KENYA RAILWAYS

STRATEGIC PLAN 2023/2024 - 2027/2028

REPUBLIC OF KENYA

SONGA NASI

KENYA RAILWAYS
right on track

Vision:

To be a provider of world-class rail services

Mission:

To upgrade and develop an integrated rail network that is safe, reliable and sustainable in providing railway services.

Core Values:

Integrity

Customer focus

Teamwork

Safety

Innovation

Sustainability

FOREWORD

I am pleased to present the 2023 – 2027 Kenya Railways Strategic Plan. This Plan spells out the goals we have set out to achieve over the next five years. It identifies objectives and strategies in pursuit of our goals and the envisioned outcomes to be achieved by 2027.

On behalf of the Board of Directors, I humbly welcome you to undertake this transformational journey with us.

In the recent past, the African continent has experienced profound transformations especially in the business and commerce sector. These advancements are occasioned by improvements in the economic, social and political landscapes particularly where urbanization, education, population growth, technology and security are concerned.

In Kenya, these transformations have presented the Country with immense opportunities to accelerate progress towards attainment of the Country's long term development blueprint, Vision 2030. One of the key indicators of the unprecedented change was the sharp rise in cargo throughput at the Port of Mombasa causing congestion at the Port and on the roads; a clear indication that more needed to be done to take advantage of the arising opportunities.

For us in the railway transport sector, this development placed a greater responsibility on the Corporation's leadership resulting in new levels of decision-making and strategic planning.

The challenges of limited financial resources, inadequate capacity to handle the millions of tonnes in volume; and an aging infrastructure, inspired us to implement strategies to transform the railway sector into a key player in the local transport and logistics scene.

Today, Kenya boasts a vibrant rail transport sector that efficiently and reliably performs its role. The achievements from the previous five-year term include; construction and operationalization of the Standard Gauge Railway from Mombasa to Suswa, efficient and reliable transportation of passengers and cargo to Mombasa, Nairobi, Kisumu, Nakuru, Malaba, Nanyuki, Suswa and Naivasha, revamping the Meter Gauge Railway Network, Revitalization of the Kisumu Port and resumption of marine haulage services, establishment of a Kenya Railways Transit Shed (KRTS), which is a cargo deconsolidation centre, and upgrading of learning facilities at the Railway Training Institute.

Even as we celebrate the above milestones achieved to date, we are simultaneously setting off on another long journey of five years that should see us grow and advance in line with the ongoing transformations in the business and commerce scenario; the technological advancements that will shape the outcomes of our plans today; the reforms in the political arena which critically affect our operations and existence; and dynamics of an ever changing social circle which determines how our intended customers will utilize our services.

Over the lifespan of this Strategic Plan, we aim to conclude the construction of the Standard Gauge Railway line from Suswa in Narok County to Malaba; acquire, overhaul and rehabilitate locomotives and rolling stock; efficiently and reliably operate passenger services to all destinations traversed by the railway network; increase the sectors share of the Port Throughput; refurbish and redevelop existing Corporation owned real estate; and develop adequate and competent workforce for the railway transport sector.

During the development of the KR 2023-2027 Strategic Plan, we extensively consulted with internal and external stakeholders; reviewed past performance and created relevant case studies in order to project the desirable future for the railway transport sector. This Plan, if effectively executed, will drive the Corporation and the Sector to high levels of efficiency in mobility.

Successful implementation of this Plan requires total commitment, strong leadership and teamwork on the part of the Board, Management and Staff; and support of stakeholders. I therefore call upon all staff to embrace and support the implementation of this Plan. To our stakeholders and partners, we look forward to constructive dialogue and fruitful engagements.

Finally, I wish to thank the Kenya Railways Board of Directors, Management and Staff for their unwavering support and invaluable inputs during the development of this Strategic Plan.

Thank you.

PREFACE AND ACKNOWLEDGMENT

Upon the concession of rail operations and maintenance to Rift Valley Railways (RVR) in 2006, Kenya Railways embarked on a transformational journey that would culminate in a rail sector that measures the transportation demands of a modern railway sector for Kenya.

The first step in the new direction was to craft a Railways Master Plan that outlined our vision and emphasized our mission to the public. At the heart of the Master Plan was the need to open up Kenya's hinterland through construction of a new railway network and revitalization of the Meter Gauge Railway line; and enhancing cross border trade with neighboring East and Central African countries.

Kenya Railways 2023-2027 Strategic Plan aims to provide a strategic direction for the rail transport sector to upscale the sector's contribution to national growth and economic development.

This plan has six Key Results Areas (KRAs) and seven strategic objectives that will be implemented over the plan period. It captures the activities we expect to carry out in an effort to make Kenya Railways responsive to the needs of our customers and measure up to the expected standards of a dynamic public transport sector.

The key areas of focus for the Corporation in the coming five years include investment in new railway infrastructure including locomotives and rolling stock, revitalization of operations of the existing Meter Gauge Railway line and development of human capacity to support the execution of the Corporation's mandate.

The Plan also proposes resource mobilization initiatives and identifies sources of funds required to remain competitive and sustain day to day operations. To ensure effective implementation, the Plan includes a broad monitoring and evaluation framework that will ensure periodic reviews with the aim of achieving set targets and goals.

Another key investment priority for the next five years will be the progression of the Railway Cities project. The strategic location of the Nairobi Central Railway Station area positions it perfectly to be an iconic nerve centre for the Nairobi Multimodal Transport System with a world class transit oriented railway city incorporating mixed-use commercial developments, hotels and intermodal facilities.

I hereby extend gratitude to the Board of Directors for the astute leadership and inputs during the development stages of this Strategic Plan. I also extend appreciation to stakeholders, management and staff whose invaluable contributions ensured successful completion of the 2023 – 2027 Strategic Plan.

We commit to work as a team to ensure achievement of the objectives and targets outlined herein.

May God light our way in this journey. Thank you as you *Songa Nasi.*

Philip J. Mainga, EBS
MANAGING DIRECTOR.

TABLE OF CONTENTS

Foreword	ii
Preface and Acknowledgment	iv
Table of Contents	v
List of Tables	vii
List of Figures	vii
Definition of Concepts and Terminologies	xviii
Acronyms and Abbreviations	xx
Executive Summary	xxi
CHAPTER ONE: INTRODUCTION	1
1.1 Strategy as an imperative for the Corporation's success	2
1.2 The Context of Strategic Planning	2
1.2.1 United Nations 2030 Agenda for Sustainable Development	2
1.2.2 African Union Agenda 2063	3
1.2.3 East Africa Community Vision 2050	3
1.2.4 Constitution of Kenya	3
1.2.5 Kenya Vision 2030, Bottom-Up Economic Transformation Agenda (BETA) and Fourth Medium Term Plan	3
1.2.6 Sector Policies and Laws	4
1.3 History of Kenya Railways	4
1.3.1. The Meter Gauge Railway (MGR)	5
1.3.2. Standard Gauge Railway (SGR)	5
1.4 Methodology of Developing the Strategic plan	5
CHAPTER TWO: STRATEGIC DIRECTION	7
2.1. Mandate	8
2.2. Vision Statement	8
2.3. Mission Statement	8
2.4. Strategic Goals	8
2.5. Core Values	8
2.6. Quality Policy Statement	9
CHAPTER THREE: SITUATIONAL AND STAKEHOLDER ANALYSES	10
3.1 Situational Analysis	10
3.1.1. External Environment	12
3.1.2. Summary of Opportunities and Threats	

3.1.3. Internal Environment 13
3.1.4. Summary of Strengths and Weaknesses 16
3.1.5. Analysis of Past Performance 17
3.2 Stakeholder Analysis 21
CHAPTER FOUR: STRATEGIC ISSUES, GOALS AND KEY RESULT AREAS 22
4.1 Strategic Issues 22
4.2 Strategic goals 22
4.3 Key Result Areas 22
CHAPTER FIVE: STRATEGIC OBJECTIVES AND STRATEGIES 24
5.1 Strategic Objectives 25
5.2 Strategic Choices 29
CHAPTER SIX: IMPLEMENTATION AND COORDINATION FRAMEWORK 30
6.1. Implementation Plan 30
6.1.1 Action Plan 30
6.1.2 Annual Workplan and Budget 45
6.1.3 Performance Contracting 45
6.2. Coordination Framework 45
6.2.1 Institutional Framework 45
6.2.2 Staff Establishment, Skills Set and Competence Development 45
6.2.3 Leadership 47
6.2.4 Systems and Procedures 47
6.3. Risk Management Framework 47
CHAPTER SEVEN: RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES 49
7.1 Financial Requirements 49
7.2 Resource Mobilization Strategies 50
7.3 Resource Management 50
CHAPTER EIGHT: MONITORING, EVALUATION AND REPORTING FRAMEWORK 51
8.1 Monitoring Framework 51
8.2 Performance Standards 51
8.3 Evaluation Framework 52
8.3.1. Mid-Term Evaluation 53
8.3.2. End-Term Evaluation 53
8.4 Reporting Framework and Feedback Mechanism 53
Annex1: Implementation matrix 30

LIST OF TABLES

Table 1: Kenya Railways branch lines 5
Table 2: Core Values 8
Table 3: PESTEL Analysis 9
Table 3. 1: Summary of Opportunities and Threats 12
Table 3.2: Resource and Capabilities 15
Table 3. 3: Summary of Strengths and Weaknesses 16
Table 3. 4: Financial Performance 18
Table 3. 5: Challenges and Proposed Solutions 20
Table 3. 6: Stakeholder Analysis 21
Table 4. 1: Strategic Issues, Goals and KRAs 23
Table 5. 1: Outcomes Annual projections 28
Table 5. 2: Strategic Objectives and Strategies 29
Table 6. 1: Staff Establishment 45
Table 6. 2: Skills Set and Competence Development 46
Table 6. 3: Risk Matrix 47
Table 6. 4: Overall Risk level 48
Table 7. 1: Financial Requirements for Implementing the Strategic Plan 49
Table 7. 2: Resource Gaps 49
Table 8. 1: Outcome Performance Matrix 52
Table 8. 2: Quarterly Progress Reporting Template 54
Table 8. 3: Annual Progress Reporting Template 54
Table 8. 4: Evaluation Reporting Template 54

LIST OF FIGURES AND MAPS

Figure 1: Methodology of developing the Strategic Plan 6
Figure 3. 1: Performance in Freight Haulage 18
Figure 3. 2: Performance in Passenger movement 19
Annex 2: KR Organizational Structure 55
Map 1: Kenya's MGR Network 56
Map 2: Kenya's Nairobi Commuter Rail Network 56
Map 3: SGR Phase I (Mombasa to Nairobi section) 57
Map 4: Sgr Phase II A (Nairobi to Naivasha) 57

BOARD MEMBERS PROFILES

Abdi Bare Duale
Chairman

Abdi is a transformative leader and experienced business executive with demonstrated experience in starting up and running successful enterprises. He has extensive technical knowledge in manufacturing, supply chain management, and managing large-scale budgets and operations, with a proven ability to translate strategies into actionable steps.

Currently the Managing Director of Medina Chemicals Limited, Abdi has a strong record of developing staff and building empowered and diverse teams to achieve change. He previously served as a Board Chairman both at Kenya Electricity Transmission Company and at Kenya Leather Development Council. He also served as a Board Member of Kenya Revenue Authority, and Kenya Bureau of Standards.

Abdi holds an MBA (International Trade) from Edith Cowan University, Australia, and a Bachelor of Business Management from Swinburne University of Technology.

Hon. Onesimus Kipchumba Murkomen, EGH
Cabinet Secretary - Ministry of Roads and Transport

Prior to his appointment to Cabinet, Hon. Onesimus K. Murkomen served as Senator for Elgeyo Marakwet from 2013 and served as the first chair of the Senate Standing Committee on Devolution & Intergovernmental Relations.

Before joining Senate, Hon. Murkomen served as a member of Kenya Anti-Counterfeit Agency Board and the Task Force on Devolved Government. Besides being an astute politician and an academic of great repute, Hon. Kipchumba Murkomen is an Advocate of the High Court of Kenya with a wealth of experience and knowledge.

He holds a Master of Laws from the American University Washington College of Law and from the University of Pretoria in South Africa, and a Bachelor of Law from the University of Nairobi and a Post Graduate degree from the Kenya School of Law. He worked as a lecturer at the University of Nairobi, Moi University, and Catholic University, and has consulted and researched widely on topical issues of global interest among them the Global Organization in Human Rights and Environmental Conservation.

Mr. Mohamed Daghar
Principal Secretary – State Department for Transport

Mr. Mohamed is a holder of BA International Relations from United States International University, Kenya and Masters in Peace, Conflict and Development studies from Universitat Jaume I, Spain. He has a wealth of experience in safety and security matters.

Ms. Nancy Sang
Director

An expert in Public Policy and Administration, Nancy serves as an independent Director of the Kenya Railways Board since May 2023. She has previously served as a member of the County Assembly of Uasin Gishu.

She is passionate about talent management, guidance and counselling, and has a proven ability in driving change for improved performance within organizations.

Nancy holds a Master's degree in Public Policy and Administration, a Bachelor's degree in Human Resource Management, both from Kenyatta University. She also holds a Higher Diploma in Human Resource Management from Kenya Polytechnic University.

Mr. Isaac Omondi Odek
Director

Isaac Odek has over 30 years of experience in management and governance within the public sector. With a proven track record of excellence, he has demonstrated a profound commitment to upholding transparency, accountability, and efficiency in the administration of state corporations.

Throughout his career, Isaac has held various roles, showcasing his expertise in organizational leadership and strategic management. He is currently the Deputy Inspector-General at Inspectorate of State Corporations. Since 2015, he has represented the Inspector General of State Corporations on numerous Boards, contributing his insights and guidance to enhance governance frameworks and operational effectiveness.

He holds a Master of Business Administration (MBA) with a specialization in Finance from Kenyatta University.

Dr. Duncan G. Hunda
Alternate Director

Dr. Duncan Hunda is an Alternate Director to the Principal Secretary, State Department for Transport in the Ministry of Roads and Transport. He has over 25 years of Public Sector experience. He is currently serving as Secretary, Transport Policy, Planning, Finance and Coordination of State Corporations in the State Department of Transport.

He is a Certified Public Accountant and a Member of ICPAK. Dr. Hunda holds a Doctorate Degree (PhD) in Finance from SMC University, Switzerland, a Master of Arts in International Finance from North London University, UK, and a Bachelor's Degree in Economics and Statistics from The University of Nairobi.

Mr. Humphrey Muhu
Alternate Director

Mr. Humphrey Muhu is the Alternate Director to the Cabinet Secretary, National Treasury and Economic Planning. He is an Economist over 20 years' experience in various Government Ministries and Departments. He holds an MA in Economics from the University of Nairobi, a BSc in Mathematics & Statistics, and a B. Phil in Economics from Kenyatta University. He also holds a Diploma in Financial Management from KCA University.

Captain William Rutto
Managing Director,
Kenya Ports Authority
Director

Captain William Rutto is the Managing Director, Kenya Ports Authority. Captain Rutto has over 20 years of service at KPA, with a wealth of experience in Port Operations and Management. He is a trained Mariner by profession and holds a Class 1 Master Mariner from the United Kingdom (UK). He is an Associate Fellow of the Nautical Institute (AF-NI) and a Member of International Harbour Master's Association
(IHMA – UK).

Captain Rutto has undertaken a Port Security course at the University of Maryland (USA), IMO course on Port Management and Operations, at Port du Havre in France as well as several other short courses on port maritime and management. He holds a Master of Business Administration (MBA) Strategic Management option, from Jomo Kenyatta University of Agriculture and Technology (JKUAT).

Mr. Paul Bor
Alternate Director, KPA

Paul Bor is an accomplished professional in the maritime industry where he has worked for over thirty (30) years and garnered invaluable experience through various roles held at different ports.

He has specialised in strategic planning, ethics and leadership, port cargo transport and port environmental conservation, as well as container terminal operations management.

His dedication and passion have propelled him to his current position as Manager in charge of Inland Container Depots and Kisumu Port, under the Kenya Ports Authority.

Paul holds a Bachelor of Arts degree in Economics from Kenyatta University.

Ms. Mercy Chebet Cherongis
Director

A seasoned practicing advocate of the High Court of Kenya, Mercy has over ten (10) years' experience handling matters on all realms of law, with a specific focus on International Law and International Relations. She has worked as an advocate in various law firms dealing with Litigation, Corporate and Commercial Law, Corporate Governance, and Management and Administration.

She previously served as a Director in the Board of Kenya Medical Supplies Agency (KEMSA) and worked in the Parliament of Kenya's Senate Liaison Office.

Mercy has a passion for the promotion of good governance, protection of the rule of law and human rights. She holds a Master's degree in International Law with International Relations, from Kent University in the United Kingdom, a Bachelors' degree in Law from Moi University as well as a diploma in Law from the Kenya School of Law. She is currently pursuing a course in arbitration at the Chartered Institute of Arbitrators

Mr. Lewis Mutuiri Gitonga
Director

Lewis is a versatile, budding architect with over eleven (11) years extensive experience in the field of design, construction and supervision of rehabilitation and new projects.

His exemplary communication and interpersonal skills have endeared him to work well with clients in both the public and private sectors, raising his profile as a results and detail oriented professional.

Lewis holds a Bachelor of Architectural Studies and a Bachelor of Architecture from The University of Nairobi, as well as a Diploma of Project Management from the University of Liverpool, UK. He is currently pursuing a Master of Project Management at the same university and is a certified member of the Board of Registration of Architects and Quantity Surveyors (BORAQS). He is also a member of the Architectural Association of Kenya.

Mr. Peter Gathenya Githinji
Director

Peter Gathenya Githinji is a proficient and seasoned Systems & Network Engineer with a track record of providing effective solutions to complex technical challenges.

With over 18 years' experience spanning various roles and industries, he has honed his skills in network infrastructure design, implementation, and troubleshooting. His expertise encompasses a wide range of areas, including LAN/WAN installation, fibre optic and copper cable termination, as well as configuration of servers, switches and wireless access points. He has successfully designed data security for private and public institutions, employed the use of virtual private networks (VPN), authentication and authorization mechanisms, access control lists (ACLs), and intrusion detection systems (IDS).

Beyond his technical acumen, he has also garnered extensive knowledge in the field of education, having served as a director in a leading private school for over 10 years, leaving behind a mark of discipline and sterling performance among the students.

Peter holds a Bachelor's degree in Business Information Technology from Kenya Methodist University and a Diploma in Computer and Networks Engineering from The Technical University of Mombasa. Additionally, Peter is certified by Cisco, holding credentials as a Cisco Certified Network Associate (CCNA) and a Cisco Certified Network Professional (CCNP), further validating his expertise in the networking domain.

Mr. Alvin Habwe
Director

A civil engineer by profession, Alvin's career spans over twelve (12) years where he has held pivotal roles in various organizations.

Alvin's experience includes overseeing a diverse portfolio of projects encompassing road works, building works, street lighting and water works. His expertise as a consultant further broadens his scope of influence within the civil engineering industry where he continues to provide valuable insights in road design and construction, project costing, budget formulation and structural design.

His leadership and technical acumen have been instrumental in the successful completion of numerous infrastructure projects, contributing to the development and enhancement of communities across Kenya. He has also played a significant role in project planning, execution, and delivery. His meticulous attention to detail and strategic vision have been instrumental in ensuring project success and client satisfaction.

Alvin holds a Bachelor of Science degree in Civil Engineering from the University of Nairobi.

Hon. Phillip Salau Mpaayei
Director

Hon. Phillip Salau Mpaayei is a dynamic leader with extensive experience in both the political and business realms.

Throughout his career, Hon. Mpaayei has demonstrated unwavering commitment to serving his community and advancing its interests. As the Senator representing Kajiado County from 2017 to 2022, he played an impactful role in advocating for the needs of his constituency within the National Government.

In his capacity as Chairperson of the National Cohesion, Equal Opportunity, and Regional Integration Committee, Hon. Mpaayei exhibited exceptional leadership, fostering unity and inclusivity across diverse demographics. His strategic vision and collaborative approach facilitated the implementation of policies aimed at promoting social cohesion and economic prosperity.

Hon. Mpaayei holds a Bachelor's degree in Computer Applications from Shivaji University in India.

Mr. Philip J. Mainga, EBS
Managing Director

Mr. Mainga is the Managing Director, Kenya Railways Corporation, a position he has held since February, 2019. Until his appointment, he was the General Manager Business and Operations at Kenya Railways Corporation. He has over 20 years of experience in a wide range of specialties including Corporate Planning, Project Management and Business Management.

He holds a Masters degree in Project Planning and Management from The University of Nairobi (UoN), a Master of Arts in Economics and a Bachelor of Arts in Economics, both from the University of Mysore.

He is trained in driving Government Performance at Harvard University – Boston, USA. He also undertook a course in Regional Integration in Africa from the World Bank Institute and African Economic Research Consortium (AERC).

He is a professional member of Certified Finance Management for Project Managers, Associate Member MEGADEV Consultants and Associate Member of the Kenya Institute of Management (KIM). Mr. Mainga is an author of Economics and Ethics, First Edition (2010) and Doing Business in Kenya (2006), Hand book (UNDP – Kenya). Some of Mr. Mainga's recent recognitions and awards include The Presidential Award – Elder of the Burning Spear (EBS) and Star Person of the Year Award, 2020.

TOP MANAGEMENT

Mr. Philip J. Mainga, EBS
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Ms. Milly Kiziili-Otieno
Director, RTI

Mrs. Milly Kizili-Otieno is an education administrator with over 20 years of professional experience both in Kenya and the region. Her experience includes classroom teaching, school administration including Public Financial Management, Policy Development and Implementation, Competency Based Curriculum Development and Project Management

She spearheaded enactment of the Technical Vocational Entrepreneur Training (TVET) Act 2013 and other policy interventions while serving in the position of National Chairperson for Research and Innovation under the auspices of The Kenya Association of Technical Training Institutions.

She holds a Master's in Business Management (Strategic Management) from Maastricht Business School, Post Graduate Diploma in Human Resources Management (Maseno University), Post Graduate Diploma in Financial Management (Kenya School of Monetary Studies) and a Bachelor of Education Arts from Kenyatta University. She is also a Certified Facilitator in developing competence based curricular (DACUM) by Ohio State University.

Mr. Stanley Gitari
Ag. General Manager, Legal Services and Corporation Secretary

Mr. Stanley Gitari is an advocate of the High Court and has served in several capacities in the legal department and previously served in the State Law office.

He holds a Bachelor of Law from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law.

He is a member in good standing of the Law Society of Kenya and a member of the Commonwealth Lawyers Association.

Eng. Tobias Otieno
General Manager-Infrastructure Development

Prior to his appointment as General Manager, Eng. Tobias was the Railway Development Manager at Kenya Railways. He previously worked on roads, water supply and sanitation systems, housing and ports in the Private Sector in Kenya, Uganda, Tanzania, Ethiopia and the Middle East. He is a registered Professional Civil Engineer with 24 years' experience in the design, construction, management and maintenance of highways, water supply systems, railways, ports as well as project administration and management.

He holds a Bachelor's Degree in Civil Engineering from the University of Nairobi and is a Certified International Project Manager by the International Academy of Business and Financial Management (IABM). He is also an Advanced Senior Project Manager by the International Institute of Executive Training (iIET). He holds a Diploma Certificate in Railway Construction, Operations and Maintenance from the University of Beijing Jiao Tong University (BJTU) – China (2016). He holds a Diploma Certificate in Transport Planning and Rail Safety from Galilee International Management Institute (GIMI) – Israel (2016).

Ms. Jemimah Matu
Ag. General Manager, Finance

Bachelor of Commerce, Accounting Major.

She is a Certified Public Accountant (CPA) and a member of the Institute of Certified Public Accountants (ICPAK).

With over 20 years of Financial Management experience prior to the current position, Ms. Matu served the Corporation in the management as the Finance Manager and Management Accountant.

Ms. Milly Omido
General Manager, Business & Operations

Ms. Milly Omido is a specialist in planning and executing marketing, commercial, sales and business development strategies with over 15 years' experience in private and public sectors having worked in the Railway, Telecommunications and Pharmaceutical sectors.

Prior to her current role she was the Business Development Manager during which she has provided leadership to various business units including train passenger and freight services as well as real estate management and investment.

Previously, she worked in the telecommunication sector with a biases in customer service and marketing where she was key in setting up the customer service function for a new entrant in the telecommunication sector in the year 2009. She has also worked in the pharmaceutical industry where she was responsible for creating demand and implementing sales strategy.

Milly is currently pursuing a PhD in Strategic Management at Kenyatta University. She holds a Master's degree in Business Management from the University of Nairobi, a Bachelor's degree in Education (Science) from Moi University, a post graduate diploma from the chartered institute of marketing. She is a member of the Chartered Institute of Marketing (CIM- UK) and the Marketing society of Kenya (MSK).

Mr. Remmy Koech
General Manager Internal Audit

Mr. Koech has work experience of 30 years, 22 of which have been in the internal audit function. He has served in senior management positions for the last 15 years, 10 of which has been with Kenya Railways. He holds a Master in Business Administration (MBA) and Bachelor of commerce (Accounting option).

Mr. Koech has undertaken several professional training courses locally and abroad covering areas of risk-based internal auditing and management, report writing and presentation, Enterprise Risk Management, Corporate Governance, Project Management, Management and Leadership development.

He is a Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants (ICPAK) for the last 22 years. He is also a member of ISACA (Kenya)

Mr. Asava Kadima
General Manager –Human Resources & Administration

Prior to his current position, Mr. Kadima served the Corporation as the Human Resource Manager, a position he had also held in various organisations in the private sector for 6 years before joining Kenya Railways in January 2010.

He has Masters in Human Resource Management and B.Ed.– Arts. He is a member of the Chartered Human Resource Practitioners (CHRP-K).

Mr. Job Otiwa
General Manager, Research, Planning and Compliance and ICT

Prior to his appointment, Mr. Otiwa was the Manager, Strategy and Economic Planning at the Corporation, a position he held since 2020.

He has had a successful career in the public sector with over 15 years of experience in Policy Planning and Analysis, Strategy and Performance Management. He previously worked at the Commission on Revenue Allocation (CRA) as Manager - Macroeconomics and Public Finance and also at the Ministry of Devolution and Planning as an Economist.

He holds Masters and Bachelor of Arts in Economics both from the University of Nairobi. He has also attended short courses in Fiscal Decentralization and Local Government Financial Management from Sanford School of Public Policy - Duke University; Macroeconomic Management and Fiscal Policy - Africa Training Institute, Mauritius; Modelling for Development Planners - Institute of Economic Development, Senegal; Strategic Leadership Development Program; Senior Management Course as well as Project Monitoring and Evaluation Course at Kenya School of Government.

Mr. John Kinyua Kanyoti
Ag. General Manager - Supply Chain Management

Mr. John Kinyua Kanyoti is a dynamic professional with extensive experience in procurement, logistics, and supply chain management. With more than thirty years of experience, John's career trajectory displays his progression and expertise in various roles within the public and private sectors.

He possesses a strong understanding of procurement laws and regulations, which he applies to ensure compliance and mitigate risks effectively. His commitment to continuous improvement and capacity building underscores his proactive approach to staying abreast of industry best practices.

John holds a Master of Science in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology, complemented by a Bachelor of Business Administration from Kenya Methodist University. Additionally, he has acquired professional Diplomas and Certifications in Supplies Management.

DEFINITION OF TERMINOLOGIES

Evaluation: An assessment to determine the degree to which a programme/project/activity has successfully met its objectives.

Gross Tonne Kilometers (GTK): This is the total weight of the rolling stock, equipment and load moved per Kilometer.

Indicator: A means for measuring progress/change that results from an intervention. It measures a change in a situation or condition and confirms progress towards achievement of a specific result. It is used to measure a project impact, outcomes, outputs and inputs that are monitored during project implementation to assess progress.

Key Activities: Actions taken or work performed, through which inputs are mobilized to produce outputs.

Key Results Areas: They are broad areas in which you are expected to deliver results.

Locomotive reliability: Average distance covered by a serviceable locomotive before failure. It is denoted by Mean Kilometers Between Failure (MKBF).

Locomotive Availability: This is the total locomotive–hours available during period T divided by total number of locomotives–hours during period T.

Logistic hub: Collection of warehouses for processing of freight for train operations.

Monitoring: A continuous and systematic process of collecting and analyzing information to track the efficiency in achievement of results.

Net Promoter Score: This is the measure for customer loyalty and satisfaction.

Net Tonne Kilometers (NTK): This is the tonnage moved per kilometer, excluding the weight of the rolling stock and equipment.

Target: A result to be achieved within a given time frame.

Outcome: This is the intermediate results generated relative to the objective of the intervention. It describes the actual change in conditions/situation as a result of an intervention output(s) such as changed practices as a result of a programme or project.

Outcome indicator: This is a specific, observable, and measurable characteristic or change that will represent achievement of the outcome. Outcome indicators include quantitative and qualitative measures.

Output: Products, services or immediate results, tangible or intangible resulting directly from the implementation of activities or applying inputs.

Performance Indicator: A measurement that evaluates the success of an organization or of a particular activity (such as projects, programmes, products and other initiatives) in which it engages.

Programme: A grouping of similar projects and/or services performed by a Ministry or National/ County Department to achieve a specific objective; the programmes must be mapped to strategic objectives.

Project: This is a set of coordinated activities implemented to meet specific objectives within defined time, cost and performance parameters.

Rail Market Share of Port Throughput: Proportion of freight evacuated by train from the port.

Rolling Stock: These are powered and unpowered rail vehicles including locomotives, coach and wagons.

Strategies: Broad abstractions which are descriptive of the means for achieving the strategic objects.

Strategic Goals: General qualitative statements on what an organization is hoping to achieve in the long term. Each goal is linked to a strategic issue.

Strategic Issues: These are problems or opportunities emanating from situational analysis that an organization has to manage in order to be able to fulfill its mandate and mission.

Strategic Objectives: These are what the organization commits itself to accomplish in order to achieve strategic goals. They establish performance levels to be achieved on priority issues and measures of success in fulfilling critical mission statement elements.

Top Leadership: Individuals or groups of people who carry the Vision of the organization and are responsible for achieving its mandate.

Track Quality Index: Quantitative measure for track condition.

Transshipment: Transfer of cargo from one vessel/train to another while on transit.

Transit Time: This is the time taken from loading of freight at a point A to offloading at a point B.

Value Chain: A description of the production-to-market linkages, generating value to the customer through efficient processes and procedures. Value chains are about understanding how creation of value is distributed along the chain.

ACRONYMS AND ABBREVIATIONS

BETA	Bottom-Up Economic Transformation Agenda
COP26	Conference of the Parties - 26
CSR	Corporate Social Responsibility
EAC	East African Community
EAR&H	East African Railways and Harbors Corporation
ERP	Enterprise Resource Planning
ESG	Environmental Social and Governance
FMS	Freight Management System
FY	Financial Year
GDP	Gross Domestic Product
GTK	Gross Tonne Kilometer
GoK	Government of Kenya
HR	Human Resource
ICD	Inland Container Depot
ICT	Information and Communication Technology
KNBS	Kenya National Bureau of Statistics
KPA	Kenya Ports Authority
KPC	Kenya Pipeline Company
KPI	Key Performance Indicator
KR	Kenya Railways
KRA	Key Result Area
LaPSSET	Lamu Port- South Sudan- Ethiopia Transport
L/M/H	Low/Medium/High
M&E	Monitoring & Evaluation
MGR	Meter Gauge Railway
MKBF	Mean Kilometers Between Failures
NTK	Net Tonne Kilometer
PESTEL	Political, Economic, Social, Technological, Ecological and Legal
RG	Railways Grade
ROI	Return on Investment
RTI	Railway Training Institute
R&I	Research & Innovation
SDGs	Sustainable Development Goals
SGR	Standard Gauge Railway
SP	Strategic Plan
SWOT	Strengths, Weakness, Opportunity, and Threat
TEU	Twenty-Foot Equivalent Units
TOR	Terms of Reference
TQI	Track Quality Index
TRC	Tanzania Railways Corporation
UN	United Nations
URC	Uganda Railways Corporation

EXECUTIVE SUMMARY

Kenya Railways (KR) is mandated to develop an integrated rail network and provide rail and inland waterways transport services, as espoused in the Kenya Railways Act of 1978 (Cap 397) of the Laws of Kenya. Towards implementing the mandate, the Corporation developed the 2023-2027 Strategic Plan to provide a unified vision and clear roadmap outlining priority areas and actions to achieve long-term success.

This plan presents the context of Kenya Railways' strategic planning process and its linkage with the global, regional, national, and sectoral development agenda, including the United Nations Sustainable Development Goals and the African Union's Agenda 2063. It is also aligned to the Kenya Vision 2030 Fourth Medium Term Plan (MTPIV) and the Bottom-up Economic Transformation Agenda (BETA) as highlighted in Chapter One.

Chapter Two provides the strategic direction covering the Mandate, Vision and Mission Statement, Strategic goals, Core values and the Quality Policy Statement.

An overview of performance from 2017-2022 has been provided in Chapter Three to highlight achievements including extension of the Standard Gauge Railway (SGR) Line to Naivasha, rehabilitation of Meter Gauge Railway (MGR) network and rolling stock, and establishment of Railway Training Institute (RTI) Kisumu Campus.

Consequently, rail share of port throughput at the Port of Mombasa increased exponentially from 4% in 2017 to 26% in 2022, while passengers moved increased from 3.1 Million to 5.8 million in the same period. Further, the chapter brings out challenges, lessons learnt and emerging issues during the implementation period as outlined in the internal and external analysis.

Chapter Four identifies Key Strategic Issues from which the Corporation's strategic model has been formulated. It links the issues with the Strategic Goals and Key Result Areas in fulfillment of the Corporation's mandate.

Chapter Five shows the linkage between KRAs to the seven comprehensive Strategic Objectives that reflect a sustainable, balanced scorecard approach, from which strategic choices have been prioritized. These strategic objectives include:

1. To develop, rehabilitate, and upgrade the rail network and associated infrastructure;
2. To increase NTK from 3.38Billion in 2022 to 5.20Billion and number of passengers from 5.71Million to 8.8Million by 2027;
3. To increase the Freight market share of Port throughput from 26% in 2022 to 42% by 2027;
4. To Increase returns from landed assets from Ksh1.47 billion in 2022 to Kshs. 2.5 billion In 2027;
5. To Move from an operating loss of Kshs 2.4 billion in FY2022/2023 to an operating profit of Kshs. 9.09Billion in 2027/28;
6. To build a competent and performance-driven workforce; and
7. To Institutionalize Environmental, Social, and Governance (ESG) Standards.

An implementation and coordination framework has been developed to execute the Plan to achieve the set objectives as indicated in Chapter Six. The framework includes utilizing tools, including the annual work plan, medium-term budgets, and performance contracting.

Great focus shall be placed on strengthening the coordination and institutional frameworks concerning staffing levels and evaluating the existing organizational structure, policies, systems, and procedures. Implementation of the Plan also incorporates a risk-based approach where possible risks have been forecasted and mitigation measures determined.

The plan also outlines financial resource requirements in Chapter Seven necessary for achieving set targets estimated at Kshs. 948.4 billion in the period.

To attain this, Kshs. 126.3 billion is expected to be raised internally and from the Railway Development Levy Fund (RDLF), while the resource gap will be mainly bridged through the mobilization of funding from the government, development partners, and public-private partnerships. The Corporation also plans to capitalize on Green Energy Financing owed to low carbon emission and high volume haulage advantages.

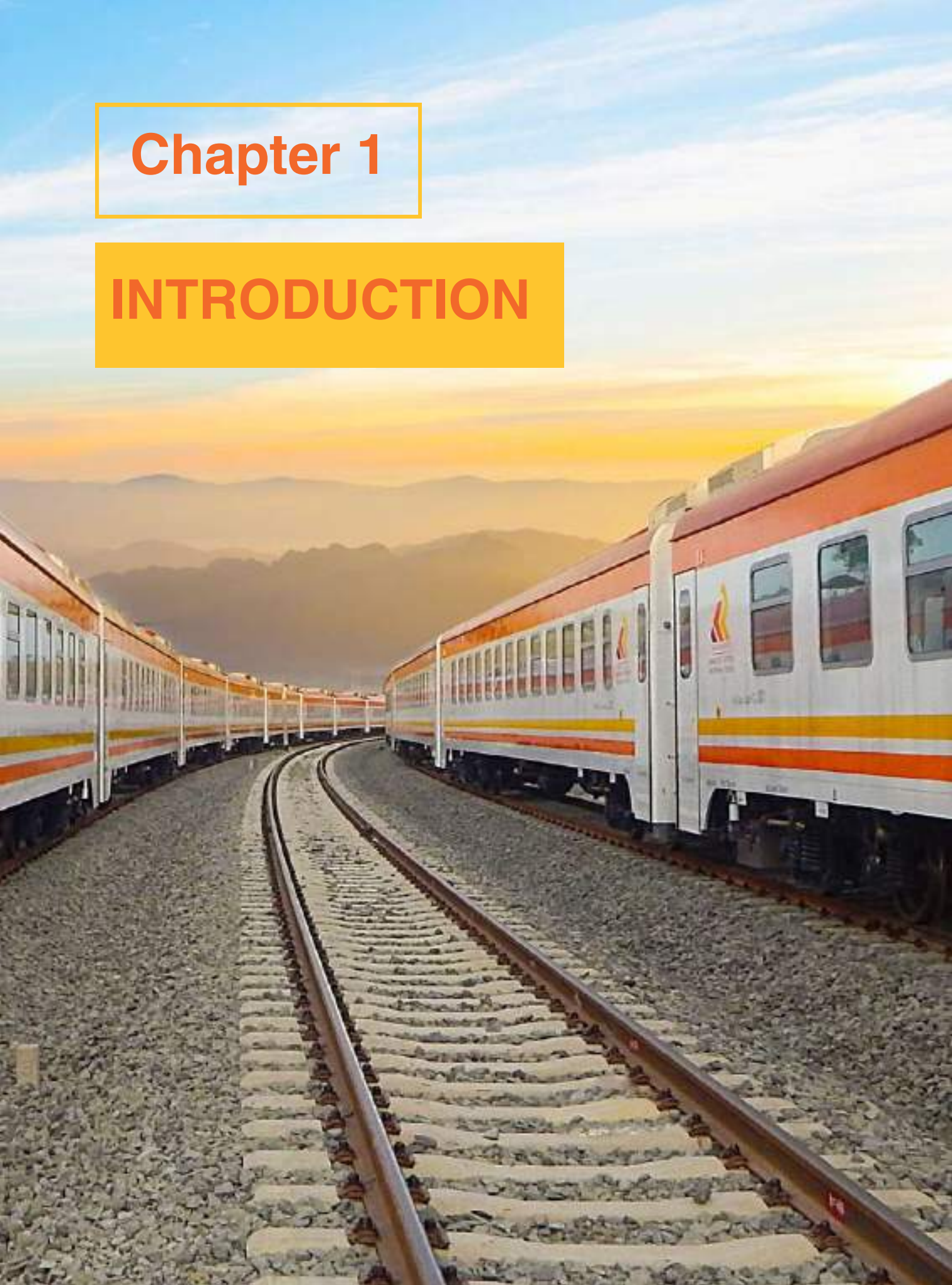
Finally, Chapter Eight outlines the Corporation's strategy in ensuring Monitoring, Evaluation (M&E) and Reporting is conducted while implementing programmes, projects and activities planned for the period. Implementation of activities will be continuously monitored to check progress against set objectives and goals while periodic review and evaluation exercises will be undertaken to assess the extent to which time-bound interventions achieve intended outputs.

Electrical Engineering session at the Railway Training Institute

Passengers collecting their tickets ready to board the Nairobi Commuter Rail Buses in the morning. A convenient rapid transit solution for passengers connecting from Nairobi CBD and their work destinations.

Chapter 1

INTRODUCTION



This chapter provides an overview of the importance of strategic planning as a tool for guiding corporate performance. It further presents the context of Kenya Railways (KR) strategic planning process and its linkage with the global, regional, national as well as sectoral development agenda.

1.1 Strategy as an Imperative for The Corporation's Success

Kenya Railways places utmost importance on effective strategic planning as a cornerstone of guiding implementation of its programmes, projects and activities. KR shall align activities with identified Key Result Areas, ensuring that every effort is directed towards achieving objectives.

The Corporation prioritizes data-driven decision-making to make informed strategic choices. It adopts a deliberate and structured strategic planning process in its initiatives, projects, and investments based on market research and analysis. Effective resource allocation shall be ensured to maximize efficiency and utilize available resources optimally.

The plan adopts a risk-based approach and prioritizes organizational alignment to ensure all employees embrace this strategic direction. Strong emphasis on sustainability by reducing carbon footprint, and environmental conservation initiatives shall be promoted.

In conclusion, KR commits to embracing strategic excellence and transformational growth. The Corporation aims to be a driving force in the transportation sector, providing efficient, safe, reliable, and environmentally conscious rail services.

1.2 The Context of Strategic Planning

The Corporation will be guided by Global, Regional and National Conventions, agreements and acceptable standards in the provision of services outlined in its mandate.

Further, as a provider of key enabling infrastructure in economic growth, it is important that the Corporation aligns implementation of its programmes, projects and activities to the prevailing National Development Agenda.

The Corporation's strategic direction during the plan period will be anchored on the following international, regional and national development frameworks:

1.2.1. United Nations 2030 Agenda for Sustainable Development

This plan aligns with several Sustainable Development Goals that address specific thematic areas and aspirations. Kenya Railways shall contribute towards realization of the development goals as follows:

In an effort to align the plan with Goal 9 of the United Nations 2030 Agenda for Sustainable Development, the Corporation will continue to develop resilient infrastructure through upgrading, rehabilitation and maintenance of the existing rail infrastructure as well as ensuring greater adoption of clean and environmentally sound technologies and processes by fostering innovation.

Further, Kenya Railways will contribute towards development of sustainable urban mobility solutions by expanding commuter rail networks in the country's major cities, establishing transit oriented railway cities and providing first and last mile transit systems for urban dwellers. These efforts are envisaged to contribute towards reduction in road traffic congestion, air pollution, and greenhouse gas emissions, leading to more sustainable urban areas.

Expansion of the rail network across the country for both passenger and freight service is expected to significantly reduce carbon emissions in the transportation sector, supporting Kenya's commitment to mitigate climate change which is a key commitment under the United Nations 2030 Agenda for Sustainable Development.

1.2.2. African Union Agenda 2063

Rail transport is identified under the African Union's Agenda 2063 as a key infrastructure for stimulating trade, inclusive growth and sustainable development across the continent. It is envisaged that by 2063, there will be a harmonized continental High-Speed Train Network connecting all the major capital cities of the continent and therefore spurring intra-African trade to unprecedented levels and strengthening Africa's place in global trade.

To this end, plans are underway to ensure that the Standard Gauge Railway (SGR) network is extended from Naivasha – Kisumu - Malaba and scoping for construction of the Lamu – Isiolo – Moyale/Nakodok is commenced during the plan period.

1.2.3. East Africa Community Vision 2050

Development of rail networks in the East Africa Community is anchored on the East African Railway Master Plan which outlines rejuvenation of the region's rail sub sector through construction of modern Standard Gauge Railway (SGR) network and rehabilitation of existing Meter Gauge Railways serving member countries of Kenya, Tanzania and Uganda and extending the lines to serve Rwanda, Democratic Republic of Congo (DRC), Burundi and South Sudan.

The objective is to stimulate economic development in the region by increasing efficiency and lowering the cost of transporting cargo between major ports on the Indian Ocean coast and hinterland. During the plan period, Kenya Railways will continue with revitalization of the MGR to ensure that the network promotes cross border trade with neighboring countries of Uganda and Tanzania.

1.2.4. Constitution of Kenya

Kenya Railways plays a significant role in contributing to various aspects of the Kenyan Constitution.

In particular, this plan aligns to Article 10 and Article 232 of the Constitution on 'National Values and Principles of Governance' and 'Values and principles of public service'. The Plan inculcates high standards of professional ethics and service delivery; efficient, effective and economic use of resources; accountability, transparency as well as stakeholder engagement in policy making.

In addition, this plan entrenches Article 73 which stipulates 'responsibilities of leadership'. The plan complies with the guiding principles of leadership and integrity as well as diligently discharging authority assigned as a public trust to serve the people.

1.2.5. Kenya Vision 2030, Bottom-Up Economic Transformation Agenda (BETA) and Fourth Medium Term Plan

The transport sector is identified as a key enabler to the realization of the aspirations set out in the Country's long-term development blueprint, Vision 2030, and its attendant Medium-Term Plans (MTPs). In particular, the fourth Medium Term Plan (MTPIV) envisages expansion of rail transport with an objective of increasing rail capacity and easing commuter transport in the country's major cities of Nairobi and Mombasa.

The plan has also incorporated initiatives to support delivery of the Bottom-up Economic Transformation Agenda (BETA). The Agenda aims to increase investments in at least five sectors envisaged to have the largest impact and linkages to the economy.

The sectors include:

1. Agricultural Transformation and inclusive growth;
2. Micro, Small and Medium Enterprise (MSME);
3. Housing and Settlement;
4. Healthcare; and
5. Digital Superhighway and Creative Industry.

The Corporation will use its widespread rail network as a distribution channel for delivery of Government subsidized farm inputs e.g. fertilizers thus contributing to lowering the cost of production and increasing food security in the country. In addition, development of a cool logistics corridor which includes establishment of consolidation centers is also expected to facilitate movement of high value export-oriented horticulture produce destined to international markets.

Micro, Small and Medium Enterprises (MSMEs) engaged in the production of industrial goods will benefit from the competitive rates of rail transport to move heavy finished products to the East and Central African regional markets.

Towards supporting the Government Agenda on provision of Affordable Housing and Settlement, Kenya Railways will partner with relevant agencies to integrate housing schemes within its transit-oriented railway cities in Nairobi and Eldoret. In addition, rail metro lines will be constructed to connect existing and planned housing schemes to commuter networks. The coverage of the Nairobi Commuter Rail (NCR) service will be expanded to include metropolitan areas earmarked for the National Housing Scheme project such as Ngong, Ruai and Konza.

The Corporation endeavors to automate all its processes and service delivery points as well as offer connectivity to the fiber connection along the SGR corridor as a means of promoting the Government Agenda of creating a digital superhighway and creative economy. Services identified for automation include a ticketing system for MGR passenger services, freight services and leasing of property.

1.2.6. Sector Policies and Laws

This plan is linked to other sector players through the Integrated National Transport Policy which advocates for integration and seamless connectivity among modes of transport within the economy. The plan contributes to achievement of objectives set out in the Ministry of Roads and Transport 2023-2027 Strategic Plan.

1.3 History of Kenya Railways

The history of the present Kenya Railways began with the construction of a railway line from Kilindini in Mombasa to Kisumu in the name of Uganda Railways in 1901. The operation of the line was later combined with the Tanganyika Railways in 1948 to become East African Railways and Harbors (EAR&H) under one management headquartered in Nairobi, Kenya. The objective of constructing the rail network was to spur economic activities and open up the region for extraction of raw materials.

However, the EAR&H split up into state railways (Kenya Railways, Uganda Railways and Tanganyika Railways) following the collapse of the East African Community (EAC) in 1977. The state railways were not financially viable and experienced a rapid decline in service delivery despite Governments' goodwill and support.

In the first two decades of its establishment, the Corporation had challenges reinvesting in upgrades and maintenance of the rail infrastructure. This coupled with policy shifts arising from the Structural Adjustment Programmes (SAP) led to the amendment of its Act to allow for the concession of rail operations.

In this respect, the Corporation entered into a Concession Agreement with Rift Valley Railways (RVR) in 2006 with a view to provide new impetus to rail transport operations. However, RVR defaulted on its obligations and in 2017, the concession was terminated and operations were reverted back to Kenya Railways.

In an effort to keep abreast with the global technological advances in rail infrastructure development, the Country adopted the Standard Gauge Railway (SGR) to increase haulage capacity, reliability, efficiency and safety of rail services.

In accordance with its core mandate of facilitating construction of rail infrastructure, providing rail services and maintenance, the Corporation is in charge of two railway lines: the Meter Gauge Railway (MGR) and the Standard Gauge Railway (SGR).

1.3.1. The Meter Gauge Railway (MGR)

The MGR has a total network of 2,046 Km spread across the Country. The network is composed of the mainline (1,082 Km) running along the Northern Corridor from Mombasa to Malaba and seven (7) branch lines as shown in the table below

Table 1: Kenya Railways branch lines

BRANCH LINE	DISTANCE IN KMS	STATUS
Nakuru – Kisumu	216.7	Operational
Thika– Nanyuki	177	Operational
Konza – Magadi	146.3	Operational (Leased)
Kisumu – Butere	69	Rehabilitated
Leseru – Kitale	64.9	Rehabilitated
Gilgil – Nyahururu	76.8	Rehabilitated
Voi – Taveta	118.6	Not operational

Over the years, the MGR network has exhibited unprecedented operational resilience amidst stiff competition from other modes of transport despite a spell of deferred maintenance. This depicts potential for viability if the right investment, management, and sustainability approaches are embraced for the line.

In the last decade, the Government has made significant efforts to revitalize the MGR network through rehabilitation, upgrading and regular maintenance of the track and associated infrastructure.

1.3.2. The Standard Gauge Railway (SGR)

Development of the SGR began in 2014 with construction of Phase 1 between Mombasa and Nairobi covering 472 km. Phase 2A Nairobi-Naivasha (120km) was constructed in 2017. Both phases are currently operational for passenger movement and freight haulage while Phase 2B (Naivasha – Kisumu- Malaba) is in the initial stages of implementation.

The SGR line has led to the expansion of the Inland Container Depot (ICD) in Nairobi at Embakasi and construction of the ICD - Naivasha at Mai Mahiu.

This has contributed to decongestion of the sea Port of Mombasa and facilitated seamless transit of goods destined to Western Kenya and neighboring countries.

The functions of Kenya Railways as outlined in Cap 397 of the Kenya Railway Act include:

1. Development, operation, and maintenance of the railway infrastructure in the country;
2. Ensure safety and security of the railway transport;
3. Ensure funding and financing of the Corporation activities;
4. Facilitate partnerships between the public and private sectors in the development, operation and maintenance of railways;
5. Ensure compliance with the relevant regional and international conventions on transport that guide the economic and environmental sustainability of railway transport;
6. Collaborate with the County Governments in ensuring safe and uninterrupted railway operations;
7. Undertake research for the purpose of encouraging innovations in the railway sector;
8. Conduct technical capacity development at Railway Training Institute;
9. Ensure effective and efficient service delivery in railway operations; and,
10. Management of the rail assets, including land, buildings, workshops, permanent way, signaling & telecommunication facilities, rolling stock, vessels on Lake Victoria, and Railway Museum.

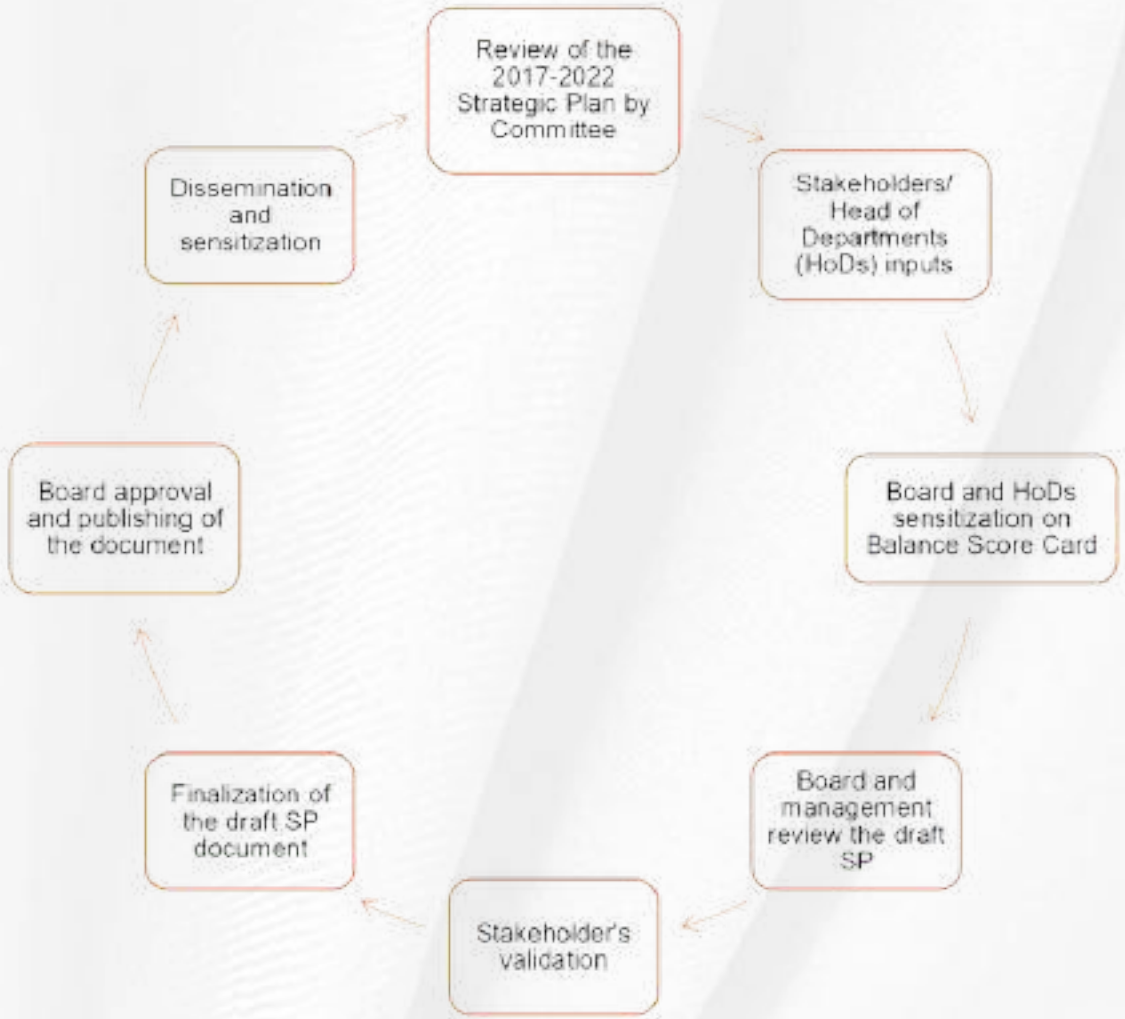
1.4 Methodology of Developing the Strategic plan

Kenya Railways concluded implementation of the 2017-2022 strategic plan that was premised on achievement of the Big Four Agenda and the Medium Term Paper (MTP) III of the Vision 2030. As such, the Board of Directors directed development of the 2023-2027 Strategic Plan towards achievement of MTP IV and the Bottom-up Economic Transformation Agenda.

The process of developing the 2023 -2027 strategic plan was consultative involving input from key stakeholders including the Board of Directors, Management and staff. The document also underwent validation by external stakeholders including the Ministry of Roads and Transport and other key players in the transport sector.

The process entailed review of institutional past performance, environmental analysis, preparation of the strategic map among others as detailed in the chart below:

Figure 1: Methodology of developing the Strategic Plan



Chapter 2

STRATEGIC DIRECTION

This chapter presents the Mandate, Vision, Mission, Quality Policy Statement and Core Values for Kenya Railways during the plan period.

2.1. Mandate

Kenya Railways is mandated to develop an integrated rail network and provide rail and inland waterways transport services in the country.

2.2. Vision Statement

To be a provider of world-class rail services.

2.3. Mission Statement

To upgrade and develop an integrated rail network that is safe, reliable and sustainable in providing railway services.

2.4. Strategic Goals

KR shall work towards the achievement of the following goals;

1. Expanded rail network and associated infrastructure;
2. Improved rail asset operational efficiency;
3. Expanded rail market share of Port throughput;
4. Improved financial sustainability;
5. Maximized income from landed assets; and
6. Improved capacity in rail development and management.

2.5. Core Values

Table 2: Core Values

CORE VALUES	DESCRIPTION
Integrity	KR will strive to be honest, ethical and fair while delivering its mandate. We will also not tolerate any form of corruption.
Customer focus	KR will leverage on customer experience through provision of quality service.
Teamwork	The Corporation shall derive synergy by working with stakeholders for mutual benefits.
Innovation	Embrace learning, knowledge management and technology in improving KR effectiveness in all processes.
Safety	Creating a safe and secure environment for all rail operations and support services.
Sustainability	KR will provide affordable, efficient and environmentally friendly services.

2.6. Quality Policy Statement

Kenya Railways is committed to provision of efficient and safe rail services in a way that meets customer, contractual, applicable legal and statutory requirements and ISO 9001:2015 Standard.

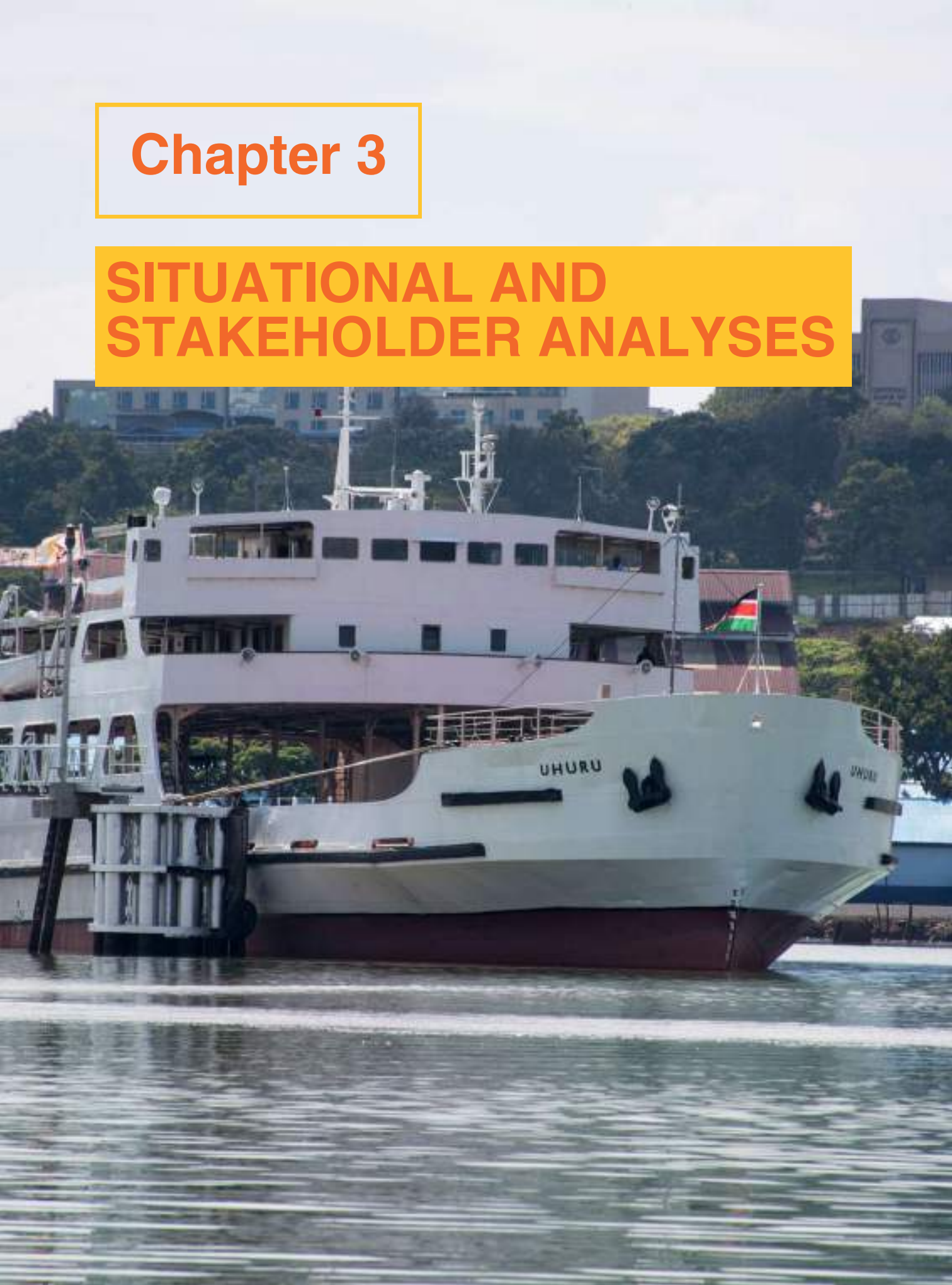
In pursuit of this commitment, the Corporation shall ensure: -

1. Development of new railway projects and rehabilitation of existing infrastructure and facilities are undertaken through proper planning and effective project implementation.
2. Resources are available and efficiently deployed in provision of freight and passenger rail services to meet customers' expectations.
3. Provision of high quality education in Rail, Logistics, Vocational, Technical, Management and Business fields, which is responsive to the dynamic global market, through effective training programs.
4. Innovation, Research and Technology are embraced in all our operations for efficient and effective service delivery.
5. Members of staff are performing as a team with integrity, accountability and reliability, while paying special attention to details in the safety and security requirements of our customers.
6. The Quality Management System is integrated in all our operations and is continually reviewed to improve its effectiveness.
7. The Quality Policy is communicated and understood by staff and is available to all interested parties as appropriate.
8. Risk-based thinking and process approach are embraced in all our operations.
9. Quality Objectives are established annually, measured, monitored, communicated and updated as appropriate.

The Corporation shall ensure that the Quality Policy supports the strategic direction of Kenya Railways, and is reviewed periodically in line with relevant emerging issues and the changing legal and customer requirements.

Chapter 3

SITUATIONAL AND STAKEHOLDER ANALYSES



This chapter presents an overview of performance during the 2017-2022 period. It analyses the environment using the PESTEL, SWOT and Porter's Five Forces Model analytical tools considering the context in which KR operates. Additionally, it summarizes challenges, lessons learnt and proposed solutions for the next plan period.

3.1 Situational Analysis

3.1.1. External Environment

This section analyzes the Corporation's opportunities and threats present in the external environment. It presents analyses of the macro and micro-environments, as well as the industry and market in which KR operates in.

3.1.1.1. Macro-environment

PESTEL analysis was undertaken to describe and appreciate the macro-environment under which KR operates.

Table 3: PESTEL Analysis

POLITICAL	IMPLICATION (S)	STRATEGIC RESPONSE
Supportive policies by the National Government	Instrumental to the successful execution of its mandate	Approval of favorable policies that support the Corporation including any pending legislations and reforms
ECONOMIC	**IMPLICATION (S)**	**STRATEGIC RESPONSES**
Changes in macro and micro-economic factors	• Low business uptake • High operational costs • Low return on investment	Continuous analysis of economic factors and how they affect the Corporation's operations
SOCIAL	**IMPLICATION (S)**	**STRATEGIC RESPONSES**
Changes in demographic indicators	Change in consumer behavior impacting revenue	Closely monitor and analyze demographic trends to serve as an important input in demand and supply forecasting
TECHNOLOGICAL	**IMPLICATION (S)**	**STRATEGIC RESPONSES**
Advance in Technology	• Efficiency in service delivery • Staff productivity	Invest in changing technology
LEGAL	**IMPLICATION (S)**	**STRATEGIC RESPONSES**
Changes in legislation	Conducive business environment	Lobby for favorable legislation
ENVIRONMENTAL	**IMPLICATION (S)**	**STRATEGIC RESPONSES**
Effects of climate Change	• Wash-aways • Floods • Wildfires along the corridor • Increased carbon emissions	• Conduct a risk assessment; • Develop and implement disaster management framework; • Afforestation and reforestation along the corridor; and • Ensure fuel efficiency in train operations.

3.1.1.2. Micro-environment

This area discusses variables that affect the immediate operating environment of the Corporation and influence the day-to-day performance.

- **Customers;** The Corporation's customers include freight clients, passengers, tenants and RTI students. KR takes cognizance of the need to provide quality customer experience through reliable and affordable services in order to retain its customers.

- **Labour markets;** The Corporation recognizes the uniqueness of its labor force required for operational efficiency in service delivery. KR will ensure that it has a competent, motivated and performance- driven workforce that is aligned with the Corporation's objectives. In order to attract and maintain its labor force, KR will provide a conducive working environment and favorable terms of service.

- **Suppliers;** The suppliers of Kenya Railways include providers of goods and services such as oil marketers, wagon and locomotive manufacturers, security and health service providers. The Corporation recognizes their pivotal role in conducting day-to-day operations. As such, KR will ensure quality and value for money for goods and services rendered and comply with terms of engagement for the Corporation's success.

- **Creditors;** KR recognizes the need for investment in its infrastructure through sourcing of funding and technical advice in the railway sector. The Corporation will ensure that it has access to affordable credit to sustainably support its investments and maintain good relations with its creditors in servicing its debt obligations.

- **Labour unions;** KR shall maintain good working relationships with trade unions by ensuring their members' interests are well protected and advanced.

3.1.1.3. Industry Environment

Railway serves as a fundamental pillar within the nation's transportation industry amidst competition from other modes of transport including road and pipeline.

To harness opportunities within the industry, a comprehensive analysis of competitors and the influential factors affecting competition in the sector is conducted through Porter's Five Forces model.

Competitor Analysis

Kenya Railways operates in a competitive industry that includes other modes of transport such as road and pipeline. Whereas rail serves as a key mode of cargo evacuation from the Port of Mombasa, key competitive factors such as pricing, market trends, and strategies employed play a big role in gaining a competitive edge in the industry.

Kenya Railways strategically offers competitive pricing, particularly for bulk cargo transport over long distances, leveraging the cost-effectiveness of rail haulage. While road transport provides versatility and last-mile connectivity, it faces pricing challenges for extensive bulk cargo journeys. However, its flexibility often compensates for higher costs in specific situations. On the other hand, pipelines excel in cost-effective liquid cargo transport along dedicated routes, presenting strong competition in this market segment.

Market trends and preferences significantly influence competition among transportation modes in the industry. Kenya's rail infrastructure expansion, notably the Standard Gauge Railway (SGR), underscores rail transport's rising appeal for specific cargo types and routes.

This trend mirrors a shift towards rail transport, driven by efficiency and sustainability goals. Conversely, road transport remains dominant for smaller shipments, perishable goods, and short-distance logistics, catering well to immediate business needs. Within the energy sector, pipeline transport maintains stability, especially for conveying petroleum products, upheld by its safety and efficiency characteristics.

Strategic advancements define the competitive landscape of transportation in Kenya. Kenya Railways elevates rail services by enhancing efficiency, reliability, and cargo accommodation, cementing its competitive edge through collaborations.

Road transport companies compete with flexible scheduling, tailored services, and digital advancements. Meanwhile, pipeline operators invest in safety, focusing on secure liquid cargo transport. Each sector's strategies rail, road, and pipeline reflect a commitment to staying competitive through innovation and tailored services in Kenya's evolving logistics domain.

Rail transport emerges as the preferred choice for the efficient movement of bulk and heavy cargo over extensive distances, highlighting its reliability and cost-effectiveness. Road transport, characterized by its adaptability and versatility, excels in serving smaller shipments, shorter distances, and the critical last mile of logistics. Meanwhile, pipeline transport stands unrivaled in its efficiency when it comes to transporting specific liquid cargo types safely and reliably.

Environmental and sustainability factors significantly shape competition among transportation modes in Kenya's logistics landscape. Rail transport gains favor due to its lower emissions per ton-kilometer, aligning with sustainability objectives. In contrast road transport faces challenges regarding emissions and environmental impact, driving the need for greener practices. Pipeline transport, especially for liquid cargo, stands out for its relatively eco-friendly attributes, marked by reduced spillage and emissions.

Porter's Five Forces Model

Competitive Rivalry: The competitive rivalry within the Kenyan transport industry is intense due to several players operating in this sector. This includes Railways, road transport companies, airlines, and maritime service providers. The Corporation faces stiff competition from road transport, due to its flexibility and accessibility to many destinations within the country. To improve its performance and competitive position, KR shall leverage on areas like efficiency, reliability, safety, customer service, and pricing transportation of goods.

Supplier Power: The bargaining power of suppliers in the transport industry can be moderate to high, depending on the specific segment.

For instance, fuel suppliers, infrastructure contractors, and technology providers might exert significant influence over transport operators. Kenya Railways' performance can be impacted by the ability to negotiate favorable deals with suppliers, maintain cost efficiency, and ensure a steady supply chain.

Buyer Power: The bargaining power of buyers in the Kenyan transport industry is relatively high due to emergence of alternative transportation modes. The buyer power is high particularly for commuter services as a result of vast public road transport services. However, these alternatives may provide less options for certain freight and long-term contracts from which customers may limit their bargaining power.

Threat of Substitutes: The transport industry experiences a relatively high threat of substitutes due to the availability of alternative modes of transport. For instance, people can choose road transport over railways for short-distance travel. Kenya Railways shall focus on its unique value proposition, such as efficient cargo transportation or cost-effective long-distance passenger travel, to remain competitive against substitute options.

Threat of New Entrants: The threat of new rail entrants in the Kenyan transport industry is relatively low. Establishing a rail network requires high capital investment in infrastructure, rolling stock, and operational expertise. Additionally, the government's involvement in the industry may act as a barrier to new entrants due to regulatory requirements and the need for strategic partnerships.

3.1.1.4. Market Analysis

Kenya Railways is witnessing a transformative shift in cargo transportation due to the evolving landscape of climate change and haulage of diversified cargo types. A noticeable transition in haulage from road to rail has been propelled by environmental concerns as sustainability becomes a key factor in business decisions.

The Corporation's adaptation shall include use of refrigerated containers for haulage of fresh produce, displaying a strategic alignment with market demands.

This move not only demonstrates responsiveness to shifting consumer needs but also positions the Corporation as a critical facilitator of perishable and time-sensitive goods, thus enhancing its market relevance and competitiveness.

Development of special economic zones and logistics hubs is propelling the Corporation's role in facilitating both imports and exports by providing affordable and reliable transportation to the market. The growing demand for steel, both domestically and regionally, stands as a promising opportunity for Kenya Railways. As transit volumes surge, particularly in the steel sector, the Corporation's role in efficiently transporting this crucial commodity becomes pivotal.

KR will align its operations to accommodate this demand to benefit from a steady and lucrative cargo flow, solidifying its position in the evolving market landscape. uniqueness of rail haulage of this cargo type. The Corporation will align with global logistics trends, catering to the growing demand of conventional cargo for efficient and secure cargo transportation.

3.1.2. Summary of Opportunities and Threats

Table 3. 1: Summary of Opportunities and Threats

ENVIRONMENTAL FACTOR	OPPORTUNITIES	THREATS
Political	Supportive policies by the Government	Changes in political landscape or unfavorable policies
Economic	Rail transport is recognized as a key enabler in the achievement of the country's development agenda, BETA	Economic fluctuations and disruptions in international trade
Social	• Favorable change in consumer behavior • Rapid growth in urbanization creating demand for commuter services	• Social trends and shifts in preferences • Encroachment and vandalism of rail infrastructure
Technological	Advancements in rail technology for enhanced service delivery and operational efficiency	Failure to keep up with technological advancements
Legal	Favorable legal framework	Changes in legislation or legal challenges may pose risks and affect operations
Ecological	Implementation of green initiatives for green financing	Climate change effects and environmental risks
Micro factors	• Provision of quality services to lead to enhanced performance and reputation. • Freight customer loyalty • Creation of commercial hubs and transit-oriented developments along the rail corridor	• Employee poaching • Influence from labour unions
Industry environment	Identifying and capitalizing on areas of competitive advantage within the industry to gain market share	Intense competition from other players in the transport sector
Market environment	• Strong regional economic block creating demand for long distance movement of goods. • Shift in global preference for horticultural produce transported via land and sea. • Ability to haul diverse categories of freight	Overdependence on throughput at the Port of Mombasa for rail freight.

3.1.3. Internal Environment

This section focuses on assessing the internal factors that directly influence the Corporation's operations, performance, and overall success. The analysis presents strengths, weaknesses, and unique capabilities for the Corporation.

3.1.3.1.Governance and Administrative Structures

Kenya Railways is a State Corporation established by the Act of Parliament pursuant to Cap 397 of the Laws of Kenya to undertake rail development and operations. The Corporation is governed by the Kenya Railways Act and legal and statutory regulations. In addition, KR is certified under the ISO 9001:2015 Standard and adheres to rail operating manuals, policies and operating procedures that meets contractual, applicable legal, and statutory requirements.

Board of Directors:
The Kenya Railways Board of Directors is established under the Kenya Railways Act. The principal role of the Board is to ensure efficient and effective management of the Corporation by providing policy guidance and oversight. The Board is composed of eleven **(11)** Directors headed by the chairman and has four **(4)** standing committees for effective discharge of its mandate, these include:

1. Finance, Human Resource and Administration Committee;
2. Business, Operations and Investments Committee;
3. Audit Committee; and
4. Special projects and strategic Committee.

Management and Departments:
The Management is headed by the Managing Director (MD) whose responsibility is to ensure proper and efficient management of the day-to-day operations of the Corporation subject to the Board's direction. The MD is responsible for coordinating implementation, monitoring and evaluation of the Corporation's programmes/projects/activities.

Administrative Structure:
The Corporation's administrative structure is represented in the KR organogram with the reporting relationship as shown in Annex 2. The new organizational structure establishes ten (10) departments headed by General Managers. The roles of the departments are as summarized below;

Corporation Secretary and Legal Services - Responsible for providing timely and professional legal advice to the Corporation on all legal issues that arises in the conduct of the Corporation's business. In addition, the department offers company secretarial services to the Board of Directors and ensures that the Corporation's best interests and image are protected by managing legal regulatory, contractual obligations and risks. The department is responsible for Legal and Board Services.

Internal Audit and Risk Assurance - Responsible for providing independent, objective assurance and consulting services designed to add value and improve the Corporation's operations. It helps the Corporation to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control mechanisms, and operational and governance processes. The department is responsible for two divisions ; Technical and Corporate Audit.

Supply Chain Management - Provides advice to the Corporation on the interpretation and application of the Public Procurement and Asset Disposal Law and oversees the Corporation's Supply Chain processes in procurement, stores/inventory management and contract management. The two divisions within the department are; Procurement and Disposal and Inventory Management.

Finance - Responsible for ensuring financial stability and effective resource utilization to optimize the financial capacity of the corporation to support its strategic direction. Divisions in the department are Finance, Accounts and Revenue Assurance and Credit Control.

Corporate Services - Provides strategic leadership and policy development on all Human Resource Management, Administration, Insurance and ICT functions in line with set business plans and objectives by ensuring the corporation attracts, develops and retains the best talent in the industry, benchmarks on Best Insurance and ICT practices and aligning them to the business strategy to deliver the corporation mandate. The divisions under the department are; Human Resource, Insurance, Administration and ICT.

Planning, Research and Risk Coordination - Responsible for providing strategic leadership and coordination of Strategy & Corporate Economic Planning, Research & Innovation, Business Process Reengineering, Compliance Management, Business Continuity Management, Risk Management and Quality Assurance at the Corporation. Divisions in this department are Strategy and Economic Planning, Quality Management System (QMS) and Risk Management Coordination and Research, BPR and Innovation.

Railway Training Institute - The department is responsible for implementation of the Institute's statutory mandate, strategic goals and the management of its resources; including giving leadership, and direction to the Institute and running the day-to-day activities in order to achieve its mandate in line with the KR strategic plan, its business plan, TVET requirements and other government Policies. The department is responsible for Academic Affairs, Research Innovation and Business Development, Finance and Corporate Services and Supply Chain Management divisions.

Business and Commercial - Responsible for coordinating all Commercial aspects of the Business including Business Development and investments, Sales & Marketing and Property management. The department's responsibility is to assess and develop business opportunities, initiate innovative marketing strategies and create demand for the Corporations services to ensure long-term commercial success of the organization. The divisions within the department are; Property Management, Business Development and Investment and Marketing and Sales.

Engineering and Technical Services - Responsible for providing leadership in planning, design, development and maintenance of railway infrastructure and landed Assets to achieve efficiency and effectiveness in providing rail services while ensuring social and environmental compliance and sustainability. Further the department has four divisions namely Civil Engineering; Mechanical Engineering; Electrical, Signaling & Communication Engineering; and Planning & Design.

Operations - Responsible for management of Traffic planning, Freight and Passenger train operation while ensuring compliance to policies and guidelines laid down are promptly followed and implemented in the system. Providing leadership in Rail and Marine operations, and management of both MGR and SGR Operations. The Department is responsible for Train Operations, Marine Operations, Passenger and Parcels Services divisions.

3.1.3.2. Internal Business Processes

This sub-section highlights initiatives undertaken to enhance the internal business processes towards effective and efficient service delivery.

Kenya Railways recognizes the critical significance of Business Process Re-engineering (BPR) in its operations. Through BPR, The Corporation targets to increase value in service delivery to its stakeholders amid the evolving business landscape. A comprehensive analysis of existing services has been identified as priority areas for improvement re-engineering. These processes were accurately mapped, offering a clear understanding of their current state. Subsequently, critical analysis shall be conducted, leading to informed recommendations for innovative workflow designs resulting in heightened efficiency and effectiveness.

Continuous monitoring of re-engineered processes was undertaken to ensure sustained improvements in response to existing business challenges. By entrenching BPR particularly in SGR functions that were taken over, the Corporation contained costs, leading to more economical operations without compromising service quality.

KR shall maintain a dynamic approach to BPR, regularly assessing its effectiveness and making necessary adjustments to meet the evolving demands of the railway industry.

Internal policies have played an integral role in shaping and refining the Corporation's internal business processes. These policies have acted as guiding principles, creating a framework for decision-making, workflow management, and overall operational efficiency.

Additionally, these policies have facilitated a culture of continuous improvement, influencing the way processes are designed, executed, and monitored. By providing clear directives and standards, internal policies have not only enhanced the effectiveness and reliability of internal business processes but have also contributed to the overarching goal of ensuring that KR remains a competitive and customer-centric entity in the dynamic transport sector.

Lastly, Kenya Railways maintains a Quality Management System (QMS) to ensure continual improvement in the provision and delivery of its products and services to meet customers' requirements. The Corporation is certified under the ISO 9001:2015 Standard and commits to the provision of efficient and safe rail services in a way that meets contractual, applicable legal, and statutory requirements.

3.1.3.3. Resources and Capabilities

Kenya Railways endeavors to continuously invest in infrastructure maintenance, technology adoption, and talent development to further enhance its strategic position. The resource-based and capabilities analysis is as summarized below:

Table 3.2: Resource and capabilities

STRATEGIC ADVANTAGE	ASSET/CAPABILITY/ INTANGIBLE	CHARACTERISTICS
1. Extensive Railway Network	**Asset:** Physical Infrastructure	• Valuable for efficient transportation. • Rare, as it requires significant investment. • Durable with proper maintenance. • Substitutable by other transportation modes.
2. Experienced Workforce	**Capability:** Human Capital	• Valuable for operational expertise. • Potentially rare and inimitable due to industry knowledge. • Durable with ongoing skill development. • Unsubstitutable for specialized railway tasks.
3. Strategic Location	**Asset:** Geographical Position	• Valuable for regional transportation hub potential. • Rare due to geographical uniqueness. • Inimitable due to fixed geographical location. • Durable unless significant geopolitical changes occur. • Substitutable by other transportation hubs.
4. Operational Expertise	**Capability:** Operations Management	• Valuable for safe and efficient railway operations. • Potentially rare and inimitable due to industry expertise. • Durable with continuous process improvement. • Unsubstitutable for specialized railway operations.
5. Safety Management	**Capability:** Safety Protocols	• Valuable for ensuring safety and maintaining reputation. • Potentially rare and inimitable due to industry standards. • Durable as safety is an ongoing priority. • Unsubstitutable for maintaining trust and safety.

3.1.4. Summary of Strengths and Weaknesses

Table 3.3: Summary of Strengths and Weaknesses

FACTOR	STRENGTHS	WEAKNESSES
Governance and Administrative structures	• Diverse and experienced Board of Directors • Technical capacity building of staff and management skills at RTI • Availability of technical expertise and skills in rail development and operations	• Lack of fit-for-purpose organizational structure • Inadequate succession planning
Internal Business Processes	• Quality Management Systems • Dedicated security of assets and operations • Automation of Corporation processes	• Inculcation of Monitoring and evaluation in activities/projects/programmes • Entrenchment of Research and Innovation in tackling challenges • Weak Business Process Re-engineering
Resources and Capabilities	• Extensive Railway Network • Experienced Workforce • Strategic Location • Operational Expertise • Safety Management	• Limited Technology Adoption • Infrastructure Maintenance Challenges • Bureaucracy and Decision-Making • Financial Sustainability • Marketing and Sales Efforts

Promotion and facilitation of National and Metropolitan railway network development. (Construction of the SGR Line)

3.1.5. Analysis of Past Performance

During the 2017-2022 plan period, the rail sector witnessed significant progress in terms of investment in rail infrastructure, increased volume of freight haulage and passenger traffic.

3.1.5.1.Key Achievements

The milestones were guided by the objectives of MTP III, mandate of the Corporation and set targets. They include:

KEY RESULT AREA 1: RAIL AND ASSOCIATED INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE

Development of rail infrastructure: SGR Phase 2A from Nairobi – Naivasha (120Km) was constructed and operationalized while feasibility studies for construction of Phase 2B (262Km) from Naivasha – Kisumu and Phase 2C from Kisumu - Malaba (107Km) were finalized.

The Nairobi Inland Container Depot (ICD) was modernized and expanded to a capacity of 405,000TEUs including construction of access roads linking the ICD to Eastern and Southern bypass and installation of freight handling equipment. An additional ICD was also established in Naivasha with a capacity of 4,500TEUs.

In addition, an MGR link of 23.7Km was constructed between SGR at ICD Naivasha and the MGR mainline at Longonot to facilitate seamless transshipment of freight destined for Western Kenya and the Great Lakes Region.

Revamping of the Meter Gauge Railway (MGR) Network: The MGR network and associated infrastructure were revamped to improve its operational efficiency, reliability and safety. This was achieved through rehabilitating sections of the mainline (Mombasa–Konza, Nairobi-Konza Longonot–Malaba and Nairobi-Kikuyu) and branch lines including: Thika–Nanyuki (177Km), Nakuru–Kisumu (217Km), Kisumu–Butere (69 Km), Gilgil–Nyahururu (78 Km) and Leseru–Kitale (65Km) and the Nairobi Commuter Rail (NCR) network of 165 Km.

Revitalization of NCR entailed refurbishment of the Nairobi Central Railway Station and construction of 10 new commuter rail station namely, Athi River, Githurai, Kikuyu, Donholm, Pipeline, Mwiki, Ruiru, Dandora, Kahawa, and Embakasi Village. Further 7.2km of Embakasi Village Line was upgraded from 60 to 80 pound.
Other MGR-associated infrastructure implemented during the period include:

Revitalization of Kisumu Port with the following activities accomplished: Rehabilitation of MV Uhuru and MV Peeda; link-span rehabilitation; Rehabilitation of the 5.5km railway line from the Port to the National Cereals and Produce Board (NCPB); and Reinstatement of track line within the Port and Yard area. MV Uhuru commenced operations between Kisumu and Port Bell in Uganda in 2020.

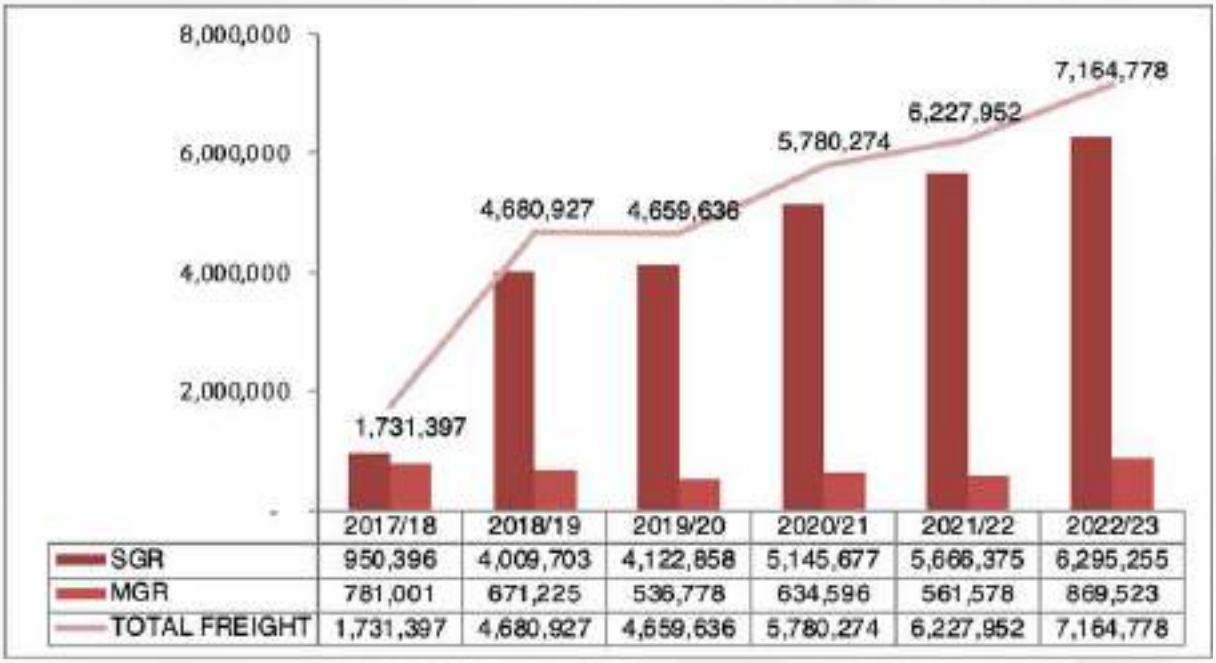
Establishment of Kenya Railways Transit Shed (KRTS), a National Cargo Deconsolidation Centre in Nairobi. The Centre is a bonded customs facility aimed at decongesting ICD Nairobi and lowering the cost of transporting cargo for SMEs within Nairobi and its environs.

Upgrade of learning facilities at the Railway Training Institute (RTI) main campus and operationalization of the Kisumu Campus for Marine Safety and Training in where two standard, one executive hostel blocks and marine safety training facilities were constructed.
Establishment of a cargo handling facility at Malaba to facilitate intermodal connectivity for transit freight.

KEY RESULT AREA 2: RAIL OPERATIONS AND SERVICE DELIVERY

Freight Haulage: The Corporation targeted to raise rail market share at the Port of Mombasa from 5% in 2018 to 30% in 2022. During the period, freight haulage increased from 1.73Million tonnes in 2017/18 to 4.7Million tonnes in 2019/20 and 7.16Million tonnes in 2022/23 for both MGR and SGR as indicated in the figure below.

Figure 3.1: Performance in Freight Haulage



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
SGR	950,396	4,009,703	4,122,858	5,145,677	5,666,375	6,295,255
MGR	781,001	671,225	536,778	634,596	561,578	869,523
TOTAL FREIGHT	1,731,397	4,680,927	4,659,636	5,780,274	6,227,952	7,164,778

The increase was majorly as a result of operationalization of SGR freight services between Mombasa – Nairobi in 2018 and Nairobi – Naivasha in 2019. Performance of MGR operations, which dipped over the period, is expected to revert to a positive trend as a result of the recent rehabilitation of the track and refurbishment of rolling stock and associated infrastructure.

Other initiatives that resulted in increased volumes include refurbishment of wagons, locomotives and haulage equipment, operationalization of MV-Uhuru, enhanced marketing, stakeholder engagement and partnership with key clients for movement of products within the country and transit markets.

Passenger movement – The introduction of SGR passenger service in 2017 was a real game changer in long-distance travel between Nairobi and Mombasa. The demand for the service grew over the period owing to its reliability, quality of service and convenience.

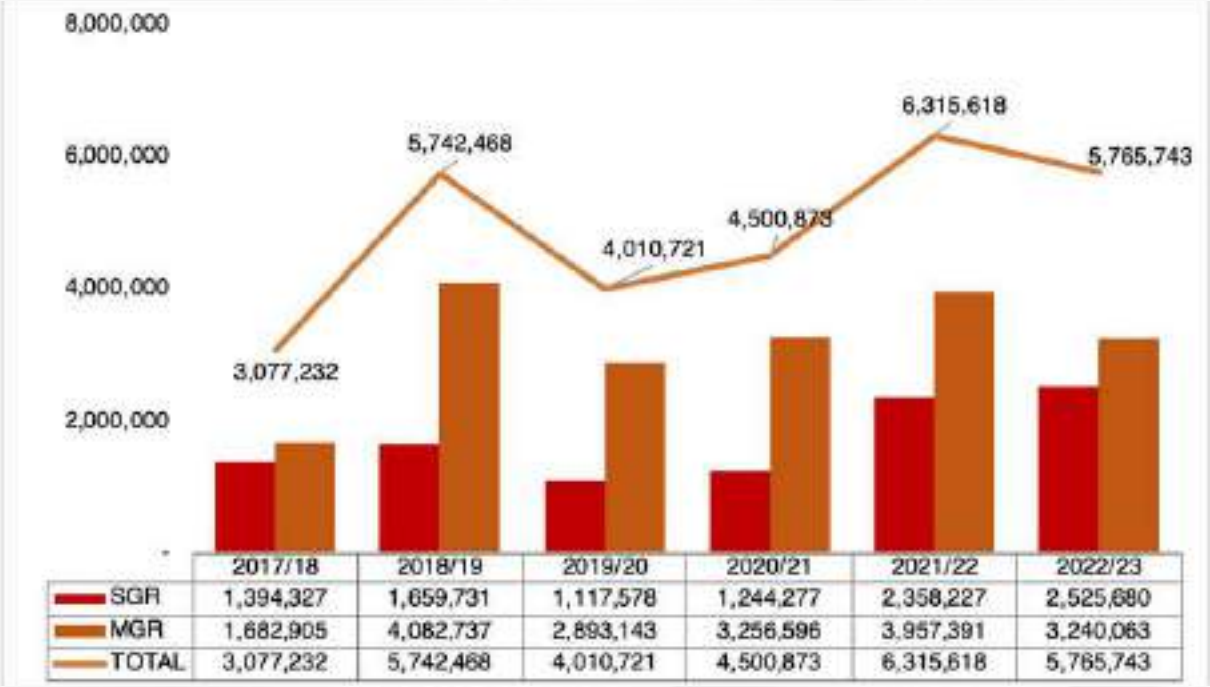
The capacity for Nairobi commuter rail service was expanded through refurbishment of coaches and introduction of additional routes, that is:
Nairobi – Limuru and Nairobi – Lukenya.

Besides improvement of the infrastructure, 11 Diesel Multiple Units (DMUs) and buses for Rapid Transit services were acquired and operationalized with an aim to improve rider comfort, increase number of trips and reduce transit time.

Although operations were affected by measures for containment of the spread of COVID-19 in 2020, the number of passengers increased from 3,077,232 in 2017/18 to 4,010,721 in 2019/20 and 5,765,743 in 2022/23 as shown in the figure below.

SGR Passenger Service train dropping and picking passengers at Mariakani station.

Figure 3.2: Performance in Passenger movement



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
SGR	1,394,327	1,659,731	1,117,578	1,244,277	2,358,227	2,525,680
MGR	1,682,905	4,082,737	2,893,143	3,256,596	3,957,391	3,240,063
TOTAL	3,077,232	5,742,468	4,010,721	4,500,873	6,315,618	5,765,743

During the period, long distance passenger service was re-introduced on MGR line between Nairobi – Nanyuki and Nairobi – Kisumu.

KEY RESULT AREA 3: FINANCIAL STEWARDSHIP AND SUSTAINABILITY

The main sources of revenue at the Corporation are SGR, MGR, RTI and non-rail business. Non-rail business revenue comprises revenue from Museum, Rent and other revenue streams which include lease of equipment, investment and disposal of assets. During the period, there was significant growth in internally generated revenue, which rose from Kshs. 5.7Billion in 2017/18 to 14.5Billion in 2019/20 and 21.7Billion in 2022/2023 majorly attributed to SGR operations as shown in the table below:

Table 3.4: Financial Performance

Revenue Streams (Kshs. Millions)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
SGR	4,344	10,291	12,079	13,579	15,018	**18,202**
MGR	63	1,383	1,073	1,458	1,477	**2,368**
RTI	206	280	180	214	337	**436**
NON-RAIL BUSINESS	1,132	1,137	1,254	1,411	875	**1,243**
TOTAL	**5,745**	**13,091**	**14,586**	**16,662**	**17,707**	**22,248**

In an effort to remain financially sustainable, the Corporation implemented various cost cutting measures including integration of MGR operation into KR, phased takeover of SGR operations, as well as acquisition and regular maintenance of locomotives. Automation of processes was undertaken in order to offer more solutions to its expanding business operations.

Key Result Area 4: Institutional Capacity Development

The Corporation re-aligned its organizational structure to the expanded scope of operations. In this regard, staff were placed and recruited to fit into new operational areas for enhanced service delivery.

The Corporation commenced the process of enhancing its Enterprise Resource Planning (ERP) systems to offer more solutions to its expanding business operations. During the period, automation of the Nairobi Commuter Rail (NCR) ticketing system and integration of the Freight Management System with KPA and KRA systems was commenced. This will be finalized in the 2023 - 2027 plan period.

Towards development of a competent rail labor force, 1,301 students were trained for SGR services while 308 were trained on MGR services at RTI. A further 23 students were trained in Rail Engineering Operations and Management in China.

KR also initiated the process of phased takeover of SGR operations and Kenyanization of the staff. As at June 2023, a labor force of 89% consisted of Kenyans.

Key Pending/On-Going Projects for Implementation in 2023 -2027 Period

The following projects were at different stages of implementation by the end of the previous plan period and therefore will be completed during the plan period.

1. Construction of 20 NCR Mini Stations;
2. Rehabilitation of Mombasa – Konza MGR Section (456 Km);
3. Acquisition of 300 Wagons for SGR and 200 for MGR; and
4. Rehabilitation of 31 and acquisition of 22 MGR Locomotives.

3.1.5.2. Challenges and Proposed Solutions

This section presents challenges experienced during execution of projects and operations. It also highlights proposed solutions for improved performance.

Table 3.5: Challenges and Proposed solutions

NO.	CHALLENGES	PROPOSED SOLUTIONS
1.	Inadequate first and last mile solutions	Operationalization of rehabilitated branch lines
		Construction and re-opening of sidings
		Partnership with private sector transport providers
2.	Low motive power	Acquisition, rehabilitation and regular maintenance of locomotives
		Partner with private sector to provide rolling stock
3.	High operational costs to revenue ratio	Complete takeover of SGR operations
		Automation of key operating systems and processes
4.	High asset cycle time	Establishment of cargo handling facilities at cargo loading/offloading points
		Establishment of cross border operations agreements
		Operationalization of MV Uhuru II
5.	Inadequate marketing of rail services	Establishing regional liaison offices
		Joint marketing/ meetings with key stakeholders
6.	Rigid Pricing structure for both freight and passenger services	Develop a flexible pricing framework

3.1.5.3. Lessons Learnt

The following were lessons learnt during implementation of the Strategic Plan:

1. In order for The Corporation to be financially sustainable, there is a need for generation of own-sourced revenue;
2. To achieve optimum operational efficiency, regular maintenance of rail assets is necessary;
3. Property management of real estate is crucial in cushioning rail operations;
4. Proper succession planning and building of technical competency reduces operational costs;

5. Automation of processes facilitates growth in business, customer experience and service delivery;
6. Strengthening of RTI to facilitate rail-oriented courses to bridge skill gap;
7. Disaster preparedness is key in business continuity management;
8. Rail is an enabler is key in facilitating movement of goods and passengers; and
9. Regular engagement of key stakeholders is necessary for business development.

3.2. Stakeholder Analysis

The table below provides a summary of the Corporation's key stakeholders, including their roles and expectations towards Kenya Railways as well as the expectations of the Corporation towards the stakeholders.

Table 3. 6: Stakeholder Analysis

STAKEHOLDER	ROLE	EXPECTATION OF THE STAKEHOLDER	EXPECTATION OF KR
National Government	Policy Guidance	• Efficient execution of the mandate • Compliance with laws, policies, and regulations • Prudent utilization of allocated funds	• Provide overall guidance and ensure the formulation of appropriate laws and policies for the rail sector. • Create collaborations to achieve multimodal linkages within the transport sector. • Allocate resources for the development of rail projects • Provide security for rail assets
Parliament	Legislation, budget provision and oversight	Prudent utilization of allocated funds per the law	• Oversight of expenditure • Establishment/review of enabling Legal Framework
Board of Directors	Oversight and Strategic Leadership	Effective implementation of approved policies and projects	• Enhanced resource mobilization through lobbying and networking • Oversight and high-level monitoring of project implementation • Strengthening Corporate governance
Employees	Implementation of policies	Conducive working environment Favorable terms of services	• Provision of quality services to clients • Adherence to workplace rules and regulations
Kenya Ports Authority	Partnership in movement of freight	Operational efficiency to reduce congestion at the port	• Partnership in attracting cargo for rail movement • Operational efficiency in loading and offloading
Kenya Pipeline Company		Operational efficiency in the evacuation of petroleum products	Provision of first and last solutions for petroleum products
Regional rail operators (URC, TRC & TRANSNET)	Partnership in development of regional standards for railway operations	• Standardized rail development, assets, and operations. • Collaboration in skill and technology transfer • Efficiency in cross-border train operations	• Standardized rail development, assets, and operations. • Collaboration in skill and technology transfer • Efficiency in cross-border train operations
Development partners	Financial and Technical support	Support and collaboration in the development, rehabilitation, and maintenance of the rail network	Provision of funds and technical advice for the railway sector
General public	Consumers of rail services and provide feedback	• Awareness creation of services provided • Ease in access to information • Safety in rail operations	Compliance with the Kenya Railways Act and other relevant guidelines
Clients (freight, passengers, and tenants)	Consumers of rail services	• Quality and timely service • Effective communication and response	• Adherence to regulations and procedures • Provision of feedback on services
Suppliers	Provision of goods and services	• Compliance with terms of engagement • Timely payment for work done	Timely provision of quality works, goods, and services/ products
Transport Service providers	First and Last mile connectivity	• Partnership in first and last-mile solutions • Regular engagements forums	Partnership in first and last-mile solutions
Media	Public relations	Provision of reliable information	Fair coverage and accurate reporting
Private Sector	Collaboration and partnerships	Provide competency-based and market-driven skills at RTI	• Absorption of trainee • Partnership in internship and apprenticeship

Chapter 4

STRATEGIC ISSUES, GOALS AND KEY RESULT AREAS

This chapter presents the strategic issues and provides the Corporation's Strategic goals and their corresponding Key Result Areas through which the goals shall be achieved.

4.1. Strategic Issues

The Corporation identified the following strategic issues:

i.Capacity of rail and associated infrastructure

The condition of railway infrastructure in the country deteriorated in the past 2 decades resulting in dilapidated infrastructure. This undermined the potential of the rail systems to play its rightful enabling role in the socio-economic development in the country. The Corporation commenced revitalization, rehabilitation, upgrading and construction of rail and associated infrastructure. In this regard, KR continues to expand the country's rail network and create linkages with other rail networks in the region.

ii.Operational efficiency

Overtime the Corporation has been unable to derive maximum value from its assets due to deferred maintenance. Additionally, the existing rolling stock is not able to meet the growing market demand. Therefore, the Corporation is prioritizing maintenance and acquisition of additional rolling stock.

iii.Market penetration

In the recent past, rail has registered low rail market share due to low brand perception and customer retention. KR expects to increase its rail freight market share by attaining a customer acquisition ratio of 1:4 and achieving a customer retention rate of 80% based on the projected increase in cargo traffic at the Port of Mombasa.

iv.Operational and Maintenance costs

Recognizing the capital-intensive nature of rail operations, the modest returns and the long investment recovery period, the Corporation records a high cost to revenue ratio. It is necessary to implement cost containment measures to achieve financial sustainability. The aim is to generate capacity required to meet current and future business requirement through diversification of income, automation of processes and service delivery points and achievement of 100% revenue assurance.

v.Utilization of landed assets

During the construction of the railway line, the Corporation acquired land and developed assets including residential and commercial buildings to facilitate operations along the corridor. Over time, the Corporation has been unable to derive maximum value from these assets due to encroachment, grabbing and dilapidation arising from deferred maintenance. The Corporation will continue to leverage on it vast portfolio of assets to generate revenue for sustainability of its activities.

vi.Institutional capacity

Kenya Railways has experienced issues related to inadequate institutional capacity, including technical expertise, staffing, systems and work environment. In order to improve human capital management, the Corporation will deploy strategies geared towards enhancing culture transformation and improving employee performance and engagement. Furthermore, the Corporation recognizes the need to implement climate change resilience mechanisms in rail.

4.2. Strategic goals

In order to address the identified issues, Kenya Railways shall work towards attaining the following strategic goals;

1. Expanded rail network and associated infrastructure;
2. Improved rail asset operational efficiency;
3. Expanded rail market share of Port throughput;
4. Improved financial sustainability;
5. Maximized income from landed assets; and
6. Improved capacity in rail development and management.

4.3. Key Result Areas

During the 2023 - 2027 strategic planning period, the Corporation will prioritize on the following five (5) KRAs;

KRA 1: Rail Infrastructure Development - The rail network will be expanded through construction of new lines for both MGR and SGR, rehabilitation and upgrade of the existing MGR network as well as development of associated infrastructure.

KRA 2: Rail Asset Utilization - The Corporation will optimize rail assets availability, reliability and utilization for increased Net Tonne Kilometer (NTK).

KRA 3: Business Development and Marketing - Kenya Railways will enhance business development and marketing by growing its brand equity **to increase its rail market share of Port throughput.**

KRA 4: Development and management of landed assets - The Corporation will prioritize maximizing income from landed assets through commercial development of its properties.

KRA 5: Financial Sustainability and Resource Mobilization - Kenya Railways will improve its financial position through enhanced revenue generation, resource mobilization and prudent use of available resources.

KRA 6: Institutional Capacity Development and Governance - This will be the foundation for enhancing employee performance and reforming Corporate culture.

Table 4.1: Strategic Issues, Goals and KRAs

STRATEGIC ISSUE	GOAL	KEY RESULTS AREA (S)
Capacity of rail and associated infrastructure	Expanded rail network and associated infrastructure	**KRA 1:** Rail Infrastructure Development
Operational efficiency	Improved rail asset operational efficiency	**KRA 2:** Rail Assets Utilization
Market penetration	Expanded rail market share of Port Throughput	**KRA 3:** Business Development and Marketing
Utilization of Landed Assets	Maximized income from Landed Assets	**KRA 4:** Development and management of landed assets
Operational and maintenance costs	Improved financial sustainability	**KRA 5:** Financial Sustainability and Resource Mobilization
Institutional capacity	Improved capacity in rail development and management	**KRA 6:** Institutional capacity development and governance

SGR freight and cargo train traversing through the scenic landscape of Kenya's breathtaking nature. Kenya railways prides itself in offering safe, convenient and reliable freight services to customers across Kenya and beyond our borders.

Chapter 5

STRATEGIC OBJECTIVES AND STRATEGIES

In its ongoing mission to upgrade and develop an integrated rail network that is safe, reliable and sustainable in providing railway services, the Corporation has identified seven (7) comprehensive strategic objectives and thirty-seven (37) strategic choices as highlighted in this chapter.

5.1 Strategic Objectives

During the period the Corporation will implement activities in line with the following Strategic Objectives:

1. To develop, rehabilitate and upgrade rail network and Associated Infrastructure;
2. To increase NTK from 3.38Billion in 2022 to 5.20Billion and number of passengers from 5.71Million to 8.8Million by 2027;
3. To increase Rail market share of Port throughput from 26% in 2022 to 42% by 2027;
4. To Increase returns from landed assets from Kshs.1.47Billion in 2022 to Kshs. 2.5Billion In 2027;
5. To move from an operating loss of Kshs. 2.4Billion in FY2022/2023 to an operating profit of Kshs. 9.09Billion in 2027/28;
6. To build a competent and performance driven workforce; and
7. To Institutionalize Environmental, Social and Governance (ESG) Standards.

The key activities to be implemented during the period are as summarized below:

Strategic Objective 1: To develop, rehabilitate and upgrade rail network and Associated Infrastructure

The Corporation aims to expand railway connectivity in the country and integrate it with other networks within the region. This will be achieved through construction of new lines, upgrade and rehabilitation of existing lines, as well as development of associated infrastructure. In order to achieve this, KR will complete construction of SGR Phase 2B and 2C from Naivasha to Kisumu (269Km) and Kisumu – Malaba (107Km) and commence construction of the railway line along the Lamu Port South Sudan Ethiopia Transit Corridor (LaPSSET).

As part of implementation of commuter rail Master Plans for Nairobi and Mombasa Cities, the following projects have been earmarked for implementation: construction of Riruta/Lenana – Ngong/Rongai (28.9Km) line; Embakasi Village line – Ruai (12Km); and Nairobi SGR Terminus – JKIA (5Km) line. A commuter service will be established in Mombasa through construction of the Mombasa SGR Terminus to the old MGR station link (2.8Km).

In an effort to improve the capacity of MGR, the Mau Summit - Fort Ternan (75kms) section on the Nakuru – Kisumu branch line and 75Km of the Thika-Nanyuki branch line will be upgraded to accommodate the growing demand for mass haulage of cargo on the routes.

The Voi – Taveta (118.6Km) branch line will be rehabilitated during the period as part of completing the revamping process of the entire MGR network. The line is expected to further stimulate trade between Kenya and Tanzania and be used as an alternative route for transit freight from the Port of Mombasa destined to Rwanda, Burundi and the Democratic Republic of Congo via the Central Corridor through Moshi. In addition, the Corporation will step up rehabilitation of the MGR mainline from Mombasa - Malaba to increase efficiency along the corridor.

Rail associated infrastructure will be established along the networks to facilitate intermodal connectivity and enhance efficiency in operations. The infrastructure include: Cargo handling facilities in Taveta and Athi River; SGR/MGR transshipment facilities in Voi and Konza; 20 NCR mini stations; as well as access roads at Maai Mahiu and Suswa SGR stations. First and last-mile solutions will be promoted through operationalization of terminal intermodal facilities at Makongeni and Athi River.

During the plan period, the Corporation will commence development of Nairobi and Eldoret Railway Cities as transit-oriented developments. The projects aim to reduce congestion by enhancing mass rapid transit corridors through creation of climate resilient multi-modal transport systems.

Development of a railway city in Nairobi will position the city as an iconic regional commercial hub and the focal point of new multimodal urban transportation network.

The Eldoret Railway City is designed to open-up and improve intermodal connectivity within the North Rift region of Kenya and make the city a more attractive investment destination.

Strategic objective 2: To increase NTK from 3.38Billion in 2022 to 5.20Billion and number of passengers from 5.71Million to 8.8Million by 2027

The following initiatives will be implemented to improve efficiency in rail operations:
Increase MGR locomotive availability from 70% to 92% while maintaining SGR locomotive availability at 95% during the plan period. This will be achieved through acquisition, overhauling and rehabilitation of MGR locomotives and acquisition and overhauling of SGR locomotives.
Availability of wagons for both MGR and SGR will be maintained at above 85% and 95% respectively in order to increase capacity for freight haulage by acquiring and overhauling SGR and MGR wagons. An additional wagon ferry (MV Uhuru II) will be operationalized to enhance Kenya Railways footprint in inland marine transport in Lake Victoria.

SGR track availability will be maintained at a Track Quality Index (TQI) of below 10 while improving the MGR TQI to below 40. Effectiveness in track maintenance will be enhanced through acquisition of MGR track recording cars; establishment of a steel sleeper reconditioning plant; and mechanization of track maintenance. Safety and security will be ensured for rail assets, operations and staff through compliance to rail safety standards, collaboration with national security agencies, automating the Security Management System and undertaking public awareness on Railway safety and security.

In order to meet the rising demand for long distance passengers and improve quality of service, the Corporation will acquire additional SGR coaches, enhance train ticketing systems, establish an intermodal connectivity between SGR terminus and MGR station in Mombasa and introduce more routes and trips for MGR services.

The number of commuters will be increased through acquisition of high-capacity DMUs, rehabilitation of coaches, operationalization of mini stations, and further expansion of the NCR service.

Strategic Objective 3: Increase Rail market share of Port throughput from 26% in 2022 to 42% by 2027

Rail freight transport in Kenya primarily relies on throughput at the Port of Mombasa. The expected increase in rail market share will be achieved by attaining a customer acquisition ratio of 1:4 and achieving both a customer retention rate and customer satisfaction index of 80%. The Corporation will raise its local to transit cargo mix from the current 68:32 to 56:44 through establishment of cargo handling facilities at border points, partnerships with private sectors for investment in specialized wagons and equipment as well as operationalization of MV Uhuru II.

Further, KR will strive to build its Corporate brand image through management of public opinion. This will be achieved through execution of recommendations of brand perception and customer satisfaction surveys.

Strategic Objective 4: To Increase returns from landed assets from Kshs. 1.47Billion in 2022 to Kshs. 2.5Billion in 2027.

Landed assets along the railway corridor play a crucial role in supporting and sustaining rail operations. In this regard, the Corporation will optimally utilize its landed assets by commercializing its properties through implementation of an investment plan for these assets. Completion of survey, registration and titling of all KR land will be prioritized and redevelopment of its existing estates undertaken. All property will be re-valued and rent reviewed to market rates in the plan period to attain value for money.

In addition, development of new commercial property will commence through Public and Private partnerships as well as joint ventures. KR shall take advantage of the strategic locations of its landed assets for advertisement opportunities as well as fiber connectivity along the rail corridor in the plan period.

Strategic Objective 5: To move from an operating loss of Kshs. 2.4Billion in FY2022/2023 to an operating profit of Kshs. 9.09 Billion in 2027/28.

In order to achieve a positive financial position within the plan period, KR will enhance revenue assurance through automation of key collection points and diversification of digital payment options. The Corporation will finalize integration of Freight Management System (FMS) with KRA and KPA systems to increase transactional efficiency. The credit control policy and capital structure will also be reviewed to facilitate attainment of debt to revenue ratio of 5% on receivables.

The Corporation will prioritize implementation cost containment measures in key cost drivers; staff, fuel, operations and maintenance. Additionally, fuel factoring in freight tariff will be implemented as well as fuel and fleet management system for train operations.

The Corporation targets to mobilize part of its capital budget from external sources including; Development Partners, PPPs, Infrastructure Bonds and Green Financing. KR will also seek reimbursement from government for operations of passenger services which is a Public Service Obligation (PSO). Transit Oriented Developments & Logistics centers will be established with an aim to diversify into alternative businesses as a leverage to the Corporation's vast non-rail assets to grow revenue.

Strategic Objective 6: To build a competent and performance driven workforce

The Corporation will implement a Balanced Scorecard approach of performance management to improve staff productivity. In this regard, a Competency Management System will be implemented through continuous learning, training and professional development. Creating a favorable work environment and promoting staff engagement will be prioritized in the plan period. The Corporation will develop a staff wellness policy, personal finance management programs and implement initiatives to accommodate disability. These measures prioritize the well-being and engagement of our employees, ensuring a harmonious and supportive workplace.

KR is committed to developing competent skills for the rail and marine sectors at the Railway Training Institute (RTI). This involves the development of national occupational standards, curricula, and an e-learning platform. Additionally, the Corporation will implement RTI master plans and roll out marine safety training programs to bolster the capabilities of our workforce.

The Corporation highlights the importance of mainstreaming research and innovation in its operations and business. A culture of innovation will be entrenched through establishing innovation hubs, conducting feasibility studies for projects, and host rail related conferences to stay at the forefront of our industry and continuously improve our services.

Strategic Objective 7: To Institutionalize Environmental, Social and Governance (ESG) standards.

KR is committed to improvement of rail sector's contribution to environmental sustainability and climate change adaptation by aiming to maintain its carbon emission at below 0.061 CO2e by 2027. This will be achieved by automating operations, adopting use of green energy in rail stations and offices and enhancing fuel efficiency through innovative technologies.

In an effort to reduce rail carbon footprint and bolster resilience in the wake of climate change, the Corporation will review and update its environmental policies, conduct environmental impact assessments, and growing trees along the rail corridor. Additionally, KR will actively engage in sensitizing our customers and communities on the importance of environmental sustainability.

In pursuit of good corporate governance, Kenya Railways will focus on developing and implementing a fit-for-purpose organizational structure focusing on optimum staff establishment that aligns with our operational needs. Development of statutory and policy guidelines as well as rigorous monitoring and evaluation will be undertaken to ensure effective implementation of policies, strategies, and projects.

In addition, Business Continuity planning and business process re-engineering will be at the forefront to ensure continuity and efficient service delivery. Kenya Railways is committed to implementing a culture change program to foster a positive work environment and ensure employee motivation, loyalty, integrity, and adherence to standards and values.

To enhance Corporate Social Responsibility, the Corporation will ensure that project affected persons are adequately compensated, relocated and considered for engagement during project implementation. Further, public awareness and sensitization on rail safety and protection of the corridor will be undertaken.

Table 5.1: Outcomes Annual projections

STRATEGIC OBJECTIVE (SO)	OUTCOME	OUTCOME INDICATOR(S)		PROJECTIONS				
				YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
KRA 1: Rail Infrastructure Development								
SO1.1: To develop, rehabilitate and upgrade the rail network and associated infrastructure	Improved rail connectivity and reliability	Track Quality Index	SGR	<10	<10	<10	<10	<10
			MGR	<40	<40	<40	<40	<40
KRA 2: Rail Asset Utilization								
SO 2.1: To increase NTK from 3.38Billion in 2022 to 5.20Billion and number of passengers from 5.71Million to 8.8Million by 2027	Improved rail operational efficiency and enhanced passenger experience	Net Tonne Kilometers (Billions)		3.541	4.115	4.677	5.198	5.713
		Passenger-Kilometer (Billions)		1.324	1.429	1.438	1.447	1.461
KRA 3: Rail market share of Port throughput								
SO 3: Increase Rail market share of Port throughput from 26% in 2022 to 42% by 2027	Increased Rail market share of Port throughput share	Rail market share of Port throughput share (%)		34	34	36	39	42
KRA 4: Development and management of landed assets								
SO 4: To Increase returns from landed assets from Kshs. 1.47 in 2022 to Kshs. 2.5 In 2027	Increased returns from landed assets	Amount collected in Kshs.		1.6	1.8	2.0	2.2	2.5
KRA 5: Financial Sustainability and Resource Mobilization								
SO5: To move from an operating loss of Kshs. 2.4Billion in FY2022/2023 to an operating profit of 9.09Billion in 2027/28.	Improved operating cost to revenue ratio	Cost: Revenue		109	100	95	90	85
KRA 5: Institutional Capacity Development and Governance								
SO5: To build a competent and performance driven workforce.	Improved workforce productivity.	Productivity Index		TBD	TBD	TBD	TBD	TBD
		Employee Satisfaction index		51	55	60	65	70
SO6: To Institutionalize Environmental, Social and Governance (ESG) standards	Enhanced environmental, social and good governance practices	CO2		0.061	0.061	0.061	0.061	0.061
		% audit issues resolved		100	100	100	100	100

5.2. Strategic Choices

The following are the strategic choices from which the strategic objectives will be achieved:

Table 5.2: Strategic Objectives and Strategies

KEY RESULT AREA	STRATEGIC OBJECTIVE	STRATEGIES
KRA 1: Rail Infrastructure Development	**Objective 1:** To develop, rehabilitate, upgrade and maintain rail network and associated infrastructure	S1: Construct 2,795.8KM of SGR network by 2027
		S2: Construct 88.7KM of MGR network by 2027
		S3: Upgrade 315km and rehabilitate 1039.6KM of MGR network
		S4: Develop rail associated infrastructure
		S5: Implementation of Nairobi and Eldoret Railway Cities and the Kisumu Lakefront city master plan
KRA 2: Rail Asset Utilization	**Objective 2:** To increase NTK from 3.38Billion in 2022 to 5.20Billion and number of passengers from 5.71Million to 8.8Million by 2027	S1: Increase MGR locomotive availability from 70% in 2022 to 92% in 2027 and maintain SGR locomotive availability of above 95% by 2027
		S2: Maintain wagon availability of above 85% for MGR and above 95% for SGR
		S3: Increase availability of wagon ferries
		S4: Increase rail asset utilization by reducing MGR cycle time between Mombasa and Nairobi from 9 days in 2022 to 5 days in 2027 and from 16 to 6 days between Naivasha ICD and Malaba.
		S5: Increase SGR wagon utilization from 60% in 2022 to 95% in 2027
		S6: Increase track availability by maintaining a TQI of below 10 for SGR and 40 for MGR by 2027
		S7: Increase MGR locomotive reliability from 1513 Mean Kilometers Between Failures (MKBF) in 2022 to 4,000 in 2027 and that of SGR from 488,059 MKBF in 2022 to above 450,000 for SGR by 2027
		S8: Achieve 100% safety of rail operations and staff
		S9: Achieve 100% Security of Kenya Railways assets, operations and staff
		S10: Increase long-distance passengers from 2.6 Million in 2022 to 2.8Million by 2027
		S11: Increase the number of commuters from 3.1 Million in 2022 to 6 Million by 2027
KRA 3: Business Development and Marketing	**Objective 3:** Increase Rail market share of Port throughput from 26% in 2022 to 42% by 2027	S1: Achieve Customer Acquisition ratio of 1:4 by 2027
		S2: Achieve customer retention rate of 80% from the current 15% by 2027
		S3: Achieve Optimal Product Mix on Local: Transit of 25:75 from the current 68:32
		S4: Grow brand equity by 20%
KRA 4: Development and management of landed assets	**Objective 4:** Increase returns from landed assets from Kshs.1.47 Billion in 2022 to Kshs. 2.5 Billion In 2027	S1: Commercialize development of Kenya Railway propert
KRA 5: Financial Sustainability and Resource Mobilization	**Objective 5:** To move from an operating loss of Kshs. 2.4Billion in FY 2022/2023 to an operating profit of 9.09 Billion in 2027/28	S1: Establish Transit Oriented Developments & Logistics centers
		S2: Increase income from alternative sources
		S3: Enhance revenue assurance to 100% by 2027
		S4: Reduce cost to revenue ratio from 109% in 2021/22 to 85% in 2026/27.
		S5: Restructure Kenya Railways balance sheet
		S6: Attain debt to revenue ratio of 5% on receivables and pending bills to annual budget ratio of less than 1%
		S7: Mobilize 15% of the total budget from development partners (PPPs, infrastructure bonds and other financiers)
KRA 6: Institutional capacity development and governance	**Objective 6:** To build a competent and performance driven workforce	S1: Enhance performance management and reward systems
		S2: Inculcate continuous learning, training and professional development
		S3: Enhance work environment and Staff Engagement
		S4: Increase rail and marine skills
		S5: Mainstream Research and innovation at the Corporation
	Objective 7: To Institutionalize Environmental, Social and Governance (ESG) standards	S1: Maintain rail sub-sector carbon emission at below 0.061 CO2e by 2027
		S2: Uphold good corporate governance
		S3: Enhance Corporation's relations with stakeholders

Chapter 6

IMPLEMENTATION AND COORDINATION FRAMEWORK

A passenger favorite; Kenya Railways Nanyuki Safari Train traversing through the picturesque valleys and hills of our breathtaking country Kenya, on its weekly trip to Nanyuki from Nairobi Central Station.

This chapter presents the Corporation's Implementation plan in executing the Strategic Plan. It outlines: the action plan; annual work plan and budget; performance contracting; coordination framework; institutional framework; staff establishment; skills set and competence development; systems and procedures; and risk management framework.

6.1. Implementation Plan

6.1.1. Action Plan

This tool contains the strategic issues, strategic goals, KRAs, outcomes, strategic objectives, strategies, key activities, expected outputs, output indicators, annual targets, annual budgets and responsibility for execution of the activities as detailed in the table 6.1, the annexed implementation matrix.

Annex 1: Implementation Matrix

Strategic Issue: Capacity of rail and associated infrastructure

Strategic Goal: Expand rail network and associated infrastructure

Key Result Area 1: Rail infrastructure development

Outcome: Improved rail connectivity and reliability

Strategic Objective 1.1: To develop, rehabilitate and upgrade rail network and associated infrastructure

Strategies	Key Activities	Expected Outputs/Target	Output Indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Construct 2,796.8KM of SGR network by 2027	Construct 369Km of SGR to Kisumu and Malaba	362Km of Standard Gauge Railway Phase 2B (Naivasha – Kisumu) constructed	Completion rate (%)	100	-	25	50	75	100	-	66,000.00	66,000.00	66,000.00	66,000.00	GM-TS	GOK/ RDLF/ Loan
		107Km of Standard Gauge Railway Phase 2C (Kisumu - Malaba) constructed		100	-	25	50	75	100	-	30,725.00	30,725.00	30,725.00	30,725.00		
	Construct 2,377.46 km of SGR along the LaPSSET corridor	Feasibility study conducted and designs prepared for the SGR LaPSSET corridor		100	-	-	-	100	-	-	-	-	80.00	-		
		Funds sourced for development of the SGR LaPSSET corridor		25	-	-	-	-	25	-	-	-	-	5.00		
		544.4Km of Lamu - Isiolo SGR line constructed		5	-	-	-	-	5	-	-	-	-	52,305.00		
		475.9Km of Isiolo - Moyale SGR line constructed		5	-	-	-	-	5	-	-	-	-	47,673.40		
		753.2Km of Isiolo - Nakodok SGR line constructed		5	-	-	-	-	5	-	-	-	-	66,477.46		
		278.6Km of Isiolo - Nairobi SGR line constructed		5	-	-	-	-	5	-	-	-	-	35,871.06		
		326.35Km of Lamu - Mariakani SGR Line constructed		5	-	-	-	-	5	-	-	-	-	58,591.50		
	Construct 52.3.3Km of SGR sidings	23KM of SGR siding to Dongo Kundu Special Economic Zone constructed		100	-	-	-	50	100	-	-	-	-	-		
		29.3Km of SGR sidings constructed to key freight clients		100	-	25	50	75	100	-	75.00	75.00	75.00	75.00		
Construct 88.7KM of MGR network by 2027	Construct 40Km MGR Sidings	40Km of MGR sidings constructed		100	-	40	70	100	-	-	128.50	96.00	96.00	-		GOK
	Construct 2.8Km MGR link in Mombasa	2.8Km a new MGR link from Mombasa SGR Terminus - Mombasa MGR station and railway bridge across Makupa causeway constructed		100	71	100	-	-	-	2,994.70	1,205.30	-	-	-		GOK/ RDLF
	Construct 45.9Km of NCR lines	26.9Km of Ruiru/Lenana – Ngong Commuter MGR Line constructed		100	30	70	100	-	-	1,481.00	5,012.00	2,506.00	2,506.00	-		GOK
		12km of Embakasi - Rual commuter line constructed		100	-	50	100	-	-	-	2,350.00	2,350.00	900.00	-		WB
		9Km of Nairobi SGR Terminus – JKIA MGR line developed		100	-	25	50	75	100	-	321.50	321.50	321.50	321.50		GOK/ Donor

Upgrade 315km and rehabilitate 1039.6KM of MGR network	Upgrade of 315Km of MGR lines	150km of MGR network Upgraded and commissioned (Miau Summit - Fort Tenan (75kms) and Thika-Nanyuki 75km)		100	-	50	100	-	-	-	2,625.00	2,625.00	-	-		GOK
		165km MGR network upgraded		100	-	25	50	75	100	-	2,850.00	2,850.00	2,850.00	2,850.00		WB
	Rehabilitate 1039.6km of MGR line	465 km of Longonot – Malaba MGR Section (Phase II) rehabilitated		100	50	75	100	-	-	1,236.13	2,820.66	940.22	-	-		GOK
		466KM of Mombasa-Konza MGR section Rehabilitated		100	-	-	50	75	100	-	-	3025.00	812.50	812.50		KR
		118.6Km of Voi - Taveta Rehabilitated		100	25	50	80	100	+	500.00	1,740.00	580.00	580.00	-		GOK/ RDLF
Develop rail associated infrastructure	Establish commercial logistics hubs and cargo handling facilities along the networks	New Lake Port at Kisumu and port relief line constructed.		100	-	-	50	75	100	-	-	34.00	69.00	34.00		GOK/ RDLF
		Transshipment facility SGR/MGR established in Voi		100	20	50	100	-	+	500.00	500.00	-	-			GOK/ RDLF
		Cargo handling facility established in Taveta		100	-	65	100	-	-	-	765.00	135.00	-	-		GOK/ RDLF
		SGR/MGR transshipment facility established at Konza		100	100	-	-	-	-	1,034.00	-	-	-			GOK/ RDLF
		Manakani Freight Yard and the drainage Channel at Port Reitz Marshalling Yard Reconstructed		100	100	+	+	+	+	526.99	+	+	+	+		GOK/ RDLF
		Construction of Access Roads to Miai Mariu SGR (5.6Km) station and Sultwe SGR station (1.0Km) facilitated. All SGR passenger stations		100	85	100	+	+	+	1,048.32	191.68	+	+	+		GOK/ RDLF
		Logistics hub in Athi River, Bomet, Narok, Sagana, Nanyuki, Kitale and Eldoret established		100	-	25	50	75	100	-	375.00	375.00	375.00	375.00		GOK/ RDLF
	Construct 24 Commuter stations	20 mini stations for the Nairobi Commuter Network (NCR) Constructed and commissioned	No. Stations constructed	20	-	5	5	5	6	-	250.00	250.00	250.00	250.00		GOK
		4 stations for the Mombasa Commuter Network (MCR) Constructed and commissioned.		4	-	4	-	-	+							
	Promote last mile solutions	10 trucks acquired for first and last mile connectivity	No. of Trucks Acquired	10	-	-	5	5	+	-	-	125.00	125.00	-		KR
		Operationalize terminal inter-modal facilities (Makongeni, Athi river)	Progress report	-	-	-	-	-	-							
		Partner with private investors/truck owners for first and last mile connectivity	Partnership reports	5	1	1	1	1	1							
Implementation of Nairobi and Eldoret Railway Cities as well as Kisumu Lakefront city master plans	Develop railway cities along the network	Phase one of Nairobi Railway City (NRC) implemented - Public realm, Central station	Completion rate (%)	100	16	37	58	79	100	489.00	627.75	627.75	627.75	627.75		GOK
		Phase one of Eldoret Railway City (ERC) implemented		100	-	25	50	75	100	-	250.00	250.00	250.00	250.00		GOK
									TOTAL BUDGET	9,913.14	147,811.88	140,890.47	136,312.75	371,952.15		

Strategic Issue: Operational efficiency

Strategic Goal: Improve rail asset operational efficiency

Key Result Area 2: Rail asset utilization

Outcome: Improved rail operational efficiency and enhanced passenger experience

Strategic Objective 2.1: To increase NTK from 3.38Billion in 2022 to 5.20Billion and number of passengers from 5.71Million to 8.8Million by 2027

Strategies	Key Activities	Expected Outputs/Target	Output Indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Increase MGR locomotive availability from 70% in 2022 to 92% in 2027 and maintain SGR locomotive availability of above 95% by 2027	Acquire and rehabilitate SGR and MGR locomotives	60 MGR locomotives acquired	No. of MGR Locos acquired	60	9	10	13	14	20	810.00	2,092.00	2,340.00	2,512.00	3,239.80	GMB O/ GM TS	GOK/ RDLF
		22 MGR locomotives Overhauled	No. of MGR Locos overhauled	22	5	6	5	6	-	275.00	330.00	275.00	330.00	-	GM RBO	GOK
		9 MGR locomotives rehabilitated	No. of MGR Locos rehabilitated	9	3	3	3	-	-	638.00	356.00	430.00	-	-		GOK
		30 SGR Locomotives acquired	No. of SGR Locos Acquired	30	-	-	5	5	20	-	-	1,680.00	1,680.00	6,720.00	GM TS	GOK/ RDLF
		56 SGR Locomotives Overhauled	No. of SGR Locos overhauled	56	10	11	11	12	12	420.00	462.00	462.00	504.00	504.00		GOK/ RDLF
Maintain wagon availability of above 85% for MGR and above 95% for SGR	Acquire and overhaul SGR and MGR wagons	1,000 SGR wagons acquired	No. of SGR wagons acquired	1,000	300	-	400	-	300	3,700.00	3,500.00	-	-	-	GM BO/ GM TS	GOK/ RDLF
		200 MGR wagons acquired	No. of MGR wagons acquired	200	200	-	-	-	-	3,700.00	3,500.00	-	-	-		GOK/ RDLF
		1820 SGR wagons overhauled	No. of SGR wagons overhauled	1,820	300	300	340	340	340	1,100.00	1,100.00	1,246.67	1,246.67	1,246.66		GOK/ RDLF
		221 MGR Tank wagons acquired	No. of MGR tank wagons acquired.	221	-	56	55	55	55	-	486.93	487.07	487.07	487.07		GOK
		39 MGR High sided Wagons acquired	No. of MGR High sided wagons acquired	39	23	4	4	4	4	230.00	40.00	40.00	40.00	40.00		GOK
		20 BHR MGR wagons acquired	No. of BHR wagons acquired	20	4	4	4	4	4	55.60	55.60	55.60	55.60	55.60		GOK
		1527 High capacity MGR flat wagons acquired	No. of MGR wagons acquired	1,527	200	236	329	356	406	4,360.00	4,591.60	5,847.90	6,847.90	7,823.60		GOK/ RDLF
		200 MGR High capacity wagons overhauled	No. of MGR wagons overhauled	200	-	50	50	50	50	-	150.00	150.00	150.00	150.00		KR
Increase availability of wagon ferries	Operationalize an additional wagon ferry	1 wagon ferry (MV Uhuru II) operationalized	No. Marine vessels	1	1	-	-	-	-	1,000.00	3,000.00	-	-	-		GOK/ RDLF
Increase rail asset utilization by reducing MGR cycle time between Mombasa and Nairobi from 9 days in 2022 to 5 days in 2027 and from 16 to 6 days	Acquire and maintain rail assorted assets	Acquisition of critical plant and equipment	No. of plant and equipment acquired	1	-	100	-	-	-	-	425.00	74.00	-	-	GM TS	GOK
		Acquisition of 2 No. Rail lifting Cranes	No. of rail cranes acquired	2	-	2	-	-	-	-	560.00	-	-	-		GOK
		Acquisition of assorted Plant Air Compressors (Workshop and depots)	No. of air compressors acquired		-	100	-	-	-	-	70.00	-	-			GOK

between Naivasha ICD and Malaba.		Acquisition of assorted electric and hydraulic lifting jacks and winches	No. of lifting jacks acquired	100	-	100	-	-	-	-	510.00	-	-	-		GOK
		Acquisition of 4 standby generator sets	No. of gensets acquired	4	-	4	-	-	-	-	40.00	-	-	-		KR
		Acquisition of assorted overhead cranes	No. of overhead cranes acquired	10	-	2	4	4	-	-	50.00	100.00	100.00	-		GOK
		7 Weighbridges acquired	No. of weigh bridges acquired	7	-	7	-	-	-	-	500.00	-	-	-		GOK
		New train operating and signaling system for MGR acquired	Report	-	-	-	-	-	-	-	315.88	315.88	315.88	315.88	GM RSO	GOK
		Integrate SGR and MGR train operating system	Completion rate (%)	100	-	-	100	-	-	7.85	7.85	7.85	7.85	7.85		KR
		Integrate train operating system with ERP	Report	-	-	-	-	-	-	-	5.00	5.00	5.00	5.00		KR
		Trackage rights access to URC network negotiated	Report	-	-	-	-	-	-	-	-	-	-			KR
		Athi River hard stand established and maintained for MGR cargo	Completion rate (%)	100	-	-	100	-	-	-	-	400.00	400.00	-		KR
		MGR crossing stations operationalized	No. of crossing stations operationalized	-	-	-	-	-	-	-	-	-	-	-		KR
Increase SGR wagon utilization from 60% in 2022 to 96% in 2027	Engage key cargo interveners	Stakeholders (KPA, KRA, Shipping lines) engaged to expedite clearance, loading & offloading of cargo	Wagon utilization (%)	60	60	70	80	90	-	-	-	-	-	-		KR
		Integrate Freight management system with KPA and KRA systems for improved efficiency in documentation	Freight management system	1	-	25	50	75	100	-	5.00	5.00	5.00	5.00		KR
Increase track availability by maintaining a TQI of below 10 for SGR and 40 for NGR by 2027	Acquire and Maintain equipment for improved track quality	Two MGR track recording Cars acquired	Track Recording Car	2	-	2	-	-	-	-	1,000.00	-	-	-	GM TE	GOK / WB
		Motor trolley acquired	Motor trolley	1	-	1	-	-	-							
		Steel sleeper reconditioning plant established	Completion rate (%)	100	-	50	50	-	-	-	250.00	250.00	-	-		GOK /WB
		Mechanized permanent way maintenance equipment (Duomatic ballast tamping, ballast profiler, ballast stabilizer, ballast cleaning, flash butt machine, Rail cranes, underground lathe machine acquired)	Maintenance Report	-	-	-	-	-	-	-	550.00	550.00	550.00	550.00		GOK WB
		Plant and equipment including rail cranes, overhead cranes rehabilitated	Completion rate (%)	1	-	50	75	100	-	-	150.00	75.00	75.00	-		GOK / WB
Increase MGR locomotive reliability	Undertake rolling stock maintenance	Maintenance integrity regime enforced	Maintenance Report	-	-	-	-	-	-	-	-	-	-			KR

from 1513 Mean Kilometers Between Failures (MKBF) in 2022 to 4,000 in 2027 and that of SGR from 458,059 MKBF in 2022 to above 450,000 for SGR by 2027		Optimum stocking of critical spare parts for track and rolling stock including DMUs	Stock Report	-	-	-	-	-	-	400.00	400.00	400.00	400.00	-	GM RSO/ GM TS	KR
		Periodic locomotive tooling equipment inspection and quality assurance audits conducted	No. Audits conducted	5	1	1	1	1	1	-	-	-	-			KR
Achieve 100% safety of rail operations and staff	Comply to rail safety standards	Compliance audits on implementation of rail safety standards conducted	Compliance Report	5	1	1	1	1	1	-	17.25	17.25	17.25	17.25	GM RSO	KR
		Adherence to operating and maintenance procedures enforced	Compliance Report	5	1	1	1	1	1	-	2.00	2.00	2.00	2.00		KR
		Accessibility to facilities and equipment for PWDs (Ramps, parking, ablution facilities, signage) provided	PWD Accessibility Report	5	1	1	1	1	1	-	50.00	50.00	50.00	50.00		KR
		Automate level crossing barriers for MGR	Level crossing automation Report	5	1	1	1	1	1	-	1,938.00	-	-	-		IDA
		Establish and implement continuous Railways safety training program for operations staff	Operations Training Report	5	1	1	1	1	1	-	25.00	25.00	25.00	25.00		KR
		Customer/community on safety measures (signage, announcements) sensitized	Community Sensitization Report	5	1	1	1	1	1	-	1.50	1.50	1.50	1.50		KR
		Completion of Construction of the remaining 1101 relocation units and settlement of pending bills under Kibera- Mukuru Relocation Action Plan	No. Units constructed	800	-	-	200	200	200	-	-	2,240.50	2,240.50	-	GM-TS	GOK
Achieve 100% Security of Kenya Railways assets, operations and staff	Secure KR assets, operations and staff	KR land surveyed, registered and secured	KR Land Report	5	1	1	1	1	1	-	250.00	250.00	250.00	250.00	SSM	KR
		Collaboration with national security agencies maintained	Security Report	5	1	1	1	1	1	-	2.50	2.50	2.50	2.50		KR
		KR Security management automated	Unified Security Management System(USMS)	1	77	83	89	94	100	-	375.00	375.00	375.00	375.00		KR/GOK
		Security surveillance on rail assets and operations conducted along the rail corridors (patrols, inspections, risk assessments, and intelligence collection and analysis)	Security Report	5	1	1	1	1	1	1,845.91	113.52	113.52	113.52	113.53		GOK/ RDLF
		Data protection and cyber security for KR staff, assets and operations enforced	Cyber security Report	5	1	1	1	1	1	-	-	-	-	-		KR
		Public awareness and sensitization on Railway Security conducted	No of sensitization forums	10	2	2	2	2	2	1.00	1.00	1.00	1.00	1.00		KR

Increase long-distance passengers from 2.6 Million in 2022 to 2.8Million by 2027	move an additional 400,000 long distance passengers	Twenty(20) SGR coaches Acquired and Operationalized	No of coaches	20	20	-	-	-	-	1,100.00	1,100.00	-	-		GM BO	GOK/ RDLF
		Cancellation, rescheduling, and supplementary tickets automated	Implementation rate (%)	100	-	30	70	-	-	-	18.00	42.00	-	-	GMBO	KR
		Operationalize link train between Mtwapa and Mombasa	Implementation rate (%)	100	-	100	-	-	-	-	200.00	-	-		GMBO	KR
		Passenger loyalty program on SGR implemented	No. Passengers Enrolled to the loyalty program	1,000,000	-	100,000	300,000	400,000	200,000	-	7.50	7.50	7.50	7.50	GMBO	KR
		Automated ticketing system for MGR implemented	Implementation rate (%)	100	-	25	50	75	100	-	1,202.75	1,202.75	1,202.75	1,202.75	GMBO	GoK/ WB
		Maimahiu passenger link train operationalized	Implementation rate (%)	100	-	-	25	50	100	-	-	-	-		GMBO	KR
		5 executive coaches acquired for promotion of rail tourism	No. MGR executive coaches	5	-	-	3	2	-	-	-	769.20	1,162.00		GM TS	GOK
		Kisumu-Butere, Leseru-Kitale and Gilgil-Nyahururu branch lines operationalized	Implementation rate (%)	100	-	100	-	-	-	198.00	-	198.00	-		GM TS	KR
Increase the number of commuters from 3.1Million in 2022 to 6Million by 2027	Move an additional 2.9Million commuters	Twenty (20) coaches Rehabilitated	No. of coaches rehabilitated	20	-	7	7	6	-	-	77.35	77.35	66.30	-	GM TS	GOK
		Twenty five (25) mini stations Operationalized	No. mini stations operationalized	25	-	10	10	5		-	84.00	84.00	42.00	-	GMBO	KR
		Ten (10) high capacity DMU train sets acquired	No. DMUs acquired	10	-	3	3	4	-	-	2,712.00	2,712.00	3,616.00	-	GM TS	GoK/WB
		Automated ticketing self-service machines implemented at NCS	No. Ticketing machines	100	-	26	26	25	26	-	126.00	126.00	126.00	126.00	GMBO	KR/ GOK/ IDA
		Improve accessibility to NCR stations	Report	100	-	100	-	-	-	-	3,028.00	-	-	-	GM TS	GOK
		Ten (10) Nairobi Commuter Buses operationalized	No. Commuter buses	10	-	-	10	-	10	-	-	100.00	-	-	GMBO	KR
		Commuter awareness and promotional campaigns implemented	No. of campaigns	20	-	5	5	5	5	-	18.75	18.75	18.75	18.75	GMBO	KR
									TOTAL BUDGET		19,545.38	35,891.98	23,521.79	25,021.54	23,336.42	

Strategic Issue: Market penetration

Strategic Goal: Expand freight market share

Key Result Area 3: Business development and marketing

Outcome: Increased freight market share

Strategic Objective 3.1: Increase freight market share of Port throughput from 26% in 2022 to 42% by 2027

Strategies	Key Activities	Expected Outputs/Target	Output indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Achieve Customer Acquisition ratio of 1:4 by 2027	Identify and attract high yield cargo	Joint marketing with local and regional partner agencies conducted	Ratio of customers acquired to those engaged	1:4	1:4	1:4	1:4	1:4	1:4	100.00	100.00	100.00	100.00	100.00	GM-BO	KR/PP
		Shipping lines engaged for haulage nomination through rail														
		Cold chain freight haulage established														
		Partner with private sector for investment in specialized wagons and equipment POLS s Vehicles carriers and reefer containers etc.)														
Achieve customer retention rate of 80% from the current 15% by 2027	Retain existing customers	Account relationship management implemented	Customer Retention Rate (%)	80	15	30	45	60	80	56.25	56.25	56.25	56.25	75.00		KR
		Customer relations Management system implemented														
		Intermodal connectivity enhanced														
		Quarterly stakeholder engagements conducted														
		Comprehensive complaint resolution mechanism implemented														
Achieve Optimal Product Mix on Local Transit of 58:44 from the current 68:32	Move more transit cargo along the networks	EAC railway Corporations engaged for an operations tripartite agreement	Ratio of Local cargo to Transit cargo volumes	68:32	60:40	58:42	52:48	48:52	44:56	40.00	40.00	40.00	40.00	40.00		KR
		Implement trackage rights with URC														
		Logistics hubs operationalized to increase export haulage														
		Establish regional liaison offices in the region														
		Cargo mix hauled on MV Uhuru diversified														
		Operationalize Kisumu- Mwanza-Bukoba Marine operations with MV Uhuru II														
Grow brand equity by 20%		Brand perception survey conducted	Brand perception Report	1.00	1.00	-	-	-	-	17.00	-	-	-	-	CAN	KR

	Build the KR Corporate brand image	KR brand book reviewed and implemented	Implementation rate (%)	100	-	100	-	-	-	-	10	-	-	-		KR
		Communication strategy developed and implemented		100	-	100	-	-	-	-	10	-	-	-		
		Media management and emergency response communication plans developed and implemented		100	-	100	-	-	-	-	10	-	-	-		
		Engage Public relations and media agency	No. of agency engagements	40	8	8	8	8	8	34.00	34.00	34.00	34.00	34.00		KR
		Identify and implement key sponsorship events	No. of sponsorship events	Sponsorship events	1	1	1	1	1	15.00	15.00	15.00	15.00	15.00		KR
		Partnerships with the tourism sector	No. of partnerships													
		Rail tourism implemented through the revival of steam engines and historical rail services among other activities	Implementation rate (%)	100	-	100	-	-	-	-	100.00	-	-	-		KR
	Satisfy more customers and attain a customer satisfaction index of 80%	Twenty four hour Customer Contact Centre operationalized	Implementation rate (%)	100	-	100	-	-	-	7.00	6.00	6.00	6.00	6.00		KR
		A customer satisfaction survey conducted	Customer satisfaction index	80	74	76	78	80	-	2.00	2.00	3.00	3.00	3.00		KR
		Access to information improved through regular website updates, continuous monitoring and provision of feedback on social media	Obudsman Report	20	4	4	4	4	4	-	-	-	-	-		KR
								TOTAL BUDGET		271.25	383.25	254.25	254.25	273.00		

Strategic Goal: Maximize income from landed assets

Key Result Area 4: Development and management of landed assets

Outcome: Increased returns from landed assets

Strategic Objective 4.1: to increase returns from landed assets from Ksh 1.47Billion in 2022 to Ksh. 2.5Billion in 2027

Strategies	Key Activities	Expected Outputs/Target	Output Indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Commercialize development of Kenya Railway property	Redevelop KR landed assets	Investment and land use plan developed	Implementation rate (%)	100	-	100	-	-	-	-	50.00	-	-	-	GM-BO	
		Estates in Mombasa including Gorofani, Manyimbo Msasta and Mishki Noor redeveloped	% completion rate	100	58	68	88	88	100	60.00	715.00	825.00	1,000.00	-		
		Estates in Nairobi including Aoko redeveloped		100	20	30	50	-	-	175.00	100.00	225.00	-	-		
		Estates in Nakuru including Kisulsuli and Navasha station area redeveloped		100	-	20	-	50	50	10.00	-	-	490.00	500.00		
		Estates in Kisumu including lower estate Kisumu and Milimani redeveloped		100	-	-	-	50	50	-	-	-	500.00	500.00		

		KR property revalued and rent for redeveloped commercial and residential buildings reviewed to market rates	Valuation report	100	-	100.00	-	-	-	-	1,000.00	-	-	-		
			Reviewed rent tariff book	1	-	1	1	1	1	-	1.00	1.00	1.00	2.00		
	Develop housing and commercial units in established railway cities	Student hostels developed in Nairobi and Eldoret railway cities	No. units constructed	2,500	-	625	625	625	625	-						
		Sustainable housing units developed in Eldoret railway cities	No. units constructed	11,000	-	250	250	250	350	-						
		Commercial buildings developed in Nairobi and Eldoret Railway cities	No. Commercial Buildings developed	2	-	-	-	1	1	-	500.00	500.00	500.00	500.00		
	Develop new estates and commercial zones across the network	New developments constructed at river side and Acko	% completion rate	100.00		20.00	30.00	40.10	10	-	3.00	2.00	2.00	2.00		
		Business Buffer zones established in Kariokna, Naivasha,Turbo, Bungoma, Nyahururu, Kitale, Limuru, Ruiru, Dagoretti and Kibos	Number of buffer zones /centers developed	9	3	3	3	-	-	621.70	312.08	241.41	-	-		
		Rail corridor leveraged for Fiber Optics and advertising Business	Non rail assets Report	5	1	1		1	1	-	-	-	-	-		
									TOTAL BUDGET	166.70	2,681.08	1,794.41	2,483.00	1,504.00		

Strategic Issue: High Operational and maintenance costs

Strategic Goal: Improve Financial sustainability

Key Result Area 6: Financial Sustainability and Resource Mobilization

Outcome: Improved operating cost to revenue ratio

Strategic Objective 6.1: To move from an operating loss of Ksh 2.44Billion in FY2022/2023 to an operating profit of Ksh. 9.09Billion in 2027/28

Strategies	Key Activities	Expected Outputs/Target	Output Indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Establish Transit Oriented Developments & Logistics centers	Implement transit oriented development masterplans	Master plan developed for Transit-oriented developments and implemented	Approved Master Plan	1.00	-	1	-	-	-	-	160.00	-	-	-	GM-SO	KR
		Preparation for transit-oriented master plan of phase 1 activities (commuter satellite stations) commenced.	Implementation rate (%)	100	-	20	50	40	10	-	20.00	60.00	70.00	50.00		KR
Increase income from alternative sources	Diversify to alternative sources of income	Partnerships/franchises for railway restaurant services established	No. Partnerships	5	1	1	1	1	1	20.00	20.00	20.00	20.00	20.00		KR
		Non-strategic and obsolete assets disposed	Ksh. Amount from disposal of idle assets	-	-	-	-	-	-	0.04	0.04	0.04	0.04	0.04		KR
		Vacant assets leased	No. assets leased	-	-	-	-	-	-	-	-	-	-		GM-SO	N/A

Enhance revenue assurance to 100% by 2027	Prevent revenue leakages	Property management System implemented under SAP	Implementation rate (%)	100	30	70	-	-	-	100.00	200.00	-	-	-	GM-RPC	KR/ PPP/ DONOR
		Automate key revenue collection points (KR Freight Management System, Parking, Ticketing)	No. Automated collection points	3	-	3	-	-	-	84.00	84.00	84.00	84.00	84.00	GM-F	IDA
		KR and KPA systems integrated	Integration report	1	-	-	1	-	-	-	-	20.00	-	-		KR
		Payment options diversified	Payment options report	-	-	-	-	-	-	-	-	20.00	-	-		KR
Reduce cost to revenue ratio from 109% in 2021/22 to 85% in 2026/27.	Mitigate cost overruns	Cost containment measures and expenditure guidelines implemented	Cost to revenue ratio	85	109	100	95	90	85	20.00	20.00	20.00	20.00	20.00		KR
		Fuel management system implemented	Fuel Management report	-	-	-	-	-	-	4.00	1.30	1.32	1.33	0.88		KR
		Review of passenger tariffs implemented	Passenger Tariff	1	1	-	-	-	-	1.00	-	-	-	-		KR
		Passenger/commuter subsidy implemented	Ksh. Amount as subsidy							-	-	-	-	-		KR
		Implementation of SAP ERP Phase 1 & 2	Implementation rate (%)	1	30	70	-	-	-	500.00	303.00	-	-	-		RDLF
		Capacity built in contract administration to reduce litigation costs	No. Staff trained	200	100	100				-	-	-	-	-		KR
Restructure Kenya Railways balance sheet	Rationalize KR assets	Balance sheet cleaned up and re-valued	Updated Assets register	-	-	-	-	-	-	20.00	20.00	20.00	20.00	20.00		KR
		Capital structure reviewed														KR
		Assets revalued and register updated														KR
Attain debt to revenue ratio of 5% on receivables and pending bills to annual budget ratio of less than 1%	Reduce financial risk	Debt management and credit control policy enforced	Debt to revenue ratio or receivable	5%	5%	8%	8%	5%	5%	0.20	0.20	0.20	0.20			KR
		Debtors data clean up and reconciliations implemented	% Pending Bills	<1	<1	<1	<1	<1	<1	-	-	-	-	-		KR
		Management of Receivables /Payables automated	Implementation rate (%)	100	100	-	-	-	-	-	-	-	-	-		KR
		SGR On-lent loan re-negotiated	SGR On lent loan Repot	1	1	-	-	-	-	2.00	-	-	-	-		KR
Mobilize 15% of the total budget from development partners (PPPs, infrastructure bonds and other financiers)	Mobilize additional development funds	Donor funding framework developed and implemented	% of capital budget mobilized	15	-	3	7	10	15	-	5	5	5	5		KR
		Infrastructure bonds floated for rail projects														
		Green financing implemented														
									TOTAL BUDGET		752.14	823.54	250.56	220.57	199.92	

Strategic Issue: Institutional capacity

Strategic Goal: Improve capacity in rail development and management

Key Result Area 6: Institutional Capacity Development and Governance

Outcome: Improved workforce productivity.

Strategic Objective 6.1: To build a competent and performance driven workforce.

Strategies	Key Activities	Expected Outputs/Target	Output Indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Enhance performance management and reward systems	Mainstream performance and productivity at the Corporation	Balanced Score Card approach mainstreamed in performance management	% of System Operationalized	100	20	50	75	100	-	10.00	10.00	15.00	-	-	GM-HR	KR
		A performance based reward system Established	% Of Implementation	100	20	80	-	-	-	1.00	3.00	1.00	-	-		
		Discipline and sanctions manual enhanced(Replace with Mainstream Productivity Measurement across the entire workforce)	% Of Implementation	100	-	100	-	-	-	-	-	-	-	-		
	2023-2027 Strategic Plan developed, monitored ,and evaluated	2023-2027 Strategic Plan prepared	Strategic Plan	Strategic Plan prepared	1	-	-	-	-	-	-	-	-	-	GM-RPC	
		Monitoring and reporting undertaken	No. of monitoring reports	20	4	4	4	4	4	1.00	1.00	1.00	1.00	1.00		
		Mid-term and end term evaluation conducted	No. of evaluation reports													
		Business plan and marketing strategy developed and implemented	Business plan and Marketing Strategy	Business plan and Marketing Strategy implemented	-	-	-	-	-	-	-	-	-	-		
			No. of reports	5	1	1	1	1	1	-	-	-	-	-		
Inculcate continuous learning, training and professional development	Develop competent workforce	Competency Management System established and implemented	% Of Implementation	100	20	80	-	-	-	10.00	5.00	5.00	5.00	5.00	GM-HR	KR
		Capacity built for projects implementation	No. staff trained	3,063	3,063	3,085	3,063	3,063	3,063	100.00	100.00	100.00	100.00	100.00		KR / WB
		Induction training for all new Employees and on Promotion	No Inducted	1,313	143	277	429	464	-	10.00	10.00	10.00	10.00	10.00		KR
		Establish and implement leadership development program	No Trained and Developed	50	10	10	10	10	10	20.00	20.00	20.00	20.00	20.00		KR
		Develop and implement periodic professional performance assessment system for staff	Performance Report	5	1	1	1	1	1	-	-	-	-	-		KR
		Develop and implement professional-specific training plan	% Of Implementation	100	20	40	60	80	100	20.00	20.00	20.00	20.00	20.00		KR

		Establish a Knowledge Management Resource Centre	% Of Implementation	1	-	1	-	-	-	-	20.00	-	-	-		KR
Enhance work environment and Staff Engagement	mainstream staff wellness and welfare at the Corporation	Staff wellness policy developed and implemented	% Of Implementation	1	1	-	-	-	-	2.00	2.00	2.00	2.00	2.00		KR
		Create programs for personal finance management	No of Programs Developed	5	1	1	1	1	1	1.00	1.00	1.00	1.00	1.00		KR
		Provision of office space & Mainstreaming disability	% Achieved	100	100	-	-	-	-	8.00	8.00	8.00	8.00	8.00		KR
		Establishment emergency response unit and facilities for sporting activities	No. of facilities	4	1	1	1	1	-	9.72	7.57	7.57	7.57	7.57		KR
		Establish and implement Guidance and Counselling unit for staff	Guidance and counselling Report	5	1	1	1	1	1	1.00	1.00	1.00	1.00	1.00		KR
Increase rail and marine skills	Develop adequate and competent Skills for Rail and Marine at Railway Training Institute (RTI)	National occupational standards developed for rail based occupational areas by 2027	% Of Implementation	1	-	50	100	-	-	-	25.00	25.00	-	-	DRTI	KR
		Rail occupational area Curricula developed and implemented	% Of Implementation	100	20	40	60	80	100	2.00	2.00	2.00	2.00	2.00		KR
		E-learning platform established to roll out training across the network	% Of Implementation	100	60	80	-	-	-	4.00	4.00	4.00	4.00	4.00		KR
		RTI master plan Phase 2 & 3 implemented at Main Campus and Kisumu Campus	% Of Implementation	100	20	40	60	80	100	233.00	200.00	200.00	200.00	167.00		GOK
		Marine Safety Training programs for Seafarer rolled out	No Rolled Out	500	25	50	100	200	500	1.00	1.00	1.00	1.00	1.00		KR
Mainstream Research and Innovation at the Corporation	Inculcate Research and innovation in Operations and Business	Research studies & surveys undertaken	No. of research studies and Surveys	30	6	6	6	6	6	25	25	25	25	25	GM-RPG	
		Annual rail conference institutionalized	No. of conference	5	1	1	1	1	1	6.00	6.00	6.00	6.00	6.00		KR
		Projects feasibility studies conducted	No. Feasibility studies / reports	5	1	1	1	1	1	246.50	246.50	246.50	246.50	-		KRAWB
		Innovation hubs set up	No. Innovation hubs	1	-	1	-	-	-	-	20.00	-	-	-		KR
										711.22	**738.07**	**761.07**	**660.07**	**380.57**		

Strategic Issue: Institutional capacity

Strategic Goal: Improve capacity in rail development and management

Key Result Area 6: Institutional Capacity Development and Corporate Governance

Outcome: Enhanced environmental, social and good governance practices

Strategic Objective 6.2: To Institutionalize Environmental, Social and Governance (ESG) standards

Strategies	Key Activities	Expected Outputs/Target	Output Indicator	Target for 5 Years	Target					Indicative Budget (Kshs. Millions)					Responsibility	
					2023/24	2024/25	2025/26	2026/27	2027/28	2023/24	2024/25	2025/26	2026/27	2027/28	Lead	Support
Maintain rail sub-sector carbon	Mitigate adverse climate change	Paperless operations through automation implemented	Implementation rate (%)	100	60	70	80	90	100	63.00	2.50	2.50	2.50	2.50	GM-HR	KR

emission at below 0.061 CO2e by 2027		Use of green energy (solar energy) in rail stations, offices and rolling stock as an alternative source of energy implemented	Greening initiative report	5	1	1	1	1	1	-	-	-	-			KR
		Water and power conservation measures implemented	Conservation report	5	1	1	1	1	1	8.00	8.00	8.00	8.00	8.00	GM TS	KR
		Fuel emissions reduced by Overhauling/ maintaining/innovations automated fuel bure combustion locomotive for fuel efficiency	Fuel Efficiency Index (Litre per Kilometer)	6	11	10	8	7	6	-	-	-	-	-		KR
		Asbestos and obsolete rail materials properly disposed	Disposal Report	5	1	1	1	1	1	100.00	100.00	100.00	-	-		KR
		Use of double stack and longer trains optimally utilized	Average daily No. Double stack trains	4	2	2	3	3	4	-	-	-	-	-		KR
	Mainstream climate change resilience mechanisms	Environmental and social policies reviewed	Reviewed policy	1	-	1	-	-	-	-	-	-	-	-		KR
		Capacity of staff strengthened on climate change resilience	Staff sensitization report on climate change resilience	5	1	1	1	1	1	-	-	-	-	-		
		Environmental social impact assessment (ESIA) and environmental audits (EA) conducted to comply with EMCA	ESIA reports	5	1	1	1	1	1	-	-	-	-	-		-
		Trees planted along the rail corridor	No. Trees Planted	78,000	78,000	78,000	78,000	78,000	78,000	1.30	1.30	1.30	1.30	1.30	CAM	KR
Uphold good corporate governance	Develop and implement a fit for purpose organization structure	Approved structure reviewed	Reviewed Structure	1	1	-	-	-	-	5.00	-	-	-	-	GM-HR	KR
		Achieve optimum staff Establishment	% Achieved	100	55	65	100	-	-	100.00	300.00	100.00	-	-		KR
	Enhance internal controls and compliance	Board capacity building program developed and implemented	No. Board members trained	9	9	9	9	9	9	2.00	2.00	1.00	1.00	1.00	GM-LS	KR
		Statutory and policy guidelines in all functions developed	Report	5	1	1	1	1	1	1.80	1.80	1.80	1.80	1.80		KR
		Policies and procedures developed/reviewed	No. of policies / procedures	-	-	-	-	-	-	-	-	-	-	-		
		Business Continuity Management Implemented	BCM plan	BCM plan implemented	1	-	-	-	-	4.00	4.00	4.00	4.00	4.00		KR
			% of implementation	100	20	40	60	80	100	-	-	-	-	-		
		Zero fault internal audits maintained	% audit issues resolved	100	100	100	100	100	100	-	-	-	-	-		KR
		ISO 9001:2015 QMS Standard maintained	No. of QMS Management Review reports	20	4	4	4	4	4	-	-	-	-	-		
			No. of QMS compliance audits	20	4	4	4	4	4	-	-	-	-	-		

		Compliance reports prepared and submitted to relevant Government agencies	No. of reports	10	2	2	2	2	2	10.00	10.00	10.00	10.00	10.00		
		Enterprise Risk Management implemented	No. Of ERM assessment reports	20	4	4	4	4	4	-	-	-	-	-		
		Business process re-engineering framework developed and implemented	BPR framework	BPR framework implemented	1	-	-	-	-	-	-	-	-	-		
			% Of Implementation	100	100	-	-	-	-	4.00	4.00	4.00	4.00	4.00		KR
	Develop and Implement Culture Transformation program	Implement a culture transformation program	% Of Implementation	100	100	-	-	-	-	20.00	20.00	20.00	20.00	20.00	GM-HR	KR
		Develop and Implement, selection, recruitment and Onboarding policy	% Of Implementation	100	100	-	-	-	-	-	50.00	-	-	-		KR
		Soft control audits conducted to establish employee motivation, loyalty, integrity, standards and values	No Conducted	5	1	1	1	1	1	4.00	4.00	4.00	4.00	4.00		KR
Enhance Corporation's social responsibility	Undertake Corporate Social Responsibility activities	Relocation action plans for persons affected during construction of the rail network implement.	% Of Implementation	100	-	30	30	20	20	-	-	-	-	-	CAM	KR
		Public awareness and sensitization on rail safety and protection of corridor assets	Sensitization report	5	1	1	1	1	1	1.00	1	1	1	1		KR
		Sponsorship of schools and youth for education and co-curricular activities undertaken	Ksh. Amount sponsored	50	10	10	10	10	10	10.00	10	10	10	10		KR
									TOTAL BUDGET	**1,020.32**	**1,231.67**	**943.67**	**782.67**	**423.17**		

6.1.2 Annual Work plan and Budget

To guide on implementation of planned activities and realization of the desired outcomes and outputs, KR will prepare an annual work plan aligned to the approved budget.

6.1.3 Performance Contracting

Annual Performance contracts, will be prepared, implemented, monitored and evaluated to ensure key activities are achieved in line with the Strategic Plan.

6.2. Coordination Framework

This area describes the institutional framework; staffing levels, skills set and competences; leadership, systems and procedures required for the implementation of the Strategic Plan.

6.2.1 Institutional Framework

To support implementation of the strategic initiatives, an evaluation of the existing organizational structure, policies, rules and regulations was undertaken.

6.2.2 Staff Establishment, Skills Set and Competence Development

The approved organizational structure provides for a staff establishment of 4,661. However, the employee in post as at 2022 was 3,038 against an optimal human resource capacity for effective service delivery of 3,085 as shown in the table below:

Table 6.1: Staff Establishment

Cadre	Approved Establishment (A)	Optimal Staffing Levels (B)	In – Post (C)	Variance D=(B-C)
RG1	1	1	1	0
RG2	10	5	5	0
RG3	32	19	19	0
RG4	75	26	26	0
RG5	247	25	25	0
RG6	490	99	97	2
RG7	511	427	420	7
RG8	1405	693	682	11
RG9	1450	1434	1412	22
RG10	440	356	351	5
Total No. of staff	4,661	3,085	3,038	47

The Corporation will ensure staff with the requisite skills and experiences are recruited and capacity-building programmes undertaken to enhance staff skills, productivity and retention. In addition, partnerships with international rail institutions will be established for building technical expertise in critical rail operational areas. Kenya Railways will also ensure skill transfer through knowledge management and learning. An analysis of the required core skills sets and skills gap per cadre has been provided, as well as competencies necessary for training, career progression and development as outlined in the table below:

Table 6.2: Skills Set and Competence Development

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
RG1	**Academic Qualifications** i)Master's degree ii)Bachelor's degree iii)Professional Qualifications Other skills i) Leadership skills ii)Management skills iii)Corporate Governance	-	-
RG2	**Academic Qualifications** i) Master's degree ii)Bachelor's degree iii)Professional Qualifications **Other skills** i) Leadership skills ii) Management skills iii)Corporate Governance	i) Senior Leadership skills ii) Risk and Corporate governance skills;	i) Professional development course ii) Leadership course iii) Corporate governance course
RG3	**Academic Qualifications** i) Master's degree ii) Bachelor's degree iii)Professional Qualifications **Other skills** i) Management skills ii) Supervisory skills	i) Risk and Corporate Governance skills ii) Management skills iii) Supervisory skills	i) Professional development course ii) Risk and Corporate governance course iii) Management course
RG4	**Academic Qualifications** i) Master's degree ii)Bachelor's degree iii)Professional Qualifications **Other skills** i) Management skills ii) Supervisory skills	i) Management skills ii) Supervisory skills iii) Critical thinking skills	i) Professional development course ii) Management course iii) Analytical and critical thinking course
RG5	**Academic Qualifications** i) Bachelor's degree or ii) Technologist diploma **Other skills** Supervisory skills	i) Master's degree ii) Professional qualifications iii) Supervisory skills iv) Organization and planning skills v) Reports and minutes writing skills vi) Critical thinking skills	i) Professional development course ii) Supervisory course iii) Analytical and critical thinking course
RG6	**Academic Qualifications** i) Bachelor's degree or ii)Technologist diploma **Other skills** Supervisory skills	i) Professional Qualifications ii) Supervisory skills iii) Organization and planning skills iv) Reports and minutes writing skills v) Critical thinking skills	i) Professional development course ii) Supervisory course iii) Analytical and critical thinking course
RG7	**Academic Qualifications** i) Ordinary diploma or ii) Technologist diploma **Other skills** i) Supervisory skills ii) Computer applications proficiency	i) Technical skills upgrading/reskilling ii) Supervisory skills iii) Computer proficiency skills	i) Skills development course ii) Refresher course in rail operations iii) Supervisory course iv)Refresher course in computer applications systems
RG8	**Academic Qualifications** i) Diploma or ii) Craft certificate **Other skills** i) Supervisory skills ii) Customer care skills iii) Computer applications proficiency	i) Technical skills upgrading/reskilling ii) Supervisory skills iii) Customer Service Skills iv) General administrative skills v) Computer proficiency skills	i) Skills development course ii) Refresher course in rail operations iii) Supervisory course iv) Customer care course v) Organization and planning course vi) Refresher course in computer applications systems
RG9	**Academic Qualifications** i) Craft certificate or ii) Trade Test I, II, III iii) Minimum KCSE mean grade D+ (plus) **Other skills** i) Customer care skills ii) Computer applications proficiency	i) Technical skills upgrading/reskilling ii) Oral and written skills iii) Customer Service Skills iv) General administrative skills	i) Skills development course ii) Refresher course in rail operations; iii) Communication course iv) Customer care course v) Organization and planning course
RG10	**Academic Qualifications** Minimum KCSE mean grade D+ (plus) **Other skills** i) Customer care skills ii) Computer applications proficiency	i) Technical skills upgrading/reskilling ii) Oral and written skills iii) Customer Service Skills iv) General administrative skills	i) Skills development course ii) Refresher course in rail operations; iii) Communication course iv) Customer care course v) Organization and planning course

6.2.3 Leadership

This plan shall be achieved through the leadership of KR Board of Directors in conjunction with Management in realizing KR's mandate and its strategic issues, goals, KRAs and the strategic objectives. Strategic Theme teams will be constituted to lead and coordinate strategic activities relevant to KRAs.

6.2.4 Systems and Procedures

Kenya Railways maintains a Quality Management System (QMS) to ensure continuous improvement in provision and delivery of its products and services to meet customers' requirements. To this end, the Corporation is certified under ISO 9001:2015 Standard and commits to provision of efficient and safe rail services. The Management therefore commits to satisfying applicable requirements of the Standard by ensuring that commitments in the customer service delivery charter as well as applicable statutory and regulatory requirements are determined and consistently met. Standard operating procedures will be re-engineered across the value chain to create and deliver services efficiently to customers. Additionally, digitization and automation of processes will be prioritized through implementation of the ERP system (SAP) with an aim of enhancing efficiency in service delivery.

6.3. Risk Management Framework

KR recognizes the dynamic and uncertain business environment it operates within, where various internal and external factors can affect achievement of its strategic objectives. In this regard, the Corporation has adopted a risk-based approach to proactively identify, assess, and mitigate potential strategic risks, ensuring a comprehensive and adaptive risk management framework that aligns with the organization's overarching strategic plan. The Corporation's risk management framework, based on the ISO 31000:2018 standard, allows it to promptly identify risks, assess them and define appropriate risk treatments to minimize negative impacts. The management will continuously identify, analyze, mitigate and report all significant risks to the Board in a timely manner.

Table 6.3: Risk Matrix

NO	RISK	RISK LIKELIHOOD (L/M/H)	SEVERITY (L/M/H)	OVERALL RISK LEVEL (L/M/H)	MITIGATION MEASURES
1.	Inadequate rolling stock	M	H	H	• Acquisition, overhauling and rehabilitation of locomotives and wagons • Maintenance of target TQIs Increasing locomotive reliability
2.	Insufficient railway network capacity	M	H	H	• Construction of rail networks • Rehabilitation of the MGR network • Implementation of railway cities master plans
3.	Disruptions to train/business operations	M	M	M	• Attainment ISO 27001:2022 ISMS certification • Alignment of ICT infrastructure and services to the Corporation's business strategy
4.	Inadequate mobilization of financial resources	M	M	M	• Renovation of existing KR estates • Establishment of Transit Oriented Developments & Logistics centers • Mobilization 15% of annual capital budget from external sources
5.	Inadequate staff capacity and capability	M	M	M	• Development and implementation of a fit for purpose organization structure • Enhancement of performance management and reward systems • Development of adequate and competent rail and marine skills
6.	Increased competition in the freight haulage sector	M	M	M	• Operationalization of rehabilitated branch lines • Construction and re-opening of sidings • Establishment of a flexible pricing framework
7.	Unresponsiveness to stakeholders' concerns	L	L	L	• Institutionalization of Kenya Railways Culture and Values set • Adherence to Mwongozo Code of Governance for State Corporations

KEY:
Risk likelihood denotes the possibility of a risk occurring. The values used to assess the possibility include:
L – A risk that is not expected to occur;
M – A risk that will possibly occur but will not be a persisting issue; and
H – A risk that is expected to occur on a frequent basis.

Risk severity denotes the impact of a risk on the strategic objectives if the risk occurs. The values used to assess the impact include:
L – A risk event if it occurs will have little or no impact on achieving outcomes/objectives;
M – A risk event if it occurs will have a moderate impact on achieving desired results; and
H – A risk event if it occurs will have a severe impact on achieving desired results.

Overall risk level is the assessment of a risk based on the likelihood and severity. The overall risk level guides the prioritization of the risk mitigation measures. The values below denote the overall risk levels

Table 6.4: Overall risk level

OVERALL RISK LEVEL	RISK LEVEL RATING	DESCRIPTION
L	Low	These are acceptable risks and only monitoring is required. These are managed within a department/division.
M	Medium	These are tolerable risks and will be treated as long as the costs outweigh the benefits. These risks will be monitored by the Executive Management.
H	High	These are high risks that require urgent attention and are escalated to the KR Board of Directors

Chapter 7

RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES

This chapter presents the financial resource requirements in line with set targets for the period. It also discusses resource mobilization strategies and measures put in place to ensure prudent utilization of resources.

7.1 Financial Requirements

In order to effectively implement this Strategic Plan, a budget of Kshs. 950 Billion is required majorly comprising Kshs. 805 Billion for expansion and integration of the rail network (KRA 1).

Emphasis shall also be placed on improvement of operational efficiency (KRA 2) with an allocation of Kshs. 127 Billion. Business development and Marketing will require Kshs. 1.4 Billion, while development of landed assets and Institutional capacity and governance will require Kshs. 9.3 Billion and Kshs. 4.4 Billion respectively. This is as illustrated in the table below.

Table 7.1: Financial Requirements for Implementing the Strategic Plan

COST ITEM	PROJECTED RESOURCE REQUIREMENTS (KSHS. MILLION)					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
KRA 1	9,913.14	147,811.88	140,890.47	135,312.75	371,952.15	**805,880.39**
KRA 2	19,545.36	35,801.98	23,521.79	25,021.54	23,336.42	**127,227.09**
KRA 3	271.25	383.25	254.25	254.25	273.00	**1,436.00**
KRA 4	866.70	2,681.08	1,794.41	2,493.00	1,504.00	**9,339.19**
KRA 5	752.14	820.54	250.56	220.57	199.92	**2,243.73**
KRA 6	1,045.32	1,256.67	968.67	727.67	448.17	**4,446.50**
TOTAL	**32,393.91**	**188,755.40**	**167,680.15**	**164,029.78**	**397,713.66**	**950,572.90**

To attain the budgeted Kshs. 950 Billion, a total of Kshs. 147.3 Billion is expected to be raised internally and from the Railway Development Levy Fund (RDLF).

The resource gap for implementation of the programs/projects outlined in this plan will amount to Kshs. 803 Billion which will majorly be bridged through mobilization of funding from government, development partners and Public Private Partnerships. This is illustrated in the table below.

Table 7.2: Resource Gaps

FINANCIAL YEAR	ESTIMATES FINANCIAL REQUIREMENTS (KSH. MN)	ESTIMATED ALLOCATIONS (KSH. MN.)	VARIANCE (KSH. MN.)
2023/24	32,393.9	13,425.9	18,968.0
2024/25	188,755.4	48,165.4	140,590.0
2025/26	167,680.2	15,863.6	151,816.6
2026/27	164,029.8	35,920.3	128,109.5
2027/28	397,713.7	34,000.0	363,713.7
Total	**950,572.9**	**147,375.2**	**803,197.7**

7.2 Resource Mobilization Strategies

Recognizing the capital intensive nature of the Corporation's investments, the modest returns and the long investment recovery period, a framework and policy is necessary to define the mix of debts by tenor and revenue to ensure a sustainable financial position. The aim is to generate capacity required to meet current and future business requirements.

The resource mobilization strategies are as follows;

1. Increase internally generated revenue;
2. Source funding from Government: Exchequer Allocation, Infrastructure bond;
3. Source funding from Development partners: Grants and loans, Technical and financial support, Green Energy Financing;
4. Borrow from Financial Institution: Loans; and
5. Public Private Partnerships: Leverage on assets for PPPs.

7.3 Resource Management

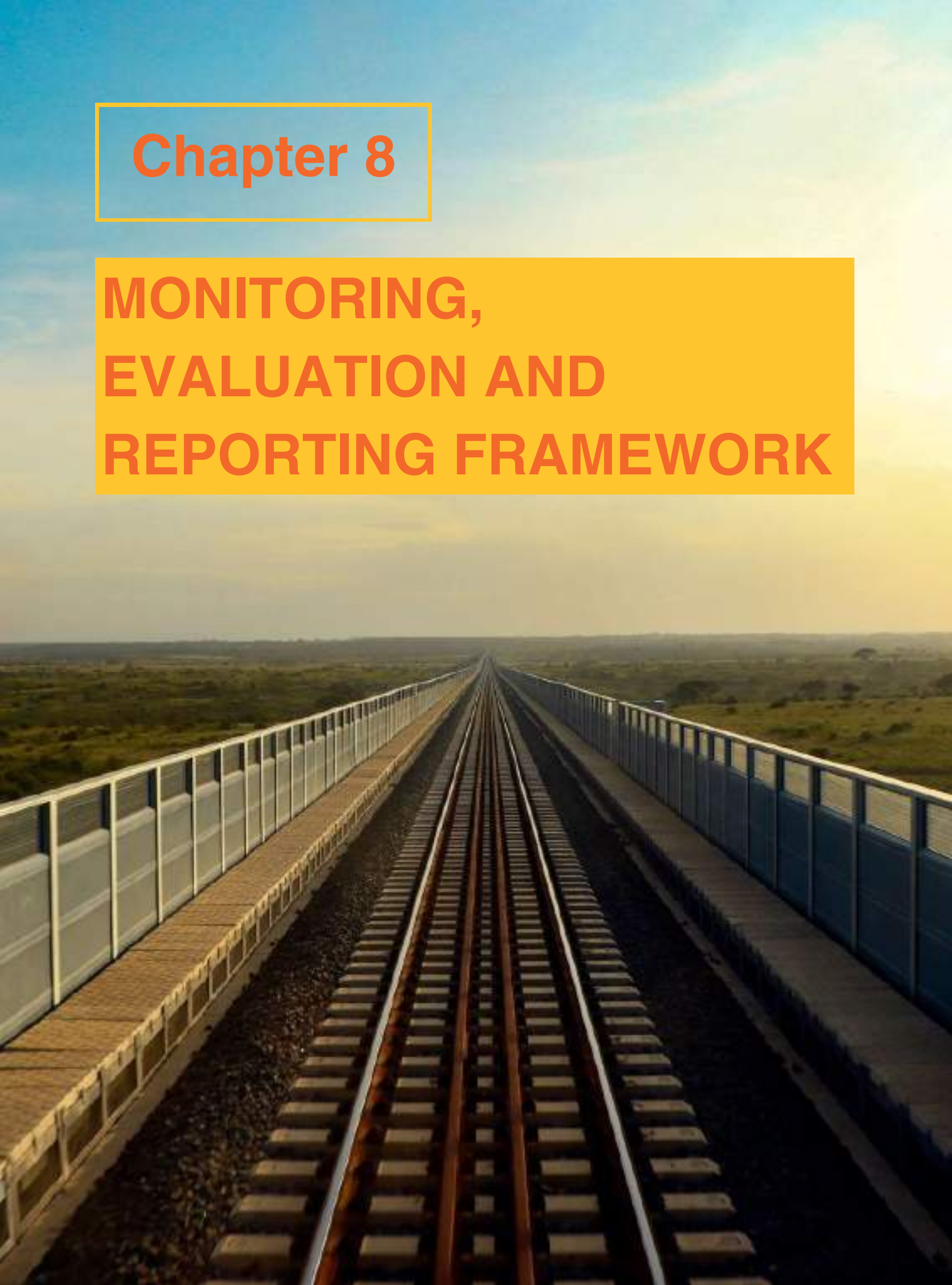
During the plan period, the Corporation will implement measures to ensure effective and efficient use of available resources. These measures include:

1. Prioritization and sequencing in utilization of scarce resources on impactful value chain activities;
2. Streamlining business processes;
3. Adoption of ICT in asset management and other processes;
4. Adherence to budgets and stringent financial discipline according to the law;
5. Implementation of a robust performance management system;
6. Monitoring and evaluation of planned programs/activities; and
7. Adequate risk assessment and management.

Cargo container loading on wagons at Port Reitz in Mombasa for onward shipping.

Chapter 8

MONITORING, EVALUATION AND REPORTING FRAMEWORK



This chapter outlines the institutional framework for Monitoring, Evaluation (M&E) and Reporting for the Strategic Plan. It entails a monitoring framework, performance standards, evaluation framework as well as reporting framework and feedback mechanism.

8.1 Monitoring Framework

Implementation of this Strategic Plan will require effective coordination of both internal and external stakeholders. Thus, the Board of Directors will play a key role in: formulation of the required policies, mobilization of resources, and monitoring and evaluation of the Strategic Plan implementation.

The MD will be responsible for overall coordination, implementation, monitoring and evaluation of this Strategic Plan as well as ensuring effective collaboration with key stakeholders.

Heads of Departments will be responsible for ensuring effective and efficient implementation of planned programmes/projects/activities within their functional areas.

To enhance strategic plan implementation, the Corporation will:

1. Ensure effective communication of the plan to all staff and key stakeholders;
2. Enhance partnerships and collaborations with all stakeholders that are critical for successful implementation of the plan;
3. Mobilize and avail resources for planned programmes, projects and activities;
4. Ensure annual work plans for departments, sections and individuals are aligned to the Strategic Plan;
5. Ensure performance contracting parameters are derived from the Strategic Plan;
6. Strengthen organizational capacity to implement the Strategic Plan through recruitment of requisite staff and capacity building; and
7. Continuously monitor implementation and undertake timely remedial actions.

During the plan period, the Corporation will strengthen its M&E system by developing a Monitoring and Evaluation Policy that will act as a guide for conducting M&E activities.

Besides the policy, other key documents that will provide the basis for M&E will include the strategic plan, annual performance contracts, annual work plans, annual budget and expenditure review, staff appraisal reports and project progress reports. The reports generated from M&E exercises will be shared with the management for decision making.

Implementation of activities will be continuously and periodically monitored to check progress against set targets and to determine whether activity implementation is on course towards achievement of set objectives and goals. The Corporation will adopt various logical frameworks for the projects against which immediate and long-term results will be reported.

The Research, Planning, Compliance and ICT Departments will coordinate Monitoring and Evaluation and reporting on the implementation of the Strategic Plan to the management. The Department will also provide technical support and facilitate M&E capacity building across the Corporation.

The Management team will take full responsibility for overseeing the Plan's implementation over the entire Strategic Planning period. The team will continuously monitor and evaluate all strategies, activities, and outcomes to advise the Board of Directors on the implementation status.

The Strategic Plan targets will be cascaded downwards to all staff through the Annual Work Plans and other performance management tools using the Balanced Scorecard approach. Key lessons learnt will be documented and made available on the Knowledge Management platform.

8.2 Performance Standards

The Corporation's Monitoring and Evaluation framework is based on the internationally accepted norms and standards incorporating the following:

- Output and input indicators that are SMART and contains baseline data;
- Monitoring and evaluation plan for tracking implementation of activities;
- Monitoring and evaluation budget;

- Monitoring of Annual work plan implementation;
- Periodic reporting of results;
- Focusing on improving implementation of the National Development Agenda;
- Tracking, promoting and contributing to achievement of the Sustainable Development Agenda.

The Strategy and Economic Planning team through coordination of the General Manager Planning, Research and Risk-Coordination Department will be responsible for data collection for the KRAs.

8.3 Evaluation Framework

The Board and Management team will review performance on a quarterly basis indicating overall progress made on key strategic objectives. A set of quantifiable Key Performance Indicators (KPIs) will be used to monitor performance against set targets derived from the strategic objectives set out in the plan.

Table 8.1: Outcome Performance Matrix

KEY RESULT AREA	OUTCOME	OUTCOME INDICATOR		BASELINE		TARGET	
				VALUE	YEAR	MID-TERM PERIOD	END-TERM PERIOD
KRA 1: Rail Infrastructure Development	Improved rail connectivity and reliability	Track Quality Index (TQI)	SGR	6.13	2022/23	<10	<10
			MGR	-	2022/23	<40	<40
KRA2: Rail Asset Utilization	Improved rail operational efficiency and enhanced passenger experience	Net Tonne Kilometer (NTK) (Billions)		3.3	2022/23	4.6	5.2
		Passenger-Kilometer (Billions)		1.267	2022/23	1.438	1.461
KRA3: Business Development and Marketing	Increased Freight market share	Percentage Freight market share of Port throughput (%)		26	2022/23	36	42
KRA 4: Development and management of landed assets	Increased returns from landed assets	Amount collected in Kshs.		1.4	2022/23	2.0	2.5
KRA 5: Financial Sustainability and Resource Mobilization	Improved operating cost-to-revenue ratio	Cost: Revenue		109	2022/23	95	85
KRA 6: Institutional Capacity Development and Governance	Improved workforce productivity.	Productivity index		0.8752	2023/24	TBD	TBD
		Employee Satisfaction Index		49	2022/23	60	70
	Enhanced environmental, social, and good governance practices	CO2		0.061	2022/23	0.061	0.061
		% audit issues resolved		100	2022/23	100	100

8.3.1. Mid-Term Evaluation

A mid-term evaluation will be undertaken in 2025 to assess and inform ongoing implementation of activities/projects/programmes.

Mid-term Evaluation shall be conducted internally to assess:

1. What has a particular project achieved?
2. How well is it being implemented?
3. Are the planned activities on schedule?
4. Are the inputs sufficient to produce the desired outputs, outcome and impact?
5. Are expected results occurring or likely to occur?

The mid-term evaluation will be critical in enhancing project performance and serving as an early warning in case things are not working as expected. Lessons learned from the midterm review will be used in redesigning the plan, where necessary and feasible, to increase chances of meeting expected objectives. The template **"table 8.4"** shall be used to undertake the mid-term evaluation in the period.

8.3.2. End-Term Evaluation

An end-term evaluation will be conducted by an external evaluator in 2028 mainly focusing on the outcomes and to a lesser degree on how implementation of the plan could have been improved. This will be done using evaluation reporting templates provided in *table 8.4*.

8.4. Reporting Framework and Feedback Mechanism

Plan reviews will be undertaken quarterly to focus on the action programme and assess whether time bound events, interventions or initiatives have achieved targeted outputs. They determine whether plan implementation is on or off course and the impelling/impeding forces.

Variance in time or output targets will be highlighted as well as their corresponding corrective interventions towards achievement of set targets. The tables 8.2, 8.3 and 8.4 below show the format of quarterly, annual progress and evaluation reporting templates respectively. Each of the responsible parties would have to produce a report based on the prescribed formats below. It is recommended that an external facilitator guide the review to provide new perspectives/focus for the deliberations.

Annex1: Quarterly Progress Reporting Template
Table 8.2: Quarterly Progress Reporting Template
QUARTERLY PROGRESS REPORT

QUARTER ENDING.....

EXPECTED OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET (A)	QUARTER FOR THE YEAR			CUMULATIVE TO DATE			REMARKS	CORRECTIVE INTERVENTION
			TARGET (B)	ACTUAL (C)	VARIANCE (C-B)	TARGET (E)	ACTUAL (F)	VARIANCE (F-E)		

Table 8.3: Annual Progress Reporting Template
ANNUAL PROGRESS REPORT

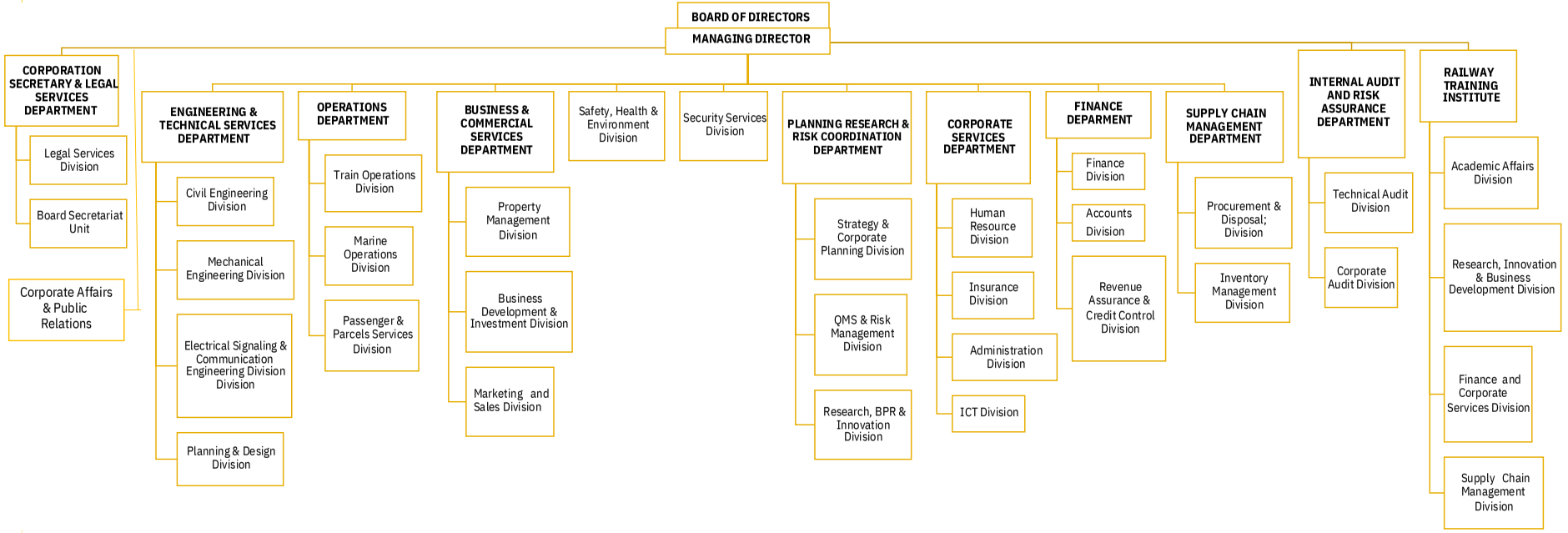
YEAR ENDING.....

EXPECTED OUTPUT	OUTPUT INDICATOR	QUARTER FOR THE YEAR			CUMULATIVE TO DATE			REMARKS	CORRECTIVE INTERVENTION
		TARGET (A)	ACTUAL (B)	VARIANCE (B-A)	TARGET (D)	ACTUAL (E)	VARIANCE (E-D)		

Table 8.4: Evaluation Reporting Template

KEY RESULT AREA	OUTCOME	OUTCOME INDICATOR	BASELINE		MID-TERM EVALUATION		END OF PLAN PERIOD EVALUATION		REMARKS	CORRECTIVE INTERVENTION
			VALUE	YEAR	TARGET	ACHIEVEMENT	TARGET	ACHIEVEMENT		
KRA 1										
KRA 2										
KRA 3										
KRA 4										
KRA 5										
KRA 6										

The KR Organizational structure:

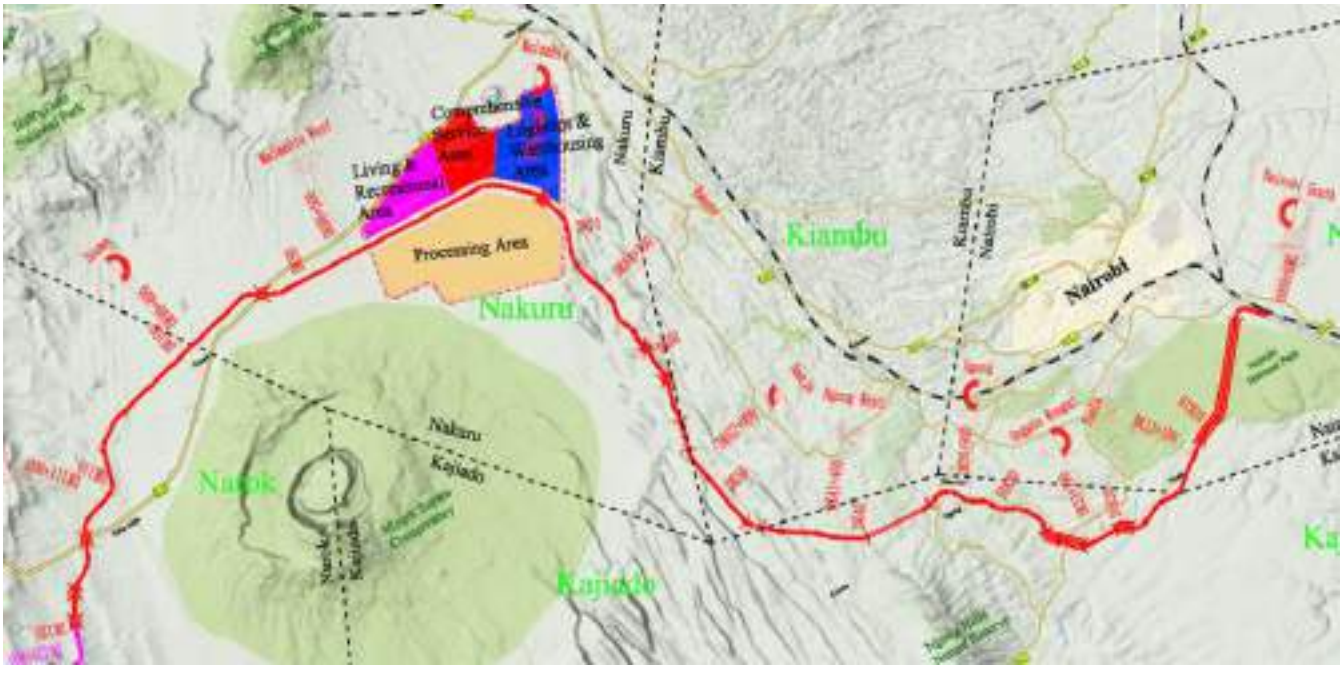


Map 1: Kenya's MGR Network

Map 2: Kenya's Nairobi Commuter Rail Network

Map 3: SGR Phase I (Mombasa to Nairobi section)

Map 4: SGR Phase II A (Nairobi to Naivasha)



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