STRATEGIC PLAN
2023-2027

Kenya · KENYA VISION 2030 | **From a Great Past to a Greater Future**

Songa Nasi

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 rail services

Core Values

1. Integrity
2. Customer focus
3. Team work
4. Safety
5. Innovation
6. 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.

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

In Kenya, these transformations 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. Faced with limited financial resources, inadequate capacity to handle the millions of tonnes in volume; and an aging infrastructure, strategies were put in place to transform the railway sector in to a key player in the local transport and logistics scene.

Today Kenya boasts of a vibrant rail transport sector that is efficiently and reliably performing 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 of 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 up to date, we are at the same time 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 held extensive consultations with internal and external stakeholders; review of past performance and creation of 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 full 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 the Strategic Plan.

Thank you.

Capt. Mohamed M. Abdi
Chairman

Board Members Profiles

Capt. Mohamed M. Abdi
Chairman

Capt. Mohamed M. Abdi was appointed Chairman of Kenya Railways (KR) Board of Directors on 27th March 2023. He has over 30 years of experience in the Aviation, Government of Kenya (Kenya Air Force) Industry and a professional member of Kenya Airline Pilots Association (KALPA).

He has Masters of Business Administration, Aviation Moi University and an ongoing Masters of Arts in Sustainable Human Development from Catholic University of Eastern Africa. He holds a bachelor degree, Bachelors of Arts, in Sustainable Human Development from Catholic University of Eastern Africa.

Capt. Abdi is the Executive Chairman – Board of Directors at the Skyward Express Limited. A visionary leader who is results driven with extensive experience in Aviation, proven success in leadership and a track record of driving business growth.

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 of Transport

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

Mr. Mohamed Alawi Hussun
Director

Mr. Mohammed Alawi was appointed as an Independent Director of the Board on 6th October 2021. He is an Advocate of the High Court of Kenya and is currently the Team Leader at Hassan Alawi & Co. Advocates. Alawi has vast experience in Public Sector, legal services and logistics matters. He served as a Commissioner at the Independent Electoral and Boundaries Commission (IEBC) and worked at Kenya Ports Authority as the Head of the Legal Department. He is also a Certified Public Secretary and holds a Master of Laws Degree in International Maritime Law – Malta, a Post Graduate diploma in Law-advocacy (Kenya) and a Post Graduate diploma in Contemporary Public Administration from Galilee International Management Institute.

FCS Catherine Musakali, LL.B, LL.M, FCPSK
Director

Mrs. Catherine Musakali was appointed as an Independent Director of the Board on 6th October 2021. She is an Advocate of the High Court of Kenya and a Fellow of the Institute of Certified Secretaries of Kenya.

Catherine is the Founder of Dorion Associates LLP, a firm specializing in governance matters and commercial legal consultancies. Prior to founding Dorion Associates, Catherine worked for Kenya Shell Limited (Now Vivo Energy Kenya Limited) as their Company Secretary and Head of Legal for over fifteen (15) years. She managed the Legal Functions of Shell operations in Kenya, Uganda, Tanzania, Sudan, Eritrea, Ethiopia, Morocco, Egypt and Tunisia. She has worked for shell in the United Kingdom during which period she specialized in Mergers and Acquisitions and other commercial transactions as well as being

the Legal Focal Point for all Contracting and Procurement matters for its businesses in the 23 Countries in Africa. She holds a Master of Laws Degree from the University of Nairobi, a Higher National Diploma in Law (Kenya), a Bachelor of Laws (LLB) Degree as well as a certificate in Securities and Investment from the Securities and Investment Institute (London).

FCS. Dennis B. Aroka
Director

Mr. Dennis Aroka was appointed as an Independent Director of the Board on 8th July, 2022. He has over 10 years' experience in Company Secretarial work is currently the Senior Partner/Consultant at ESR Kenya LLP specializing in Corporate Secretarial, Governance and Registration services. He was previously the Company Secretary for the National Irrigation Authority (formerly the National Irrigation Board). He is an Advocate of the High Court of Kenya and a member of the Certified Public Secretaries Kenya. He Holds a Master's in Business Administration (Executive) from the Moi University, a Postgraduate Diploma in Law from the Kenya School of Law and a Bachelor of Laws from the Catholic University of Eastern Africa.

Ms. Sumaiya Salim
Director

Ms. Sumaiya Salim was appointed as an Independent Director of the Board from 13th July, 2022. She is an expert in project management, corporate communication and brand strategy. She is currently a Project Manager in the logistics field undertaking projects in the oil and gas, freight and transport industries.

She holds a Masters' Degree in Corporate Communication from the Daystar University, a Bachelor's Degree in Journalism from the United States International University (Africa) and a Diploma in Mass Communication from the Institute of Commercial Management.

Ms. Nancy Sang
Director

Key academic/professional qualifications:
Masters' Degree in Public Policy & Administration – Kenyatta University, Bachelor's Degree in Human Resource – Kenyatta University, Higher Diploma in HR Management – Kenya Polytechnic University, Diploma in Human Resource Management

Ms. Nancy Sang is an Independent Director of the Board appointed on 31.05.2023. She is an expert in Public Policy & Administration and has served as a Member of County Assembly of Uasin Gishu County. She is currently serving as a Board member in other organizations.

Dr. Duncan G. Hunda
Alternate Director

Dr. Duncan Hunda is an Alternate Director to the Principal Secretary, State Department of Transport in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works. 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 Public Certified Accountant and a Member of ICPAK.
Dr. Hunda holds a Doctorate Degree (PhD) in Finance from SMC University, Switzerland, MA, International Finance from North London University, UK, Bachelor Degree in Economics and Statistics from University of Nairobi.

Mr. Humphrey Muhu
Alternate Director

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

He has undertaken Port Security course at the University of Maryland (USA), IMO course on Port Management and Operations, in France - Port du Havre and 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

Key academic/professional qualifications:
Bachelor of Arts- Economics – Kenyatta University

Management of General Cargo Operations, Management of Container Terminal Operations and currently Manager in charge of Inland Container Depots and Kisumu Port.

Mr. Paul Bor is the Alternate Director to the Managing Director, Kenya Ports Authority. He is a trained Port Management professional and has over 25 years of Port Management experience.

Ms. Mercy Chebet Cherongis
Director

Key academic/professional qualifications:
Ms. Cherongis is a practicing Advocate of the High Court of Kenya with over ten (10) years' experience currently handling matters touching on all realms of law and International law.

She has worked as an Advocate in various law firms and organizations dealing with Litigation, Corporate and Commercial law, Corporate Governance, Management and Administration. She has a passion for promotion of good governance, protection of rule of law and human rights.

She is also a Member of the Law Society of Kenya and a holder of Masters of Laws in International Law with International Relations.

Mr. Philip J. Mainga, EBS
Managing Director
Mr. Mainga is currently the Managing Director Kenya Railways. Until his appointment, Mr. Mainga was the General Manager Business and Operations. He previously had 19 years of experience in Corporate Planning, Project Management and Business Management. He holds Master in Project Planning and Management – UoN, Masters and Bachelor of Arts in Economics - University of Mysore.
He is trained in driving Government Performance at Harvard University –USA Boston. He undertook a course on Regional Integration in Africa by a joint World Bank Institute and African Economic Research Consortium (AERC). He is a professional member to: Certified Finance Management for Project Managers, Associate Member MEGADEV Consultants and Associate Member Kenya Institute of Management (KIM). Author of Economics and Ethics First Edition 2010 and Doing Business in Kenya 2006- Hand book (UNDP – Kenya). He received the Presidential award of 2nd Class – Elder of the Order of the Burning Spear (E.B.S.) in June, 2020. He also won The Star Person of year award 2020.

Preface and Acknowledgment

Upon concessioning 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 new railway network and revitalization of the Meter Gauge Railway line; and enhance cross border trade with neighboring East and Central African countries.

Kenya Railways 2023-2027 Strategic Plan has been prepared to provide a strategic direction for the rail transport sector with the aim of upscaling the sector's contribution to national growth and economic development.

This plan has five Key Results Areas (KRAs) and six 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 in order 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 in order to achieve 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.

Top Management

Mr. Philip J. Mainga, EBS
Managing Director

Mr. Mainga is currently the Managing Director Kenya Railways. Until his appointment, Mr. Mainga was the General Manager Business and Operations. He previously had 19 years of experience in Corporate Planning, Project Management and Business Management. He holds Master in Project Planning and Management – UoN, Masters and Bachelor of Arts in Economics - University of Mysore.

He is trained in driving Government Performance at Harvard University –USA Boston. He undertook a course on Regional Integration in Africa by a joint World Bank Institute and African Economic Research Consortium (AERC). He is a professional member to: Certified Finance Management for Project Managers, Associate Member MEGADEV Consultants and Associate Member Kenya Institute of Management (KIM). Author of Economics and Ethics First Edition 2010 and Doing Business in Kenya 2006- Hand book (UNDP – Kenya). He received the Presidential award of 2nd Class – Elder of the Order of the Burning Spear (E.B.S.) in June, 2020. He also won The Star Person of year award 2020.

Ms. Milly Kizili-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 Management of projects.

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. In addition, she is 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 – Technical Services

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 Development & 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 Organizations in the private sector for a period of 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, Compliance

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 fifteen (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.

Ms. Jane Vuligwa
Ag. General Manager - Supply Chain Management

Ms. Jane Vuligwa has 16 years working experience in Supply Chain Management, holds a Master's degree in Business Administration (MBA), a Bachelors' Degree in Procurement & Logistics and a Diploma in Purchasing and Supplies Management. Jane is a member of Chartered Institute of Purchasing and Supplies Management (CIPS). She is also a member of Kenya Institute of Supplies Management (KISM) and licensed as Procurement Practitioner by KISM.

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Definition of Concepts and Terminologies

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

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.

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.

Freight 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.

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

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

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
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
TQI	Track Quality Index
TOR	Terms of Reference
TEU	Twenty Foot Equivalent Units
UN	United Nations

Executive Summary

CHAPTER ONE: INTRODUCTION

This chapter provides a brief 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 as well as 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

As a commitment towards embracing excellence and transformational growth, 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 a 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 mitigating 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 cities/capitals of the continent and therefore spurring intra-African trade to unprecedented levels and strengthening Africa's place in global trade.

Towards 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, 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 and transparency as well as stakeholder engagement in policy making.

In addition, this plan entrenches Article 73 which stipulates 'responsibilities of leadership'. The plan complies to 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 distribution channels 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.

Likewise, Micro, Small and Medium Enterprises (MSMEs) engaged in 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 will 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 also be expanded to include metropolitan areas earmarked for the National Housing Scheme project such as Ngong, Ruai and Konza.

The Corporation will also endeavor 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 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 mode of transport within the economy. In addition, 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 rapid decline in service delivery despite Governments' goodwill and support.

In the first two decades of its establishment, the Corporation had challenges in 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 concession of rail operations.

In this respect, the Corporation entered into a Concession Agreement with Rift Valley Railways (RVR) in the year 2006 with a view to provide new impetus in rail transport operations. However, RVR defaulted in 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 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: Meter Gauge Railway (MGR) and 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

MGR has over the years 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 effort to revitalize the MGR network through rehabilitation, upgrading and regular maintenance of the track and associated infrastructure

1.3.2. Standard Gauge Railways (SGR)

Development of 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 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:

i. Development, operation, and maintenance of the railway infrastructure in the country;
ii. Ensure safety and security of the railway transport;
iii. Ensure funding and financing of the Corporation activities;
iv. Facilitate partnerships between the public and private sectors in the development, operation and maintenance of railways;
v. Ensure compliance with the relevant regional and international conventions on transport that guide the economic and environmental sustainability of railway transport;
vi. Collaborate with the County Governments in ensuring safe and uninterrupted railway operations;
vii. Undertake research for the purpose of encouraging innovations in the railway sector;
viii. Conduct technical capacity development at Railway Training Institute;

ix.   Ensure effective and efficient service delivery in railway operations; and,

x.   Management of the rail assets, including land, buildings, worKshsops, 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
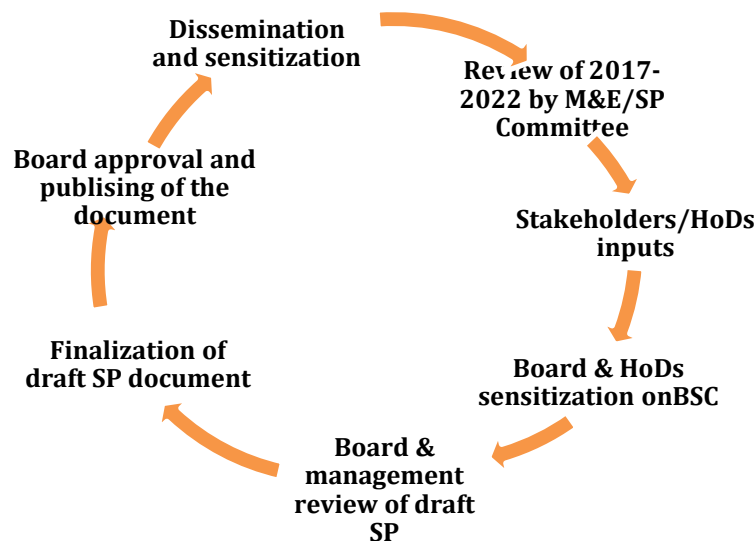
CHAPTER TWO: STRATEGIC DIRECTION

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

2.1. Mandate

The mandate of the Corporation includes;
 i) Provide skills and technology for the railway sector;
 ii) Provide efficient and effective railway services;
 iii) Leverage assets to grow business; and
 iv) Promotion, facilitation and participation in national and metropolitan railway network development.

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 achievement of the following goals;
 I. Expand rail network and associated infrastructure;
 II. Improve rail asset operational efficiency;
 III. Expand Freight market share of Port throughput;
 IV. Improve financial sustainability;
 V. Maximize income from landed assets; and
 VI. Improve 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

Core values	Description
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: -

I. Development of new railway projects and rehabilitation of existing infrastructure and facilities are undertaken through proper planning and effective project implementation.
II. Resources are available and efficiently deployed in provision of freight and passenger rail services to meet customers' expectations.
III. 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.
IV. Innovation, Research and Technology are embraced in all our operations for efficient and effective service delivery.
V. 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.
VI. The Quality Management System is integrated in all our operations and is continually reviewed to improve its effectiveness.
VII. The Quality Policy is communicated and understood by staff and is available to all interested parties as appropriate.
VIII. Risk-based thinking and process approach are embraced in all our operations.
IX. 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 customers' requirements.

CHAPTER THREE: SITUATIONAL AND STAKEHOLDER ANALYSES

This Chapter presents an overview of performance during the period 2017-2022. It gives a summary of challenges, lessons learnt as well as proposed solutions for the next plan period. Lastly, it provides an analysis of the environment the Corporation operated in and its stakeholders.

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 in the macro and micro-environments, as well as the industry and market 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 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 on 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 legislations
Environmental	**Implication (s)**	**Strategic responses**
Effects of climate Change	● Washaways ● Floods ● Wildfires along the corridor ● Increased carbon emissions	● Conduct a risk assessment ● Develop and implement disaster management framework ● Afforestation and reforestation along the corridor ● 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.

i) **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.

ii) **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.

iii) **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.

iv) **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 support its

investments in a sustainable manner and maintain good relations with its creditors in servicing its debt obligations.

v) **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 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 including 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 to gain 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, while 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 Kenya Railways, road transport companies, airlines, and maritime service providers. The Corporation faces stiff competition from road transport, due to its flexibility and accessibility for 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 initiatives to reduce carbon emissions present an opportunity for the railway sector to emerge as a pivotal player in Kenya's logistics and transport ecosystem.

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.

Finally, the increased demand for haulage of conventional cargo underscores the 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

Table3. 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.	Overdependence on throughput at the Port of Mombasa for rail freight.

Environmental factor	Opportunities	Threats
	• Shift in global preference for horticultural produce transported via land and sea. • Ability to haul diverse categories of 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:

i.   Finance, Human Resource and Administration Committee;
ii.   Business, Operations and Investments Committee;
iii. Audit Committee; and
iv.   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 directions of the Board. 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;

i.   **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 Services and Board Services.

ii. **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 namely Technical and Corporate Audit.

iii. **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 division within the department are Procurement and Disposal and Inventory Management.

iv. **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.

v.   **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

vi. **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.

vii. **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.

viii. **Business and Commercial -** Responsible for coordinating all Commercial aspects of the Business including Business Development and investments, Sales & Marketing and Property management. The departments 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.

ix. **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.

x. **Operations -** Responsible for management of Traffic planning, Freight and Passenger train operation while ensuring compliance of Policies and guidelines laid down and 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 targeted 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 to 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 internal business processes of the Corporation. 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 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 continually invest in infrastructure maintenance, technology adoption, and talent development to further enhance its strategic position. This resource-based and capabilities analysis as well as value chain analysis frameworks, focuses on the criteria of being valuable, rare/scarce, inimitable, durable, and unsubstitutable:

Table3.2: 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

Table3. 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

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 MTPIII, 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 bypass 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 MGR mainline at Longonot to facilitate seamless transshipment of freight destined to Western Kenya and the Great Lakes Region.

Revamping of the Meter Gauge Railway (MGR) Network: The MGR network and associated infrastructure was 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 – Port Bell in Uganda in 2020.

Establishment of Kenya Railways Transit Shed (KRTS) which is a National 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 which 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 freight 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						
MGR						
TOTAL FREIGHT						
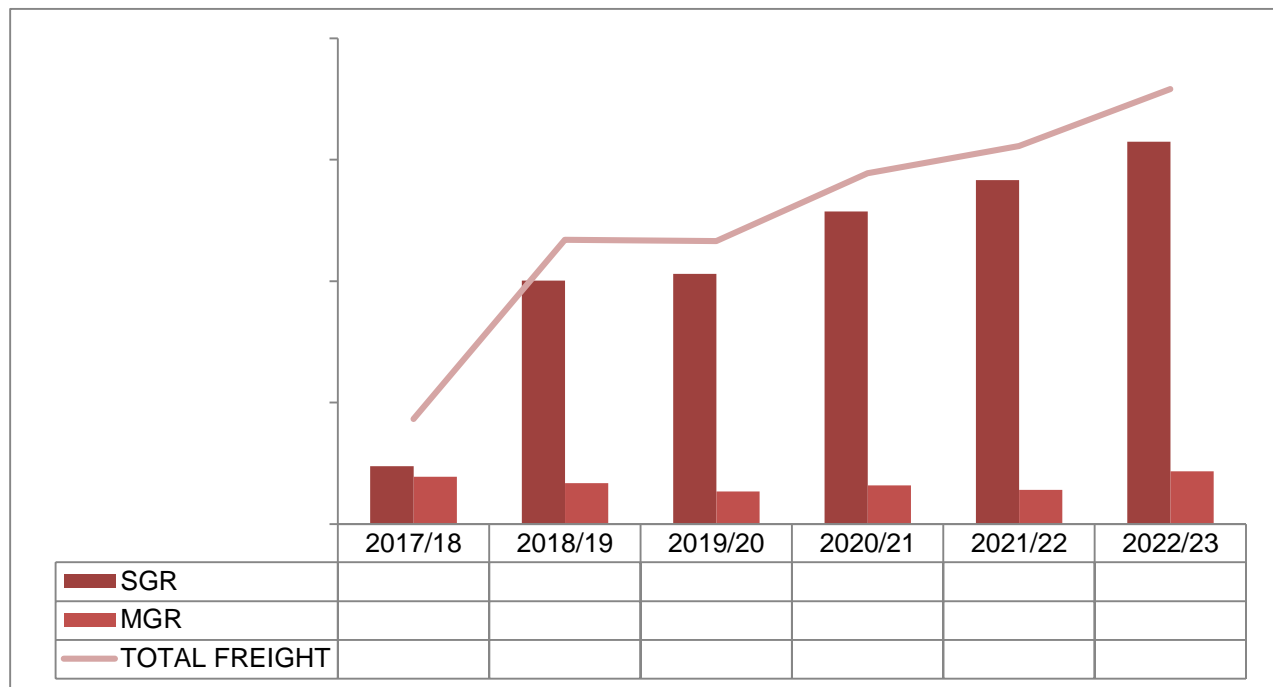
The increase was majorly as a result of operationalization of SGR freight services between Mombasa – Nairobi in 2018 and Nairobi – Naivasha in 2019. Performance of MGR operations, which dipped over the period, is expected to revert to a positive trend as a result of the recent rehabilitation of the track 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 arising from 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.

Figure 3. 2: Performance in Passenger movement

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
■ SGR						
■ MGR						
— TOTAL						
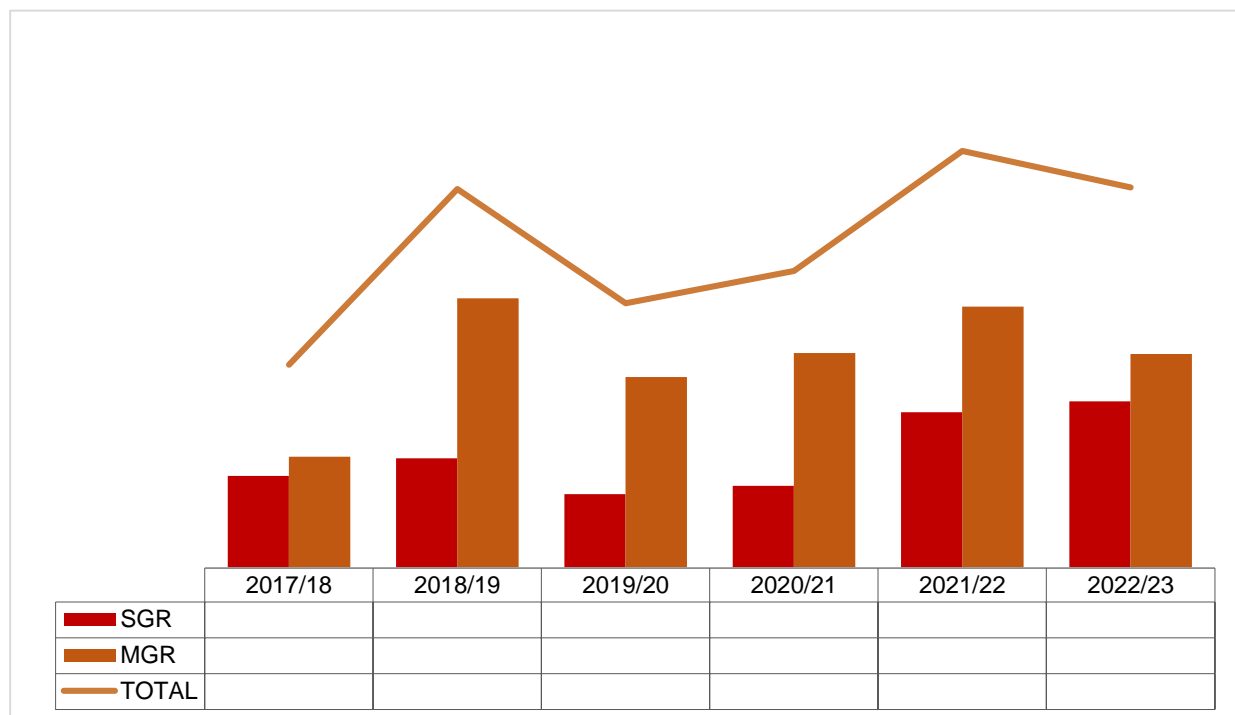
During the period, long distance passenger service was re-introduced on MGR line between Nairobi – Nanyuki and Nairobi – Kisumu.

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 Kshss 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 table below.

Table3. 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 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 (456Km);
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.

Table3. 5: Challenges and Proposed solutions

	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

	Challenges	Proposed solutions
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 Corporation's stakeholder analysis yielded the following;
Table3. 6: Stakeholder Analysis

Stakeholder	Stakeholder expectations	KR expectations
Clients (freight, passengers and tenants)	● Quality and timely service ● Effective communication and response	● Adherence to regulations and procedures ● Provision of feedback on services
National Government	● Efficient execution of mandate ● Compliance with laws, policies and regulations ● Prudent utilization of allocated funds	● Provide overall guidance and ensure formulation of appropriate laws and policies for rail sector

Stakeholder	Stakeholder expectations	KR expectations
		● Create synergies to achieve multimodal linkages within the transport sector ● Allocate resources for development of rail projects ● Provide security for rail assets
Kenya Ports Authority	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 evacuation of petroleum products	Provision of first and last solutions for petroleum products
Parliament	Prudent utilization of allocated funds in accordance with the law	● Oversight of expenditure ● Establishment/review of enabling Legal Framework
Regional rail operators (URC, TRC & TRANSNET)	● 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	Support and collaboration in development, rehabilitation and maintenance of rail network	Provision of funds and technical advice for the railway sector
General public	● Awareness creation on services provided ● Ease in access to information ● Safety in rail operations	Compliance with Kenya Railways Act and other relevant guidelines

Stakeholder	Stakeholder expectations	KR expectations
Board of Directors	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	Conducive working environment Favorable terms of services	- Provision of quality services to clients - Adherence to work place rules and regulations
Suppliers	- Compliance with terms of engagement - Timely payment for work done	Timely provision of quality works, goods and services/ products.
Transport Service providers	- Partnership in first and last mile solutions - Regular engagements forums	Partnership in first and last mile solutions
Media	Provision of reliable information	Fair coverage and accurate reporting
Private Sector	Provide competency based and market driven skills at RTI	- Absorption of trainees - Partnership in internship and apprenticeship

CHAPTER FOUR: STRATEGIC ISSUES, GOALS AND KEY RESULT AREAS

This chapter presents the strategic issues identified during the previous plan period. It further provides the Corporation's Strategic goals and their corresponding Key Result Areas through which these goals shall be achieved.

4.1   Strategic Issues

The Corporation identified the following strategic issues:
I.   Capacity of rail and associated infrastructure;
II. Operational efficiency;
III. Market penetration;
IV. Operational and Maintenance costs;
V.   Utilization of landed assets; and,
VI. Institutional capacity.

4.2   Strategic goals

In order to address the identified issues, Kenya Railways shall work towards attaining the following strategic goals;
I.   Expand rail network and associated infrastructure;
II. Improve rail asset operational efficiency;
III. Expand Freight market share of Port throughput;
IV. Improve financial sustainability;
V.   Maximize income from landed assets; and
VI. Improve 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 Freight 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 Kenya Railways 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 KRA

Strategic Issue	Goal	Key Results Area (s)
Capacity of rail and associated infrastructure	Expand rail network and associated infrastructure	**KRA 1:** Rail Infrastructure Development
Operational efficiency	Improve rail asset operational efficiency	**KRA 2:** Rail Assets Utilization
Market penetration	Expand Freight market share of Port Throughput	**KRA 3:** Business Development and Marketing
Utilization of Landed Assets	Maximize income from Landed Assets	**KRA 4:** Development and management of landed assets
Operational and maintenance costs	Improve financial sustainability	**KRA 5:** Financial Sustainability and Resource Mobilization
Institutional capacity	Improve capacity in rail development and management	**KRA 6:** Institutional capacity development and governance

CHAPTER FIVE: 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 six (6) 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 Freight market share of Port throughput from 26% in 2022 to 42% by 2027;
4. To Increase returns from landed assets from Ksh1.47Billion in 2022 to Ksh 2.5Billion In 2027
5. To move from an operating loss of Kshs 2.4Billion in FY2022/2023 to an operating profit of Ksh. 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 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 Freight 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 freight market share will be achieved by attaining a customer acquisition ratio of 1:4 and achieving a customer retention rate of 80% from the current 15%.

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 survey.

Strategic Objective 4: To Increase returns from landed assets from Ksh 1.47Billion in 2022 to Ksh 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 Private and 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 Ksh. 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

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 fore front 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.

Towards enhancing 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	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
		Number of passengers		7,792,000	8,306,875	8,584,705	8,876,427	9,305,257
KRA 3: Freight market share of Port throughput								
SO 3: Increase Freight market share of Port throughput from 26% in 2022 to 42% by 2027	Increased Freight market share of Port throughput share	Freight market share of Port throughput share (%)		32	33	35	38	46

KRA 4: Development and management of landed assets							
SO 4: To Increase returns from landed assets from Ksh 1.47 in 2022 to Ksh 2.5 In 2027.	Increased returns from landed assets	Amount collected in Ksh.	1.6	1.8	2.0	2.2	2.5
KRA 4: 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	CO_2e	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	**S1:** Construct 2,795.8KM of SGR network by 2027
		S2: Construct 88.7KM of MGR network by 2027

	network and associated infrastructure	**S3:** Upgrade 315km and rehabilitate 1039.6KM of MGR network
		S4: Develop rail associated infrastructure
		S5: Implementation of Nairobi and Eldoret Railway Cities as well as Kisumu Lakefront city master plans
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 3.1Million in 2022 to 6Million by 2027

KRA 3: Business Development and Marketing	Objective 3: Increase Freight 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 Ksh1.47 Billion in 2022 to Ksh 2.5 Billion In 2027	S1: Commercialize development of Kenya Railway property
KRA 5: Financial Sustainability and Resource Mobilization	Objective 5: To move from an operating loss of Kshs 2.4Billion in FY2022/2023 to an operating profit of 9.09Billion in 2027/28	S1: Establish Transit Oriented Developments & Logistics centers
		S2: Increase income from alternative sources
		S3: Enhance revenue assurance to 98% 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	S1: Maintain rail sub-sector carbon emission at below 0.061 CO2e by 2027

	and Governance (ESG) standards	**S2:** Uphold good corporate governance
		S3: Enhance Corporation's relations with stakeholders

CHAPTER SIX: IMPLEMENTATION AND COORDINATION FRAMEWORK

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 table 6.1 the annexed implementation matrix.

6.1.2 Annual Workplan 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. The costed annual work plan for the first year of this Strategic Plan is as shown below

6.1.3 Performance Contracting

Annual Performance contracts, 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 has been undertaken as follows:

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	-	-

Cadre	Skills set	Skills Gap	Competence Development
	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	i) Professional development course ii) Supervisory course iii) Analytical and critical thinking course

Cadre	Skills set	Skills Gap	Competence Development
		vi) Critical thinking skills	
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

Cadre	Skills set	Skills Gap	Competence Development
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
RG 10	**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 KRA's.

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 the 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

The Kenya Railways Risk Management Framework draws from the Code of Governance for State Corporations (*Mwongozo*) as well as the ISO 31000:2018 Risk Management Standard. The framework provides guidelines for identification, monitoring, reporting and mitigation of risks.

Implementation of this Plan is potentially exposed to various risks, among them, strategic, operational, financial and technological risks. KR will forecast possible risks under these categories and determine mitigation measures.

Table 6. 3: Risk Management Framework

S/ No	Risk Class/Category	Risk and Description	Likelihood(L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
1	Operational	Underinvestment in rail infrastructure	3	5	15	Construct 2,450.4KM of SGR network by 2027 Construct 60.3KM of MGR network by 2027 Develop rail associated infrastructure Upgrade and rehabilitate 268.6KM of MGR network	GM TS
2	Operational	Poor state of rolling stocks	5	5	25	Increase MGR locomotive availability from 75% in 2022 to 92% in 2027 and	GM TS

S/No	Risk Class/Category	Risk and Description	Likelihood (L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
						maintain SGR locomotive availability of above 95% by 2027 Increase MGR Wagon availability from 80% in 2021 to 84% 2027 and maintain SGR wagon availability of above 95%	
3	Operational	Underutilization of rail assets	3	4	12	Increase rail asset utilization by reducing MGR cycle time between Mombasa and Nairobi from 10 days in 2022 to 5 days in 2027 and from 10 to 6 days between Naivasha ICD and Malaba.	GM RBO
4	Operational	Dilapidated rail infrastructure	5	4	20	Increase track availability by maintaining a TQI of below 10 for SGR and 40 for MGR by 2027	GM TS
5	Operational	Locomotive failures	5	5	25	Increase MGR locomotive reliability from 2000 Mean Kilometers	GM TS

S/No	Risk Class/Category	Risk and Description	Likelihood (L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
						Between Failures (MKBF) in 2022 to 15,000 by 2027 and from 168,000 MKBF in 2022 to above 200,000 for SGR by 2027	
6	Safety & Security	Exposure to safety and security incidents	3	5	15	Increase safety of rail operations Achieve 100% Security of Kenya Railways assets, operations and staff	SSM
7	Environment & Social	Non-implementation of environmental sustainability measures	3	4	12	Improve rail sector contribution to environmental sustainability and climate change resilience	GM TD
8	Market/Commercial	Low demand for passenger services	3	3	9	Increase long distance passengers by 15% annually Increase the number of commuters by 15% annually	GM RBO
9	Market/Commercial	Competition from other modes of transport	5	3	15	Achieve Customer Acquisition ratio of 1:4 by 2027 Achieve customer retention rate of 80% from the	GM RBO

S/ No	Risk Class/Category	Risk and Description	Likelihood(L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
					current 15% by 2027 Achieve Optimal Product Mix on Transit: Local of 60:40 from the current 25:75		
10	Reputation	Poor brand perception	5	4	20	Enhance Corporate brand image	CAM
11	Financial	Low return from non-rail assets	3	4	12	Refurbishment and redevelopment of existing KR estates to increase value Optimize returns from landed assets Implementation of property Master Plans (Nairobi & Eldoret Railway City)	GM RBO
12	Financial	Non-optimized revenue generation from KR assets	4	4	16	Enhance revenue assurance to 98% by 2027	GMF
13	Financial	Inadequate cost control measures	3	4	12	Reduce cost to revenue ratio from 130% in	GMF

S/No	Risk Class/Category	Risk and Description	Likelihood(L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
						2021/22 to 85% in 2026/27 .	
14	Financial	High gearing/high debt ratio	4	5	20	Attain debt to revenue ratio of 5% on receivables and pending bills to annual budget ratio of less than 1% Mobilize 15% of annual capital budget from external sources including development partners, PPPs, infrastructure bonds and other financiers	GMF

S/No	Risk Class/Category	Risk and Description	Likelihood (L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
15	Institutional	Weak corporate culture	3	3	9	Enhance performance management and reward systems Inculcate continuous learning, training and professional development Enhance work environment and Staff Engagement Institutionalize Kenya Railways Culture and Values set	GMHRA
16	Operational	Unaddressed employee skills gaps	3	3	9	Promotion of Learning, Training & capacity building at RTI	GMHRA
17	Operational	Inadequate organizational structure and staffing levels	4	4	16	Develop and implement a fit for purpose organization structure	GMHRA
18	Governance	Inadequate strategic leadership in implementation of corporate	3	3	9	Institutionalize Corporate Governance	GMHRA

S/No	Risk Class/Category	Risk and Description	Likelihood(L/M/H)	Impact (L/M/H)	Overall Risk Level (L/M/H)	Mitigation Measure	Risk Owner
		work plan/performance targets					
19	Business Continuity	Lack of a Business Continuity framework and Disaster Recovery Plan	3	5	15	Develop and implement Business Continuity Plan	GM-RPC&ICT
20	Compliance/Regulatory	Non-compliance with internal policies and legal requirements	3	5	15	Enhance internal controls and compliance audits	GM-RPC&ICT
21	Operational	Inadequate utilization of RTI as a source of skilled labor in the rail sector	3	3	9	Develop adequate and competent Skills for Rail and Marine at Railway Training Institute(RTI)	DRTI

Risk Matrix

Risks are ranked according to Green (Low), Amber (Moderate) and Red (High) using a likelihood and consequence matrix (Risk Matrix) as follows:

Likelihood

	Impact = 1	Impact = 2	Impact = 3	Impact = 4	Impact = 5
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

Impact

CHAPTER SEVEN: RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES

This chapter presents the financial resource requirement 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. 948Billion is required majorly comprising Kshs. 803Billion 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. 127Billion. Business development and Marketing will require Ksh. 1.4Billion, while development of landed assets and Institutional capacity and governance will require Kshs. 9.3Billion and Kshs. 4.3Billion respectively. This is as illustrated in the table below.

Table 7. 1: Financial Requirements for Implementing the Strategic Plan

Cost Item	Projected Resource Requirements (Ksh. Mn)					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
KRA1	9,913.14	147,811.88	139,865.47	134,800.25	371,439.65	803,830.39
KRA2	19,545.36	35,801.98	23,521.79	25,021.54	23,336.42	127,227.09
KRA3	271.25	383.25	254.25	254.25	273.00	1,436.00
KRA4	866.70	2,681.08	1,794.41	2,493.00	1,504.00	9,339.19
KRA5	752.14	820.54	250.56	220.57	199.92	2,243.73
KRA6	1,020.32	1,231.67	943.67	702.67	423.17	4,321.50
Total	32,368.91	188,730.40	166,630.15	163,492.28	397,176.16	948,397.90

In order to attain the budgeted Kshs. 948Billion, a total of Kshs. 126.3 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. 822Billion 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	Estimated Financial Requirements (Kshs. Million)	Estimated allocations (Kshs. Million)	Variance (Kshs. Million)
2023/24	32,368.91	TBD	TBD
2024/25	188,730.40	TBD	TBD
2025/26	166,630.15	TBD	TBD
2026/27	163,492.28	TBD	TBD
2027/28	397,176.16	TBD	TBD
Total	**948,397.90**	TBD	TBD

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;
  i)   Increase internally generated revenue;
  ii) Source funding from Government: Exchequer Allocation, Infrastructure bond;
  iii) Source funding from Development partners: Grants and loans, Technical and financial support, Green Energy Financing;
  iv) Borrow from Financial Institution: Loans; and
  v)   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:

  i)   Prioritization and sequencing in utilization of scarce resources on impactful value chain activities;
  ii) Streamlining business processes;
  iii) Adoption of ICT in asset management and other processes;
  iv) Adherence to budgets and stringent financial discipline according to the law;
  v)   Implementation of a robust performance management system;
  vi) Monitoring and evaluation of planned programs/activities; and

vii) Adequate risk assessment and management.

CHAPTER EIGHT: MONITORING, EVALUATION AND REPORTING FRAMEWORK

This chapter outlines the institutional framework for Monitoring, Evaluation (M&E) and Reporting for the Strategic Plan. It entails monitoring framework, performance standards, evaluation framework, mid-term evaluation, end-term evaluation, 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:
 i)   Ensure effective communication of the plan to all staff and key stakeholders;
 ii)   Enhance partnerships and collaborations with all stakeholders that are critical for successful implementation of the plan;
 iii) Mobilize and avail resources for planned programmes, projects and activities;
 iv)   Ensure annual work plans for departments, sections and individuals are aligned to the Strategic Plan;
 v)   Ensure performance contracting parameters are derived from the Strategic Plan;
 vi)   Strengthen organizational capacity to implement the Strategic Plan through recruitment of requisite staff and capacity building; and
 vii) 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 Planning, Research and Risk-Coordination Department 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 2022/23	Target	
					Mid-term Period	End-term Period
KRA 1: Rail Infrastructure Development	Improved rail connectivity and reliability	Track Quality Index (TQI)	SGR	6.13	<10	<10
			MGR	-	40	40
KRA2: Rail Asset Utilization	Improved rail operational efficiency and enhanced passenger experience	Net Tonne Kilometer (NTK) (Billions)		3.3	4.6	5.2
		Number of passengers		5,765,743	8,584,705	9,305,257
KRA3: Business Development and Marketing	Increased Freight market share of Port throughput	Percentage Freight market share of Port throughput (%)		26	38	46
KRA 5: Financial Sustainability and Resource Mobilization	Improved operating cost to revenue ratio	Cost:Revenue		109	95	85
KRA 6: Institutional Capacity Development and Governance	Improved workforce productivity.	Productivity index		TBD	TBD	TBD
	Enhanced environmental, social and good governance practices	CO_2		0.061	0.061	0.061
		% audit issues resolved		100	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:

i. What has a particular project achieved?
ii. How well is it being implemented?
iii. Are the planned activities on schedule?
iv. Are the inputs sufficient to produce the desired outputs, outcome and impact?
v. 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.

ANNEX – KR STRATEGIC PLAN IMPLEMENTATION MATRIX