

# AFRICAN PEER REVIEW MECHANISM - KENYA



## **KENYA PROGRESS REPORT ON THE IMPLEMENTATION OF THE AFRICAN PEER REVIEW MECHANISM (APRM) NATIONAL PROGRAMME OF ACTION**

**JULY 2006-JANUARY 2007**

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## **FOREWORD**

Kenya was among the first four African countries along with Ghana, Rwanda and Mauritius, to accede to the African Peer Review Mechanism (APRM) in March, 2003 in Abuja, Nigeria. After a rigorous process of both self assessment and external assessment Kenya was finally peer reviewed on the 30<sup>th</sup> June 2006 in Banjul, Gambia.

The Kenya Country Review Report not only details the governance successes, challenges and best practices obtained in Kenya but also contains a National Programme of Action elaborating our concrete commitments as a country to address the challenges identified during the APRM process.

The present report details the achievements made since 30<sup>th</sup> June 2006 to January 2007 towards the realization of the said National Programme of Action. Though considerable progress has been made we realize that achievements of lasting improvements in governance represent a formidable challenge that requires focused and sustained effort to build stronger institutions that are able to effectively apply the law and manage public resources with integrity.

The Kenya government remains committed to the APRM process as we consider good governance a precondition to the achievement of our stated vision to become a prosperous country, providing a high quality of life for all our people.

**Hon Henry Obwocha, EGH, MP**  
**Minister for Planning & National Development**

**LIST OF ABBREVIATIONS AND ACRONYMS**

ACU	-	AIDS Control Units
AG	-	Attorney general
AIDS	-	Acquired Immuno-Deficiency Syndrome
AML	-	Anti-Money Laundering
APRM	-	African Peer Review Mechanism
ARVs	-	Anti-Retro Virals
ASAL	-	Arid and Semi-Arid Lands
AU	-	African Union
BDP	-	Business development Programme
BDS	-	Business Development Strategies
BoPA	-	Budget Outlook Paper
BSP	-	Budget Strategy Paper
CBK	-	Central Bank of Kenya
CBOs	-	Community Based Organizations
CBS	-	Central Bureau of Statistics
CDF	-	Constituency Development Fund
CDMA		Code Division Multiple Access
CMA	-	Capital Markets Authority
COMESA	-	Common market for Eastern and Southern Africa
CPU		Central Planning Unit
CSR	-	Civil Society Relationship
DAMERs		District Annual Monitoring and Evaluation Reports
DDC	-	District Development Committee
DDOs	-	District Development Officers
DFID	-	Department of International development
DMECs		District Monitoring and Evaluation Committees
DMSED	-	Department of Micro and Small Enterprise Development
DPMUs	-	District Planning and Monitoring Units
EAC	-	East Africa Community
EAD	-	Economic Affairs Department
ECK	-	Electoral Commission of Kenya
EPZ	-	Export Processing Zone
ERS	-	Economic Recovery Strategy
ETR	-	Electronic Tax Register
EU	-	European Union
FBO	-	Faith Based Organisations
FDI	-	Foreign direct Investment
FGM	-	Female Genital Mutilation
FLSTAP	-	Financial and Legal Sector Technical Assistance Project
FPE	-	Free Primary Education
FSAP	-	Financial Sector Assessment Programme
FY	-	Financial Year
GDP	-	Gross Domestic Product
GER		Gross Enrollment Rate
GJLOS	-	Governance, Justice, Law and Order Sector
GK	-	Government of Kenya
HIV/AIDS	-	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
IC		Insurance Commission

ICT	-	Information Communication Technology
ILO	-	International Labour Organisation
IMF	-	International Monetary Fund
IP- ERS	-	Investment Programme for the Economic Recovery Strategy
JKIA	-	Jomo Kenyatta International Airport
KACC	-	Kenya Anti-Corruption Commission
KBC	-	Kenya Broadcasting Corporation
KEFRI	-	Kenya Forestry and Research Institute
KENSAF	-	Kenya National Social Action Fund
KENSUF	-	Kenya Slum Upgrading Fund
KEPSA	-	Kenya Private Sector Alliance
KESSP	-	Kenya Education Sector Support Programme
KIE	-	Kenya Industrial Estates
KIPPRA	-	Kenya Public Policy Research
KMC	-	Kenya Meat Commission
KNBS	-	Kenya National Bureau of Statistics
KNHRC	-	Kenya National Human Rights Commission
KPLC	-	Kenya Power and Lighting Company
KRA	-	Kenya Revenue Authority
Kshs	-	Kenya shillings
KTMM	-	KIPPRA Treasury Macro Model
KTN	-	Kenya Television Network
LATF	-	Local Authority Transfer Fund
LVBC	-	Lake Victoria Basin Scheme
MDG	-	Millennium Development Goals
MED		Monitoring & Evaluation Directorate
MFI		Micro Finance Institutions
MOE	-	Ministry of Education
MOF	-	Ministry of Finance
MPER	-	Mid Term Public Expenditure Review
MPND	-	Ministry of Planning and National Development
MPs	-	Members of Parliament
MTEF	-	Medium Term Expenditure Framework
NACADA	-	National Campaign Against Drug Abuse
NEMA	-	National Environmental Management Authority
NEPAD	-	New Partnership for Africa's Development
NESC	-	National Economic and Social Council
NGOs	-	Non Governmental Organisations
NPL	-	Non Performing Loans
NPOA	-	National Programme of Action
NTB	-	Non Tariff Barriers
NTV	-	Nation Television
OP	-	Office of the President
PER		Public Expenditure Review
PETS	-	Public Expenditure Tracking Surveys
PFM	-	Public Financial Management
PMCT	-	Post-Maternal Care and Treatment
PPP	-	Public Private Sector Partnerships
PRSP	-	Poverty Reduction Strategy Paper
PSDS	-	Private Sector Development Strategy
RECSA	-	Regional Centre for Small Arms

SADC	-	South African Development Community
SME	-	Small and Micro Enterprises
STATCAP	-	Statistical Capacity
UN	-	United Nations
UNDP	-	United Nation Development Programme
UNEP	-	United Nation Environmental Programme
UNICEF	-	United Nation Children and Education Fund
WTO	-	World Trade Organisation

## **1. INTRODUCTION**

Kenya was among the first four African states along with Ghana, Rwanda and Mauritius, to accede to the African Peer Review Mechanism (APRM) in March, 2003 in Abuja Nigeria.

The APRM process involved both self assessment and an external assessment. As part of its self assessment Kenya engaged in a long and vigorous national consultative process, and the survey of ordinary Kenyans, using five methods:

- i. Open forums in all the provinces, and with many interest groups, e.g. youth, women, farmers, business, pastoralists;
- ii. A national survey of households conducted by the Central Bureau of Statistics,
- iii. Focus Group Discussions;
- iv. Experts panel; and
- v. Desk Research.

This process culminated in the development of a comprehensive Kenya Country Self Assessment Report and National Programme of Action covering four thematic areas:

- i. Democracy and Political Governance
- ii. National Economic Governance and Management
- iii. Corporate Governance
- iv. Socio Economic Development.

The report was validated by a wide cross section of stakeholders drawn from every district in the country.

Subsequently Kenya hosted a team on external reviewers led by a member of the APR panel of eminent persons, Dr Grace Machel. This team comprised leading African experts in the above four areas of review. The team travelled to all the Provinces in the country and met and gathered views from various stakeholder groups in Government, Private Sector and Civil Society. On the basis of these interactions and borrowing heavily from the Country Self Assessment the team developed the final Kenya APRM Country Report.

The Kenya APRM Country Report was tabled at the APR Heads of State Forum on 30<sup>th</sup> June 2006 and at which forum the Kenyan President H.E. Mwai Kibaki was subjected to review by his peers.

The present report details activities undertaken since the Banjul summit and the progress made towards the realisation of the National Programme of Action in the first six months since the Summit.

## **2. SUMMARY OF POST – APRM REVIEW ACTIVITY SCHEDULE**

Following the successful Peer Review of Kenya at the APR Forum Summit of Heads of State and Government, in Banjul the NEPAD Kenya Secretariat in collaboration with the focal Ministry of Planning and National Development embarked on a rigorous process of feedback and consultations with the key stakeholders to chart the course for the National Post – Review Agenda for Kenya. It was important that all stakeholders understand and appreciate that the peer review of Kenya in Banjul was

not the end of the process but just the beginning. It was important to **Sustain the Dialogue** started during the assessment phase.

## **2.1 STAKEHOLDER BRIEFINGS**

The first step in sustaining the dialogue involved giving feedback to all stakeholders. Several key stakeholder groups have been engaged and briefed on the proceedings and outcomes of the peer review process. Many of these stakeholders had participated in the assessment and were going to be key to the implementation of the National Programme of Action (NPoA.) Some of the key activities undertaken include:

- ✓ Preparation of a Cabinet Memorandum to brief the Cabinet on the Review of Kenya by the African Peer Review (APR) Forum Summit in Banjul, the Gambia including the events preceding the Review and what transpired at the APR Forum where H.E. the President made Kenya's official response to his peers.
- ✓ The Cabinet directed that the public be briefed and kept informed by placing the information on the Review of Kenya in the public domain through various media, both print and electronic as well as through the necessary stakeholders' forums. Cabinet further directs the preparation of a popular version of the Kenya Review Report including its translation into Swahili for wide public readership.
- ✓ Permanent Secretaries and senior Government officials, briefed by the Permanent Secretary Ministry of Planning and National Development, and Chief Executive Officer NEPAD Kenya Secretariat on the outcome of the APRM Forum Summit Review of Kenya in Banjul, and the Post – Review Agenda for Kenya including sustaining the dialogue, and momentum gained thus far.
- ✓ The NEPAD National Steering Committee which comprises of a number of Permanent Secretaries, key personalities from the private sector, civil society and academia, and Chaired by the Minister for Planning and National Development is briefed on the outcomes of the APRM Forum Summit Review of Kenya in Banjul and the next course of action for Kenya in the Post – Review agenda particularly, sustaining the dialogue on APRM with and between the various stakeholders and effective implementation of the National Programme of Action (NPOA).
- ✓ A cross section of key development partners were also briefed on the outcomes of the APRM Banjul Forum and the National Post – Review Agenda for Kenya, including public information and feedback, sustaining the dialogue and modalities for the implementation of the National Programme of Action (NPOA). Development partners including DFID and GTZ have provided direct support to the printing, translation of the popular version of the Country Review Report, as well as support to the APRM Media Campaign. Others have indicated a willingness to support implantation of the APRM Post – Review Agenda.



## **2.2 PUBLICATION OF THE POPULAR VERSION OF THE APRM COUNTRY REPORT.**

A popular version of the APRM Kenya Country Review Report has been developed both in English and Swahili. The APRM process involved broad-based consultations with Kenyans from all walks of life and across the whole country. The popular version will ensure that as many Kenyan's as possible have access to the findings of the APRM process in a format and language that is accessible to ordinary Kenyans. This popular version will be distributed widely to Kenyans across the Country. In addition the popular version will be available on the APRM Kenya website.

## **2.3 MEDIA CAMPAIGN**

Kenya has developed a comprehensive and intense Media programme to disseminate to Kenyans the findings of the APRM Country Report and to provide Kenyans with an opportunity to continue dialoguing with their government and among themselves.

The main thrust of the media campaign was not just to give feedback on the Country Report but to equally focus on what has been done or what requires to be done to address the major governance challenges facing the country.

The main elements of the Strategy included

- i. Production and airing of Television documentaries focusing on sectoral reforms and service delivery on 18 public institutions
- ii. Television production and airing of the Post- Banjul APRM documentary
- iii. Newspaper serialization of the APRM report
- iv. Radio talk shows on the APRM report
- v. Television Talk- shows

### **2.3.1 RADIO AND TELEVISION STATIONS**

Radio and TV always compliment one another in the communications industry. Whereas TV has an impact in message delivery due to its immediacy and powerful visuals, its use is limited to the affluent elite who can afford expensive gadgets and high cost of electricity.

In present Kenya, there are about 1 million television sets against 8 million radio sets commanding 8 million viewers per day compared to 24 million radio listeners per day.

These numbers far outstrip the 250,000 to 300, 000 newspapers sold per day with a readership of just three million on a daily basis.

Therefore a successful media campaign must strive to combine the three conventional mass media outlets.

A television and radio interview guide was prepared at the NEPAD Kenya Secretariat to guide the crews together with work schedule and time frame in early September 2006. The first series of these programmes went on air in October 2006 on air and will continue through to April 30 2007

*Cf. Annex 1 for full details on Television and Radio*

### **2.3.2 NEWSPAPER SERIALISATION OF THE APRM KENYA COUNTRY REVIEW REPORT**

Newspaper serializations started in the first week of October 2006 and appeared in the three Sunday papers every Sunday until mid January 2007. Each Sunday paper carried 12 episodes while opinion articles appeared in **The East-African** for three consecutive weeks.

At the end of the day, there were 36 full page well researched articles written by different journalists and opinion analysts based on the Kenya APRM report. The articles that appeared in three different leading newspapers in Kenya between October and December 2006 went beyond mere reporting on the Report. Writers analyzed, critiqued and put each subject in the context of the prevailing circumstances.

The articles were not meant for every average Kenyan but rather targeted an already captive elite readership of the same newspapers.

The *Continuing the Dialogue* series aimed at the elite in the Political, Social and Economic strata of society. They were aimed at professionals, businessmen, the Civil Society, the Public Servant, the Politician and members of the Judiciary. These are the opinion leaders and policy makers required to see things differently and subsequently change attitude in readiness for positive reforms.

*Cf. Annex 1 for full details on Newspaper serialisation*

## **2.4 SHARING OF EXPERIENCES**

Since the Banjul Kenya has alongside other pioneering countries, Ghana and Rwanda participated in several meetings and workshops to share the experiences learnt in the implementation of the APRM. These workshops aimed at making the APRM clearer to other countries that are at earlier stages of the process.

The meetings also reflected on how the experiences of Kenya, Rwanda & Ghana can be used to improve the APRM process. In addition the pioneer countries were able to discuss strategies for implementation of the APRM National Programme of Action and follow up and Monitoring mechanisms.

## **2.5 ACTIVITIES PLANNED FOR 2007**

- ✓ High profile National Stakeholders Forum to launch the popular version of the Kenya APRM Report including the Swahili translation of the same. An estimated 1500 regional delegates comprising of a broad spectrum of stakeholders will participate in the stakeholders' forum.

- ✓ Wide distribution of the APRM Country Report popular version in English and Swahili to continue throughout the year.
- ✓ Forums with various stakeholders to sensitise them on the APRM Kenya Country Report and dialogue on the way forward towards implementation of the National Programme of action
- ✓ Institutionalisation of the APRM as a process of continuous dialogue and citizens reporting.
- ✓ Ongoing implementation and Monitoring and Evaluation of the APRM National Programme of Action.

### **3.0 PROGRESS ON IMPLEMENTATION OF THE APRM KENYA NATIONAL PROGRAMME OF ACTION**

Kenya's APRM National Programme of Action (NPOA) was a result of wide consultation during the APRM self assessment stage. The NPOA is in a matrix format showing objective, required action, monitorable indicators, means of verification, ongoing initiatives, implementing agencies, stakeholders, cost estimates, timeframe, monitoring and evaluation agencies. Its main purpose is to guide and mobilize the Country's efforts in implementing changes to improve its state of governance and socio-economic development.

By and large the NPOA takes into account the existing Government programme frameworks and sectoral plans all the while ensuring that views articulated by stakeholders during the APRM process remained paramount;

The NPOA is costed at approximately 5.4 Billion Dollars over a 5 year period. Its implementation requires collaborative efforts across Government Ministries and agencies, the Private Sector and Civil Society.

Progress on implementation of the APRM Kenya National Programme of Action for the period July 2006– January 2007 is as detailed below.

#### **3.1 DEMOCRACY AND GOOD GOVERNANCE:**

##### **Finalization of Land Policy:**

The Kenya Government has embarked on a programme to develop and implement a coherent and comprehensive land policy to address land ownership, use, tenure and administration. The Sessional Paper is anticipated to be ready by 30<sup>th</sup> June 2007 for submission to cabinet. The Ministry of Lands is in the process of establishing a Land Reform Unit to lay down mechanisms of implementing the provisions of the Land Policy once approved.

The following has been done at the Coast Province since January 2006:

##### **Adjudication**

- 7 Land Adjudication sections have been registered.
- 7,888 number of families have been settled

##### **Settlement**

- 5,443 discharges have been given.
- 1,925 families have been settled.
- 33,508 titles issued.

Other measures taken by the government include removing forest lands squatters and resettling them else where. The government has also put on notice absentee land lords who own tracks of idle land that unless they put such land into use, they will be forfeited to the government for public redistribution.

**Minimize Intra-state conflicts:**

The government, in consultation with political leaders has embarked on a programme to design and implement conflict resolution mechanisms at community and ethnic levels.

As a result, the reported number of conflicts including cases of loss of lives has reduced significantly in the last six months in some of the most volatile areas. This success may be attributed to the establishment of District Peace Committees in cattle rustling areas such as West Pokot, Turkana, Marsabit, Samburu, Laikipia, Baringo, Moyale, Isiolo and Tranzoia, famously known as the Hot Spots Districts.

The government has also set up the National Steering Committee on Peace building and Conflict Management meetings which are now held every three months.

Internal Security and Provincial Administration has increased the number of police stations in areas prone to banditry and cattle rustling as well as opening access roads to improve police patrols.

There is an ongoing government programme of disarming people holding illegal arms that are frequently used for cattle rustling and other banditry activities.

**Inter- State Conflicts With Regard To Cattle Rustling And Banditry:**

Joint Commissioners and Administrators meetings have been initiated between Kenya and its neighbours on a one –to- one basis. The last Kenya –Uganda border meeting was held in May 2006 with a follow up meeting scheduled for February 2007. Kenya-Ethiopia border meeting was last held in April 2006 with a scheduled follow up in April 2007. Respective District Commissioners and their security teams have scheduled monthly meetings or as when the need arises.

The East African Police Commissioners Forum has been established to deal with cross border conflicts and general insecurity. The last of the Police Commissioners' meeting was held in Kampala in October 2006 under the auspices of the East African Community.

The Government has intensified and strengthened border patrols to protect citizens from cross-border banditry.

Lastly, Kenya became a signatory to the Kshs.100 million-Great Lakes Peace Building Fund and a Regional Centre for Small Arms (RECSA) has been established.

**Inter- State Conflict With Regard To Shared Resources In Lake Victoria:**

The East African Community has initiated and ratified an East African Pact on shared resources including fishing in Lake Victoria.

To this effect, the Lake Victoria Basin Commission has been established and is operational in Kisumu, Western Kenya. The Commission will oversee conservation

and sustainable utilization of resources in Lake Victoria and coordinate the various stakeholders around the lake.

### **Conflicts Associated With International Criminals And Drug Traffickers:**

Kenya has stepped up a strong media campaign against drug trafficking, dealing and consumption particularly among the vulnerable youth in schools and at the universities.

Kenya has instituted NACADA- National Campaign Against Drug Abuse that targets the protection of young persons from exposure to drugs in schools and other outlets.

Anti- Drug Security unit comprising the Police, Immigration and Customs officials has also been established to detect drug trafficking across Kenya borders.

The law courts have also stepped up the campaign by dishing out stiffer deterrent penalties for drugs related offences.

The Anti- money laundering law has been tabled in parliament and is expected to be discussed when parliament resumes.

### **Address Inequality and Any Forms of Discrimination:**

The government has instituted measures to check inequality and discrimination prevailing in the Kenya society today while paying specific attention to the neglected North Eastern Province and other disadvantaged areas.

For this reason, the Economic Recovery Programme for the North Eastern Province and the Districts of Isiolo, Marsabit, Moyale, Marakwet, Turkana, West and East Pokot is in its third year of implementation.

The government started development of a similar programme to cover all districts of the Coast Province.

### **Promotion of Responsible Media:**

To sustain Media Freedom momentum, the Government has opened dialogue with the Media fraternity, especially the Media Owners Association through the nascent Media Council of Kenya. The aim of this ongoing dialogue is to promote professionalism, ethics and responsible journalism in the industry.

To this effect, the government, over the last three years in consultation with industry players has produced the Information, Communication and Technology Policy Document together with the ICT/ Media Bill to be tabled in parliament soon. If enacted into law, it will provide clear guidance on cross media ownership, licensing, ethical standards and self regulation modalities.

### **Institutionalize Access Of Legal Representation For The Socially Disadvantaged:**

The Ministry of Justice and Constitutional Affairs has developed a National Legal Aid Scheme which has been validated by various stake holders. The Ministry is in the process of implementing the project in six pilot stations across the country.

The Small Claims Court Draft Bill is ready. The Bill seeks to establish Small Claims Courts across the country for small claims that find their way to the ordinary courts and take long to be completed. The courts will have simplified procedures where citizens are able to access the courts and follow its procedures even without legal representation.

Overall, the National Legal Aid Scheme and the Small Claims Court will address the problems of access to Justice especially of the disadvantaged, the marginalized and the poor.

### **Increase The Number Of Judges And Magistrates:**

In order to enhance accessibility of justice and prompt disposal of disputes, The State Law Amendments Act 2006 sought to amend the judicature Act to increase the number of Judges from 50 to 70.

Before Parliament went into recess in December 2006, the Bill had been tabled in the House and it is anticipated that it will be debated upon once Parliament reconvenes in early 2007.

Recruitment and promotion of more magistrates is ongoing and the Judiciary is likely to give more details in the near future.

### **Reform of Civil Service**

The government recently embarked on the ONE HUNDRED- DAY- RAPID RESULTS- INITIATIVE aimed at improving delivery of targeted results for Kenyans.

The Public Sector Reforms and Development Programme has been going on for the last three years. The government is in the process of deepening ministerial rationalization through the introduction of results oriented management in public service. Details of this rationalization have included:

- Voluntary Early Retirement Scheme which targets cadres in overmanned and non-core function areas has been ongoing since July 2004 and is expected to end in June 2007.
- Strategic Planning has been adopted in public institutions to enhance service delivery. Over 80% of government ministries and departments have developed their strategic plans to guide their operations and are at various stages of implementation.
- Performance Management System consists of a new performance appraisal mechanism and a comprehensive job evaluation and workload analysis that determines job worth.

In furtherance of civil service reforms, the government has continued to implement performance contracts in the public service and the first annual performance review was publicly launched in December 2006 by the President of the Republic of Kenya.

The government has approved a comprehensive recruitment and training policy to provide a framework for effective recruitment and training in the public service. The government also provided Ks 7.6 billion in the last two financial years for salary adjustments as part of pay and packages adjustments to motivate the staff.

Transport Policy in the Public Service has been rationalized effective July 1, 2006. This rationalization is expected to reallocate surplus government vehicles from government departments and ministries to the essential service departments like the Police Force, Ministry of Health, Education and Agricultural extension workers. It is expected that this reallocation will enhance and improve service delivery and raise efficiency of public spending.

### **Appointments and Promotions in the Civil Service**

The government has developed a Pay Policy which has harmonized pay structure in the Civil Service. The schemes of service of various government professionals have been reviewed.

### **Management of Decentralized Resources:**

The Government and Civil Society have been carrying out sensitization campaigns on all devolved funds. The CDF National Committee has embarked on on-going sensitization programme to educate the public about their roles in the management of the CDF. Legislation is being prepared with the aim of limiting the role of the MPs in the control of such funds.

The Revised District Focus for Rural Development Framework proposes changes in the various devolved funds committees to rationalize the role of MPs and other elected officials.

### **Promotion and Protection of People's Rights:**

The Ministry of Justice & Constitutional Affairs, in conjunction with other stakeholders has compiled a report on what the country has achieved in complying with government obligations under the International Covenants on Economic, Social and Cultural Rights.

The government has made tremendous efforts to achieve the objectives set out in the Economic Recovery Strategy (ERS) which broadly captures and addresses the economic, social and cultural rights.

In November 2006, the UN Special Repertoire on the Indigenous People's Rights visited the country to assess government's efforts in addressing the economic, social and cultural rights of the Indigenous People. The report of the Special Repertoire was expected to be submitted by the end of January 2007.

### **Monitoring and Reporting Violations of Rights by the Government:**



The Government is in the process of developing an Action Plan on Human Rights in Kenya. Once the Action Plan is in place, it will take on board mechanisms to address violation of rights by the government.

The Kenya National Human Rights Commission continues to play its role in monitoring and evaluating the efforts being carried out by the Government in the field of Human Rights.

#### **Create Greater Awareness Of Rights Within Society:**

The Government has embarked on the process of increasing the capacity of Civil Society Organizations in civic education, monitoring and reporting human rights violations.

In this regard, the government is working very closely with the Kenya National Human Rights Commission and the Kenya Human Rights Commission in developing materials for information and education campaigns.

#### **Curtail Violation of Human Rights by Law Enforcement Agents Especially Police and Prisons**

The government is in the process of developing and implementing a code of conduct for different law enforcement agents in regard to human rights.

Along these lines, 80% of the Police Force has been trained on Attitude Change and Customer Care under the ongoing Police Reforms and the 100 Days Rapid Results Initiative.

#### **Institutionalise Access to Legal Representation for the Socially Disadvantaged**

The Ministry of Justice and Constitutional Affairs has developed a National Legal Aid Scheme which has been validated by various stakeholders. The Ministry is in the process of implementing the project in six pilot stations across the country.

The Small Claims Court Draft Bill is ready. The bill seeks to establish Small Claims Court across the country for small claims that find their way to the ordinary courts and take long to be completed. The courts will have simplified procedures where citizens are able to access the courts and follow its procedures even without legal representation.

#### **Mechanism for Receiving and Resolving Complaints:**

Customer Care desks have been established in all District headquarters and police stations. Complaint boxes installed in all 71 District HQs, Divisions and Police Stations.

Monthly public barazas are now held to receive complaints from the public.

All departments in ministries have launched their websites where complaints can be made and received (police, Administration Police and Provincial Administration where complaints can be made and received.) The Office of the Director of Complaints has been established within the Police Department.

#### **Universal Healthcare Plan:**

Discussions are currently going on between the Ministry of Finance, the Ministry of Health and Healthcare providers on how to finance and implement an integrated Public Healthcare Programme.

### **Speeding Up Enactment of HIV/AIDS Prevention and Control Bill:**

The Bill and was into law on 30th December 2006. It will provide for the protection and promotion of public health and for the appropriate treatment, counselling, support and care of persons infected or at risk of HIV/AIDS infections.

### **Ensuring Kenyans Are Made Aware Of Achievements And Constraints In Addressing Governance Issues:**

Since the Banjul Review Summit, the NEPAD Secretariat, in consultation with the Ministry of Planning and Development with support from Development Partners carried out an aggressive public awareness campaign to disseminate the contents of the APRM Kenya Report. To date the report has been serialized in three leading daily papers for 12 consecutive weeks that targeted the elite and policy makers. Twenty 15 minute television series interrogating the performance of 18 key government ministries and departments have been produced and are being aired on four main national TV channels across the country.

Interactive live Radio talk shows are slated for January to April 2007 in three main national networks.

A national survey to determine the level of APRM awareness is to be carried out in April 2007 after the conclusion of the Media Campaign.

Other institutions of government like Kenya National Human Rights Commission, GJLOS and Kenya Anti Corruption Commission are also running their respective reforms awareness campaigns.

### **Uphold The Separation Of Powers:**

As part of the on-going reform activities, the government has embarked on enforcement of judicial reforms and existing administrative procedures to ensure members of the bench improve on efficiency, accountability and monitoring of judicial functions.

During the months of August to November 2006, the Ministry of Justice and Constitutional Affairs convened meetings with stakeholders to explore various options for the finalization of the constitutional review process so as to establish a mechanism for dialogue. At the end of these consultative meetings, it was resolved that the following Bills be tabled in Parliament:

- The Constitution of Kenya Review Bill 2006: This Bill seeks to provide for the organs of the review process as well as the roadmap and process for the negotiation of contentious issues. The Bill also provides details on the conduct and management of the Referendum.
- The Constitution of Kenya (Amendment) Bill 2006: This Bill will provide for the Constitutional entrenchment of the Review Process so that it is insulated from frivolous legal suits and vagaries of political manoeuvres.

The two Bills have already been tabled and approved by the Cabinet. They are awaiting publication and subsequent tabling in Parliament.

### **Fighting Corruption in the Political Sphere (The Executive, Legislature and Judiciary)**

The Statute Law ( misc) Amendments Act 2006, sought to amend the Public Officers Ethics Act 2003 and make wealth declarations public.

The Ministry of Justice and Constitutional Affairs has recruited 5 special prosecutors on Economic Crimes to supplement efforts by the Office of the Attorney General. They have already commenced their assignments and will specifically deal with recommendations by the Golden Berg Commission and the Ndung'u Report on Land.

The Witness Protection Bill 2006 was enacted into law in December 2006.

### **Legal and Institutional Mechanisms for Preventing and Fighting Corruption:**

Kenya Anti Corruption Commission in collaboration with the Ministry of Justice and Constitutional Affairs has developed a five- year plan on strategies for the prevention and fighting of corruption. The Action Plan was officially launched in November 2006 and is already being implemented.

The National Anti Corruption Steering Committee is already implementing strategies to prevent and eliminate corruption. Already they have held Media shows and debates with various government departments and stake holders. They have also commissioned a survey on public perceptions on corruption whose findings were released to the public in October 2006. The debate following the release has helped the National Anti Corruption Steering Committee re- orient its strategies and mechanisms in the fight against graft.

### **Elimination of Corruption during Elections:**

The Ministry of Justice and Constitutional Affairs facilitated various stakeholders' workshops to input into the drafting of the two Bills with elaborate mechanisms to deal with the issue of electoral corruption. The two Bills are:

- The Political Parties Bill 2006: The object of the Bill is to provide a framework for the registration, regulation and funding of the political parties. Upon enactment, political parties will be registered and regulated by the Electoral Commission of Kenya. This will be a departure from the previous practice where political parties are registered under the Societies Act ( Cap 108). The Bill has been published awaiting debate on the floor of Parliament anytime this year when Parliament reconvenes.
- The Elections Bill 2006: Among the objects of the Bill is to consolidate Election Laws in Kenya, to provide for the conduct of Presidential, Parliamentary and Local Authorities Elections, to provide for the procedure and conduct of Referenda and to prevent election malpractices during elections. The Bill is awaiting stakeholders' validation before the end of March 2007.

### **Mechanisms for Promotion and Protection of Women and Children's Rights:**

The Sexual Offences Bill was signed in to law in July 2006 in addition affirmative action has been taken to guarantee women's rights to education, maternal child health, care and participation in both public and private sphere.

All ministries guided by OP – gazette notice November 2006 which demands that women should form 30 percent of all newly recruited public servants.

Further Chairpersons of Maendeleo Ya Wanawake at the provincial, district, and divisional levels are to be co-opted as automatic members of all Provincial, District, and Constituency Development as well as HIV/AIDS Coordination Committees. This will enable women to monitor and influence development that benefits them and children. This decision will enable women to monitor and influence development that benefits them and children.

The Sexual Offences Bill covers protection of children from defilement, rape, forced FGM and early marriage.

### **Protection and Promotion of the Rights of Children and Young Persons**

The government has devised a multi-dimensional programme to cater for youths issues. It has developed a National Youth Policy that provides the framework for comprehensively integrating the youth in national agenda. The Youth Plan of Action was launched in July 2006 with the introduction of Youth Enterprise Fund. Operational Rules have been gazetted and the fund is being operationalised to enable young people set up businesses and create employment.

The government is revamping Youth Polytechnics to equip the youth with appropriate skills that will expand their options for employment.

The government has hired Youth Officers from national to district levels

### **Mechanisms for the Protection of the Rights of Vulnerable Groups:**

The Government has increased the number of police stations in the areas prone to banditry and cattle rustling as well as opening access roads to improve police patrols. It has also intensified and strengthened border patrols to protect citizens from cross-border banditry.

There is ongoing disarmament of people holding illegal arms which are being used for cattle rustling and other banditry activities. More vehicles assigned to police and administrative officers in these hotspots. The double intake of police officers started last financial year 2005/06 is to be deployed to these regions. Home guards have been recruited in these regions to deal with incidences of in security in these regions.

Introduction of the Development interventions Programme in the North Rift districts to compliment the disarmament programme during the year 2006/07. The government has recruited 310 District Officers to be posted to these districts which have had no government representation.

## **3.2 ECONOMIC GOVERNANCE AND MANAGEMENT**

The APRM Programme of Action (NPOA) spells out clearly areas of challenges that need to be addressed under the pillar on Economic Governance and Management. The following section reports on progress made under the Economic Governance and Management Programme covering the period July-December 2006.

### **Achieve Compliance with Best Practices in the Financial Sector**

The Implementation of recommendations under Financial and Legal Sector Technical Assistance Project (FLSTAP) co-funded by World Bank is ongoing. It is expected that the reforms under this project will be undertaken for a period of 5 years to 2010.

### **Achieving Best Practices in Debt Management**

Activities on implementing the Joint IMF-World Bank Guidelines for Public Debt Management (2003) are progressing as scheduled. The Cost of implementation of this action has been revised upwards to US\$ 1.5 million from the US\$ 320, 000 indicated in the NPOA matrix.

### **Provide a Macroeconomic Policy Framework Supportive Of Sustainable Development**

The economy grew by 5.8 percent in 2005/2006, compared with 4.9 per cent in 2004. For 2006/2007 the outlook remains promising with most sectors having good growth prospects. Data on economic performance for the last two quarters of 2006 indicates continued buoyant economic activity. This good performance is underpinned by booming tourism, building and construction and good agricultural performance. The good performance has been reinforced by a stable interest rates and competitive market determined exchange rate that characterise the stable macroeconomic environment. Despite the floods experienced in the last quarter of 2006, agricultural sector was boosted. There is optimism that the recent trend in economic activity will continue in 2007 and in the medium term.

### **Maintain Low Levels of Inflation**

Inflation has been stable for 2004 and 2005 but rose slightly in 2006 due to the drought conditions in early 2006 and high oil prices. **(MOF)**The underlying rate of inflation continues to remain below the 5% target.

The overall inflation has also largely been contained despite occasion spikes due to effects of high international oil prices and high food prices occasioned by adverse weather conditions.

### **Maintain Stable Exchange Rate**

The exchange rate has been stable due as records indicate that the average exchange rates stood at Kshs. 79.3 in 2004, Kshs. 75.4 in 2005 and Kshs. 72.0 in 2006. In the month of November 2006, the Kenya shilling appreciated vis-à-vis the US dollar to exchange at Kshs 71.1. In the East African Region, the shilling was stable in exchange with the Uganda shilling but gained vis-à-vis the Tanzania shilling.

### **Maintain Low & Stable Interest Rates**

Interest Rates have trended downwards with interest rates on government securities stabilizing at around 6-7% per annum. Average lending rates have also declined hovering around 10-14% per annum.

Increase budgetary allocations to the social sectors, especially health and education

Budgetary allocation to health as a percent of central Government allocations increased to 9.0% in 2006/7 and 2007/8. Allocation on drugs increased from Kshs 1.5 billion in 2005/6 to Kshs 1.8 billion in 2006/7.

Public allocations to Reproductive health and immunisation increased by over 500% in the last two years

The Government increased allocation to the Ministry of Education from Kshs.92.7 billion in 2005/06 to Kshs.99.7 billion in 2006/07.

### **Enhance And Intensify Tax Administration Reforms.**

The enhancement and intensification of tax administration reforms is ongoing. Total revenues are expected to be maintained at 21%-22% of GDP with expansion of tax base and improvement in tax administration by KRA.

### **Review Monetary Policy Practice and Autonomy of the Central Bank**

This is expected to be addressed with review of CBK Act in 2007.

### **Study Efficiency and Effectiveness of Credit Markets**

A Study has been commissioned by the CBK and reforms are being undertaken under Financial and Legal Sector Technical Assistance Project (FLSTAP)

### **Improve Macro Economic Projections**

Forecast from KIPPRA's Treasury Macroeconomic Model (KTMM) currently used in BoPA (Budget Outlook Paper) and BSP (Budget Strategy Paper). KIPPRA has developed workplan to update the KTMM model equations to improve its forecasting accuracy.

A Macroeconomic and financial programming unit has been established within the Economic Affairs Department (EAD), MOF. Plans are underway to improve the

capacity of the staff to institutionalize the KIPPRA-Treasury model in the Treasury under the Public Financial Management (PFM) reform project

Sectoral weights of the spreadsheet model have been updated for accurate projections of sectoral GDP from supply side. MoF Working with CBS and CPU's in line ministries to obtain timely – monthly/quarterly data to forecast 2006 and medium term sectoral and GDP growth

### **Increase Private Investment and Savings**

The government has reviewed over 1,300 licenses of which a hundred and eighteen licenses (118) were repealed in FY 2005/06 and FY 2006/07.

A Business Regulatory Reform Unit has been established in the Ministry of Finance. Plans are underway to simplify over 700 licenses, and establish an electronic consolidated regulatory registry for all valid licenses.

The Micro-Finance bill was signed into law on 30<sup>th</sup> December 2006. In addition the Government has approved a 1 billion Shillings fund for the development of markets in Nairobi,

The government has also launched the process towards the formulation of the National Vision 2030, a long-term plan aiming at transforming Kenya,

### **Provide An Enabling Environment For Business Development And Growth.**

The government has reviewed over 1,300 licenses of which a hundred and eighteen licenses (118) were repealed in FY 2005/06 and FY 2006/07. A Business Regulatory Reform Unit has been established in the Ministry of Finance. Plans are underway to simplify over 700 licenses, and establish an electronic consolidated regulatory registry for all valid licenses.

### **Improve Adequacy and Quality of Statistics**

The Statistical Act 2006 was assented to by the President on 23<sup>rd</sup> August 2006 and its awaiting gazette notice to establish the KNBS. Central Bureau of Statistics is in the process of being transformed into the Kenya National Bureau of Statistics (KNBS), a body corporate. Statistical Master plan is being implemented. An autonomous KNBS in key areas of Finance and Administration is on-going. The Statistical Act 2006 already assented to awaiting gazette notice to establish the KNBS. Different CBS publications are produced e.g. Leading Economic Indicators. Ongoing initiatives include Implementation of STATCAP project. The long term goal is to establish an efficient KNBS and National Statistical system.

### **Implement Sound, Transparent and Predictable Government Economic Policies**

In terms of increasing stakeholder participation in policy, planning and budgeting at national and sub –national levels, the Poverty Reduction Strategy Paper (PRSP) and Medium Term Expenditure Framework (MTEF) Budgetary processes have incorporated some participatory initiatives through sector working groups and sector hearing.

## **Improve Predictability of Economic Policies**

A Master plan for the implementation of the National Integrated Monitoring and Evaluation System as well as a programme of support has been developed. In the system, 4 strategic interventions have been identified: (i) administrative data collection systems from government, civil society and private sector at central and district level, (ii) project monitoring systems at national and district level, (iii) integrating M&E data collection sub-systems and coordination for analysis, research, communication and reporting, and (iv) institutional arrangements for coordinating the National M&E System.

A District Monitoring and Evaluation draft concept paper has also been developed. It details how to operationalise the system at district level, bringing together government departments, NGOs, CSOs, private sector and communities to generate plans and reports on ERS, MDGs, use of devolved funds etc. A District Monitoring and Evaluation Technical Advisory Group has also been constituted to coordinate district M&E activities for the next five years.

Other crucial initiatives undertaken in this objective include strengthening the capacities (technical skills and equipment) of M&E Directorate, developing M&E policy, preparing review reports (APR, PER, MPER, DAMERs and Midterm review report on ERS), strengthening capacities of DPMUs and DMECs to carry out M&E activities, and developing research plans including impact assessment studies on government policies. Past PERs have identified an urgent need to conduct public expenditure tracking surveys (PETS) to track public expenditures reaching intended beneficiaries.

## **Management of Decentralised Resources**

These funds include Local Authority Transfer Fund (LATF), Community Development Fund (CDF), Education Bursaries, and HIV/AIDS Control Fund etc. Among the actions required were sensitization campaigns on the control and use of the funds. MED was to contribute to these functions by defining monitoring mechanisms with respect to funds as inputs leading to outputs, outcomes and impacts to beneficiaries. To date, project planning and monitoring standards have been developed (by Project Monitoring Technical Advisory Group) and include monitoring mechanisms of these funds.

To some extent, utilisation of decentralized funds and funded projects are reported in the District Monitoring and Evaluation Reports on an annual basis, synthesized and included in the Annual Progress Reports (APR). However, capacities for the District Planning and Monitoring Units (DPMUs) need to be increased to enhance expected quality of the reports.

There is a strong attempt by the Government to improve Public Partnerships. Ongoing Initiatives include strengthening of partnerships with KEPSA, NGO council among others in policy formulation, budgeting and planning. A major conference between KEPSA and government was held in October, aiming at mainstreaming the Kenya SMEs and Diaspora community sectors into the National



Economy. The National Economic and Social Council is a platform for private sector and civil participation in decision making.

### **Implement Fiscal Decentralization**

The Government has reactivated quarterly DDC and other lower development committee meetings; producing the quarterly progress reports and Annual Progress Reports for districts and District Annual Monitoring and Evaluation Reports

Each District is in the process of preparing a District Investment Plan derived from among others the Constituency Strategic Plans; The District Investment Plan will indicate the resources required, what the district has (devolved funds), and what will be needed from outside this kitty (e.g. donor support)

District Focus for Rural Development has been revised to strengthen sub-national participatory decision making mechanisms.

CDF Projects Coordinators are being recruited to provide technical and advisory services. 185 District Development Officers (DDOs) and Asst DDOs have been recruited.

Local Authority Reforms are on-going through deepening monitoring and evaluation systems to cover programmes implemented by local authorities.

The Kenya Local Government Reform Programme is being operationalised by implementing the Local Authority Service Delivery Action Plan; promoting accountability and transparency in the management of Local authorities including improved accounting and management through establishment of an Integrated Financial Management System;

The government is finalizing the review process of the Local Government Act and Developing a decentralized policy for Local Authorities to include strengthening local revenue mobilization and accounting systems and to improve the utilization of Local Authority Transfer Fund (LATF); encouraging the participation of local communities in implementation, monitoring and managing the affairs of local authorities and exploring the privatization of service provision in infrastructure/utilities

### **Design and Implement Sectoral Policies That Promote Growth and Sustainable Development.**

The Government has revived the Kenya Co-operative Creameries, Kenya Meat Commission, and Cotton Development Authority and established a Coffee Development Fund.

On health government has introduced free treatment of malaria, TB, and HIV/AIDS in Government Hospitals. A new three months kit for rural health facilities developed and used for distribution of drugs. Drug availability in rural health facilities improved to over 90%. A pool system is being tested in Coast and North Eastern Provinces. There has been introduction of 10/20 Policy at lower level

facilities to increase access. Over 1000 dispensaries put up by CDF, 600 to be operationalised by 2007. 3080 additional staff have been employed on contract basis to improve service delivery

On the issue of land reforms, there has been reengineering of the institutions through introduction of work stations to reduce time spent on processing of documents; scanning of Land Records – 2.4Million Land records scanned; introduction of passport size photos by parties involved in land transactions and Thumb printing land transaction documents.

The Ministry of Lands is in the process of developing a computerized Land Information Management System to facilitate faster retrieval and storage of land records.

### **Operationalise Public Procurement and Disposal of Assets Act**

The Act became effective on 1<sup>st</sup> January 2007 following the publication of Legal Notice No. 171 of 30<sup>th</sup> November 2006. The Procurement Regulations have published under Legal Notice No. 174 of 30<sup>th</sup> November 2006.

### **Operationalise Privatization Act**

The Privatization Commission will become operational once the office bearers are appointed in the course of 2007.

### **Train District Staff on MTEF Budget Process**

The Government is in the process of bringing on board the district staff on the requirements of the Government Financial Management Act 2004.

A Draft MTEF manual has been prepared and is pending publication after which training will follow.

### **Strengthen the Link between Budgeting and Planning**

The Government has introduced a Budget Strategy Paper that links policy, planning, and budgeting.

### **Improve the Legal Framework for Anti-Money Laundering**

Anti Money Laundering Bill was submitted to Parliament in November 2006 but was not debated before Parliament went to recess. It is expected that the Bill will be re-published for debate when Parliament resumes in March 2007. Meanwhile, the Banking Act is being reviewed to enhance the supervision of CBK of money laundering transactions following the issuance of new regulations.

### **Improve the Banking System**

Activities design to improve the banking system is being undertaken under FLSTAP.

### **Accelerate Regional Integration**

Rwanda and Burundi have been admitted to the East African Community (EAC) and the East African Community Secretariat is being strengthened through recruitment of priority senior management staff

### **Monetary Harmonisation**

Budgets of the three partner states were delivered on same day and the Tripartite Agreement for the Avoidance of Double Taxation and prevention of fiscal evasion with respect to taxes on income adopted. Study on 'monetary integration in the EAC' finalized. Partner States are commenting on recommendations from the study.

### **Harmonize Regional and National Policies**

East African Community Common Economic Tariff (CET) is applied uniformly in partner states. First round of tariff reduction by Tanzania and Uganda to affected goods originating from Kenya done on 1<sup>st</sup> January 2006. Implementation of second tariff phase down of tariff reduction by Uganda and Tanzania on Kenya goods will be implemented by January 2007. A mechanism for monitoring, reporting and removal of (Non-Tariff Barriers) NTBs has been adopted by member States. Partner States are constituting National Monitoring Committees on NTBs

The Chief Executives of EAC, COMESA and SADC met to draw an action plan on harmonization of identified programmes and undertake joint implementation of such programs. EAC partner States held a Joint Trade Policy Review in October 2006 at the WTO.

### **3.3 CORPORATE GOVERNANCE**

The APRM Kenya Country Review Report called for corporate governance regulatory institutions to provide for the enforcement and effective application of the codes and standards to which the business sector may have already subscribed. In this regard the Capital Markets Authority (CMA) issued instructions requiring all quoted companies in the annual reports to report on corporate governance. Compliance levels with these instructions and enforcement have been good.

Similarly the Central Bank of Kenya (CBK) has strengthened its inspection capacity and has issued several guidelines among them Anti-money laundering. In furtherance of this initiative, the Government will continue to review, strengthen and demand that the regulatory bodies enforce compliance within their respective sectors.

#### **Overall Enabling Environment for Business**

The Private Sector Development Strategy was launched in January 2007. The strategy, which has a life cycle of five years points to the numerous constraints that inhibit Private Sector growth as identified during the International Investment Conference in March 2004 and supported by numerous studies by Kenya Institute of Public Policy Research and Analysis (KIPPRA) and the World Bank. The Strategy would remove hindrances faced by both formal and informal private sector players with particular focus on the development of the Micro, Small and Medium Enterprises (MSMEs) as a Secondary engine of economic development

#### **Create Enabling Environment for Development of MSEs**

The Microfinance Bill was signed into law on 30 Dec 2006; the Act makes provision for the licensing, regulation and supervision of microfinance business. The Act will regulate an industry that has hitherto had much potential but has suffered from major legal constraints and will lead to the unlocking of billions of shillings for on lending to the common citizen.

The Government has also set up a National Council for Small Enterprises and the Department of Micro and Small Enterprise Development (DMSED) in collaboration with the AG's office is developing an MSE Bill to be enacted into an Act of Parliament to provide for the establishment of an MSE development Fund.

The Kenya Industrial Estates (KIE) has been striving to improve the environment in which SMEs operate through various programmes as follows:

Development of workspace – under its industrial estates programme, KIE in collaboration with local authorities was able to identify suitable land for industrial development. During the year KIE initiated the construction of at least five industrial estates to provide affordable workspace for SMEs in the rural areas. These new industrial estates are located in Migori, Nyamira, Luanda, Kikima and Karatina. This construction is expected to continue to the end of the financial year 2006/2007 upon which 40% of the construction will be completed. KIE has further identified 52 additional rural sites for development of clusters and hence encourage investment into industrial activity and sustainable growth of rural enterprises.

Financial services – KShs.48.92 million was disbursed to at least 182 enterprises countrywide creating 489 direct jobs and another 1,957 indirect jobs (one direct job created 4 indirect jobs). In the next 6 months the company plans to disburse KShs.57 million to at least 285 enterprises. It is also planned that KIE will collaborate with the Ministry of State for Youth Affairs in the implementation of the youth enterprise development fund upon which KIE will disburse KShs.135 million to the youth.

Business Development Programmes (BDP) – at least 230 entrepreneurs received business services ranging from sensitization on investment opportunities to business management through sessions held in selected areas of the country. These services were meant to provide entrepreneurs with information on how to invest knowledgeably. In the next 6 months, it is planned that KIE will conduct 10 training sessions for 285 entrepreneurs. In 2007, KIE has planned to conduct 74 seminars on business opportunities targeting 74,000 Kenyan youth. The seminars will be conducted annually thereafter.

Subcontracting exchange and linkages – KIE has been able to develop linkages with few medium-large scale enterprises to encourage the growth of SMEs through transfer of technology and identification of markets for the SME products. In the next 6 months the institutions plans to link 10 SMEs with large enterprises through forward and backward linkages.

### **Provide Affordable and Accessible Credit to the Private Sector – Including MSE's**

In order to avoid crowding out the Private Sector, Government borrowing from domestic market at 1.7 percent of GDP in 2005/06 has been reduced to sustainable level. It is expected to reduce further to 1.6 percent of GDP in 2006/07 and below 1.5 percent in the medium term.

Under its lending programme, KIE has been able to provide financial services to entrepreneurs at affordable rates. Collateral has been the major security arrangement for most borrowers. In the next 6 months, KIE will develop alternative forms of securities such as group guarantees, tripartite agreements, and pay slip arrangements. This will enable the vulnerable groups such as the youth and women to access financial services.

In addition the gap between lending and deposit rates has come down to the current 8-9 percent from 13 percent in the past. With further strengthening of the banking system, it is expected to come down further.

As land is often used as collateral, the government has been keen to speed up the issuance of title deeds especially in the Coast Province. The following has been done in the Coast Province since January 2006:

#### **Adjudication**

- 7 Land Adjudication sections have been registered.
- 7,888 number of families have been settled

### **Settlement**

- 5,443 discharges have been given.
- 1,925 families have been settled.
- 33,508 titles issued.

A taskforce has also been formed to identify squatters and parcels of land to be settled.

Non Performing Loans (NPLs) of the banking system have come down to the current level of 19-20 percent from 38 percent in the past. Most of the existing NPLs have been held in Government-influenced banks. Efforts to restructure and privatise these banks under FLSTAP funding are ongoing.

### **Attract More Companies to List at the Stock Exchange**

The Nairobi Stock Exchange has implemented the Central Depository System of trading in shares which has improved the transaction period from the previous long period to one day. Other reforms include the reorganization of the stock market into independent market segments in order to address the diverse needs of the various issuers and investors.

### **Provide an Attractive Business Regulatory Framework**

The Governance Justice Law and Order Sector Reform Programme (GJLOS) and Kenya Law Reform Commission are yet to complete the process of revising the Companies Act. However, a committee by government has completed work on the reduction of business licences and permits, in order to reduce the bureaucracy that bogs down the registration of businesses in Kenya.

The government has reviewed over 1,300 licenses of which a hundred and eighteen licenses (118) were repealed in FY 2005/06 and FY 2006/07.

A Business Regulatory Reform Unit has been established in the Ministry of Finance. Plans are underway to simplify over 700 licenses, and establish an electronic consolidated regulatory registry for all valid licenses.

### **Improve The Effectiveness Of Regulatory Framework In All Sectors Of The Economy.**

The MFI Act has been passed and awaiting implementation. All deposit-taking microfinance institutions will be supervised by the Central Bank of Kenya, while the Ministry of Finance will oversee the non-deposit taking institutions. Regulations to operationalise these reforms are being developed.

A separate bill to regulate the SACCOs is being developed by the Ministry of Cooperative Development.

### **Improve State Of The Road Network.**

A Sessional paper on creation of autonomous road authorities developed and cabinet has approved the proposals therein. The Road sub-sector policy and strategy including an investment plan (2007-2020) is being developed and is nearing completion financed by EU

Road Maintenance levy fund being used for road maintenance and rehabilitation. Major roads rehabilitation/development works on going throughout the country.

The Government has assigned priority to the reconstruction and rehabilitation of the main international and national transport corridors. These include

The Mombasa-Malaba highway, at the moment, several sections of this highway are under construction. These include the Maji-ya-Chumvi to Miritini section, Sultan Hamud-Machakos turnoff, and the Machakos turnoff-Jomo Kenyatta International Airport dual carriageway.

Similarly, the Mai Mahiu-Naivasha-Lanet section, Lanet-Njoro turnoff dual carriageway, and Njoro turnoff-Timboroa sections are under construction.

Several national roads serving key tourist destinations are also under construction. These include the Mai Mahiu-Narok road that provides a vital link to the Maasai Mara Game Reserve, which was recently recognized as one of the new wonders of the world. The Mombasa-Kilifi-Malindi road, which is critical to beach tourism, is being repaired and re-carpeted. Similarly, the Sagana-Marwa road serving the northern tourist circuit, agriculture, and livestock producing areas, is also under construction.

The Government will continue rehabilitating and reconstructing roads serving important agricultural and livestock production areas. Some of the priority projects include the Mwea-Embu-Meru road, Ol Kalou-Njabini-Dundori road, Vokoli-Kimilili-Webuye road, and Owimbi-Luanda-Kotino road. Similarly, the Government will upgrade the Isiolo-Merille and Garissa-Modogashe roads to bitumen status in order to serve the rich livestock producing areas of Northern Kenya.

### **Increase the Use of Air Transport**

The Government has commissioned the rehabilitation and upgrading of Jomo Kenyatta International Airport facilities and infrastructure at a cost of 10 billion Shillings. Arrangements are also underway to undertake the reconstruction and expansion of Kisumu airport at cost of 2.6 billion Shillings. Other airports scheduled for major rehabilitation include Moi International Airport, Malindi, Lamu, Wajir, and Isiolo to improve their operational efficiency and security.

### **Access to Clean & Portable Water in the Country.**

Water sector budget has been increased from 2 billion shillings in 2002 to 12 billion in this current financial year.

In addition, decentralization of the water services to ensure efficiency and to give more control to the communities is being undertaken. All the major towns including Garissa, Nakuru, Kisumu, Kitale, Kakamega, Nyeri and Meru have benefited from this initiative.

The Government has invested 10 billion shillings in improving water provision and storage. For instance, the Government has drilled 200 boreholes this year and constructed 300 dams and pans for water supply and storage. These efforts will be intensified in the future.

The Government is also revitalizing irrigation and drainage development in various parts of the country.

### **Improve Mombasa Port Services**

The Kenya Ports Authority has undertaken equipment modernisation programme; A Master Plan for Kenya Ports Authority was developed and circulated to stakeholders for comments and is awaiting Cabinet approval; The Kenya Maritime Authority; a maritime regulation body has been established to enhance maritime safety and security and increase Kenya's seaborne trade. Three maritime bills have been prepared and submitted to parliament for enactment, whereas clearing of goods at the port will now continue on a 24 hour service.

### **Improve Quality and Access to Land Line Telephony**

Privatisation on-going with 24% shares meant for strategic partners and 34% shares to be floated in the Nairobi Stock Exchange. In addition a Second national operator (VTEL Holdings) has been licensed. There has been roll out of a broadband wireless connectivity in rural areas through various wireless technologies including Code Division Multiple Access (CDMA) and WIMAX. Mobile telephone operators are expanding their network and Telkom also has a limited number of wireless subscribers.

### **Reduced Costs of Making Local and International Calls**

Process of construction of a fibre optic submarine cable between Durban and Port Said is planned to be completed by end of year 2007. The TEAMS Project has been initiated to develop undersea cable from Fujaira to Mombasa. Additionally International gateways have been liberalized.

### **Improved Internet Access**

In July 2006, Telkom unveiled 500km long haul Mombasa to Nairobi fibre optic link meant to expand internet bandwidth, and teledensity. Introduction of a new broadband wireless platform dubbed Kenstream wireless to compliment kenstream services in July 2006.

### **Increase Access to Electricity**



Generation improved through 60mw Sondu Miriu hydroelectric power plant. In areas that are not readily accessible to the national electricity grid, rural electrification will include provision of alternative power sources such as wind, solar, and diesel generators. Installation of diesel generators at Hola (Tana River District) and El Wak (Mandera district) at a cost of Kshs. 150 million and Kshs. 125 Million respectively has been completed.

Government has approved the implementation a total of 940 rural electrification schemes spread in 191 constituencies to be completed by 30th June, 2007 at a cost of 6 billion shillings.

Currently, the Government is implementing a solar energy project to provide electricity to schools in the Arid and Semi-Arid districts. Under this programme, 16 boarding schools in Garissa, Ijara, Wajir and Mandera districts are already supplied with solar generators at a total cost of 52 million shillings. A further 47 secondary schools in Moyale, Turkana, Marsabit, Isiolo, Kitui, Tharaka, Tana River, Taita-Taveta, Marakwet, and Laikipia districts will be supplied with solar generators at a cost of 250 million shillings by December 2007.

Unbundling of KPLC into two companies, one for transmission and the other for distribution is to be implemented.

Sessional Paper No. 4 of 2004 on Energy Developed. An Energy Act 2006 enacted which opens participation in electricity generation to private investors, and creates a Rural Electrification Authority.

The Government is negotiating with Government of Ethiopia to explore possibility of importing power from Ethiopia.

### **Enhance Access to Market and Market Information by MSE's**

Under the Implementation Action Plan 2005 -2008 of the National Export Strategy the Action Plan Steering Committee prioritized on the following five sectors:-

1. Livestock and Livestock products
2. Fish and Fish products
3. Textiles and Clothing
4. Horticulture
5. Food and Beverages

Under Module 4 of JITAP II on Goods and services sector strategies the following sensitization workshops on the Horticulture and Fish sub-sectors under residual activities have been concluded which were spearheaded by the Export Promotion Council and other stakeholders;

- Workshop on Fish and Fish products Kisumu 6<sup>th</sup> December, 2006.
- Workshop on Horticulture – Eldoret 8<sup>th</sup> December, 2006
- Workshop on Horticulture – Nakuru 11<sup>th</sup> December, 2006

- Workshop on Horticulture – Mombasa 14<sup>th</sup> December, 2006
- Workshop on Fish and Fish products Mombasa, 15<sup>th</sup> December, 2006

The Kenya Meat Commission (KMC) has been revived and is processing meat and meat products for the local, regional and international markets starting July, 2006.

### **Make Labour Laws Relevant For Enhanced Economic Growth and Employment**

The Core labour laws have been merged into five and harmonized with ILO Declaration on Fundamental Principles and Rights at Work. Five (5) new draft labour laws Bills have been forwarded to the Cabinet Office for Government approval.

### **Build Enforcement Capacity At Ministry Of Labour And Human Resource Development (Molhrd).**

70% of labour officers and inspectors in the field have been trained on prosecution and labour administration in general. Some officers in the Ministry of labour have been trained as Trainers to sensitise labour officials on public officers' ethics and other anti-corruption issues. The Labour Advisory Board is deliberating on ratification of Convention No. 87.

### **Strengthen Legal Framework For Protecting All Classes Of Shareholders And Other Stakeholders.**

There is increasing accountability to stakeholders, especially among listed companies and financial institutions. There will be provisions in the Companies Act, currently under review, to adequately address the rights of shareholders, including minority shareholders.

### **Achieve Greater Awareness Levels Among Shareholders And Members Of Cooperatives On Their Rights.**

On the protection of minority shareholders' rights and training and education of shareholders, there is now a conscious move to revive the activities of the Kenya Shareholders Association, which was formed under the aegis of the Centre for Corporate Governance in 2003. It is envisaged that once revitalized, the Association will play a critical role in coordinating the education and emancipation of shareholders across the country.

The centre for Corporate Governance has also published Corporate Governance Guidelines for Shareholders, which have been distributed to shareholders both from registered companies and cooperative societies.

### **Strengthen Consumer /Customer Protection**

The Ministry of Trade & Industry through her institutional framework has continued to undertake aggressive surveillance of imported products / goods with a view to identifying counterfeits and contraband goods. In the recent past imported goods

that have been declared counterfeits worthy several million shillings have been destroyed after seizure. It is anticipated once the Counterfeit Bill enacted the impact of these goods to the local market will be minimal if not eliminated.

To promote standardization, Calibration, Verification and Maintenance of legal Metrology Standards and Testing Equipment have been substantially carried out. About 80% of all standards and testing equipments presented to the field offices were calibrated by the Kenya Bureau of Standards.

#### **Achieve Financial Sustainability of Institute Of Directors and Shareholders Association**

The Institute of Directors (Kenya) plays a critical role in ensuring that its members adhere to principles of good corporate governance in the stewardship of their business enterprises. The Institute is in the process of expanding its membership. The government has pledged, through the Ministry of Finance, to finance these organisation.

The Centre for Corporate Governance has been holding successful Corporate Governance training courses for directors of companies, both from the private and public sector.

### **3.4 SOCIO-ECONOMIC DEVELOPMENT**

A key priority of the Government has been to promote equity and socio-economic development by putting in place strategies for levelling the playing field for all Kenyans. The objective is to increase access to social economic opportunities for all especially the vulnerable, marginalized and disadvantaged groups through employment, empowerment and improving access, affordability and quality of social services.

To this end, the government has increased its funding to core poverty programmes to ensure that they are funded sufficiently and predictably.

Some of the key achievements in the area of socio economic development include;

#### **Promote Self-Reliance by Mobilizing Domestic Resources**

Improved economic performance and implementation of revenue enhancing reform measures has resulted in significant increase in government revenue (mostly tax revenue). This means that government is able to finance a higher proportion of its expenditures from tax revenue, reducing government borrowing and stock of public debt. It is partly against this background that donor budget support has not been factored into the budget during the last two (2) Financial Years. The National Budget for the year 2006/2007 is 95% financed by the tax payer.

In addition a subcommittee of the National Economic and Social Council in collaboration with the Treasury is developing new instruments for mobilizing domestic resources for long-term financing of road construction and other major infrastructural projects. This will provide opportunities to Kenyans to invest in the financing of infrastructure.

#### **Accelerate Adoption and Implementation of Bottom-up Planning System**

The Government has continued to implement the Constituency Development Fund (CDF), Local Authority fund and other devolved funds aimed at giving local communities greater control in planning and budgeting for their needs. The government is currently recruiting Provincial and District CDF project coordinators to provide technical and advisory services to CDF committees.

The District Focus for Rural Development has been revised to rationalise and strengthen sub-national participatory planning processes. A Cabinet Memorandum on the same has been prepared is due for submission to the standing Cabinet committee on Economic Management.

The APRM is being institutionalised to provide for continuous dialogue and participatory planning and Participatory Monitoring and Evaluation.

#### **Initiate Programmes for Poverty Alleviation**

The creation of productive and sustainable employment opportunities remains the most effective strategy in poverty eradication. The growing economy is creating more

employment opportunities for our citizens. In order to generate more employment, the Government has developed a comprehensive employment policy, which is awaiting debate and approval by Parliament. The policy framework outlines the strategic interventions to be made in the key sectors of the economy that have high potential for employment creation, income generation and poverty reduction.

The Government is according high priority to the creation of employment opportunities for the youth. In this regard, the Government is revamping youth polytechnics. These centres will be used to equip the youth with appropriate skills that will expand their options for employment. In addition to this, the Government has gazetted a Youth Enterprise Fund from which enterprising young people can access affordable capital to establish or expand their businesses.

The Kenya Slum Upgrading and Low Cost Infrastructure Fund has been established nationwide, (KENSUF) and is being implemented in Kibera, Mavoko, Manyatta, Obunga, Kaloleni, Nyalenda, Ziwa la ngombe, and Bandani slum.

The Ministry of Planning and National Development has contracted a consultant to develop modalities for the Kenya National Social Action Fund (KENSAAF) and the first draft has been submitted.

### **Involve more Kenyans in the Development Process including Kenyans in the Diaspora**

A high level interagency committee has been established under the coordination of the Ministry of Planning and National Development. The Committee has developed a draft Diaspora Sessional Paper for submission to the Cabinet.

CDF Secretariat in collaboration with relevant Ministries is carrying sensitisation and capacity building on implementation of the fund. Civil Society organisations are also doing a lot of sensitization work on devolved funds.

### **Improve Quality and Access to Education**

The KESSP Programme for period 2005-2010 by the Ministry of Education is ongoing; it seeks to improve the quality of teaching through various activities within the education sector. Introduction of CDF has seen rehabilitation and expansion of education infrastructure.

Quality of education has been improved by the ongoing programmes on ICT such as NEPAD E-Schools and Kenya's e-Learning Programme.

The Government, is also undertaking a school - mapping exercise with a view to determining school locations in order to improve access and equity

The Free Primary Education Programme has grown from strength to strength with Gross Enrolment Rate rising from 105% in 2005 to 107% in 2006.

In partnership with UNICEF there have been programmes targeting girls in ASAL areas. Within the Nomadic communities, there have been the Mobile schools for the Pastoral Communities, currently ongoing in North Eastern.

Government is also implementing a solar energy project to provide electricity to schools in the Arid and Semi-Arid districts. Under this programme, 16 boarding schools in Garissa, Ijara, Wajir and Mandera districts are already supplied with solar generators at a total cost of 52 million shillings. A further 47 secondary schools in Moyale, Turkana, Marsabit, Isiolo, Kitui, Tharaka, Tana River, Taita-Taveta, Marakwet, and Laikipia districts will be supplied with solar generators at a cost of 250 million shillings by December 2007.

### **Improve Environmental Sustainability**

There has been the Farmers Empowerment Programme through, Farmers Field Schools in Mbeere, Makueni, which have enabled farmers to invest in forestry and practice good land husbandry. A project on promotion of non-wood forest products in Isiolo, Marsabit and Garissa is being implemented by Forest Department and KEFRI. In addition the Ministry of Youth has launched a programme to plant 1 million trees countrywide.

### **Combat Malaria**

The current ongoing Malaria Control Programme running till 2010, which is supported by the government, DFID among others, has been training individuals on malaria prevention methods. The government introduced a new treatment policy on malaria using Artemisinin Combination Therapy to address the resistance to Sulphadoxine Pyremethamine for malaria treatment in hard struck areas.

3.4 million nets distributed targeting pregnant women and children under five years nets distributed under social marketing program sold at Kshs 50 in public health facilities and Kshs 100 at market centres. Public education has also been intensified in the communities by Public health officers and indoor residue spray is ongoing.

Salary and allowances for Public servants including medical professionals increased, thereby attracting more staff

### **Accelerate the Energy Sector Reform Programme to Ensure an Adequate Supply of Energy**

The Energy Bill was signed into law on 31<sup>st</sup> Dec 2006, which brings in private investors and creates a Rural Electrification Authority. GOK has already approved implementation of 940 rural electrification schemes spread in 191 constituencies to run till June 2007.

The Government is discussing with the Ethiopian Government so that Kenya can import power from Ethiopia.

### **Ensure Increased Access to Water and Sanitation Services to all Users**

The government has increased the water budget to 12 billion shillings. There is ongoing decentralization of water services to ensure efficiency and give more control to communities. In addition there is construction and rehabilitation of dams, water pans and boreholes ongoing in ASAL areas.

## **Gender Sensitive Approach to Monitoring and Evaluation of Development Projects**

All ministries are now by a gazette notice of November 2006 which demands that women should form 30 percent of all newly recruited public servants. Further Chairpersons of Maendeleo Ya Wanawake at the provincial, district, and divisional levels are to be co-opted as automatic members of all Provincial, District, and Constituency Development as well as HIV/AIDS Coordination Committees. This will enable women to monitor and influence development that benefits them and children.

## **Eliminate Harmful Cultural Practices, Early and Forced Marriages and Ensure Equal Opportunity for Girls in Secondary Tertiary and University Education.**

Under the Kenya Education Sector Support Programme (KESSP) Programme, the Government through the Ministry of Education has outlined strategies to enhance enrolment of quality of education, mainstream the gender disparities within the secondary and tertiary institutions.

## **Improve Women's and Children's Condition**

Aids Control Units have been established in all ministries. Ministry of Planning and National Development has recruited an advisor to build capacity in line ministries (central planning and monitoring units) to mainstream HIV/AIDS into policy, planning and budgeting.

There is ongoing free provision of ARVs in public hospitals and the first batch of 300,000 female condoms is being procured. Post-Maternal Care and Treatment (PMCT) sites increased to 1,500 and over 600,000 pregnant women access services through these sites every year. Children born by HIV pregnant mothers are given Nevirapine at birth to prevent transmission

**4.0 APRM KENYA NATIONAL PROGRAMME OF ACTION  
IMPLEMENTATION MATRIX (JULY 2006 – JANUARY 2007)**

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
<b>Finalization of Land Policy</b>	Develop and implement coherent land policy to address land ownership, use, tenure and administration	<p>Draft Land Policy completed, comments from various stakeholders being inputted into the draft policy document.</p> <p>The Sessional Paper is anticipated to be ready by 30<sup>th</sup> June 2007.</p> <p>The Ministry of Lands is in the process of establishing a Land Reform Unit to lay down mechanisms of implementing the provisions of the Land Policy once approved.</p> <p>The following has been done at the Coast Province since January 2006:</p> <p><b>Adjudication</b></p> <ul style="list-style-type: none"> <li>• 7 Land Adjudication sections have been registered.</li> <li>• 7,888 number of families have been settled</li> </ul> <p><b>Settlement</b></p> <ul style="list-style-type: none"> <li>• 5,443 discharges have been given.</li> <li>• 1,925 families have been settled.</li> <li>• 33,508 titles issued.</li> </ul>
<b>Minimize intra-state conflicts</b>	Government and political parties to design and implement conflict resolution mechanisms (e.g. at community and ethnic levels)	<p>The reported number of conflicts including cases of loses of lives has reduced in the last six months. This is attributed to establishment of District Peace Committees in the cattle rustling districts popularly known as the Hot Spots Districts. They are West Pokot, Turkana, Marsabit, Samburu, Laikipia, Baringo, Moyale, Isiolo and Tranzoia.</p> <p>The National Steering Committee on Peace building and conflict management meetings held quarterly.</p> <p>Increased number of police stations in the areas prone to banditry and cattle rustling as well as opening access roads to improve police patrols.</p> <p>Ongoing disarming of people holding illegal</p>



Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		arms which are being used for cattle rustling and other banditry activities.  Kenya signatory to Kshs 100 Million Great lakes Peace Building Fund
<b>Address inequality and any forms of discrimination</b>	Institute measures to check inequality and discrimination prevailing in Kenyan Society (with specific attention paid to North Eastern Province and other identified disadvantaged areas)	Economic recovery programme for the North Eastern Province and the Districts of Isiolo, Marsabit Moyale, Marakwet, Turkana, West and East Pokot in 3 <sup>rd</sup> year of implementation.  The Government has started development of a similar programme to cover all districts of the Coast Province.
<b>Promotion of responsible media</b>	Dialogue between media owners' association (council) and the government on promoting responsible media	Public debates going on about which institution to be vested with regulatory powers  Media Bill prepared and forwarded to AG  Media Policy prepared and forwarded to Cabinet
<b>Inter-state conflicts with regard to cattle rustling and banditry</b>	Strengthen diplomatic relations between states with the aim of increasing security along the borders	Joint Commissioners/Administrators meetings between Kenya - Uganda and Kenya - Ethiopia held as follows. Kenya- Uganda May 2006 and next one scheduled for Feb 2007 Ethiopia- Kenya Last meeting held in April 2006 next meeting scheduled for April 2007.  District commissioners and their District Security teams normally meet on monthly basis or when needs be.  The East Africa Police Commissioner's Forum established to deal with cross border conflicts and insecurity. The last meeting was held in October 2006 in Kampala under the auspices of East African Community.  The Regional Centre for Small Arms (RECSA) has been established.  Intensified and strengthened border patrols to protect citizens from cross-border banditry.

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
<b>Interstate conflict with regard to shared resources e.g. fish in Lake Victoria</b>	Initiate and ratify an EAC pact on shared resources e.g. fishing in Lake Victoria	Lake Victoria Basin Commission already established. The commission will oversee the conservation and sustainable utilization of the resources of the Lake Victoria Basin and coordinate the various stakeholders involved in the lake.  LVBC offices in Kisumu, Kenya with staff being moved from Arusha Tanzania.
<b>Ensure the judiciary maintains rule of law</b>	Enhancing capacity of Judiciary	In order to enhance accessibility of justice and prompt disposal of disputes, The Statute Law (misc) Amendments Act 2006 sought to amend the Judicature Act to increase the number of Judges from 50 to 70. Before Parliament took recess in December 2006, the Bill had been tabled in the House and it is anticipated that the Bill will be debated upon once Parliament reconvenes this year.  Recruitment and promotion of more Magistrates is ongoing
<b>Reform of Civil Service</b>	Coordination and speeding up of civil service reform efforts	Government launched the 100 days Rapid Results Initiative aimed at improvement of delivery targeted results for Kenyans  Public Sector Reform & Development programme ongoing.  Deepening Ministerial Rationalization -This has been through introduction of a Results-oriented management in public service. Details of the rationalization have involved the following:  Voluntary Early Retirement Scheme: This scheme which targets cadres in over manned and non-core function areas has been ongoing since 1 <sup>st</sup> July 2004 and is expected to end by June 2007  Strategic Planning: Strategic Planning has been adopted in Public institutions to enhance service delivery. Over 80 per cent of government ministries and departments have developed their strategic plans to guide their operations and are at various stages of implementation.

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		<p>Performance Management System: The performance appraisal system has been reviewed to link it to Results Based Management in the public service and is currently on implementation. The system consists of a new performance appraisal system and comprehensive job evaluation and workload analysis to determine job worth.</p> <p>The government has continued to implement performance contracts in the public service and the first annual performance review was publicly launched in December 2006 by H.E the President.</p> <p>Recruitment and Training Policy: The Government has approved a comprehensive recruitment and training policy to provide a framework for effective recruitment and training in the public service.</p> <p>Pay and benefits reform in public service: During the period 2004/05 – 2006/07 for example, the Government provided Kshs 7.6 billion for salary adjustments for civil servants and teachers</p> <p>Transport Policy in Public Service: Rationalization of transport in Public service has been effected as from 1<sup>st</sup> July 2006. This is anticipated to reallocate government vehicles for use by essential service providers such as Police Department, Ministry of Health, and Education to enhance service delivery and raise efficiency of public spending</p>
<b>Management of decentralized resources</b>	Sensitisation campaigns on all devolved funds and limiting the role of MPs in the control of such funds	<p>The Revised District Focus for Rural Development Framework proposes changes in the various devolved funds committees and rationalises the role of MPs and other elected officials.</p> <p>Proposed amendment of CDF Act recommends that MPs be overseers and not implementers</p>

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		Ongoing Sensitisation on devolved funds by CDF National Management Committee and Civil society.
<b>Promotion and protection of peoples' rights</b>	According more recognition and relevance to economic, social, cultural, civil and political rights	<p>The Ministry of Justice and Constitutional Affairs in conjunction with other stakeholders has compiled a report on what the country has achieved in complying with government obligations under the International Covenants on Economic, Social and Cultural rights.</p> <p>The government has made tremendous efforts to achieve the objectives set-out in the Economic Recovery Strategy (ERS) which broadly captures and addresses the economic social and cultural rights.</p> <p>In the month of November 2006, the UN Special Rapporteur on the Indigenous People's Rights visited the country to assess government's efforts in addressing the Economic, Social and Cultural rights of the Indigenous People. The report of the Special Rapporteur will be submitted towards the end of this month (January 2007).</p>
<b>Create greater awareness of rights within society</b>	Increase capacity of CSOs in civil education, monitoring and reporting human rights violations	Ongoing Information and Education Campaign by the Kenya National Human Rights Commission
<b>Institutionalise access to legal representation for the socially disadvantaged</b>	Develop Policy and institutional framework for providing free legal aid to the poor, marginalized and the vulnerable	<p>The Ministry of Justice and Constitutional Affairs has developed a National Legal Aid Scheme which has been validated by various stakeholders. The Ministry is in the process of implementing the project in six pilot stations across the country.</p> <p>The Small Claims Court Draft Bill is ready. The bill seeks to establish Small Claims Court across the country for small claims that find their way to the ordinary courts and take long to be completed. The courts will have simplified procedures where citizens are able to access the courts and follow its procedures even without legal representation.</p>
<b>Monitoring and</b>	Improve monitoring and	The Government has already started a

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
reporting violation of rights by the Government	reporting mechanisms of human rights violations	<p>process of developing an action plan on Human Rights in Kenya. Once the action plan is in place it will take on board mechanisms to address violation of rights by the government.</p> <p>The Kenya National human Rights Commission continues to play its role in monitoring and evaluating the efforts being carried out by the Government in the field of Human Rights.</p>
Universal Health Care Plan	Review by cabinet and legislation by Parliament of the Universal Health Care Plan	Discussions going on between the Ministry of Finance, Ministry of Health and Health Care Providers on how to finance and implement an integrated Public Health Care Programme.
Curtail violation of human rights by law enforcement agents esp. Police and Prisons	Develop and implement a code of conduct for the different law enforcement agents in regard to human rights	80% of the Police officers trained on attitude change and customer care under the ongoing police reforms and the 100 days Rapid Results Initiative.
Mechanism for receiving and resolving complaints	Strengthen the complaints desks in police stations responsible for violations involving law enforcement agents.	<p>Customer care desks established in all district headquarters and police stations. Complaint boxes installed in all the 71 District Headquarters' and all Police Stations and Divisions.</p> <p>Monthly Public Barazas held to receive complaints from the public.</p> <p>All the departments in the ministries have launched their websites (police, Administration Police and Provincial Administration where complaints can be made and received.</p> <p>Office of the Director of compliant established within the police department</p>
Partnering with private health care providers and health providing NGOs in improved health care delivery	Clarify mechanisms to support private health providers	<p>Public-private partnership forum launched and held its first meeting in Dec 2006.</p> <p>Position paper to support FBOs prepared and submitted to Government for consideration.</p> <p>Private, NGOs and FBOs included and participating in the SWAp and MTEF process</p>

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		Discussions going on between the Ministry of Finance, Ministry of Health and Health Care Providers on how to finance and implement an integrated Public Health Care Programme.
<b>Speeding up the enactment of the HIV/AIDS Prevention and Control Bill</b>	Parliament to debate the Bill with a view to enacting it	President signed into law the HIV and AIDS Protection and Control Act, 2006. on 30/12/2006 The act shall provide for the protection and promotion of public health and for the appropriate treatment, counselling, support and care for persons infected or at risk of HIV and AIDS infection.
<b>Ensuring Kenyans are made aware of achievements and constraints in addressing governance issues</b>	Review current official communication strategy to increase its effectiveness	Ongoing vigorous dissemination of the APRM report.  Various reform programmes running information Education & Communication – e.g. GJLOS programme, Kenya Anti Corruption Commission, Kenya Human Rights Commission etc
	Institute constitutional provisions that minimize Presidential discretion on legislative matters enhance the autonomy of the legislature.	During the months of August to November 2006, the Ministry for Justice and Constitutional Affairs convened meetings with stakeholders to explore various options for the finalisation of the constitutional review process so as to establish a mechanism for dialogue. At the end of these consultative meetings it was resolved that the following bills to be tabled in Parliament:  (i) The Constitution of Kenya Review Bill 2006; this bill seeks to provide for the organs of the review process as well as the road map and process for the negotiation of contentious issues. The Bill also provides details on the conduct and management of the referendum.  (ii) The Constitution of Kenya (Amendment) Bill 2006; this bill will provide for the constitutional entrenchment of the review process, so that it is insulated from frivolous legal suits and vagaries of political manoeuvres.  The two bills have already been tabled and approved by the cabinet. They are awaiting

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		publication and subsequent tabling in Parliament.
<b>CMA and Insurance Commission to adopt international practices</b>	Enhance the legislative framework and autonomy  Capacity building for Insurance Commission	ToRs for review of CMA and Insurance Acts have been developed for consultant to be funded under FLSTAP.  Insurance (Amendment) Act 2006 that provide for an autonomous Insurance Regulation Authority (IRA) has been passed. The authority will be operational shortly following gazettelement of the amended Insurance Law  Expression of interest for the provision of capacity building for IC has been advertised. Meanwhile, staff of IC are undergoing training under FLSTAP funding.
<b>Accountability and Efficiency in the Civil Service</b>	Initiate a strategic plan to harmonize various reform programs (GJLOs, ERS, NESC)	Government has launched the process towards the development of Kenya's National Vision 2030. An inception report has been finalised and the final Vision Report will be ready in April 2007
<b>Appointments and promotions in the Civil Service.</b>	Ensure that all new recruitments are based on pre-defined qualifications and attributes in line with the organizational personnel needs.	The government has developed a Pay policy which has harmonised the pay structure. The schemes of service of various government professionals have been reviewed.  A Performance Appraisal System has been introduced in government in line with performance contracting and promotions will be based on performance.
<b>Fighting Corruption in the political sphere (The Executive, Legislature and Judiciary)</b>	Launch a national campaign against corruption with along-term programme to promote positive values Accelerate and strengthen campaign against corruption with a long-term program to promote positive values.	The government has developed and adopted a comprehensive Anti-Corruption Plan whose strategies include. <ul style="list-style-type: none"> <li>▪ Enactment of the necessary legislation to establish a legislative platform to anchor the war on corruption;</li> <li>▪ Vigorous enforcement of anti-corruption laws through investigation of offences of corruption and economic crimes as well as recovery of corruptly acquired property;</li> <li>▪ Identification and sealing of corruption loopholes through</li> </ul>

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		<p>institution of effective public sector management controls;</p> <ul style="list-style-type: none"> <li>▪ National public education aimed at stigmatizing corruption and inducing behavioural change, and</li> <li>▪ Implementing macro-economic and structural reforms to reduce the incidence and demand for corruption by scaling down the role of the public sector and bureaucracy.</li> </ul> <p>The Witness Protection Bill, 2006 enacted into law on 30/12/2006.</p> <p>The Statute Law (misc) Amendments Act 2006, sought to amend the Public Officers Ethics Act 2003, and make wealth declarations Public.</p> <p>Specialized units to prosecute anti-corruption cases, economic crimes, serious fraud prevention and asset forfeiture cases have been established.</p> <p>The Ministry has recruited 5 senior special prosecutors on economic crimes to supplement efforts by the Office of the Attorney General. They have already commenced their assignment and will specifically deal with recommendations by the Goldenberg Commission and the Ndung'u Report on Land.</p>
<b>Mechanisms for promotion and protection of women's rights</b>	<p>Enact legislation to prevent violation against the right of women</p> <p>Take affirmative action to guarantee women's rights to education, maternal /child health care and participation in both public &amp; private spheres</p>	<p>The Sexual Offences Bill signed into law on 13/7/06</p> <p>All ministries guided by OP – gazette notice November 2006 which demands that women should form 30 percent of all newly recruited public servants.</p> <p>Further Chairpersons of Maendeleo Ya Wanawake at the provincial, district, and divisional levels are to be co-opted as automatic members of all Provincial, District, and Constituency Development as well as HIV/AIDS Coordination Committees. This will enable women to</p>



Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
		monitor and influence development that benefits them and children.
<b>Protection and promotion of the rights of children and Young Persons</b>	Enact law to protect children from defilement, rape, forced FGM and early marriage	The Sexual Offences Bill signed into law on 13/7/06
	Devise a multi-dimensional programme to cater for Youth issues	<p>Government has developed a National Youth Policy that provides the framework for comprehensively integrating youth in national development. The plan of action to facilitate the implementation of this policy was launched in July, with the launch of the Youth Enterprise Fund. Operational rules have been gazetted, for the Fund and it is being operationalised to enable young people set up enterprises and create employment.</p> <p>Government is revamping youth polytechnics. These centres will be used to equip the youth with appropriate skills that will expand their options for employment.</p> <p>Under the Ministry of Youth the Government has hired Youth Officers from the National to District Levels.</p>

Objective	Required Action	Progress
<b>A. Democracy and Good Political Governance</b>		
<b>Mechanisms for the protection of the rights of the vulnerable groups</b>	Enact and Implement Policies and programmes aimed at empowering and protecting the rights of vulnerable groups	Increased number of police stations in the areas prone to banditry and cattle rustling as well as opening access roads to improve police patrols.
	Step up security and strengthen response capacity of law enforcement agencies in conflict prone areas	<p>Intensified and strengthened border patrols to protect citizens from cross-border banditry.</p> <p>Ongoing disarming of people holding illegal arms which are being used for cattle rustling and other banditry activities. More vehicles assigned to police and administrative officers in these hotspots.</p> <p>The double intake of police officers started last financial year 2005/06 is to be deployed to these regions</p> <p>Home guards recruited in these regions to deal with incidences of in security in these regions.</p> <p>Introduction of the Development interventions Programme in the North Rift districts to compliment the disarmament programme during the year 2006/07</p> <p>The government has recruited 310 District Officers to be posted to these districts which have had no government representation.</p>
	Streamline immigration screening procedures and eliminate discriminatory screening practices	Refugees Act, 2006 signed into law on 30/12/2006, it makes provision for the recognition, protection and management of refugees.

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
<b>Achieve Compliance with Best practices in the Financial Sector</b>	Implement Joint IMF-World Bank-GoK Financial Sector Assessment Programme (2003) (FSAP)	Implementation of recommendations under Financial and Legal Sector Technical Assistance Project (FLSTAP) co-funded by World Bank is ongoing. It is expected that the reforms under this project will be undertaken for a period of 5 years to 2010.
<b>Achieve best practices in debt management</b>	Implement the joint –IMF-World Bank Guidelines for Public Debt Management (2003.)	Activities are progressing as scheduled. The cost of implementation of this action has been revised upwards to US\$ 1.5 million
<b>Provide a macroeconomic policy framework supportive of sustainable development</b>	Maintain low levels of inflation	The underlying rate of inflation continues to remain below the 5% target. The overall inflation has also largely been contained despite occasion spikes due to effects of high international oil prices and high food prices occasioned by adverse weather conditions.
	Maintain low and stable interest rates	Interest rates have trended downwards with interest rates on government securities stabilizing at around 6-7% per annum. Average lending rates have also declined hovering around 10-14% per annum.
	Increase budgetary allocations to the social sectors, especially health and education	<p>Budgetary allocation to health as a percent of central Government allocations increased to 9.0% in 2006/7. and 9.0% in 2007/8</p> <p>Allocation on drugs increased from Kshs 1.5 billion in 2005/6 to Kshs 1.8 billion in 2006/7</p> <p>Public allocations to Reproductive health and immunisation increased by over 500% in the last two years</p> <p>The Government increased allocation to the Ministry of Education from Kshs.92.7 billion in 2005/06 to Kshs.99.7 billion in 2006/07.</p> <p>Plans to increase the budgetary allocations</p>

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
		to these sectors in current and coming budgets
	Enhance and Intensify tax administration Reforms	This is ongoing. Total revenues are expected to be maintained at 21%-22% of GDP with expansion of tax base and improvement in tax administration by KRA.  Successful implementation of the Electronic Tax Registers (ETR), a first in Africa
	Study efficiency and effectiveness of credit markets.	Study commissioned by the CBK  Reforms being undertaken under FLSTAP
<b>Improve macroeconomic projections</b>	1. Improve existing models	Forecast from KIPPRAs KTMM Model currently used in BoPA (Budget Outlook Paper) and BSP (Budget Strategy Paper).  KIPPRAs has developed workplan to update the KTMM model equations to improve its forecasting accuracy.  Macroeconomic and financial programming unit has been established within the EAD, MOF. Plans are underway to improve the capacity of the staff to institutionalize the KIPPRAs-Treasury model in the Treasury under the Public Financial Management (PFM) reform project.
	2. Develop Sectoral Models	Sectoral weights of the spreadsheet model have been updated for accurate projections of sectoral GDP from supply side  Working with CBS and CPU's in line ministries to obtain timely – monthly/quarterly data to forecast 2006 and medium term sectoral and GDP growth
<b>Increase Private Investment and savings</b>	Provide an enabling environment for business development and growth	The government has reviewed over 1,300 licences of which a hundred and eighteen licenses (118) were repealed in FY 2005/06 and FY 2006/07.  A Business Regulatory Reform Unit has

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
		<p>been established in the Ministry of Finance. Plans are underway to simplify over 700 licences, and establish an electronic consolidated regulatory registry for all valid licenses.</p> <p>Enactment by Parliament of the Micro-Finance Act,</p> <p>Government approved a 1 billion Shillings fund for the development of markets in Nairobi,</p> <p>Launch of the National Vision 2030, a long-term plan aiming at transforming Kenya,</p> <p>High prioritization of infrastructural development projects</p>
<b>Design and implement Sectoral policies that promote growth and sustainable development</b>	1. Strengthen the agricultural sector through policy, planning and implementation	Revival of the Kenya Co-operative Creameries, Kenya Meat Commission, Cotton Development Authority, Establishment of Coffee Development Fund
	2. Implement the Kenya Education Sector Support Programme (KESSP)	KESSP fully operationalised
	3. Provide affordable and adequate health care	<p>Free treatment of malaria, TB, and HIV/AIDS in Government Hospitals</p> <p>A new three months kit for rural health facilities developed and used for distribution of drugs. Drug availability in rural health facilities improved to over 90% A pool system being tested in Coast and North Eastern Provinces</p> <p>Introduction of 10/20 Policy at lower level facilities to increase access Over 1000 dispensaries put up by CDF. 600 to be operationalised by 2007 3080 additional staff employed on contract basis to improve service delivery</p>
	4. Strengthen land Management and Tenure Systems	Reengineering of the institutions through introduction of work stations to reduce time spent on processing of documents.

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
		Scanning of Land Records – 2.4 Million Land records scanned. Introduction of passport size photos by parties involved in land transactions. Thumb printing land transaction documents. The Ministry of Lands is in the process of developing a computerized Land Information Management System to facilitate faster retrieval and storage of land records.
	5. Strengthen Fisheries, Forestry, Mining and the protection of the environment, natural resources and wildlife	Intensified training for staff and the leadership of these sectors
	6. Improve the competitive environment for Tourism.	Improved Ranking of the National Game Parks and Reserves
	7. Infrastructural development.	Sessional Paper on creation of Autonomous Road Authority developed and approved by cabinet, Road Sub-Sector policy and Strategy Investment Plan (2007-2020) being developed
	8. Programme and slum upgrading programme.	Establishment of Kenya Slum Upgrading and Low cost infrastructure fund (KENSUF)
<b>Improve adequacy and quality of statistics</b>	Establish the Central Bureau of Statistics as a Body Corporate. Implement a Statistical Master plan	1. The Statistical Act 2006 was assented to by the President on 23 <sup>rd</sup> August 2006 and its awaiting gazette notice to establish the KNBS Central Bureau of Statistics is in the process of being transformed into the Kenya National Bureau of Statistics (KNBS), a body corporate  2. Statistical master plan being implemented
<b>Implement sound, transparent and predictable government economic policies</b>	1. Operationalize Public Procurement and Disposal of Assets Act	The Act became effective on 1 <sup>st</sup> January 2007 following the publication of Legal Notice No. 171 of 30 <sup>th</sup> November 2006. The Procurement Regulations have been published under Legal Notice No. 174 of 30 <sup>th</sup> November 2006.
	2. Operationalise Privatization Act.	The Privatization Commission will become operational once the office bearers are

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
		appointed in the course of 2007.
<b>To improve transparency and effectiveness in administrative, legislative and fiscal entities</b>	1. Enforce the Anti-corruption and Economic Crimes Act (2004)	Fully operational KACC, Steering Committee on Corruption, and signing of the Witness Protection Act, 2006 into law
	4. Increase stakeholder participation in policy, planning and budgeting, at national and sub-national level.	<p>The National Economic and Social Council is a platform for private sector and civil participation in decision making</p> <p>Partnership existing between GoK and Kenya Private Sector Association</p> <p>District Focus for Rural Development revised to strengthen sub-national participatory decision making mechanisms.</p> <p>APRM being institutionalized to allow for continuous dialogue with Citizens.</p> <p>Participatory MTEF Sector Working Groups as well sector hearings still in place</p>
<b>Improve predictability of economic policies</b>	1. Strengthen and extend M&E structures for IP-ERS to district level.	<p>A National Integrated Monitoring and Evaluation System has been developed.</p> <p>A District Monitoring and Evaluation draft concept paper has also been developed. It details how to operationalise the system at district level, bringing together government departments, NGOs, CSOs, private sector and communities to generate plans and reports on ERS, MDGs, use of devolved funds etc.</p> <p>A District Monitoring and Evaluation Technical Advisory Group has also been constituted to coordinate district M&amp;E activities for the next five years.</p> <p>Other crucial initiatives undertaken in this objective include strengthening the capacities (technical skills and equipment) of M&amp;E Directorate, developing M&amp;E policy, preparing review reports (APR, PER, MPER, DAMERs and Midterm review report on ERS), strengthening capacities of DPMUs and DMECs to carry</p>

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
		out M&E activities, and developing research plans including impact assessment studies on government policies. Past PERs have identified an urgent need to conduct public expenditure tracking surveys (PETS) to track public expenditures reaching intended beneficiaries
	3. Strengthen grassroots planning committees.	Addressed by the revised District Focus for Rural Development Framework
	4. Improve Public Private Partnerships.	PPP framework being developed by the Ministry of Finance
Sub-objective: Improve capacity in the implementing departments/ agencies/ State Corporations	Train district staff on MTEF process	In the process of bringing on board the district staff on the requirements of the Government Financial Management Act 2004. The MTEF handbook is in the process of being finalized; training of district staff to follow soon after
<b>Strengthen the link between budgeting and planning</b>	Improve the institutional/ working arrangement between line ministries, planning and Ministry of Finance	2006 Public Expenditure Review done  ERS Annual Progress Report 2004-2005 done  BoPA 07/08 has been produced which has provided for better alignment and increased allocations to priority areas



Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
<b>Implement fiscal decentralization</b>	<ol style="list-style-type: none"> <li>1. Harmonize the legal framework for Local Authorities with the Finance Act of 1997.</li> <li>2. Build LA capacities for financial management and programme implementation.</li> <li>3. Strengthen the capacities of the District level Development Committees for the effective management of resources.</li> <li>4. Build the capacities of the Constituency Development Committees for the management of the Constituency Development Fund.</li> </ol>	<p>Reactivated quarterly DDC and other lower development committee meetings; producing the quarterly progress reports and Annual Progress Reports for districts and District Annual Monitoring and Evaluation Reports</p> <p>Each District is in the process of preparing a District Investment Plan derived from among others the Constituency Strategic Plans; The District Investment Plan will indicate the resources required, what the district has (devolved funds), and what will be needed from outside this kitty (e.g. donor support)</p> <p>District Focus for Rural Development revised to strengthen sub-national participatory decision making mechanisms.</p> <p>CDF Projects Coordinators being recruited to provide technical and advisory services.</p> <p>185 District Development Officers (DDOs) and Asst DDOs recruited</p>
<b>Establish efficient local Authorities</b>	<ol style="list-style-type: none"> <li>1. Implement Kenya Local Government Reform Programme</li> <li>2. Rationalize manpower in local authorities</li> <li>3. Build LA capacities</li> <li>4. Provide a Technical assistance to LAs in project implementation.</li> <li>5. LAs budgetary process to be open to public participation and consultation.</li> </ol>	<p>On-going reforms focusing on:</p> <p>Deepening monitoring and evaluation systems to cover programmes implemented by local authorities,</p> <p>Operationalizing the Kenya Local Government Reform programme by implementing the local authority service delivery action plan; promoting accountability and transparency in the management of Local authorities including improved accounting and management through establishment of an Integrated Financial Management System;</p> <p>Finalizing the review process of the Local Government Act,</p> <p>Developing a decentralized policy for Local Authorities to include strengthening local revenue mobilization and accounting</p>

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
		systems and to improve the utilization of Local Authority Transfer Fund (LATF); encouraging the participation of local communities in implementation, monitoring and managing the affairs of local authorities and exploring the privatization of service provision in infrastructure/utilities.
<b>Money Laundering</b>	<ol style="list-style-type: none"> <li>1. Improve the legal framework for anti-money laundering.</li> <li>2. Improve the banking system</li> </ol>	AML Bill was submitted to Parliament in November 2006 but was not debated before Parliament went to recess. It is expected that the Bill will be re-published for debate when Parliament resumes in March 2007. Meanwhile, the Banking Act is being reviewed to enhance the supervision of CBK of money laundering transactions following the issuance of new regulations.
<b>Accelerate regional integration</b>	<p>Strengthen membership to regional integration unions.</p> <p>Accelerate the integration process.</p> <ol style="list-style-type: none"> <li>3. Review the existing export development incentive schemes (EPZs &amp; MUBs).</li> </ol> <p>Review the diversification of export markets and reduce vulnerability to unilateral decisions over trade in the export markets.</p>	<p>Rwanda and Burundi have been admitted to the East Africa Community (EAC),</p> <p>Recruitment of EAC priority Staff ongoing.</p> <p>WTO reports that the EAC is the most successful trading bloc in Africa</p>
<b>Monetary harmonization</b>	<ol style="list-style-type: none"> <li>1. Consolidate existing instruments of monetary cooperation.</li> <li>2. Introduce limited currency convertibility.</li> <li>3. Establish a formal exchange rate union.</li> </ol>	Budgets of the three partner states delivered on same day Tripartite Agreement for the Avoidance of Double Taxation and prevention of fiscal evasion with respect to taxes on income adopted. Study on 'monetary integration in the EAC' finalized. Partner States are making comments on recommendations from the

Objective	Required Action	Progress
<b>B. Economic Governance and Management</b>		
	4. Establish a full monetary union	study. Harmonization of policies and trading practices between the three stock exchanges is ongoing
<b>Harmonize regional and national policies</b>	1. Enhance support for R&D for industries by reviewing the tax policies, trade and investment policies, and other policies for doing business.  2. Harmonization of competing policies	EAC CET is applied uniformly in partner states. First round of tariff reduction by Tanzania and Uganda to affected goods originating from Kenya done on 1 <sup>st</sup> January 2006. Implementation of second tariff phase down of tariff reduction by Uganda and Tanzania on Kenya goods by January 2007.  The Chief Executives of EAC, COMESA and SADC met to draw an action plan on harmonization of identified programmes and undertake joint implementation of such programs. EAC partner States held a Joint Trade Policy Review in October 2006 at the WTO.  A mechanism for monitoring, reporting and removal of (Non-Tariff Barriers) NTBs adopted by member States.  Partner States are constituting National Monitoring Committees on NTBs
<b>Enhanced Awareness</b>	Sensitize the general public on integration	Public awareness and outreach campaign launched in EAC member countries.

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
<b>Overall enabling environment for business</b>	Implement the Private Sector Development Strategy (PSDS)	The Private Sector Development Strategy was launched in January 2007. The strategy, which has a life cycle of five years points to the numerous constraints that inhibit Private Sector growth as identified during the International Investment Conference in March 2004 and supported by numerous studies by Kenya Institute of Public Policy Research and Analysis (KIPPRA) and the World Bank. The Strategy would remove hindrances faced by both formal and informal private sector players with particular focus on the development of the Micro, Small and Medium Enterprises (MSMEs) as a Secondary engine of economic development
<b>Create enabling environment for development of MSEs</b>	1. Expedite Legislation and implementation of Microfinance Regulatory framework.	<p>Microfinance bill signed into law on 30 Dec 2006, the Act makes provision for the licensing, regulation and supervision of microfinance business. The act will regulate an industry that has hitherto had much potential but has suffered from major legal constraints and will lead to the unlocking of billions of shillings for on lending to the common citizen.</p> <p>The Kenya Industrial Estates (KIE) has been striving to improve the environment in which SMEs operate through various programmes as follows:</p> <p>Development of workspace – under its industrial estates programme, KIE in collaboration with local authorities was able to identify suitable land for industrial development. During the year KIE initiated the construction of at least five industrial estates to provide affordable workspace for SMEs in the rural areas. These new industrial estates are located in Migori, Nyamira, Luanda, Kikima and Karatina. This construction is expected to continue to the end of the financial year 2006/2007 upon which 40% of the construction will be completed. KIE has further identified 52 additional rural sites for development of clusters and hence</p>

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
		<p>encourage investment into industrial activity and sustainable growth of rural enterprises.</p> <p>Financial services – KShs.48.92 million was disbursed to at least 182 enterprises countrywide creating 489 direct jobs and another 1,957 indirect jobs (one direct job created 4 indirect jobs). In the next 6 months the company plans to disburse KShs.57 million to at least 285 enterprises. It is also planned that KIE will collaborate with the Ministry of State for Youth Affairs in the implementation of the youth enterprise development fund upon which KIE will disburse KShs.135 million to the youth.</p> <p>Business development programmes (BDS) – at least 230 entrepreneurs received business services ranging from sensitization on investment opportunities to business management through sessions held in selected areas of the country. These services were meant to provide entrepreneurs with information on how to invest knowledgeably. In the next 6 months, it is planned that KIE will conduct 10 training sessions for 285 entrepreneurs. In 2007, KIE has planned to conduct 74 seminars on business opportunities targeting 74,000 Kenyan youth. The seminars will be conducted annually thereafter.</p> <p>Subcontracting exchange and linkages – KIE has been able to develop linkages with few medium-large scale enterprises to encourage the growth of SMEs through transfer of technology and identification of markets for the SME products. In the next 6 months the institutions plans to link 10 SMEs with large enterprises through forward and backward linkages</p>
	2. Implement the recommendations of the SME's Sessional Paper.	Establishment of National Council for Small Enterprises

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
		The Department of Micro and Small Enterprise Development (DMSED) in collaboration with the AG's office is developing an MSE bill to be enacted into an Act of Parliament to provide for the establishment of an MSE development Fund.
<b>Provide affordable and accessible credit to the private sector – including MSE's.</b>	1. Reduce level government borrowing from domestic market.	Government borrowing from domestic market at 1.7 percent of GDP in 2005/06 has been reduced to sustainable level. It is expected to reduce further to 1.6 percent of GDP in 2006/07 and below 1.5 percent in the medium term.  Under its lending programme, KIE has been able to provide financial services to entrepreneurs at affordable rates. Collateral has been the major security arrangement for most borrowers. In the next 6 months, KIE will develop alternative forms of securities such as group guarantees, tripartite agreements, and pay slip arrangements. This will enable the vulnerable groups such as the youth and women to access financial services
	2. Address gap between interest paid on deposits and that charged to borrowers	The gap between lending and deposit rates has come down to the current 8-9 percent from 13 percent in the past. With further strengthening of the banking system, it is expected to come down further.
	3. Accelerate the land survey & issuance of title deeds.	The following has been done at the Coast Province since January 2006: <b>Adjudication</b> <ul style="list-style-type: none"> <li>• 7 Land Adjudication sections have been registered.</li> <li>• 7,888 number of families have been settled</li> </ul> <b>Settlement</b> <ul style="list-style-type: none"> <li>• 5,443 discharges have been given.</li> <li>• 1,925 families have been settled.</li> <li>• 33,508 titles issued.</li> </ul> Also a taskforce has been formed to identify squatters and parcels of land to be

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
		settled.
	4. Formulate and implement policy on existing and future Non Performing Loans (NPL).	NPLs of the banking system have come down to the current level of 19-20 percent from 38 percent in the past. Most of the existing NPLs have been held in Government-influenced banks. Efforts to restructure and privatise these banks under FLSTAP funding are ongoing
<b>Attract more companies to list at the Stock Exchange</b>	<ol style="list-style-type: none"> <li>1. Review the listing requirements.</li> <li>2. Provide incentives to encourage listing.</li> <li>3. Improve the facilitation and the enabling role of CMA.</li> <li>4. Develop policy to attract medium business to list in the Stock exchange</li> </ol>	The Nairobi Stock Exchange has implemented the Central Depository System of trading in shares which has improved the transaction period from the previous long period to one day. Other reforms include the reorganization of the stock market into independent market segments in order to address the diverse needs of the various issuers and investors.
<b>Provide an attractive business regulatory framework</b>	<ol style="list-style-type: none"> <li>1. Review Companies Act ensuring provisions for good corporate</li> <li>2. Review other business Laws.</li> </ol>	<p>The GJLOS and Kenya Law Reform Commission are yet to complete the process of revising the Companies Act. However, a committee by government has completed work on the reduction of business licences and permits, in order to reduce the bureaucracy that bogs down the registration of businesses in Kenya.</p> <p>The government has reviewed over 1,300 licences of which a hundred and eighteen licenses (118) were repealed in FY 2005/06 and FY 2006/07.</p> <p>A Business Regulatory Reform Unit has been established in the Ministry of Finance. Plans are underway to simplify over 700 licences, and establish an electronic consolidated regulatory registry for all valid licenses.</p>
<b>To improve the effectiveness of regulatory framework in all</b>	1. Bring Micro-Finance Institutions, Insurance Companies and SACCOs under the purview of Regulatory	The MFI Act has been passed and awaiting implementation. All deposit-taking microfinance institutions will be supervised by the Central Bank of Kenya, while the

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
<b>sectors of the economy.</b>	Framework of the Financial Sector	<p>Ministry of Finance will oversee the non-deposit taking institutions. Regulations to operationalise these reforms are being developed.</p> <p>A separate bill to regulate the SACCOs is being developed by the Ministry of Cooperative Development.</p>
<b>Improvement in state of the road network.</b>	1. Develop and communicate road rehabilitation and development policy and master plan.	<ul style="list-style-type: none"> <li>• Sessional papers on creation of autonomous road authorities developed and cabinet has approved the proposals therein</li> <li>• Road sub-sector policy and strategy including an investment plan (2007-2020) is being developed and is nearing completion financed by EU</li> </ul>
	2. Build capacity to implement the plan	Ministry is evaluating received applications for various categories
	3. Rehabilitate, construct and upgrade the country's road network	<p>Road Maintenance levy fund being used for road maintenance and rehabilitation</p> <p>Major roads rehabilitation/development works on going throughout the country.</p> <p>The Government has assigned priority to the reconstruction and rehabilitation of the main international and national transport corridors. These include</p> <p>The Mombasa-Malaba highway. At the moment, several sections of this highway are under construction. These include the Maji-ya-Chumvi to Miritini section, Sultan Hamud-Machakos turnoff, and the Machakos turnoff-Jomo Kenyatta International Airport dual carriageway.</p> <p>Similarly, the Mai Mahiu-Naivasha-Lanet section, Lanet-Njoro turnoff dual carriageway, and Njoro turnoff-Timboroa sections are under construction.</p>



Issue	Proposed Activities	Progress
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		<p>Several national roads serving key tourist destinations are also under construction. These include the Mai Mahiu-Narok road that provides a vital link to the Maasai Mara Game Reserve, which was recently recognized as one of the new wonders of the world. The Mombasa-Kilifi-Malindi road, which is critical to beach tourism, is being repaired and re-carpeted. Similarly, the Sagana-Marwa road serving the northern tourist circuit, agriculture, and livestock producing areas, is also under construction.</p> <p>The Government will continue rehabilitating and reconstructing roads serving important agricultural and livestock production areas. Some of the priority projects include the Mwea-Embu-Meru road, Ol Kalou-Njabini-Dundori road, Vokoli-Kimilili-Webuye road, and Owimbi-Luanda-Kotino road. Similarly, the Government will upgrade the Isiolo-Merille and Garissa-Modogashe roads to bitumen status in order to serve the rich livestock producing areas of Northern Kenya.</p>
<b>Improve the state of the rail network and increased use of rail transport.</b>	1. Rehabilitate, expand and modernize the rail network and systems.	Kenya Railway Corporation together with Uganda Railways concessioned and 20 locomotives rehabilitated
<b>Increase the use of air transport</b>	1. Modernize navigation aids in Kenya airspace 2 Expansion of Jomo Kenyatta Airport (JKIA) and other Airports	<ul style="list-style-type: none"> <li>• Commissioned Rehabilitation and construction of JKIA and other airports like Kisumu airport at cost of 10 billion Shillings.</li> </ul> <p>Other airports scheduled for major rehabilitation include Moi International Airport,</p> <ul style="list-style-type: none"> <li>• Malindi Airstrip</li> <li>• Lamu Airstrip</li> <li>• Wajir Airstrip</li> <li>• Isiolo Airstrip</li> </ul>

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		<p>Other measures include</p> <ul style="list-style-type: none"> <li>• New aviation regulations drafted</li> <li>• Completed plan and detailed design for renovation and upgrading of JKIA terminal to allow separation of incoming and outgoing passengers as well as provide adequate aircraft parking</li> <li>• Completed security fencing for Moi International Airport; started security fencing for JKIA to be completed; and completed survey work for Kisumu airport in readiness for its security fencing during the 2005/06 FY</li> <li>• Completed a draft on 10-year Aviation Master Plan and a stakeholders seminar on the plan</li> </ul>
<b>Access to clean &amp; portable water in the country.</b>	Implement National Water policy and programmes	<p>Water sector budget has been increased from 2 billion shillings in 2002 to 12 billion in this current financial year.</p> <p>In addition, decentralization of the water services to ensure efficiency and to give more control to the communities is being undertaken. All the major towns including Garissa, Nakuru, Kisumu, Kitale, Kakamega, Nyeri and Meru have benefited from this initiative.</p> <p>Government has invested 10 billion shillings in improving water provision and storage. For instance, the Government has drilled 200 boreholes this year and constructed 300 dams and pans for water supply and storage. These efforts will be intensified in the future.</p> <p>The Government is also revitalizing irrigation and drainage development in various parts of the country.</p>

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
<b>Improve Mombasa Port Services.</b>	<ol style="list-style-type: none"> <li>1. Modernize and increase capacity of the Port (equipment, training etc.) equipment</li> <li>2. Modernize and simplify custom clearance procedures</li> <li>3. Stamp out corruption at the Port</li> </ol>	<p>The Kenya Ports Authority has undertaken equipment modernisation programme; A Master Plan for Kenya Ports Authority was developed and circulated to stakeholders for comments and is awaiting Cabinet approval; The Kenya Maritime Authority; a maritime regulation body has been established to enhance maritime safety and security and increase Kenya's seaborne trade. Three maritime bills have been prepared and submitted to parliament for enactment, whereas clearing of goods at the port will now continue on a 24 hour service.</p>
<b>Improve quality and access to land line telephony</b>	<ol style="list-style-type: none"> <li>1. Privatize Telkom Kenya.</li> <li>2. Eliminate the existing monopoly in land line services</li> <li>3. Promote adoption of wireless telephone to enable rural access to telephone and internet</li> </ol>	<p>Privatisation on-going with 24% shares meant for strategic partners and 34% shares to be floated in the Nairobi Stock Exchange Second national operator licensed (VTEL Holdings)</p> <p>Roll out of a broadband wireless connectivity in rural areas through various wireless technologies including Code Division Multiple Access (CDMA) and WIMAX.</p> <p>The mobile telephone operators are expanding their network</p> <p>Telkom also has a limited number of wireless subscribers</p>
<b>Reduced Costs of making local and international calls</b>	<ol style="list-style-type: none"> <li>1. Kenya Participate in the undersea Fibre cable link between Durban and Port Said</li> </ol>	<p>Process of construction underway and is planned to be completed by end of year 2007</p> <p>TEAMS Project initiated to develop undersea cable from Fujairah to Mombasa</p> <p>International gateways have been liberalized</p>
<b>Improved internet access</b>	<ol style="list-style-type: none"> <li>1. Improve fixed line accessibility and efficiency.</li> <li>2. Increase the bandwidth.</li> <li>3. Adopt wireless telephony technology</li> </ol>	<p>In July 2006, Telkom unveiled 500km long haul Mombasa to Nairobi fibre optic link meant to expand internet bandwidth, and teledensity. Introduction of a new broadband wireless platform dubbed Kenstream wireless to complement Kenstream services in July 2006</p>

Issue	Proposed Activities	Progress
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<b>Fully integrate ICT in the economy.</b>	Develop and implement the National Information, Communication and Telecommunications (ICT) Policy.	ICT Bill prepared and forwarded to AG
<b>Increase access to electricity</b>	<ol style="list-style-type: none"> <li>1. Increase generation and distribution capacity</li> <li>2. Develop and implement an aggressive and equitable rural electrification programme.</li> </ol>	<ol style="list-style-type: none"> <li>1. Generation improved through 60mw sondu miriu hydroelectric power plant. In areas that are not readily accessible to the national electricity grid, rural electrification will include provision of alternative power sources such as wind, solar, and diesel generators. Installation of diesel generators at Hola (Tana River District) and El Wak (Mandera district) at a cost of Kshs. 150 million and Kshs. 125Million respectively has been completed.</li> <li>2. Government has approved for implementation a total of 940 rural electrification schemes spread in 191 constituencies to be completed by 30th June, 2007 at a cost of 6 billion shillings.</li> </ol> <p>Currently, the Government is implementing a solar energy project to provide electricity to schools in the Arid and Semi-Arid districts. Under this programme, 16 boarding schools in Garissa, Ijara, Wajir and Mandera districts are already supplied with solar generators at a total cost of 52 million shillings. A further 47 secondary schools in Moyale, Turkana, Marsabit, Isiolo, Kitui, Tharaka, Tana River, Taita-Taveta, Marakwet, and Laikipia districts will be supplied with solar generators at a cost of 250 million shillings by December 2007.</p>
<b>Improve quality and reliability of electricity connectivity.</b>	<ol style="list-style-type: none"> <li>1. Rehabilitate, modernize and strengthen power distribution system.</li> <li>2. Liberalize power distribution.</li> <li>3. Develop a national energy policy.</li> </ol>	<ol style="list-style-type: none"> <li>1. As given above</li> <li>2. Unbundling of KPLC into two companies, one for transmission and the other for distribution is to be implemented.</li> <li>3. Sessional Paper No. 4 of 2004 on Energy Developed. An Energy Act 2006 enacted which opens participation in</li> </ol>

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
		electricity generation to private investors, and creates a Rural Electrification Authority.
<b>Achieve competitive cost of electricity compared to other COMESA countries.</b>	<ol style="list-style-type: none"> <li>1. Reduce electricity losses within distribution costs.</li> <li>2. Examine the viability of importing power.</li> </ol>	<p>Implementation of distribution project as mentioned above</p> <p>Government negotiating with Government of Ethiopia to explore possibility of importing power from Ethiopia.</p>
<b>Achieve shorter and predictable period in electricity connection (hook ups).</b>	Set a benchmark for connection and ensure implementation.	KPLC has prepared a customer service charter.
<b>Improve business and entrepreneurial skills especially in the MSE sector.</b>	<ol style="list-style-type: none"> <li>1. Develop business development institutions</li> <li>2. Strengthen tertiary level educational institutions.</li> </ol>	KIE offering Business development programmes (BDS) – at least 230 entrepreneurs received business services ranging from sensitization on investment opportunities to business management through sessions held in selected areas of the country. These services were meant to provide entrepreneurs with information on how to invest knowledgeably. In the next 6 months, it is planned that KIE will conduct 10 training sessions for 285 entrepreneurs. In 2007, KIE has planned to conduct 74 seminars on business opportunities targeting 74,000 Kenyan youth. The seminars will be conducted annually thereafter.
<b>Enhance access to market and market information by MSE's</b>	<ol style="list-style-type: none"> <li>1. Promote quality exports aggressively.</li> <li>2. Create modern information mechanisms, especially outside Nairobi.</li> </ol>	<p>Under the Implementation Action Plan 2005 -2008 of the National Export Strategy the Action Plan Steering Committee prioritized on the following five sectors:-</p> <ol style="list-style-type: none"> <li>6. Livestock and Livestock products</li> <li>7. Fish and Fish products</li> <li>8. Textiles and Clothing</li> <li>9. Horticulture</li> <li>10. Food and Beverages</li> </ol> <p>Under Module 4 of JITAP II on Goods and services sector strategies the following sensitization workshops on the Horticulture and Fish sub-sectors under residual activities have been concluded which were spearheaded by the Export Promotion Council and other stakeholders;</p>

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
		<p>Workshop on Fish and Fish products Kisumu 6<sup>th</sup> December, 2006.</p> <p>Workshop on Horticulture – Eldoret 8<sup>th</sup> December, 2006</p> <p>Workshop on Horticulture – Nakuru 11<sup>th</sup> December, 2006</p> <p>Workshop on Horticulture – Mombasa 14<sup>th</sup> December, 2006</p> <p>Workshop on Fish and Fish products Mombasa, 15<sup>th</sup> December, 2006.</p> <p>The Kenya Meat Commission (KMC) has been revived and is processing meat and meat products for the local, regional and international markets starting July, 2006</p>
<b>Make Labour laws relevant for enhanced economic growth and employment creation</b>	Review, harmonize and communicate revisions of labour laws	Core labour laws merged into five and harmonized with ILO Declaration on Fundamental Principles and Rights at Work Five (5) new draft labour laws Bills have been forwarded to the Cabinet Office for Government approval.
<b>Build enforcement capacity at Ministry of Labour and Human Resource Development (MoLHRD).</b>	<ol style="list-style-type: none"> <li>1. Evaluate and Build capacity in MoLHRD to play its regulatory &amp; enabling role</li> <li>2. Enforce child laws &amp; protection of children rights</li> <li>3. Enforce observance of labour laws in EPZ</li> <li>4 Combat sexual harassment in workplace</li> <li>5..Enforce employees’ right to unionize</li> </ol>	<ol style="list-style-type: none"> <li>1. 70% of labour officers and inspectors in the field have been trained on prosecution and labour administration in general.</li> <li>2. Some officers in the Ministry have been trained as Trainers to sensitise labour officials on public officers’ ethics and other anti-corruption issues. The Labour Advisory Board is deliberating on ratification of Convention No. 87.</li> </ol>
<b>Enhance CSR adoption and practices in the Country</b>	<ol style="list-style-type: none"> <li>1. Develop awareness and advocacy programmes on CSR</li> <li>2. Develop community needs based programmes and enlist adoption by corporations</li> </ol>	The country has witnessed an upsurge in CSR activities by corporations. A number of corporations have established various schemes to benefit the communities in which they operate and society at large
<b>Involve youth in economic</b>	1. Finalise and implement Youth policy	National Youth Policy developed and a Youth Enterprise Fund established.

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
<b>activities</b>		
<p><b>Strengthen legal framework for protecting all classes of shareholders and other stakeholders.</b></p>	<ol style="list-style-type: none"> <li>1. Revise and modernize the Companies and State Corporations Acts as well as the Bankruptcy, Receivership and Liquidation Laws.</li> <li>2. Incorporate in the revised Companies Act provisions that allow for derivative suits where aggrieved minority shareholders can sue Directors on behalf of Company</li> </ol>	<p>There is increasing accountability to stakeholders, especially among listed companies and financial institutions. There will be provisions in the Companies Act, currently under review, to adequately address the rights of shareholders, including minority shareholders</p>
<p><b>Achieve greater awareness levels among shareholders and members of cooperatives on their rights.</b></p>	<ol style="list-style-type: none"> <li>1. Develop and implement programmes to educate shareholders and stakeholders on their rights.</li> <li>2. Strengthen Shareholders Associations</li> </ol>	<p>On the protection of minority shareholders' rights and training and education of shareholders, there is now a conscious move to revive the activities of the Kenya Shareholders Association, which was formed under the aegis of the Centre for Corporate Governance in 2003. It is envisaged that once revitalized, the Association will play a critical role in coordinating the education and emancipation of shareholders across the country.</p> <p>The centre for Corporate Governance has also published Corporate Governance Guidelines for Shareholders, which have been distributed to shareholders both from registered companies and cooperative societies.</p>
<p><b>Strengthen Consumer /customer protection</b></p>	<ol style="list-style-type: none"> <li>1. Enact counterfeits and contraband goods Act</li> <li>2. Develop a national policy on consumer protection</li> <li>3. Strengthen capacity of Kenya Bureau of Standards</li> <li>4. Strengthen CMA and CBK capacity to detect cases of inside trading</li> <li>5. Advocate for criminal prosecution by directors</li> </ol>	<p>The Ministry of Trade &amp; Industry through her institutional framework has continued to undertake aggressive surveillance of imported products / goods with a view to identifying counterfeits and contraband goods. In the recent past imported goods that have been declared counterfeits worthy several million shillings have been destroyed after seizure. It is anticipated once the Counterfeit Bill enacted the impact of these goods to the local market will be minimal if not eliminated.</p> <p>To promote standardization, Calibration, Verification and Maintenance of legal Metrology Standards and Testing</p>

Issue	Proposed Activities	Progress
<b>C. Corporate Governance</b>		
		Equipment have been substantially carried out. About 80% of all standards and testing equipments presented to the field offices were calibrated by the Kenya Bureau of Standards.
<b>Strengthen Shareholders capacity to participate at AGM &amp; hold corporations to account</b>	1. Provide seed money to enable the Association to start operations	<p>There is now a conscious move to revive the activities of the Kenya Shareholders Association, which was formed under the aegis of the Centre for Corporate Governance in 2003. It is envisaged that once revitalized, the Association will play a critical role in coordinating the education and emancipation of shareholders across the country.</p> <p>The government has pledged, through the Ministry of Finance, to finance these organisation</p> <p>The centre for Corporate Governance has also published Corporate Governance Guidelines for Shareholders, which have been distributed to shareholders both from registered companies and cooperative societies</p>
<b>Achieve financial sustainability of Institute of Directors and Shareholders Association</b>	Provide funding for the two bodies in the formative first 4 years	<p>The Institute of Directors (Kenya) plays a critical role in ensuring that its members adhere to principles of good corporate governance in the stewardship of their business enterprises. The Institute is in the process of expanding its membership.</p> <p>The government has pledged, through the Ministry of Finance, to finance these organisation</p> <p>The Centre for Corporate Governance has been holding successful corporate governance training courses for directors of companies, both from the private and public sector.</p>



Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		
<p><b>Promote self-reliance by mobilizing domestic resources</b></p>	<p>Undertake a national civic education and awareness campaign on the benefits of paying taxes.</p>	<p>The Kenya Revenue Authority has an ongoing media campaign on the benefits to pay taxes.</p> <p>4<sup>th</sup> National Taxpayers day held on November 10<sup>th</sup> 2006.</p> <p>Recognition of best corporate taxpayer through annual awards.</p> <p>The National Budget for the year 2006/2007 is 95% financed by the tax payer.</p> <p>A subcommittee of the National Economic and Social Council in collaboration with the Treasury is developing new instruments for mobilizing domestic resources for long-term financing of road construction and other major infrastructural projects. This will provide opportunities to Kenyans to invest in the financing of infrastructure.</p>
<p><b>Accelerate adoption and implementation of bottom-up planning system</b></p>	<p>1. Strengthen self-help groups by providing assistance in the form of advisory services</p> <p>2. Widen stakeholder consultations and sensitization of the general public on national issues</p>	<p>Through partnership with UNICEF, social budgeting has been done in pilot districts of Kwale, Garissa, Isiolo and Turkana. Rollout to other districts in progress</p> <p>District Focus for Rural Development Framework has been revised in consultation with stakeholders to strengthen and put more emphasis on participatory planning at the sub national levels. A Cabinet Memorandum on the same has been prepared is due for submission to the standing Cabinet committee on Economic Management.</p> <p>APRM being institutionalised to provide for continuous dialogue and participatory planning and Participatory Monitoring and Evaluation.</p> <p>The establishment of Constituency Development Fund (CDF) committees within the rural and local areas; thus wider consultation on development issues</p>

Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		
		nationally. CDF provincial and constituency project coordinators are been recruited to provide technical and advisory support.
<b>Initiate programmes for poverty alleviation</b>	1. Implement the Kenya Social Action Fund	The Ministry of Planning and National Development has contracted a consultant to develop modalities for the KENSAF and the first draft has been submitted.  Other ongoing poverty alleviation targeted initiatives include the Poverty Eradication Commission, the Community Development Trust Fund, CDF, LATF, Youth Enterprise Fund, Bursary Fund etc.
	2. Implement the slum-upgrading and low-cost housing	The establishment of the Kenya Slum Upgrading and Low Cost Infrastructure Fund Nationwide, (KENSUF); being implemented in Kibera, Mavoko, Manyatta, Obunga, Kaloleni, Nyalenda, Ziwa la ngombe, and Bandani slum.
<b>Involve more Kenyans in development process</b>	1. Involve Kenyans in Diaspora  2. Sensitize local communities on the need for their involvement in the LATF and CDF management	A high level interagency committee has been established under the coordination of the Ministry of Planning and National Development. The Committee has developed a draft Diaspora Sessional Paper for submission to the Cabinet.  CDF Secretariat in collaboration with relevant Ministries is carrying sensitisation and capacity building on implementation of the fund. Civil Society organisations are also doing a lot of sensitisation work on devolved funds.
<b>Improve the quality of education</b>	1. Expand educational facilities  2. Employ more teachers  3. Provide more textbooks for schools  4. Improve remuneration and incentives for teachers,  5. Provide study leave with pay.	Through the introduction of the KESSP Programme by MOE for period 2005-2010; currently ongoing, it seeks to improve the quality of teaching through various activities within the education sector.  There have been improved GERs and NERs across the levels as follows: GER for primary currently stands at 107.2 percent whereas that of Secondary stands at 29.9 percent. NER for primary stands at 83.2 percent whereas that of secondary stands at 19.8 percent Transition rate from primary to secondary has improved from

Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		<p>57 percent in 2006 to 60 percent in January 2007.</p> <p>The Ministry through the support of USAID, OPEC is in the process of constructing and rehabilitating physical infrastructure in schools including classrooms, laboratories, etc. This will go a long way in improving learning environment in our schools and enhance success.</p> <p>During the 2006/07 financial year, the Government has already disbursed slightly over Kshs.4 billion towards financing of FPE. This will enhance the provision of textbooks and other teaching materials in public primary schools. So far, we have attained the recommended textbook pupil ratio of 1:3 for lower primary and 1:2 for upper primary.</p> <p>The Government has continued to provide resources for purchase of textbooks for public primary schools. During 2006/07 a total of Kshs.2.6 billion has been disbursed to schools for this purpose.</p> <p>The Government has continuously replaced those teachers leaving the service through natural attrition and is in the process of mobilizing resources for financing of recruitment of additional teachers where possible.</p> <p>The Government has continued to set aside Kshs.4.9 billion annually until 2008 for improving remuneration for teachers. Introduction of CDF has seen rehabilitation and expansion of education infrastructure.</p> <p>Public Universities have moved away from pegging intake to bed capacity in order to enrol more students.</p> <p>Quality of education has been improved by the ongoing programmes on ICT such as NEPAD E-Schools and Kenya's e-</p>

Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		
		<p>Learning Programme.</p> <p>The Government, is also undertaking a school - mapping exercise with a view to determining school locations in order to improve access and equity</p>
<p><b>Ensure that bursaries are awarded on the basis of demonstrable needs</b></p>	<ol style="list-style-type: none"> <li>1. Establish transparent disbursement mechanisms.</li> <li>2. Target girl child and ASAL areas.</li> </ol>	<p>The Government through the assistance of the African Development Bank conducted bursary survey in November 2006 whose recommendations are expected at the end of January 2007. The aim of this survey is to find ways of above all streamlining the bursary allocation.</p> <p>10% of all funds allocated for bursary are dedicated to the girl child.</p> <p>Unicef is currently providing bursary to bright girls from North Eastern Province admitted to Provincial Schools.</p>
<p><b>Improve on alternative education models</b></p>	<p>Target children from nomadic communities</p>	<p>The four North Eastern districts namely: Mandera, Garissa, Wajir and Ijaara have had mobile schools commissioned and are already active. This has impacted positively on enrolments in these ASAL districts. By end of 2006, we achieved the target NER for North Eastern at 24.5 percent comprising of 29.7 percent males and 19.4 percent females.</p> <p>The Ministry is in the process of collecting data in the ASAL districts to facilitate provision of grants aimed at enhancing access.</p>
<p><b>Improve environmental sustainability</b></p>	<ol style="list-style-type: none"> <li>1. Finalize Mining Bill and Policy</li> <li>2. Foster collaboration with UNEP,</li> <li>3. Improve Capacity of NEMA</li> <li>4. Promote tree planting</li> </ol>	<p>There has been the Farmers Empowerment Programme through, Farmers Field Schools in Mbeere, Makueni, which have enabled farmers to invest in forestry and practice good land husbandry.</p> <p>Promotion of non-wood forest products in Isiolo, Marsabit and Garissa implemented by Forest Department and KEFRI.</p> <p>Ministry of Youth launched a programme to plant 1 million trees countrywide.</p>
<p><b>Combat malaria</b></p>	<ol style="list-style-type: none"> <li>1. Provide treated mosquito nets at affordable prices</li> <li>2. Ensure clean environment</li> </ol>	<p>The current ongoing Malaria Control Programme running till 2010, which is supported by GOK, DFID among others, has been training individuals on malaria</p>

Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		
	<p>and educate people on personal hygiene</p> <p>3. Improve motivation of health professionals &amp; reduce brain drain</p>	<p>prevention methods.</p> <p>The GoK introduced a new treatment policy on malaria using Artemisinin Combination Therapy to address the resistance to Sulphadoxine Pyremethamine for malaria treatment in hard struck areas.</p> <p>3.4 million nets distributed targeting pregnant women and children under five years</p> <p>Nets distributed under social marketing program sold at Kshs 50 in public health facilities and Kshs 100 at market centres</p> <p>Public education intensified in the communities by Public health officers</p> <p>Salary and allowances for Public servants including medical professionals increased, thereby attracting more staff</p> <p>Indoor residue spray is ongoing.</p>
<p><b>Accelerate the energy sector reform programme to ensure an adequate supply of energy</b></p>	<p>Enact in law the draft energy bill</p> <p>Implement rural electrification framework</p> <p>Promote the use of solar energy and other natural gases</p>	<p>The Energy Bill was signed into law on 31<sup>st</sup> Dec 2006, which brings in private investors and creates a Rural Electrification Authority. GOK has already approved implementation of 940 rural electrification schemes spread in 191 constituencies to run till June 2007.</p> <p>The GOK is already implementing a solar energy project to provide electricity to schools in the ASAL Districts. Thus 16 boarding schools in Garissa, Wajir, Ijara and Mandera have been supplied with solar generators.</p> <p>The Government is discussing with the Ethiopian Government so that we can import power from that country</p>
<p><b>Articulate a comprehensive ICT strategy for human resource development</b></p>	<p>Increase telephone lines</p> <p>Encourage private participation including FDI</p> <p>Review existing regulations facilitate wider access</p> <p>Integrate ICT in education and training.</p>	<p>Constituency website developed with information portal containing information of 210 constituencies</p> <p>The ongoing KESSP programme has introduced some components on integrating ICT in education.</p> <p>Roll out of NEPAD E-School project</p>

Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		
		ongoing.
<b>Ensure increased access to water and sanitation services to all users</b>  <b>Provide efficient and affordable water and sanitation services</b>	1. Accelerate implementation of the water sector reforms	Ongoing decentralization of water services to ensure efficiency and give more control to communities.
	2. Increase resources allocated to the water sector to make water more accessible by all	Water budget increased to 12 billion shillings.
	3. Increase water storage capacity	Ongoing Construction and rehabilitation of dams, water pans and boreholes ongoing in ASAL areas.
<b>Flood mitigation</b>	Reduce effects of floods	Bura Irrigation scheme under rehabilitation to bring into irrigation 2,400hectares under phase 1 by 2006 and additional 4,000hactares under phase 2 by 2007
<b>Gender sensitive approach to monitoring and evaluation of development projects</b>	Create Women's Desk at the Ministries and other relevant public offices Enact in law affirmative action bill, national gender and development bill, the equality bill, the domestic violence, and the gender and development policy bill. Intensify sensitization initiatives for gender equality and equity	All ministries guided by OP – gazette notice November 2006 which demands that women should form 30 percent of all newly recruited public servants.  Further Chairpersons of Maendeleo Ya Wanawake at the provincial, district, and divisional levels are to be co-opted as automatic members of all Provincial, District, and Constituency Development as well as HIV/AIDS Coordination Committees. This will enable women to monitor and influence development that benefits them and children.
<b>Eliminate harmful cultural practices</b> <b>Eliminate early and forced marriages</b> <b>Ensure equal opportunity for girls in secondary tertiary and University education</b>	Carry out study to understand the cultural, economic and social factors driving early and forced marriages  With CSOs initiate a dialogue with different communities in Kenya on harmful cultural practices	Under the KESSP Programme, the Government through the Ministry of Education has outlined strategies to enhance enrolment of quality of education, mainstream the gender disparities within the secondary and tertiary institutions.

Issue	Proposed Activities	Progress
<b>D. Socio-economic Development</b>		
<b>Improve women's and children's condition</b>	Create AIDS Control Units (ACUs) in all ministries, mainstreaming HIV/AIDS issues.	ACUs established in all ministries. Ministry of Planning and National Development has recruited an advisor to build capacity in line ministries (central planning and monitoring units) to mainstream HIV/AIDS into policy, planning and budgeting
	Enhance the number of children put under ARV	Ongoing free provision of ARVs in public hospitals.
	Improve access to female condoms	The first batch of 300,000 female condoms being procured
	Adapt measures for the prevention of mother to child transmission	PMCT sites increased to 1,500 and over 600,000 pregnant women access services through these sites every year Children born by HIV pregnant mothers given Nevirapine at birth to prevent transmission

## **ANNEX 1 – SCHEDULE OF MEDIA ACTIVITIES**

### **1. TELEVISION STATIONS USED**

- i. KBC
- ii. KTN
- iii. NTV
- iv. CITIZEN TV
- v. FAMILY TV

### **2. RADIO STATIONS USED**

- i. KBC General Service
- ii. KBC Kiswahili Service
- iii. KBC Metro
- iv. EASY FM
- v. KISS FM
- vi. CLASSIC FM
- vii. CITIZEN RADIO
- viii. CAPITAL FM
- ix. INORO FM
- x. RAMOGI FM
- xi. MUREMBE FM
- xii. FAMILY RADIO

### **3. NEWSPAPERS USED**

- i. SUNDAY NATION
- ii. SUNDAY STANDARD
- iii. SUNDAY TIMES
- iv. THE EAST AFRICAN

### **4. ACHIEVED TO DATE**

1. NTV, KTN, CITIZEN & ALWAN PRODUCTIONS were contracted to produce relevant APRM documentaries focusing on the following ministries and government departments which they delivered by December 20<sup>th</sup> 2006:

- i. Ministry of Planning & National Development
- ii. Ministry of Finance
- iii. Central Bank
- iv. Ministry of Justice and Constitutional Affairs
- v. KACC
- vi. KNHRC
- vii. Internal Security & Provincial Administration
- viii. Ministry of Education
- ix. Ministry of Information & Communication
- x. Ministry of Roads & Public Works
- xi. Ministry of Health
- xii. Ministry of Agriculture
- xiii. Ministry of Lands & Housing
- xiv. Ministry of Energy
- xv. Ministry of Trade & Industry



- xvi. Ministry of Tourism
- xvii. Ministry of Foreign Affairs
- xviii. Ministry of East African Community Affairs

**5. ACTIVITIES ALREADY EXECUTED AND SCHEDULED FOR THE NEXT FOUR MONTHS.**

- 11/10/06. POST BANJUL DOCUMENTARY ON CITIZEN TV
- 15/10/06. APRM REPORT SERIALIZATION IN SUNDAY TIMES
- 15/10/06. APRM REPORT SERIALIZATION IN SUNDAY STANDARD
- 14/10/06. POST BANJUL DOCUMENTARY ON FAMILY TV
- 20/10/06. POST BANJUL DOCUMENTARY ON NTV
- 21/10/06. POST BANJUL DOCUMENTARY ON FAMILY TV
- 22/10/06. POST BANJUL DOCUMENTARY ON KTN
- 22/10/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 22/10/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 23/10/06. POS BANJUL DOCUMENTARY ON KBC
- 29/10/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 29/10/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 05/11/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 05/11/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 12/11/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 12/11/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 12/11/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 04/11/06. DOCUMENTARY ON FAMILYTV
- 05/11/06. DOCUMENTARY ON NTV
- 05/11/06. DOCUMENTARY ON CITIZEN
- 05/11/06. DOCUMENTARY ON KTN
- 05/11/06. DOCUMENTARY ON KBC
- 05/11/06. APRM SERIALIZATION IN SUNDAY TIMES
- 05/11/06. APRM SERIALIZATION IN SUNDAY STANDARD
- 05/11/06. APRM SERIALIZATION IN SUNDAY NATION
- 05/11/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 05/11/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 06/11/06. RADIO SPOTS ON KBC, NTV, KISS FM, CAPITAL FM, RAMOGI, KAMEME, 07/11/06. RADIO SPOTS ON METRO FM, CITIZEN RADIO, CLASSIC FM, INORO
- 08/11/06. RADIO SPOTS ON GENERAL SERVICE, METRO FRM, KISS FM, NTV, FAMILY TV
- 12/11/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 12/11/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 12/11/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 13/11/06. APRM DOCUMENTARY ON HUMAN RIGHTS ON KTN
- 19/11/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 19/11/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 19/11/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 26/ 11/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 26/11/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 26/11/06. APRM SERIALIZATION IN THE SUNDAY NATION

- 03/12/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 03/12/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 03/12/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 10/12/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 10/12/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 10/12/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 12/12/06. EDUCATION DOCUMENTARY ON NTV
- 13/12/06. ROADS DOCUMENTARY ON CITIZEN TV
- 13/12/06. KACC DOCUMENTARY ON KTN
- 17/12/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 17/12/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 17/12/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 18/12/06. KACC DOCUMENTARY ON KBC
- 20/12/06. TREASURY DOCUMENTARY ON KBC
- 24/12/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 24/12/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 24/12/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 31/12/06. APRM SERIALIZATION IN THE SUNDAY TIMES
- 31/12/06. APRM SERIALIZATION IN THE SUNDAY STANDARD
- 31/12/06. APRM SERIALIZATION IN THE SUNDAY NATION
- 07/01/07. APRM SERIALIZATION IN THE SUNDAY NATION
- 14/01/07. APRM SERIALIZATION IN THE SUNDAY NATION
- 21/01/07. APRM SERIALIZATION IN THE SUNDAY NATION