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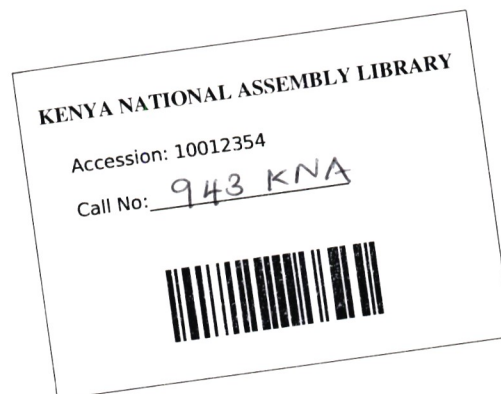
KENYA NATIONAL ASSEMBLY

NINTH PARLIAMENT – (FIFTH SESSION)

**DEPARTMENTAL COMMITTEE ON ENERGY,
COMMUNICATIONS AND PUBLIC WORKS**

**REPORT ON THE STUDY VISIT TO THE FEDERAL
REPUBLIC OF GERMANY AND THE UNITED
KINGDOM**

ON MAY 23 TO JUNE 2, 2006



**National Assembly
Parliament Buildings
NAIROBI**

July 2006

PREFACE

Mr. Speaker Sir,

1. The Departmental Committee No. B. On Energy, Communications and Public Works was constituted at the commencement of the Ninth Parliament pursuant to provisions of standing Order 151 (1) and part (4) mandates the Committee to do the following while carrying out its functions: -
 - i. to investigate, inquire into and report on all matters relating to its mandate, management, activities, administration, operations and estimates of the assigned Ministries and Departments;
 - ii. to study the programme and policy objectives of Ministries and Departments and the effectiveness for the implementation;
 - iii. to study and review all legislation after the first reading subject to the exemptions under Standing Order No. 101A(4);
 - iv. to study, asses and analyze the relative success of the Ministries and Departments as measured by the results obtained as compared with its stated objectives;
 - v. to investigate and inquire into all matters relating to the assigned Ministries and Departments as deemed necessary and as may be referred to it by the House or a Minister; and
 - vi. to make reports and recommendations to the House as often as possible including recommendation of proposed legislation.

Mr. Speaker Sir,

2. The Committee oversees the following Government Ministries, namely: -
 - i. Ministry of Energy;
 - ii. Ministry of Transport;
 - iii. Ministry of Roads and Public Works, and
 - iv. Ministry of Information and Communications.

3. The membership of Committee comprises: -

- i. The Hon. Gideon Kipsiele Moi, MP. – **Chairman**

- ii. The Hon. Jimmy Nuru Ondieki Angwenyi, MP.
- iii. The Hon. Maoka Richard Maore, MP.
- iv. The Hon. Lucas Baya Mweni Maitha, MP.
- v. The Hon. Wafula Athanas Misiko Wamunyinyi, MP.
- vi. The Hon. Gonzi Samuel Rai, MP.
- vii. The Hon. Julius Odenyo Arunga, MP
- viii. The Hon. Viscount Kimathi, MP.
- ix. The Hon. Elias Peter Mbau, MP.
- x. The Hon. Mohammed Abdi Haji, MP.
- xi. The Hon. (Eng.) Philip Okundi, MP

Mr. Speaker Sir,

- 4.** The following members undertook the study visit: -
- i. The Hon. Lucas Baya Mweni Maitha, MP. – Leader of the delegation
 - ii. The Hon. Jimmy Nuru Ondieki Angwenyi, MP.
 - iii. The Hon. Gonzi Samuel Rai, MP.
 - iv. The Hon. Elias P. Mbau, MP.
 - v. The Hon. Wafula Athanas Misiko Wamunyinyi, MP

And accompanied by: -

- vi. Mr. Rana K. Tiampati - Clerk to the Departmental Committee.

OBJECTIVES OF THE STUDY VISIT

- 5.** The Committee proposed to undertake a visit of the United Kingdom and Federal Republic of Germany to make a comparative study of the two countries as they are developed countries and also leading in the provision of public transport, telecommunications and alternative sources of energy and management of their power sub sector; Hence, the objectives of the visit are: -
- i.) to familiarize the Committee with the operations of the Departmental Committees in Parliaments of the host countries, and specifically those Committee(s) with similar dockets;
 - ii.) visit energy facilities with a view to learning about their operations and how Kenya could benefit from their experiences;

- iii.) visit ICT and Transport facilities with a view to learning about their operations and how Kenya can provide public transport and a reliable ICT sector;
- iv.) hold meetings and talks with Government officials and other stakeholders in the energy, transport, and communications sub sectors; and
- v.) to tour renewable energy sites in the countries - Wind and Solar.

Mr. Speaker Sir,

During its study visit in the Federal Republic of Germany and the United Kingdom, the Committee carried out the following activities;

Federal Republic of Germany

- i.) Visited and tour Renewable Energy Plants/facilities and institutions; and
- ii.) Met Government officials in the Federal Ministry of Economy and Technology.

United Kingdom

- i.) Met with Government officials in the public Transport sub sector;
- ii.) Visit Public Transport Institutions – Director for Transport for London ; and
- iii.) Met with Parliamentary Select Committee(s) on Transport, House of Commons.

Mr. Speaker Sir,

- 6. The Committee is grateful to the Hon. Speaker and the Liaison Committee for authorizing the visit, and the office of the Clerk for providing the necessary logistical and technical support.
- 7. Further, the Committee is grateful to the Kenyan Ambassador to Federal Republic of Germany and the United Kingdom and staff for facilitating the visits and arranging for the meetings with the host Countries.

Mr. Speaker Sir,

- 8. On behalf of the Committee, it is now my pleasant duty to lay on the table of the House the report of the Committee on the visit, pursuant to the provisions of Standing Order 162.

SIGN.....

THE HON. GIDEON KIPSIELE MOI, MP

**CHAIRMAN,
DEPARTMENTAL COMMITTEE No. B ON ENERGY, COMMUNICATIONS
AND PUBLIC WORKS.**

DATE.....

OVERVIEW OF THE FEDERAL REPUBLIC OF GERMANY

HISTORICAL BACKGROUND

After Germany was defeated in W. W. II, allied forces of France, Britain, the United States (US) and the USSR divided the country into four zones. In 1948 France, Britain and the US merged their zones into one region while the Soviet Union imposed communist rule over its zone. In 1949, this division of Germany was perpetuated by the creation of East and West Germany.

In the west, a Council of Members of state legislatures created the Basic Law or Constitution in 1948 and 1949. It was approved by the state legislatures and by United States, British and French occupation authorities. The Basic Law established West Germany as a Parliamentary Democracy and Federation of states. It was amended several times and most recently in 1990 to accommodate the Unification of East and West Germany. At that point, Germany reconstituted the five original states of East Germany and admitted them, one by one into the federal union without changing the basic structure of the West Germany system. The Unity Treaty of 1990 permitted East Germany to retain some of its laws that conflicted with West Germany statutes until the all-Germany Parliament could bring a uniform settlement.

The Federal republic of Germany was formally established in October 1990, upon the unification of the East and West Germany. It lies at the heart of Europe with a total population of 82 million it covers an area of 356,959 sq Km. neighboring to the west Netherlands, Belgium, Luxemburg and France while to the East the Czech republic; the southern neighbors are Switzerland and Austria.

THE FEDERAL UNION

The kind of federalism set forth in the Basic Law is based on Germany federal traditions and differs from the federal system of the United States. Germany federalism concentrates legislative power at the federal level and places administrative and judicial powers at the state. Each state has popularly elected legislature, which chooses a minister –president or as first mayor to serve as chief executive.

The 16 state assemblies legislate little because the basic law subordinates most states legislative powers to the federal government. However, the states formulate some educational and cultural policies and maintain the police. The administration of laws, including federal laws, is almost exclusively in the hands

of the states. Federal administration, except for Foreign Service, border protection, and defence, is limited to personnel of federal Cabinet Ministries and institutes. These federal bodies collect statistics and draw up legislative bills for policy making. Even taxation is mostly federally legislated and the states administered, including the largest sources of revenue, income and corporation taxes.

The key Germany federal institution is the *bundesrat* (federal council), which is the representative of the state government and has final say in disputes between states, and states and the federal Government. The *bundesrat* is the upper house of parliament but its members are states Minister or Civil Servants and are not elected; instead their respective state government appoints them.

EXECUTIVE

Germany has a Parliamentary System of government, headed by a Prime Minister called the Chancellor. The Chancellor is chosen by majority of the popularly elected Lower House of Parliament, the **Bundestag** (Federal Assembly) usually by a coalition of parties. The Chancellor selects a Cabinet from among the parties in the coalition. The Basic Law gives the Chancellor the authority to determine the guidelines of government policy and to select and dismiss the ministers. They can remove from office only if the *Bundestag* elects a successor or when the *Bundestag* itself is re-elected.

The Federal President, the head of state, is elected for a five –year term by the *Bundesversammlung* (federal convention), which consist of the Members of the *Bundestag* and an equal number of Members from the state legislatures. The President's functions are largely ceremonial and non partisan; he receives foreign ambassadors and promulgates laws but has no authority to make policy.

The Current Chancellor Mrs. Angela Merkel was confirmed by the Parliament on the 22nd November 2005, following election that took place on the 22nd September 2005. In a hung outcome to a potentially historic vote, the German electorate failed to give any party or candidate a majority to form a new government and choose a new Chancellor. The close finish in the Parliamentary election meant that there was no certainty about who was to lead the new German Government. According to the final result the Christian Democratic/Christian Social Union (CDU/CSU) finished ahead of the social democrats to form a Government. Following a period of protracted negotiation and horse-trading, Germany's main parties namely, Angela Merkel's

conservative Christian Democrats and the Social Democrats of the outgoing German leader Gerhard Schroeder, reached a coalition deal for the incoming left- right Coalition Government. In the pact that was clinched on Friday, 11th November 2005, a manifesto of more than 130 for a four-year deal of government was concluded between the traditionally bitter rivals. The manifestos outlined reforms measures agreed upon between the two sides, thereby enabling them to join forces to govern Germany in a so-called "grand coalition". The agreement also resulted in Angel Merkel becoming Germany's first female Chancellor and ended nearly two months of political uncertainty in Europe's biggest economy.

LEGISLATURE

The Federal Parliament consists of the Bundestag and Bundesrat. The Bundestag is popularly elected at intervals of no more than four years. All citizens who are 18 years or older may vote. The electoral law is complex: of the Members of the Bundestag (the number varies but is usually 672), one half are elected by pluralities from single-member districts, geographical areas that each have one representative. The rest are elected by proportional system in which the ballots name only the parties not candidates. A party must receive a minimum of 5 percent of the national popular vote for representation. The final distribution of each party's seats in the Bundestag is also adjusted in proportion to the popular vote. Regional or minority party's seats in the Bundestag winning pluralities in at least three electoral districts are exempt from the 5 percent minimum. The Bundestag is organized into topical legislative committees, such as foreign affairs and for agriculture. The Committees discuss and modify appropriate bills, but nearly all bills originate with the Chancellor's Cabinet.

The 69 Member Bundesrat is appointed by the 16 state governments. Representation is determined by population, with each state having no less than three and no more than six seats. The four largest states each have six-member delegations; the four smaller states each have three member delegations; and all the other states have four seats each. The ratio actually favours the smaller and smallest states because it gives them veto over any action that requires a two-third majority, such as constitutional amendments. Each states delegation must vote as a block and according to the instructions of its state government. In its legislative role, the Bundesrat has only suspensive veto (whereby it can delay but not actually prevent the passage of bills approved by the Bundestag) over legislation. The exception to this is bills that deal with administrative responsibilities of the state governments, which are the

more important bills before Parliament. On these, the Bundesrat has a veto, which cannot be overridden.

Political parties

Several political parties are represented in the Bundestag. Since 1998, the ruling party has been the Social Democratic Party (SDP), Germany's oldest party being founded in 1875 and has developed from Marxist socialist workers party into a broadly based people party, which now also emphasizes Christianity and humanism. The supporters include trade union workers and white-collar and public employees. Recently, the SDP has championed environmentally oriented economic reforms, women rights and asylum – seekers rights.

Secondly, the Green Party was first represented in the Bundestag in 1983 and it supports environmentalism, feminism and pacifism. The majority opposition party is the conservative Christian Democratic Union (CDU) which is closely allied with Christian Social Union (CSU) of Bavaria. CDU/CSU controlled the government from 1982 to 1998 in coalition with smaller Free Democratic Party. The coalition has brought the Germany unification in 1989 and 1990 against a considerable opposition. The other parties represented in Bundestag are Party of Democratic Socialism (PDS), The Republicans, The German's Peoples Union, and the National Democrats.

MEETING WITH THE FEDERAL MINISTRY OF ECONOMICS AND TECHNOLOGY'S

National Postal Policy

The 1989 Postal reform laid the foundation for the re-organization of the postal system in Germany and thus the beginning of a new postal policy. The organization reform went hand in hand with a policy of market opening that at first applied to courier parcels and part of the information letters. When the Postal Act came into force at the beginning of 1998, competition started for information letters weighing more than 50 grams and standard letters weighing more than 200 grams or more. In addition, competitors of the Deutsche Post AG were allowed to offer high-quality services such as delivery on the day of posting.

After lengthy negotiation, and pressure from the federal government of Germany, it was possible to have further market space opened up within European Union. Due to the liberalisation step that came into force on the 1st of

January 2003, the threshold regarding the monopoly for letters was lowered to 50 grams as of 1st January 2006.

The German federal government continues to advocate at the European level to abolish the existing monopolies, however it is not in favour of the unilateral measure to open up the market since this would enhance distortion of competition between the larger nations postal enterprises I the European postal markets.

Results of the Reform Policy

In the last few years, Deutsche Post has become an efficient company that is able to do without subsidies. The efficiency has been considerably increased; at the same time, private enterprises have room to compete favourably. Today competition is fierce especially on the courier and express parcel markets with the results of a number of and innovative services.

In the field of letter conveyance, however, competition has been possible to a limited extent. Although the competitors of Deutsche Post AG have recorded a perceptible rise in turnover, their market share continues to be small.

Consumers already benefit from the postal-policy decisions of the last few years. Since for the first time in more than 50 years the postal charges for a letter were lowered as of 1st January 2003. The fees approved for the year by the regulatory authority resulted in a fall of prices by an average of 4.7% in the monopolistic field.

Outlook

The traditional field of letter conveyance has for more time been faced with competition from electronic means of consignment such as email and faxes. The increasing spread of the new means of communication will affect both business and private communications. Service providers in the field of letters post must face this substitution competition. While growth in the overall letters, market has largely stagnated, important impulses are expected in the parcels markets due to electronic commerce. The rise in virtual market place in the Internet leads to additional impulses for conveyance services since the ordered goods must be delivered physically. In view of these new fields of activities, some traditional logistics firms have expanded their range of services by activities such as online ordering, storage and commissioning, the management of the transfer of payment and the processing of complaints.

Market Liberalization

As regard to the introduction of competition, the telecommunication sector is a success model with the three steps of privatisation, liberalisation and competition-oriented regulation it was possible to rapidly catch up with advantages regarding prices and competition intensity of the market, which had been opened before the United States and United Kingdom.

Advantages for consumers; perceptibly lower prices where by upto 94% are on long distance, Innovation, a broader range of services offered. Today Germany holds a good or even very good position by international comparison concerning price and the range of services offered.

Basis of the positive market results where restriction of competition unrestricted access, cost-oriented input prices; far-reaching rights of access for competitors an independent regulatory authority.

The long-term objective is structurally secure competition, unrestricted access. Therefore, the future priority will be promotion of efficient infrastructure investment by means of regulation. While competition and consumer should benefit, however competition in the field of services must continue to be possible.

Regulation-only as much as necessary. Since the entry into force of the 2004, Telecommunication Act, regulation has been limited- in accordance with EU regulations structural. Regulation that have structural access barriers to market, on which it is not possible to establish in the near future considerable market power and on which the application of the general competition law is not sufficient to remove market failure. Basically, the end user prices are now subject only to sector-specific markets abuse control.

Competition potential in the local network and broadband Internet competition at the service level has become possible due introduction of call-by-call in the local network field in mid-2003. As regards telephone connection there is still a competition potential in view of technologies such as broad-band cable, W-LAN, satellite and mobile phone UMTS. No negative impact of regulation on the share price was examined of ten-regulation decision and ten management decisions on the share price that was examined in a short study price of T-Aktie. The impact on the share price was rather positive. The ten analysed management decision, by contrast, tended to have a negative, albeit no significant impact on the share price.

The Federal Network Agency as a guarantor of success. The work of the federal agency has made a considerable contribution to the development that has taken place so far. The present market consolidation is due to individual business strategies.

KENYA - GERMAN RELATIONS: MEETING WITH KENYAN AMBASSADOR TO GERMANY

Diplomatic relation between Kenya and Germany were established immediately after Kenya's independence and the relation between the two countries is warm and cordial. The relation between Kenya and Germany have been strengthened by official visit from both countries, the last one being by the former chancellor Gerhard Schroeder in January 2004.

Development cooperation

Germany is a major development partner in political, economic and culture cooperation. Its wide range cooperation makes the country one of the main donors to Kenya after the World Bank, the EU, Japan, the United Kingdom and the USA. Kenya also ranks amongst the leading recipient of German Development Assistance in Sub-Sahara Africa.

Development co-operation started soon after Kenyans independence when a technical Agreement was signed in 1964. Germany's bilateral assistance is usually disbursed under Technical Co-operation in form of grants and financial cooperation (low interest rate loans). This assistance has been supporting programs in economic and social infrastructure rural development, agriculture, natural resource, conservation, health and education the assistance is normally channelled through the Development loan Corporation (KFW), The German Agency for Technical Co-operation (GTZ) and the investment development bank (DEG). Various German political foundations also maintain regional offices in the country for example the Friederich Ebert Foundation, Konrad - Adenauer Foundation, Hans- Seidel - Foundation. Other German institutions involved in the activities in Kenya include German Churches, the German Volunteer Services and various social groups.

Germans bilateral donor commitment to Kenya had by 1993 risen to DM 125 Million for the two years. In the water sector alone, Kenya received 170 million Euros (Kshs. 13.6 Billion) from Germany to support water projects over 30 years. In mid 1990's however, German commitment to Kenya decline

significantly with the German authority and other donors citing deficiency in good governance on the part of the government of Kenya. However, the Germans also admit that their overall budget for Development Co-operation had declined as a result of economic difficulties relating to the unification process. In December 1999, the German government agreed to provide additional funding of DM 25 million (Kshs 1.02 Billion) in the form of IDA soft loans and DM 27.2 million (Kshs. 1.11 Billion) on a grant basis for the implementation of technical co-operation projects. However, by 2001 commitments amounted to merely EUR 39.1 million for 3 years, with cumulative commitment amounting to about EUR 1.4 Billion, of which EUR 191 million was through churches, political foundation and private agencies. Additional German contribution to payments by multinational and intergovernmental institution was EUR 0.5 million

Following the change of government in Kenya in 2002, Germany revived its development cooperation with the country. Immediately after the election and in the course of the 2003, the German government responded to the democratic change in Kenya with special commitment amounting to EUR 143 million. EUR 50 million committed in writing in April of the same year. As a result, development assistance has been more than double from EUR 13 million a year to the EUR 27.5 million.

German development cooperation in Kenya currently focuses on the following priority areas:

- Private sector development in agriculture;
- Water sector development; and
- Reproductive health.

Kenya's first Poverty Reduction Strategy Paper (PRSP) was drawn up in 2001 with Germans assistance. The new Kenya government supplement it with an Economic reconstruction component and drafted out of this, the comprehensive Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC), 2003-2007, which is equivalent in substance to a full PRSP. The priority areas in Kenya/German development co-operation mentioned above are consistent with key reform section outlined in the ERSWEC.

Strategic bilateral agreements between Kenya and Germany have been made for the above priority areas (most recently in January 2004). As part of these priority strategies, programme finance and relevant alliance with other donors are sought so as to concentrate funding on achieving the broadest and fastest

impacts as set out in the millennium development goals. In that regard, the ERSWEC, flanked by a plan of action for implementation, was the basis for a meeting of the donor community with Kenya under the World Bank Consultative Group on 24th/25th November, 2003 in Nairobi (The last meeting prior to that was held in 1996).

Beyond the priority areas, individual projects have been promoted in Kenya by German in major thematic and multi-sectoral segments of the international development agenda, including primary education, renewable energy, governance and poverty reduction. The next bilateral talks on development cooperation between Kenya and Germany are scheduled to take place in Germany in August 2006.

German Investment in Kenya.

It is estimated that current German investment in Kenya are worth more than US \$100 million. Over 50 German companies have invested in projects in Kenya. The main German firms operating in Kenya are Henkel, Bayer, BASF and Pollmans. The number of companies has witnessed additional upward growth, following further economic engagement between the two countries after the change of government in Kenya in 2002. Several trade and investment delegations from Germany have visited Kenya since then, commencing with the visit in January 2004 by then Federal Chancellor Gerhard Schroeder accompanied by senior German business executives.

The Kenya/German Treaty on the Encouragement and Reciprocal Protection of Investments was initiated by former President Moi during his 1995 visit to Germany and thereafter signed in Nairobi on 3rd May, 1996. Officials of the two countries have since duly signed both instruments of ratification.

The Treaty aims to intensifying economic co-operation between Kenya and Germany by creating favourable conditions for investments by nationals and companies of either state in the territory of the other, hence stimulating private business initiatives.

In view of the fact that Trade and FID are becoming the main engines of economic development in Kenya, economic activities have become an increasing focus of the Kenya Mission in Germany. Various business activities such as trade/investment missions to and from Kenya are therefore being organized by the Embassy, the most recent one being a visit to Kenya by German flower importers in November 2005.

In the same vein, the attention of Kenyan authorities has been drawn to the general concerns of German businessmen regarding the business environment in Kenya and the mode of conduct of business environment in Kenya entrepreneurs. The concerns include the following:-

- i.) Insecurity in Kenya;
- ii.) Lack of, or dilapidated infrastructure including the communications and transport system-many a time the businessmen are unable to telephone, fax or e-mail to Kenya;
- iii.) Unreliable energy supplies;
- iv.) Lack of seriousness by Kenyan business community. This is exemplified by delayed responses or lack thereof, to business enquiries or investment proposals; and
- v.) Germans have also raised concerns over the lack of co-operation by the financial institutions (Banks) in Kenya, in assisting foreign investors to set up business in Kenya. This includes opening business accounts in Kenya and accepting/granting guarantees for loans already given by German bank for a new investor in Kenya. Other hurdles faced by investors include high banking operation cost.

TOUR OF RENEWABLE ENERGY FACILITIES

ENERGY POLICY

Economic efficiency, supply safeguards and environmental sustainability: these are the aims of energy policy which, within the Federal Government, falls under the guiding responsibility of the Federal Ministry of Economy and Technology (BMWi).

Efficiency objective

Market economy structures and functioning competition are the best conditions for economical - i.e. efficient - energy provision and use. The ongoing liberalisation of electricity and gas markets throughout Europe, for example, is a condition for the development of competition and competitive prices in this branch of industry which was formerly dominated by monopolies. This benefits industrial and private consumers as well as the competitiveness of Germany as a place to do business.

Supply safeguard objective

Safeguarding supply means ensuring that at any given time there are sufficient sources of energy to meet demands. As a country poor in natural raw materials, Germany is particularly reliant on imports. The broader the mix of energy suppliers and the more sources from around the world that are used, the more secure the supplies are. This is also true in view of the Government's decision to abandon nuclear power. More economical and rational use of energy is also important, since reducing energy needs also contributes to safeguarding supplies.

Environmental sustainability objective

Environmental sustainability is understood to mean the most sensible use of natural resources possible. In the area of energy, effective climate protection is one of the greatest challenges in the world. The Federal Government has begun a large number of initiatives aimed at using energy more economically and more rationally and increasing the relative use of renewable sources to produce energy. To ensure that effective climate protection policies do not impact negatively on the competitiveness of our companies, measures to reduce emissions must be promoted not only nationally, but as far as possible, in association with European and international partners.

TECHNOLOGY POLICY

Germany can face the challenges of globalisation and the transition to a knowledge society only if there is a high level of dynamism for innovation. Germany's overall economic investment in research and development (R&D) amounts to 2.5 % of its Gross Domestic Product, placing it in the upper third among industrialised nations. Germany possesses an efficient infrastructure for basic and applied research and is among the top nations for inventions. In comparison with other countries, Germany has the potential to improve the transfer of research findings into marketable products, the development of innovative and knowledge-intensive services and the area of education and training.

Objectives of technology policy

Bring about sustainable improvement in the conditions for innovation and technological progress, and in this way to promote the innovative capabilities of the small and medium-sized sector in particular. The key points for this are

outlined in the Federal Ministry of Economics and Technology's concept description for a forward-looking technology and innovation policy.

the "Partners for Innovation" Initiative was instigated by the Federal Chancellor, together with the scientific, business, and political communities, as well as trade unions at the beginning of 2004. It aims to identify, mobilise and publicise potentials to promote Germany as a location for technology and innovation.

Positive conditions for innovation enable entrepreneurial spirit and innovation in industry to flourish.

The promotion measures focussing on: "innovation", "research cooperation" and "technological consulting" help to improve the financial basis of innovative small and medium-sized companies.

The technical and scientific Federal Institutions: the National Metrology Institute (PTB), the Federal Institute for Materials Research and Testing (BAM), the Federal Institute for Occupational Safety and Health (BAuA), and the Federal Institute for Geosciences and Natural Resources (BGR) provide, among other things, unified measurements, safe technical testing procedures and labour protection regulations.

Against the background of global economic and technological change, the innovation policy of the BMWi is becoming increasingly international in its orientation. The BMWi works in close collaboration with its partners in the European Commission, the other EU Member States and with some other countries. As globalisation continues, the promotion measures are increasingly oriented towards the demands of an internationally active economy.

DEVELOPMENT OF WIND ENERGY IN GERMANY

West Germany had been promoting nuclear energy as an alternative energy source since 1955. The technical feasibility, the technological innovation, the ability to control nature and natural science was regarded as modern and prestigious. In addition to this, German coal was regarded as on the way out and was no longer competitive on the world market. After the oil crisis of 1973/74 new hope arose that atomic energy would provide somewhat more independence in the energy question. However, on the 26th of April 1986, a meltdown occurred in the reactor core of block IV in the Ukrainian atomic power station at Chernobyl. The unimaginable, an MCA (Maximum Credible

Accident), had occurred. Chernobyl heated the discussion about the incalculable risks of atomic energy and rekindled discussion about regenerative energy, which was until then only regarded as belonging to the realm of ecological visions. It was not until the collapse of the Eastern bloc that the theme of environment and energy arrived on the world political agenda.

International climate protection – Renewable energy as a rescue anchor
Heads of state and government from over 170 countries met in Rio de Janeiro in June 1992. The conference was dominated by the keywords „ozone hole“ and „climatic upheaval“. The aim was a reduction in the emission of the green - house gases FCKW, CO₂, methane and nitrogen oxide. The USA would not take a fixed position and the results of the Rio climate convention remained somewhat vague. In the Kyoto Protocol of 1997, the industrialised countries (with the exception of the USA and Australia) agreed to sink the emission of greenhouse gases to a level five percent below 1990 levels, over a period from 2008 to 2012. The EU wants to reach eight percent and Germany has even set a target of 21 percent. Scientists estimate that the industrialised countries must reduce their emissions by about 80 percent by 2050, in order to stop the process of climate change at an acceptable level. Otherwise, researchers say that the world is threatened by a catastrophe: The average global temperature would rise by up to 5.8 degrees Celsius by 2100 and the sea level would rise by up to 90 cm over the same period. Hurricanes would then be an everyday occurrence and the climate zones and rainfall areas would move. In Germany, the flood of the century, the hottest summer of the century, and hurricanes would be an initial taste of this change.

The aims of the German government

The German government wants to reduce the dangers of atomic energy, and satisfy the Kyoto and EU guidelines, with a new direction in their energy policy. Independence from finite resources is also part of this goal. The exit from atomic energy and the Renewable Energy Sources Act are milestones for a sustainable energy policy. Environment and climate can only be protected when regenerative forms of energy stepwise replace fossil energy sources.

A total of about 500 billion kilowatt-hours of power are produced in Germany every year. Atomic energy, lignite and coal each provide about a quarter of the total mix of generated power, gas provides about ten percent, and renewable energy sources also account for about ten percent – with more than half of this coming from wind energy. Although the human race can still exploit lignite and coal deposits for the next 100 years, the gas, oil and uranium reserves will be

exhausted in the next 40 years. The price of fossil fuels will continue to rise over this time.

According to the EU guidelines, regenerative energy should account for a minimum of 21 percent of European power generation by 2010. To achieve this, **Germany must produce at least 12.5 percent of its power using clean energy sources by 2010.** Today the share is already 10.2 percent. In addition to the expansion of clean energy sources, energy must also be conserved at the same time and energy efficiency must be increased. In 2050, when almost no uranium, oil and gas remain – or at least only at insanely high prices – renewable energy should cover at least half of our total power requirements. Wind energy occupies special importance in German energy planning: By 2020, wind parks on land and at sea can supply 20 percent of the power consumed in Germany.

Overview

Even 15 years ago, there no any proper policy(s) that a large part of Germany's power generation could be supplied by wind energy. The idea of tapping into wind and solar energy was something for visionaries and exotic thinkers. Wind power, currently produces about six percent of Germany's total power. All of the renewable energy sources together – such as sun, wind and biomass – already cover about ten percent of the total electricity used. By 2020, it is estimated to be up to 25 percent.

Germany is the world champion in wind energy technology. No other country generates so much wind energy and no other country has more technological know-how in this area than Germany. More than 18,000 wind turbines are spinning in the German federal area. German wind energy systems are an export hit and benefits from this as the Wind energy provides over 64,000 people with jobs, i.e. wind energy has overtaken coal mining as a major employer.

The environment has also greatly benefited from this development: In 2005, German wind generators produced over 26 billion kilowatt-hours of wind power. Coal power stations would have blown about 21 million tonnes of CO₂ into the air over the same period. wind turbines also helped to avoid the emission of thousands of tonnes of sulphur and nitrogen compounds last year. Wind energy makes a substantial contribution to maintaining our international commitments to climate protection.

The wind power sector has grown rapidly over the last few years. Although a survey revealed that only twelve percent of Germans are against the expansion of renewable energy systems, this is a minority. They fear the possible dangers of wind energy, - effect on the landscape, effect on the bird population, health and the effect on the tourist industry. This is being urgent addressed and its one of the tasks of the German Wind Energy Association (BWE), to alleviate these fears and understand the potential offered by wind energy.

The German Wind Energy Association supports a rapid expansion of wind energy systems on land and water. This allows wind energy to make a contribution towards future jobs, for more environmental protection, for long-term price stability in the energy market and for more independence from finite, ever more expensive energy sources such as uranium, coal and oil.

OVERVIEW OF THE UNITED KINGDOM

HISTORICAL BACKGROUND

United Kingdom is dominant industrial and maritime power of the 19th century, played a leading role in developing parliamentary democracy and in advancing literature and science. At its zenith, the British Empire stretched over one-fourth of the earth's surface. The first half of the 20th century saw the UK's strength seriously depleted in two World Wars. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. As one of five permanent members of the UN Security Council, a founding member of NATO, and of the Commonwealth, the UK pursues a global approach to foreign policy; it currently is weighing the degree of its integration with continental Europe. A member of the EU, it chose to remain outside the Economic and Monetary Union for the time being. Constitutional reform is also a significant issue in the UK. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly were established in 1999, but the latter is suspended due to wrangling over the peace process

United Kingdom is a constitutional monarchy in northwestern Europe, officially the United Kingdom of Great Britain and Northern Ireland. Great Britain is the largest of the islands or archipelago, known as the British Isles. The United Kingdom covers about 244, 000 sq. km and located as far north in latitude, and like the rest of Europe it is warmed by the Gulf Stream flowing in North Atlantic Ocean. Despite its relatively small size, United Kingdom is highly populated with an estimated population of 60, 000, 000 people.

ECONOMIC BACKGROUND

The UK, a leading trading power and financial centre, is one of the quintets of trillion dollar economies of Western Europe. Over the past two decades, the government has greatly reduced public ownership and contained the growth of social welfare programs. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labour force. The UK has large coal, natural gas, and oil reserves; primary energy production accounts for 10% of GDP, one of the highest shares of any industrial nation. Services, particularly banking, insurance, and business services, account by far for the largest proportion of GDP while industry continues to decline in importance. GDP growth slipped in 2001-03 as the global downturn, the high value of the pound, and the bursting of the "new economy" bubble hurt manufacturing and exports. Output recovered in 2004, to 3.2% growth, but fell in 2005, to 1.7%. Despite slower growth, the economy is one of the strongest in Europe; inflation, interest rates, and unemployment remain low. The relatively good economic performance has complicated the Blair government's efforts to make a case for Britain to join the European Economic and Monetary Union (EMU). Critics point out that the economy is doing well outside of EMU, and public opinion polls show a majority of Britons are opposed to the euro. Meantime, the government has been speeding up the improvement of education, transport, and health services, at a cost in higher taxes and a widening public deficit.

LEGISLATIVE BRANCH

Bicameral Parliament comprised of House of Lords (consists of approximately 500 life peers, 92 hereditary peers and 26 clergy) and House of Commons (646 seats since 2005 elections; members are elected by popular vote to serve five-year terms unless the House is dissolved earlier)

elections: House of Lords - no elections (note - in 1999, as provided by the House of Lords Act, elections were held in the House of Lords to determine the 92 hereditary peers who would remain there; elections are held only as vacancies in the hereditary peerage arise); House of Commons - last held 5 May 2005 (next to be held by May 2010)

election results: House of Commons - percent of vote by party - Labour 35.2%, Conservative 32.3%, Liberal Democrats 22%, other 10.5%; seats by party - Labour 356, Conservative 197, Liberal Democrat 62, other 31; however, as at 10 February 2006, party by seat in the House of Commons: Labour 353,

Conservative 196, Liberal Democrat 63, Scottish National Party/Plaid Cymru 9, Democratic Unionist 9, Sinn Fein 5 (but cannot vote), other 11

in 1998 elections were held for a Northern Ireland Assembly (because of unresolved disputes among existing parties, the transfer of power from London to Northern Ireland came only at the end of 1999 and has been suspended four times the latest occurring in October 2002); in 1999 there were elections for a new Scottish Parliament and a new Welsh Assembly.

MEETING WITH DIRECTOR OF TRANSPORT for LONDON, OFFICE OF THE MAYOR OF LONDON (TfL)

LONDON RAIL

London rail was established in 2003 to focus on investment in railways standards across the network and develop a more integrated approach to rail governance for London. With the passing of the railways Acts 2005, TfLs (Transport for London) governance responsibilities have been extended providing new ways to improve the capitals rail networks. The Acts provide a new opportunity to deliver higher standards and services for the London rail user to similar standards experienced on buses, light rail and London underground and better integration between the different transport modes.

This includes the transfer of responsibility to the Mayor of London and Transport for London for the management of all services collectively known as the north London railway from autumn 2007. The transferred lines are

- The north London line;
- The London Euston to Watford local lines;
- The west London line from Willesden junction to Clapham junction via Kensington Olympia; and
- The Gospel Oak to Barking line.

From the Mayor's transport strategy and funding from TfL the management aims to deliver an integrated rail network to facilitate commuting, additional capacity to reduce overcrowding and safe and easy to use rail system with frequent service. There are currently 304 stations within the greater London authority boundary and the management is working on raising the standards of every station and on trains operating on boundary within the boundary by 2009/2010. By April 2006, half of all rail station will have undergone improvements.

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Safety and Comfort

Upgrading initiatives aimed at passenger safety and comfort including: -

- Installation of CCTV on trains and stations to provide a more secure travelling environment for passengers;
- The installation of help point to provide information in case of emergency;
- The funding of an extra 45 transport police officers on the North London line to provide extra security and reassurance;
- Station enhancement includes additional lighting subway cladding new waiting shelter and seating, to modernise and brighten the interior of the station;
- The provision of extra train service to increase capacity and reduce overcrowding; and
- Improving accessibility at the station and on board trains for mobility-impaired passengers.

Future Growth

In addition to improving facilities and services there is excitement in the phase the development is going and the support of key rail projects including: -

- East London line
- DLR expansion projects
- Cross rail
- Thames link

Legal Framework

Transport for London is a statutory body created by the Greater London Authority Act (GLA) 1999. S. 141 (1) of the GLA gives the Mayor of London a general duty to develop and implement policies to promote and encourage safe, integrated, efficient and economic transport facilities and services to, from and within London.

S. 154 (3) (b) states that TfL has a duty to facilitate the discharge by the Greater London Authority of the duties under s. 141 (1). In turn, TfL has a power under s.173 to provide or secure the provision of public passenger transport services, to, from or within Greater London. TfL also has certain other miscellaneous powers and duties. TfL is also the highway authority for Greater London Authority (GLA) roads and is also a traffic authority for GLA roads. As a traffic authority TfL regulates the way in which the public uses highways. TfL is responsible for traffic signs, traffic control systems, road safety and traffic

reduction. In addition TfL is the licensing authority for both hackney carriages (taxis) and for private hire vehicles (minicabs).

The GLA sets down TfL's powers and duties. In general, TfL has a discretion as to who may discharge those functions on its behalf. However, in the case of certain specified activities, that discretion is limited. Those activities specified by the Transport for London (Specified Activities) Order 2000 must be carried on by TfL through a company limited by shares (which may be a subsidiary of TfL).

Transport Trading Limited (TTL) is TfL's trading body. It has a number of subsidiaries:

- London Underground Limited
- London Bus Services Limited
- London Buses Limited
- Victoria Coach Station Limited
- London River Services Limited
- Dockland Light Rail Limited.

All TfL functions remain with the TfL Board unless delegated. The TfL Board may arrange for its functions to be discharged on its behalf by any TfL committees and sub-committee, any TfL subsidiaries, any TfL members or officers and any bodies of members or / and officers. The TfL Standing Orders lays down the decision-making structure and proceedings and the scheme of delegation.

OVERVIEW OF WORLD RAILWAYS

In the last fifteen to twenty years, the railway industry worldwide has experienced big challenges and changes.

In **Latin America, Canada, sub-Saharan Africa, Australia, New Zealand, Canada, UK and Estonia**, private sector participation in the railway industry has increased substantially. Virtually all rail freight activity on the American continent is now carried out by the private sector (either through **private ownership** or by **long-term concession**), though most urban and long-distance passenger trains remain publicly owned and operated.

In **Central and Eastern Europe and Central Asia**, the change has not been one of ownership but of transition from roles mandated by a centrally planned

economy to new roles which depend on **market forces and management competence**. Moreover, the ending of political unions of the USSR, Yugoslavia and Czechoslovakia led to the emergence of over twenty newly independent national railway companies, some of which (Russia, Kazakhstan and Ukraine) may be counted individually as some of the world's largest railway businesses. The railways in transition countries have faced momentous changes in the **scale, nature and direction of traffic demands attending the transition to market economies, with dire financial, employment and investment consequences in many cases**. Some are now experiencing a resurgence of actual and potential demand for use of rail infrastructure and rolling stock assets which have, however, seriously deteriorated through the transition period.

In the **European Union**, while public ownership and operations remain the norm, a new model of railway industry organization has taken root. New policies promulgated in a series of European Commission Directives and Regulations have resulted in member states adopting various degrees of separation of railway infrastructure from train operations, alongside the implementation of defined access rights for third party train operating companies. The influence of these ideas has been wider than just in member states, with similar elements evident in new rail policies in countries as disparate as Russia, Australia and Turkey.

In **China**, the staggering rate of economic growth in recent years has imposed freight and passenger demands on a relatively sparse network which, despite declining mode share, has led to the highest average rail traffic densities in the world. The network enhancement programme that has been adopted by the Government presages the biggest burst of railway building activity since the nineteenth century, with multiple objectives of increasing capacity, extending the network to more remote areas and enhancing service quality.

All these and other examples add up to an industry which exists globally, but within which the railways of individual countries and regions face disparate transport markets, policy environments and financial constraints.

MEETING WITH THE CHAIRPERSON, COMMITTEE ON TRANSPORT, HOUSE OF COMMON

House of Commons Select Committees

Select Committees help Parliament with the control of the executive by examining aspects of public policy, expenditure and administration, 15 committees of backbench MPs examine the work of the main government departments and their associated public bodies. This system of Departmental Select Committees was set up in 1979. The committees are constituted on a basis which is in approximate proportion to party strength in the Commons, but the chairman is not necessarily drawn from the governing party.

The Committee of Selection chooses members to serve on select and standing committees. In preparing its lists it consults, among others, the Whips of the various parties. Each Committee elects its own Chairman. Select Committees examine subjects by taking written and oral evidence and, after private deliberation, present a report to the House. They are empowered to summon witnesses to give evidence or to produce documents.

Select committee reports are often very detailed and include memoranda submitted by interested parties. The committees build up considerable expertise in their subjects of inquiry. Reports are considered by the Government, which in due course normally issues a response to the issues and recommendations raised by the committee.

About the Committee on Transport

The Transport Committee was appointed by the House of Commons on July 13th, 2005. The Transport Committee is charged by the House of Commons with scrutiny of the Department for Transport. Its formal remit is to examine the expenditure, administration and policy of the Department for Transport and its associated public bodies. Within its terms of reference, the Committee chooses its own subjects of inquiry and seeks evidence from a wide range of groups and individuals. Once the Committee has chosen an inquiry it normally issues a press notice outlining the main themes of inquiry and inviting interested parties to submit written evidence. The Committee may also directly invite particular witnesses to submit written or oral evidence.

Depending on the subject, external deadlines, and the amount of oral evidence the Committee decides to take, an inquiry may last for several weeks or even months.

The Committee may then decide to produce a report to the House of Commons, containing recommendations to Government. By convention the Government is required to respond to a report of a Select Committee within

two months of its publication. It is not required to adopt the recommendations made by the Committee, but it is normally expected to explain why it will not do so. Other inquiries may simply consist of a single day's oral evidence which the Committee may publish without making a report.

RECOMMENDATIONS

The Committee recommends that the: -

- i.) government should set up independent authorities on the Rural Electrification Authority, Geothermal Authority, Hydropower Development Authority and new and Renewables Energy Authority, these separate and independent authorities in energy sub sector will efficiently oversee the development and expansion of the different sources of energy – Hydro, Geothermal, Rural electrification and New & Renewable Sources of energy;
- ii.) government should speed up splitting up of Kenya Power & Lighting Company limited to increase its effectiveness and efficiency in the delivery of services into transmission and distributions entities;
- iii.) government should enhance investment on renewable energy sources such as wind and solar for supply of electricity in rural areas and to small scale consumers;
- iv.) government should speed up the liberalization of the telecommunications sub sector to enhance efficiency and effectiveness;
- v.) government should expedite the proposed restructuring of Telkom Kenya to harness the advance in technology in the telecommunications sub sector;
- vi.) government should expedite the restructuring of Postal Corporation of Kenya to harness the technology advances in the telecommunications sub sector;
- vii.) the Minister responsible for Information and Communications should expedite issuance of the license to the third Mobile service provider since

- duopoly in the market has adverse effect on consumer satisfaction and price deregulation;
- viii.) government expedite the implementation fibre optic cable in order to bring down the cost of telephony and also attract foreign Direct investment;
 - ix.) government allow the local private sector to invest in telecommunication infrastructure development within the telecommunication sub sector.
 - x.) government should improve the security and the general well-being of the people both in the business sub sector and tourist sector; these will ensure the safety of the foreign investor and tourist in Kenya;
 - xi.) government should ensure proper infrastructure including the communications and transport sub sector infrastructure in order to attract foreign investment to Kenya;
 - xii.) government should provide reliable energy supplies to both domestic and commercial consumers for the improvement and development of both local and foreign investor driven industries;
 - xiii.) government through the Ministry of Finance should enhance a sense of co-operation by the financial institutions (Banks) in Kenya, in assisting foreign investors to set up business in Kenya. This includes opening business accounts in Kenya and accepting/granting guarantees for loans already given by foreign bank for a new investor in Kenya. Other hurdles faced by investors include high banking operation cost;
 - xiv.) government should set aside and allocate funds to revive the collapsed Nyayo Bus services;
 - xv.) government should re-negotiate the concession agreement on the Kenya Railways with the private investor for provision of more passengers service along the main routes;
 - xvi.) government through the Ministry of local government should introduce by-laws on bus/taxi lanes on all urban roads to enable bus transport to compete effectively;



