba - Manager, Policy Research and Development/IRA
18. Mr. John Karanu - Head East Africa/Swiss Re

MIN. NO.COI/117/2018: **PRELIMINARIES**

The meeting was called to order at twenty minutes past nine o'clock followed by a word of prayer. Introductions were made thereafter.

MIN. NO.COI/118/2018: **CONFIRMATION OF MINUTES**

The agenda was deferred.

MIN. NO.COI/119/2018: **OPENING REMARKS BY THE CS**

The Cabinet Secretary for Agriculture and Irrigation Hon. Mwangi Kiunjuri in his opening remarks said that:

1. The government with the support of World Bank has invested Sh9.8 billion to cushion pastoral communities in 14 Arid and Semi-Arid Counties (ASAL) against impacts of drought.
2. The funds are meant to help bolster resilience and livelihoods of the pastoral communities through a five-year regional pastoral livelihood resilience project.
3. The programme will focus on among other interventions, improving livestock water structures, water pans, establishment of livestock breeding centres and equipping county and regional laboratories.
4. He, however, said that to avoid extra losses as experienced in the past, the government would closely keep track of the projects by registering them to ensure that intended objectives are achieved within specified period.

5. He reiterated the need to ensure that all the projects are registered and well recorded so that they can be easily monitored.
6. The CS further reiterated that the government will continue supporting livestock farmers in ASAL areas through Kenya Livestock Insurance Programme, adding that livestock contributes about 42 per cent of the Agricultural Gross Domestic Product and more than 12 per cent of the national GDP.
7. Livestock are also a means of livelihood supplying food commodities such as meat, milk and eggs and account for 30 per cent of total marketed agricultural products. He further added that the subsector employs about 50 per cent of the country's agricultural labour force.
8. The Cabinet Secretary declared the seminar officially open.

MIN. NO. COI/120/2018: **INTRODUCTION TO THE KENYA**
LIVESTOCK INSURANCE PROGRAM
(KLIP)

The Committee was informed as follows:-

1. Livestock is the principle asset and key source of income for pastoralists.
2. The Kenya Livestock Insurance Program is a special insurance meant to protect animals from succumbing to effects of drought and reduce cost of keeping animal alive; an insurance against drought-related livestock mortality.
3. The Livestock Insurance Program started in Wajir and Turkana due to vulnerability of those areas and smallholder dairy commercialization program.
4. The Regional Livelihood resilience project is in 14 counties in Arid and Semi-Arid areas to build resilience in those counties.
5. Severe drought leads to about twenty per cent mortality of livestock and is the leading cause of livestock mortality.
6. Kenya remains vulnerable to frequent and extremely expensive natural disasters. For example, there are droughts in every two years and high frequency of flooding every year.
7. Between 2000 -2011, the Government of Kenya spent an average of Kshs. 4.2 billion on post-disaster relief per year.

8. 2008 – 2011, total drought losses to Kenyan economy were Kshs. 968.6 billion and reduction of GDP by 2.8% each year. 72% of that loss was related to livestock.
9. Severe droughts lead to about 20% mortality of livestock.
10. The sum insured is 14000, the amount of fodder a cow can survive.

Establishment of the Kenya Livestock Insurance Programme

- i. This is a flagship program of the Government meant to cushion pastoralists against severe drought.
- ii. The National Assembly passed a motion on 13th July 2013 to implement a livestock insurance scheme to cushion pastoralists from effects of drought.

Kenya Livestock Insurance Program Design

- i. Designed to use forage availability as determined by satellite data – Normalized Difference Vegetation Index (NDVI) to determine whether to pay.
- ii. Currently, the National government provides 100% premium support for 5 tropical livestock units (TLU) belonging to vulnerable pastoralists.
- iii. The insurer and beneficiaries make arrangements for desired additional cover.
- iv. The insuring companies makes payouts directly to the accounts of the beneficiaries when there is a trigger.

KLIP Coverage

- i. The Program was meant to cover 14 ASAL Counties namely Turkana, Wajir, Marsabit, Isiolo, Tana River, Mandera, West Pokot, Baringo, Garissa, Samburu, Laikipia, Narok, Kajiado and Lamu.
- ii. Up to September 2017, six counties of Turkana, Wajir, Marsabit, Isiolo, Tana River and Mandera were under cover.
- iii. Insurance contract for 8 counties including Garissa and Samburu have been signed and took effect from October 2017.
- iv. On average, 2000 Households (HHs) were covered in each county except Turkana, Wajir, Tana River and Marsabit with 2500 HHs each.
- v. The program covers 5 tropical livestock units (TLUs) per household.

KLIP Progress

- i. The Program started from 1st July 2014.
- ii. Training and awareness creation has been carried out at national and county levels.
- iii. Sensitization meetings have been carried out in all 14 ASAL counties.

- iv. Recruitment and registration have been carried out in Turkana, Wajir, Marsabit, Isiolo, Tana River, Mandera, Garissa, Samburu, West Pokot and Baringo counties.
- v. First insurance contract was signed by APA led consortium of insurance underwriters in 2015 at a cost of Kshs. 58,393,734 covering Turkana and Wajir Counties.
- vi. The second KLIP insurance contract was signed in 2016 covering 14,000 households with 70,060 livestock units (TLUs). It was also signed by APA led consortium of insurance underwriters running up to 31st October, 2017 with a cost of premiums of Kshs. 164,440,734.
- vii. A third KLIP contract to cover 8 counties, 18,000 household, 90,060 TLUs was signed with Takaful insurance in 2017 for a period of one year with a cost of premiums of Kshs. 246 million.

Achievements

- i. During the short rainy season of October-December 2017, 50 insurance units of 90 (in 7 counties) triggered leading to Kshs. 175 million insurance claims payments to 9,700 beneficiaries.
- ii. In the long rain season of March-June 2017, 55 insurance units of 70 (in 6 counties) triggered and Kshs. 319 million insurance claims payments made to 11,407 beneficiaries.
- iii. During the short rain season of Oct – Dec 2016, 62 insurance units out of 70 (in 6 counties) triggered and Kshs. 215million insurance claims payments were done covering 12,000 beneficiaries.
- iv. In August, 2016 long rains season, insurance claims paid in two insurance units in Wajir County totaling to Kshs. 3.5 million paid to 275 pastoralists/beneficiaries.

KLIP Outcomes

- i. Improved access to forage during periods of shortage.
- ii. Enhanced access to water for animals during dry periods.
- iii. Improved vet services after payouts.

WHY INDEX-BASED LIVESTOCK INSURANCE

- i. Catastrophic herd loss risk due to major droughts identified as the major source of vulnerability facing pastoralists in Kenya and the region.
- ii. Resilience to droughts further strained by increasing climate variability, population, evolving land tenure and risk system collapse with changing underlying dynamics.
- iii. Standard responses like food aid and cash aid post-drought restocking are often slow, insufficient and expensive.
- iv. Development impacts of effective drought risk reduction technologies (insurance) should therefore be significant.

INDEX-BASED INSURANCE (IBLI)

- i. Conventional commercial insurance is not viable due to high transactions costs, moral hazard and adverse selection.
- ii. IBLI can, in principle, offer a timely, sustainable, safety net against catastrophic drought shocks and can help accelerate herd recovery and reduce human suffering. Index Insurance is a variation on traditional insurance.
- iii. It does *not* insure individual losses.
- iv. Insures an “index” measure that is strongly correlated with individual losses like rainfall, area average yield and remotely sensed vegetation index.
- v. Index needs to be objectively verifiable, available at low cost in real time and not manipulable by either party to the contract.

ILRI's INDEX-BASED LIVESTOCK INSURANCE PROGRAM

- i. IBLI agenda which was launched in 2008 contributed to catalyzing a nascent but growing industry.
- ii. The first product was offered in Marsabit in 2010 by a consortium of partners supported by the Government of Kenya.
- iii. 2011 drought triggered contracts in all covered areas serving as an important proof-of-concept indicator.
- iv. 2012 IBLI began to scale in Kenya beyond pilot site in Marsabit into Isiolo and later Wajir.
- v. Rigorous IBLI impact assessments have revealed considerable socioeconomic and behavioral benefits drawing policy and development partner support.

- vi. In 2012, the Government of Kenya set up the National Agricultural Insurance Policy Taskforce that provided situational analysis and recommendations for program development.
- vii. In 2013, the GoK invited World Bank to help develop Crop and Livestock Agricultural Insurance Policy and ILRI requested to support livestock program.
- viii. In October 2015, Kenya Livestock Insurance Program (KLIP) issued first policies to 5000 pastoralist households slip across Wajir and Turkana Counties.
- ix. KLIP has further scaled provision of IBLI across 8 counties and attracted more players and increased investment with substantial payouts in 2017/2018.
- x. Increased momentum towards scale but considerable work to ensure sustainability.

WHAT IS THE INDEX IN IBLI

- i. The level of greenness of each and every area on the surface of the earth is measured by a satellite as it flies over it and the reading is called the NDVI or Normalized Difference Vegetation Index.
- ii. NDVI products are filtered through time series available from 2000 every 10 days with 250m geometric resolutions freely distributed.
- iii. By accurately measuring the level of greenness of any location, one can get an idea of how healthy the forage is in that location.
- iv. Not all that is green is equally palatable. This is largely though imperfectly controlled for in contract design.

CONTRACT DESIGN (HOW TO MAKE THE INDEX SUITABLE)

- i. Contract design is the critical step to translate the information obtained from the remote sensing data into an index reflecting drought impact on pastoralists' resources.
- ii. Key factors in contract design are geographic coverage, delineating index units, temporal coverage, setting out NDVI accumulation and potential payout periods, fitting the index to the risk and pricing i.e. payout structure and frequency.

GEOGRAPHIC DELINATION OF INDEX UNITS

The need to aggregate over IBLI units

- i. IBLI insurance is administered across IBLI units-clusters.
- ii. If an insurance payout is made, it is made to all pastoralists in that unit.
- iii. Hence it is necessary to calculate the average NDVI for the unit.
- iv. Insurance Units need to be selected to balance effective coverage of risk with efficient administration of contract.
- v. Insurance units should take into account operational, administrative and practical considerations for efficient service delivery.
- vi. Insurance units should be representative of forage experience relevant for local population.
- vii. Herders within a single Insurance unit should have largely similar herd management and migratory patterns.
- viii. Unit Building Blocks (Wards) that is a cluster to insurance unit based lowest order admin unit.
- ix. Unit of Consultation (Counties) that require stakeholders/client representation with sufficient wide geographic catchment and some level of political and cultural autonomy.

PRECISE CONTRACT DESIGN-KLIP IMPLEMENTATION

- i. The Government of Kenya has stated an intention to scale to all 14 ASAL counties by 2020. However, not all counties are equally suitable hence the need for careful analysis.
- ii. The need to balance between precision (basis risk) and simplicity i.e. technical scaling and capacity building.
- iii. Capacity to design, understand and administer contracts requires concerted and institutionalized capacity building beyond tools and training.
- iv. Continue contract refinement, new technologies, data sources and means of validation could result in considerable improvements in contract precision.

COMPONENTS OF A SUSTAINABLE INDEX-INSURANCE PROGRAM

- i. **Precise contract design;** Satellite NDVI data, the index and its evolution.
Continuous efforts for increasing precision while supporting sustainable scale.
- ii. **Evidence of value and impact;** Establishing household impact and value of investment.
- iii. **Establishing informed effective demand;** Developing client awareness and stakeholder capacity, extension and learning support.
- iv. **Low cost, efficient supply chain;** Leveraging technology to increase cost-efficiency of IBLI service delivery.
- v. **Policy and institutional infrastructure;** Supporting design of policy to support PPP delivery of sustainable program.
- vi. Need to solve for the cost of service provision in the dry lands.
- vii. Application of digital technological solutions.

IMPLEMENTING SUBSIDIES

KLIP envisioned 2 types of product subsidies:-

- i. Fully subsidized - for households considered vulnerable.
- ii. Partially subsidized – open to all pastoralists to purchase.

Why Subsidies

- i. Increase pastoralists experience and level of utilization of livestock insurance.
- ii. Supports insurance companies to develop a sustainable market size by building critical mass.
- iii. However, if not well administered, subsidies can disincentive pastoralists from purchasing their own insurance, encourage pastoralists to take on too much risk e.g. overstocking and distort price signals/perceptions.

Growing capacity

There is need to institutionalize development of expertise and ensure widespread awareness and acceptance of index based livestock insurance.

KLIP uses a three-tier approach:-

Level 1: Facilitate and enable supportive environment for regulation, curriculum development, policy support and technical assistance.

Level 2: Service delivery - Mainstreaming of IBLI training in collaboration with the Government of Kenya, World Bank, ILRI and insurance partners.

Level 3: Informed demand - Public awareness, leveraging mobile-based technology, radio and printed material.


Leveraging Technology

- i. As KLIP continues to grow, there is need to solve the cost of service provision in the dry lands.
- ii. Sustainability will depend on reducing delivery costs with KLIP transition to increasingly include voluntary sales.
- iii. Faster indemnity payments follow up services and direct extension need to leverage new technology platforms.
- iv. Electronic registration is critical as it will facilitate data management and improve monitoring and evaluation.

MIN. NO. COI/121/2018:

ADJOURNMENT

The meeting was adjourned at ten minutes past one o'clock.

Sign.  Date. 05.06.2018
(Chairperson)

MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE ON IMPLEMENTATION HELD ON THURSDAY 15TH MARCH, 2018 IN 5TH FLOOR COMMITTEE ROOM, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, AT 12.00 PM.

PRESENT

1. The Hon. Moitalel Ole Kenta, MP - Chairperson
2. The Hon. Godfrey Osotsi, MP - Vice Chairperson
3. The Hon. Alois Musa Lentoimaga, MP
4. The Hon. Maj. (Rtd) John Waluke Koyi, MP
5. The Hon. Jared Okelo, MP
6. The Hon. Silvanus Osoro, MP
7. The Hon. Michael Thoyah Kingi, MP
8. The Hon. Joshua Mbithi Mwalyo, MP
9. The Hon. Joseph Wathigo Manje, MP
10. The Hon. Charles Ngusya Nguna, MP

APOLOGIES

1. The Hon. Paul Simba Arati, MP
2. The Hon. Generali Nixon Kiprotich Korir, MP
3. The Hon. (Dr.) Daniel Kamuren Tuitoek, MP
4. The Hon. Paul Odalo Mak'Ojuando Abuor, MP
5. The Hon. Johnson Many Naicca, MP
6. The Hon. Hassan Oda Hulufu, MP
7. The Hon. Francis Munyua Waititu, MP
8. The Hon. Nelson Koech, MP

ABSENT

1. The Hon. (Dr.) James Kipkosgei Murgor, MP
2. The Hon. George Theuri, MP
3. The Hon. Owen Yaa Baya, MP
4. The Hon. Onesmas Kimani Ngunjiri, MP
5. The Hon. Richard Onyonka, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY

- | | | |
|-------------------------------|---|----------------------|
| 1. Ms. Rose M. Wanjohi | - | Clerk Assistant II |
| 2. Mr. Abdirahman Gele Hassan | - | Clerk Assistant III |
| 3. Ms. Doreen Karani | - | Legal Counsel II |
| 4. Mr. James Muguna | - | Research Officer III |
| 5. Mr. Eugene Apaa | - | Research Officer III |
| 6. Mr. Moses Kariuki | - | Serjeant-at-arms |

MIN.NO. COI/053/2018:

PRELIMINARIES

The Chairperson called the meeting to order at twenty-two minutes past twelve o'clock and said the Prayer. The agenda for the meeting was adopted as proposed by Hon. Joshua Mbithi Mwalyo, MP and seconded by Hon. Michael Thoyah Kingi, MP.

MIN. NO. COI/054/2018:

CONFIRMATION OF MINUTES

The Minutes of the 11th Sitting held on Tuesday 13th March, 2018 were confirmed as a true record of the proceedings having been proposed and seconded by the Hon. Charles Ngusya Nguna, MP and the Hon. Silvanus Osoro, MP respectively.

MIN. NO. COI/055/2018:

MATTERS ARISING

No matters arose.

MIN. NO. COI/056/2018:

CONSIDERATION OF SPECIAL REPORT ON THE PROCUREMENT & FINANCING OF THE NATIONAL SOCIAL SECURITY FUND TASSIA II INFRASTRUCTURE DEVELOPMENT PROJECT

The Committee was informed that the Special Report of the Public Investments Committee (PIC) on the Procurement and Financing of the National Social Security Fund Tassia II Infrastructure Development Project laid on the Table of the House on Wednesday, 30 April 2014, was as a result of an inquiry undertaken by the PIC on NSSF Tassia II Project.

The NSSF purchased land at Kshs.2.2 billion between 1992 and 1995 and one piece of the same land was allegedly sold to land buying companies and private developers. Another piece of the same land was grabbed and divided it into 5,500 plots.

The NSSF went to court and won the case against the land grabbers, but the Government and some particular people within decided that the land should be left to the people who had grabbed it. All the plots were sold as un-serviced plots subject to the approval of the Physical Development plan by the then City Council of Nairobi (CCN).

The PIC Committee observed that:-

1. NSSF bought the land with an objective of developing it into residential/commercial properties as part of NSSF investment portfolio. However, in September 2001, illegal squatters and land grabbers invaded and subdivided Blocks 97 Tassia II, 21198 and 21190 – Tassia II into 5,500 plots claiming to have been sold the same by various land buying companies.
2. NSSF took the matter to Court in 2004 and a ruling made in favour of the Fund to evict the grabbers and demolish structures that had been built but after the intervention of the Government through the then Minister for Labour, the Office of the President and the local leaders, the Board of Trustees agreed in 2005 to sell the 5,500 plots to the squatters/grabbers and the plots were either sold through the NSSF Tenant Purchase Scheme or on cash terms. All plots were sold as un-serviced plots subject to the approval of the Physical Development Plan by the then City Council of Nairobi.
3. M/s Multiscope Consulting Engineers Limited provided the preliminary cost estimate of the project at Kshs. 4.5 Billion, including individual plot access roads, pipe culvert, headwalls and culvert crossings to all plots. The cost of individual plot access roads was estimated at Kshs.1.2 Billion and advised NSSF that CCN will not approve the preliminary designs without provision of access to each individual plot. After an open tender, the project was awarded to China Jiangxi International (K) Ltd as recommended by the NSSF tender and evaluation committees.
4. The development of the infrastructural services was imposed on the NSSF by virtue of its legal entitlement to the land by CCN as a pre-condition of the approval on the regularization of the physical development plan.

5. The Tassia infrastructure development project shall be solely financed by the contributions from plot owners and that no funds from the NSSF are to be utilized in the project. The approval of the project by Federation of Kenya Employers' Chief Executive Officer, Ms. Jacqueline Mugo was made on condition that the Board of Trustees does not utilize any additional money from the Fund.
6. Most of the large projects by NSSF are undertaken by China Jiangxi International (Kenya) Ltd raising concerns over probable collusion in the award of tenders contrary to section 42 of the Public Procurement and Disposal Act, 2005.
7. The Cabinet Secretary for Labour, Social Security, and Services purportedly canceled the contract while in real sense the Cabinet Secretary does not have the powers to cancel a procurement process initiated by a procuring entity. Matters relating to procurement are within the ambits of the Cabinet Secretary, Treasury within the meaning of section 2 of Public Procurement and Disposal Act, 2005 whose mandate therein is limited to prescribing preferences or reservations in public procurement and disposal in consideration of economic and social development factors as stipulated in section 39(2), (8) of the said Act and not cancellation of tenders.
8. The approval of the Tassia infrastructure development project was done through closed e-mail circulation.
9. The extra cost resulting from the infrastructure development was not in the initial cost of the plots.

The PIC Committee recommended that:-

1. The Tassia Infrastructure Development Project is important since the plot owners will get their title documents, the over 20,000 persons living in Tassia area will benefit from access to an efficient road network, water supply, street lighting, individual plot access and healthy living environment; and the project will also provide an efficient comprehensive infrastructure network system in the area. The project should continue on condition that:-
 - i. The project does not utilize any resources/funds from the Fund since there was no budgetary provision.

- ii. Should it be necessary for NSSF to utilize its resources in the project, then it must develop the Tassia Infrastructure Development Project on a commercial basis and ensure that any money from the Fund utilized is fully recovered and accounted for.
 - iii. NSSF collects all money owed by the plot owners arising from the sale of the plots.
 - iv. NSSF collects funds from the plot owners to cater for the infrastructure development at Tassia II.
2. EACC investigates the procurement of major projects undertaken by NSSF and the circumstances under which China Jiangxi International (Kenya) Ltd has been awarded most major projects at NSSF.
 3. The Ministry of Labour, Social Security and Services should not interfere with the procurement processes by NSSF. The Ministry should, however, offer guidance to the Fund.
 4. The NSSF Act is amended in section 49 to allow for approval of any investment of the Fund by the Board of Trustees via closed e-mail circulation or any other electronic means.

After the brief, the Committee observed that owners of the plots of land who were third parties to own the plots were yet to receive title documents for the plots, except an acknowledgment letter form NSSF recognizing them as the current owners.

Resolution

The Committee resolved to invite the Cabinet Secretary for Labour & Social Protection and the Managing Trustee, National Social Security Fund on Tuesday 10th April, 2018 to deliberate on the implementation status of the said Report.

**MIN. NO.COI/057/2018: CONSIDERATION OF SPECIAL REPORT ON THE
PROCUREMENT AND FINANCING OF THE CONSTRUCTION OF THE STANDARD
GAUGE RAILWAY FROM MOMBASA TO NAIROBI (PHASE I) AND THE SPECIAL
REPORT ON PROCUREMENT OF THE INDEPENDENT CONSULTANT FOR
DESIGN REVIEW AND CONSTRUCTION SUPERVISION FOR THE STANDARD
GAUGE RAILWAY FROM MOMBASA TO NAIROBI AND PROCUREMENT OF
FACILITIES, LOCOMOTIVES AND ROLLING**

The Committee was briefed on the Special Report on the Procurement and Financing of the construction of the Standard Gauge Railway from Mombasa to Nairobi (Phase I) and the Special Report on Procurement of the Independent Consultant for Design Review and Construction Supervision for the Standard Gauge Railway from Mombasa to Nairobi and Procurement of facilities, locomotives and rolling both by Public Investments Committee.

The Committee of PIC made the following general observations following the two-day tour of the Standard Gauge Railway –

1. Implementation of Phase I of the standard gauge railway is on course with substantial civil works, track works and procurement of installations of associated facilities and railway stations having been already done. With an overall of 81% progress of civil works achieved and 324 Km of track laid, the project is due for completion in June 2017 ahead of the scheduled date of completion of June 2019.
2. For long-term viability, the Project should incorporate future plans for expansion of the line to a double track with a high-speed line and to create room for electric-powered trains to save on costs for future expansion.
3. That the construction period of the SGR was reduced by two years following an Executive directive. The KRC management and Project Consultant assured the Committee that quality of works would not be compromised in executing the Executive directive on the implementation of the project.
4. The timeline of completion of Phase I of the Project may not be realized following the ruling on Petition 171 of 2016 by Judge A. Omollo of the Environment and Land Court in Mombasa on 21st June 2016 which temporarily halted construction of the railway. This petition was filed by landowners in Mombasa County who are yet to be

compensated despite their land having been compulsorily acquired for construction of the railway.

5. The successful completion of the SGR will significantly improve the passenger and freight transport in Kenya, boost the economy of the towns along its route, strengthen Kenya's political and economic status and promote integration process of East Africa Community.
6. There is an urgent need to interlink the SGR line with Jomo Kenyatta International Airport, Moi International Airport and the two major cities, namely Nairobi and Mombasa Central Business District to facilitate ease of transportation of freight and passengers.
7. The main contractor, China Road and Bridge Corporation (CRBC) has directly engaged local suppliers to supply materials and subcontracting services to the project, some of the local sub-contractors' input on the project include drainage works, grassing as well as supply of materials such as sand, cement, fuel, and steel, however compliance of the forty per centum of local content engagement has not been achieved as per the contract. The SGR project is viable as envisaged in the Tripartite Agreement signed between the governments of Kenya and Uganda in 2009.
8. That the environmental impact assessment is taken into consideration at every stage during the construction of the Project and all the relevant stakeholders are consulted.
9. The contractor has made provision for fibre optic cables and power lines for future internet and electricity connectivity along the Standard Gauge Railway.
10. There is need to engage an independent quality assurer for purposes of inspection and laboratory testing of materials procured and used by the contractor to conform to standards as per the contract.

PIC Committee Recommendations

I. General Recommendations

The Committee made the following general recommendations:-

- (i) The urgency to complete and deliver the project two years ahead of the scheduled date should not compromise quality, scope, and budget of the project. The Contractor should undertake the project in accordance with the contractual obligations and specifications.

- (ii) The Project should incorporate future plans for expansion of the line to a double track with high speed in addition to the provision of fibre optic cables and power lines for future electrification of the line.
- (iii) KRC should consider an open-access model for the standard-gauge line where companies with their own trains can use the line at specified times and pay the Corporation an access fee.
- (iv) There is need to improve road network along the railway and industrial areas to improve transshipment and connectivity and create efficiency and ease of transport.
- (v) There is need to expand the Standard Gauge Railway to other parts of the country with high business volumes.

Phase 1 Recommendations

On Phase I of the Standard Gauge Railway, the Committee made the following Recommendations:

- i. To ensure the viability of the Phase 1 of the SGR, KRC should hasten construction of railway line to connect Nairobi SGR Terminus to Nairobi CBD, Jomo Kenyatta International Airport and the Inland Container Depot Terminal at Embakasi and also connect Mombasa West Station to Mombasa CBD, Wilson Airport and Moi International Airport to ensure enhanced efficiency in transport of passengers and freight in the two major Kenyan cities.
- ii. KRC should appoint an operator who is acceptable to the Contractor China Roads and Bridges Corporation (CRBC) and China Exim Bank to initially operate the line to generate enough revenue to cover the cost of operation and maintenance of the line and rolling stock as well as meet external loan obligations and meet any revenue shortfalls when the line becomes operational.
- iii. The Contractor, CRBC should endeavor to enhance skills and technology transfer to the local staff who will manage and operate the trains, rolling stock and the line after the handing over of the project to the Kenya Railways Corporation.

Phase 2 Recommendations

On Phase 2 of the Standard Gauge Railway, the Committee made the following Recommendations:

- i. For Kenya to fully realize the benefit of the SGR project, the implementation of Phase 2 of the Project (Naivasha-Kisumu-Malaba) should be expedited to allow movement of cargo to the neighboring countries as envisaged in the tripartite Agreements signed between the governments of Kenya and Uganda in 2009 and Kenya, Uganda and Rwanda in 2013.
- ii. The Committee also recommends that a formal agreement be entered into with KRC, Kenya National Highways Authority and Kenya Wildlife Service to resolve any conflict involving the right of way of the SGR line as the construction of Phase 2 commences

The Committee observed that the Cabinet Secretary for Transport, Infrastructure, Housing and Urban Development had made staff changes at the Kenya Ports Authority.

Resolution

The Committee requested the secretariat to provide for more information on the matter.

MIN. NO. COI/058/2018:

A.O.B

1. On foreign travel, the Chairperson and Vice Chairperson informed the Committee that they had met with Ministry of Foreign Affairs and International Trade officials to fast-track the benchmarking visits.
2. The Committee considered proposed site visits and agreed on the dates and venues. (list attached).
3. The Committee was informed that they had been invited to attend a Livestock Insurance Fund workshop organized by the State Department of Livestock from the 15th to 19th April, 2018. The following Members were proposed:-
 - i. **Hon. Moitalel Ole Kenta, MP- Chairperson**
 - ii. Hon. Alois Lentoimaga, MP
 - iii. Hon. Silvanus Osoro, MP
 - iv. Hon. Michael Kingi, MP
 - v. Hon. Charles Nguna, MP
 - vi. Hon. Joshua Mwalyo, MP

The Committee resolved to propose an additional three names during the next meeting.

4. The Committee was further informed that arrangements for the proposed training by CPST in Monitoring & Evaluation were on course.

MIN. NO. COI/059/2018:

ADJOURNMENT

The meeting was adjourned at thirty-five minutes past one o'clock. The next meeting will be held on Tuesday 20th March, 2018 at 11.00am.

Sign.......... Date.....20/03/2018.....

(Chairperson)

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE ON IMPLEMENTATION HELD ON TUESDAY 13TH MARCH, 2018 IN THE COMMITTEE ROOM 5TH FLOOR CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, AT 11.00 AM.

PRESENT

1. The Hon. Godfrey Osotsi, MP - Vice Chairperson
2. The Hon. Alois Musa Lentoimaga, MP
3. The Hon. (Dr.) James Kipkosgei Murgor, MP
4. The Hon. George Theuri, MP
5. The Hon. Maj. (Rtd) John Waluke Koyi, MP
6. The Hon. Silvanus Osoro, MP
7. The Hon. Michael Thoyah Kingi, MP
8. The Hon. Joshua Mbithi Mwalyo, MP
9. The Hon. Joseph Wathigo Manje, MP
10. The Hon. (Dr.) Daniel Kamuren Tuitoek, MP
11. The Hon. Johnson Many Naicca, MP
12. The Hon. Paul Simba Arati, MP
13. The Hon. Generali Nixon Kiprotich Korir, MP
14. The Hon. Charles Ngusya Nguna, MP

APOLOGIES

1. The Hon. Moitalel Ole Kenta, MP - Chairperson
2. The Hon. Paul Odalo Mak'Ojuando Abuor, MP
3. The Hon. Jared Okelo, MP
4. The Hon. Hassan Oda Hulufu, MP
5. The Hon. Owen Yaa Baya, MP
6. The Hon. Francis Munyua Waititu, MP

ABSENT

1. The Hon. Onesmas Kimani Ngunjiri, MP
2. The Hon. Richard Onyonka, MP
3. The Hon. Nelson Koech, MP

IN-ATTENDANCE

COMMITTEE SECRETARIAT

- | | | |
|-------------------------------|---|-------------------------|
| 1. Ms. Rose M. Wanjohi | - | Clerk Assistant II |
| 2. Mr. Abdirahman Gele Hassan | - | Clerk Assistant III |
| 3. Ms. Doreen Karani | - | Legal Counsel II |
| 4. Mr. James Muguna | - | Research Officer III |
| 5. Mr. Eugene Akaa | - | Research Officer III |
| 6. Mr. Joseph Okong'o | - | Media Relations Officer |
| 7. Mr. Moses Kariuki | - | Serjeant-at-arms |

MIN.NO. COI/047/2018:

PRELIMINARIES

1. The Vice Chairperson, Hon. Godfrey Osotsi, MP, called the meeting to order at twenty minutes past eleven o'clock followed by a word of prayer by the Hon. Joshua Mbithi Mwalyo, MP. The Vice-Chairperson conveyed apologies from the Chairperson and other Members who were not able to attend the meeting.
2. The agenda for the meeting was adopted as proposed by the Hon. (Dr.) James Murgor, MP and seconded by the Hon. Joshua Mwalyo Mbithi, MP.

MIN. NO. COI/048/2018:

CONFIRMATION OF MINUTES

The Minutes of the 10th Sitting held on Thursday 1st March, 2018 was confirmed as a true record of the proceedings having been proposed and seconded by the Hon. Charles Ngusya Nguna, MP and the Hon. Alois Musa Lentoimaga, MP.

MIN. NO. COI/049/2018:

MATTERS ARISING

Under Min. No. COI/044/2018, the Committee proposed that observation No.4 be revised to read that "The increasingly illegal exportation of scrap metal materials continues to threaten the battery manufacturing industry. Lead is the main raw material in battery manufacturing and it is alleged that the same is being smuggled out of the Country as elevator counterweights."

MIN. NO. COI/050/2018:

MEETING WITH CABINET
SECRETARY FOR INTERIOR AND
COORDINATION OF NATIONAL
GOVERNMENT

1. The Committee was informed that the Cabinet Secretary for Interior and Coordination of National Governemnt had sent his apology vide a letter dated 13th March, 2018 indicating that he was out of the country on official duties and requested for rescheduling of the meeting to a later date.
2. The Committee noted the request and resolved to reschedule the said meeting to Tuesday 27th March, 2018.

MIN. NO. COI/051/2018:

ANY OTHER BUSINESS

1. The Vice Chairperson informed the Committee that he had requested the Executive Director, Centre for Parliamentary Studies to propose a curriculum on Monitoring and Evaluation both locally and abroad e.g. Netherlands and UK.
2. The Committee tasked the Chair and Vice Chair to follow up on foreign visits and the proposed trainings with CPST.
3. The Committee was informed of a proposed workshop organised by the State Department of Livestock on Livestock Insurance Fund, to be carried out jointly with BAC and Agriculture Committee scheduled for 16th to 19th April, 2018. The Committee resolved to propose names in the next meeting but proposed change of dates to 19th to 22nd April, 2018 as the House will be on session during the said period.
4. The Committee also tasked the Secretariat to propose local field visits with all the MDAs to follow up on implementation of pending business before the Committee.

MIN. NO. COI/052/2018:

ADJOURNMENT

The meeting was adjourned at five minutes past twelve o'clock. The next meeting will be held on Thursday 15th March 2018 at 11.00am.

Sign.....

Date.....15/03/2018.....

(Chairperson)

