

Approved for tabling
SNA
25/11/24




THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT (THIRD SESSION - 2024)
PUBLIC PETITIONS COMMITTEE

Rt. Hon. Speaker
You may approve for
tabling. The report is
in order.

[Signature]
22/11/24

REPORT ON -
CONSIDERATION OF THE PUBLIC PETITION NUMBER 03 OF 2023 REGARDING
THE MANAGEMENT OF STANDARD GAUGE RAILWAYS (SGR) SERVICES

NOVEMBER, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 NOV 2024	
DAY: Wednesday	
TABLED BY:	Hon. Nimsod Njau (Chairperson)
CLERK-AT THE TABLE:	Lomale

Directorate of Legislative and Procedural Services
Clerk's Chambers
Main Parliament Buildings
NAIROBI

TABLE OF CONTENTS

LIST OF ACRONYMS	2
CHAIRPERSON'S FOREWORD.....	3
PART ONE	4
1. PREFACE	4
1.1. Establishment and Mandate of the Committee	4
1.2. Committee Membership.....	5
1.3. Committee Secretariat.....	6
PART TWO	7
2. BACKGROUND INFORMATION ON THE PETITION.....	7
2.1. Introduction.....	7
2.2. Prayers.....	7
PART THREE	8
3. STAKEHOLDERS' SUBMISSIONS ON THE PETITION	8
3.1. Petitioner	8
3.2. Ministry of Roads and Transport and the Kenya Railways Corporation.....	9
4. COMMITTEE OBSERVATIONS	14
PART FIVE.....	16
5.0 COMMITTEE RECOMMENDATIONS	16
ANNEXURES	17

LIST OF ACRONYMS

- CRBC - China Road and Bridge Corporation
- TEU - Twenty-Foot Equivalent Unit
- SGR - Standard Gauge Railway
- KRC - Kenya Railways Corporation
- O&M - Operations and Maintenance

CHAIRPERSON'S FOREWORD

On behalf of the Public Petitions Committee and pursuant to the provisions of Standing Order 227, it is my pleasant privilege and honour to present to this House the Report of the Committee on the Public Petition regarding the Management of Standard Gauge Railway (SGR) services. The petition was presented to the House pursuant to the provisions of Standing Order No. 225(2)(b) by the Honourable Speaker on Tuesday, 21st February, 2023.

The petitioner prayed that the National Assembly, through the Public Petitions Committee interrogates the Kenya Railways Corporation (KRC) and other relevant State Departments on the general operations and the revenues collected by the Kenya Railways Corporation and makes appropriate recommendations.

The Committee considered the petition and observed that the government's projection of 2019 as the breakeven year was not realized as the costs of running the SGR line far outweighed the revenues generated and the project's financial position continued to deteriorate, resulting in the accumulation of pending bills that were frequently paid through midyear budget reviews. Further, the project's economic viability was taking a positive trend whereby cargo volumes had increased by 4,159 tonnes in 2019 attributed to a joint directive by the Kenya Revenue Authority (KRA) and Kenya Ports Authority (KPA) requiring all imported cargo leaving the port of Mombasa to use the SGR and clearance done at the Inland Container Depot (ICD) in Nairobi.

The Committee further recommended that the Kenya Railways Corporation put appropriate measures in place to ensure takeover of the remaining functions of operations and maintenance of the SGR by December 2025; invest in the development of professional capacity of the technical employees; publishes the quarterly financial reports of the Standard Gauge Railway (SGR) on its official website detailing a breakdown of revenue collection operational costs to enhance transparency and accountability; and finally, diversifies its services by offering loyalty programmes and special packages for various groups such as students, senior citizens, and frequent travellers.

The Committee appreciates the offices of the Speaker and Clerk of the National Assembly for providing guidance and necessary technical support without which its work would not have been possible. The Chairperson expresses gratitude to the Committee Members for their devotion and commitment to duty in considering the petition.

On behalf of the Committee and pursuant to the provisions of Standing Order 199, I now wish to lay the Report on the Table of the House.


HON. NIMROD MBITHUKA MBAI, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

Date.....20/01/2024.....

PART ONE

1. PREFACE

1.1. Establishment and Mandate of the Committee

The Public Petitions Committee is established pursuant to the provisions of Standing Order 208A and is mandated to:

- a) consider all public petitions tabled in the House;
- b) make such recommendations as may be appropriate concerning the prayers sought in the petitions;
- c) recommend whether the findings arising from consideration of a petition should be debated; and
- d) Advise the House and report on all public petitions committed to it.

1.2. Committee Membership

The Public Petitions Committee was constituted in October 2022 and comprises of the following Members:

Chairperson

Hon. Nimrod Mbithuka Mbai, M.P.
Kitui East Constituency

United Democratic Alliance (UDA)

Vice Chairperson

Hon. Janet Jepkemboi Sitienei, M.P.
Turbo Constituency

United Democratic Alliance (UDA)

Hon. Patrick Makau King'ola, M.P.
Mavoko Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Ernest Kivai Ogesi Kagesi, M.P.
Vihiga Constituency

Amani National Congress (ANC)

Hon. Maisori Marwa Kitayama, M.P.
Kuria East Constituency

United Democratic Alliance (UDA)

Hon. Joshua Chepyegon Kandie, M.P.
Baringo Central Constituency

United Democratic Alliance (UDA)

Hon. John Walter Owino, M.P.
Awendo Constituency

Orange Democratic Movement (ODM)

Hon. Bernard Muriuki Nebart, M.P.
Mbeere South Constituency

Independent

Hon. Bidu Mohamed Tubi, M.P.
Isiolo South

Jubilee Party (JP)

Hon. Caleb Mutiso Mule, M.P.
Machakos Town Constituency

Maendeleo Chap Chap Party (MCCP)

Hon. John Bwire Okano, M.P.
Taveta Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Peter Mbogho Shake, M.P.
Mwatate Constituency

Jubilee Party (JP)

Hon. Sloya Clement Logova, M.P.
Sabatia Constituency

United Democratic Alliance (UDA)

Hon. Suzanne Ndunge Kiamba, M.P.
Makueni Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

1.3. Committee Secretariat

The Public Petitions Committee is facilitated by the following secretariat:

Lead Clerk
Mr. Ahmed Kadhi
Principal Clerk Assistant II

Ms. Anne Shibuko
First Clerk Assistant

Ms. Miriam Modo
First Clerk Assistant

Mr. Willis Obiero
Clerk Assistant III

Mr. Isaac Nabiswa
Legal Counsel II

Ms. Patricia Gichane
Legal Counsel II

Mr. Martin Sigei
Research Officer III

Ms. Roselyne Njuki
Senior Serjeant-at-Arms

Mr. Paul Shana
Serjeant-at-Arms

Mr. Calvin Karungo
Media Relations Officer III

Mr. Peter Mutethia
Audio Officer

PART TWO

2. BACKGROUND INFORMATION ON THE PETITION

2.1. Introduction

1. Public Petition No. 03 of 2023 on the Management of the Standard Gauge Railways (SGR) Services was conveyed to the House by the Honourable Speaker on behalf of Mr. Amos Nyasani on 21st February, 2023.
2. The Petitioner averred that in 2019, the Kenya Revenue Authority (KRA) and the Kenya Ports Authority (KPA) jointly issued a directive for the clearance of transit cargo from the Port of Mombasa to Naivasha Inland Container Depot (NICD). However, in 2022, a new directive was issued to revert the services to the port of Mombasa.
3. The petitioner further averred that since inception, there has been no transparency on the revenues collected from passenger and freight services by SGR.
4. The Petitioner called on the House to interrogate the Kenya Railways Corporation (KRC) and other relevant state departments on the general operations and the revenues collected by the Kenya Railways Corporation.

2.2. Prayers

5. The Petitioner prayed that the National Assembly through the Public Petitions Committee—
 - (i) Interrogates the Kenya Railways Corporation (KRC) and other relevant state departments on the general operations and the revenues collected by the Kenya Railways Corporation; and
 - (ii) Makes any other recommendation it deems fit in the circumstance of this Petition.

PART THREE

3. STAKEHOLDERS' SUBMISSIONS ON THE PETITION

3.1. Petitioner

On Thursday, 10th August 2023, the Petitioner, Mr. Amos Nyasani, appeared before the Committee and submitted as follows -

6. A report by the Parliamentary Budget Office on the budget options for FY2021/2022 revealed that, for the fourth year in a row, SGR operational costs remained high despite dwindling revenue streams, raising concerns about the project's feasibility and viability. However, the Parliamentary Budget Office stated that rail transport remained the greatest option for cargo haulage and long-distance passenger travel.
7. Despite the government's projection of 2019 as the breakeven year, the Mombasa-Nairobi Standard Gauge Railway (SGR) had not achieved financial parity since its establishment in June 2017. He asserted that the SGR, which currently reaches Naivasha, was funded in part by more than Kshs. 477 billion in taxpayer-funded loans from the Export and Import (Exim) Bank of China.
8. On the issue of failure to break even - the costs of running the SGR line far outweighed the revenues generated. For example, the cost of running the SGR was the highest in 2019, at Kshs.18 billion, compared to Kshs.13.5 billion in revenues generated that year. As a result, the project could not sustain itself without the government's support, as the revenues collected since its inception were insufficient to cover operational expenditures.
9. In 2017 and 2018, the cost of operating the SGR far outweighed the revenue collected for instance between June and December 2017, Kshs. 7.5 billion was incurred in operational costs against Kshs.1 billion collected as revenue. Additionally, in 2018, Kshs. 14 billion was incurred to run the project against Kshs. 5.5 billion that was generated as revenue.
10. the project's economic viability is questionable even though the cargo volumes had increased by 4,159 tonnes in 2019 which, according to him, was attributed to a joint directive by the Kenya Revenue Authority (KRA) and Kenya Ports Authority (KPA) requiring all imported cargo leaving the port of Mombasa to use the SGR and be cleared at the Inland Container Depot (ICD) in Nairobi.
11. Over the years, the project's financial position has deteriorated, resulting in an accumulation of pending bills that were frequently paid through midyear budget reviews, and the project's operating costs always outpaced its earnings. He cited that the Miscellaneous Fees and Levies Act, 2016 and Customs and Exercise (Railway Development Levy Fund) Regulations were amended in May, 2020 to permit the usage of funds in the Railway Development Fund to cater for the operational expenses of the SGR.

12. Petitioner prayed that the National Assembly through the Public Petitions Committee interrogates the Kenya Railways Corporation (KRC) and other relevant state departments on the general operations and the revenues collected by the Kenya Railways Corporation and makes appropriate recommendations.

3.2. Ministry of Roads and Transport and the Kenya Railways Corporation

Vide letters Ref: MOT&C/ADM/034/7/2 VOL.I(36) and Ref: KR/CS/MD/3/242 Vol.II dated 13th July, 2023 and 10th July, 2023 respectively, the then Cabinet Secretary for Roads and Transport, Hon. Kipchumba Murkomen, EGH and the Managing Director of the Kenya Railways Corporation, Mr. Joseph Mainga, EBS, forwarded written submissions and stated as follows -

13. The Mombasa-Nairobi Standard Gauge Railways (SGR) operations were commissioned on 31st May, 2017.

14. The number of containers hauled to Nairobi from the port of Mombasa daily using SGR services and the amount charged for each container hauled was an average of 800TEUs of containers from the port of Mombasa to Nairobi ICD as tabulated below -

Rail Route	Rate USD/Container			
	20FT		40FT	
	0-30 Tons	Above 30 Tons	0-30 Tons	Above 30 Tons
Kilindini - Nairobi	500	600	630	780

Table 1: No. of containers hauled daily and their charges

15. The number of empty containers that leave Nairobi to Mombasa daily using SGR services and the amount charged for every empty container hauled was an average of 455 TEUs. The transport charges are US\$ 50 for a 20-ft empty container and US\$ 75 for a 40-ft empty container between Nairobi and Mombasa Port.

16. The number of passenger trains that leave Nairobi to Mombasa and Mombasa to Nairobi daily by SGR was a total of six trips per day and the average number of people each train carries is one thousand two hundred (1,200) and the amount paid by each passenger Kshs.1,000 for Economy Class and Kshs.3,000 for First Class. The service has moved a total of 9,923 trains and 10,392,271 passengers as of 30th June, 2023.

17. The operations and maintenance services were contracted in the interim to the contractor, China Road and Bridge Corporation (CRBC) as the country built its capacity to operate and maintain the SGR. The term of the original operations and maintenance services contract between Kenya Railways and CRBC was for 10 years effective 31st May, 2017.

18. The Nairobi-Naivasha SGR transit service was inaugurated on 16th October, 2019 and the original Operations and Maintenance Services were varied to include this service.

19. Through a Novation Agreement dated 31st December, 2019, the rights, obligations and liabilities of the Operator towards KR were assumed by Africa Star Railway Operating Company (Afristar).
20. To achieve the financial sustainability of the Mombasa-Nairobi-Naivasha SGR operations, KR/GOK concluded renegotiations of the terms of the SGR O&M contract in June 2020 which culminated in the execution of the Amended and Restated Operation and Maintenance Services Agreement between KR and Afristar for 23 months effective 1st July, 2020.
21. In 2020, the Agreement was amended to allow phased takeover/hand back of SGR functions. Parties then signed an O&M Technical Services Support Agreement with Afristar for the functions where KR required technical support.
22. Effective 1st June, 2022, KR Management took over forty out of the fifty-two SGR Operation and Maintenance functions in the broad areas of transport locomotive and rolling stock, track and Signalling, Communication, Electricity and Information (SCIEI).
23. Currently, most SGR services and functions are managed by KR only a few functions which KR or local market/entity lack equipment, professional personnel or enough know-how need to be sub-contracted to foreign companies e.g. track large machinery tamping service is subcontracted from Chinese Company named Ruver as no such equipment can be found in Kenyan markets.
24. There are fifty-two (52) SGR and O&M functions in total, forty-six (46) of the total area under KR now and only six functions are under Africa Star Railway Operation Company (Afristar) and one of the functions (Railway Signal System O&M) will be taken over by 31st December, 2024 and the other five (Passenger Train Operation Freight Train Operation, Dispatch Centre Service, Train Marshalling and Organization Service in Nairobi Terminus and Port Reitz Station will be taken over by the end of 2025 as the Localization is going on.
25. But within the 46, there are still a few functions which need to be maintained by the Original Equipment Manufacturer (OEM) i.e. locomotive and rolling stock maintenance and information and communication systems maintenance and are outsourced through Afristar. These can be taken over any time when more Kenyan engineers are fully trained to manage such functions.
26. A total amount of USD 5,320,646 monthly and USD 63,847,752 annually is owing to Afristar. This amount will be reduced considerably when KR takes over the remaining functions.
27. Currently, Mr. Li Qiang and Mr. Li Jiuping are the Managers and all are Chinese nationals.

28. Direct procurement of Afristar Company was done in accordance with the Public Procurement and Asset Disposal Act, 2015, sections 103 clauses 1 and 2 (b) and (d) provide that direct procurement may apply in the following instances -

“A procuring entity may use direct procurement as allowed under subsection (2) as long as the purpose is not to avoid competition” and ...a procuring entity may use direct procurement if any of the following are satisfied;

103(2)(b) ...there is an urgent need for the goods, works or services and engaging in tendering proceedings or any other method of procurement would therefore be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part” or

103(2)(d)....the procuring entity, having procured goods, equipment, technology or services from a supplier or contractor, determines that additional supplies shall be procured from that supplier or contractor for reasons of standardization or because of the need for compatibility with existing goods, equipment, technology or services, taking into account the effectiveness of the original procurement in meeting the needs of the procuring entity, the limited size of proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods or services in question.

29. Based on the above requirements, KR engaged the Operator due to the following reasons -

- (i) The operator, Afristar, has been operating and maintaining the SGR since its inception in May, 2017 to ensure safe and seamless continuity of operations and completion of the skills transfer in the safety-critical areas for the identified functions in SGR;
- (ii) The localization program for the SGR was heavily affected by the Covid pandemic and the operator was unable to carry out skills transfer and localization for 2 years as per the plan given the specific nature of the technical skills required in the safety-critical functions of the SGR and the required duration for the skills transfer beyond a period of 5 years as per the standard operating procedures and the expected date of termination of the contract being 31st August, 2022, there was an urgent need for the engagement of the operator to continue with the localization program and provide services even as they completed the pending renewal works and engaging in other procurement methods would be impractical; and
- (iii) The circumstances giving rise to the urgency for the engagement were neither foreseeable by KR nor the result of dilatory conduct on KR's part.
- (iv) KR has continued to build capacity to operate and maintain the SGR since 2017 through training and skills transfer. Almost all other services are procured

locally such as cleaning services, fuel, ballast, elevator maintenance, AC maintenance, grass control fire extinguisher and FAS System maintenance among others. KR has tried its best to take care of the local entities and the interests of Kenya.

30. SGR passenger fares have never been reviewed since operations commenced in 2017, this is despite having positioned them as introductory rates upon the launch of the services. However, changes in fuel prices and other factors that led to significant increases in the cost of running the service, the Corporation has proposed a review of passenger fares to reflect the change in a business environment. The proposal was to increase the economy ticket to Kshs.1,500 and the First-Class ticket to Kshs.3,500. The proposal was still waiting for approval. KR was also working on a proposal to review the haulage charges upwards to cover the increased cost of operations.

Revenue and Costs Analysis for the period 2017 to 2023

FY	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Revenue	X					
Passenger	1,332,458,057	1,758,129,324	1,245,524,892	1,369,714,150	2,613,005,754	2,779,808,415
Freight	1,581,019,730	8,379,601,042	11,984,160,318	13,070,810,592	13,366,692,938	13,155,796,420
Rental Income	136,000	17,879,958	55,577,426	32,943,548	33,434,197	44,160,809
Parking	12,453,800	58,881,550	39,334,345	34,357,553	57,194,574	55,633,796
others	-	-	100,000	-	640,357	422,797
Total Revenue	2,926,067,587	10,214,491,874	13,324,696,981	14,507,825,953	16,071,017,819	16,035,842,238
Cost						
Operations & Maintenance	13,264,813,579	16,727,513,783	18,137,599,080	14,219,326,564	13,466,308,201	9,906,153,008
Security	-	157,642,035	271,932,023	284,284,207	255,178,984	290,783,903
Advertising & Promotions	157,279,882	39,185,095	10,938,126	7,427,666	7,887,399	10,567,920
Office & Admin. Expenses	847,399	1,488,202	2,001,349	7,748,107	9,915,349	12,091,837
Insurance Expense	-	482,875,835	(1,768,316)	224,840,609	186,641,938	298,580,563
Channel Occupancy	-	9,692,170	28,373,560	12,339,700	12,362,557	12,362,557
Fuel Cost	-	-	-	2,822,915,663	3,978,230,389	4,974,313,978
SGR Electricity	-	-	-	-	23,103,955	371,130,095
Total Cost	13,422,940,861	17,418,397,120	18,449,075,822	17,578,882,516	17,939,628,774	15,875,983,860

Table 3: SGR Revenue and Costs Analysis from 2017-2023

Performance of SGR in terms of volumes since inception in 2018

FINANCIAL YEARS	CONTAINER TEUS	CONTAINER TONNAGES	CONVENTIONAL CARGO TONNAGES	EXPORT TONNAGES	TOTAL CARGO TONNAGES
Jan 18-June, 2018	73,318	950,396	-	121,582	950,396
TOTAL 18 - 2019	376,830	3,954,832	54,871	441,911	4,009,703
TOTAL 19 - 2020	409,932	3,970,434	152,424	523,689	4,122,858
TOTAL 20 - 2021	451,512	3,988,304	1,157,373	639,503	5,145,677

TOTAL 21 - 2022	438,598	4,097,370	1,569,005	659,362	5,666,375
TOTAL 22 - 2023	412,732	3,942,974	2,352,280	685,548	6,295,254
TOTAL TONNES	2,165,922	20,904,310	5,285,953	3,071,595	26,190,263

Table 2: Performance of SGR in terms of volumes

PART FOUR

4. COMMITTEE OBSERVATIONS

31. Upon hearing from the Petitioner, KRC and the Ministry of Roads and Transports, the Committee observed that—
- (i) The SGR project was conceptualized by the Governments of Kenya, Uganda, Rwanda and Southern Sudan through the ratification of a protocol in 2014 to construct a Standard Gauge Railway (SGR) that connected the Port of Mombasa to Kampala, Kigali and Juba. Therefore, each country was to develop a railway within its borders to ensure seamless operation across the borders of the four countries and reduce transportation and production costs.
32. The Kenyan section was to be implemented in phases, namely Phase 1 covering the Mombasa-Nairobi stretches which was completed and commissioned in May, 2017 both for Passenger and freight services and Phase 2, which was divided into 3 sub-phases as follows:
- **Phase 2A** - Nairobi-Naivasha;
 - **Phase 2B** - Naivasha-Kisumu including the development of a new high-capacity port at Kisumu; and
 - **Phase 2C** - Kisumu-Malaba.
33. The Mombasa - Nairobi SGR (Phase 1) covering 472 Km was completed and commissioned on 31st May 2017. The Contract value of the project amounted to USD 3,804 million of which 10% was financed by the Government of Kenya and 90% by the Exim Bank of China.
34. Phase 2A (Naivasha–Nairobi), covering 120 Kilometres, had a contract value of USD 1,482 million, of which 15% was to be financed by the Government of Kenya and 85%, amounting to USD 1,260 million, was to be financed through the China Exim bank. In addition, an insurance cost of USD 137 million was added to this loan, bringing the total loan SGR phase 2A to USD 1,397 million.
35. The number of containers hauled to Nairobi ICD from the Port of Mombasa daily using SGR services was 800 TEUs of containers and the transport charges were USD 550 for 20FT containers and USD 705 for 40FT containers.
36. The number of empty containers that leave Nairobi to Mombasa daily using SGR services was 455 TEUs and the transport charge for every empty container was USD 50 for 20 FT and USD 75 for 40 FT.
37. The number of passenger trains that leave Nairobi to Mombasa and Mombasa to Nairobi daily by SGR was a total of six trips per day, with the average number of people carried by each train being one thousand two hundred (1,200), and the amount paid by each passenger was Kshs.1,000 for Economy Class and Kshs.3,000 for First Class, resulting in a total of 9,923 trains and a total of 10,392,271 passengers as of 20th June, 2023.

38. Over time, the project's financial position deteriorated, resulting in an accumulation of pending bills that were frequently paid through midyear budget reviews, and the project's operating costs always outpaced its revenues. For instance, currently, the total amount owed to Afristar, is USD 63,847,752 annually, USD 5,320,646 monthly and the same could go higher if the total handover of the company's functions to KRC is not completed by 31st December in 2025 as contained in their Agreement.
39. Regarding the project's feasibility and viability based on its performance since commencement, the operating deficit has steadily reduced from Kshs. **10.496 billion** in FY2017/18 to Kshs. **1.869 billion** in FY2021/2022 before making a surplus of **Kshs.159 million** in FY2022/2023. This indicates an increase in revenue collection, which could be linked to the revision of passenger tariffs and the increase in container hauling. Therefore, the surplus is an indication of a positive trend and improvement as shown in the table below—

Analysis of Revenues and Expenditures in Kenya Shillings

Head	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Revenue	2,926,067,587	10,214,491,874	13,324,696,981	14,507,825,953	16,071,017,820	16,035,842,237
Total Cost	13,422,940,860	17,418,397,120	18,449,075,822	17,578,882,516	17,939,628,772	15,875,983,861
Surplus/Deficit	(10,496,873,273)	(7,203,905,246)	(5,124,378,841)	(3,071,056,563)	(1,868,610,952)	159,858,376

Source: KRC


40. The petitioner's claim that the project failed to break even at the time of filing the petition is true. The total revenues generated from FY2017/2018 to FY2022/2023 were **Kshs.73,079,942,452**, with total operational expenses of **Kshs.100,684,908,951**. The operational costs from FY2017/18 to FY2022/23 surpassed the revenues collected by **Kshs.27,604,966,499**.
41. In a bid to reduce the Operation and Maintenance functions cost, effective 1st June, 2022, KRC Management took over forty (40) out of the fifty-two (52) SGR functions. KRC also sub-contracted the remaining twelve services to foreign companies because it lacks equipment and professional personnel.
42. Operations and Maintenance (O&M) Services were temporarily contracted to China Road and Bridge Corporation (CRBC) for ten (10) years beginning May 31, 2017, as the KRC continued to improve its capacity to run and maintain the SGR. KRC is in the process of training engineers to take over locomotive and rolling stock maintenance and information and communication systems maintenance, which are currently outsourced through Afristar.

PART FIVE

5.0 COMMITTEE RECOMMENDATIONS

43. Pursuant to the provisions of Standing Order 227 and in response to the prayer that the Committee interrogates the Kenya Railways Corporation (KRC) and other relevant state departments on the general operations and the revenues collected by the Kenya Railways Corporation, the Committee recommends that the Kenya Railways Corporation—

- (i) Puts appropriate measures in place to ensure it takes over the remaining functions of operations and maintenance of the SGR by December 2025 to reduce operational costs.
- (ii) Invests in the development of professional capacity of the technical employees to ensure that the subsequent phases of the project are finalized in line with the Medium-Term Plan IV of Vision 2030.
- (iii) Publishes the quarterly financial reports of the Standard Gauge Railway (SGR) on its official website detailing a breakdown of revenue collections operational costs and sources and the amount of any financial support, to enhance transparency and accountability; and
- (iv) Diversifies its services by offering loyalty programmes and special packages for various groups such as students, senior citizens, and frequent travellers.

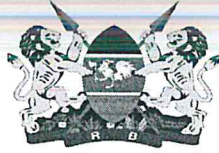
 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 NOV 2024	Day: Wednesday
TABLED BY:	Hon. Nimrod Mbai (Chairperson)
CLERK-AT THE TABLE:	Lornale

Signed:  Date: 25/11/2024

THE HON. NIMROD MITHUKA MBAI, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

ANNEXURES

- Annex 1: The Adoption List
- Annex 2: Public Petition No. 03 of 2023 regarding Management of SGR Services.
- Annex 3: Minutes of the 48th Sitting held on Thursday, 10th August, 2023
- Annex 4: Letter Ref: KR/CS/MD/3/242 Vol. II dated 10th July, 2023 by the Kenya Railways Corporation
- Annex 5: Letter Ref: MOT&1/C/ADM/034/7/2 VOL.1 (36) dated 13th July, 2023 by the Ministry of Roads and Transport
- Annex 6: Minutes of the 59th Sitting held on Friday, 8th November, 2024



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - THIRD SESSION - 2024
PUBLIC PETITIONS COMMITTEE

ADOPTION SCHEDULE
OF THE REPORT ON CONSIDERATION OF PUBLIC PETITION NO. 03 OF 2023
REGARDING THE MANAGEMENT OF STANDARD GAUGE RAILWAYS SERVICES

DATE.....^{8TH} NOVEMBER 2024

We, the undersigned Honourable Members of the Public Petitions Committee, do hereby affix our signatures to this Report on the consideration of Public Petition No. 03 of 2023 Regarding the Management of Standard Gauge Railways Services to confirm our approval and confirm its accuracy, validity and authenticity:

NO.	NAME	DESIGNATION	SIGNATURE
1.	Hon. Nimrod Mbithuka Mbai, M.P.	Chairperson	
2.	Hon. Janet Jepkemboi Sitienei, M.P.	Vice Chairperson	
3.	Hon. Patrick Makau King'ola, M.P.	Member	
4.	Hon. Joshua Chepyegon Kandie, M.P.	Member	
5.	Hon. John Walter Owino, M.P.	Member	
6.	Hon. Ernest Ogesi Kivai, M.P.	Member	
7.	Hon. Maisori Marwa Kitayama, M.P.	Member	
8.	Hon. Edith Vethi Nyenze, M.P.	Member	
9.	Hon. Bidu Mohamed Tubi, M.P.	Member	
10.	Hon. Caleb Mutiso Mule, M.P.	Member	
11.	Hon. (Eng.) Bernard Muriuki Nebart, M.P.	Member	
12.	Hon. Peter Mbogho Shake, M.P.	Member	
13.	Hon. Suzanne Ndunge Kiamba, M.P.	Member	
14.	Hon. John Bwire Okano, M.P.	Member	
15.	Hon. Sloya Clement Logova, M.P.	Member	

