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NATIONAL TREASURY AND ECONOMIC PLANNING

GOVERNMENT TRANSPORT POLICY, 2024 -DRAFT-

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GOVERNMENT TRANSPORT POLICY

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FOREWORD

As part of the reformative efforts in the Government Transport ecosystem, this policy has been developed to address the inherent weaknesses in the management of the Government Fleet. The policy is a successor to a Circular: OP.CAB.23/1A drafted on 30th June 2006 on the implementation of the new Policy directives and which sought to address the existing limitations in fleet operations by providing interim measures to streamline Government Transport while a more permanent solution was being sought. This policy, once enacted shall apply to Government Ministries, Departments, Agencies and Counties (MDACs).

To effectively address shortcomings in the management of Government fleet, this Policy provides a framework for implementing measures outlined in the 2006 circular. Specifically, it outlines the Government's vision on the management of its fleet and identifies strategic priorities for action. It aims to provide a comprehensive framework for guiding acquisition and maintenance address mismanagement, high maintenance costs and operational inefficiency, lack of parity in the allocation of transport facilities, proliferation of vehicle models and idle capacity as well as the disposal of Government moveable assets. Besides economic efficiency, this policy also seeks to integrate the environmental and social safeguards in fleet utility a basis for greener, environmental-friendly and decarbonized fleet.

In an effort to streamline and strengthen the management of transport services, the Government of Kenya, in 2018 and 2020, sought to deepen transport reforms by establishing a census of all Government vehicles as well as introducing official motor vehicle leasing programme. This was touted as a cost-effective approach of managing official fleet operations pending the approval of the draft Policy. To this end, this Policy therefore consolidates many reform recommendations by making radical guidelines aimed at professionalizing Government fleet to efficiently apply transport resources in the most cost-effective manner.

Detailed policy procedures for the acquisition, provision, maintenance and disposal of Government moveable assets as well as the use of private vehicles for authorized travel during official engagements is covered under this policy. Further, to effectively operationalize the policy, an implementation plan, a list of key stakeholders and a monitoring and evaluation framework are provided. In the same vein, the policy guides key institutional reforms by providing a coordinating mechanism for Government Fleet by establishing a Fleet Management Department.

Borrowing from best practices in Malaysia, Australia, and Rwanda, the policy highlights effective and implementable examples customized to fit-for-purpose for the Kenyan context and which provides a basis for adopting the set fleet management standards, modernization, safety and the acquisition and adoption of fleet management solutions for evidence-based decision-making. In doing so, this policy anticipates integration of a well-rounded fleet management solutions with geo-fencing capabilities to track the locations for Government fleet at any given

time. The adoption of technology-based systems will streamline operations, optimize performance, enhance accountability.

In implementing this policy, enormous resources are required, including consolidating and up-skilling human capacity, enhancing austerity and putting necessary measures to mitigate risk. Moreover, there is need to avail more resources to acquire newer fleet to replace the mundane aging and costly fleet. Further, there is need to embrace new technologies such as Electric Vehicles to curtail the harmful effects of environmental degradation and manage costs. There is need for a concerted approach to realize the full implementation of this policy by working with stakeholders through public-Private Partnerships (PPP's) to achieve the collective vision of "*World Class Fleet Management for Efficient Public Service Delivery*".

The Government shall therefore implement this policy through a collaborative effort involving all relevant agencies, departments and personnel and Counties. By adhering to the principles and guidelines outlined in this policy, efficiency, cost-effectiveness and accountability in the use of scarce Government resources is guaranteed. The arrangement where officers can use their private transport assets for official work and claim mileage thereafter will impact revenue consolidation and enhance efficiency in service provision.

This policy therefore sets out clear guidelines govern the management, operation, maintenance, acquisition, assignment, utilization and disposal arrangements of the Government -operated fleet and related services. It also provides guidelines on dealing with staff transportation on official duty and addresses various challenges identified.

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PREFACE

Kenya lacks an operational Government Transport Policy. Fleet management services have perennially run on various circulars and directives issued from time to time. The lack of a specific document on policies underpinning government transport creates challenges related to coherence in the utilization of government fleet as well as movement of staff for official functions. This has occasioned poor service delivery, inefficiency in the utilization of fleet services, exorbitant maintenance costs and ironically demotivated staff. The Government has therefore developed this Policy to provide guidelines to the administration and management of government transport in view of current reformative efforts, aspirations encapsulated in Bottom-Up Economic Transformation Agenda (BETA) and the austerity measures in place.

The development of this Policy has been guided by the international best practice in providing guiding principles to address the challenges identified. The Policy will be an important tool for enhancing economic turnaround and inclusive growth. Realization of the BETA calls for enhanced revenues which can only be realized through well-coordinated reforms, institutional restructuring in view of current economic downturn and demands for capacity enhancement. This Policy therefore seeks to address the perennial bottlenecks in government fleet operations such as; fuel misuse, high maintenance cost and obsolescence.

Article 201 of the Constitution of Kenya requires transparency and public participation in preparation of policies affecting the public. In this respect, this Policy was subjected to rigorous public participation to ensure that the guidelines spelt herein are demand driven and in sync with the evolving needs of all citizens. In doing so, there would be little room for litigation during the roll-out of this policy.

Moreover, this policy once implemented will enhance delivery of Government transport services, unlocked financial resources and frontload financing of critical government transport service, institutionalize the separation of roles in transport function and allow government agencies to have seamless procurement landscape for transport assets so as to optimize on the economies of scale. Again, the policy would help the government to contain run-away maintenance costs, secure the lives of its officials, contain escalating transport costs, improve fleet utilization levels and provide a sound fiduciary process in the acquisition and disposal of transport assets.

Finally, the National Treasury will leverage on technology to enhance fleet utilisation levels, seek to decarbonize the government fleet through the acquisition and use of Electric Vehicles (EV) and work progressively with key stakeholders in the transport ecosystem to improve efficiency, transparency and accountability in service delivery. With this policy in place, Kenya is well on course to achieve revenue consolidation.

Dr. Chris K. Kiptoo, CBS
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ABBREVIATIONS & ACRONYMS

AA:	Automobile Association
AIG:	Assistant Inspector General
API:	Application Programming Interface
APS:	Administration Police Service
ADR:	Alternative Dispute Resolution
BETA:	Bottom-UP Economic Transformation Agenda
CMTE:	Chief Mechanical and Transport Engineer
DCC:	Deputy County Commissioner
EPRA:	Energy & Petroleum Regulatory Authority
EVs:	Electric Vehicles
FMS	Fleet Management Solution
FOTIMS:	Foreign Travel Information Management System
GFMD:	Government Fleet Management Department
GoK:	Government of Kenya
GOVs:	Government Owned Vehicles
GVP:	Government Vehicle Pool
GTP:	Government Transport Policy
HOPS:	Head of Public Service
KPIs:	Key Performance Indicators
IFMIS:	Integrated Financial Management Information System
IFRS:	International Financial Reporting Standard
ISPs:	Insurance Service Providers
MDACs:	Ministries, Departments, Agencies and Counties
MTR:	Medium-Term Review
NDICC:	National Development Implementation and Communication Committee
NGAO:	National Government Administrative Officers
NMC:	Numerical Machining Complex
NPS:	National Police Service
NTSA:	National Transport and Safety Authority
OEM's:	Original Equipment Manufacturers
OVEL:	Optimal Vehicle Establishment Level
PFM:	Public Finance Management Act
PPDA:	Public Procurement & Disposal Act
TNT:	The National Treasury

GLOSSARY OF TERMS

Authorized driver	An officer who is authorized to drive a government vehicle and is in possession of a valid driving license.
Authorized Manufacturers' Agents	Officially recognized and certified businesses or service centers that have been granted authorization by vehicle manufacturers to sell, maintain, and repair their vehicles.
Classification Code	A code designed by the Government Fleet Management Department to identify the type or a class of Government vehicle
Dealer Networks	A list of approved suppliers (formerly an approved list of suppliers).
Driver License	A valid and current license to drive a motor vehicle, issued by the appropriate authority in the jurisdiction in which the holder will drive, and appropriate to the type of vehicle to be driven.
Fleet Manager	Is the officer at institutional, regional or county/sub county level who has been appointed in writing by the Accounting Officer or by the head of respective units and Accredited by GFMD to plan and execute transport and logistics function in respective MDACs.
Fleet Management Agreement and Procedures Manual	Policies and procedures governing the management of government-owned motor vehicles.
Government Vehicle Trip Record	Details of activities to be recorded e.g. date, time, purpose of trip, number of mileages, driver, and car registration number.
Head of GFMD	Secretary to GFMD responsible for the management of the Government Fleet operations-a position established in the public service.
High- End Utility Vehicles	Top of the range, luxury station wagon passenger vehicles with high engine capacity and 4-wheeled type.
Infringement Notice	A ticket given to the driver for traffic offences like over-speeding and illegal car parking. Infringement notice contains important information about the alleged offence and the fine and drivers' options are printed on the back of the notice.

Government Fleet Management Department	A department within the National Treasury responsible for overseeing the acquisition, utilization, maintenance, and disposal of Government-owned moveable assets.
Government Vehicle Pool	A pool of vehicle reserved for use by middle-level and junior cadre of officers in government. It ensures a multiplicity of vehicles are available to quick deployment and value-for-money.
Logbook (GB55)	A detailed record book of crucial details of a moveable asset usually kept by drivers.
Motor Vehicle Accident Form	This is a form used for recording accidents.
Motor Vehicle Insurance Contract	Insurance contract between insurance company and the vehicle owner.
Operational Driver Acknowledgement Form	A form that a driver needs to complete before driving a government vehicle or moveable asset.
Official Travel	Includes any travel by a public official or any other person where a public-sector organization or service uses public monies to pay for the travel by land, air or sea.
Officer with Special Needs	Government officials physical, mental, intellectual, or sensory impairments that in interaction with various barriers, may hinder their full and effective participation in society.

EXECUTIVE SUMMARY

The Government Transport Policy (herein referred to as the Policy) sets out broad parameters on matters related to Government's official transport. It articulates broad guidelines for governing the administration of Government fleet in Kenya. Specifically, it provides a set of guidelines on the establishment of a fleet management, the use of private transport in official work assignments, acquisition and disposal arrangements, the ecosystem for leasing government vehicles and other transport assets and the implementation framework and monitoring and evaluation. The policy is therefore a vital tool for facilitating the implementation of the Government's priority programmes under the Bottom-up Economic Transformation Agenda.

This Policy is developed against a background of tight fiscal space and the austerity measures designed by the government in response to emerging expenditure pressures and economic shocks. At the same time, Government transport system in Kenya faces numerous challenges such as fuel misuse, high maintenance costs and obsolescence that have impacted negatively on service delivery. A major concern has been the rising costs of transport without the commensurate improvements in service delivery. The expenditure on transport has consistently registered an increasing trend from 2009/10 Fiscal Year, reaching Kshs. 16.1 billion in 2013/14 Fiscal Year. The allocations rose further to Kshs. 17.7 billion in 2016/17 before recording a drastic reduction to Kshs. 10.6 billion in 2018. Gross allocation to Government transport has remained relatively stable at over Kshs. 10 billion for the period 2018/19- 2021/22.

Some of the key challenges in the management of Government transport which have contributed to the rising expenditures include; ineffective procurement occasioning proliferation of unsuitable vehicle makes and models, some of which have no readily available spare parts, the misuse of official vehicles due to lack of adequate and enforceable regulations, poor management of vehicles acquired using development partner funds or projects and lack of an agency empowered to coordinate government fleet operations.

Moreover, Government transport has been characterized by mismanagement and pilferage of fuel and spare parts, lack of parity in allocation of transport assets between and amongst different cadres of officers, inefficient utilization of existing vehicle fleet-averaging 48.8% of the expected utilization levels and 25% below the expected fuel consumption level, poor road safety status and inadequate staffing to support the existing fleet.

To address systemic management challenges and roles overlap, the Policy proposes the establishment of the Government Fleet Management Department (GFMD) to be

domiciled at the National Treasury to comprehensively manage the entire government transport ecosystem. On environmental degradation, the Policy proposes deployment of Electric Vehicles (EV's) in non-operational areas. To address the challenges relating to misuse and irregular allocation, the Policy provides guiding principles on allocation and reallocation and bestows the power to allocate Government fleet to GFMD. The policy also proposes the maximum number of transport assets allocated per office. To ensure efficiency in the coordination of fleet services, key implementing agencies at national and county levels have been mapped proposed.

Further, on poor quality maintenance of vehicles, the lack of insurance cover for some Government vehicles, inadequate requisite skills and competencies in managing fleet functions and the rising cost of vehicles and accessories, the policy provides leasing as a viable option. On lack of parity in the allocation of vehicles and other transport resources, the policy proposes a civil servants car loan scheme and an option for Government officials to use their private vehicles for official functions and claim for milage re-imbusement.

On the complexities associated with the disposal of vehicle assets, the policy provides for public auction as an effective alternative for asset disposal and to supplement the aspirations of Public Procurement and Disposal Act (PPDA). On poor fleet utilization, the policy provides for a fleet management solution with geo-fencing capability with a capacity to track real-time locations of transport assets. The policy also proposes the integration of fleet management data between agencies/departments. A centralized repository for data is also provided for.

Effective implementation of the Policy is therefore crucial in ensuring realization of the aspirations under Bottom-Up Economic Transformation Agenda. To improve sectoral coordination, implementers and stakeholders have been mapped and their specific roles clearly defined. They include the National Treasury, the National Safety and Transport Authority (NTSA), the National Assembly, the Judiciary, State Law Office, Ministry, Departments, Agencies & Counties (MDACs) media and the academia. A framework to monitor and evaluate the implementation of this Policy has also been developed.

For efficiency and effectiveness in delivery of government fleet, it is recommended that budget determination, vehicle optimum levels, monitoring and enforcements and overall coordination be centralized at the National Treasury while the operations of functions are decentralized to MDACs. This policy therefore supersedes all previous circulars and regulations issued by the Government of Kenya in the management of its fleet. MDACs may establish additional internal policies, guidelines

and procedures that are consistent with this policy to supplement the governing principles contained herein.

CHAPTER ONE INTRODUCTION

1.1 Background

Globally, many Government entities face extensive but varying fleet challenges. Key among them is inadequacy in the regulatory architecture and huge maintenance costs. Despite their differences, Government's share a common mission of moving staff, materials and equipment with ever-increasing reliability and economy. In doing so, they are under tremendous pressure to manage their fleet more effectively, but with similar or reduced resources.

The role of Government fleet is to facilitate the delivery of public services in an efficient and cost-effective manner. In as much as the ownership of moveable assets isn't a one of any Government's core businesses, many governments are the biggest fleet owners in majority of the economies around the world. For this reason, Governments must balance between austerity and service provision. Transport within Government is therefore a tool for supporting the delivery of the public service objectives for social and economic development. It must therefore be used in a cost-effective manner.

The use of vehicles and resultant expenditures on transport service by the Government continues to receive a great deal of attention by media, the general citizenry and the legislature. Reformative efforts in Government transport began a decade ago. This largely revolved around re-engineering the architecture of the policy developed in 2006 in view of new paradigms. Inadvertently, the 2006 policy ran into headwinds due to incoherence and impractical proposals. This, coupled with resource constraints and the promulgation of the new constitution, necessitated a rethink on the policy interventions and new ideas to streamline Government fleet were sought.

In 2005, the Government constituted an Inter-Ministerial Taskforce to review a fleet policy. The team completed its work in 2006 and submitted a report. Consequently, Circular OP.CAB. 23/1A was issued to partially implement taskforce recommendations. Considering the recommendations made, the Government constituted another taskforce to review the proposed framework and benchmark on global best practices. The team was also required to rationalize the Government fleet, including defining Optimal Vehicles Establishment Levels (OVEL).

In 2013 new efforts were kickstarted with the establishment of a multi-agency team mandated to midwife a new policy. The policy was expected to incentivize local content and provide solutions on bottlenecks on rising cost of vehicles, defective procurement leading to proliferation of unsuitable models, misuse due to the lack of

enforceable regulations, pilferage, inefficiencies in the utilization of the existing fleet and lack of insurance, fleet and fuel management systems.

1.2 Rationale of the Policy

To achieve the country's development agenda, including efficacy in service provision, a robust government transport policy is critical. This policy therefore sets guidelines to govern the management, operation and maintenance, acquisition, utilization and disposal of Government moveable assets and offers guidelines for staff transportation on official duty. Its development was necessitated by the need to:

a) Provide a Framework for Managing Government Fleet

In an environment characterized by increased spending on government transport and disproportionate utility maintenance cost, there is need to undertake major transport and fleet management reforms within the confines of a Policy framework. The reforms are meant to enhance service delivery, support fiscal consolidation by broadening the austerity measures and steer the country towards achieving the Vision 2030.

b) Provide Guidelines for Official Government Transport

Over the years, Government has lacked an operational model to support development, management and growth of its fleet. Despite spending huge resources on new vehicle purchases, maintenance, fuel and lubricants, there lacks a mechanism to document this expenditure. Besides, there lacks a repository of Government fleet data making it impossible to value transport assets. Moreover, the Government transport assets are irregularly shared among MDAC's making it impractical to optimize their use.

In order to address the historical fleet management challenges, this policy establishes the Government Fleet Management Department (GFMD) at the National Treasury. The agency is expected to be an anchor registrar of Government moveable assets and to regulate the sector. The department is mandated to guide the management of fleet operations and monitor the performance of moveable assets in order to safeguard the gains made and spur local assembly for economic growth.

c) Offer Guidance, Ensure Certainty/Consistency in Future Amendments

Kenya Government's transport regulations are contained in circulars and stand-alone pronouncements that makes policy articulation difficult. Frequent changes to laws and regulations causes unpredictability in the administration and policy enforcement. This creates distortions, impose additional costs and increase expenditure on transport cost generally. To ensure consistency and certainty in policy articulation, this framework will provide some level of stability in the management of the fleet ecosystem, enhance certainty and consistency for future amendments and provide a robust framework for predictability.

d) Resonate with Austerity and Accountability Measures

This policy aims to enhance value for money and realize austerity in vehicle allocation and utilization by ensuring optimality and cost-effectiveness.

1.3 Policy Objectives

The overall objective of this policy is to provide guidelines on Government transport so as to support delivery of essential services for the country's economic development. The policy seeks to provide a sustainable transport solution that is aligned to the country's economic blue print-the Bottom-Up Economic Transformation Agenda. The purpose of this policy is to ensure that Government transport facilitates the movement of staff, materials and equipment within the ever-increasing reliability and economy, while working within a constrained resource environment. Cognizant that transport is not an end, but rather it's an exclusive tool to support the delivery of the public service objectives.

The specific objectives of the policy are to:

- a) Offer policy guidance on Government fleet services with a view of enhancing cost effectiveness and efficiency in operations,
- b) Enhance delivery of government services,
- c) Enhance accountability and transparency and strengthen good governance,
- d) Determine optimal fleet levels for MDACs,
- e) Promote environmentally sustainable transportation options,
- f) To guide Government staff and stakeholders on efficient and secure transport models,
- g) Provide a basis for institutionalizing austerity measures in Government fleet,
- h) Identify and mitigate potential risks to Government fleet operations,
- i) Enhance customer satisfaction amongst the users of Government fleet,
- j) Embrace emerging new technologies in fleet operations including e-mobility,
- k) Provide principles to guarantee quality assurance in fleet operations,
- l) Ensure compliance to existing Government transport regulations and standards,
- m) Define roles and responsibilities of key players in the Government transport ecosystem,
- n) Provide a framework that promotes accountability and transparency in fleet operations,
- o) Identify and map key stakeholders in the execution of government fleet service.

1.4 Guiding Principles

This policy is anchored principally on the national values and principles as enshrined in Article 10 (2) of the Constitution of Kenya that includes; economic efficiency,

equity and fairness, simplicity, safety, administrative efficiency, flexibility, transparency and accountability and consultative.

Further, the legal basis for this policy is as follows:

- a) Article 201 (d) of the Constitution on principles of Public Finance which requires public money to be used in a prudent and responsible way,
- b) Article 227 (1) of the Constitution requires that when a State Organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective.
- c) Section 72 of the Public Finance Management Act, 2012 obligates Accounting Officers of National Government Entities to be responsible for the management of the entity's assets and liabilities as well as manage those assets in a way which ensures that the National Government entity achieves value for money in acquiring, using and disposing of those assets.
- d) Section 153 of the Public Finance Management Act, 2012 obligates Accounting Officers of County Government Entities to be responsible for the management of the entity's assets and liabilities as well as manage those assets in a way which ensures that the County Government entity achieves value for money in acquiring, using and disposing of those assets.
- e) Regulation 144 of the Public Finance Management (National Government) Regulations 2015 and Regulation 137 of Public Finance Management (County Governments) Regulations 2015.
- f) Section 7, (2) b, h & k and (3) of the Public Procurement and Asset Disposal Act, 2015 and attendant regulations.

1.5 Vision

The vision of this policy is "World Class Fleet Management for Efficient Public Service Delivery"

1.6 Mission

To promote value for money in fleet management through effective application of best practices to ensure quality transport service delivery in a safe, reliable, economical and environmentally sound manner.

1.7 Scope of the Policy

This policy covers the use of Government transport within the National and County Governments, Commissions and Independent Offices, Departments and Agencies and National Security Organs. It applies to all Government means of transport

including motor vehicles, plant and equipment, rails, aircraft, ships, ferries, boats, motor cycles, and bicycles. The policy also covers vehicles under programmes and projects financed by development partners as well as vehicles hired by departments. In addition, this policy applies to livestock procured for Government transport such as horses, camels and donkeys. This policy also applies to any other means of Government transport unless explicitly exempted under this policy.

CHAPTER TWO

SITUATIONAL ANALYSIS

2.1 Evolution of Government Fleet Management

Organization of Government fleet management has evolved over time. The locus for various functions has changed from acquisition of motor vehicles by the then Ministry of Public Works to respective MDACs under National and County Governments, and currently the National Treasury due to its constitutional mandate of keeping a register of all Government assets. The responsibility for administration and management of official Government transport has been assigned to respective Accounting Officers. This responsibility included the acquisition, management and disposal of vehicles at the end of economic life. Before the enactment of the Public Finance Management Act (PFM), this responsibility had been assigned to Accounting Officers.

Further, Accounting Officers had raised concerns regularly on budget allocation for purposes of operation and maintenance of Government vehicles. In addition, the Government had no clear policy on allocation of transport resources and disposal of motor vehicles based on mileage covered or the age of the vehicle. The role of the National Treasury and Planning in the acquisition of motor vehicles and subsequent management of the operations and maintenance costs of the Government fleet has weakened over time making it difficult for the National Treasury and Planning to have a global view on Government vehicle complement and expenditure to facilitate effective planning, budgeting and hence effective service delivery. This Policy is aimed at addressing the systemic weaknesses witnessed in the past and ensures prudent use of public resources.

2.2 Institutional Reform

To remedy legal gaps identified in managing fleet operations, this policy is designed with a view to recommending measures for quality, reliability and cost-effectiveness in operations by integrating demand and supply planning, aligning supply chain to identified demand patterns, providing quality service and repair against expenditure, pursuing client responsive, condition-based monitoring by implementing maintenance strategies, maximizing customer service and minimizing downtime while emphasizing field-force excellence. The policy takes cognizance of best practices from developed jurisdictions while leveraging on technology to manage operations within local context.

2.3 Key Cost Drivers

Sharp increases in Government fleet expenditure have generally been fuels, lubricants, operations and maintenance costs. Statistics on budgetary allocation to Government transport shows a steady rise from Kshs 8.6 billion in 2021, to Kshs 9.7

billion in 2022, Kshs 14.3 billion in 2023 FY and a further Kshs 12.2 budgeted for the 2023/2024. Apart from the inefficiencies in executing fleet operations, other key factors informing the historical rising trend in the costs include rising global fuel costs, and the increasing number of officials entitled to Government transport due to operationalization of the devolved system of governance and creation of more executive offices. In addition, there has been weak control on enforcement of those who are entitled to Government transport. What is important to observe here is that the bill for providing Government Transport will continue to rise if appropriate policy interventions are not put in place

2.4 Vehicle Allocation Methodology

The primary factors driving fleet related costs for any organization are the size and composition of the fleet. The more vehicles an organization owns, the higher the cost because for each fleet asset there are costs associated with ownership and operation. Under-utilized vehicles require maintenance resources each year, and depreciate and lose value each day. Time and effort are also required to maintain appropriate licenses, tags, fleet inventory records, insurance, fuel cards, among others. The units may also take up valuable space at maintenance yards, parking lots and garages. Any effort to lower total fleet costs needs to start with an analysis of opportunities to reduce the size of the fleet through a systematic and acceptable “vehicle allocation methodology”. Vehicle selection policies, such as fleet size and composition, have a profound impact on an organization’s lease and fuel costs.

2.5 Fleet Management Solutions

Comprehensive fleet management solutions are aimed at improving efficiency and effectiveness of operations. To do so, a variety of techniques i.e. automatic vehicle location and communication technologies are applied to achieve effective planning, scheduling, and operations of vehicle fleet. The Government is experimenting with an automatic vehicle location system, fuel logging and vehicle tracking systems in the National Police Service and other agencies where a leasing model has been adopted. In the private sector, a few companies are offering comprehensive fleet management solutions to private sector clients. A key observation of this arrangement is the inability of the fleet management system to lock and geo-reference vehicles in their specific jurisdictions and provide critical performance data on a real-time basis.

2.6 Fuel Saving Measures

Fuel is one of the more notable expenses involved in running a fleet. The National Association of Fleet Administrators in the United States estimated that fuel costs accounted for 15% of the light duty fleet costs. Global experience shows that fuel is generally the greatest single financial burden a fleet manager needs to control. Successful control of fuel costs requires the implementation of a combination of a

variety of measures, such as: proper vehicle selection, improved vehicle utilization and maintenance, improved driver behavior, optimized consumption and fuel logging. By tracking and monitoring consumption using a computerized fuel card system, the Government can have accurate and up-to-date data. Computerized fuel monitoring system allows all vehicle users to refuel their vehicles with a key containing a computer chip that is identified by vehicle identification number tied to the users' individual personal identification number. Fuel can be dispensed based on a limited quantity of fuel defined per key, or it can be dispensed on unlimited fuel quota. Designated drivers of specific vehicles along with supervisors are assigned administrative keys that serve as master keys enabling them to override all vehicles.

As information about fuel dispensing accumulates in the pumping station computer, a central server calls the computers multiple times each day and collects all accumulated information. The software tracks the date and time each vehicle is refueled and records the type of fuel, liters, odometer readings, kilometers per liter and total fuel cost. Additionally, this information can be used to monitor budget versus actual fuel consumption. Based on this monitoring process, the Government can adjust budgets to actual fuel expenditures as required. Data generated by this system is analyzed to inform operations, management and policy formulation.

2.7 Driver Management Measures

Reviews examining the relationships between driver incentives and behavior, confirm the importance of effectively managing incentives (and in some cases, disincentives) relating to salary packaging, vehicle selection and private use of vehicles. They show that promoting benefits of safe and efficient driving can improve fleet performance. Thus, planned driver training; induction and continuous competency assessment accompanied by systematic feedback mechanisms are critical in improving driver behavior.

2.8 The Leasing Programme

The leasing programme for official government transport was launched in 2013 and has since achieved remarkable milestones with profound impact on the economy. The programme provides an opportunity for officials particularly in the security sector to access tailor-made vehicles without the strain of huge capital outlay associated with outright purchase model. Designed to deal with perennial bottlenecks in government fleet operations such as; fuel misuse, high maintenance cost and obsolescence, the programme has lived to its billing by supporting the creation of new jobs, enhanced the capacity for local content in accessory manufacturing and created the all-important forward and backward linkages. While significant strides have been realized in its 9 years of implementation, the programme has the potential to accelerate economic growth.

Interventions under the programme were expected to accrue economic and financial benefits such as; stimulating growth of the local motor vehicle assembly industry, generating backward and forward linkages, stimulating the development of leasing industry thereby promoting the financial sector that is instrumental in the growth of the economy, establishing Kenya as a source vehicle market for the Eastern African region by encouraging vehicle assembly, boosting the secondary market of vehicles coming off lease thereby reducing importation of second-hand vehicles, cushioning the country's foreign reserves and generating employment opportunities for Kenyans.

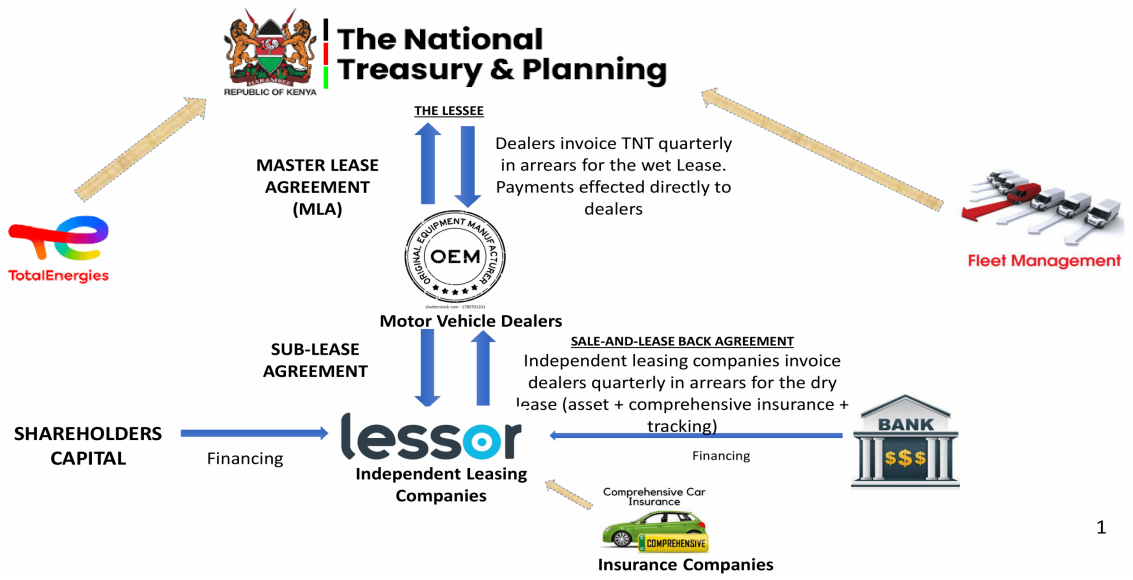
The leasing interventions shall be based on International Financial Reporting Standard (IFRS) No. 16 for consistency in financial reporting. This is an accounting standard that sets out how to recognize, measure, present, and disclose leases. It seeks to ensure that lessees and lessors provide relevant information about lease transactions and provide a basis for users of financial statements to assess the amount, timing, and uncertainty of cash flows. The standard requires that lessees recognize all leases on their balance sheet and also requires lessees to recognize a right-of-use-asset and a lease liability at the start of a lease.

2.8.1 The Leasing Programme Ecosystem

The programme is modelled along a wet-lease characterized by comprehensive cover, asset tracking, basic service, full maintenance and replacement of batteries and tyres. However, this arrangement is not a fully-fledged wet lease since fuel is provided by the National Treasury (lessee). Key features of the scheme include:

- The lease is for 4 years or mileage of 160,000kms, whichever comes first.
- Government signs an agreement with Original Equipment Manufacturers (OEM)
- Leasing firms, though critical in this arrangement are not given prominence,
- Payments are spread in 16 quarterly lease rentals and remitted to bank accounts of OEM's who withhold maintenance charges and transmit the balance to lessors.
- Lease pricing to be based on amortization formular.

Figure 1: The Leasing Ecosystem



CHAPTER THREE

CHALLENGES FACING GOVERNMENT TRANSPORT IN KENYA

Significant progress has been made in transforming Kenya's Government transport landscape. However, the system faces challenges which have had a negative impact on service delivery. Some of the key challenges include: huge expenditure on transport as a result of uncoordinated procurement of new vehicles, huge vehicle maintenance and overhaul expenses, high costs associated with purchase of fuel and lubricants, liability from write-offs and high depreciation of vehicles, complexities associated with disposal of idle assets and poor coordination. This conundrum necessitated a re-think in the fleet operations.

A plethora of challenges facing the sector are described as follows:

3.1 Challenges Associated with Executing Circulars

Since 2006, when the first Government transport circular was issued, some of the key challenges identified include;

- 1) Lack of implementation of some of the reform measures recommended in 2006 and subsequent circulars,
- 2) Non-compliance by some of the MDACs in implementing the fuel card and fleet management systems,
- 3) The allocation of transport expenditure budget to MDAC's in most cases is not based on objective criteria therefore lacking control and transparency,
- 4) Delay in disposal of surrendered movable assets due to emerging regulatory requirements such as Transition Authority Act of 2012 and the failure to attract responsive bidders thereby prolonging the disposal period resulting to loss of value of movable assets,
- 5) Lack of coherence in the regulatory framework as there is no clear policy on the use of private registration for GoK motor vehicles to address procedures for registration and use entitlement,
- 6) Most of the GoK donated vehicles lack proper registration documents hence difficult to reallocate or dispose them,
- 7) Lack of clear procedures for handing over moveable assets across MDACs,
- 8) Contrary to Section 196 (3) of PPDA, most MDACs have vehicles lying in private garages without proper documentation
- 9) Huge demurrage due to the deterioration of movable assets, wear and tear.

3.2 Weak Monitoring and Evaluation Framework

The monitoring, evaluation and accountability model for tracking the performance and quality assurance in Government fleet operations is acutely deficient. Results on Key Performance Indicators (KPI's) are seldom tracked leading to wasteful spending and resource misuse.

3.3 Institutional Deficiency in Fleet Operations

Over the years, the Government of Kenya has never operationalized a centralized fleet coordinating mechanism. There lacks an agency with mandate to set standards for Government transport, manage leasing and procurement-related arrangements and determine quantities and types of moveable assets to be leased, set the standards for accessory manufacturing, keep a register for all moveable assets, oversee government fleet operations, coordinate suppliers and industry players.

Such a body would also determine the optimal vehicle establishment levels for MDACs, provide advisory to the Government on fleet levels and optimal fleet sizes, synchronize and run an integrated fleet management system, facilitate the disposal of transport assets beyond repair, reallocate vehicles and moveable assets, enforce strategies for decarbonizing Government fleet operations, provide advisory on procurement and maintenance and identity mitigation measures for risks in fleet operations.

3.4 Low Uptake of Car Loan Scheme

The National Treasury runs a car loan scheme meant to help civil servants access low-interest loans to purchase cars. These cars, would be used for official functions after authorization and hence reduce the unnecessary strain on the existing fleet. Where such authorization is granted, an officer would claim mileage reimbursement based on the prevailing Automobile Association (AA) rates as illustrated in this policy.

3.5 High Number of Grounded & Abandoned Vehicles

There is a high number of unserviceable Government moveable assets, with most of them lacking ownership documents. Moreover, there lacks a policy on maintenance and service. In a number of cases, some assets overstay in the garages while others are poorly repaired due to inadequate supervision leading to vandalism and financial loss. In some instances, vandalism is occasioned by GoK staff and garage owners.

The rigidities in the disposal arrangements also contributes to the high number of abandoned fleets. Again, there are a number of government fleet that is old and obsolete which need to be disposed as per the Procurement and Asset Disposal Act (PPADA) 2015. A framework for disposal of such ageing fleet particularly those without ownership document was lacking.

3.6 Lack of an Inventory of Government Transport Assets

In as much as the National Treasury is legally mandated to maintain a register of all Government assets, a register of moveable assets hasn't been actualized due to the systemic challenges. However, with the establishment of the GFMD, this is addressed as the department is mandated manage this register. Again, Government

departments do not keep proper records of fuel consumption and fleet maintenance. This makes it difficult to determine whether the fleet is economically viable.

CHAPTER FOUR POLICY GUIDELINES

This Chapter provides policy guidelines to address the challenges identified in Chapter Three. It has policy proposals on the allocation, ownership and handing-over, engine capacity, disposal mechanisms, the leasing structure, electric vehicles and bikes, air transport, transport for officers with special needs, service and maintenance, fleet management systems, drivers, accidents, insurance and vehicle safety.

4.1 Vehicle Allocation

The policy aims to enhance value for money and austerity in vehicle allocation by ensuring optimality. The GFMD shall have authority to allocate vehicles across MDACs and ensure the bulk of the vehicles are assigned to security and other operational services. To achieve this, allocation of the vehicles will be as follows:

- a) Two vehicles shall be allocated to each Cabinet Secretary
- b) One vehicle shall be allocated to each Principal Secretary
- c) One vehicle shall be allocated to each head of parastatal and Chief Executives of independent offices and commissions,
- d) One vehicle shall be allocated to each chairperson of state cooperation,
- e) Senior cadre officers shall be facilitated from a pool of vehicles
- f) Commissioners of independent officers and members of parastatal boards are required to use private vehicles and seek reimbursement.

At County level, vehicles allocation will be as follows:

- a) Two vehicles shall be allocated to each Governor
- b) One vehicle shall be allocated to each Deputy Governor,
- c) One vehicle shall be allocated to each CEC and Chief Officer
- d) All senior cadre officers shall be facilitated from a pool of vehicles.

4.2 Ownership and Handing Over

In order to rationalize the use of available transport resources, this policy seeks to institutionalize a framework of accountability and transparency in the application and use of government transport resources. To this end, the procedure for handling and handing over of transport resources is as follows:

- a) The original ownership documents will be kept by the accounting officers of relevant MDACs, with copies submitted to GFMD,
- b) On transfer, all officers allocated vehicles or any other transport tool must surrender them to respective accounting officers,

- c) On expiry of a project, all project vehicles and motorbikes and their documents must be surrendered to the accounting officer,
- d) Accounting Officers and GFMD shall ensure that vehicles and other transport assets are registered in the national assets register at the National Treasury.

4.3 Engine Capacity

To ensure that the Government of Kenya realizes value for money in fuel utilization, fleet efficiency and cost effectiveness and realized reduced maintenance costs, this policy shall ensure the following:

- a) Official vehicles purchased for use by Cabinet Secretaries, Speakers of the National Assembly and the Senate, the Chief Justice, the Attorney-General, Secretary to the Cabinet and the Head of Public Service, shall not exceed 2600 cc for saloon cars and 3000cc for 4 x 4 utility vehicles.
- b) Official vehicles purchased for use by PSs, Accounting Officers, Judges of the Supreme Court and Court of Appeal, Director of Public Prosecution, Clerk of the National Assembly and the Senate, Heads of Constitutional Commissions and Independent Offices, commissioners of constitutional commissions, Inspector-General of Police shall not exceed 2400cc for saloon cars and 3000 cc for 4 x 4 utility vehicles.
- c) Official vehicles purchased for use by other officers on Job Group R and above and High Court Judges and Chief Executive of state corporations shall not exceed 2000 cc for saloon cars and 2900cc for 4 x 4 utility vehicles.
- d) Passenger Utility Vehicles above 3000cc are not allowed in Government, except specialized vehicles and for security purposes

4.4 Disposal Mechanisms

To ensure a reliable, safe and effective disposal framework, alongside requirements espoused under the Public Procurement and Disposal Act (2015), the following shall be adhered to:

- a) Government saloon vehicles including pick-ups shall be disposed at 160,000 kilometers or after six (6) years from the date of initial delivery, whichever occurs first,
- b) Heavy duty utility vehicles should be disposed at 200,000 kilometers or after eight (8) years whichever comes first.
- c) Lorries and diesel propelled vehicles above 4,500cc shall be disposed at 300,000 kilometers or after ten (10) years whichever comes first.
- d) The disposal options shall either be tendering or public auction in line with Public Procurement and Disposal Act of 2015.
- e) Accounting Officers of MDACs are authorized to dispose of the old and obsolete vehicles and transport assets, in consultation with the GFMD
- f) All vehicles and transport assets that are beyond repair and whose records cannot be established should surrendered to the GFMD for disposal as scrap metal.

Manufacturers' manuals, vehicle age, history, and condition shall be used to estimate vehicle values before disposal, so as to obtain value for money and fairness.

4.5 Acquisition of Government Vehicles

An Accounting Officer may acquire vehicle using any of the following methods:

- i) Out-right purchase
- ii) Hiring
- iii) Leasing
- iv) Use of own vehicle
- v) Donations

Government vehicles shall be sourced competitively as per the existing procurement laws and Regulations except for specialized and other operational vehicles.

4.5.1 Out-right Purchase

The Government may out-rightly purchase vehicles based on identified need subject to adherence to procurement laws.

4.5.2 Hiring

The Government can acquire vehicles for a short period for a clearly defined purpose subject to adherence to Government procurement laws. This hiring of transport services may include technology-based taxi services.

4.5.3 Leasing

The leasing model entails the long-term contractual agreement between a lessee and lessor. It is an agreement where a lessor agrees to allow the use of an asset for a specified period in return for cash payments (rentals). The most common type of leasing is operating lease/full maintenance. Where the Government opts to use this acquisition method, the Government shall ensure that the contractual agreement provides for buy-back of the vehicles after the lease period.

4.5.4 Use of Own Vehicle

Officers are allowed to use privately owned vehicles or vehicles acquired through subsidized car loan scheme for official work and are paid for the mileage utilized.

4.5.5 Donations

The government may acquire vehicles from development partners through direct donation or transfer at the end of a project/ programme.

Newly appointed CSs and PSs, as well as County Governments, must obtain Treasury approval before procuring new vehicles.

4.6 Leasing of Vehicles

The Government shall lease vehicles as means to achieve efficiency and effectiveness in fleet operations, the lease arrangement shall seek to fulfill the following conditions:

- a) The lease will be modelled as a wet-lease characterized by comprehensive insurance cover, asset tracking, basic service, full maintenance including the replacement of batteries and tyres.
- b) The lease duration shall be for 4 years or mileage of 160,000kms, whichever comes first. The lease may be extended for a maximum of 2 years.
- c) Under the lease arrangement, the Government signs a Comprehensive Lease Agreement with Original Equipment Manufacturers (OEM), vehicle dealers or authorized agents.
- d) Any leasing arrangement shall be grounded on local content and job creation,
- e) Lease rentals shall be remitted quarterly and spread in 16 instalments,
- f) Lease pricing shall be based on an amortized formular (constant payments at constant interest rates), to enhance pricing competitiveness,
- g) Counties and MDACs intending to lease transport services shall need to seek approval from the GFMD

4.7 Electric Vehicles and Bikes

In order to accentuate savings by cutting down on fuel expenditure and maintenance costs, decarbonize fleet operations and reduce carbon emissions, the Government shall roll-out the use of Electric Vehicles (EVs) in non-operational operations. The push to decarbonize the transport sector to realize climate change has spurred increased interest in electric mobility in the country in line with the Government's transformative approach; BETA that seeks to promote the manufacturing and adoption of EVs as the Country endeavors to achieve energy transition goals. The government endeavors to construct 1000 charging stations (700 in urban areas and 300 along highways).

To this end, this policy directs as follows:

- a) Electric vehicles and bikes shall be deployed in non-operational areas for cost-cutting measures
- b) The government shall support the development and roll-out of the EV charging infrastructure,
- c) The government shall provide continuous training on the use and operation of Electric Vehicles.

4.8 Air Transport

Air transport shall be used both locally and internationally. This policy aims to ensure the use of air transport is compliant to the existing austerity measures. The policy recommends as follows:

- a) The use of business class is restricted to only senior government officers of JG R and above.
- b) All other government officers on official travel within and outside Kenya shall use the Economy class for travel.

- c) Hired air transport shall only be used within the country under exceptional circumstances where other means of transport may not be appropriate, in security services or in disasters.
- d) Preference for air transport shall be given to the national carrier-Kenya Airways.

4.9 Transporting Staff with Special Needs

Officers with special needs will be entitled to official Government transport while on duty. Whereas it is noted that these officers' benefit from commuter allowance like any other public officer, it is important to appreciate that they may be unable to drive themselves to and from work. To this end, officers with special shall be considered for a special commuter allowance to cater for home-work-home transport facilitation subject to approval by SRC in consultation with Treasury Cabinet Secretary and the Cabinet Secretary for Public Service and the County Governments.

4.10 Service and Maintenance

To effectively manage high costs related to maintenance of transport assets, the policy states as follows:

- a) All Government vehicles shall be serviced and maintained in accordance with the manufacturer's specifications and recommended service schedules. In this regard, only products meeting the specifications of the vehicle manufacturers are to be used in the service and maintenance of Government vehicles.
- b) All Government vehicles will be maintained in a clean, safe and roadworthy condition that ensures the safety of driver, passengers and other road users, and which projects a positive Government public image.
- c) Only authorized vehicle manufacturers' dealers and garages certified and vetted by the Chief Mechanical & Transport Engineer (or their designated successor) are permitted to undertake the service needs of all Government vehicles. In this respect, the CMTE (or their designated successor) shall ensure garage certification that measures are taken to strengthen the role of SMEs without compromising quality and cost effectiveness.
- d) The CMTE should carry bi-annual mechanical inspection of government motor vehicles, to ascertain their status and give recommendations.
- e) The CMTE at the counties, should carry out bi-annual mechanical inspection of government vehicles, to ascertain their status and give recommendations.
- f) Each vehicle should have a maintenance record (GP 55) that must be submitted to the GFMD annually.
- g) Vehicles whose repair cost is more than KES 100,000 must be inspected by CMTE.

Service and maintenance of helicopters will be done as per the maintenance framework adopted by the relevant departments owning them.

4.11 Fleet Management Systems

All vehicles shall be equipped with a fleet management solutions with geofencing capability for traceability and efficiency

4.12 Drivers

All Government vehicles shall be driven by qualified and authorized drivers, who shall:

- a) Undergo regular training
- b) Ensure government vehicles under their custody are well maintained
- c) Not drive government vehicles without a duly signed work tickets and authority
- d) Adhere to the traffic code
- e) Drive government vehicles within working hours, unless duly authorized
- f) Only carry authorized passengers

The driver shall:

- 1) Be responsible for the care, security and preservation, which extends to the cleaning and checking basic road-worthiness, of the assigned vehicle;
- 2) Ensure that the vehicle allocated/assigned to them is fully roadworthy and functional;
- 3) Not utilize the vehicle asset for personal use or gain.
- 4) Be responsible for ensuring all necessary authorization documentation (trip authority) is allocated.
- 5) Report any damage caused to any fleet allocated/assigned for whatsoever cause and for correctly reporting any accident/incident the vehicle is involved in, to the appropriate relevant Authority including the police.
- 6) Ensure that the fleet assets in their possession are utilized to optimal potential and for the purpose for which they were acquired.
- 7) Ensure that fleet assets are operated in accordance to this policy and any other law regulating the conduct of drivers and operators
- 8) Comply with all the traffic laws and parking restrictions and guidelines;
- 9) Be responsible for checking that tyres are inflated to specified pressure at all times,

4.13 Accidents

Any Government vehicles involved in an accident must be reported to GVCU within 24 hours

4.14 Check Unit

There is an established Government Vehicle Check Unit (GVCU) within the traffic police department. The unit shall ensure proper utilization of government vehicles

and motorbikes. The Government shall endeavor to support the unit in order to enhance its efficiency.

4.15 Insurance

The government shall ensure that government vehicles are insured (where applicable)

4.16 Vehicle Safety

Government officers shall:

- a) Ensure that government vehicles are driven only when they are mechanically sound,
- b) Moveable assets are parked within government premises

4.17 Fuel

All departments are allocated funds for their fuel. The policy guidelines on fuel are as follows:

- a) Fuelling shall be done at the designated fuel pump stations.
- b) Fuelling of the government fleet shall be done by the use of fuel cards.
- c) No purchases for personal items are to be made with Government fuel cards.
- d) There MUST be a pre-authorization of fuel cash purchases.
- e) Purchases by cash and/or personal credit card may be reimbursed by submitting a completed travel expense form with appropriate receipts to the respective Accounting Officer.
- f) Each MDAC shall determine designated fleet to install fuel management system.
- g) No spare parts shall be bought using fuel cards,
- h) No vehicle service will also be done using a fuel card.
- i) A fuel tracking system shall be installed in designated fleet and the same shall be connected to the integrated fleet management solution at the FGMD.

4.18 Facilitation of Staff on Official Duty

Where there may be no Government vehicle to travel on official duty outside the normal duty station, an officer may seek authorization from the Accounting Officer to use public transport or their own vehicle. Authorization will be granted on the basis of gain to the Government in executing such functions. Where such authorization is granted, the employee shall claim reimbursement based on the prevailing Automobile Association (AA) rates.

4.19 Fleet Register

The GFMD shall prepare and maintain up to date register of all government vehicles, plant, machinery, trailers and motorcycles and a copy kept by respective Accounting Officers in each MDAC. This register will include the following particulars:

- a) Description of the vehicle or trailer or motorcycle
- b) Chassis number;
- c) Engine number;
- d) Registration number;
- e) The date the vehicle is acquired
- f) Reading of odometer
- g) Expected date of retirement
- h) MDAC to which it is assigned
- i) Date of disposal
- j) Record of maintenance

NB: All logbooks and spare keys of the Government fleet shall be deposited Fleet manager or transport manager for respective units.

4.20 Log Books

Movement work Ticket will be maintained by the departments to which a vehicle is allocated to provide operating record to the time of disposal. Officers responsible for vehicles must inspect them and sign the log-books regularly, preferably weekly, and must insist on their correct completion. Any damage or defect noticed during the inspection should be recorded in the log-book and reported to the Fleet Manager who will make a report to the responsible to the Accounting Officer.

Entries in the log book will include the following information

- 1) Type and description of vehicle
- 2) Make,
- 3) Chassis and engine number,
- 4) Engine capacity,
- 5) Registration number
- 6) Department to which vehicle is allotted,
- 7) Brief description of any modifications carried out subsequent to purchase,
- 8) Details of repairs (other than minor adjustments),
- 9) Monthly progressive mileage totals with average oil/petrol consumption per kilometre or running hours
- 10) An inventory of tools and equipment issued to the vehicle
- 11) Numbers and description of all tyres issued to the vehicle including replacements,
- 12) Record of inspections and oil changes
- 13) Fuel, oil and mileage log,
- 14) Particulars of transfers between departments and government Agencies

4.21 Work Tickets

The use of work tickets for a government vehicle, motorcycle motorized equipment, or tractors is compulsory. The work ticket must be signed by an officer authorized for that purpose. Any driver, rider operator of any government transport asset found operating without a valid work ticket authorizing a journey in question, or found deviating from the route authorized, or carrying unauthorized passengers or goods, is subject to disciplinary action.

4.22 Procedure for Accidents

Drivers, riders or operators in charge of moveable asset should acquaint themselves with the provisions of the Traffic Act (Cap.403) which makes it obligatory for a driver of a vehicle involved in an accident to stop and give their name and address, the name and address of the owner and the identification marks of the vehicle to any person having reasonable grounds to require these particulars.

If for any reason, the driver, rider or operator of the vehicle does not give their name and address to any such person, or if any injury has been caused, they must report the accident at the nearest police station/post or to a Police Officer.

In summary;

- 1) If a government motor vehicle or motorcycle is involved in an accident with a third party, a report of the accident must be made at once to the local police and the driver or rider should get a copy of the abstract report written by the investigating officer.
- 2) The driver, rider or operator or supervisor is responsible to complete an accident report and provide it to the fleet manager who will then forward the details to the Insurer and the Accounting Officer.
- 3) If the damage is caused by another Government property, then depending on the extent of the damage the matter should be reported to the Accounting Officer or otherwise to the local police.

4.22.1 Failure to Report an Accident

Failure to report a motor vehicle accident could:

- 1) Lead to legal and disciplinary action against the driver, and prohibit further motor vehicle use.
- 2) Lead to prohibition of use if a record showing a high accident frequency by driver, rider or operator.

4.23 Motorcycles

Government bicycles or motor cycles may be made available to a member of the support staff service whose duties entail travelling within towns for the purpose of

collecting and delivering official mail or other similar duties. Government bicycles or motor cycles in each department shall:

- 1) Be placed under the custody of an officer who shall arrange a weekly inspection of all cycles and their accessories and keep a record of such inspection. The register should contain particulars of the frame number, make, c.c. where applicable, type, date of purchase and the name and address of the supplier.
- 2) Have a log book (certificate of registration) to show movement and use
- 3) When not in actual use, should be padlocked to an immovable object such as railings, bicycle stand, etc. In case of theft of a bicycle or a motor- cycle, a report should be made immediately to the police giving particulars of the cycle, including the frame number.
- 4) Shall not be used for private purposes or to ferry unauthorized persons or goods
- 5) Be ridden by an authorized official with a valid driving license and experience of not less than two years, and at all times use safety gear when riding.
- 6) Possess an update logbook with all journeys authorized using the official work tickets.

4.24 Authorization to Drive or Operate Moveable Asset

A driver authorized to drive a government vehicle must have:

- 1) Appointment letter by PSC
- 2) A valid driving license and grade test certificate where applicable
- 3) Up-to-date suitability test organized by the CMTE
- 4) A certificate of good conduct.
- 5) A Valid and current First Aid certificate
- 6) Driving experience of not less than 2 years

4.25 Vehicle Maintenance

Three approaches for maintenance will be used; preventive, corrective and crisis.

Preventive Maintenance

Preventive maintenance will be performed on a mileage or time basis and will include oil change, oil filter, chassis lube, fluid check, tyre pressure check, belt inspection and interior/exterior cleaning, engine tune ups, brake work, horse inspection/replacement and radiator maintenance. This will be done based on the maintenance schedule, and shall be provided by the contracted, garage and petrol stations.

Corrective Maintenance

Corrective maintenance will be performed on need basis by replacement of failed vehicle and motorcycle parts that may include light bulbs, window glass, gauges,

wiring and airlines among others. It will also involve replacing worn out components based on information from the motor vehicle/ motorcycle condition report and entail replacement of tyres, engines, transmissions, joints, bushes, batteries, alternators and wheel bearings among others.

Crisis Maintenance

Crisis maintenance involves vehicle or motorcycle breakdown while on the road. Whenever such a breakdown occurs, the operator shall notify fleet manager to advice on subsequent action.

All MDACs shall allocate 10% of their fleet maintenance budget to CMTE workshops. CMTE to audit maintenance costs and provide solutions for recurring issues, sharing findings with suppliers for resolution.

4.26 Mileage Reimbursement

Mileage reimbursement is a compensation process that reimburses officials for using their personal vehicles for work-related activities. It does not include travel from home to the workplace and back. The Finance Act of 2023 standardized the mileage allowance for employees to claim as follows:

- **850cc to 1050cc:** Sh26 per kilometre
- **1050cc to 1300cc:** Sh42 per kilometre
- **1300cc to 1500cc:** Sh45 per kilometre
- **1500cc to 1800cc:** Sh58 per kilometre

These rates are derived from the AA Kenya's Mileage Rate Calculator and shall be amended from time to time. The rates are accessible online or by dialling *650#.

4.27 Foreign Travel Management

Foreign travel applications and approvals for public servants shall be processed through the Foreign Travel Information Management System (FOTIMS) to ensure accountability and prudent resource use.

4.27.1 Business Class Travel

Foreign travel via business class shall be restricted to Cabinet Secretaries (CSs) and Principal Secretaries (PSs) only.

4.28 Use of Private Plates

The use of private plates for Government vehicles is prohibited. In exceptional circumstances, private plates shall be restricted to security vehicles only. Any official seeking to use private plates on government vehicle must seek approval from the Head of Public Service (HOPS).

CHAPTER FIVE IMPLEMENTATION FRAMEWORK

5.1 Introduction

This Chapter outlines the implementation framework as well as the organizational structure of the Government Fleet Management Department that is tasked with the implementation of this policy. The chapter also entails the roles and responsibilities of various actors to be involved in the implementation of the policy. The Government will ensure effective coordination of key players and stakeholders for the attainment of the policy objectives.

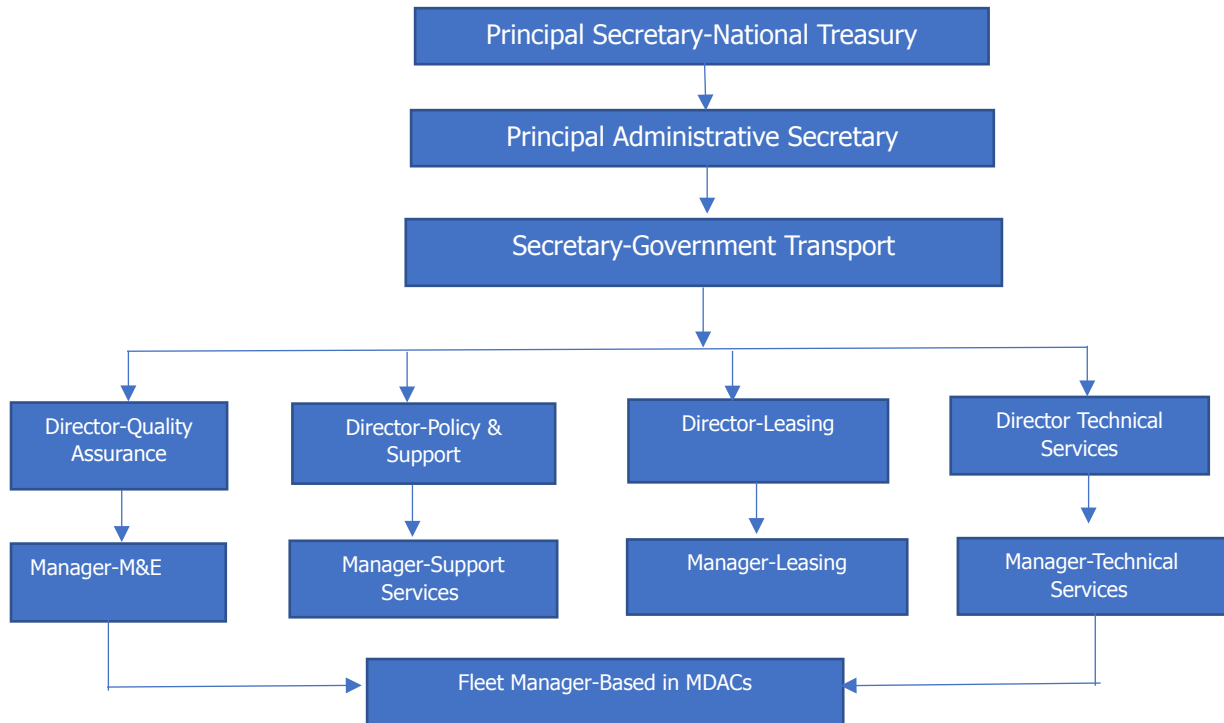
5.2 Government Fleet Management Department

There shall be a Government Fleet Management Department established by this policy and domiciled at the National Treasury. The department shall be a fully-fledged entity within the administrative services directorate with authority to oversee Government transport including procurement, maintenance, and disposal. It shall:

- Set standards for government transport
- Manage all the procurement arrangements (including leasing) and determine quantities and types of vehicles to be procured in consultation with MDACs,
- Approval of specialized standards for accessories and suppliers in consultation with the supplies branch,
- Be a repository and keep a register for all Government transport assets,
- Negotiate with service providers on lease arrangements in accordance with the Public Procurement and Disposal Act (PPDA),
- Oversee government fleet operations in consultation with MDACs,
- Develop standards for fleet operations, establish the required database and coordinate suppliers and industry players,
- Coordinate assembly, skills development, science and technology and capacity building in the sector,
- Determine the optimal vehicle establishment for MDACs,
- Provide advisory services to the Government on fleet levels and optimal fleet sizes for MDACs, fleet standards and regulations and enforcement
- Run an integrated fleet management database,
- Dispose transport assets beyond repair whose records cannot be established,
- Reallocation of vehicles to MDACs based on changing needs,
- Data gathering and reporting on fleet establishment, operations & performance
- Develop a strategy for decarbonizing government fleet,
- Advise on budget on purchases and maintenance
- Identity mitigation measures for risks associated with government transport

GFMD will be at the National level. Its organizational structure at the national level will be as follows:

Figure 2: GFMD Organogram at National Level



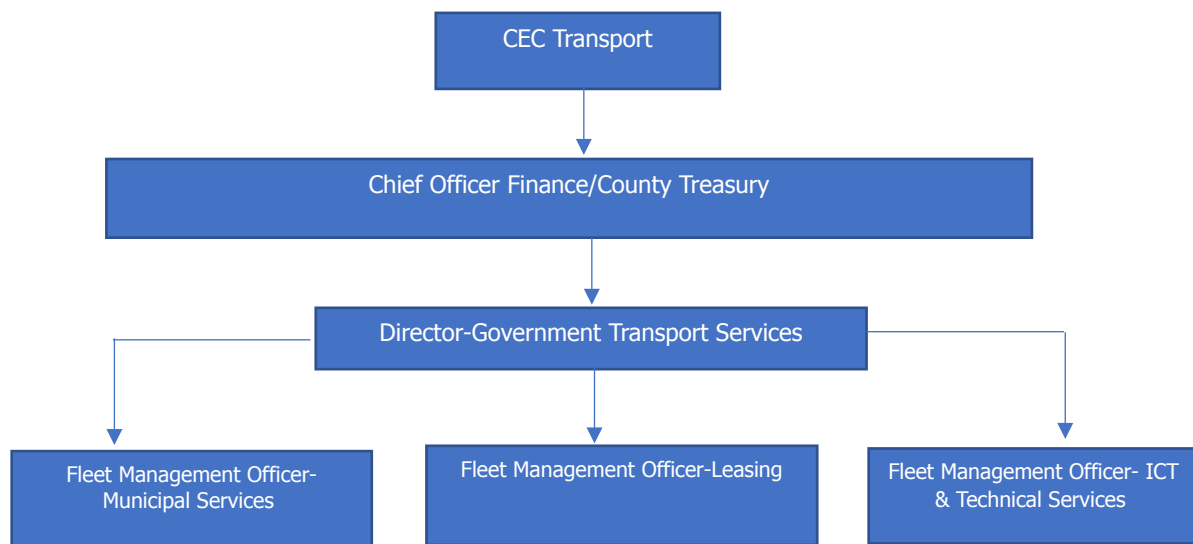
5.3 Fleet Managers

Fleet managers shall be based at every MDAC, their roles are:

- Be responsible for optimal deployment of the fleet in consultation with fleet users through their departmental managers,
- Provide guidance for the proper use and safe operations of the fleet,
- Establish through need analysis additional or replacement fleet requirements in consultation with fleet users for consideration by the management,
- Establish and maintain an effective maintenance programme,
- Establish, maintain and review records relating to fleet operations from time to time,
- Conduct periodic evaluations of fleet management program, performance and effectiveness,
- Prepare and implement approved annual capital, operating budget, strategic and operational plans pertaining fleet services,
- Ensure fleet operations are in compliance with Government policies, rules, regulations and laws,
- Ensure that all the transport processes are standardized,
- Maintain an optimal number of competent and skilled transport staff in the fleet service.

At the County level, the County Fleet Management Unit (CFMU) will replicate the functions of the GFMD. Its organizational structure will be as illustrated in Figure 3.

Figure 3: Organogram of the County Fleet Management Unit



5.4 Key Stakeholders

Different aspects of the Policy will be implemented by various actors including National and County Governments, Departments and Agencies. The National Treasury shall coordinate the implementation and reporting of the Policy. Table 1 specifies the key institutions and their specific roles in the implementation of the Policy.

Table 1: Key Stakeholders

Stakeholder	Roles And Responsibilities
The National Treasury	<ul style="list-style-type: none"> ▪ Implementation of the policy. ▪ Streamlining existing and future Government transport laws for coordinated implementation. ▪ Comprehensive review of the policy ▪ Sensitization of stakeholders on the policy ▪ Monitor the implementation of the Policy ▪ Take lead in public participation on policy proposals ▪ Keep a register of all government transport assets ▪ Provide budgetary support to GMFD
National Police services	<ul style="list-style-type: none"> ▪ Apprehend traffic offenders ▪ Enforcement of traffic code and regulations ▪ Support to the Government Vehicle Check Unit (GVCU)
Office of the Director of Public Prosecutions (ORDPP)	<ul style="list-style-type: none"> ▪ Prosecute traffic offenders ▪ Collaborate with the administration on prosecution of transport offenders, ▪ Appointment of prosecutors on transport offences
State Law Office (SLO)	<ul style="list-style-type: none"> ▪ Provide legal advice on transport matters; ▪ Legislative drafting of transport laws to facilitate policy

	<p>implementation,</p> <ul style="list-style-type: none"> ▪ Facilitate approval of the Policy by the Cabinet
State Department of Transport	<ul style="list-style-type: none"> ▪ Formulate national transport policy ▪ Advising the National Treasury on matters relating to the implementation of the Policy ▪ Formulate E-mobility policy and provide support to e-mobility taskforce.
State department of Road	<ul style="list-style-type: none"> ▪ Technical specifications, ▪ Undertake mechanical vehicle inspection, driver testing, ▪ Hiring out vehicles and equipment for transport, road construction and maintenance ▪ Construction and maintenance of roads and bridges Material testing and research ▪ Road material testing and research ▪ Training of drivers, plant operators, mechanics, technicians.
National Transport & Safety Authority (NTSA)	<ul style="list-style-type: none"> ▪ Vehicle registration and inspection, ▪ Speed monitoring
County Governments	<ul style="list-style-type: none"> ▪ Comply with the Policy and transport laws, ▪ Collaboration with National Government in the implementation of the Policy, ▪ Provide relevant information to stakeholders to facilitate compliance.
Ministries Departments and Agencies	<ul style="list-style-type: none"> ▪ Comply with the Policy and transport laws, ▪ Collaboration with the National Treasury in the implementation of the Policy; ▪ In collaboration with GFMD, build capacity of staff on matters related to the Policy; ▪ Support entrenching of good culture in government transport ▪ Ensure austerity in the application of government transport resources
Legislature	<ul style="list-style-type: none"> ▪ Support public participation on bills for the implementation of the policy; ▪ Enhancement of a transport culture during stakeholder engagements, ▪ Enactment of relevant laws to support the implementation of the Policy, ▪ approval of subsidiary legislations to support the implementation of the policy.
Judiciary	<ul style="list-style-type: none"> ▪ Resolution of disputes & interpretation of transport laws ▪ Facilitate out of court resolutions through mediation, ▪ Facilitate capacity building of judicial officers on transport matters
Professional bodies and practitioners	<ul style="list-style-type: none"> ▪ Comply with the policy and transport laws, ▪ Facilitate compliance to the policy ▪ Act in accordance with professional code of conduct/ethics ▪ Sensitize their members and clients on the policy and legislative changes, ▪ Provide inputs in the review of the policy during public

	<p>engagements</p> <ul style="list-style-type: none"> ▪ Facilitate training and capacity building of relevant stakeholders.
Media	<ul style="list-style-type: none"> ▪ Support education and awareness in accordance with their professional code of conduct and ethics, ▪ Support entrenching a good Government transport culture
National Environment Management Authority (NEMA)	<ul style="list-style-type: none"> ▪ Guidelines on EV battery disposal ▪ Environmental conservation
Energy and Petroleum Regulatory Authority (EPRA)	<ul style="list-style-type: none"> ▪ EV charging & Battery Swapping Infrastructure Guidelines ▪ Regulation of fuels and lubricants
Insurance Companies	<ul style="list-style-type: none"> ▪ Management and processing of accident claims
Original Equipment Manufacturers OEM/ dealers	<ul style="list-style-type: none"> ▪ Local assembly of suitable vehicle brands and models ▪ Provision of parts and accessories
Kenya Power	<ul style="list-style-type: none"> ▪ Supply electric power to EV charging pots and stations
Supplies Branch	<ul style="list-style-type: none"> ▪ Manage the supplies of government transport assets ▪ Ensure compliance in the supplies management

CHAPTER SIX

RISK MANAGEMENT, MONITORING & EVALUATION

6.1 Introduction

This Chapter outlines approaches for risk management and Monitoring and Evaluation in the implementation of the Government Transport Policy.

6.2 Monitoring and Evaluation

The Policy will be implemented through strategies that will set out specific measures and the timelines for implementation. Among the strategies to implement this Policy is the Medium-Term Review (MTR). The implementation will be tracked using a set of KPIs outlined in the various policy implementation documents. The National Treasury will oversee and evaluate the implementation, with a scheduled review every 5 years or any other period as may be necessary.

6.3 Risk Management

The implementation of this Policy is pegged on proper risk mapping, identification, analysis and design of effective mitigation measures. Risk identification and analysis enabled the development of mitigation measures meant to reduce the consequences or the likelihood of their occurrence.

The National Treasury shall lead the implementation of the risk mitigation measures identified in this Policy. Key stakeholders identified will provide regular feedback on the challenges faced and track the resultant mitigation measures as implemented over time.

6.4 Risk Register

The risks that are likely to affect the implementation of the Policy have been identified and their likelihood of occurrence, consequence and their severity analysed. Mitigation actions for each risk have been identified and together are presented in the Risk matrix presented in Table 2.

The risks identified during implementation of the Policy will be assessed and proposed and their mitigation measures recorded in the register to facilitate monitoring of the status of the implementation. The risk register will be updated regularly during the implementation of the policy and shall contain the type of the risk, the level of the risk exposure, the risk appetite for particular interventions and the proposed mitigation measures. The risk level will be classified as either High (H), Medium (M) or Low (L) depending on the likelihood of occurrence and severity as summarized in Table 2.

Table 2: Risk Register

Risk Description	Risk Level	Mitigation Measures
Capacity risk: lack sufficient capacity to implement the policy	High	Continuous improvement and capacity building for select Government officials
Institutional risk: Status quo might the new establishment. Managing a multiplicity of stakeholders might be a challenge	High	Monitoring and evaluation Continuous engagement, Sensitization of the members of parliament and the executive on the importance of the policy
Financial risk: The National Treasury might not allocate sufficient resources to the sector	High	Continuous lobbying, Closer collaboration with the parliamentary budget office
Legal risk: Transport-related litigation to might slow down the implementation of the policy	Low	Public participation to create sufficient awareness Capacity building to the judiciary on the proposed interventions Structured engagement with the judiciary for faster resolution of such cases or for Alternative Dispute Resolution (ADR)
Political risk: the proposed might face political backlash due to lack of political goodwill	High	Continuous engagement with relevant stakeholders, Sensitization of the members of parliament and the executive on the importance of the policy
Technological risk: slow deployment of Electric Vehicles, with the fear of failure, lack of infrastructure to support the new technology, data protection related issues	Low	Continuous training in specialized skills and upgrade of systems and equipment
Reputational risk: Failure rates of the some of the procured vehicles, bikes etc	Low	Continuous training in specialized skills Upgrade of systems and equipment Enhance capacity for local assembly and adoption of global best practice
Coordination risk: multiplicity of stakeholders making it difficult to implement	Low	Improve governance Simplify the implementation arrangements
Conflict of interest: such as in procurement etc.	High	Build consensus Adhere to Leadership and Integrity Act Automate procurement processes
Safety risk: some transport assets may be considered unsafe	Low	Regular review and updating of safety regulations and standards Compliance to safety standards
Environmental risk: related to the disposal Electric Vehicle batteries	Low	Adherence to global EV battery disposal standards