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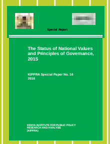
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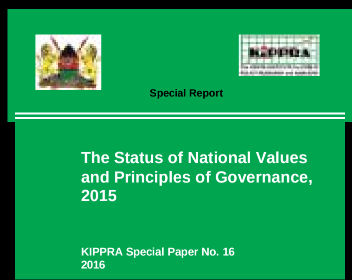
Policy Monitor

Supporting Sustainable Development through Research and Capacity B

ISSUE 9 NO. 1 JULY-SEPTEMBER 2

Ban on Plastic Bags
Finally Takes Effect in Kenya

Nicodemus Murimi


Special Report

The Status of National Values and Principles of Governance, 2015

KIPPRA Special Paper No. 16
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KENYA INSTITUTE FOR PUBLIC POLICY
RESEARCH AND ANALYSIS
(KIPPRA)


Editorial
oil value chain.
He said for the upstream,
Post-merger Synergy Drive

Recent Kenya Economic Perform

and Growth Prospects

Recent economic performance

By Benson Kiriga

The first half of 2017 has recorded an average economic growth rate of 4.9% compared to 5.8% in corresponding period in 2016. This is despite the second quarter recording a higher GDP growth rate of 5.0% compared to 4.7% in the previous quarter. All the economic sectors posted positive growth rates in the quarter, though at slightly lower rates compared to the first quarter save for agriculture sector which grew by 1.4% compared to a negative 1.1% in te first quarter. However, the key sectors that have continued to contribute significantly to the realized growth were accommodation and restaurants (13.4%), information and communication (9.2%), real estate (9.7%), transport and storage (8.2%) and construction (7.5%).

The second quarter also experienced sharp increases in food prices due to adverse weather conditions. Inflation averaged 10.8% compared to 8.8% in the first quarter, with the month of April registering a highest level of 11.5%. Although the long rains were insufficient, this together with timely government interventions eased pressure on food prices, resulting to an average inflation of 7.5% in the third quarter.

The cumulative revenue collection including appropriation in aid increased to Ksh 1,400.6 billion by end June 2017 from Ksh 1,291.1 billion at end of June 2016. However, it remained slightly below a revised target of Ksh 1,455.4 billion mainly due to shortfalls in appropriation-in-aid collection and income tax. In addition, total expenditure and net lending increased to Ksh 2,110.0 billion by end June 2017 as compared to Ksh 1,768.5 billion end June 2016. However, this was below the target of Ksh2,326.3 billion, which was attributed to low absorption levels in wages and salaries, operations and maintenance and appropriation in aid expenditures. As a result, by end June 2017, the fiscal balance on a commitment basis and excluding grants was a deficit of Ksh 709.4 billion (9.2% GDP). Total gross domestic debt stock increased by 16.4% while total external debt stock increased by 27.8%.

The current account deficit widened slightly in the second quarter of 2017 at Ksh 134.8 billion from the previous quarter at Ksh 123.4 billion. This was mainly due to a 15.5% incre in imports valued on f.o.b (main food and petroleum products) as compared to a paltry increase in exports by 2.7% (mainly due decline in value of domestic exports of medicinal and pharmaceutical products, cement and iron and steel). The merchandise trade deficit widened by 24.2% to Ksh 260.8 billion. However, receipts from international trade in services expanded by 20.1% to Ksh 128.1 billion mainly due to increased travel receipts which grew by 38.0% to Ksh 23.5 billion. Trade in service inflows posted a surplus of Ksh 38.9 billion in the same quarter. Diaspora remittances also increase by 5.1% to Ksh47.6 billion in the second quarter as compared Ksh 45.3 billion in the first quarter of 2016. Comparing the surplus in the services account and the deficit in the merchandise trade balance, the net effect only led to the current account deficit expanding by 18.1%.

Economic growth prospects for Kenya

	2014	2015	2016	2017	2018	2019
GDP Growth	5.4	5.7	5.8	5.6	5.9	6.1
Inflation	6.9	6.6	6.3	9.5	6.8	5.5
Private Consumption	6.5	2.5	7.2	7.1	6.4	6.2
Government Consumption	1.7	13.0	7.0	5.6	6.3	5.8
Private Investments	2.5	6.1	-11.5	0.7	2.9	3.5
Government Investments	50.3	2.0	-9.1	3.8	5.7	5.2
Exports Goods & Services	5.8	6.2	0.6	2.8	3.5	4.8
Imports Goods & Services	10.4	1.2	-4.7	3.8	4.9	4.5
Current Account Balance	-9.8	-6.8	-5.1	-5.4	-5.9	-5.2
Fiscal deficit	-5.4	-6.0	-5.4	-6.8	-6.4	-5.8
Public Expenditure	26.6	26.1	25.2	26.4	25.7	25.3
Interest Rate	8.9	10.8	8.5	8.6	8.8	8.8
Kshs per Dollar	87.9	98.2	101.5	103.4	103.4	103.4

Source: KTMM

The prolonged electioneering period, in addition to the persistent demonstrations, is expected to have repercussions on economic activity in the second half of 2017. It is expected to take a toll on total investments as investors continue holding on investment decisions until actual settlement of the political environment. Moreover, the drought spell is expected to adversely impact on agriculture sector which is the mainstay of Kenya's economy. In addition are the external risks that include the low economic growth of the trading partners; low exports performance due to low value addition; and the increasing imports bill. The poor performance in the private sector credit is also adversely affecting investments thereby reducing the expected economic growth for the year.

Given these downside risks, the projected growth for 2017 is revised down to 5.6 per cent with the private investment also revised down to 0.7 per cent as shown in the table above. This projections are more optimistic compared to the IMF October 2017 economic outlook on Kenya of 5.0 percent, which is attributed to, in addition, low diversification and low commodity prices. Economic growth is expected to get back t over 6.0 per cent in 2019. Privat investments may take time to recover while government investments particularly the infrastructural projects are expected to continue growing supporting growth in economi activity.

The Establishment o Kenya Institute for Public Policy Resear and Analysis

By Felix Murithi

As KIPPRA celebrates two decades of its existence this year, we reflect on its foundation. It is clear that the need to expand analytical capacity to support the policy making process within the government had been appreciated as far back as early 1970s. This was documented by a taskforce on strategies and practical measures for combating the problem of unemployment in Kenya which was appointed by the then President His Excellency Hon. Daniel Toroitich arap Moi on 30th March 1982. In its report, the taskforce observed that:

"We have been struck by the little amount of time available to the policy makers to think in the future and to consult each other, not so much on the day-to-0day issues, but on the long-term and broad issues facing the nation. We are aware that there are such portfolios as development coordination within the Office of the President, and in the Ministry of Economic Planning and Development, but we feel that there is an urgent need for and we therefore recommend setting up of a National Economic Council (NEC) which would advise Government on a regular continuous basis, on many of the economic issues that a normal Civil Service structure may be ill equipped to handle. This Council should be composed of a small number of reputable economists and or long experienced administrators with a high powered secretariat and should form the "Think Tank" for the nation on all economic matters. We are convinced that there are people in the country with the necessary experience of insight to be able to play this role. We must not lose our capacity to dream and to see in the midst of the harsh realities of today, the vast opportunities of tomorrow".

Later, in January 1991, a Presidential Committee on Employment proposed the creation of an institute of policy research within the civil service. The institute was to be autonomous but have a close working relationship with the government and private sector organizations. The anticipated institute was expected to promote continuous economic and social research. At the time, it was also observed that some of the elements of such an institute already existed in the form of the Long Range Planning Division in the Ministry of Planning. Since the Canadian International Development Agency (CIDA) funded the Long Range Planning Division, CIDA was requested to fund the new institute as a continuation of the Long Range Planning project. Unfortunately, there was a freeze on new CIDA projects in November 1991 and overall re-orientation of CIDA's Kenya programme in 1993.

Early responses to address the nee for evidence-based research and policy analysis included efforts to train economists and other requisit disciplines through the Directorat of Personnel Management (DPM) with the support of bilateral and multilateral donors, and mostly a Masters degree-level. However, the public sector was unable to retain the highly qualified officia and Kenya continued to rely on technical assistance funded throug development partners.

The importance of rigorous policy analysis to inform and provide alternative views to polic makers came into increased focu following progressive openness and competitive politics in the early 1990s. New demands for policy opinions were emerging from diverse groups in the Keny community, including members of parliament, civil society, professional organizations, and interest groups, and more so durin the period from 1991 when Keny was implementing the Structural Adjustment Programme.

Although there were many agencie that were involved in socio-economic and political research i Kenya, few had a direct link with th government and could not respond to immediate policy needs. Further there were many consulting firm with limited scope and operation that served a highly fragmented market. The national research institutes and universities were also engaged in highly academic work without specific focus on policy research, while there was a conglomeration of various types of non-governmental organizations (NGOs) generating information without the necessary analytical rigor. The foregoing factors lent credence to the establishment of a government think tank.

A number of personalities took up the idea of establishing a government think tank and embarked on the bureaucratic processes of creating such a body. Information on their specific contribution is scanty, but around mid-1997, Dr Kang'ethe Gitu, the then Director of Planning in the Ministry of Planning and National Development, spearheaded the preparation of proposal for the establishment of a public policy research institute, which was presented to the Cabinet by the then Head of Civil Service, Dr. Richard Leakey. Mr. Geoffrey West, an Economic Adviser with the European Commission STABEX project for Kenya was assisting the Ministry of Planning and National Development in the establishment of KIPPRA. Dr. Nehemiah Ng'eno, then (representing the Permanent Secretary, Office of the President) was a contact person in the Office of the President.

After several months of consultations and high level deliberations, the Kenya Institute for Public Policy Research and Analysis (KIPPRA) was established as a public institute through Legal Notice No. 56 of the Kenya Gazette of 9 May 1997. On 13th February 1998, the non-official Board members were named in a Gazette Notice No. 582. They included Prof. Gichaga (then Vice Chancellor of the University of Nairobi), Prof. Justin Irina (former Vice Chancellor of Moi University and then secretary Commission for Higher Education), Mr Kassim Owango (then Executive/Vice President, East and Southern Africa Business Organization, also linked with the Kenya National Chamber of Commerce and Industry), Mr Dick Evans (then Chief Executive, Homegrown Ltd, a flower exporting company.

The first Board meeting was held on 18th March 1998 at the Conference Room on the 14th Floor of the Treasury Building and was officially inaugurated by the late Prof. George Saitoti, the then Minister for Planning and National Development. In his remarks, the Minister noted that there had been many delays in starting KIPPRA but it was important for the Board to make due haste in taking substantive decisions necessary to make the Institute operational. He expected the Board to ensure that KIPPRA recruited staff with skills needed to undertake high quality analysis on social and economic issues and to recommend appropriate strategies. He noted that the Government was establishing KIPPRA because it meets a national need. During the meeting Prof. Gichaga was nominated to chair and was formally appointed as Chairman of the Board on 22nd May 1998.

To secure the autonomy of the institute, KIPPRA was exempted from the provisions of the State Corporations Act through Legal Notice No. 114 published in the Kenya Gazette of 21st August 1998. However, immediately the Board KIPPRA started operations, one of the permanent agenda items was to draft the KIPPRA legislation, so that the establishment of the Institute would be anchored in an Act of Parliament.

The process of recruiting the Executive Director began in earnest in July 1998. However, it was no until June 1999 that Prof. Mwang S. Kimenyi was appointed the fi Executive Director of KIPPRA. To kick start the technical operation Macroeconomic Division was established as the first research programme. This was later followed by establishment of Productive Sector Division, Social Sector Division, and Infrastructur and Economic Services Division. I preparations of the first Strategi Plan 2003-2008, the board and management identified "the need to provide young scholars with a opportunity to work on real polic issues with more experienced researchers and policy makers an prepare them for careers in publ policy research and analysis". This saw the first cohort of Youn Professional programme recruited in 2003, establishing KIPPRA capacity building programme.

Initial funding for KIPPRA came from the European Commission. Later on, the African Capacity Building Foundation (ACBF) came o board, through a counter-funding arrangement with the Government of Kenya. The Government of Kenya in its 2001/2002 Estimates o Development allocated under Vot Item 188 of the Ministry of Finance and Planning Ksh 30 million for the operations of KIPPRA. In additio Vote 189 of the same report allocated Ksh 10 million for the KIPPRA Endowment Fund. In the subsequent year, 2002/2003, Vote 188 was allocated Ksh 14.3 milli while Vote 189 was allocated Ksh 3 million.

Since then the institute has witnessed tremendous growth in terms of capacity, scope and impacts. The KIPPRA Act was enacted in 2006, thus giving leg effect in pursuit of its mandate.

Ban on Plastic Bags Finally Takes Effe

By John Nyangena, Augustus Muluvi and Ann Gi

When the Government of Kenya issued a Legal Notice in 28th February 2017 banning the use of plastic bags, many Kenyans received it with much cynicism because it was the third time in a decade that the government was attempting to eliminate what is perceived as the country's worst litter problem with many adverse effects. The Legal Notice took effect on 28th August 2017 and offenders face a jail term of four years, or a fine of Ksh 4 million.

Previous attempts to ban plastic bags were selective, targeting to regulate light weight carrier bags with thickness of less than 30 microns, which made monitoring of compliance near impossible. The current ban covers all plastic carrier bags commonly referred to as single-use bags which are used as secondary packages. However, materials used for industrial primary packaging as well as disposal bags for handling of biomedical and hazardous waste and garbage bin liners are exempted. This exemption is given on condition that the materials are used at the point of production and are not sold at the counter or given for free. They should also be labelled, including the identity of the end-user to improve their traceability. Those exempted are required to obtain a clearance from the National Environment Management Authority (NEMA) to enable them continue with their operations. To mop up unused stocks, collection points

were designated at leading supermarkets, although no incentives have been provided to encourage their delivery.

Kenya's ban hinges on the 2010 Constitution that guarantees every citizen the right to a clean and healthy environment. It also buttresses the country's commitment to a green economy as envisaged in the Green Economy Strategy and Implementation Plan 2016-2030. An important driver of green growth is sustainable production and consumption behaviours which minimizes the impacts on the environment as envisaged in the Sustainable Development Goal No. 12.

Disposal of plastic bags has been the biggest problem in Kenya. According to UNEP, close to 100 million plastic bags are given out every year in Kenya by supermarkets, most of which end up in garbage bins. It is a well-known fact that plastic bags are non-biodegradable and can last more than 100 years in the soil, fertility. They are easily blown away by w on trees and plant branches. Other plastics in ditches along roads and obstruct Plastics deposited on public water ways ocean and pose a risk to marine biodiver not only are they a threat to the marine life but are also a visual eye s

Manufacturers under the umbrella body Association of Manufacturers (KAM) lobbied against the regulations arguing that with more manufacturing industries employing over 6 the ban would result in loss of j these industries have to close shop. In a a major exporter of plastic materials i in Ksh 10 billion worth of plastics w In order to save the manufacturers proposed a plastic levy instead of t

Kenya has joined more than 40 other countri world that have banned or regulated bags using environmental taxes. In Africa, Rwanda and Morocco have already banned Botswana and South Africa have imposed e taxes to regulate their use. In t plastic bags were banned while a levy heavy weight bags to make them costly and r consumption.

Rwanda outlawed the manufacture, use, importation and sale of the bags in 2007, making to do so in Africa. Retailers and law face stiff fines including a risk enforcement measures include undertaking search of manufacturers, imports including individu the entry points. Although this move resulted of the quantity of plastic bags used, have been reported.

Morocco's ban came into effect in July 2 country's efforts to go green by reducing impacts caused by improper disposa in Rwanda, the ban prohibits the sale and distribution of plastic bags. The f 2009 failed because authorities did not production.

In 2007, Botswana introduced a plastic l a price increase of 31% to curb t with less than 24 microns. After 18 m plastic bag fell by half compared to p In response, shoppers increased the v carrier bag. A levy introduced in S a temporary drop as consumption

Cont. P11

Strategies for Promoting National Valu… Principles of Governance in Kenya

By Eldah Onsomu, Boaz Munga and Nancy …

Kenya's Vision 2030 acknowledges that national values are important for overall development. The Vision states that "Kenya shall formulate and adopt a core set of national values..." and these set values were later espoused in the Constitution promulgated in 2010. Article 10(2) of the Constitution of Kenya provides the national values and principles of governance as follows: a) Patriotism, national unity, sharing and devolution of power, the rule of law, democracy and participation of the people; (b) human dignity, equity, social justice, inclusiveness, equality, human rights, nondiscrimination and protection of the marginalized; (c) good governance, integrity, transparency and accountability; and (d) sustainable development.

Consequently, Sessional Paper No. 8 of 2013 on National Values and Principles of Governance (INUKA) not only espoused but also operationalized, and institutionalized the country's NV&PG. The vision of INUKA is to have "a value driven, peaceful, united and prosperous nation." The broad policy pillars that guide the operationalization of NV&PG espoused by INUKA are: (i) the creation of a strong national identity; (ii) effective representation and leadership; (iii) equitable allocation of resources and opportunities; (iv) good governance; and (v) promotion of sustainable development. Each of the pillars from (i) to (iv) maps into the respective NV&PG (a) through (d) as espoused in the Constitution.

Despite the relatively robust frameworks for entrenching national values and principles of governance, the country is currently facing myriad challenges which have undermined the status of our NV&PG. These challenges/opportunities are examined in correspondence to each of the policy pillars identified in INUKA.

Evidence indicates that Kenyans have a strong attachment to the nation as expressed by their high levels of "pride to be Kenyan". However, this strong national identity is weak among individuals who perceive that there are high levels of inequality in the distribution of public goods. In the same vein, evidence indicates that the equitable allocation of resources and opportunities is still a key challenge. The relatively low level of … corroborated by unequal access to goods such as electricity and improved w… Kenya's counties. Even so, these challenges are likely to be mitigated by devolution a… implementation of ongoing initiatives … equalization fund.

As regards (b) effective representation a… good progress has been made in many … key challenge is the relative under-… of women particularly in political leadership. As an example, fewer than 20% of membership of the National Assembly in the 11th Parliament were women despite the two-thirds gender…

Good governance is about managing public resources effectively, efficiently and in response to critical needs of communities. Indicators of good governance include: accountability, … of violence, rule of law and contro… Public institutions have put in place various … and statutes to improve good governance in Kenya. These include: the Mwong… addresses matters of effectiveness … review of organizational structures; adoption of e-procurement; the asset declaration; and execut… performance contracts and appraisals. There are immense opportunities to enhance … by increasing Ministries, Departments a… (MDAs) presence in the e-citizen … that only 15% had presence in the e… in 2016).

Additional challenges affecting the entren… of NV&PG that are amenable to p… of awareness – where 41.0% … not aware of NV&PG; low levels of compliance; and weak enforcement of NV&PG. … to compliance, evidence indicates that … of staff in all public and private…

CONT. PAGE 10

> *Kenyans have a strong attachment to the nation as expressed by their high levels of "pride to be Kenyan*

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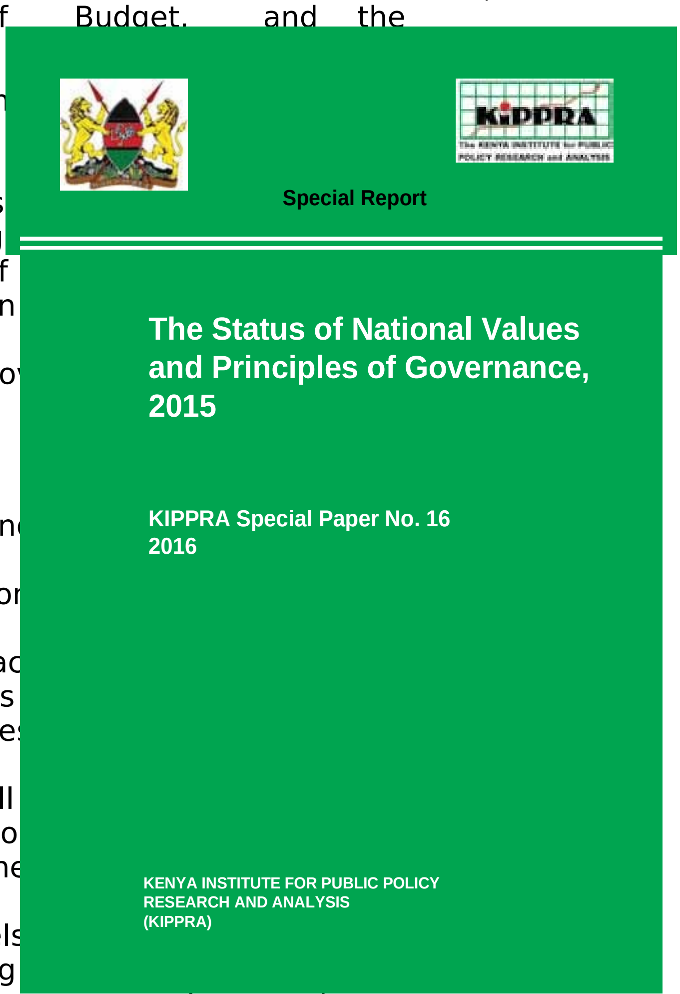
been sensitized and trained on NV&PG on a regular basis by 2015. This is despite the commitment to "continuous learning in order to advance knowledge and proper application of the NV&PG" as envisaged by Sessional Paper No. 8. The enforcement challenges affecting existing institutions include weak institutions, corruption and inadequate citizen participation in decision making. These enforcement frameworks include institutions such as Parliament, the Executive, National Police Service, Independent Police Oversight Authority, Ethics and Anti-Corruption Commission, Efficiency Monitoring Unit, Auditor General, Controller of Budget, and the Ombudsman.

Lessons from other countries reveal th
inequality, or perceptions of inequal
approach to enhancing patriotism and national
unity and hence NV&PG and s
can be realized partly by ongoing
equalization fund and consideration of
systems of governance such as in
Finland where all societal groups
have guaranteed representation in go

In addition, creating awareness is important in promoting NV&PG. Effective interventions would call for initiatives encompassing early formation
of values in the families an
apply specific nation building policies
effective quota system of educatio
a school curriculum that taught
Tanzania. A key success fa
the process was championed by its
addition, the governments can de
comprehensive and targeted civic education
programmes on NV&PG across all
laws and policies including the Co
for institutions and processes for the
education and facilitation of citizen
If well implemented, these channels
increase effectiveness in creating
Government policies and strategies in general, and NV&PG in particular.

The government should ensure compliance through stronger commitment to integrity, ethical values and the rule of law among all citizens at all levels. To further entrench compliance, training and

merit-based recognition of attainments should be adopted. Compliance and enforcement with NV&PG should also be integrated. Commendation awards, introduction of rewards and sanctions for those who violate t related frameworks curbing corruption, by strengthening p management. There is need to ensure adequate funding for training, enforcement, monitoring of NV&PG and evaluation of effectiveness of interventions and continuous monitoring and evaluation of programmes that promo values at all levels, including i



> **"The government should ensure compliance through stronger commitment to integrity, ethical values and the rule of law among all citizens at levels."**

CONT. FROM PAGE 8

Similarly, a plastic tax introduced in Bangladesh in 2002 has not succeeded as evidenced by littered streets.

In Ireland, a levy introduced in 2002 on single-use plastic bags has led to a reduction of nearly 95%. The European Union (EU) in April 2015 introduced a directive aimed at reducing the consumption of lightweight plastic carrier bags. The directive has been in effect since November 2016. The EU Member states are at liberty to identify the economic instruments to curb consumption. It is reported that a number of EU countries no longer use plastic carrier bags at their supermarkets while countries such as France and Italy have banned plastic bags altogether.

It is still too early to evaluate the effectiveness of the ban in Kenya. However, based on lessons from other countries the following is worth highlighting:

- The ban is the first step in managing plastic waste disposal. To be effective, NEMA needs to stringently monitor its compliance. In the same vein, efforts should be put in place to create public awareness so as to avoid illicit trade of banned materials.
- Manufacturers should be encouraged to produce alternative biodegradable bags using abundance of natural resources such as cotton, sisal, wool, bamboo and hyacinth which present good environmental friendly alternatives. This will include leveraging on the "Presidential or other award system for novel innovations" provided in the Science, Technology and Innovation Act no.28 of 2013. Manufacturers could, for instance, receive a monetary award for novel innovations that offer an alternative to plastics, which should not be limited to carrier bags but other plastic containers. The incentives should target enhancing the capacity of the youth to produce for the local market which is partially being met by imports.
- Considering the lifespan of plastic bags, there are large stocks already in the soils, water bodies, or littering in the open environment. NEMA should design a programme in collaboration with County governments to help mop up these plastics.

In summary the plastic bag ban should form part of the wider waste management policy in Kenya.

Parliamentary Content on the Two-Third Ger Rule in Kenya

By Chantal Chweya

The Constitution of Kenya (2010) champions action that provides for equality and freedom from discrimination. This is anchored in Artic take legislative and other measures to implemen not more than two-thirds of the members of bodies shall be of the same gender." Further general principles of the electoral system "Not more than two thirds of the members of bodies shall be of the same gender." Kenya is international and regional agreements including the Universal Declaration of Human Rights, Beijing Declaration ar Action, African Union Protocol to the African Charter Peoples Rights on the Rights of Women in and Solemn Declaration on Gender Equality has to uphold championed principles such a gender representation in Parliament.

This notwithstanding, the representation of w remains low. In the 10th Parliament 16 women wer the 210 members while six were nominated o seats. The 11th Parliament which implemented the 2010 saw 16 women elected in the National Assembly out of 290 members and five women were nominated ou seats. In addition, there were 47 elected w and 18 women nominated in Senate. T 25% of women representation in Parliamen Rwanda, more than 40% in Senegal, Seychelle over 35% in Mozambique, Angola, Tanzania ar

Although there was a steady increase in representation in the 12th Parliament after the August 20 election, there was no compliance with the tw principle. With only 23 elected MPs, six n women representatives, there was a shortfall gender parity. Only three women were elected in together with 18 nominated women had a the gender parity rule. At the county le elected out of 1,450 members of the co three women governors. Meanwhile, after the 2 elections in Rwanda, women comprise the lower house and 10 out of 26 members was higher than the minimum 30% quota for w in the 2003 Constitution.

Implementation of the two thirds gender rule is undermined by absence of a legislation to operationalize Article 81(b) of the Constitution. After promulgation of the 2010 Constitution of Kenya, there was a proposal for Constitutional Amendment 2011 so that extra women representative seats are created in case the principle is not complied with through electoral process. However, this was to have significant budgetary costs. The Attorney General sought an advisory opinion from the Supreme Court of Kenya through a reference dated 8th October 2012 which held that gender equity as an affirmative action right for women is progressive in nature. As such, Parliament was required to provide for mechanisms to implement the two-third-gender principle by August 2015.

The two-thirds gender rule Constitution of Kenya (Amendment) Bill 2015 was introduced and published on 24th July 2015 seeking to establish a clause to provide for nomination, from party lists, of the number of members necessary to ensure that the membership of the National Assembly and the Senate meet the gender requirement. To guarantee that this affirmative action is not permanent, the Bill limited the application of this mechanism to 20 years with a possibility of extension for a further 10 years if the minimum gender quota is not achieved. It also limited to two terms the period that one may be nominated under this mechanism. The bill required that nominations by political parties be based on fair and competitive procedures.

The second reading was held on 28th April 2016. Although the Speaker tried to ensure there was at least a minimum number of members to pass the bill, the National Assembly still failed to pass it. The bill was submitted for a vote again on 5th May 2016 but the total number of members present was less than the required minimum to pass the amendment. The President in demonstrating his commitment to compliance with the gender rule asked the majority leader to rally support on passing the bill but by the expiry of the 11th Parliament, the gender bill had not been passed. Parliamentarians argued that the cost of implementing the two third gender rule would cost tax payers a lot of money. Lobby groups, following the 2017 general election, filed a suit against Parliament, to which the High Court gave Parliament 60 days to enact the legislation.

Even if the 12th Parliament was to pass the Gender Bill in Kenya within the specified time by the High Court, the gender Parliament may only apply in the next general election. In this regard, there is adequate time to strategize on how to improve the number of elected women. It is women build a strong movement including engaging in cross-party platforms to unite women across party lines by rallying ther a common agenda. Women also need to register as members of political parties and bec members. That said, they also need to identify male allies to help in lobbying the implementation of quota provisions. Further, gender responsive civic and voter educ should share information with women and the community on the need for women in leadership positions, as well capacity of women to engagement in the political

While the establishment of the National Gender and Equality Commission (NGEC), a cons commission mandated to pror gender equality is a step in the right direction, political good will is required to ensure there is compliance to the gender principle at all levels of including MDAs. Kenya can draw some lessons from Rwanda's experience. Rwanda has managed to implement the gender by having gender sen an innovative electoral struc participation of partner insti For example, the National Council (NWC) which is a women participation in national development and governance engages women from the age of 18 years and provides them with civic education on the imp of political participation. Further, NWC trains women on cam building self-esteem and conf and promoting gender equality. government has also establishe Gender Monitoring Office man to monitor, advice and advo gender equality in all institutions in the country. Moreover, there is a strong political will by the government to promote asp gender equality.

Policy News

Domestic Policy News

Legislative developments

In the first quarter of 2017/18, the President signed eight bills into law on 21st July 2017. The President's Award Act 2017 establishes the President's Award Board of Trustees to regulate the conferring of awards. It also provides for awards to young persons who undertake voluntary activities which encourage self-development, growth and service to the community.

The Companies Amendment Act 2017 seeks to amend the Companies Act 2015 to conform to other laws, global trends and best practices. This is expected to enhance ease of doing business, protect minority investors and clarify ambiguities in the Act.

The Traffic (Amendment) Act 2017 amends the Traffic Act by providing for road safety near schools and promote child safety in motor vehicles. The amendment introduces 50KM/h speed limit near schools. Offenders are liable to fines of Ksh 20,000. In addition, vehicles transporting children should meet the prescribed standard.

The Kenya National Examinations Council (Amendment) Act 2017 amends the Kenya National Examinations Council Act to ensure integrity in examination and education system. The Act creates an offence against an officer of the Council whose omission or commission leads to examination irregularity. The offence will attract a penalty of 5 years in jail or a fine of Ksh 5 million or both.

The Parliamentary Powers and Privileges Act gives effect to Article 117 of the Constitution that provides that there shall be freedom of speech and debate in Parliament. The Act provides for powers, privileges and immunities of Parliament, committees, leader of majority, leader of minority, chairs and members committees.

The Occupational Therapists (Training, Registration and Licensing) Act makes provision for training, registration and lincensing of occupational therapists. The piece of legislation also regulates their practices and establishes the Occupational Therapists Council of Kenya. In addition, the Act prescribes qualifications of registered therapists and establishes a disciplinary committee.

Kenya Trade Remedies Act 2017 provides for the establishment of Kenya Trade Remedies Agency for the investigation and imposition of anti-dumping, countervailing and safeguard measures. The Act will also enable the government to take necessary measures to protect domestic industries from foreign competition and unfair trade practices arising from dumping, subsidizing and import surges.

The International Financial Centre Act 2017 provides a legal framework to facilitate and support the development of a globally competitive financial services sector. This will ensure national savings and investments. The Act establishes a Nairobi International Financial Centre Authority in line with Vision 2030's financial inclusion policy prescription.

On 6th July 2017, the President assented into Act the Revenue Allocation Bill for the financial year 2017/2018. County governments will get a total allocation of Ksh 341 billion, an increase from previous year's allocation of Ksh 302.2 billion. This includes Ksh 302 billion of equitable share of national government revenue and Ksh 23 billion in conditional grants from the national government and Ksh 16.4 billion in conditional allocations from loans and grants from development partners.

Other Domestic News

Social sector challenges

The health sector has been encumbered by nurses' strike since 5th June 2017 affecting nearly all counties. Broad issues of the strike revolve around the failure to implement the nurse's Collective Bargaining Agreement (CBA) and delayed salaries, unpaid internship and discrepancies in remuneration. A key path to end the impasse is to ensure well-structured negotiations among the parties including the health workers, the Ministry of Health and the Council of Governors. Part of a promising solution is to establish a coordinating agency of professionals within the indu... envisaged in the Kenya Healt...

According to the World Economic Forum (WEF) Human Capital Report 2017, Kenya ranks 78 out of 130 cou... The report looked at four key human capital development, namely: capacity, deployment, developmen... and know-how. Kenya was relatively ... the Know-How sub-index, defin... "breadth and depth of the skill used at work" and the sub-index, defined as the "formal education of the next generation workforce and continued up-sk... re-skilling of the current work...

Financial stability and development

To enhance cyber security in the financial sector, commercial banks are expected to begin implementing by 30th November 2017 the new cyber security guidelines that were ... by Central Bank of Kenya (CBK) in August 2017. The guidelines are to mitigate the growing attacks banks face given the incre... exposure on digital banking. This will also increase resilience to IT failures and cyber security incidents, including organised fraud.

The CBK and Kenya Bankers Association (KBA) have launched a Cost ... website which provides information on fees and charges relating to loan products provided by comm... and micro finance institutions (http://www.costofcredit.co.ke/).

The Capital Markets Authority has approved a Policy Guid... to facilitate the issuance/listing of Depositary Receipts and Note... A depositary receipt (GDR) or global depositary note (GDN) is a certificate issued, listed and trad... a securities exchange and represents securities issues in another coun... The objective of GDR/GDN is ... domestically and internationally.

The mVisa, a mobile solution that facilitates e-commerce and electronic

Policy News

payment through a QR-based payment service, is available as of 2017 in India, Kenya and Rwanda. Interswitch East Africa, a transaction switching and electronic payments processing company, announced that they will upgrade the digital banking applications to include mVisa and allow more merchants accept the payment mode.

Drought effects

Projections show that about 3.4 million Kenyans are likely to face starvation as the production of the country main staple food plummets. Drought and infestation of fall army worm has affected maize production in grain basket counties. In response, the government has programmed Ksh 6 billion to buy maize from farmers during the harvest season for the strategic food reserve to improve food security. The programme also aims to boost the country food security and sustain affordable price for maize flour.

Data from the Sugar Directorate indicates that sugar production in the first six months of 2017 dropped by 40% from 337,826 to 202,023 tonnes. The low production was attributed to prevailing cane shortage in most sugar growing areas occasioned by drought. The country has imported enough sugar stocks to run for the next five months ensuring stable prices for the rest of the year.

Drought in ASAL counties has seen pastoralists in Isiolo County divide their rangelands into grazing blocks as a strategy to mitigate the effects of drought. The blocks cater for grazing during the rainy season, moderately dry spell, and extremely dry period by controlling the movement of pastoralists and management of water and pasture. Although the communities have been practicing this system over generations, it has been eroded by the adoption of modern public administration structures. The system is overseen by a council of elders 'Dedha' who are responsible for enforcing rules and regulations with regard to livestock mobility. In Kajiado County, farmers are being encouraged to insure their livestock against drought.

Infrastructure development

Kenya requires about Ksh 1 trillion a year to create a 21st century transportation, water, and communications as well as electricity infrastructure system. This is according to G20's Global Infrastructure Outlook Report that calls on policy makers to help "close the investment gap".

The Government of Kenya through the Kenya Civil Aviation Authority (KCAA) has recently allowed 20 African and European airlines to start direct flights to the country. This is in line with the planned launch of an African single air transport market in January 2018 in which more than 40 countries are expected to be signatories. The single air transport market aims to boost African nations' tourism, economic growth and economic development. Similarly, Kenya Airways is eyeing New York City as its first destination when it starts direct flights to the US next year before expanding networks across the world's biggest economy. This follows the airline's receipt of a foreign air carrier permit on 5th September from the United States Department of Transportation (DOT).

In the energy sector, Kenya commissioned an electricity transmission line in August 2017 to access cheap power produced at the Olkaria geothermal fields in Naivasha for the Coast region. This will see reduced reliance on thermal power plants which is expected to cut the fuel cost charge component in the electricity bill. In addition, the Energy (Solar Water Heating) Regulations 2012 are set to come into effect by end of October 2017. The regulations compel all buildings using over 100 litres of hot water to install solar water heating system. This applies to both public and private, and is expected to increase demand for solar products thus promote renewable energy sources while reducing usage of power from the national grid.

Business Environment

Kenya has ratified a double taxation agreement with India to attract more investment while providing for sharing of fiscal information between the nations to eliminate tax cheats in the two countries thus enhancing tax compliance. The Agreement was ratified by the National Treasury through Legal Notice No. 147 of 2017. The agreement aims at the avoidance of double taxation of commercial entities that trading in both Nairobi and New Delhi.

There are new anti-counterfeiting measures reported, including: a Device Management System to be deployed by Communication Authority (CA) to curb counterfeits and phone models that have not been type approved to work in Ke Export Verification of Conformity to Standards programme by Kenya Bureau of Standards in partnership with the Kenya Pharmacy an Board to inspect all im devices, food supplements, medical cosmetics and herbal products and issuing a Certificate of Conformity to combat substandard and/or counterfei imported products that do not meet local standards and technical regulations. To address piracy, the Kenya Copyright Board plans to illegal production and sell of movies without proper authentica Authentic products are supposed to have the Board's tamper with a hologram and a bar code failure of which attracts a penalty.

Trade

Establishment of national commodities exchange by June 2018 in Kenya is expected to protect cross-border traders from exploitatio by middlemen promote efficiency in domestic and regional trade, attract more investors and create jobs. The commodity exchange will involve the use of regional warehouses with modern facilities where farmers and traders can take their products to minimize on storage wastage. The structure is meant to operate in the larger East African region, with Rw already running a commodity exc Kenya and Uganda are laying legal and infrastructural structures for the successful operation of th exchange.

Online shopping commerce in Kenya has picked up with the entry of a number of platforms including Jumia, OLX, Pigiame, Kilimall, among others. Increased penetration of internet in Kenya which stands at 85% as in the Communications Au 2016 annual report reduced th smartphones from an approxima 25,000 to Ksh 10,000 and the price of data favours Jumia online shopping. Online trading is seen as a way to revitalize Kenya's that has seen increase of in supermarket and closure of giant supermarket branches.

Policy News

Global Policy News

East Africa Community

Tanzania is set to launch the world's largest drone delivery network to deliver blood and medicines to women giving birth and children struck by malaria. Besides cutting on time taken to deliver supplies, is estimated the drones will cut the drug delivery bill for Tanzania's capital, Dodoma, two regions where the project will first roll out, to US$ 58,000 a year.

The EAC states envisage upgrading their 30,000 kilometre road network to bitumen standards in the coming 33 years. At an average rate of per year, the region's entire road network will be covered by 2050 as for in the EAC Vision 2050. In the energy sector, the EAC is mo getting energy solutions for the regional block as part of the inte factors. Electricity trade among East African states will soon begin as Ethiopia and Kenya race to finish the stringing of cross-border high-voltage transmission lines. The Kenya and Ethiopia power line is expected to reduce cost of pow US$ 0.07 (Ksh 7.25) per Kilowatt hour from September 2018, the Kenya section of the line is valued at approximately Ksh 40.3 billion.

After the completion of one stop border at Busia, Malaba, Mutukula, and Mirama, TradeMark has announced the investment of US$ 20 million onto construct one stop border between Uganda and the Democratic Republic Congo (DRC) at Goli (Nebbi District, North western Uganda) and Mahagi bord on the DRC side. The construction of the one stop border post (OSBP) means that clearance of goods will be done once and all institutions involved in clearance have access to the same ICT system. The measures are me reduce the cost of doing business and reduce clearance time.

The Inter-Governmental Authority on Development (IGAD) is keen on revitalizing the South Sudan peace process with determination to add new participants including the National Democratic Movement (NDM), the National Salvation Front (NSF), South Sudan National Movement for Change (SSNMC); and Federal Democratic Party of South Sudan (FDPSS). It has also been dec that the peace talks will now be taking place in rotation in Kenya, Eth South Africa, South Sudan and Sudan. Since the peace process began in 2014, the actors have only been the Government, SPLM-In Opposition and SPLM of Former Detainees.

China and Turkey in Horn of Africa

China cemented its military presence in Africa by se batch of its soldiers to built military base in Djibouti in July 2017. Beijing contends base in Djibouti will boos Asia power house's performance in maritime security, peacekeeping and humanitarian aid in Afric Djibouti base will also be by military cooperation, joint exercises, evacuation and prote of Chinese citizens worki emergency rescue missions and maintaining security of inter strategic seaways. Other countries with military presence in Djibouti include the United States, France, Germany, Italy, and Qatar. In September 2017, Turkey military training base in Somalia. The facility has been described as Ankara's largest overseas military training facility. Turkey is progressively emerging a major security and a ally of Somalia. The increasing interests of emerging powers to the Horn of Africa is likely the geostrategic importance of region. Since China, Turkey and other emerging economies have become important investors and majo partners with regional states, it is imperative to explore innovative military cooperation that could be critical in dealing with secur such as terrorism, piracy, human and drug trafficking, among Similarly, regional states should pursue strategic partnership with the countries establishing military facilities in the region so their capacity in peacekeepi homeland security.

Current KIPPRA Research Proje

Building Resilience to Mitigate the Impacts of Droughts and Floods in Kenya

The study supports the ongoing efforts by the government to end emergencies emanating from droughts and floods, which are key in anchoring the long term economic growth as articulated in Kenya Vision 2030. The study will analyze the assess the socio-economic impacts, policy and institutional structures that govern disaster management and identify any capacity gaps that require government interventions in building resilience to climatic shocks. So far, the Institute has held roundtable discussions with relevant stakeholders on 1st September 2017, and is now preparing for field survey to collect primary data. Upon completion, the Institute will hold a national workshop to disseminate the survey findings with an intention of initiating national dialogue on how the country can strengthen its preparedness and response to emergencies of droughts and floods.

Boosting Investments for Delivery of Kenya Vision 2030

The focus is to provide the impetus on total investments that can deliver the desired 10% growth in the economy. Public and private investments are critical in driving inclusive economic growth and development. Increasing investments across all sectors of the economy will enhance their respective contributions towards overall growth. The analysis is guided by several questions as follows: What is the status of investments in Kenya? What are the opportunities and risks for investments in Kenya? What are the constraints and challenges for investments in Kenya? What are financing options for investments in Kenya? What are the policy implications and recommendations on investments? The findings are aimed at advising on investments to realize the Vision 2030 goal of sustained 10% annually.

Capacity Development for Child Sensitive Planning and Budgeting in Kenya

KIPPRA is participating in the Capacity Development for Child Sensitive Planning and Budgeting initiative in Kenya spearheaded by the National Treasury with support from United Nations Children's Fund (UNICEF). The overall objective of this initiative is to develop the National and County Governments' capacity and capabilities in the area of child sensitive planning, budgeting and related policy making processes. Other partnering institutions include Oxford Policy Management (OPM) and the Kenya School of Government (KSG). Planned activities include National and County level trainings and production of County budget briefs. The project will inform the 2018/19 budget making process through participation in relevant sector budget working groups.

Appraisal of the Performance of the Track and Trace System of Excisable Goods in Kenya

This study is funded partly by the African Capacity Building Foundation (ACBF) with the objective of reviewing the implementation challenges of the Track and Trace System of excisable goods in Kenya. It examines the contribution of the track and trace system towards the control of illicit trade and acknowledges that an independent appraisal of the system is yet to be implemented. The study is expe to be completed by the and the findings will inform policy interventions in Kenya, besides providing learning experiences to other developing countries that intend to roll out similar syste

Economic Inclusion of Young People and Women through Inclusive Entrepreneurship: Case o Kenya

KIPPRA signs an agreement w CAPEC to jointly undertake this IDRC funded project. The overall objective of this project is to analyse the contribution of inclusive entrepreneurship to people and women well-being in Cote d'Ivoire, Burkina Faso and Kenya. Findings from this proje expected to provide usef for governments to implement incentives and support mec to mainstream the practice of inclusive entrepreneurship while maximizing its impact on groups, including women Three (3) Think Tanks including KIPPRA, the Economic Polic Unit of CIRES (CAPEC) of and the Laboratory of Quan Analysis Applied to Development - SAHEL (LAQAD-S) in Burkina Faso are involved in the realiz project. This is a thre which will be managed on the three (3) countries by

KIPPRA News and Events

National Workshop on Capital Flows in Kenya

On 4th September 2017, KIPPRA and AERC partnered in organizing a workshop on "Capital flows in Kenya". Th[...] was to brainstorm on policy issues related to capital flows both domestically and int[...] and to disseminate research fin[...] implored to undertake further [...] flows and fiscal discipline in Ke[...] The workshop concluded with th[...] capital flows is a key area in [...] agenda and that the domestic [...] and de-risking issues need to ta[...] the push factors for capital flows.

AERC Executive Director, Prof. Lemma W. Senbet durin[...] national workshop on capital flows in Kenya

Roundtable Discussion on Building Resilience to Mitigate the Impact of Droughts and Floods in Kenya

Participants during the roundtable on impact of droughts and floods in Kenya

On 1st September 2017, KIPPRA held a stakeholder roundtable discussion on a study aimed at "Building resilience to mitigate the impact of droughts and floods in Kenya". The purpose of the meeting was to engage the planned study. The study supports the ongoing efforts by the government to end emergencies emanating from droughts and floods, which are key in anchoring the long term economic growth as articulated in the Kenya Vision 2030. During the event, three keynote speakers from Kenya Meteorological Department, National Drought Management Authority, National Disaster Operations Center and Ministry of Water shared their experiences in dealing with emergencies of droughts and floods. Among the major policy-related issues highlighted were: lack of a well-coordinated effort and overlapping mandate among institutions dealing with droughts and floods. Other issues are related to human and capital, cultural and technical capacity.

Policy Dialogue on Creating and Sustaining Jobs in Kenya

On 20th July 2017, KIPPRA he[...] stakeholder policy dialogue on "Creating and sustaining [...] in Kenya". The event was a series of policy engageme[...] with stakeholders to discuss economic issues affecting the country. The forum discussed possible policies and str[...] to be put in place to [...] job creation and curb job[...] in the country. The im[...] stak[...] of conducting a study on [...] establishing and sustaining job[...] in Kenya was emphasized.

Kenya Economic Report 2017 launch and KIPPRA @20 celebra

KIPPRA's Benson Kiriga (second left) and Dr Chris Onyango (second right) being interviewed my media during launch of the Kenya Economic Report 2017

On 25th July 2017, KIPPRA hosted a colorful launch of its ninth edition of the "Kenya Economic Report (KER) 2017". The annual report, which is a KIPPRA flagship, is in fulfilment obligation as stipulated in KIPPRA Act 2006. Themed: "Sustaining Kenya's Economic Development by Deepening and Expanding Econ Integration in the Region", discusses in detail the pros enhancing Kenya's economic and development by exploiting integ opportunities in regional integ The launch coincided with KIPPRA celebrations of its 20th anniversary, providing an opportunity for staff to reflect and take stock of the institute's journey thus far.

Launch of the Kenya Economic Report

National Dissemination Workshop: Healt Sector in Kenya

The AERC and KIPPRA partr in organizing a dissemination workshop in Nairobi on 27th July 2017. KIPPRA presented findings its work on assessing health care delivery in Kenya under devolut The workshop brought together stakeholders in the health sector a this enriched the discussions.

Participants during the national dissemina workshop on health sector in Kenya

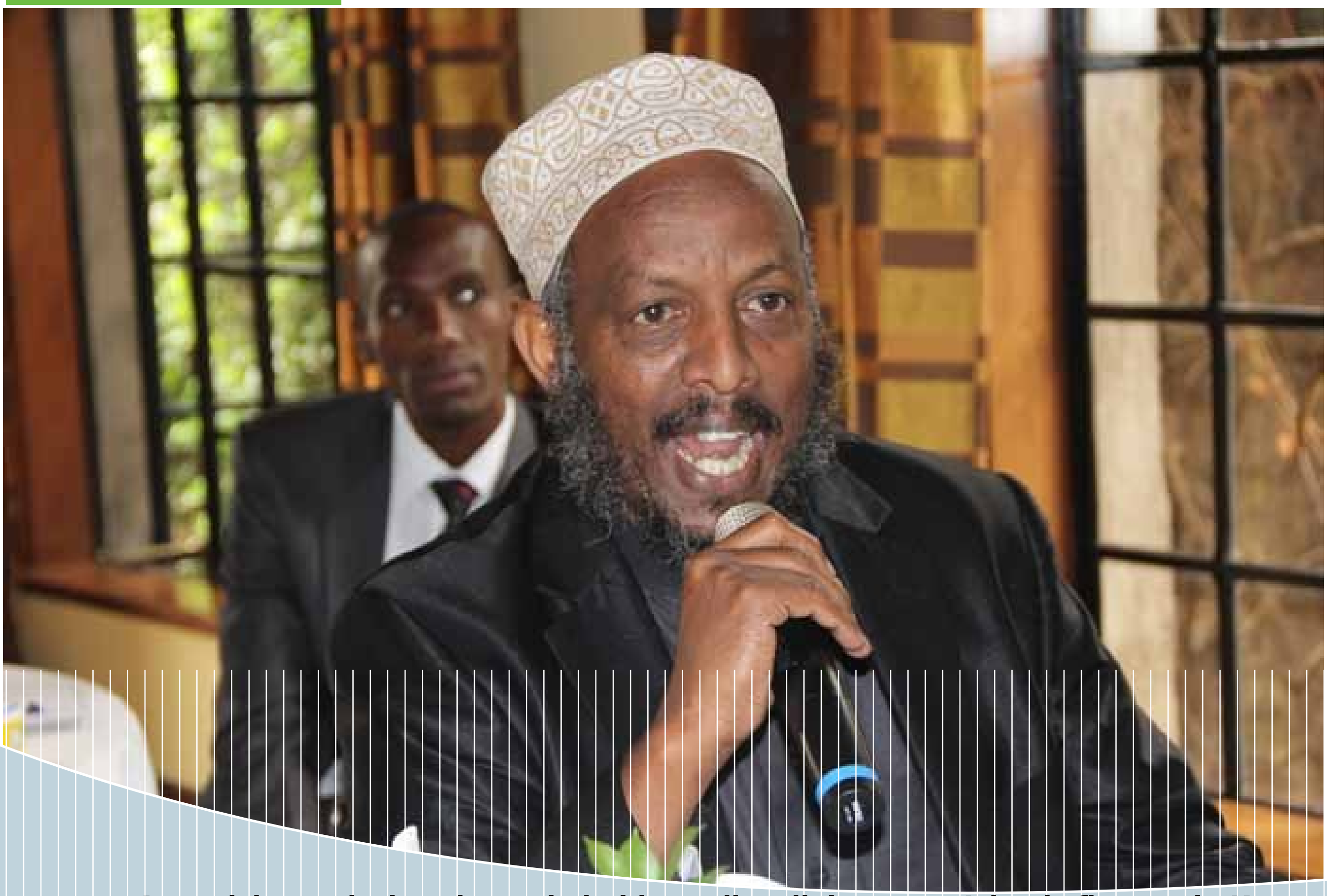
Deepening Isl
Finance in Ke

On 7th September 2017, the Institute organized a stakeholder policy dialogue on "Deepening Islamic finance in Kenya". The aim was to share industry experiences, successes and challenges; identifying policy gaps and challenges; as well as priority agenda for policy reforms thus contributing to and enhancing the reform agenda on Islamic finance in Kenya. The forum highlighted the importance of a supportive, dynamic and comprehensive policy and regulatory framework, an effective interagency multi-disciplinary approach and enhanced public awareness to foster deepening of Islamic finance in the country.

Turkish Cooperation and Coor
Agency (TIKA) students visit

A section of Turkish students who visited KIPPRA

A team of 25 Turkish and Kenyan students underto of KIPPRA on 22nd August, 2017. The visit, which w Cooperation and Coordination Agency (TIKA) Nairobi, aimed at to development challenges within TIKA's priority areas of heal sanitation and agriculture. The team also wanted to know policy and research solutions to these challenges. The mee agreement to continue discussions with the possibility of future.



A participant during the stakeholder policy dialogue on Islamic finance in Kenya

ABOUT KIPPRA

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) is an autonomous institute whose primary mission is to conduct public policy research leading to policy advice. KIPPRA's mission is to produce consistently high-quality analysis of key issues of public policy and to contribute to the achievement of national long-term development objectives by positively influencing the decision making process. These goals are met through effective dissemination of recommendations resulting from analysis and by training policy analysts in the public and private sectors. KIPPRA therefore produces a body of well-researched and documented information on public policy, and in the process assists in formulating long-term strategic perspectives. KIPPRA serves as a centralized source from which the Government and the private sector may obtain information and advice on public policy issues.

KIPPRA acknowledges generous support from the Government of Kenya and the Think Tank Initiative (TTI) of IDRC. The TTI is a collaborative initiative of Hewlett Foundation, International Development Research Centre (IDRC) and other partners.

Other organizations are welcome to contribute to KIPPRA research either as core support, or support to specific projects, by contacting the Executive Director, KIPPRA.

Send to us your comments on the articles published i and any other aspects that may help to make the KIPPR useful to you. This may include policy issues you woul prioritize.

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