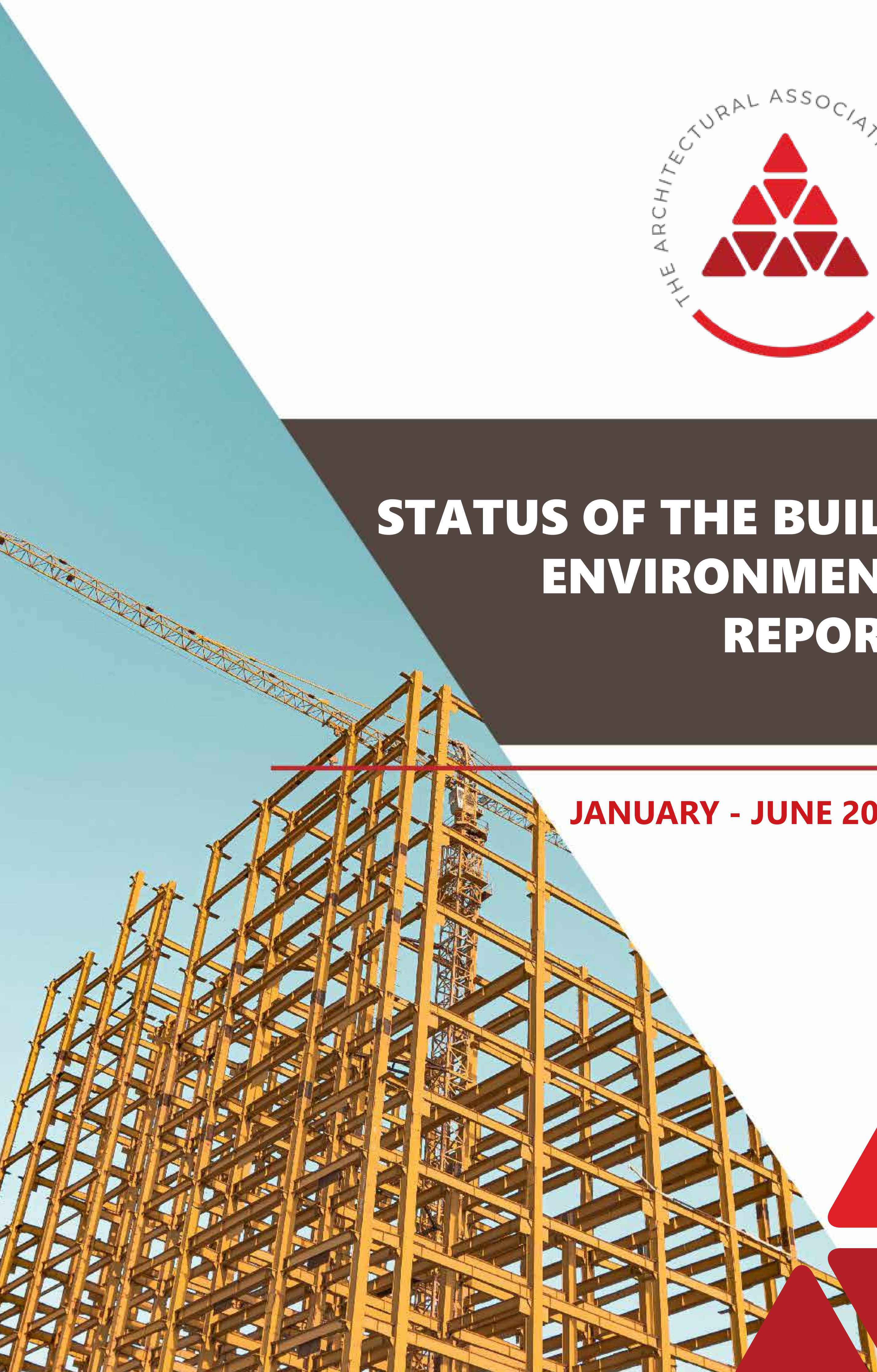
THE ARCHITECTURAL ASSOCIATION OF KENYA



STATUS OF THE BUILT ENVIRONMENT REPORT

JANUARY - JUNE 2020

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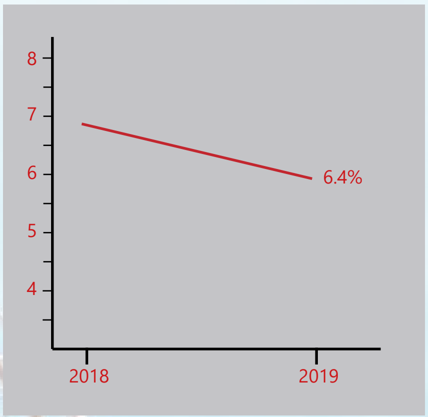
INTRODUCTION

Introduction

This report examines the construction industry and infrastructure development in East Africa's biggest economy according to the International Monetary Fund, Kenya. The Kenyan construction industry is characterized by a large number of micro-entrepreneurs, the majority of whom operate in the country's informal economy. Kenya's formal construction sector comprises indigenous and indigenized firms, as well as numerous major foreign civil engineering and construction companies.

According to the Kenya National Bureau of Statistics-Economic Survey 2020, the construction industry grew by 6.4% in 2019 growth down from 6.9% in 2018 . The growth is partly attributed to the rise in index of government infrastructure expenditure from 415.5 Billion in 2018 to 456.8 Billion in 2019.



Construction Industry Growth in 2019

Government Infrastructure Expenditure

[1]*Economic Survey 2020*

The cost of construction inputs including labor and materials recorded a significant increase with the cost of materials for residential and non-residential buildings increasing by 6.5% and 1.8% respectively in 2019. Conversely, labor costs albeit on a rise recorded a lower increase of 4.5% in 2019 as compare to 5.3% in 2018 (Economic Survey 2020). Other key issues highlighted in the report included;

- The number of completed government-owned residential buildings in 2019 stood at 530 units which was higher than 430 units realized in 2018. However, a total of 5,134 housing units were under construction by the National Housing Corporation and the State Department of Housing of which (4,700) of housing units commenced in 2019.
- The total number of completed private residential and non-residential buildings as shared by the Nairobi City County Government went up to 13,976 units in 2019 compared to 12,725 units in 2018.
- The government Credit and Expenditures on Housing via The National Housing Corporation advanced housing loans by county amounting to Ksh 106.0 million in 2018/19 financial year. The loans were advanced to 49 individuals in 16 counties. By December 2019, there were 434 housing units under construction at an estimated construction cost of Ksh 1,642.1 million.

530

Government-owned Residential Buildings

13,976

Completed Private Buildings

106m

Amount in Kenya Shillings of Advanced Housing Loans

49

Individuals in 19 Counties that received the advanced loans

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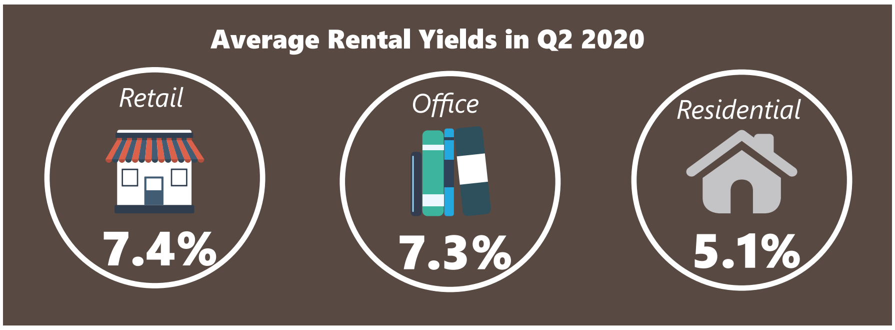
REAL ESTATE

Overview

According to the KNBS Quarterly GDP Report Quarter 1 of 2020[2] , the real estate sector recorded a 4.3% increase in Quarter 1 of 2020 as compared to 4.8% increase during the same period in 2019.

The total value of buildings approved in the first two months of 2020 was Kshs 96.9 Billion, which was a 174.4% increase compared to the same period last year (KNBS Leading Economic Indicators May 2020 report). However, this may also be attributed to the new committee at Nairobi County Government that worked on clearing the backlog of approvals from 2019.

Markedly, the spread of the Coronavirus also took its toll on other key sectors which directly affected the construction industry with hospitality and retail sectors being the worst hit. In terms of performance, average rental yields softened across all sectors coming in at 7.4%, 7.3% and 5.1%, for retail, office and residential sectors, all down, respectively from 7.7%, 7.8% and 5.2% in Quarter 1 of 2020[2].



174.4% Increase

in total value of buildings approved

Residential Property

Despite the economy deteriorating in recent times as confinement measures intended to slow the spread of Covid-19 constrained various economic activities; the residential sector remained relatively stable with select sectors softening in performance, albeit marginally.

The apartment market recorded declines in price appreciation across all segments. The upper mid-end market for detached units recorded a positive change of 1.3% as asking prices continued to increase in markets such as Lavington and Ridgeways, due to their appeal to the growing middle class.

The total returns came in at an average of 5.0% and 5.3% for detached units and apartments, respectively. This was an increase from the 4.1% & 5.2% record at the end of the financial year 2019. The same may be attributed to the growth in rental yields which grew at an average margin of 0.7%[2].

[2]*KNBS Quarterly GDP Report Q1'2020*

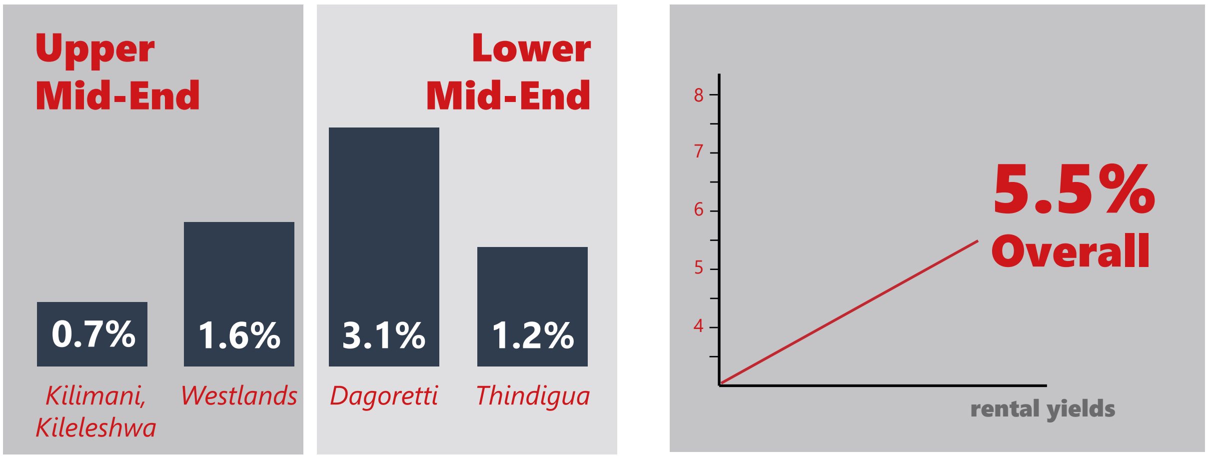
A report by Cytonn investments indicates that apartment market performance was characterized by a marginal drop in annual price appreciation averaging (0.2%) in the first half of 2020. The drop was attributed to price discounts offered by various developers in a bid to sell off old stock.

The price per SQM for apartments in half 1 2020 came in at an average cost of Kshs 96,543 in comparison to Kshs 98,352 in the first half of 2019. Interestingly, the residential apartment rental market remained relatively strong with rental yields averaging 5.5% in 2020 compared to 4.9% in Half 1 of 2019, owing to a perceived increase in occupancy rates which stood at an average of 86.7% as compared to 84.3% in the same period in 2019[3].

The upper mid-end markets such as Kilimani and Kileleshwa recorded a negative price appreciation of (0.7%) attributable to decline in asking prices in the areas. Westlands on the other hand recorded an average annual price appreciation of 1.6% attributable to growing investor demand. This is linked to the growing market for short-stay luxury apartments owing to the presence of amenities and infrastructure in the area as well as its proximity and centrality.

Dagoretti, Thindigua and other lower mid-end markets recorded a price appreciation of 3.1% and 1.2%, respectively, driven by demand from Nairobi's working population. Overall, the apartment market recorded attractive rental yields averaging 5.5% compared to detached markets average of 4.6%[3].

Appreciation in Asking Prices



The sustained positive performance notwithstanding, developers in the residential space should brace themselves for tough economic times. The National Treasury moved to downgrade this year's growth to a possible 1.8 per cent, after growing 5.4 per cent last year owing to the economic effects of the novel coronavirus. Various factors including, a cautious lending environment, record unemployment rates, and financial market volatility are likely to lead to a continued decline in sales activity and the sector's overall performance in the near term. However, we anticipate that the growing demand for affordable housing and rapid population growth are expected to continue sustaining the sector in the long-run.

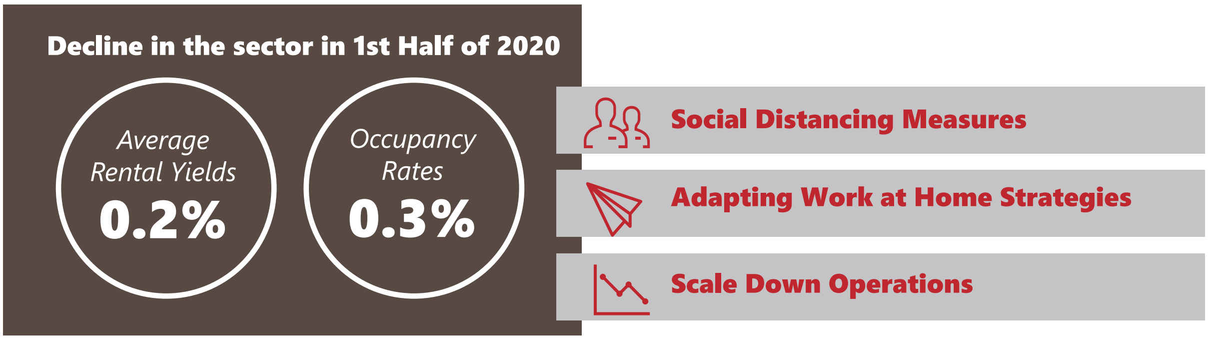
[3] *Cytonn H1'2020 Markets Review*

Commercial Property

OFFICE

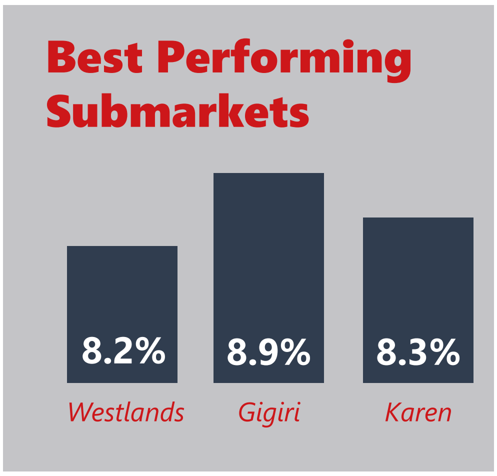
The commercial office sector recorded a 0.2% and 0.3% points decline in the first half 2020 in average rental yields and occupancy rates down from 7.5% and 80.3%, respectively in the 2019 financial year3. The decline was mostly a result of the measures taken by the government to reduce the spread of the corona virus thereby leading to reduced demand for office spaces. Organizations put on hold expansion plans due to adapting work at home strategies, while others opted to scale down operations amidst declining revenues and high levels of uncertainty.

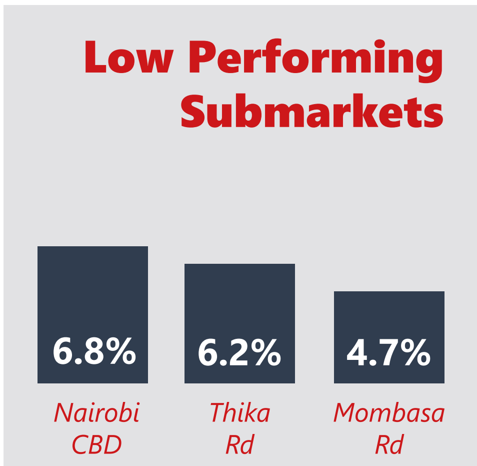
Asking rents for office spaces also saw similar changes, with a decrease by up to 0.8% to an average of Kshs 95.3 per SQFT in the first half of 2020, from Kshs 96.0 per SQFT in a similar period in 2019. The decrease in asking price by 1.0% to Kshs 12,516 in Half 1 of 2020 from Kshs 12,638 in the same period in 2019 was also attributed to the existence of surplus office spaces that stood at 5.6 million SQFT as at 2019. The oversupply has forced developers to reduce or maintain prices and rents in order to remain competitive and attract occupants to their office spaces[3].



The best performing submarkets in Quarter 1 of 2020 included Westlands, Gigiri and Karen recording rental yields of 8.2%, 8.9%, and, 8.3%, respectively owing to their preferred locations and availability of top-quality offices which translated to premium charges on rentals. Incidentally, while most nodes recorded declines in occupancy rates, Gigiri went against the grain to record a 4.5% increase in occupancy levels, buoyed by the current undersupply of office space in the area.

Nairobi CBD, Thika Road and Mombasa Road recorded low rental yields at an average of 6.8%, 6.2% and 4.7% respectively3. This is attributed to businesses avoiding the CBD due to traffic issues.





RETAIL

There was a 0.4% point decline in rental yield for retails spaces from 7.8% in Half 1 of 2019 to 7.4% in Half 1 in 2020. Similarly, there was an average drop in occupancies by 1.8% points from 75.9% in 2019 to 74.0% in the first half of 2020. The decline in the overall performance of the retail sector is mainly attributed to;

I. Declining occupancy rates in major retail centers as retailers make strategic decisions to cushion themselves against the impact of the COVID-19 pandemic e.g Tuskys Supermarket
II. An oversupply of retail space in certain locations resulting in pressure on landlords to provide concessions and other incentives to attract new clientele or retain existing tenants
III. Constrained spending power among consumers resulting from a tough financial environment.

0.4% decline in rental yields for retail spaces

Karen and Westlands recorded the best performance compared to other retail nodes in the Nairobi Metropolitan Region with average rental yields of 9.2% and 9.8% respectively[3]. The performance is partly attributed to the purchasing power of the consumers in the area. Satellite towns recorded the lowest rental yields at 5.4% owing to the cut-throat competition from informal retail spaces.

INDUSTRIAL PROPERTIES

According to The Africa Report 2020 published by Knight Frank, Nairobi has continued to undergo major road works including the construction of the Northern, Eastern, Southern and the most recent Western Bypass[4].

This new infrastructure, along with the completion of Phase 2A of the Standard Gauge Railway and the construction of an inland container depot in Naivasha, is likely to be a catalyst for development along the new corridors and industrial nodes away from historical industrial areas. The steady supply of Grade A warehousing is further expected to result in downward pressure on prices of poorly located Grade B warehouses that still represent the majority of the stock in the city.

Steady supply Grade A warehousing
Source: Logistics Update Africa

HOTEL & TOURISM SECTOR

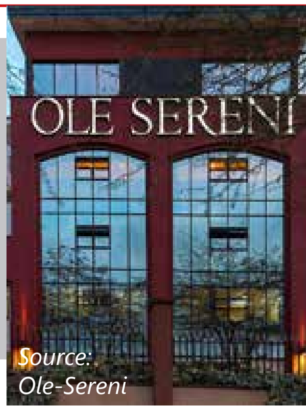
The first half of 2020 saw the Hotel and Tourism Sector receive a beating with the number of tourist arrivals being significantly affected by the current COVID-19 pandemic which has led to the cancelling of meetings, conferences and events, the banning of all international flights and reduced local direct flights.

Since 15th March 2020, when the first coronavirus case was confirmed in Kenya, a number of major hotels closed shop with many decrying low business and non-occupancy of their rooms. Some of the hotels in Kenya that suspended operations during the first half of 2020 included among others, the Maasai Mara Game Reserve in Narok County; Tribe Hotel and Ole Sereni in Nairobi County; Grand Royal Swiss and Sovereign Hotel in Kisumu County; Sarova Hotels' seven local hotels and lodges. Villa Rosa Kempinski Hotel on the other hand limited its business to room service only from March 2020 while Fairmont Hotels and Resorts announced the suspension of its local operations in May 2020.

[4] *The Africa Report Real Estate Market Update 2020/21*

Suspended Operations

in the 1st half of 2020



In addition to the above developments, the already difficult business environment for hospitality industry players was further compounded with several adjustments being made by the government and key players in the sector to contain the spread of the coronavirus. These include;

- The government implemented a ban on all international flights effective Wednesday 25th March 2020, except for cargo flights,
- The Kenyan Government implemented a ban on movement in and out of the Nairobi Metropolitan Area effective Monday 6thApril 2020, with an exception of cargo. Accordingly, local airline carriers, Jambojet and Safarilink announced a temporary suspension of their local flights.

The Hotel Chain Development Pipelines in Africa 2020 Report however reaffirmed the attractiveness of Kenya's hospitality sector to investors by virtue of Nairobi's recognition as East and Central Africa's leading business and investment hub.

INFRASTRUCTURE

Road

According to the KNBS Economic report 2020, the Government has continually invested in construction and rehabilitation of road infrastructure across the country.

Notably, the total government expenditure on roads is expected to rise by 10.0 per cent to Ksh 169.9 billion in 2019/20 from Ksh 154.5 billion in 2018/19. Similarly, development expenditure is also expected to rise by 15.5 per cent to Ksh 111.7 billion in 2019/20. The expenditure on road maintenance and repair is also expected to increase to Ksh 58.2 billion during the same period.

Ksh. 169b

total government expenditure on roads 2019/220

15.5%

rise expected in development expenditure 2019/20

Kenya is set to complete its first annuity road this year after nearly one decade of false starts, easing demand for foreign debt. The annuity financing model allows private contractors to design, build and maintain public roads using their own resources with the Treasury reimbursing lenders at a uniform rate for cash advanced for the projects. The annuity model also reduces Kenya’s reliance on foreign loans to fund projects, thereby easing public debt standing at Sh6.3 trillion as at end of March 2020.

The Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works indicated that the 91km road project in Kajiado County will be opened for use before the year ends. The road in Kajiado, comprising 48km through Ngong, Kiserian and Isinya townships, and joining the 43km Kajiado-Imaroro road, will serve industrial establishments, colleges and homes.

Similarly, the planned expansion of the Nairobi-Mombasa highway is also lined up under the public private partnerships where users will pay toll. As at June 2020, the National Treasury had lined up 80 projects worth Sh1.1 trillion to be executed via the PPP model cutting across sectors with the bulk in transport and infrastructure, energy, health and education. The projects include projects for a second Nyali Bridge, Nairobi-Nakuru-Mau-Sumit road as well as maintenance of Thika Road and Nairobi-Mombasa highway.

Source: Construction Review Online

Nairobi Expressway

Preliminary works on Nairobi Expressway have commenced with the main construction activities on the 27.1 Km project scheduled to begin in July 2020 with December 2022 as the set completion date. The Expressway which begins at Mlolongo to JKIA, Nairobi's CBD and ends at Westlands along Waiyaki Way will have two traffic lanes in either direction and will feature 10 interchanges, at Mlolongo, SGR terminus, Eastern and Southern bypasses, Capital Centre, Haille Selassie, Museum Hill, The Mall - Westlands and James Gichuru Road junction with a considerable section being elevated.

Source: Construction Kenya

Construction is being carried out by China Road and Bridge Corporation (CRBC) under the Public Private Partnership model where the project investors will recoup their costs through pay-as-you-use fees at designated toll stations. An important feature of the new expressway will be the dedicated bus rapid transit (BRT) facilities, which is hoped will help improve public transport in the city.

Important to note however is that the continuity of the construction work on the expressway still hangs in the balance following a petition pending in court where Kenyans are urging for the project to be stopped citing inadequate public participation.

The Architectural Association of Kenya in the past has also expressed concern on the priotirization of this project and the level of stakeholder engagement and consultation.

Energy

The major construction activities at the Kipeto Wind power project located at Esilanke area on the foothills of Ngong Hills in Kajiado county of Kenya has been completed following the completion of the installation of all the 60 wind power turbine generators by the US multinational General Electric (GE).

This is a great milestone for the project as it puts the farm on track to be fully operational by the end of this current year, supplying Kenya Power and lighting company– the national electricity distributor and retailer- with less expensive, renewable energy enough to power at least 40,000 homes, under a 20-year power purchase agreement signed in 2015. The Kipeto wind power plant is expected to have a capacity of 100MW and it will also be the second largest of its kind in the East African country after the Turkana Wind Power project.

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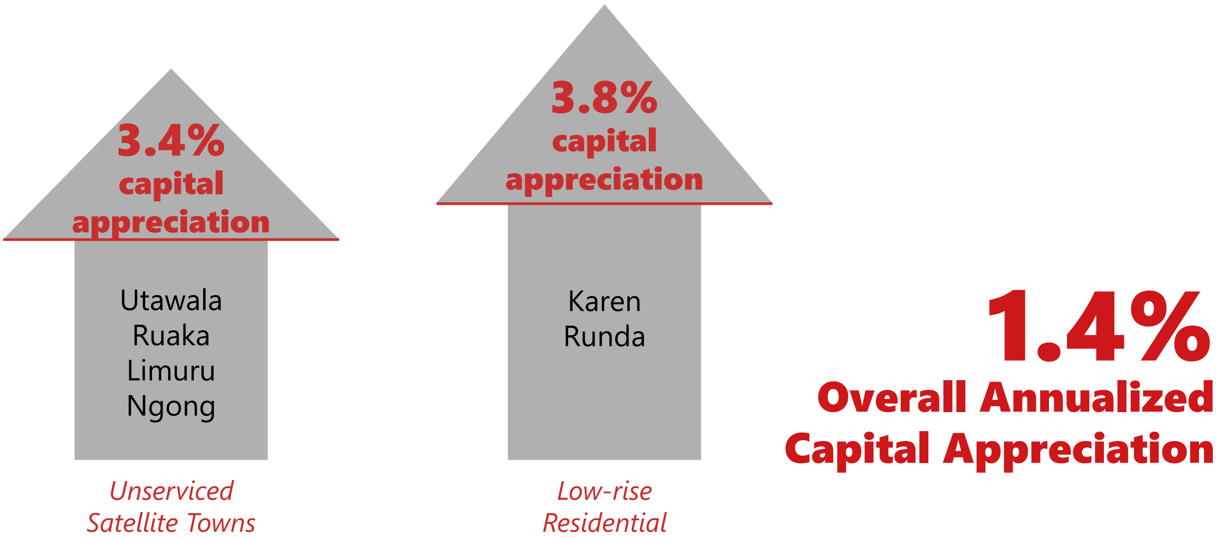
LAND

The land sector recorded an overall annualized capital appreciation of 1.4% during the first half of 2020, with asking land prices in low rise residential areas recording a 3.8% annualized capital appreciation. Un-serviced land in satellite towns such as Utawala, Ruaka, Limuru and Ngong recorded an annualized capital appreciation at 3.4%. This can be attributed to the growing demand for land in these areas fueled by the affordability with an asking price of approximately Kshs 25.1 million per acre compared to suburbs with relatively high asking prices of up to Kshs 419.2 million per acre[3].

Conversely, low-rise residential areas such as Karen and Runda recorded an average annualized capital appreciation of 3.8%. Karen was the best performing sub-market with a capital appreciation of 5.6%, due to the relatively low asking land prices at Kshs 56.4 million as compared to the market average of 84.2 million per acre. In Ridgeways, asking land prices recorded a marginal appreciation of 1.8%, attributed to a slowdown in demand given the ongoing densification of sections of the submarket with relaxed implementation of the city zoning guidelines[5].



Other notable developments in the Land Sector included;

- The Ministry of Lands and Physical Planning invited the public for participation in the regulatory impact statement for the proposed Land Transactions (Electronic) Regulations 2020. The proposed regulations seek to affect the development and implementation of a National Land Information System and the maintenance of a land register, to enable Kenyans to access land-related information electronically through the use of online portals and carry out all registry transactions under the Act through the electronic registry system. Piloting of the Electronic Land Transaction System was recently undertaken among various industry players.
- The President assented to the Finance Bill into law on June 30th 2020. The Act repealed section 22C of the Income Tax Act which was provision for Registered Home Ownership Savings Plans in Kenya, a scheme introduced in 1996 to encourage savings towards homeownership by offering tax rebates of up to Kshs 8,000 per month to contributors and tax relief on interest earned up to Kshs 3 million. In abolishing the scheme, the parliamentary committee cited low uptake of Home Ownership Savings Plan.

[5] *HASS CONSULT HOUSE PRICE INDEX QUARTER ONE REPORT 2020*

FINANCING

In a positive development, several banks recently committed Sh335 billion in mortgages to fund the Affordable Housing Programme (AHP), lending a major boost to one of the Big Four economic pillars[6]. The financiers who include among others Equity Bank, KCB, NCBA and Housing Finance indicated that they will be financing potential home-owners to purchase both government-built houses and units delivered by private developers registered on the Boma Yangu portal.

The same comes in the backdrop of a government proposal to allocate Kshs 15.5 billion to the housing, urban development and public works sector in the Budget Statement released by the National Treasury for financial year 2020/2021. In the budget, the government also allocated KES 6.9 billion to cater for the Affordable Housing Programme, KES 7.5 billion for the Kenya Urban Programme while KES 1.1 billion for the ongoing construction of Gikomba, Githurai, Chaka, Kamukunji and Dagoretti markets.

Gikomba Market Construction
Source: Construction Review Online

Kandarini Market Construction
Source: Construction Review Online

In another development, the Central Bank of Kenya successfully converted 1-year Treasury Bills maturing on 1st June 2020 into six-year infrastructure bonds. Treasury sought to raise KSh25.6 billion from the domestic market through the six-year infrastructure bond. The bond was only eligible to investors holding in Treasury Bills issue N0.2236/364 which were set to mature on 1st June in a Sale that was conducted from 14th to 26th May 2020[7].

According to Central Bank, the bond would earn interests of up to 10.2% per annum. The bond received total bids amounting Ksh21.18 billion representing an 82% performance rate with CBK accepting Ksh19.29 billion. The plan by CBK to switch the Treasury Bill investors to the longer-term 6-year bond indicates pressure on the exchequer to meet its short term debt obligations in the wake of the COVID-19 pandemic. The funds are projected to finance infrastructure and urban development projects in the financial year 2019/20 budget[8].

[6]https://www.nation.co.ke/kenya/business/banks-sh335bn-mortgage-low-cost-housing-scheme-653688
[7]https://www.businessdailyafrica.com/economy/Infrastructure-green-bond-investors-levy-on-interest/3946234-5516160-tl3gnv/index.html
[8]Prospectus for Government of Kenya infrastructure bond offer 9-year amortized bond issue no IFB1/2020/9

INVESTOR AND DEVELOPER SCENE

BIG4AGENDA: INDUSTRIAL PRODUCTION & AFFORDABLE HOUSING

INDUSTRIAL PRODUCTION

According to Kenya National Bureau of Statistics (KNBS) Economic Survey 2020 Report the sector recorded improved growth of 5.3% in 2019 compared to 4.1% in 2018, and accounted for 6.9% contribution to GDP. In a sustained push for industrial expansion by the government through its BIG4Agenda, the country has witnessed a number of positive developments over the past year.

The government has increased its efforts to spur industrial growth in the country by way of developing Special Economic Zones (SEZs) such as Tatu City, Africa Economic Zones Limited in Eldoret County, Northlands City to the north of Nairobi, Dongo Kundu in Mombasa, Naivasha Industrial Park, Konza City and Lamu Port-South Sudan-Ethiopia Transport (LAPPSET). The operationalization of the said SEZs is expected to support local production of construction materials which will lead to availability of relatively cheaper construction inputs for use by local developers. The current disruption of global supply chains due to the ongoing COVID-19 pandemic has also acted as an incentive for increased local production of construction inputs and related products as demand for such inputs continue to rise.

LAPPSET PROJECT
Source: lappset.go.ke

Sameer Africa, a local company whose principal business is the importation and sale of tyres, announced that it would be turning its focus to its real estate business after closing its tyre distribution business citing losses as a result of stiff competition from cheap imports. The company's current property investments include;

i. a 25% stake in the 500,000 SQFT Sameer Business Park, located along Mombasa Road,
ii. Muthaiga Heights, a residential development along Thika Road,
iii. Rivaan Center, a 58,000 SQFT office complex off Waiyaki Way in Brookside, along Muguga Green,
iv. Various land holdings, and,
v. The Sameer Industrial Park situated on the main Nairobi-Mombasa highway[3].

The company expects to return to profitability with returns gained from renting and leasing the various properties, which are spread between various real estate themes thus diversifying their returns. In addition, local construction firm, Jilk Construction Company Limited recently set up a new plant in Tatu Industrial Park expected to produce asphalt concrete, paving blocks and road furniture for civil works and construction projects across Kenya.
The move by the two companies as well as other such entities is an indication of investor confidence in the real estate sector which has continued to record growth despite a tough economic environment.

Sameer Business Park
Source:Sameer Group

Rivaan Centre
Source:Sameer Group


Muthaiga Heights
Source:Sameer Group

AFFORDABLE HOUSING

About 300 Kenyans have met the 12.5% threshold which is the bare minimum for one to qualify for a housing unit at the Park Road housing development in Nairobi. The 228 units at Park Road were handed over, ready for occupancy on January 15th 2020. The second and third phases of the project are expected to be completed by June and December 2020 respectively and will comprise of one, two and three-bedroom houses which will be going for one, two and three million respectively. To purchase a house under this program prospective home owners are expected to register on the Boma Yangu online portal, then start saving. The minimum savings should be 12.5 percent of the value of the house that one desires for them to be considered.


Source: bomayangu.go.ke

Potential home owners under the Boma Yangu initiative will directly benefit from the partial credit guarantee to access mortgage finance from various local banks that recently partnered with the government subject to the respective credit approval processes. In addition, fist-time homeowners will not be required to pay stamp duty and would benefit from an affordable housing tax relief of up to Kshs. 9,000 per month. Nevertheless, the tenant-purchase scheme arrangement, however, allows for multi-generational payment plans and years to retirement are not considered as would be the case when applying for a traditional mortgage.

The recent roll out of an affordable housing programme aimed at developing approximately 1,980 housing units by the Kitui County Government is also bound to act as a major boost to the national government target of 500,000 affordable units by 2022.

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IMPACTS OF COVID-19 ON BUILT ENVIRONMENT SECTOR

Amid increasing concern over COVID-19, built environment professionals experienced a significant decline in the number of client inquiries from 13th March 2020 since the first case of the corona virus was reported in Kenya. A survey by the Architectural Association of Kenya indicated that a total of 87.50% indicated that they had experienced significant decrease in client inquires for new projects while another 70.11% reported a decrease in communication or follow up of ongoing leads. Only 4.55% and 3.45% reported an increase in the number of prospective client inquires for new projects and ongoing leads respectively[9].

The survey also indicated that the implications of the pandemic have not only resulted in the delays in project progress but had resulted to suspension of some ongoing works. Consultants were also increasingly finding it difficult to obtain construction supplies and materials with another 31.28% of the respondents reporting that the period had also seen an escalation in difficulty of obtaining development approvals.

The AAK survey indicated that unless a substantive economic package is developed urgently, there was potential for a permanent impairment of a large section of the built environment industry with 37.93% of the respondents estimating that they stood to lose up to 50% of their monthly revenues[1]. With built environment professionals already reeling under severe financial stress due to the declining economic performance of the industry over the past few years, the 32.18% of the respondents indicating that they stood to lose well over 75% of their monthly revenues, points to an urgent need to render immediate and sizeable support to the industry[5].

In addition to fears of there being less demand for their services, built environment professionals reported that they were already experiencing increased costs in project execution due to the need for adherence to safety standards and prevention of virus transmission. Due to the multiple-choice nature of the question, 65.75% of the respondents reported that they expected delays in payments of works done while another 56.91% reported that they expected a suspension of the on-going contracts to a later date[5]. As a global recession looms, it is important that we look inwards to the solutions the sector requires and this is BUY LOCAL, BUILD LOCAL in our construction projects.

[9]*AAK Survey On The Impact Of Covid-19 On Built Environment Industry Operations*

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TRANSFER OF SERVICES FROM THE NAIROBI CITY COUNTY GOVERNMENT TO THE NAIROBI METROPOLITAN SERVICES

Pursuant to Article 187 of the Constitution as read with section 26 of the Intergovernmental Relations Act, 2012, the Nairobi City County Government transferred certain functions to the National Government vide the Deed of Transfer. The following functions were transferred:

i. County Health Services;
ii. County Transport Services;
iii. County Planning and Development Services; and
iv. County Public Works, Utilities, and Ancillary Services.

In relation to this, the AAK conducted a survey to assess the impact of the transfer of services from NCCG to the NMS on built environment operations especially in relation to County Planning and Development Services. The survey primarily focused on how the transfer has affected the operationalization of the E-Development Application System under the NMS. From the survey, 62.96% of the respondents indicated that they had not been made adequately aware of changes effected in operations since the transfer of functions to NMS with 53.85% indicating that the current operational performance of the Nairobi e-DAMS since the transfer of Development Control functions to the NMS remained about the same[10].

Incidentally, despite past commitment by the NMS to approve low risk projects within 7 working days 65.38% of the respondents indicated that the same was yet to be actualized. 70.37% of the respondents also reported that they were yet to receive approvals for development applications that had been logged in from as far back as March 2020; with poor communication between the Department and the consultants being cited as the most notable challenge. While operationalization of the QR code system for approved development plans had been publicized by a public notice by the Nairobi County Government, several respondents indicated that county officials were still requesting for signed blue prints from applicants. This is a roll back on steps undertaken towards the ease of doing business.

[10]*AAK survey on the impact of transfer of services from NCCG to NMS*

Development Applications Approvals (Nairobi County Government)

January - June 2020

DATE OF COMMITTEE MEETING	NO. OF PLANS APPROVED	PERMITTING FEES COLLECTED (Kshs.)
30TH JANUARY 2020	209	52,322,637
27TH FEBRUARY 2020	242	68,229,660
11TH MARCH 2020	159	43,366,172
24TH MARCH 2020	104	27,242,216
9TH APRIL 2020	149	37,168,280
23RD APRIL 2020	204	42,630,713

The Physical Planning Liaison Committee never met in May and June 2020. By June 30th, 2020 the plans approved in the last 3 meetings March 24th, April 9th and April 23rd, had also not been released to Developers and Consultants.

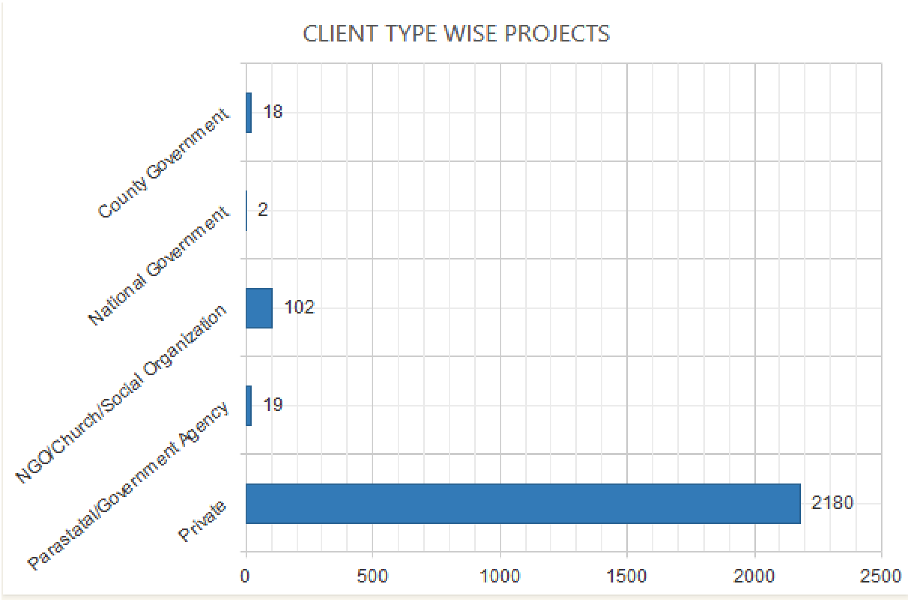
TOTAL NUMBER OF APPROVED PLANS -1067 which represents 11.72% increase compared to the 955 plans approve in H'2 OF 2019

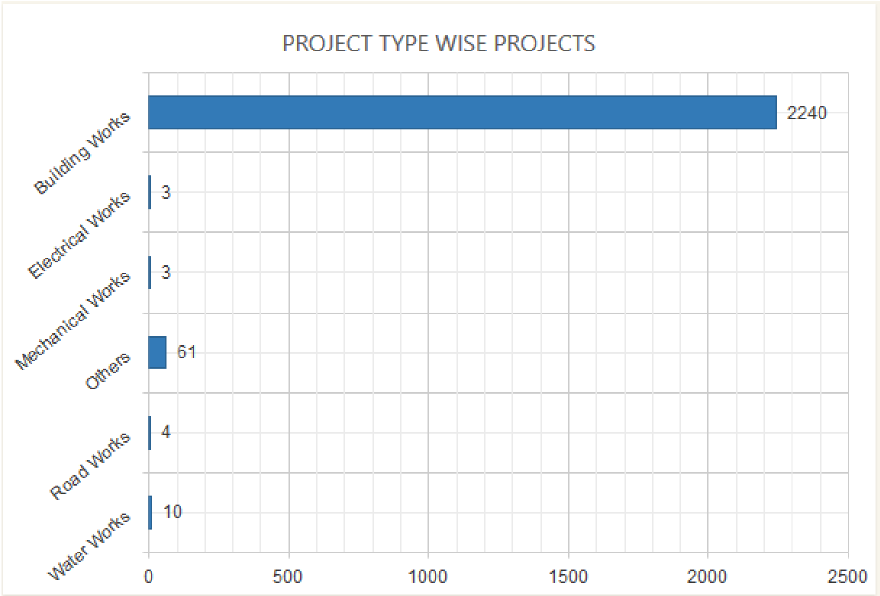
TOTAL PERMITTING FEES COLLECTED- KSHS. 270,959,678 which was an 18.65% decline

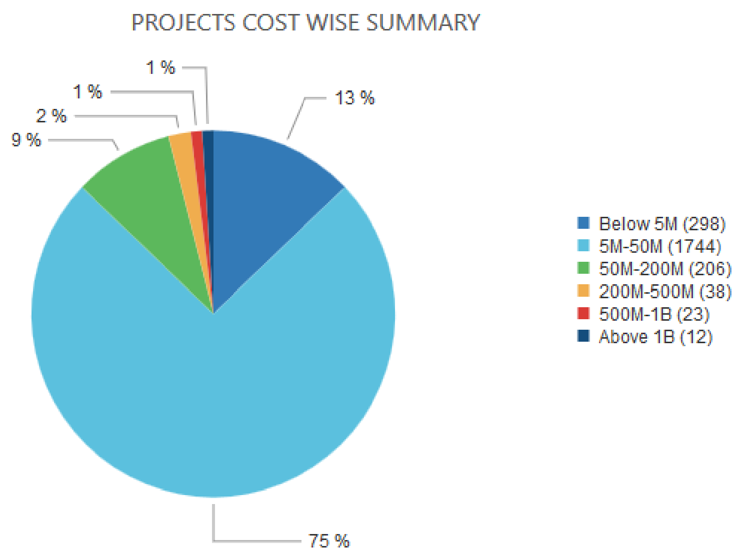
The National Construction Authority

The NCA recently obtained prosecutorial powers following the ratification of the Business Laws (Amendment) Act, 2020 into law on On the 18th of March 2020, H.E. President Uhuru Kenyatta. The sole objective of the Business Laws (Amendment) Act, 2020 is to facilitate the ease of doing business in the country. Previously, the National Construction Authority had limited powers under section 23(2) of the NCA Act to suspend a site for noncompliance. Among the most cases of noncompliance involved the lack of sufficient hoarding and fencing, lack of an NCA compliance certificate and NCA accredited construction workers and site supervisors.

Under the new law, section (3A) prescribes a fine not exceeding one million shillings or imprisonment for a term not exceeding three years or to both upon conviction for failure to comply with an order of an investigating officer. The Act also gives the authority to the powers to enforce the prescribed Building Code in the construction industry. In fulfilling its new mandate, the authority will liaise with county governments who are the custodians of the development control functions, the Kenya Police, Directorate of Safety and Health and the National Environment Management Authority.


CLIENT TYPE WISE PROJECTS
County Government
National Government
NGO/Church/Social Organization
Parastatal/Government Agency
Private
18
2
102
19
2180
0
500
1000
1500
2000
2500


PROJECT TYPE WISE PROJECTS
Building Works
Electrical Works
Mechanical Works
Others
Road Works
Water Works
2240
3
3
61
4
10
0
500
1000
1500
2000
2500


PROJECTS COST WISE SUMMARY
1 %
1 %
2 %
9 %
13 %
75 %
Below 5M (298)
5M-50M (1744)
50M-200M (206)
200M-500M (38)
500M-1B (23)
Above 1B (12)

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