



REPUBLIC OF KENYA

MINISTRY OF TRANSPORT AND INFRASTRUCTURE

ANNUAL REPORT FOR THE FINANCIAL YEAR 2014/2015

Paper laid
The Leader of
Majority, Hon
Aben Dula
on Tuesday,
18/8/2015



Submitted in line with Section 153(4) (b) of the Constitution of Kenya 2010

By

JAMES MACHARIA

Acting Cabinet Secretary for Transport and Infrastructure

July 2015



LIST OF ACRONYMS

AG	Attorney General
BASA(s)	Bilateral Air Services Agreement(s)
BRT	Bus Rapid Transport
CNS/ATM	Communication, Navigation Surveillance/Air Traffic Management
COMESA	Common Market for Eastern and Southern Africa
DOT	Department of Transport
EAC	East African Community
EATTFP	East African Trade and Transport Facilitation Project
GoK	Government of Kenya
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICT(s)	Information and Communication Technologies
IMO	International Maritime Organisation
JKIA	Jomo Kenyatta International Airport
KAA	Kenya Airports Authority
KAAO	Kenya Association of Air Operators
KCAA	Kenya Civil Aviation Authority
KeNHA	Kenya National Highways Authority
KERRA	Kenya Rural Roads Authority
KFS	Kenya Ferry Services
KMA	Kenya Maritime Authority
KNSL	Kenya National Shipping Line
KPA	Kenya Ports Authority
KRB	Kenya Roads Board
KRC	Kenya Railways Corporation
KURA	Kenya Urban Roads Authority
MRTS	Mass Rapid Transit System
MVIU	Motor Vehicle Inspection Unit
NAMATA	Nairobi Metropolitan Authority
NAVAIDS	Navigational Aids
NCIP	Northern Corridor Integration Projects
NTSA	National Transport Safety Authority

PSVs	Public Service Vehicles
SAR	Search and Rescue
SARPs	Standards and Recommended Practices
TLB	Transport Licensing Board
VAT	Value Added Tax
YD	Yamoussoukro Decision/Declaration

TABLE OF CONTENTS

LIST OF ACRONYMS.....	ii
TABLE OF CONTENTS.....	iii
DECLARATION.....	iv
FOREWORD.....	v
EXECUTIVE SUMMARY.....	vi
1 INTRODUCTION.....	1
1.1 MANDATE.....	1
1.2 KEY STRATEGIC OBJECTIVES.....	2
2 ACHIEVEMENTS IN THE FINANCIAL YEAR 2014/2015.....	2
2.1 STATE DEPARTMENT OF TRANSPORT.....	2
2.1.1 RAILWAY SUB-SECTOR.....	3
2.1.2 AVIATION SUB-SECTOR.....	14
2.1.3 MARITIME SUB-SECTOR.....	23
2.1.4 ROAD SUB SECTOR.....	35
2.1.5 OTHER PROGRAMS/PROJECTS.....	52
3 CONCLUSION.....	55

DECLARATION

This Annual Report is prepared by the Ag. Cabinet Secretary, Ministry of Transport and Infrastructure in line with Section 153(4) (b) of the Constitution of Kenya 2010. The report considers the mandate, achievements and challenges faced by the Ministry of Transport and Infrastructure and the State Corporations under it.

FOREWORD

The Ministry of Transport and Infrastructure oversees policy implementation within the Transport and Infrastructure sector which is a critical role for supporting the socio-economic growth and development of our country and indeed the region. This facilitates the movement of people, goods and services with an overall objective of ensuring safe, efficient, cost effective and reliable transport services.

Some of the key strategic objectives of the Ministry include;

- Development and management of transport infrastructure to facilitate efficient movement of goods and people while ensuring environmental sustainability;
- Research and development for an efficient transportation system;
- Development and enforcement of regulations and standards to ensure safe, secure and efficient transport; and
- Mobilization of resources and capacity building.

In the year, several key achievements were made including; reducing cargo transit time from the Port of Mombasa and along the Northern Corridor, commencement of works for the Standard Gauge Railway line, enhanced implementation of the second container terminal project at the port of Mombasa among others.

Kenya has a multimodal transport system in which roads account for over 96% of transport movements. The road network is a key artery interconnecting other modes of transport as well as providing access to social services.

EXECUTIVE SUMMARY

Aviation Sector

1. The Aviation Industry reported positive results during the year. Passenger numbers increased by 4.6% from 8.5 million in 2013/14 to 8.9 million in 2014/15 mainly due to the resurgence in economic activities, increased travel attributed to low cost carriers and improved security. The Aircraft overflight traffic increased by 5.0% from 36,419 flights in 2013/14 to 38,243 flights in 2014/15. Aircraft landings and take offs from Kenya's airports increased from 244,168 to 247,053 over the same period. On average 7 aircraft were registered per month to raise the total to 1,330 in December 2014 from 1,236 in December 2013.
2. The Government negotiated six (3) new Bilateral Air Services Agreements (BASAs) with – Vietnam, Cambodia, and Guyana. In addition, twenty (20) Air Services Agreements were reviewed. This will enable locally designated airlines to expand their route networks or increase frequencies to various markets.
3. Progress was made towards achievement of Federal Aviation Administration (FAA) International Aviation Safety Assessment (IASA) Category I Status that will allow direct flights between Kenya and the USA. Kenya Civil Aviation Authority (KCAA) had closed 49 items among the findings by FAA and was working on closing the outstanding 23 items as at 30th June 2015. The FAA is working together with KCAA to ensure that all the outstanding issues are resolved and the IASA Cat I status achieved.
4. The Kenya Airports Authority (KAA) successfully undertook the restoration of operations at the Jomo Kenyatta International Airport with the opening of Terminal 1A and Terminal 2 increasing the Airport's passenger handling capacity from 2.5 million to 7.5 million passengers annually.

Maritime Sector

1. In the Financial year 2014/15, the Kenya Ports Authority implemented several programs/projects with the key objective of developing, maintaining and sustaining port facilities and infrastructure to meet customer needs and promote the Port of Mombasa as a primary gateway to the Great Lakes Region.
2. The traditional congestion during the festive season between October and January was not witnessed in December, 2014. In addition, trucks released in Mombasa now reach Malaba or Busia in 4 days down from over 15 days in the past. Cargo Dwell time in the port in 2014 went down to 6 days and Ship turnaround time has reduced to 3.7 days in 2014. Construction of the second container terminal continued and is expected to be completed by February 2015.
3. During the year under review, the Ministry prepared eight (8) International Maritime Organization (IMO) Conventions and Protocols for ratification which the National Assembly approved on 2nd April, 2015 for accession.

Road Transport

In the Road Transport sector the number of fatalities and injuries due to road crashes continues to be a challenge. In the process of addressing the serious challenges of fatalities in the country, regulations to govern boda boda operations were developed. Other critical measures include, regulations to manage tour vehicle operations to reduce rate of accidents in the crucial tourism sector, facilitation of the National Transport Safety Authority to acquire Alco metres (Alco blow) used to detect drunk drivers and acquisition of speed cameras for detection of speeding motorists. The use of these devices is being implemented increasingly along all roads in the country



Railway Sector

The Kenya Railways Corporation and China Road & Bridge Corporation (CRBC) commenced work on the Standard Gauge Railway phase 1 from Mombasa to Nairobi development. A MoU with the EPC Contractor to undertake the feasibility studies for phase 2 covering Nairobi-Malaba/Kisumu Section was signed and the studies are at an advanced stage.

1 INTRODUCTION

VISION: A global leader in transport, infrastructure and logistic.

MISSION: Develop, operate and sustain a world class transport infrastructure and services.

1.1 MANDATE

The Ministry of Transport and Infrastructure was created through Executive Order No. 2 of 2013 with the Mandate of:

- National Roads Development Policy Management
- Transport Policy Management
- Maritime Transport Management
- Rail Transport and Infrastructure Management
- Development, Standardization and Maintenance of Roads
- Mechanical and Transport Services
- Enforcement of Axle Load Control
- Materials Testing and Advice on Usage
- Standardization of Vehicles, Plant and Equipment
- Civil Aviation Management and Training
- Registration of Engineers
- Registration of Contractors
- Protection of Road Reserves
- Maintenance of Security of Roads
- National Road Safety Management
- Registration and Insurance of Motor Vehicles

- Motor Vehicles Inspection
- Development and Maintenance of Airstrips
- Government Clearance and Forwarding Services
- National Transport and Safety Policy
- Implementation of LAPSSET Project

1.2 KEY STRATEGIC OBJECTIVES

The Ministry's Strategic Objectives are based on:-

- Development and management of transport infrastructure to facilitate efficient movement of goods and people while ensuring environmental sustainability;
- Research and development for an efficient transportation system;
- Development and enforcement of regulations and standards to ensure safe, secure and efficient transport; and
- Mobilization of resources and capacity building.

2 ACHIEVEMENTS IN THE FINANCIAL YEAR 2014/2015

2.1 STATE DEPARTMENT OF TRANSPORT

The State Department for Transport and Infrastructure is mandated to develop and implement policies geared towards improving the transport sector in Kenya. In the Kenya Vision 2030 blueprint, Infrastructure is identified as one of the foundations/pillars towards realization of the Vision 2030. In order to achieve its mandate and facilitate the realization of the Vision, the Ministry continues to put in place policies and implements programmes and projects.

The following are some of the programmes being implemented by the Ministry's State Department for Transport;

- The Standard Gauge Railway
- Nairobi Commuter Services
- Expansion and Modernization of Airports
- Rehabilitation and Expansion of Airstrips
- Second Container Terminal
- Lapsset Project- Port and Railway Component
- Road Safety Programme
- Policy and Legal Framework Reforms

Article 153 (4) of the Constitution of Kenya (2010) requires that Cabinet Secretaries provide full and regular reports to Parliament concerning matters under their control.

The report outlines the progress made in implementation of the different programmes/ projects, highlights the challenges encountered in specific project implementation, and suggests recommendations and way forward for each programme/project.

2.1.1 RAILWAY SUB-SECTOR

2.1.1.1 Projects /Programmes and Policy Reforms

Mombasa – Nairobi Standard Gauge (SGR Railway Project

China Road and Bridge Corporation (CRBC) was retained by Kenya Railways Corporation (KRC) to undertake phase 1 of the Mombasa-Nairobi SGR Project vide two commercial contracts namely:

- ‡ Civil Works EPC Turnkey commercial contract for Ksh. 220,921,502,221 (Kenya Shillings Two Hundred Twenty Billion, Nine Hundred Twenty One Million, Five Hundred and Two Thousand, Two Hundred and Twenty One).
- ‡ Supply and installation of Facilities, Locomotives and Rolling Stock contract for US \$ 1,146,791,008.75 (United States Dollars One Billion, One Hundred Forty Six Million, Seven Hundred Ninety One Thousand, Eight and Cents Seventy Five only).

The Contracts are to being undertaken by an EPC contractor who acts as a single point of responsibility. The contract for civil works commenced with effect from January 1, 2015 following the disbursement of the first installment for civil works on December 12, 2014. The date of commencement of the contract for the supply and installation of facilities, locomotives and rolling stock was February 28, 2015 following the disbursement of the first installment (40%) on January 25, 2015 in accordance with the provisions in the contract.

Kenya Railways Corporation (KRC) has also retained a Consultant (TSDI/APEC/EDON Consortium) to act as the Employer’s Representative. The Consultant is on behalf of KRC undertaking design review and construction supervision of the contracts at a contract price of US \$ 41,184,638 (United States Dollars Forty One Million, One Hundred Eighty Four Thousand, and Six Hundred and Thirty Eight only). The Consultant is not only managing the construction but also undertaking design review and approval of the contractor’s design documents. But any Consultant’s review, approval, or consent of the contractor’s documents shall not relieve the contractor from any obligation or responsibility.

Implementation progress

✚ Financing

The total cost of the SGR project is KShs. 327 billion (including the civil works and supply and installation of facilities, locomotives and rolling stock). This is being financed jointly by the Government of Kenya (10%) and the China EXIM Bank (90%). The Parties signed Loans Agreements for Preferential Buyer Credit (PBC) and Buyer Credit (BC) on May 11, 2014 covering the EXIM Bank financing portion. The parties have fulfilled the Conditions Precedent (CPs) for the disbursement of the funds. This triggered the disbursement of the first installment of the civil works commercial contract by China's Exim Bank on December 12, 2014.

✚ Land Acquisition

Land is a key deliverable under the SGR Project. The land acquisition process is ongoing. The progress made so far section by section is as itemized here below:

- DK 0-15-Awards have been given.

The main challenge on this section will be relocation of the fishermen to be relocated from the site designated for the marshalling yard. The main challenges are:

- a) Compensation for loss of livelihood (fishermen have to be moved offshore);
- b) Requirement of assistance to procure boats and cold storage facilities;
- c) Local political interference.

- DK15-89, DK138-148 & DK239-448 -Compensation of PAP's in advanced stage; and Handover of section where PAP's have been paid in progress;

- DK89-138, DK 148-239 & DK316-318 - KWS land (133 Km) - Easement granted and land handed over to the Contractor on October 7, 2014.
- DK 448-453, DK464-472 -KR has received the compensation schedule; and Preparation for compensation in progress.
- DK453-464 (Nairobi National Park) -Negotiation with KWS in Progress; CRBC is submitted EIA study report to NEMA for review and approval.

‡ Contractor's Mobilization

The Contractor (CRBC) has made the following progress:

i. Contractor's Organization

The Contractors organization was established on May 16, 2014 with a head office in Nairobi. There are three major site branch offices and nine (9) construction units between Mombasa and Nairobi section;

ii. Human Resource Deployment

So far the Contractor has mobilized about 1,900 Chinese staff representing the project management team comprising of managers, designers, engineers and surveyors. In addition, the Contractor has engaged over 16,400 local staff;

iii. Implementation of the Works

The Contractor is currently in the final stages of mobilization. Contractor has mobilized as follows:

- Mobilized 1,520 assorted equipment;
- Completed construction of 19 work-camps;
- 17 concrete mixing plant sites established;
- 17 material testing laboratories established;
- 9 stone quarries have been established out of which 8 are operational;

- 37 earthworks borrow sites established;
- Completed detailed design of 468 kilometres of line representing 99% of the corridor. Same has been submitted to the Consultant for design review.

± Quantity of Works Achieved/completed

The SGR project is progressing well. Tabulated below is the progress achieved for each of the activities of the construction works as at July 26, 2015.

Quantities Completed per Activity

S/N	Item	Unit	Total Quantity	Cumulative Quantity Achieved	% of Cumulative Quantities Achieved Against Total Quantity
1	Subgrade	Km.	448.95	244.90	54.55%
2	Pile Foundation	No.	2907	1892	65.08%
3	Spread Foundation	No.	253	198	78.26%
4	Bearing Platform	No.	569	176	30.93%
5	Pier	No.	822	240	29.20%
6	Culvert	No.	585	236	40.34%

7	Beam (32m)	Pieces	1442	379	26.28%
8	Beam (24m)	Pieces	70	22	31.43%
9	Beam (16m)	Pieces	34	22	64.71%
10	Sleepers	NO.	1048745	252913	24.12%

The overall percentage completion of the civil works stands at 38%.

Sensitization in Counties

Taking cognizance of the magnitude and complexity of the project, and due the impact on the people affected by the project and those living near the corridor, it was found necessary to sensitize the locals in order to demystify the project and to highlight the socio-economic benefits of the project in the short term and in the long term. The progress made so far is as outlined below:

- i. Courtesy Calls have been made to the County Governments of Mombasa, Mombasa, Kilifi, Kwale, Taita Taveta, Makueni, Machakos, Kajiado and Nairobi;
- ii. Public Symposia held in Nairobi, Machakos, Makueni, Taita Taveta, Makueni, Mombasa and Kwale Counties.
- iii. Sensitization of County Commissioners and their Deputies, Assistant County Commissioners Officers has been held in Nairobi, Makueni, Taita Taveta, Machakos and Kajiado counties.
- iv. Chiefs and Assistant Chiefs have also been sensitized in Kwale, Taita Taveta, Makueni, Machakos and Kajiado Counties.

Challenges

The following are the main challenges met in the course of implementation of the SGR project:

- ⚡ Land acquisition (disputes, double allocations etc);
- ⚡ Relocation of institutions and utilities;
- ⚡ Local political interference/interests;
- ⚡ Compensation of fishermen;
- ⚡ Litigations;
- ⚡ Sourcing of local building materials e.g sand in the rivers and the ocean;
- ⚡ Environmental concerns (generation of dust, impacts of blasting among others);
- ⚡ Managing expectations.

Lessons learned

Various lessons have been learned in the course of implementation of the SGR project. These include the following:

- ⚡ Land acquisition should start much earlier than the projected date of commencement;
- ⚡ The project route alignment should as is practicable avoid running parallel to wayleaves of KETRACO, KPLC, an oil pipelines;
- ⚡ Wide consultations should take place among various stakeholders to mitigate against conflicts and change of project scope post contract commencement;
- ⚡ Human capital capacity building should be in-built in the signed contracts;
- ⚡ The specifics of the percentage of local content should be in-built in the contracts.

Westlands Railway Project

The project is located in Westlands near Sarit Centre. The main purpose of this project is to diverse revenue stream by leasing out the two office blocks.

The project is at 95% completion rate and it is expected by the end of December 2015 it would be completed and leased out

Challenges

- ✦ The project has had several variations
- ✦ The project is behind schedule
- ✦ Slow procurement process for facilities eg. Lift and security systems

Lessons Learned/Way Forward/Recommendations

The following are recommendations for the project;

- ✦ The project should have an independent monitoring and evaluation team
- ✦ Allocation of the space
- ✦ Procurement of an agency to lease out the space

Status of RAP – Mukuru Kibera Project

The Relocation Action Plan (RAP) is being implemented by the Ministry of Transport and Infrastructure and Kenya Railways to address extensive encroachment in sections of the railway line located in Kibera and Mukuru Areas. It will provide a corridor of safety 40 metres wide for railway operations and a boundary wall holding residential and business structures for the Project Affected Persons (PAPs).

The four contracts are part of one RAP project and the summation of the various Completion stages forms the Overall Project progress. Currently, the overall physical completion is estimated at 70% against a time lapse of 116%. Progress was impacted negatively mainly by lack of construction space in contract C and D. A three (3) month extension of the contract period has been granted to accommodate the delay, but the actual extension is being assessed before a realistic request is made.

Challenges

- ✦ Lack of construction space especially in Kibera Lot C and D where the space to be constructed is still inhabited by PAPs
- ✦ Risk of Project closure on 30th September 2015 before completion of the project.
- ✦ Political interferences by local leaders especially in implementation of the RAP project in Mukuru and Kibera

Lessons Learned/Way Forward/Recommendations

- ✦ Addendum to the RAP to accommodate the identified gaps in the current RAP;
- ✦ Provision of shutter doors as an improvement to the business stalls which was originally not included;
- ✦ Provision of two (2) additional underpasses to ease human traffic flow;
- ✦ Extension beyond the original project areas to make provision of institutions additional benefit;
- ✦ Extension of the Wall beyond Lot B to ensure total enclosure of the safety corridor within Makongeni area;

Nairobi Commuter Services

Implementation Progress

The Government of Kenya is keen on improving the Commuter rail services in a phased approach. The Objective is to carry out modernization and expansion of underutilized railway transport infrastructure facilities within Nairobi. This will attract passenger traffic from the roads and reduce road congestion, create an efficient and affordable mass rapid transit backbone transport system of high capacity for the city.

Ministry of Transport and Infrastructure and the Kenya Railways Corporation have developed a framework and plan for the supply of new locomotives and coaches and improvement of the track. In particular phase 1 of the plan strives to address the more immediate, short term needs of the rail system to include procurement of locomotives and coaches, and basic refurbishment of the tracks and stations to ensure safe and reliable service. It is expected that Phase 1 will be completed by December 2016 subject to availability of funds.

The key components of Phase 1 are;

- ✦ Current ridership is 12,500 per day this will grow ridership to an estimated 100,000 per day by December 2016.
- ✦ As a first phase rehabilitation of 90 kilometres of railway lines in poor condition. Upgrade of 8 kilometres Embakasi Village line to higher axle load for the new locomotives and doubling of line between Makadara and New Nairobi South Station Standard Gauge Railway through funding from GoK.
- ✦ Refurbishment of 80 Kenya Railways existing coaches to the high capacity of 170 passengers per coach through GoK funding in Phase One.
- ✦ Procurement of additional new 93 coaches through GoK funding in Phase One.
- ✦ Procurement of 20 new passenger locomotives through a proposed funding arrangement between GoK and Exim Bank US.
- ✦ Under Nairobi Metropolitan Services Improvement Project 5 old railway stations will be refurbished and 2 train halts built (Githurai & Mwiki), a benefit to Phase One.

The second phase includes the construction of new stations, signalling and train control infrastructure and doubling of lines in the commuter footprint zone ending in Kikuyu, Ruiru, Embakasi Village.

Challenges

Although the plan for implementation is ready, there are a number of challenges impeding the achievement of this plan;

- ✚ Funding; the limited resources through the government exchequer requires that other funding possibilities be explored Vis a Vis the already existing debt burden of the country.
- ✚ Poor condition of the existing railway track which necessitates more investment into rehabilitation other than acquisition of rolling stock only.

Way Forward

In order to realize the project, the following recommendations are being pursued;

- ✚ Explore other sources of financing the project. The Government of the United States have expressed interest in financing the rolling stock through their US EXIM bank and General Electric. Discussions on the same are currently ongoing.

LAPSSET Railway

This is a component in the LAPSSET project. It involves construction of a new modern high capacity SGR line as below;

- i. Lamu-Isiolo-Nginyang-Lokichar-Nakodok 1250Km
- ii. Isiolo-Marsabit-Moyale 470Km
- iii. Nairobi-Isiolo 230Km

Kenya Railways cooperation signed a MoU for undertaking studies on the line with China Civil Engineering Construction Corporation (CCECC) in October 2014. The project is currently at feasibility stage after which funding options will be explored.

Challenges

- ✦ Land acquisition; the cost of land acquisition is increasingly becoming expensive bearing in mind the cost of these enormous infrastructural projects.

Way forward

- ✦ Liaise with the Ministry of all Land, housing and Urban Development and National Lands Commission to ensure all land earmarked for projects is identified and demarcated early.

✦

2.1.1.2 State Corporations

Kenya Railways Corporation

The Corporation is mandated to oversee development of the Railway infrastructure, monitor and regulate the performance of the concessionaire (Rift Valley Railway) and also manage non-concessioned assets. In addition, KRC manages Railway Training school.

2.1.2 AVIATION SUB-SECTOR

2.1.2.1 Projects / Programmes and Policy Reforms

Rehabilitation and Maintenance of Airstrips

Implementation Progress

During the financial year 2014/15 the Ministry;

- ✦ Completed works on rehabilitation of a number of airstrips in the country; Kakamega, Embu, Isiolo, Tseikuru, Nyeri, and continued with other rehabilitations works in; Suneka, Ikanga, Nanyuki, Ukunda;
- ✦ Developed and circulated to stakeholders the draft policy for development, maintenance, operation and management of Airstrips;

- ✦ Signed a MoU with the County Government of Mandera for joint development of Mandera Wargadud Airport.

Challenges

- ✦ There has been low budgetary provision to the development and maintenance of airstrips leading to a backlog of airstrips infrastructure.
- ✦ Low capacity enhancement in areas such as staff recruitment and development leading to very few Aviation Experts within the Ministry.

Way Forward

- ✦ Joint investment between the National and County Governments will increase the level of investments in the airstrips infrastructure. Each County should be encouraged to set aside funds to rehabilitate priority airstrips.
- ✦ Increasing the resource envelope under the National Budget will enable the Ministry provide at least one functional airstrip every 100 kilometers all over the Country.

Bilateral Air Services Agreements

Review & Conclude Bilateral Air Services Agreements

The Department has negotiated and reviewed the following Bilateral Air Services Agreements:-

- ✦ Negotiated three (3) new Bilateral Air Services Agreements (BASAs) with – Cambodia, Vietnam and Guyana.
- ✦ Reviewed the following twenty (20) BASAs – Austria, Botswana, Democratic Republic of Congo, Gabon, Jamaica, Libya, Luxembourg, Mauritius, Nigeria, Norway, Republic of Congo, Russian Federation,

Rwanda, Singapore, Sri Lanka, Switzerland, Tanzania, Turkey, UAE and UK.

Ratification of Bilateral Air Services Agreements

- ✦ The Department prepared a Cabinet Memorandum, Parliamentary Paper and appeared before the Parliamentary Transport, Public Works and Housing Committee (Departmental) for the ratification of the following three (3) BASAs – Ghana, Niger and Vietnam.

Ratification of Conventions and Protocols

- ✦ The Department prepared a Cabinet Memorandum on the ratification of the Convention on The Suppression of Unlawful Acts Relating to International Civil Aviation and The Protocol Supplementary to the Convention for The Suppression of Unlawful Seizure of Aircraft and appeared before the Parliamentary Transport, Public Works and Housing Committee (Departmental).

Challenges

The negotiation and review of Air Services Agreements involves meeting foreign States with which we intend to negotiate or review an Air Services Agreement with. This involves meticulous planning and foreign travel. The budgetary allocation on this item is often inadequate to meet this obligation.

Air Accident Investigation Hangar-at JKIA

The project consists of designs and supervision of the construction of the Hangar at Jomo Kenyatta International Airport. The project is 20% complete with inception report and preliminary designs complete.

2.1.2.2 State Corporations

Kenya Airports Authority

KAA manages commercially viable aerodromes in the country to facilitate air transport services, maintains, rehabilitates and constructs airstrips on an agency basis.

Construction of Terminal 3 -Greenfield Terminal

To date ground excavations undertaken and construction works are 5% complete, mainly earthworks. The detailed designs are 30% complete and follow up for financing ongoing.

Challenges

- ✦ Lack of financing has hampered full mobilization by the contractor;
- ✦ Lack of Government guarantee has hampered access to project funding by lenders.

Way Forward

- ✦ Full financing to be confirmed before tendering;
- ✦ Treasury to be engaged in fresh negotiations for provision of a sovereign guarantee.

JKIA 2nd Runway – Detailed Design

Progress

The concept designs and funding model were approved. The Bid Evaluation Report (BER) was completed and approved by AfDB. Modalities on the appointment of a consultant underway.

Challenges

- ✦ Lack of a clear procurement process has hampered progress;
- ✦ Getting on-time no-objections from donors has posed a constant challenge to meeting procurement targets.

Way forward

- ✦ The KAA proposes that detailed designs be financed by AfDB; MoTI to finance runway construction works;
- ✦ TC to be involved in all aspects of procurement processes, including Expressions of Interest.

Terminal 2- Interim Terminal

The Interim terminal works are 100% complete and currently within Defects Liability Period.

Challenges

- ✦ Clearance of goods from the port did not go as planned, delaying aspects of the project;
- ✦ Stakeholder management;
- ✦ Introduction of new design elements during construction owing to inadequate time for designs.

Way Forward

- ✦ Future project programmes with a component of imported goods to allow for the risk of delays;
- ✦ Stakeholders to commit to their requirements in writing to avoid constant shifting of requirements;

- ✦ More time should be given for project planning.

Screening Yard - JKIA

Progress attained in this project is as follows;

- ✦ Building & Infrastructure – 100%
- ✦ Steel Works – 100%
- ✦ Security Equipment – under-vehicle screening equipment 100%;
- ✦ X-Ray equipment - installation is underway

Challenges

- ✦ Managing multi-disciplinary projects and contractors;
- ✦ Delivery a complex project within a limited period.

Way forward

The Authority has learned through the process that there is need for more time to be given for project planning

Kenya Civil Aviation Authority

KCAA is responsible for regulation and provision of air navigation services in the aviation industry in order to ensure safe, efficient and effective civil aviation systems in Kenya and management of the East African School of Aviation.

Air transport is the safest modes of transport. As air traffic continues to grow, Kenya Civil Aviation Authority (KCAA) is implementing the necessary initiatives to keep air travel safe and secure. This is in line with KCAA's mandate which is to oversee the regulation of the Air Transport industry, provide air navigation services and aviation training.

Expansion of the Air Transport Industry

The following achievements were made in the year under review towards expansion of the aviation industry;

- ✦ Passenger numbers increased by 4.6% from 8.5 million in 2013/14 to 8.9 million in 2014/15 mainly due to the resurgence in economic activities, increased travel attributed to low cost carriers and improved security.
- ✦ Aircraft overflight traffic increased by 5.0% from 36,419 flights in 2013/14 to 38,243 flights in 2014/15. Aircraft landings and take offs from Kenya's airports increased from 244,168 to 247,053 over the same period.
- ✦ On average 7 aircraft were registered per month to raise the total to 1,330 in December 2014 from 1,236 in December 2013.

Improvements on Safety and Aviation Security

The overall achievement of the International Civil Aviation Organization (ICAO) Standards and Recommended Practices based on the audit conducted in May 2013 was 78.4% compared to 66% in 2008. Kenya is now among the top 5 in aviation safety in Africa.

The primary legislation Civil Aviation Act No. 21 of 2013 was reviewed and submitted to Parliament. The review takes on board emerging issues from International Civil Aviation Organization (ICAO) and other international requirements.

Progress was made towards achievement of FAA IASA Category I Status that will allow direct flights between Kenya and the USA. KCAA had closed 49 items among the findings by FAA and was working on closing the outstanding 23 items

as at 30th June 2015. The FAA are working together with KCAA to ensure that all the outstanding issues are resolved and the IASA Cat I status achieved.

The Authority improved technical capacity for provision of oversight services by:

- ✦ Recruiting and training 6 flight safety inspectors.
- ✦ Developing a policy on resolution of safety concerns and enforcement and conducting training for 10 safety inspectors.

Improvements in Air Traffic Management

- ✦ Improved the capacity of air traffic management by replacing the following equipment:

No.	Contract	Equipment	Installation Sites
1.	Communication Systems	VHF Equipment(local station)	Mombasa, Eldoret, JKIA, Wilson
		VHF Equipment(Area Cover)	Mombasa, Poror, Ngong, Wajir, Malindi
		Voice Recorder System	JKIA, Eldoret
		Voice Communication Control System	Eldoret
2.	Navigation Aids	ILS/DME	JKIA, Mombasa, Eldoret
		VOR/DME	Nakuru, Wajir, Malindi & JKIA

- ⚡ The Construction of the KCAA head office reached 85% level of completion as at 30th June 2015.
- ⚡ Implemented Safety Management Systems at the Air Navigation Services stations.
- ⚡ Overall level of availability of Air Navigation Services equipment was 98.6% higher than the ICAO recommended level of 97%.
- ⚡ Improved the movement of aircraft by converting three major air routes into Performance Based Navigation routes which helps aircraft fly more direct thereby saving on fuel and time.
- ⚡ KCAA developed an electronic Aeronautical Information Publication which is accessible on the website for customers from all over the world.
- ⚡ KCAA assisted partner States in the Northern Corridor Region as follows:
 - Helped Rwanda redesign their airspace design and conducted training for air traffic controllers in the area of radar control.
 - Provided three Air Traffic Controllers who are assisting South Sudan in the management of air traffic in the country.
 - Currently conducting training in Uganda for the Civil Aviation Authority in the area of Radar Air traffic Control.

Aviation Training

- ⚡ The East African School of Aviation procured and installed training as follows.
 - Search and Rescue Training equipment which will be used to improve the capacity of staff in the aviation industry.
 - A 3D simulator for training of Air Traffic Controllers.

- ✚ KCAA awarded the contract for the Construction of a Library at EASA.
- ✚ EASA trained 1230 students during 2014/15. One third of these students were foreign students who attended various course at the institution.

Contribution to Growth of the Economy

Air traffic demand in Kenya has increased as the Kenya economy has grown. Air Transport itself has acted as a key cause and facilitator of economic growth in Kenya by facilitating the country’s integration into the global economy, providing direct benefits for users and wider economic benefits through its positive impact on productivity and economic performance.

Challenges

- ✚ The delay in the sharing of the Air Passenger Service Charge which was approved by Parliament in December 2015 continues to affect the funding of key projects and operational activities.

2.1.3 MARITIME SUB-SECTOR

2.1.3.1 Projects /Programmes and Policy Reforms

Implementation Progress

Ratification of international maritime conventions

During the year under review, the Ministry prepared eight (8) International Maritime Organization (IMO) Conventions and Protocols for ratification which the National Assembly passed on 2nd April, 2015 for accession as follows:-

- ✚ 1988 Protocol to the Load Lines Convention, 1966.
- ✚ 1978 Protocol to the Convention on Safety of Life at Sea 1974 (SOLAS 74) which deals with tanker safety and pollution prevention.

- ‡ The Protocol of 1988 to the International convention for the safety of life at sea, 1974, as amended (SOLAS 74/78).
- ‡ The International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.
- ‡ The Convention on the Limitation of Liability for Maritime Claims 1976 (LLMC 1976).
- ‡ The 1996 Protocol to the Convention on Limitation of Liability for Maritime Claims (LLM), 1976.
- ‡ The Nairobi International Convention on Removal of Wrecks, 2007.
- ‡ The International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001.

Hosting of the National Maritime Conference

The Ministry hosted a National Maritime Conference in February 2015 which was officially opened by H.E. the President. The Conference recognized the immense potential of the blue economy in the social and economic development of Kenya

Development of the Marine Operations Bill, 2014

The bill has been under development for the last two year. It is meant guide in prevention of maritime pollution and mitigation in case of oil spill from ships and other pollutants. The bill was subjected to stakeholders and forwarded to the constitution implementation Commission for advice/ advice before presentation to the National Assembly.

Development/ Review of Merchant shipping Regulations to operationalize the Merchant Shipping Act, 2009

During the year under review, five (5) sets of regulations were developed and forwarded to Attorney General for Fairing. The regulations are awaiting gazettelement.

Challenges

The following are some of the challenges the Ministry is facing in the Shipping and maritime department;

- ⊥ Bureaucracy involved in ratification of IMO Conventions is long and the Ministry has no control over the time it takes to ratify Conventions and Protocols.
- ⊥ Lack of a Lawyer to handle fairing and finalization of Bills and Regulations.
- ⊥ Inadequate/limited funding hindering work especially stakeholder sensitizations /workshops during development/ review of bills/Regulation/Conventions.

Way Forward

- ⊥ Request for more budgetary allocations from the National Treasury and our agencies for sensitization
- ⊥ Early preparation of work plans to mitigate internal delays and fostering of good working relations with other involved Government departments/Agencies.

2.1.3.2 State Corporations

Kenya Ports Authority

KPA manages the ports along the coastline that provides the expansive hinterland of mainland Kenya, Rwanda, Burundi, Sudan and Uganda with transport link to the outside world. KPA also manages Bandari College. In the Financial year 2014/15, Kenya Ports Authority implement several programmes/projects with the key objectives of improving managerial, operational and financial performance; developing, maintaining and sustaining port facilities and infrastructure to meet customer needs and promote the Port of Mombasa as a primary gateway to the Great Lakes Region.

The above is measured using the following indicators: Increased berth, yard and gate capacity, reduced ship waiting time, reduced service time, improved traffic flow, increased throughput, reduced cost of doing business, enhanced corporate image, customer satisfaction, interface with the National Single Window System (NSWS) and transit market revenue authorities, reduced track turn-around time, among others.

Projects' progress report as of June 2015 for the Financial Year 2014/15 is presented as per the details below;

Mombasa Port Development Project (MPDP) – Second Container Terminal

The project consists of construction of a new Container Terminal with a total area of 100 hectares and capacity to handle about 1.45 million Twenty Foot Equivalent Units (TEUs) per annum. It is partly funded by JICA and will be implemented in three phases.

MPDP Phase I – Construction

The implementation of the 1st phase consists of reclamation works and construction of a new container terminal with 2 berths with depths of -15 and -11 meters on 50 hectares of land. This phase commenced on 1st March, 2012 and completion date is 29th February 2016. The phase will give additional capacity of about 470,000 TEU.

In the year 2014/2015, the works progress as of June 2015 was 89.91% against 88.78% as per the works programme.

MPDP Phase I – Concessioning for Terminal Operations

The Second Container Terminal will be operated under Concession to a private operator through a Public Private Partnership (PPP) arrangement. In order to facilitate this process, the Authority commenced the selection process for an international terminal operator. As at June 2015, the following progress had been achieved:

Tender for Prequalification for the Terminal Operator was done in December 2014 and 19 firms applied. 12 firms were shortlisted and Request for Proposals (RFPs) issued to them in April 2015 with a closing date of 26th June 2015.

A Pre – proposal conference was organized and successfully held on 30th April, 2015.

Bidders submitted their bids which were evaluated in June. Technical Evaluations were completed and now await Financial Evaluation.

MPDP Phase II

Exchange of Notes were signed between Government of Kenya and Government of Japan for funding Phase II, estimated at about KES 23Billion.

Challenges

- ✦ The construction Phase of the project has been well implemented and on schedule as per the original design and targets, however, the main challenges experienced during this period were on the Concession process and compliance to the PPP Act.
- ✦ The plan requires the selection of a terminal operator at least 10 months before completion of construction of the terminal. The Authority is currently hard pressed on time due the lengthy procurement process and compliance with the PPP Act.
- ✦ Price escalation has been invoked due to the availability of a price adjustment clause.
- ✦ Payment of accumulated associated levies from government agencies has resulted in substantial cost increases.

Lessons Learnt and Recommendations

- ✦ There is need for adequate planning especially for PPP Projects, taking cognizance of the legal provisions and possible delays posed in securing approvals from the PPP Unit which provides oversight for all PPP Projects.
- ✦ It is recommended that the Authority should identify process that can be implemented concurrently and ensure that such process are carried out as such from the beginning of the process.

Dongo Kundu Freeport

The development of Dongo Kundu as a Freeport is one of Kenya's Vision 2030 projects. This involves the Master Planning of the 3,000 acres owned by KPA to allow for the development of a Special Economic Zone (SEZ) and a Free Port facility. KPA will be responsible for the construction of 2 berths to facilitate operations of the SEZ.

In the FY 2014/15, the Authority, under support and coordination of the Ministry of Industrialization and Enterprise Development, undertook Master planning for the SEZ area, including the Free Port facility area. In addition, an Environmental Impact Assessment was also conducted. These were completed and submitted to the Ministry for approval.

Challenges

- ✦ The main challenge of this Project is the multiplicity of stakeholders and the separation of the coordinator and the implementing agency in reporting structures.
- ✦ The Project is coordinated by the Ministry of Industrialization and Enterprise Development (MoIED), however, the land is owned by KPA. The Master Planning exercise was done by consultants hired by JICA through a grant advanced to the MoIED. The consultants were therefore reporting to the MoIED but had to work through a Counterpart Team in KPA. Final decision making and approvals were therefore difficult to make.
- ✦ The land in questions (3,000 acres) is currently encroached by squatters, who are demanding high compensation for resettlement. This increases the complexity of project implementation, delays project execution and also significantly increases the costs of the project.

Lessons Learnt and Recommendations

- ✦ The Government needs to enhance its coordination approach for agencies and projects implemented especially under the Vision 2030 framework, if delivery is to be achieved.
- ✦ Development of Terms of Reference and engagement of consultancy services for such activities/projects should also involve all major stakeholders of the project.
- ✦ All resettlement issues and compensation of Project Affected Persons (PAPs) should be undertaken by the National Lands Commission (NLC) and should

be settled in advance, before the projects are fully conceptualized. This reduces the delays and costs of this exercise.

Relocation of The Kipevu Oil Terminal (KOT)

Presently, Kenya's only petroleum import facilities are located in the Port of Mombasa's Shimanzi Oil Terminal (SOT) & Kipevu Oil Terminal (KOT). KOT mainly handles crude oil imports, while SOT deals with refined products (White), edible oil products and chemicals.

KOT is proposed to be relocated to a location that will enable the construction of a bigger facility able to handle larger tankers and enable more efficient operations.

In the FY 2014/15, the Authority was able to engage consultancy services for Niras Port Consultants of Denmark who carried out a detailed feasibility study and established a suitable location and the type of infrastructure, as well as viability, cost estimates, and funding options for KOT relocation.

Challenges

- ✦ The main challenges of the project are the cost implications and the implementation approach to be used. Development partners have expressed interest in the coordination of the studies, however, funding for the relocation remains a challenge.
- ✦ Data collection from government agencies such as metrological department has been difficult.
- ✦ Retrieval of useful historical data from the stakeholders is also challenging.
- ✦ Delays in decision making due to involvement of several major stakeholders.

Lessons Learnt and Recommendations

There is need for urgent identification of funding for the project, as well as detailed development of a project investment plan, which will analyze and identify possible sources of funding for all projects of the Authority.

Development of Small Ports

KPA is responsible for the Port of Mombasa and other coastal small ports such as Funzi, Shimoni and Vanga located in the South Coast, Mtwapa, Kilifi, Malindi, Lamu and Kiunga, Takaungu and Ngomeni on the North Coast. Development of small ports is one of the Vision 2030 flagship projects.

Shimoni port was identified as one with the highest potential and has been proposed for development through PPP arrangements.

A Concept Paper has been done and approved by the PPP Unit and Terms of Reference developed for Detailed Feasibility Study.

The PPP Unit has since released a Standard Format for Tender Documents for Feasibility studies, thus the Authority is reviewing the same and will submit a revised document to the Unit for approval before proceeding to advertise for Consultancy services for undertaking the Feasibility Studies.

Challenges

The main challenge of this project, as with the Dongo Kundu project, is resettlement of squatters currently on KPA land in Shimoni.

Lessons Learnt and Recommendations

The resettlement exercise should commence early so as to manage time and expectations of the people on the land. This will save on costs and prevent possible delays to the process.

Development of Kisumu Port and other Lake Victoria Ports

The project involves development of Kisumu Port into a modern commercial Lake Port to serve the growing trade in East African Community region. Kenya Ports Authority is in the process of taking over the management of Kisumu and other Lake Victoria ports from Kenya Railways Corporation in line with the directive given by East African Community Council of Ministers of East African Community in October 2007 that the running of Lake Ports be taken over by the Port Authorities in the Partners States.

The existing port infrastructure is old and dilapidated while most of the ports lack basic infrastructure. The dockyard and slipway are in good working condition while the berths need rehabilitation. There are currently offices for KRA, Marine Police, Immigration, Public Health and Fisheries.

The Authority, with support from the PPP Unit, was able to engage transaction advisors (the Maritime and Transport Business Solution (MTBS)) for the Kisumu Port PPP project, who will be financed from a World Bank facility.

The Consultants have since developed an Inception report as part of the Feasibility Study and have received comments from a Committee formed to oversee the project.

Work is still on-going.

Challenges

- ✦ Whereas the contractual arrangements for the Kisumu Port Transaction Advisory services had been entered into between the Transactions Advisor (TA) and the PPP unit, KPA will be the beneficiary and will therefore be the Contracting Authority for the services.
- ✦ This brings in the challenge indicated above of consultants reporting to a different institution from the contracting authority.

- ✦ Lack of close proximity of the project area to the Contracting Authority also poses difficulties in supervisions of the assignment.

Lessons Learnt and Recommendations

There is need for continuous engagement of the Consultants and close supervision of on-going works, as well as reports presented.

Construction of the First Three (3) Berths at Lamu Port

The 1st Phase of Lamu Port development involves construction of three berths to handle containers, conventional and bulk cargo vessels. Lamu Port will also involve dredging of the entrance channel to -17.5 meters to enable it accommodate ships of 100,000 tons.

The development of the first three berths is expected to take six years.

Construction of facilities is on-going, with the main administration building already completed, the clinic and a police facility. The works are currently 1.1%.

In this financial year, compensation (Phase I) of Project Affected Persons (PAP) was commenced will which also involve resettlement of squatters.

Challenges

- ✦ This Phase of the Project was to be fully financed by the Government, unfortunately resources have not been adequate thus hampering progress and timelines for the entire project.
- ✦ Alternative sources of funding have also not be identified.
- ✦ Land acquisition; the cost of land acquisition is increasingly becoming expensive bearing in mind the cost of these enormous infrastructural projects.

Lessons Learnt and Recommendations

- ✦ Funding requirements for projects must be clearly defined and identified in order to guarantee smooth implementation of projects.
- ✦ It is recommended that alternative sources of funding should be sought in order to ensure this project proceeds to fruition.

Kenya Maritime Authority

KMA is responsible for regulation and co-ordination of activities in the Maritime industry.

Kenya National Shipping Line (KNSL)

KNSL was established with the objective of being a national carrier in the maritime industry. It provides containerized shipping services and in the past used to lease containers from the service provider. However, the service provider stopped supplies of containers thus necessitating acquisition of own containers to enable the company meet its mandate.

The company had budgeted to purchase 200 new containers through Government funding and 50 used serviceable containers from internally generated funds. KNSL was not allocated Government funds for purchase of containers as budgeted, thus leading to stalling of the project.

However, the Management in consultation with parent Ministry prepared a Cabinet Memo on restructuring of the company. Upon approval of the memo, the company will undertake the project.

Challenges

Withdrawal of service by service provider led to low business volume thus lack of internally generated funds to invest in the purchase of containers.

Conclusion and the Way Forward

- ✦ The Cabinet Memo will lead to restructuring of the company and capital injection by the Government.

- ✦ The company will negotiate with the service provider and other alternative service providers to enable global service provision.
- ✦ The company will invest in containers which are revenue generating asset.

Kenya Ferry Services

KFS provides free ferry services to pedestrian public across the Likoni and Mtongwe channels on the Indian Ocean. KFS remains an important Agency for providing the only link between the mainland and the island

2.1.4 ROADS SUB-SECTOR

2.1.4.1 Projects /Programmes and Policy Reforms

The following projects/programmes are implemented under the roads-sub sector

Expansion of Roads Programme

The programme is aimed at enhancing connectivity, domestic and regional trade through the implementation of;

- ✦ Northern Corridor Transport Improvement Project (NCTIP):
- ✦ East Africa Road Network Project (EARNP):
- ✦ Kenya Transport Sector Support Project:
- ✦ Rehabilitate and Upgrading of Eldoret-Kitale-Lodwar-Nadapal (600km):

During the FY 2014/15, through the implementation of the above projects, a total of 459km of roads were constructed/upgraded, 153km rehabilitated, 738km were achieved under periodic maintenance while 55,812km were achieved under routine maintenance. The ongoing major road construction/rehabilitation projects includes; Mwatae-Taveta(52km), Timboroa-Eldoret(73km), Mau-Summit-Kericho(58km), Kericho-Nyamasaria(76km), Nyamasaria-Kisumu Airport(24km), Kisumu-Kakamega(60km) and Kakamega-Webuye-Kitale(145km).

Decongestion of Cities, Urban Areas and Municipalities- This is aimed at easing congestion, reduce travel time and costs and enhance connectivity in cities, urban areas and municipalities. The programme is achieved through:

- ✦ Construction of bypasses
- ✦ Construction of missing links
- ✦ Improvement of roads in Nairobi and other cities and municipalities

In the FY 2014/15, 35km of roads were constructed to ease movement in cities and urban centers. Major ongoing projects include; Nairobi Southern Bypass (83km), dualing of Langata Road (KWS Gate To Bomas Section) (2.9 Kms), dualling of First Avenue Eastleigh and General Waruinge Roads, dualling of Upper Hill Roads I (5.5 Kms), construction of EU Nairobi Eastern Missing Links (13.6Kms) and NMT 16-18 (11.7Kms), Nairobi Western ring road, construction of Interchange at City Cabanas, upgrading of roads within Lodwar municipality, upgrading of Machakos TTC Road, rehabilitation of Access road to UNSOA for AMISOM and Eldoret ring roads (Municipality Roads).

Roads 2000 Programme- The programme involves use of locally available resources to promote employment and income earnings. The efficiency in maintenance of roads is also enhanced through application of new technologies such as cobblestone and do-nou technology. During this period, the strategies lead to improvement/maintenance of 316km of roads and creation of 48,276 jobs.

Development of Computerized Information Systems-The objective of the programme is to enhance efficiency and effectiveness in the transport sector management through adoption of appropriate ICT based tools and systems. It included;

- ✦ Completion of the High Speed Weigh in Motion (HSWM) weighbridges at Mariakani and Athi River while HSWM at Gilgil and Webuye are at the final stages of completion.

Development of Lamu Port Southern Sudan and Ethiopia Transport Corridor (LAPSSET) -The objective of the project is to open up Northern Kenya and integrate it into the National economy by development of a new transport corridor. During the period under review, draft detailed designs for the following road projects was completed;

- ✦ Lamu-Garissa
- ✦ Garissa-Isiolo
- ✦ Isiolo-Nginyang

Construction of Loruk-Barpelo (62km), Merille river-Marsabit(120) and Turbi – Moyale(123km) roads are ongoing.

Trade Facilitation Project

The project is aimed at easing movement of cross border cargos and passengers amongst the East African countries. To enhance this, existing border crossing have been modified into One Stop Border Post. During the period under review, the construction of One Stop Border Posts was ongoing at Namanga, Busia, Taveta, Malaba, Lunga Lunga and Isebania. The Busia and Taveta One Stop Border Posts are substantially complete and awaiting handover.

Challenges

- ✦ Inadequate and delayed funds
- ✦ High cost/delays in relocation of utilities and services along and across the road reserves.
- ✦ Punitive environmental laws.
- ✦ Slow disbursement of development partner's fund
- ✦ Lengthy procurement procedures.
- ✦ Huge maintenance backlog

Way forward

- ✦ Timely disbursement of funds
- ✦ Alternative funding to supplement inadequate government funding
- ✦ Improve procurement procedures implementation and contract management

Progress in Policy, Legal and Institutional Reforms

The Ministry in its effort to implement the constitution, 2010 has through the Transitional Authority devolved 80% of the mechanical equipment to the County Governments. The Ministry has retained 20% of the equipment.

Further, the Ministry has finalized through stakeholders consultation the development of the Roads Sub-sector Policy, 2014 and the Kenya Roads Bill, 2015 to align the Roads Sub-Sector functions to the Constitution of Kenya, 2010. The Kenya Roads Bill, 2015 has been submitted to Parliament through the Attorney General's Office for enactment.

Road Safety Activities

Road safety has been a challenge for a number of years with the country losing over 3,000 annually and property worth billions of shillings.

Implementation Progress

The Ministry in conjunction with the National Transport and Safety Authority put in place several measures to improve road safety that include the following;

- ✦ Development of regulations on boda boda operations, travel and tour vehicles, and driving schools to enhance safety.
- ✦ Acquisition of speed cameras and alcohol breathalyzers (Alco blows).

These helped reduce fatalities due to road accidents by 311.

Challenges

Despite the measures being put in place to increase safety on our roads, there are still a number of challenges being faced by the Ministry that negate the benefits realized;

- ✦ Limited number of enforcement officers hence inadequate coverage of many parts of the country. Inadequate capacity of officers in terms of training on road safety management.
- ✦ Roads designed without adequate road safety features.
- ✦ Inadequacy of tools and equipment for specialized works related to speed monitoring, motor vehicle inspection process.
- ✦ Inadequate funding to mount country wide safety campaigns, sensitization of road users.

Way Forward

- ✦ Increased funding is required to increase personnel in specialized areas of safety, procure requisite tools for data collection and those for enforcement, public awareness and sensitization on road safety.

- ‡ Form Transport and Safety committees in counties that has membership from County Government, Traffic Police and NTSA staff.

Transport integrated management system

The TIMS project has started, and progress is on track as per the implementation roadmap. The first three modules are at the design phase. These are;

- Motor vehicle registration
- Driver testing and licensing
- Motor Vehicle Inspection

The key milestones as per the three modules are;

- User requirement was successfully completed and signed off.
- Designed prototype was presented to the project steering committee on 20th March 2015

2.1.4.2 State Corporations

Kenya Roads Board (KRB)

KRB is the principal adviser to the Ministry on all matters relating to road maintenance funds including approval of Annual Roads Work Programme , technical and financial audits and road classification.

Kenya National Highways Authority (KeNHA)

KeNHA is responsible for management, development, rehabilitation and maintenance of major roads classified as A, B and C.

Kenya Urban Roads Authority (KURA)

KURA is responsible for management, development, rehabilitation and maintenance of roads in cities and municipalities.

Kenya Rural Roads Authority (KeRRA)

KeRRA is responsible for management, development, rehabilitation and maintenance of all rural roads classified as D, E and unclassified roads.

Engineers Board of Kenya (EBK)

The Board is mandated to develop and regulate engineering practice in Kenya. It regulates standards in the engineering profession and building capacity for individual engineers and engineering firms. The Board also registers engineers.

National Transport and Safety Authority

The National Transport and Safety Authority (NTSA) was established through an Act of Parliament No. 33 of 2012. The NTSA is a state corporation within the Ministry of Transport and Infrastructure (MoT&I) whose main functions are: (i) to advise and make recommendations on matters relating to road transport and safety; (ii) to implement policies relating to road transport and safety; (iii) to plan, manage and regulate the road transport sector in accordance with the provisions of the Act, and, (iv) to ensure the provision of safe, reliable and efficient road transport services.



Implementation Progress

Transport Integrated Management System (TIMS)

TIMS shall primarily be a data repository and portal based system that will incorporate all functions of registration, licensing, inspection and enforcement of all motor vehicles and trailers online. It is designed to achieve the following objectives:-

- ✦ Eliminate fraud/corruption within the road transport sector
- ✦ Improve efficiency and effectiveness in resources utilization
- ✦ Provide single window single source of truth on road transport data
- ✦ Improve on compliance to traffic rules and enforcement
- ✦ Improve access and security to information
- ✦ Integration of all existing heterogeneous databases from the various Transport stakeholders into one Central Data Repository (CDS)
- ✦ Provide access to shared transport data both through the internet and Mobile technologies.

Presently 3 modules are ready and are being tested;-

- a) **Motor Vehicle Registration (MVR) Module** involves registration of motor vehicles and trailers, licensing of motor vehicles and drivers, safe custody of all motor vehicles, drivers records and licensing fees.
- b) **Driver Testing and Licensing Module** involves applications, renewals and issuance of Driver Licences including Public Service Vehicle (PSV) driver and conductor licences.

c) **Motor Vehicle Inspection Module** involves the issuance of Inspection Stickers following inspections.

E –Citizen

The implementation of digital payments for government services is a key component of Government's goal of attaining a significantly cashless economy and commitment of government to improving access to services and enhancement of service delivery to the public citizens. The eCitizen portal enables citizens make payments in whichever electronic mode they prefer. Payments instrument will include mobile money, internet banking, debit and credit cards.

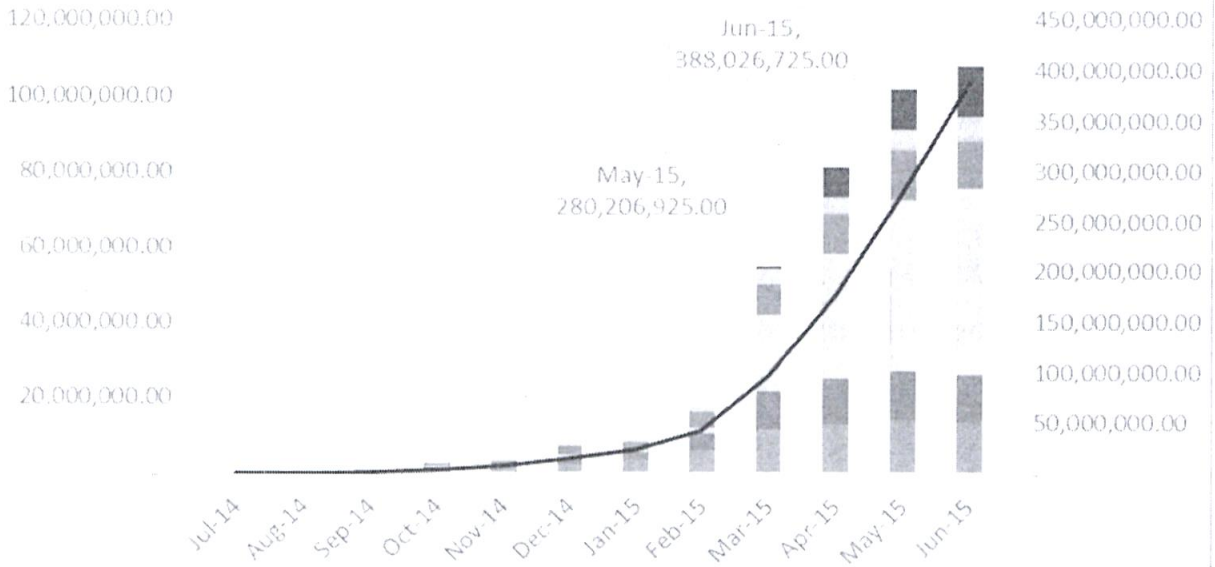
The following NTSA Services are being delivered through eCitizen.

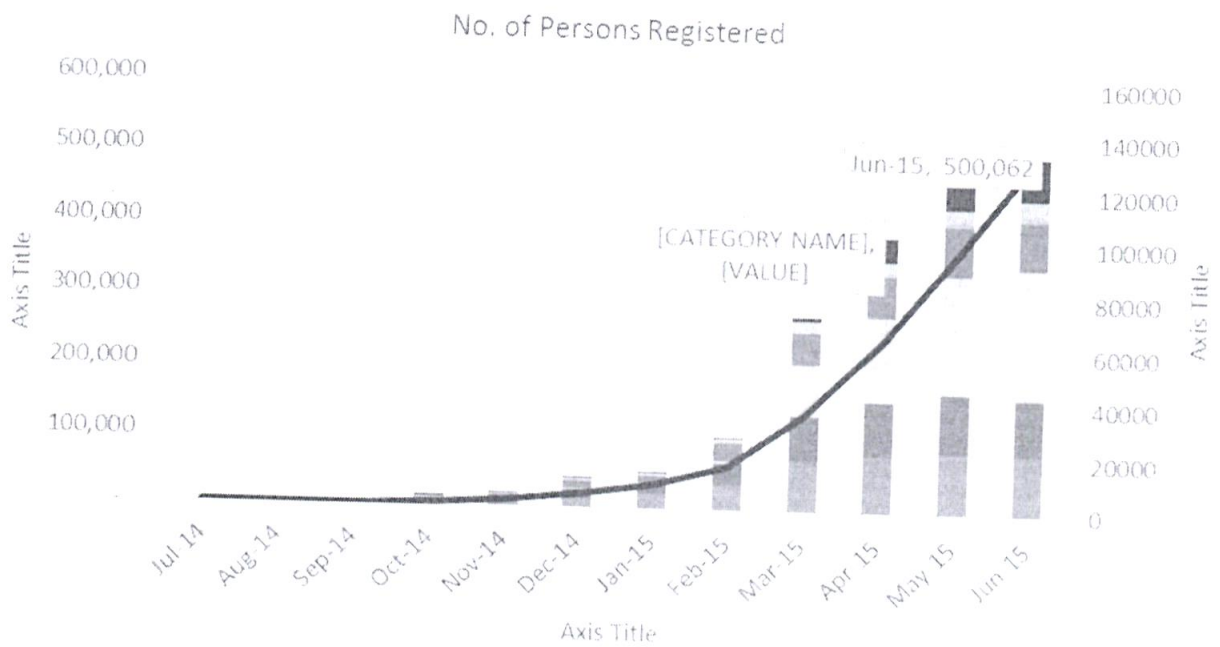
- ✦ Application of Provisional Driving License
- ✦ Booking for a Driving Test
- ✦ Interim Driver's License
- ✦ Duplicate Driving License
- ✦ Endorsement of additional Classes
- ✦ Renewal of Driver's License (1 yr and 3yrs)
- ✦ Amendment of Driver's License Details
- ✦ Drivers PSV license
- ✦ Conductors PSV license

The total value of transactions as at 30th June 2015 was 388 Million. The total number of registered users in the system currently stands at 500,062.

Revenue Per Service (K Shs)

- Provisional Driving License
- Drivers License Renewal
- Endorsement of additional Class
- Driving Test Booking
- Interim Drivers License
- Duplicate Driving License





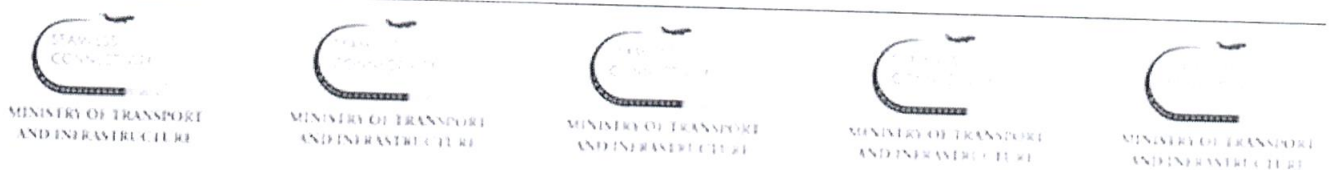
New Generation Number Plates

The new generation plates are currently underway and will have the following features:-

- ✦ Optical Recognizable Characters.
- ✦ Hologram.
- ✦ Third license containing RIFD chip that stores vehicle data e.g. chasis no, owner details etc. This will help reduce crime since the microchip will be fitted on the windscreen making it hard for criminals to change car plates when they commit crimes

Current Status.

- ✦ Tender process for third license is at Tender Award stage.



- ✦ Prisons department has already imported the required embossing machines and is in the process of finalizing the procurement of the blanks plates.
- ✦ Legal regulations to support new plates in public participation stage.
- ✦ Expected date of implementation:- September 2015

Smart Driving License

The specification of the smart driving license meets international standards and will allow the storage and monitoring of drivers habits and record violations through TIMS. The licences will have chips containing information such as personal identification number, contacts, past traffic offences, fines previously paid and warnings, and police officers will have devices to read the information and add charge sheets to databases as necessary.

Current Status

- ✦ The tender has been concluded and the Authority is currently awaiting Treasury approvals before award.
- ✦ Expected date of implementation is estimated to be around September 2015

Motor Vehicle Inspection

NTSA is currently managing 17 Motor Vehicle inspection centres. Currently, only Public Service Vehicles and Commercial Vehicles are inspected. However the Authority is in the process of including private vehicles in line with the Traffic Act which requires the inspection of all vehicles of more than four years old from the recorded date of manufacture. In order to adequately inspect the



over 2 million vehicles in Kenya, the NTSA Board approved the change of the current inspection model to a Hybrid model.

The hybrid model, will entail a mix of outsourced model and NTSA run inspection centres. The Authority will outsource inspection of mainly private vehicles but will retain inspection of public services vehicles and commercial vehicles.

Statutory Interventions

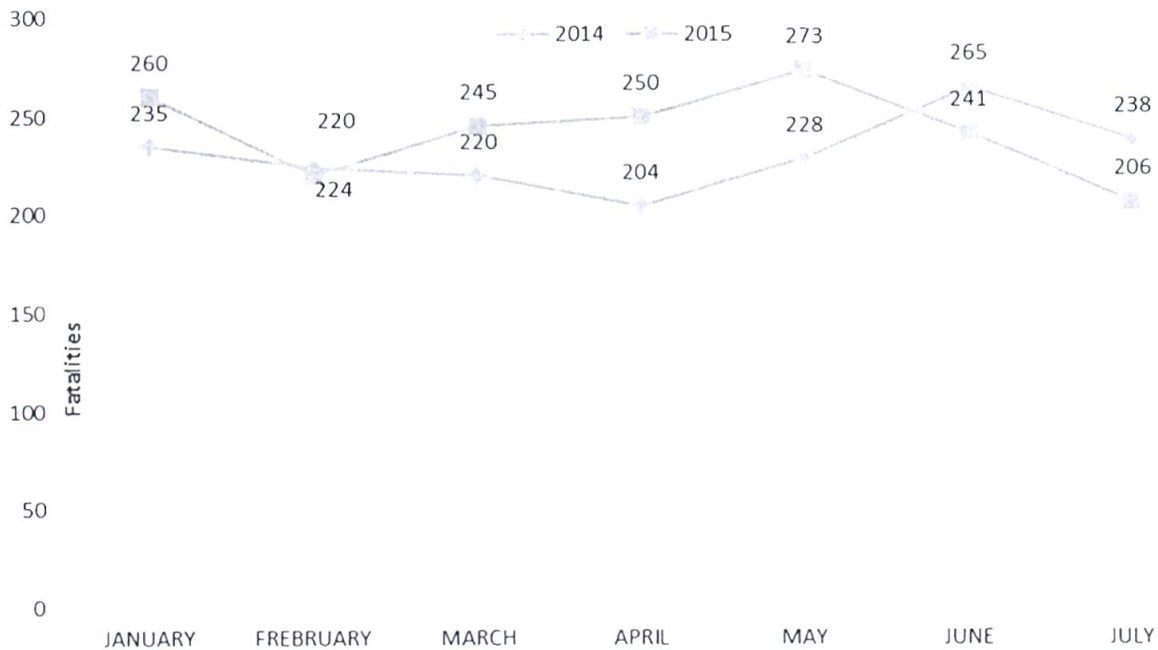
During the year under review NTSA enacted several Road Transport Regulations such as the use of innovative decorations on public service vehicles, operation of motor cycles, regulations on tourist service vehicles and regulations on operation of commercial vehicles. These regulations has contributed to enhancement of road safety operations and creation of order within the road transport sector.



Road Safety

COMPARISON OF FATALITIES (UPTO 29 JULY 2014/2015)

VICTIMS	2015	2014	%VARIANCE
PEDESTRIANS	736	745	-1.2
DRIVERS	185	140	32.14
PASSENGERS	385	330	16.67
PILLION PASSENGERS	118	89	32.58
PEDAL CYCLISTS	33	62	-46.77
MOTORCYCLIST	238	217	9.6
TOTAL	1695	1583	7.1



The Financial year 2015/2016 started with reduced number of fatalities at 206 in July 2015. NTSA is currently implementing focused and data driven road safety intervention programs targeted on the high risk areas which include; interagency committee on improvement of crashes in Nairobi’s high risk roads is in place and enhanced high

Interagency Committee;

- Comprises KeNHA, KURA,NTSA,POLICE,NRST,
- Committee has been meeting weekly to deliberate and come up with recommendations to improve road safety in Nairobi’s 5 high risk roads.
- The committee incorporated the National Road Safety Trust whose main objective is to draw in corporate organizations.



- Fortnightly meetings chaired by the PS to assess progress to give directions and support

Recruitment and Staffing of the Organization

NTSA has now recruited key personnel to man its operations fully. This was done by way of direct recruitment and Secondment of staff from Ministry of Transport and Kenya Revenue Authority. Currently the staff strength stands at 448 comprising of 233 seconded staff and 215 NTSA recruited staff.

Delinking of Services from Kenya Revenue Authority

In July 2014 NTSA finalized the delinking process between NTSA and Kenya Revenue Authority. Since assumption of services previously undertaken by the Road Transport NTSA has streamlined the service provision of various services at the road transport department such as issuance of log books, driving licences etc.

Automation of Business Operations

Under the World Bank Northern Corridor Project NTSA was allocated funds to automate its business operations. The automation projects undertaken are; LAN/WAN, Data Centre, Mail Servers, IP and PABX Telephony, Enterprise Resource Planning and CCTV. Most of the projects are between 50 to 80% completion levels.

Challenges

✦ Enforcement.

The Authority has to rely on the Traffic Police who are not always willing or available for enforcement purposes. In order to address this problem, the Authority has since early 2014 been actively seeking the secondment of



approximately 300 police officers. The proposal was endorsed by NSAC but no progress on the same has been made. The intervention of the Ministry in this matter is requested.

⚡ Inadequate Financing.

The activities of the Authority are greatly hampered by inadequate funding. The Ministry in this financial year increased the allocation to NTSA by a mere 50 million. Though the parliamentary committee increased the allocation upwards, the Authority is still under financed.

The Authority has proposed that it be included as a road agency under the Roads Bill 2015. This would ensure that it receives some funding from the fuel levy.

RECOMMENDATIONS

- ⚡ There is clear need to have a continuous and well thought out framework on ensuring that road safety is sustainably integrated in all activities of the agencies in the Ministry of Transport and infrastructure
- ⚡ Need to scale up initiatives to cover all high risk roads and sections across the country
- ⚡ The current interagency committee be made a standing committee formally and be given an expanded mandate on road safety issues spanning ALL agencies and other agencies
- ⚡ Need to roll out 2015 motorcycle regulations country wide.
- ⚡ More investment in ICT to address and improve service delivery
- ⚡ Road Safety to be mainstreamed in all government MDAs.

2.1.5 OTHER PROGRAMS/PROJECTS

Mass Rapid Transit System

In the financial 2014/15 the Ministry achieved the following towards realization of a Mass Transit System in Nairobi Metropolitan region;

- ⚡ Harmonized the MRTS network to include both the BRT and the Commuter rail
- ⚡ Established the institutional framework through signing of MoUs between the Cabinet Secretary and 5 counties that form the Nairobi metropolitan region, and established a steering committee to spearhead the establishment of Nairobi Metropolitan Transport Authority
- ⚡ Commenced detailed designs for BRT along Jogoo and Ngong roads

Challenges

The main challenge in realizing the MRTS in Nairobi arises out of the many institutions involved in transport sector leading to disjointed planning especially in the public transport sector.

Way Forward

The Ministry will continue to fast track the establishment of Nairobi Metropolitan Transport Authority

East African Trade and Transport Facilitation Projects; Transport Data Centre

The Ministry of Transport and Infrastructure through the support of World Bank under the East African Trade and Transport Facilitation Project is setting up a transport data centre in Transcom House. The Transport Data Centre is a system that seeks to capture key trade and transport indicators and establish a

mechanism for timely updates of the same. This is aimed at providing reliable information and data in the transport sector for eventual use in providing information on investment opportunities in the sector, traffic flow, fuel price elasticity, research data and data for policy formulations in the transport sector.

The tender to set up the centre was awarded to Pinakim Africa Limited at a cost of Ksh130,739,260.55. The projects was expected to be completed in May, 2015 but due to systems that had been ordered by the contractor were not meeting systems specification as was recommended by the University of Nairobi who is supervising the setting up of the system, they had to be reshipped back. This therefore interfered with project time schedule. As of 30th June, 2015, contractor had only been paid Ksh23, 533,067 which is 18% of the total contract sum as per the contract agreement.

Substantial progress toward completion of the project has been made with the following having been achieved; civil works completed, installation of aircon and fire suppression, lighting systems, CCTV equipments, UPS installation, Data centre cabling, internet connected and part of active equipment.

Challenges

Some of the challenges encountered during the implementation included;

- ✦ Delay during the start of the contract because of time taken in seeking approval from the ICT Authority
- ✦ The site that had been identified for the Gen Set turned to be the area where the underground power cables passes through. This being the case the, delivery of the generator plinth had to be delayed for alternative area to be identified.

50 Year Transport Master Plan

The objective of the study is to prepare a comprehensive strategy and master plan for the transport sector in Kenya which will facilitate easy movement of goods

and passengers, stimulate economic growth, promote social integration and stability and provide a prioritized transport investment plan and implementation schedule for the whole country.

The following milestones have been achieved:-

- Inception Report
- Diagnostic Report delivered
- Data collection and analysis report delivered

Policy and Legal Framework Reforms

Implementation Progress

The Ministry achieved the following;

- ✦ Awarded and negotiated a contract with CPCS to review the legal and regulatory framework for railways. The assignment is expected to be completed by the end of the financial year 2015/16
- ✦ The Ministry Supply chain division is tasked with ensuring that the Ministry adheres to the 30% procurement policy by government where thirty percent of all procurement is to be allocated to special groups of Youth, Women and persons with disability. In financial year 2014-2015, the Ministry's State Department for Transport awarded tenders worth Ksh 14,770,422 to the Youth, Women and Persons with Disability.

Challenges

- ✦ Funding: Delay in Government Exchequer release leading to delays in processing the tenders and payments.

Way Forward

- ✦ The National Treasury should fast track processing of exchequer once the requests have been made by the Ministry

3 CONCLUSION

The Ministry and the implementing agencies have made tremendous progress in the implementation of projects despite the challenges. The formation of project teams in each institution has greatly contributed to enhanced implementation of projects and reporting. With the knowledge and experience acquired during the process, the Ministry expects to improve the effectiveness and efficiency of project implementation and provide quality transport services to the public.