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MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT

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2018/19 ANNUAL REPORT

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List of Acronyms and Abbreviations

AfCFTA	African Continental Free Trade Agreement
CDA	Coast Development Authority
CET	Common External Tariff
CMA	Capital Markets Authority
COMESA	Common Market for Eastern and Southern Africa
DCI	Directorate of Criminal Investigations
EAC	East African Community
EALA	East African Legislative Assembly
EAMU	East African Monetary Union
EATV	East African Tourism Visa
ENNDA	Ewaso Ng'iro North Development Authority
ENSDA	Ewaso Ng'iro South Development Authority
ESA-IO	Eastern and Southern African and Indian Ocean
EU	European Union
ICT	Information, Communication Technology
ILO	International Labour Organization
KBC	Kenya Broadcasting Corporation
KOMEX	Kenya Commodity Exchange
KVDA	Kerio Valley Development Authority
LBDA	Lake Basin Development Authority
LVBC	Lake Victoria Basin Authority
LVFO	Lake Victoria Fisheries Organization
MDAs	Ministries Departments and Agencies
MOU	Memorandum of Understanding
MTCP	Medium Term Convergence Program
NCIP	Northern Corridor Integration projects
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Post
PFM	Public Finance Management
RNCD	Regional and Northern Corridor Development
SADC	South African Development Community
SGR	Standard Gauge Railway
TARDA	Tana Athi River Development Authority
TMEA	Trade Mark East Africa
TOR	Terms of Reference
ToTs	Training of Trainers
UNHCR	United Nations High Commissioner for Refugees

Contents

List of Acronyms and Abbreviations.....	0
1.0 INTRODUCTION	1
1.1 Overview of the Ministry	1
1.2 Mandate	1
1.3 Vision	2
1.4 Mission	2
1.5 Ministry's Strategic Objectives	2
2.0 FINANCIAL REPORTING	3
2.1 Ministry's Budget Expenditure in 2018/2019	3
2.2 Expenditure of Ministry' projects.....	5
2.3 Pending Bills	7
2.4 Challenges in the implementation of the budget	7
3.0 Summary of planned activities and achievements during 2018/2019 financial year.....	8
3.1 Planned activities for year 2018-19	8
3.1.1 State Department of East African Community	8
3.1.2 State Department for Regional and Northern Corridor Development.....	8
3.1.2.1 Northern Corridor Integration projects.....	8
3.1.2.2 Regional Development Agencies	9
3.2 Summary of achievements during 2018/2019 financial year	11
3.2.1 The State Department for East African Community	11
EAC Customs Union and Common Market	11
Monetary Union	12
Political Federation.....	13
EAC Cross cutting issues	14
3.2.2 State Department for Regional and Northern Corridor Development.....	15
3.2.2.1 Northern Corridor Integrated Projects.....	15
3.2.2.2 Regional Development Projects	15
4.0 Challenges facing the Ministry	18
4.1 State Department for EAC.....	18
4.2 State Department for Regional and Northern Corridor Development.....	18
Appendices.....	0

List of Tables

Table 1: Utilization of funds in the Ministry for the period 2018-193
Table 2: Expenditure of Ministry’s capital projects.....5
Table 3: List of pending bills7
Table 4: Value of Imported goods accorded Community Tariff Treatment during the period July
– December, 2018 (in USD) 12

List of Figures

Figure 1: Budget utilization rates within the two State Department.....4
Figure 2: Itemized utilization of funds in the State Department of EAC4
Figure 3: Itemized utilization of funds in the State Department for Regional and Northern
Corridor Development5

1.0 INTRODUCTION

1.1 Overview of the Ministry

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

1.2 Mandate

The Ministry derives its mandate from the Executive Order No.1 of June, 2018 (Revised) and Head of Public Service Circular of 2nd April, 2019 as follows:

- i. Policy on East African Community.
- ii. East African Community Affairs.
- iii. Implementation of the East African Treaty.
- iv. Co-ordination of implementation of EAC Regional programmes and projects.
- v. Promotion and fast tracking of EAC integration.
- vi. Co-ordination of Government's participation in East African Community Affairs.
- vii. East African Community Meetings and Institutions.
- viii. Identifying factors constraining ease of doing business and proposing solutions in partnership with stakeholders.
- ix. Identifying and recommending business reforms for promoting business and for making Kenya competitive locally, regionally and internationally.
- x. Working jointly and coordinating with partners to monitor Kenya's ease of doing business.
- xi. Coordinating dialogue initiatives between the public and private stakeholders aimed at improving the ease of doing business.
- xii. Driving legislative and regulatory reform on the ease of doing business and business transformation.

- xiii. Monitoring the business climate and recommending appropriate policy, legal, regulatory and administrative changes necessary to enhance conduct of business within Kenya and between Kenya and its trading partners.
- xiv. Liaising with other partners to create awareness on Kenya's efforts at improving its ease of doing business.
- xv. Co-ordination of Regional Development Authorities.
- xvi. Monitoring and Evaluation of the implementation of Northern Corridor Development.
- xvii. Providing Secretariat Service during Ministerial and Head of States Summit Meetings on Northern Corridor Development.

1.3 Vision

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

1.4 Mission

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

1.5 Ministry's Strategic Objectives

The Ministry's Strategic objectives as outlined in her 2018-2022 Strategic Plan are to:

- i) Upscale nationwide publicity and advocacy on EAC integration and its benefits.
- ii) Enhance the effectiveness of stakeholder consultations and engagements.
- iii) Strengthen the coordination and participation in the formulation and implementation of EAC and RNCD policies, decisions and directives.
- iv) Deepen and widen implementation of the EAC Pillars of integration (Customs Union, Common Market, Monetary Union and Political Federation).
- v) Enhance knowledge management within the Ministry.
- vi) Re-engineer Kenya's engagement in regional integration for optimization of benefits from the integration process.
- vii) Modernise ICT infrastructure and increase uptake.
- viii) Create an enabling environment for promotion of Gender equality, Youth and disability mainstreaming.
- ix) Optimize the benefits accruing from the Northern Corridor Integration Projects (NCIP).
- x) Enhance coordination and oversight of Regional Development Authorities.
- xi) Enhance institutional capacity for sustained efficiency and effective service delivery.
- xii) Enhance sustainability of Regional Development Authorities.
- xiii) Support private sector through implementation of targeted business reforms.
- xiv) Strengthen legal and regulatory reforms for business competitiveness.

2.0 FINANCIAL REPORTING

2.1 Ministry's Budget Expenditure in 2018/2019

The Ministry was allocated a total of **Kshs 6,860,138,898** with a recurrent and development allocations of **Ksh 2,961,446,035** and **Ksh 3,898,692,863** respectively. As shown in Table 1 below, the State Department for EAC had a budgetary allocation of Ksh 912,169,751 with Ksh 895,919,751 and Ksh 16,250,000 as allocations for recurrent and development respectively. The State Department of Regional and Northern Corridor Development was allocated of Ksh 5,947,969,147 with Ksh 2,065,526,284 and Ksh 3,882,442,863 as allocations for recurrent and development respectively.

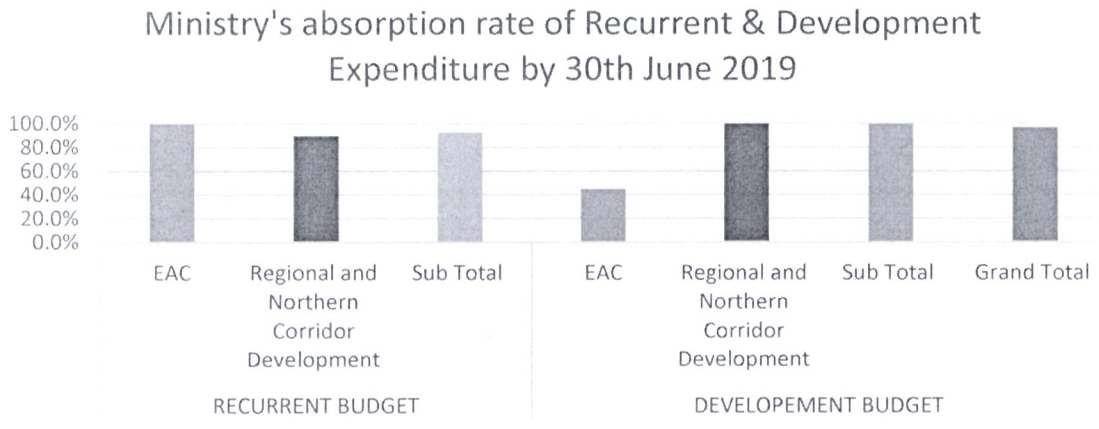
As at 30th June 2019, **96.8%** of the allocation was utilized with the State Department of EAC utilizing **99.9%** of its allocation while the State Department of Regional and Northern Corridor Development managed to utilize **99.6%** of its approved allocation as shown in the table below.

Table 1: Utilization of funds in the Ministry for the period 2018-19

Expenditure Type	State Department	FY 2018/19 (Kshs)		Absorption rate as at 30th June 2019 (%)
		Approved Estimates (Kshs)	Total Expenditure (Kshs)	
RECURRENT BUDGET	EAC	895,919,751	894,809,347	99.9%
	Regional and Northern Corridor Development	2,065,526,284	1,854,308,627	89.8%
	Sub Total	2,961,446,035	2,749,117,974	92.8%
DEVELOPMENT BUDGET	EAC	16,250,000	7,303,400	44.9%
	Regional and Northern Corridor Development	3,882,442,863	3,882,442,863	100.0%
	Sub Total	3,898,692,863	3,889,746,263	99.8%
	Grand Total	6,860,138,898	6,638,864,237	96.8%

Figure 1 below outlines the comparative utilization rates of both Recurrent and Development budgets within the two State Department.

Figure 1: Budget utilization rates within the two State Department.



The low utilization rate for the development budget under the State Department of EAC was due to delays in approving work plan under TMEA.

The itemized expenditure for the two State Departments are as shown in Figures 2 and 3 below:

Figure 2: Itemized utilization of funds in the State Department of EAC

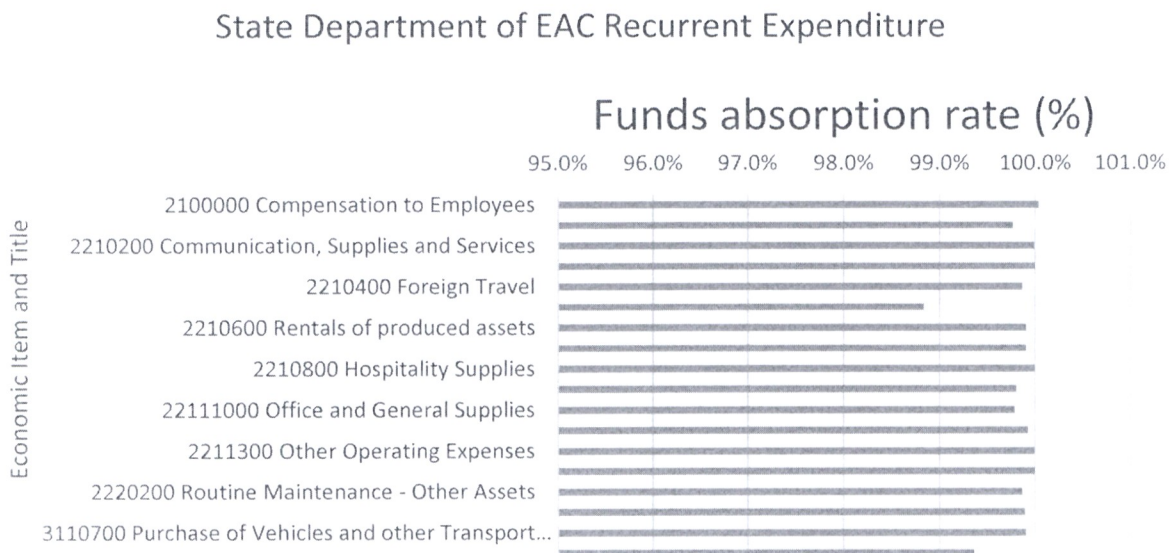
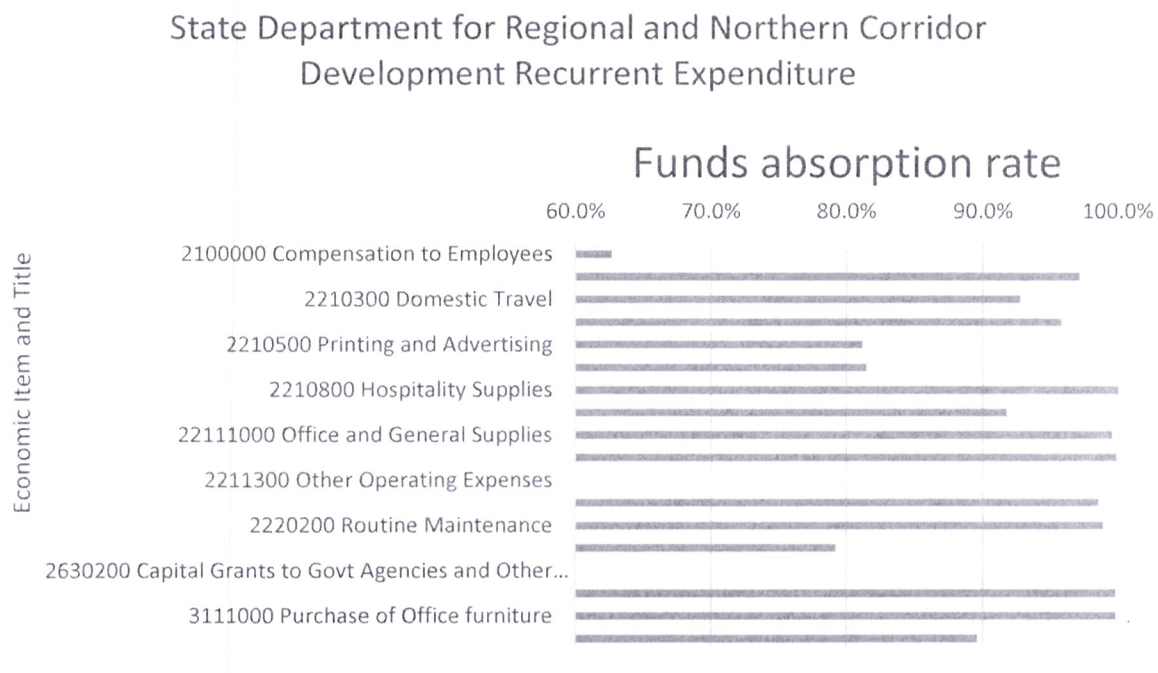


Figure 3: Itemized utilization of funds in the State Department for Regional and Northern Corridor Development



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

2.2 Expenditure of Ministry' projects

The Ministry's main projects were allocated a total of **Kshs 13,282,942,863** with Appropriation in Aid of **Kshs 9,104,000,000**. The capital projects which are implemented by various Development Authorities are as tabulated in table 2 below:

Table 2: Expenditure of Ministry's capital projects

Project	Gross expenditure	Appropriation in Aid	Net expenditure
Gum Arabic and Resins Integrated Development Programme	85,000,000		85,000,000
Ewaso Ngiro North Catchment & Riparian Conservation Project	180,000,000		180,000,000
Kieni Integrated Project	133,900,000		133,900,000
Tana Delta Rice Irrigation Project (TDIP)	80,300,000		80,300,000
Muranga Integrated Programme	100,000,000		100,000,000

Ewaso Ngiro Leather Factory	231,000,000		231,000,000
Integrated Bamboo commercialization and Value Addition	85,000,000		85,000,000
Arros Multi-Purpose Dam Project	9,185,000,000	8,685,000,000	500,000,000
Wei Wei Phase 3 Irrigation Project	460,000,000	419,000,000	41,000,000
Mango Value Chain Programme	15,000,000		15,000,000
Integrated Fruit and Honey Processing	123,000,000		123,000,000
Upscaling of the Rice Mill	230,000,000		230,000,000
Regional Demonstration & Technology Development Centres	31,000,000		31,000,000
High Grand Fall – Pending Bill	90,000,000		0
Arros Dam – Pending Bill	70,000,000		0
Mwache Dam – Pending Bill	50,000,000		0
Lower Ewaso Ngiro South Dam- Pending Bill	187,000,000		0
Kimira Oluch Stallholder Farm improvement	687,000,000		687,000,000
Lake Basin Development Authority Mall (Kisumu)- Pending Bill	645,992,863		645,992,863
Oloyiangalani Dam Development Project	225,000,000		225,000,000
Napuu, Lomuy and Lower Turkwel Irrigation Project	96,000,000		96,000,000
KVDA Plaza Lift Replacement	30,000,000		30,000,000
Lichota, Muhoroni and Alupe Solar Irrigation Project	71,000,000		71,000,000
Boji Farmers Irrigation Project	128,750,000		128,750,000
Wananchi Cottages in Kilifi County	13,000,000		13,000,000
Construction of Nyakoe Market	50,000,000		12,500,000
Total	13,282,942,863	9,104,000,000	3,744,442,863

Note

- 1) The 2018/19 allocations to the above projects were disbursed to the Authorities for project implementation. However, for the following projects, disbursement was not done due to technical and procedural challenges.
 - i. Construction of Nyakoe Market
 - ii. Lake Basin Development Authority Mall (Kisumu)- Pending Bill
- 2) For the donor funded projects funds are disbursed based on implementing agency provision of required documentation to the Ministry and forwarded to the National

Treasury for processing as per laid down financial regulations i.e. Aror and Kimwarer Multipurpose dam Projects and Wei Wei Phase III Conservancy project.

- 3) Pending bills under the development budget have not been paid since they are undergoing verification by the pending bills closing committee of the National Treasury.

2.3 Pending Bills

As at 30th June, 2019, the Ministry had a pending bill of **Kshs. 5.86 billion** as tabulated in table 3 below:

Table 3: List of pending bills

Unit	Development	Recurrent	Total
DRD HQs	1,498,500,144.00	7,014,000.00	1,509,126,159.00
KIMIRA OLUCH PROJECT	1,000,647,176.00	-	1,000,647,176.00
CDA	89,695,186.00	42,138,703.00	131,833,889.00
KVDA	13,623,158.00	26,957,819.00	40,580,977.00
LBDA	2,537,380,845.05	76,419,985.50	2,613,800,830.55
ENNDA	-	423,281.00	423,281.00
TARDA	247,201,104.00	248,499,068.00	495,700,172.00
ENSDA	59,547,988.00	12,259,910.00	71,807,898.00
TOTAL	5,446,604,601.05	401,452,856.50	5,863,920,382.55

2.4 Challenges in the implementation of the budget

The Ministry faced the following major challenges in the implementation of the 2018/19 budget:

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

3.0 SUMMARY OF PLANNED ACTIVITIES AND ACHIEVEMENTS DURING 2018/2019 FINANCIAL YEAR

3.1 Planned activities for year 2018-19

The following is a summary of the activities that the Ministry's planned to implement in FY 2018/2019:

3.1.1 State Department of East African Community

- i. Conclude regional negotiations on the EAC Common External Tariff;
- ii. Establish the EAC Jumuiya Market in Busia;
- iii. Convene meetings of the Cabinet Committee on EAC;
- iv. Finalize the restructuring of the State Department and operationalization of the establishment of a fifth Directorate responsible for publicity, research, documentation and Monitoring and Evaluation as approved by the Public Service Commission;
- v. Progress construction of the Headquarters of the LVBC in Kisumu and organize for the ground breaking by His Excellency the President;
- vi. Implement the roadmap for the launch of the other EAC/ LVBC funded projects in Kisumu, Homa Bay, Bomet and Kericho Counties;
- vii. Enhance market access and competitiveness of Kenya's goods and services in the EAC by coordinating Kenya's participation in regional negotiations in trade
- viii. Increase stakeholder awareness and capacity to participate in EAC activities;
- ix. Sustain Regulatory and Policy Reforms to deepen EAC integration;
- x. Sensitize Parliamentary Committees on pending Protocols on ICT and Meteorology;
- xi. Develop the Ministry's Strategic Plan 2018-2022;
- xii. Operationalize and launch the Taveta and Isebania OSBP at the Presidential level;
- xiii. Finalize Kenya's position/ comments on a proposal for expansion of mandate, scope and name of LVFO; and
- xiv. Finalize reports of the Auditor General on financial statements of FY 2016/2017.

3.1.2 State Department for Regional and Northern Corridor Development

3.1.2.1 Northern Corridor Integration projects

- i. Develop Lake Victoria inter-modal transport system;
- ii. Fast-track the construction of the Bukasa Oil Jetty in Uganda to link up with Kisumu Oil Jetty;
- iii. Conduct national, regional and international East African Tourist Visa sticker sales verification exercise;
- iv. Develop a regional framework for power trading;
- v. Develop a legal framework to facilitate the acquisition of land for NCIP infrastructure development;

- vi. Develop a framework for mainstreaming and placement of Youth and Women in the Northern Corridor Integration projects;
- vii. Follow up on the registration of and operationalization of the Regional Commodity Exchange; and
- viii. Harmonize laws and sign MOUs to facilitate coordination of security in the region.

3.1.2.2 Regional Development Agencies

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

- Under the Ewaso Ng'iro Tannery and Leather factory, complete Phase I and commence operations of the Tannery and Leather Factory. This entails water supply and solar power back up system, construction of office block and access road, and community capacity building;
- Implement the Integrated Bamboo commercialization and value addition project by raising 200,000 bamboo seedlings in Narok, Nakuru and Nyandarua;
- Establish one hundred acres bamboo plantation through Community capacity building in Nakuru, Nyandarua and Narok;
- Establish two million fruit/tree seedlings across the region and conserve and restore 10 km² of wetland areas in Mau forest;
- Construct Kimuka Olosho-oibor water supply pipeline to provide 500,000m³ under the Oloyiangalani Dam Development programme;
- Raise 10M tea seedlings for tea expansion programme and lease 100 acres of land for tea expansion under the Integrated Tea Development and value addition;
- Rehabilitate, Drill and equip 40 boreholes under the Drought Mitigation Programmes;
- Conduct full feasibility study and design the agro processing plant and acquire land for factory under the Agro processing (Tomato) and Value Addition programme.

Kerio Valley Development Authority (KVDA)

- i. Finalize preliminary activities for Aror multi-purpose project and Kimwarer multi-purpose project;
- ii. Develop irrigation infrastructure on 325 Ha, undertake topographic survey, design and preparation of bill_of quantities for Korellach and conserve Korellach catchment, rehabilitate nine (9) kilometers of road, construct and murrum 33km of access road, renovate seven (7) houses, construct Guest house, training center and laboratory, purchase and deliver project vehicles, sign 3yr capacity building and supply component contract under the Wei Wei Phase 3 Integrated Project;
- iii. Plant fifty acres of land as follows: thirty acres sorghum, five acres maize, ten acres green grams, and five acres cowpeas, under the Napuu Irrigation project;

- iv. Supply, install and test the mango processing plant raise 172,000 mango seedlings and build capacity of key stakeholders under the Mango value chain Integrated Project.

Lake Basin Development Authority (LBDA)

Process 2,500 tonnes of rice, produce 6,000,000 fingerlings, finalize payment of Kshs 645,992,863 of LBDA Mall, drill 4 boreholes at Lichota, Muhoroni and Alupe Solar Irrigation Project and reach 50% completion of construction of Nyakoe Market in Kisii County

Tana and Athi Rivers Development Authority (TARDA)

Complete a feasibility study and design of lower Muranga Integrated Irrigation Project, complete 11 irrigation projects in Nyeri and Laikipia County, desilt 15km of Kitere Mnazini water supply canal (Tana Delta Irrigation Project) and rehabilitate flood protection dyke sections at Tana Delta Irrigation Project.

Coast Development Authority

Operationalize automated fruit processing plant, process 12000 tonnes/yr of mangoes, construct storage, utility and workshop building, purchase a staff bus, purchase 5000 farmer's fruits for value addition, lay 2km conveyance water pipeline, construct irrigation infrastructure, prepare report on soil testing, construct a pump house, and complete construction of a conference facility at wananchi cottages.

3.2 SUMMARY OF ACHIEVEMENTS DURING 2018/2019 FINANCIAL YEAR

During the period 2018-19, the Ministry under the two State Departments achieved the following:

3.2.1 THE STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY

EAC Customs Union and Common Market

- i. The implementation of the EAC Customs Union and Common Market Protocols continued during the review period. Negotiations at the regional level by the Regional Task Force on the Comprehensive Review of the EAC Common External Tariff (CET) commenced on 26th February 2019. The negotiations are based on the consolidated Regional Report by the Consultant. Among the expected outputs is updating the EAC CET 2012 version to HS 2017 version, reviewing the sensitive list and addressing any inconsistency identified in the EAC CET and the EAC Rules of Origin;
- ii. As at June, 2019, Kenya had adopted 1,062 out of the total harmonized EAC standards. Kenya being the Partner State with the highest share of intra-EAC trade is bound to benefit more from harmonization of more standards. The harmonization of standards reduces occurrence of standard related NTBs. As at 30th June 2019, 122 NTBs had been cumulatively resolved since 2009;
- iii. One-Stop-Border-Posts (OSBP) along the Namanga border was commissioned at Head of state level;
- iv. Negotiations on the movement of business persons across the three RECs, COMESA-EAC and SADC was done in a parallel track and concluded in May, 2018;
- v. Kenya ratified the African Continental Free Trade Agreement (AfCFTA). The AU Summit is expected to launch the operationalization the AfCFTA in July, 2019;
- vi. The Ministry developed a concept paper for the establishment of the integrated Cross Border market in Busia which will encompass a retail section, wholesale and business hub. Inter-governmental consultations on the same were held and a feasibility study undertaken. Engagement with possible financiers were held and an agreement for Trade Mark East Africa to fund the retail section will be signed in July 2019.
- vii. The single customs territory was implemented and preferential treatment accorded to Kenyan products;
- viii. During the period under review, Partner States continued to accord community tariff treatment to imports from EAC Partner States whereby imports were charged 0 tariffs by the importing Partner State. Table 4 below shows imports that were accorded Community Tariff Treatment by the importing Partner State.

Table 4: Value of Imported goods accorded Community Tariff Treatment during the period July – December, 2018 (in USD)

Exporting Partner State	Importing Partner State					
	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda
Burundi	0		1,345,942		570,806	516,431
Kenya	21,862,598		39,821,793		126,532,126	204,101,895
Rwanda	2,142,581		0		452,529	3,260,617
RSS	0		0		144,002	
Tanzania	25,354,432		46,485,434		0	46,156,240
Uganda	22,621,627		82,176,102		31,547,308	0
Total	71,981,239		169,829,270		159,232,074	254,035,183

Monetary Union

During the review period,

- i. The East African Monetary Institute Bill 2018 was discussed and passed by EALA. Five Partner States apart from the Republic of Burundi, have already assented to it. The Council shall consider the bill once it is fully assented to.
- ii. The East African Statistics Bureau Bill, 2018 was discussed and passed by EALA. It is to be shared with Partner States for their in-country stakeholder consultations before consideration by Heads of State for assent.
- iii. A Medium-Term Convergence Program (MTCP) and Public Finance Management (PFM) Action Plan was developed as part of the fiscal policy surveillance to guide the attainment of the Macroeconomic Convergence targets by 2021, which is a prerequisite for the establishment of the EAMU.
- iv. The Policy for the Establishment of the East African Financial Services Commission was developed and adopted by the 38th Council in May 2019 while the draft Bills for the establishment of the East African Financial Services Commission and the East African Surveillance, Compliance and Enforcement Commission are under discussions at the technical level and before the Sectoral Council for Legal and Judicial Affairs, respectively.
- v. Harmonization of various statistics such as government finance, national accounts, financial and monetary and debt statistics is on-going.

- vi. EAC Financial Education Strategy (2019-2022) developed and adopted by the 38th Council in May 2019 with an indicative implementation budget amounting to USD 8,275,000.
- vii. EAC Insurance Certification Program Implementation Strategy (2019-2024) was developed and approved by the 38th Council in May with an indicative implementation budget amounting to USD 7,000,000.
- viii. Towards tax harmonization in the EAC, the EAC Domestic Tax Harmonization Policy was adopted by the 38th Council of Ministers in May 2019 for implementation by the EAC Partner States;

Political Federation

- i. During the period, experts drafting the Constitution for the EAC Political Confederation held four regional meetings in Arusha, Dar es Salaam, Entebbe and Mombasa. The team of experts has developed tools (TORs, budget and roadmap and comprehensive work plan) for Stakeholder consultations scheduled to begin in the 2019/2020 financial year. The Programme will be launched by the Chairperson of the Summit, H.E. Paul Kagame in Kigali Rwanda in the month of August 2019
- ii. In order to harmonize practice and mechanisms in refugee management, a Draft EAC Refugee Management Policy was developed and validated with support from the UNHCR
- iii. A Draft Regional Framework on Transboundary Security with an Active Role of Border Communities was developed to address transboundary security issues. The Draft awaits consideration and adoption by the Joint Sectoral Councils on Cooperation in Defence Affairs, Interstate Security and Foreign Policy Coordination.
- iv. With the support of EU, the Ministry coordinated an advanced training on Criminal Investigations for DCI Officers in line with provisions of Result Area 2 of the ESA-IO Maritime Security Strategy;
- v. A Mediation training and simulation exercise was conducted for government Senior Officials to equip them with advanced understanding and skills required for the design and conduct of mediation interventions;
- vi. A draft EAC Peace and Security Mechanism was developed. The draft awaits adoption by the Joint Sectoral Councils on Defence Affairs, Interstate Security and Foreign Policy Coordination
- vii. The Ministry convened a forum for Peace and Security sector stakeholders to evaluate the sector's engagement in EAC integration which was held in April 2019
- viii. A draft EAC Mutual Defence Pact and Draft Mechanisms for the Operationalization of the Pact was developed during the review period. The 38th Extra Ordinary Meeting of the Council held on 30th January on Arusha stayed adoption of the draft EAC Mutual Defence Pact pending finalization of internal processes in the United Republic of Tanzania and the Republic of Kenya. This process is ongoing.

- ix. The Ministry coordinated the ratification and depositing of instruments of ratification on the Protocol on Immunities and Privileges

EAC Cross cutting issues

- i. During the review period, Kenya successfully lobbied for USD 881 Million from the EAC for the construction of the LVBC Headquarters. The State Department for Urban Development is reviewing the plan of the Headquarters. The ground breaking is scheduled for September 2019;
- ii. The Ministry developed its Strategic Plan 2018-2022;
- iii. The State Department undertook various sensitization and awareness creation forums on customs union, common market, monetary union and political federation with a view to informing the stakeholders of the available opportunities. The sensitization workshops were on Regional Integration policy, business community (Small and Micro enterprises, Border communities, Youth /women/ disadvantaged groups). The State Department, in partnership with the Law Society of Kenya (LSK), successfully conducted sensitization workshops for lawyers in the Counties of Nairobi, Mombasa (twice), Kisumu, Kilifi, Uasin Gishu, Nakuru and Meru;
- iv. To increase visibility of the Ministry, implementation of the Media Plan continued. The plan entails outreach to the print and electronic media to enhance the coverage and positive reporting on EAC. The media houses reached included KBC, Citizen, Nation Media Group, Muga FM, Voice of America.
- v. To disseminate the benefits and opportunities that the integration avails, a social media campaign for University students on the EAC integration was implemented. The Campaign dubbed “#Ushirikiano Digital” was conducted through Twitter, Youtube, Wordpress, Facebook and Instagram. Results achieved included a total reach of 10 million people 86% of whom were in the age bracket of 18-24, vertical and horizontal knowledge sharing, formation of sustainable networks of engagement among the students as well as student participation in community service under the principle of giving back to the Community.
- vi. A roadmap for the launch of EAC Projects and Programmes at the Presidency level was developed. The aim is to raise awareness among the citizens on the projects that EAC implements at Partner State level.
- vii. The Ministry coordinated the Cabinet Approval for establishment of the National Kiswahili Council.
- viii. The Department launched EAC Clubs in fifty-five (55) secondary schools in eleven (11) counties to enhance the interest of the youth in school on EAC integration, promote continuous dialogue, encourage advocacy on regional integration initiatives and engagement in peer sensitization.
- ix. The Ministry coordinated all the relevant stakeholders in concluding the national position on the proposal to expand the mandate and change the name of Lake Victoria fisheries organization.

3.2.2 STATE DEPARTMENT FOR REGIONAL AND NORTHERN CORRIDOR DEVELOPMENT

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

3.2.2.1 NORTHERN CORRIDOR INTEGRATED PROJECTS

- i. The National land valuation index bill 2018 to control prices of land along the Northern Corridor was developed and submitted to parliament for debate and policy guidance;
- ii. A verification exercise was undertaken on the status of East African Tourism Visa (EATV) Stickers Sales at national, Regional and International level which recommended that Partner States need to publicize the EATV at all border entries and enhance record keeping and data management. The implementation of the EATV has led to an increase in the number of tourist visiting Kenya and has generated over 2.9million US Dollars for Kenya;
- iii. Kenya registered a Kenya Commodity Exchange (KOMEX) and is ready for trading upon receipt of license form CMA.
- iv. The implementation of the Single Custom Territory for all imports continued where over 60 percent of exports are handled. The implementation of the Single Custom Territory has greatly contributed in decongesting the port of Mombasa and fast-tracking cargo clearance at Nairobi Inland Container Depot. It has also attracted more use of the SGR thereby reducing the cost of doing business along the Northern Corridor;
- v. The process of identifying Partner States laws that hinder free movement of goods and services among the Partner States is on-going;
- vi. Implementation of the One Network Area for telecommunications continued. The implementation of the One Network Area in telecoms has enhanced regional connectivity and made the region more competitive by reducing the international calls termination rate among the Member States;
- vii. Labour mobility and immigration procedures between the Member States are being implemented as per the Summit directives. Use of the National ID card as travel documents has enhanced the movement of persons across the region and made the region more attractive for business; and
- viii. Signing of several MOUs and agreements in the Peace and Security Cluster to facilitate coordination of security in the region.

3.2.2.2 REGIONAL DEVELOPMENT PROJECTS

The State Department of Regional Development:

- i. Continued with the RDAs reform process in order to align the RDAs with the constitution and strengthen governances;
- ii. Contributed to the big four agenda through establishment of the integrated irrigation projects, value addition factories and manufacturing plants;

- iii. Contributed to the achievement of the 10% tree cover by participating in tree planting in fulfillment of the presidential directive as well;
- iv. Oversighted the RDAs by undertaking monitoring and evaluation the RDAs projects and Programmes;
- v. Developed a draft miscellaneous amendment Bill for the RDAs Act; and
- vi. Participated in the tree planting campaign and planted over 17,350 tree seedlings with the RDAs.

Achievements by the specific regional authorities are summarized below.

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

During the review period ENSDA achieved the following:

- Completed Phase I and commenced operations of the Ewaso Ng'iro Tannery and Leather Factory. This included construction and installation of machinery, water supply and solar power back up system, construction of office block and access road, and community capacity building;
- Implemented the Integrated Bamboo commercialization & value addition project by raising 200,000 bamboo seedlings in Narok, Nakuru and Nyandarua, and establishing 100 acres bamboo plantation through Community capacity building in Nakuru, Nyandarua and Narok;
- Established two million fruit/tree seedlings across the region and conserved and restored 10 km² of wetland areas in Mau forest;
- Constructed Kimuka Olosho-oibor pipeline supplying over 1,000,000 M3 of water annually under the Oloyiangalani Dam Development programme
- Raised 10M tea seedlings for tea expansion programme under the Integrated Tea Development and value addition. This reduced conflict along the Transmara - Kisii border by creating employment and income generation;
- Rehabilitated, Drilled and equipped 40 boreholes under the Drought Mitigation Programmes. The project is 75% complete
- : Conducted full feasibility study and design of the Agro processing (Tomato) & Value Addition plant and acquired land for factory

The challenges that ENSDA faced include:

1. Delay in releases of funds and financial constraints which affected implementation of some projects;
2. Delay in constitution of the Board; and
3. Prolonged drought in the region.

Kerio Valley Development Authority (KVDA)

During the review period KVDA achieved the following:

- i. Finalized preliminary activities for Arror multi-purpose project and awaiting actual implementation;
- ii. Finalized preliminary activities for Kimwarer multi-purpose project and is awaiting actual implementation;
- iii. Under the Wei Wei Phase 3 Integrated Project the irrigation infrastructure was developed on 325 Ha, topographic survey, design and preparation of bill of quantities for Korellach done, Korellach catchment conserved, nine (9) kilometers of road was rehabilitated, 33km of access road constructed and murramed, seven (7) houses renovated, construction of Guest house, training center and Laboratory are being finalized, project vehicles were purchased and delivered to the project for use, 3yr capacity building and supply component contract was signed and contractor will start working in 2019/20;
- v. Under the Napuu Irrigation project, crops were planted on fifty acres of land as follows: thirty acres sorghum, five acres maize, ten acres green grams, and five acres cowpeas;
- vi. Under the Mango value chain Integrated Project, the mango processing plant was supplied, installed and tested. The plant will be commissioned in September 2019 during the mango season. Mango production is on-going, and a total of 172,000 mango seedlings have been raised and capacity building on-going

Tana and Athi Rivers Development Authority (TARDA)

During the review period TARDA:

- i. Finalized feasibility study and design of lower Murang'a Integrated Irrigation Project
- ii. Rehabilitated water delivery system and repaired floods protection dykes under the Tana Delta Irrigation Project (TDIP)
- iii. Completed (8) small holders irrigation projects in Nyeri and Laikipia Counties and awarded contract for five (5), under the Nyeri/Laikipia/Murang'a Smallholder irrigation projects

Coast Development Authority (CDA)

The Authority:

- i. Constructed storage facility, constructed a utility building, purchased staff bus, and purchased 5000 farmers fruits for value addition under the Integrated Fruit and Honey Processing plant automation and operationalization; and
- ii. Completed 2km conveyance water pipeline Installation, **constructed** 54 ha field irrigation infrastructure, undertook a study on soil testing and river bank protection, completed and equipped 1 pump house installation under the Boji Farmers Irrigation development Project

Lake Basin Development Authority (LBDA)

During the review period LBDA upscaled the LBDC Rice Mill leading to the purchase and processing of 345 tonnes of paddy rice, and produced 94,023 fingerlings under the Regional Demonstration and Technology Development Centres.

Ewaso Ng'iro North Development Authority (ENNDA)

The ENNDA achieved the following:

- i. Surveyed and beacons the land for the Gums and Resins Integrated Development Programme, constructed perimeter fence, drilled and equipped borehole, developed water pans, undertook public sensitization, and equipped the factory;
- i. Drilled two (2) boreholes and equipped them with solar power system;
- ii. Protected water springs and developed water intakes and piping of water for domestic, irrigation conservation and livestock;
- iii. Completed consultancy on feasibility study and design of large storage reservoirs;
- iv. Purchased and planted 114,000 tree seedlings; and established one nursery.

4.0 CHALLENGES FACING THE MINISTRY

4.1 State Department for EAC

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

4.2 State Department for Regional and Northern Corridor Development

- i. Frequent movement of the Directorate on government reorganization;
- ii. Slow pace of reviewing the Regional Development Authorities policy and bills;
- iii. Inadequate staffing;
- iv. Align the regional Development Authorities towards implementation of programmes/projects under the 'Big Four' initiatives;
- v. Regional geopolitics has adversely affected the implementation of the Petroleum Oil Pipelines and other NCIP infrastructure projects;
- vi. The construction of the SGR continues to present challenges of land acquisition and funding in Kenya while in Uganda the project financing is a major bottleneck;
- vii. The East African Tourism Visa (EATV) stickers' sales continue to experience the challenge of accountability due to poor record keeping at points of sale and uncoordinated

purchases of stickers by Partner States. This makes it difficult to reconcile the sales and revenue sharing among the Partner States;

- viii. Delay in enacting of the proposed amendment of land laws in Kenya to fast track land acquisition for NCIP;
- ix. Delayed submission of geo-spatial data by Ministries in charge of infrastructure projects leading to inefficient coordination of implementation of the NCIP by the lands cluster;
- x. Incompatible Partner States National Laws that hinders the finalization of several agreements and MOUs in the Peace and Security Cluster.
- xi. The NCIP office faces challenge of inadequate funding for project monitoring and evaluation; and
- xii. Lack of a policy framework to guide the funding and operationalization of the NCIP Regional Centres of Excellence.

APPENDICES

Appendix I

**State Department of EAC
 Recurrent Expenditure**

Economic Item and Title	FY 2018/19 (Kshs)		Absorption rate as at 30th June 2019 (%)
	Approved Estimates (Kshs)	Total Expenditure (Kshs)	
2100000 Compensation to Employees	272,634,814	272,743,584	100.0%
2210101 Electricity	3,600,000	3,591,715	99.8%
2210200 Communication, Supplies and Services	15,321,648	15,320,841	100.0%
2210300 Domestic Travel	87,077,909	87,005,920	100.0%
2210400 Foreign Travel	120,186,822	120,187,983	99.9%
2210500 Printing and Advertising	21,522,521	21,494,483	98.8%
2210600 Rentals of produced assets	86,366,115	85,361,575	99.9%
2210700 Training Expenses	11,672,460	11,661,980	99.9%
2210800 Hospitality Supplies	35,725,785	35,725,855	100.0%
2211000 Specialized Materials and Supplies	1,835,854	1,832,288	99.8%
22111000 Office and General Supplies	14,013,198	13,984,213	99.8%
2211200 Fuel Oil and Lubricants	11,741,992	11,733,735	99.9%
2211300 Other Operating Expenses	174,295,761	174,294,082	100.0%
2220100 Routine Maintenance - Vehicles	10,052,721	10,052,721	100.0%
2220200 Routine Maintenance - Other Assets	4,561,419	4,555,449	99.9%
3110300 Refurbishment of Buildings	7,000,000	6,992,689	99.9%
3110700 Purchase of Vehicles and other Transport Equipment	14,000,000	13,986,955	99.9%
3111000 Purchase of Office furniture and General Equipment	4,310,732	4,283,279	99.4%
TOTALS	895,919,751	894,809,347	99.9%

**State Department of EAC
 Development Expenditure**

Economic item and Title	Approved Budget FY 2018/19 (Kshs)	Cumulative Expenditure	Remarks. (% Absorption)
2210400 Foreign Travel	82,000	72,748	88.7%
2210500 Printing and Advertising	9,225,000	0	0.0%
2210600 Rental of produced assets	410,000	0	0.0%
2211300 Other Operating Expenses	738,000	2,247,006	304.5%
3111400 Research, Feasibility Studies	5,795,000	284,064	4.9%
TOTAL	16,250,000	2,603,818	16.0%

Appendix II

**State Department for Regional and Northern Corridor
Development
Recurrent Expenditure**

Economic Item and Title	Approved Estimates (Ksh).	Total Expenditures (Ksh).	Absorption rate as at 30th June 2019
2100000 Compensation to Employees	12,460,763	7,813,916.75	62.7%
2210200 Communication, Supplies and Services	2,458,927	2,389,427	97.2%
2210300 Domestic Travel	30,798,557	28,566,401	92.8%
2210400 Foreign Travel	16,219,125	15,545,773	95.8%
2210500 Printing and Advertising	1,507,082	1,223,470	81.2%
2210700 Training Expenses	3,138,997	2,558,426	81.5%
2210800 Hospitality Supplies	30,514,798	30,542,097	100.1%
2211000 Specialized Materials and Supplies	650,796	597,400	91.8%
22111000 Office and General Supplies	8,794,332	8,759,475	99.6%
2211200 Fuel Oil and Lubricants	2,888,772	2,886,900	99.9%
2211300 Other Operating Expenses	444,073	0	0.0%
2220100 Routine Maintenance - Vehicles	2,625,023	2,588,289	98.6%
2220200 Routine Maintenance	3,375,353	3,339,167	98.9%
2630100 Current Grants to Govt Agencies and Other Levels of Government	2,087,839,342	1,654,548,341	79.2%
2630200 Capital Grants to Govt Agencies and Other Levels of Government	37,500,000	0	0.0%
3110700 Purchase of Vehicles	52,550,000	52,475,730	99.9%
3111000 Purchase of Office furniture	31,098,659	31,062,317	99.9%
3111100 Purchase of ICT Networking and Communication	10,500,000	9411498.1	89.6%
TOTALS	2,065,526,284	1,854,308,627	89.8%

**State Department for Regional and Northern Corridor
Development
Development Expenditure**

Economic item and Title	Approved Budget FY 2018/19 (Kshs)	Cumulative Expenditure	Absorption Rate %
2600000 Grants & Transfer to other Govt Agencies	10,381,950,628	6,902,945,236	66.5%
2210500 Printing and Advertising	645,992,863	645,992,863	100.0%
A-in- A	-7,145,500,628	-3666495236	51.3%
TOTAL	3,882,442,863	3,882,442,863	100.0%

