

Speech by Hon. (Amb.) Ukur Yatani, EGH, Cabinet Secretary/National Treasury & Planning, on the Occasion of Signing of the Framework Agreement Establishing the Kenya Transport and Logistics Network on Tuesday, 8th September, 2020 at Mombasa

Chairmen of ICDC, KPA, KRC and KPC;

Board Members of ICDC, KPA, KRC and KPC;

Senior Government Officials;

Distinguished Guests;

Ladies and Gentlemen:

1. I am delighted to join you today, on this auspicious occasion. Indeed, today marks a key milestone as we witness the signing of the Framework Agreement that will create an arrangement for anchoring and integrating the state's ports, rail and pipeline services within the Kenya Transport and Logistics Network, in line with the presidential Executive Order No. 5 of 2020 that was issued on 7th August, 2020.
2. The Framework Agreement brings together the four institutions, namely ICDC, KPA, KRC and KPC, into the Network, and, in line with the direction in the Executive Order, will be signed between ICDC on one hand, KPA, KRC and KPC on the other.

I am happy and grateful to our teams for working together and delivering on this important task within the timelines that HE the president set out in the Executive Order. I extend my immense gratitude once again to all those who made this possible.

3. The signing of this Framework Agreement reaffirms the president's commitment to reforming the Kenyan economy and more particularly the state corporations through which much of the Government's growth and transformation agenda is directly implemented. Indeed, this is yet another step towards the implementation of the **Report of The Presidential Taskforce on Parastatal Reforms** that was adopted in 2013. One of the key focus of the report was the reforms of the commercial state enterprises (state owned enterprises) to make them work for the general good of this country and its people by supporting the economic agenda, that will transform Kenya *into a newly industrializing, middle-income country providing a high quality of life to all its citizens.*

4. As we all know, the efficiency of the national infrastructure is not only a facilitator but 'by and large' a key indicator of the health of an economy. We expect, therefore, that through this new integrated and seamless approach of operational integration, the country will reap the benefits of created synergies through increased efficiency, lower cost of doing business and hence competitiveness of our products and

services, and generally higher returns on the infrastructural investment.

Allow me to elaborate a few salient issues in the Framework Agreement.

5. First, in the development of the Framework Agreement, we have recognized and underscored the importance of common and clear principles to guide the cooperation. These principles include;
 - a. the adoption of a *single governance approach to management of the network and elimination of the silo approach*;
 - b. *prompt and responsive consultation and cooperation*,
 - c. synchronization of decision making;
 - d. transparency and disclosure;
 - e. accountability; integrity; and timeliness.
6. Secondly, the Agreement sets out the scope of the collaboration, with the broad areas being policy, financial, operational, transactional and decisional collaboration. Each of these broad areas are further broken down into detailed and more specific targets to give more clarity and focus.
7. The Agreement has also set up collaboration mechanisms, with clear responsibilities for ICDC, the parties generally and the

operating entities. Each of these entities will be expected to play their roles guided by the principles set out in the Agreement and in the best interests of the network and, by extension, our country.

8. Some of the other key aspects therein include funding of the integrated operations, and the upgrading of and new capital investment. While recognizing that significant funds will be required to achieve the commercial vision, objectives and benefits of the Agreement, the allocation of financial resources of the parties will be aligned to achieve greater value for the common good and achievement of the objectives of the network.

9. Let me also mention a few of the collaboration activities that we have set out to achieve through this Agreement, as these will be key in unlocking the benefits and efficiencies of this cooperation. Through this Agreement, we plan to have **shared services** on; *procurement; promotion of market-based transport; encourage greater use of locally manufactured spare parts, equipment and services; technical services; innovation; integration of core freight-logistics services, including warehousing, cargo handling; consolidation centres; increased backhauling; amongst others.* These indeed will not only create the desired linkages and synergies but will undoubtedly contain costs and promote that needed professionalism.

10. I want to add that the National Treasury is in the process of reviewing other legal and policy frameworks in order to ensure full facilitation of the implementation of the Agreement and successful operation of the network services. In this regard, I undertake to ensure the conclusion of all other agreements, including the Operational Level Agreements and other sub-agreements and structures to implement this Framework Agreement, within sixty (60) days of signing of this Framework Agreement.

11. Allow me to emphasize and assure all concerned stakeholders that the creation of this network will **not** lead to any job losses – on the contrary, we forecast more benefits for our people through improved business, reduction of transport cost, lower cost of doing business, reduction of time for the transport of goods and generally enhanced efficiencies.

12. As I reminded the Boards when we kicked off this process, the task ahead is not ‘a walk in the park’, as there will be lot of learnings despite constraint of time. I am confident that with good planning and focussed implementation this will bear great fruit for our economy and by extension the people of Kenya. I, therefore, urge full dedication and maximum effort from each one of us as we endeavour to transform the corporations and deliver on the promise.

13. Let me conclude by thanking all those who have contributed to the development off this Agreement. I thank the Board and CEO of ICDC for its stewardship of the process, the Boards and CEOs of the Operating Entities for their invaluable input, and the technical teams comprising the staff from the National Treasury, Attorney General's office, and ICDC. Lastly, I wish to thank my staff at the National Treasury and the State Corporations Advisory Committee for playing the vital coordinating link between all the parties during this exercise.

Thank you.