FIRST ROUND MUTUAL EVALUATIONS - POST EVALUATION PROGRESS REPORT OF KENYA

Covering the period August 2016 – July 2017

ESAAMLG (2017), First Round Mutual Evaluation - Post Evaluation Progress Report of Kenya on Anti-Money Laundering and Counter-Terrorist Financing Measures.

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A. INTRODUCTION

1. The Mutual Evaluation of Kenya was conducted in June 2010 and the Mutual Evaluation Report (MER) was adopted by the Council of Ministers in September 2011.

2. During the ESAAMLG meeting in Luanda, Angola in 2014, the Task Force noted that Kenya had substantially addressed the entire Core and Key Recommendations rated Partially Compliant (PC) and Non-Compliant (NC). As a result, the country was directed to report progress only on the Non-Core and Non-Key Recommendations that were rated PC or NC in the MER.

3. The details of the Non-Core and Non-Key Recommendations are set out in the Table 1 below:

Table 1: Ratings of Compliance with Non- Core and Non-Key Recommendations

Rec.	2	6	7	8	11	12	14	15	16	17
Rating	PC	NC	NC	NC	NC	NC	PC	NC	NC	NC

Rec.	18	21	22	24	25	27	28	29	30	31
Rating	PC	NC	NC	NC	NC	PC	PC	NC	PC	PC

Rec.	32	33	34	37	38	39	SRVI	SRVII	SRVIII	SRIX
Rating	NC	NC	NC	PC	PC	PC	NC	NC	NC	NC

B. Overview of Progress made by Kenya

1. The mutual evaluation of Kenya was undertaken by the ESAAMLG in June 2010. The report was approved by the ESAAMLG Council of Ministers in September 2011 and published on the ESAAMLG website in November 2011. The country was rated Compliant with one Recommendation, Largely Compliant (LC) with one

Recommendation, Partially Compliant (PC) with 15 Recommendations, and Non-Compliant (NC) with 23 of the FATF 40 Recommendations. The country was rated (NC) Non-Compliant in the Nine Special Recommendations. The reasons for these low ratings was mainly due to the absence of legislation on terrorism financing coupled with the fact that the effectiveness of the Proceeds of Crimes and Anti-Money Laundering Act (POCAMLA) could not be determined at the time of the mutual evaluation as the Act had just come into operation.

2. Since the MER of Kenya was approved by the Council of Ministers in September 2011, the following actions have been taken by the Kenyan authorities as part of the efforts to address the deficiencies noted in the Mutual Evaluation Report:

Launched the Anti-Money Laundering Advisory Board (AML Board)

3. In 2011 the Anti-Money Laundering Advisory Board was officially launched with membership from various public sector authorities and representatives from the private sector. The Board was established pursuant to Section 49 of the Proceeds of Crime and Anti-Money Laundering Act 2009 (POCAMLA).

Establishment of the Financial Reporting Centre (FRC):

4. On 12th April, 2012, the Anti-Money Laundering Advisory Board (AML Board) approved the immediate operationalization of the Financial Reporting Centre (FRC) established pursuant to Section 21 of POCAMLA. It is an independent body whose principal objective is to assist in the identification of the proceeds of crime and combating money laundering. In July 2017, the FRC appointed a substantive Director General, and the Centre is currently in the process of recruiting five directors; and fourteen Managers.

Enactment of enabling legislations and amendments to existing legislations*:*

5. The following legislations have been enacted since 2012:
   - *The Prevention of Terrorism Act, 2012* – this was enacted in October 2012 and commenced in the same month. The Act was intended to criminalise terrorism and financing of terrorism although it was noted to have some loopholes.
   - *The Proceeds of Crime and Anti-Money Laundering (Amendment) Act, 2012:* This Act amended the Proceeds of Crime and Anti-Money Laundering Act (2009) to address some of the deficiencies identified in the Mutual Evaluation Report.
   - *The Capital Markets (Amendment) Act, 2012:* The Act amends the Capital Markets Act to address aspects regarding the sharing of information with other regulatory bodies,

to reinforce the Authority's power to carry out investigations and to provide criteria which the Authority shall apply to determine whether a person is 'fit and proper' for purposes of the Act.

- *The Finance Act, 2012:* The Act contains amendments to the Insurance Act which seek to address aspects regarding the sharing of information with other regulatory bodies, to reinforce the Insurance Regulatory Authority's power to conduct enquiries or carry out investigations and to provide criteria which the Authority shall apply to determine whether a person is 'fit and proper' for purposes of the Act.
- *Proceeds of Crime and Anti-Money Laundering Regulations (2013)* - Kenya issued the Proceeds of Crime and Anti-Money Laundering Regulations in March 2013.
- *Amendment to Prevention of Terrorism Act (POTA)* through the Finance Act, 2013 to address financing of terrorism offence as per Article 2 of the UN Convention of 1999. It addressed the deficiencies noted under POTA, 2012.
- *Ratification of the International Convention on the Suppression of Financing of Terrorism 1999* and the Protocols annexed to it and was implemented through POTA as amended by Finance Act, 2013.
- Kenya brought into force the *Prevention of Terrorism (Implementation of Security Council Resolutions on Suppression of Terrorism) Regulations, 2013* intended to implement UN Security Council Resolutions 1267 and 1373. The Regulations clearly define processes for the implementation of the UNSC Resolutions 1267 and 1373.
- **Issued the** *Companies Act, 2015* **in** September, 2015 and the Companies (Amendment) Act in July, 2017 to provide amongst other things the identification of beneficial owners.
- POCAMLA was amended in 2017 to enhance the Financial Reporting Centre (FRC)'s powers to impose civil monetary penalties and to take administrative action for non-compliance with the legislation. The title of the Director was changed from Director to Director General.
- Kenya has also set up an Asset Recovery Agency. The Attorney General also set up a task force comprising of all law enforcement agencies to operationalise the Agency. In 2017, The Asset Recovery Agency was strengthened through POCAMLA amendments by making it an autonomous institution with powers to recruit its own staff and have its own budget.

Technical Assistance and Training Programs on AML/CFT;

6. Kenya, in collaboration with technical assistance providers has undertaken the several AML/CFT training programmes/activities on all key sectors including both banking and

non-banking financial institutions regulators/supervisors namely; Central Bank of Kenya, Capital Markets Authority, Insurance Regulatory Authority and the Retirements Benefits Authority, SACCOS Regulatory Authority and reporting entities in addition to Kenya's mobile money service providers. The AML Board and the Media were also included in the awareness programmes.

7. The DNFBP sectors including lawyers, accountants, casinos and NGOs were actively engaged through workshops to assist them in rapid development of compliance culture with AML requirements.

8. During the ESAAMLG meeting in Luanda, Angola in 2014, the Task Force noted that Kenya had substantially addressed the entire Core and Key Recommendations rated Partially Compliant (PC) and Non-Compliant (NC). As a result, the country was directed to report progress only on the non-key and non-core Recommendations that were rated PC or NC in the MER.
9. Furthermore, in August 2015 the Council noted that Kenya had made more progress with respect to the following non-key and non-core recommendations: 2, 6, 7, 8, 11, 14, 15, 17, 18, 22, 25, 27, 28, 29, 30, 31, 37, 38, 39, SRVI, SRVII, SRVIII and SRIX. For this purpose, it was decided that Kenya should exit from reporting on these Recommendations and that the country should continue reporting annually on the non-key and core Recommendations that remain outstanding. In September 2017, it was noted that Kenya had sufficiently addressed Rec 32 relating to Statistics had not registered sufficient progress in addressing the outstanding non-core and non- key Recommendations identified under Recs: 12, 16, 21, 24, 33 and 34.
10. During this period in September 2017, it was further noted that Recs 12, 16, 21, 24, 33 and 34, remain outstanding.

C. ANALYSIS OF PROGRESS MADE BY KENYA

Legal persons and beneficial ownership - Rec. 33 (Rated NC)

Deficiency 1

4. The MER noted that lawyers and certified public secretaries were not captured as reporting persons under the POCAMLA. Therefore, the assessors recommended that authorities should consider amending POCAMLA to include these entities.
5. The authorities reported that POCAMLA, under para 7 allows the Cabinet Secretary (CS) of the National Treasury to declare any business or profession as a reporting institution and

that the CS is in the process of considering expanding the list of reporting institutions to include those not covered.

Conclusion

The deficiency has **not been addressed.**

Deficiency 2

6. The MER observed that very limited information was available on corporate directors which might also be a company incorporated outside of Kenya. It was recommended that measures should be put into place to require the identification of the beneficial owner of corporate directors.

7. Based on the information provided, the provisions of S.19 of the POCAMLA Regulations, although not explicitly mentioning identification and verification of corporate directors, appear to be comprehensive enough to require reporting institutions to identify ***"natural persons"*** exercising control and ownership in the legal person or arrangement. It follows that this obligation extends to corporate shareholders as well as any other shareholder controlling a legal person.

Conclusion

Sufficiently addressed

Deficiency 3

8. The MER further recommended that mechanisms should be put in place to determine the identity of the beneficial owner where nominee or corporate shareholders are used.

9. Requirement by the Registrar of Companies to affix a photograph of the directors incorporating a company is addressed under Reg. 5 of The Companies Act Regulations Companies (General) Regulations, 2015 which were issued by the Attorney General via Legal Notice No. 239 (Legal Supplement No. 78) issued on November 18, 2015. Regulation 5 (c) states, "…*that a passport size photograph of each such person*".

10. However, it is not clear whether this requirement extends to corporate or nominee shareholders. The authorities may also be required to clarify whether "directors" bear the same meaning as "owners" of companies in the Kenyan context.

11. The authorities reported that a nominee is a person or company whose name is given as having title to a stock, real estate, etc., but who is not the actual owner or a person or organization named to act on behalf of someone else, especially to conceal the identity of

the nominator. The Companies Act defines the beneficial owner to mean the natural person who ultimately owns or controls a legal person or arrangements or the natural person on whose behalf a transaction is conducted, and includes those persons who exercise ultimate effective control over a legal person or arrangement;

12. From this it is quite clear that the definition of beneficial owner covers nominees and corporate shareholders.

Conclusion
Sufficiently addressed

Deficiency 4

13. The MER further recommended that measures should be put in place to curb the misuse of share warrants. For example, the authorities may require that the owners of the share warrants should be known to the company and that this information should be made readily available to the investigatory authorities upon request.

14. Section 504 (1) and (2) of the Companies Act, 2015 prohibits companies to issue share warrants after its commencement, this only applies to companies that may want to issue new share warrants. The authorities informed the Reviewers that before the commencement of this provision, there were no share warrants in circulation.

Conclusion
Sufficiently addressed

Deficiency 5

15. The MER observed that the use of the manual system for keeping company records may undermine the timely access to these records by investigative and supervisory authorities. In this regard, the authorities were advised to expedite implementation of electronic filing system for keeping, maintaining, preserving and ensuring timely access to its records.

16. The authorities reported that the electronic system is already in place. The name search and business name was rolled out on 28th February 2015. For companies, this was rolled out on 1st November 2016.

Conclusion

Sufficiently addressed.

Overall conclusion on Recommendation 33

17. Based on the foregoing analysis, Kenya has addressed 4 out of 5 deficiencies associated with Recommendation 33. In this respect, the country is considered not to have made sufficient progress.

Legal arrangements and beneficial ownership - Rec. 34 (rated NC)

Deficiency 1

18. The MER recommended that the authorities consider putting in place measures to ensure more transparency concerning the beneficial ownership and control of trusts to prevent the unlawful use of trusts for terrorist financing purposes.

19. S. 93 (1) referred to requires a company to keep a register of its members.

20. S.2 of the Companies (Amendment) Act, 2017 defines beneficial owner as the natural person who ultimately owns or controls a **legal person or arrangements** or the natural person on whose behalf a transaction is conducted, and includes those persons who exercise ultimate effective control over a **legal person or arrangement**. The amendment to the Companies Act requires companies to identify and keep information on the beneficial owners. The definition of beneficial owner as highlighted above includes a legal person or legal arrangement. Therefore, the requirements of Sec 93 (1) of the Companies Act extend to legal arrangements.

Conclusion

Sufficiently addressed.

Deficiency 2

21. The MER observed that there is no mechanism in place for accessing beneficial ownership information and control of trusts. Based on this, it was recommended that the authorities consider adopting a mechanism to register trusts and to keep accurate and current information on the settlor, trustee and beneficiaries of trusts. This information should be made available to investigatory and supervisory authorities when required.

22. S. 93 (1) of the Companies Act, 2015 requires a company to register its members. It is not clear whether the requirement extends to legal arrangements. Whereas S.3 of the Trustee (Perpetual Succession) Act provides for incorporation of trustees, it appears not to be an obligatory requirement as the law provides that such trustees "*…may apply to the Minister …for a certificate of incorporation of the trustees as a corporate body".* Ss. 9 and 15 of the same Act provides for keeping of documents relating to trustees and allow persons desiring information on trustees to apply in person at the Principal Registry of Documents and upon completion of the prescribed form and on payment of the prescribed fee, such person may inspect the register relating to the document mentioned in the form. The information referred to in this Act is only limited to trustees without any requirement to collect and keep information on settlor and beneficiaries. However, Regulation 16 of POCAMLA Regulations of 2013 requires reporting entities who want to establish trusts to obtain certain information including information on founder of trust, trustee and beneficiaries. Further, Regulation 19 provides requirements for establishing ultimate beneficiaries for legal persons and legal arrangements.

Conclusion

Not sufficiently addressed – From the foregoing analysis the mechanisms of registration of trusts is not comprehensively addressed by the laws. In addition, whereas Part IV of the POCAMLA Regulations allows for CDD of trusts, it does not provide for the provision or access of such information to investigatory and supervisory authorities with the exception of information on trustees under s.15 of the Trustee (Perpetual Succession) Act.

Deficiency 3

23. The MER observed that lawyers and other persons who provide trusteeship services are not designated as reporting persons. In this regard, the assessors recommended that POCAMLA be amended to include lawyers and other persons who provide trusteeship services in the definition of reporting entities.

24. The authorities reported that POCAMLA allows the Cabinet Secretary (CS) of the National Treasury to declare any business or profession as a reporting institution and that the CS is in the process of considering expanding the list of reporting institutions to include those not covered.

Conclusion

Not sufficiently addressed

Conclusion on Rec 34

25. Based on the foregoing analysis, Kenya has **not addressed** 2 out of 3 deficiencies associated with Recommendation 34. In this respect, the country is considered not to have made sufficient progress.

Preventive Measures - Higher Risk Countries Rec 21 (Rated NC)

26. The MER observed that there was no requirement for financial institutions to give special attention to business relationship and transactions with persons from or in countries which do not or insufficiently apply the FATF recommendations. Based on this, the assessors recommended that the authorities in Kenya should require financial institutions to give special attention to business relationships and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply the FATF Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined and the findings established in writing, and made available to help competent authorities. Where such a country continues not to apply or insufficiently applies the FATF Recommendations, countries should be able to apply appropriate counter measures.

27. The authorities have not provided any provision which require financial institutions to give special attention to business relationships and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply the FATF Recommendations. It is not clear whether the notice by the FRC has a legal basis. Section 45(6) of POCAMLA provides that the Minister publish the list through a gazette notice. It is not clear whether the notice by the Minister is the same notice issued by the FRC.

Conclusion

28. **Not sufficiently addressed**.

Preventive Measures – DNFBPs Rec 12 (Rated NC)

Deficiency 1

29. The MER observed that lawyers, notaries and other independent legal professionals as well as Trust and Company Service Providers were not designated as reporting institutions under POCAMLA. For this purpose, the assessors recommended amendment of the legislation to include lawyers, notaries and other independent legal professionals as well as trust and company service providers as reporting institutions.

Conclusion

30. **No progress** has been made and therefore this deficiency remains outstanding (refer to R 33 above).

Deficiency 2

31. The MER observed that there were deficiencies in the AML legal framework regarding Recommendations 5, 6 and 8 to 11. For this purpose, authorities in Kenya were advised to take appropriate measures to ensure that the deficiencies in the AML legal framework are remedied expeditiously.

32. In the previous Review Group report of August 2015, it was indicated that Kenya had addressed all the deficiencies relating to Rec 5, 6, 8 – 11. In August 2016 the Reviewers however noted the following deficiencies relating to Rec 8 and 9:

i) *There are no enforceable requirements for financial institutions to have policies in place or take such measures as may be needed to prevent the misuse of technological developments in money laundering or terrorist financing schemes.*
ii) *There are no requirements for financial institutions to have in place policies and procedures to address any specific risks associated with non-face-to-face business relationships or transactions.*

33. In the current Progress report, the authorities have indicated that Regulation 7 addresses the deficiencies noted in the MER with respect to Recommendation 8. Regulation 7 (1) provides that '*a reporting institution shall take reasonable measures to prevent the use of new technologies for money laundering purposes*.'

34. With regard to requirements of Rec 9, the Authorities have indicated that Regulation 28 addresses deficiencies concerning Recommendation 9 on the use of third parties by financial institutions to undertake certain elements of CDD process. However, it does not appear that this Regulation addresses the obligation for competent authorities to take into account information available on whether the countries where the third party is based adequately apply the FATF Recommendations.

35. Regulation 28 (7) provides that "*where a reporting institution intends to rely on a third party that is based in another country, the institution shall assess the money laundering risks that the country poses and the adequacy of CDD measures adopted by financial institutions in that country*'.

36. The following deficiencies are observed:

    a. Criteria 8.1 includes terrorist financing while this Regulation only covers money laundering.

    b. Criteria 8.2 or the second deficiency (as quoted above) has not been addressed.

37. Specific shortfall with Regulation 28(7) is that the sub-regulation obliges financial institutions to assess money laundering risks and adequacy of CDD measures. It does not include an obligation to assess TF risks. As will be appreciated, Recommendation 9 refers to application of FATF Recommendations, which is much wider than assessing ML risks and CDD measures.

Conclusion

Not sufficiently addressed. Based on the information provided by the authorities, Kenya has not addressed the deficiencies highlighted in the MER and therefore R. 12 remains outstanding.

Deficiency 3 on Rec 12 (Reporting obligations of accountants)

38. The MER observed that reporting obligations of the accountants under the POCAMLA do not apply when organising contributions for the creation, operation or management of legal arrangements. In view of this, assessors had recommended that authorities should ensure that reporting obligations should also apply to accountants when they are providing the services to legal arrangements.

39. In the progress report under review, the authorities have indicated that s. 48 of POCAMLA addresses the issue. The section stipulates that: *"The reporting obligations under this Part shall apply to accountants when preparing or carrying out transactions for their clients in the following situations—*

(a) buying and selling of real estate;
(b) managing of client money, securities or other assets;
(c) management of bank, savings or securities accounts;
(d) organisation of contributions for the creation, operation or management of companies;
(e) creation, operation or management of buying and selling of business entities.

40. However, Section 48 is only referring to companies and NOT legal arrangements unless if the definition of "companies" in the Kenyan context includes legal arrangements.

Conclusion
Not sufficiently addressed.

Deficiency 4

41. The MER recommended that the authorities should actively engage with the DNFBP sectors to encourage and assist in the rapid development of a compliance culture with AML requirements.

42. The authorities advised that the DNFBP sectors including lawyers, accountants, casinos and NGOs are actively engaged through workshops to assist them in rapid development of compliance culture with AML requirements.

Conclusion
Sufficiently addressed

Overall conclusion on R12

43. In view of the deficiencies discussed above, Kenya has only addressed 1 out of 4 deficiencies highlighted in the MER with respect to R. 12. This Recommendation therefore remains outstanding.

Suspicious transaction reporting (DNFBPs - Rec.16 (rated PC)

Deficiency 1

44. The MER observed that lawyers, notaries and other independent legal professionals as well as Trust and Company Service Providers were not subject to AML obligations (including reporting obligations) under POCAMLA. In this regard, assessors advised authorities to bring lawyers, notaries and other independent legal professionals as well as Trust and Company Service Providers within the definition of reporting institutions.

Conclusion

45. **No Progress made (Refer to R. 33)**.

Deficiency 2

46. The MER observed that the AML legal framework for DNFBPs has the same deficiencies as for financial institutions and that there was no effective compliance with AML obligations in the DNFBPs sector. For this reason, the authorities in Kenya were advised to take appropriate measures to ensure that the deficiencies in the AML legal framework regarding Recommendations 14, 15 and 21 as discussed in section 3 of the MER are remedied expeditiously.

47. Deficiencies relating to R. 14 have been addressed by Section 8 of POCAMLA as amended in 2012.

48. With regards to R.15, the legal framework on internal controls (Regulation 9) does not cover terrorist financing and therefore is considered as inadequate. For instance, Regulation 9 of the POCAMLA Regulations states that a '*reporting institution shall formulate, adopt and implement internal control measures and other procedures to combat money laundering…'* whereas FATF Recommendation 15 requires that the internal controls must also aim at preventing terrorist financing. S. 47 also does not cover terrorist financing.

Conclusion
Not sufficiently addressed

Overall conclusion on Rec 16
The provisions of R.16 have not been sufficiently *addressed*

DNFBPs - regulation, supervision and monitoring - Rec. 24 (rated NC)

49. The main deficiencies noted under this Recommendation relate to the AML/CFT regulation and supervision of DNFBPs in Kenya. The assessors noted the following deficiencies:

Deficiency 1

50. The MER noted that to the extent that TF is not criminalized in Kenya, the preventative measures are not designed to combat TF.

51. Terrorism financing has been criminalized under Section 5 of the Prevention of Terrorism Act, 2012 as amended under section 33 of The Finance Act, 2013.

Conclusion
Sufficiently addressed.

Deficiency 2

52. The MER observed that there were no measures in place to enable the Betting Control and Licensing Board prevent criminals from being beneficial owners of a significant controlling interest in a casino.

53. In response to this, the authorities have submitted that the Betting, Lotteries and Gaming Act is being reviewed to take into account the amendments.

Conclusion
Not addressed.

Deficiency 3

54. The MER observed that the lawyers, notaries and TCSPs are not subjected to AML/CFT measures under POCAMLA.

Conclusion
Not addressed *(refer to R. 33 above).*

Deficiency 4

55. The MER observed that DNFBPs are not being monitored for compliance with AML measures. In this regard, authorities were advised to ensure that the FIU becomes fully operational.

56. In their current response, the authorities advised that the FRC is fully operational with effect from April 2012.

57. Although authorities have reported that the FRC became fully operational with effect from April 2012, there is no evidence that the DNFBPs are being monitored for compliance with AML measures. In this regard the deficiency is not sufficiently addressed.

Conclusion
Not sufficiently addressed.

Deficiency 5

58. The MER concluded that the same deficiencies identified under Recommendations 17 and 29 that apply to financial institutions also apply to DNFBPs.

59. Authorities have reported that the deficiency under R. 17 has been addressed under Section 5 of POTA 2012 which has adequately criminalized TF. The MER highlighted 2 deficiencies and the authorities have just addressed one deficiency. The second deficiency which concerned the effectiveness of the sanctions regime has not been addressed.

60. In addition, the authorities reported that the deficiencies under R. 29 have been addressed under s. 36 A of POCAMLA Act, 2009 (introduced under Section 8 of the POCAMLA (Amendment) Act of 2012) and by making the FRC operational.

61. Section 24 of POCAMLA states that, "*The Centre shall -have power to compel the production of, or to obtain access to all records, documents or information relevant to monitoring compliance outside the scope of onsite inspection;*" Further s. 36A of POCAMLA gives power to the Centre to regulate and supervise all reporting institutions with regards to the application of the POCAMLA. S. 23 of POCAMLA was amended through the Finance Act, 2015 No. 14, s. 49 which states, *"The principal objective of the Centre is to assist in the identification of the proceeds of crime and the combating of money laundering and the financing of terrorism."*

62. On the basis of the foregoing analysis, Kenya has addressed all the deficiencies related to Recommendation 17 and 29.

Conclusion
Sufficiently addressed.

Overall conclusion

63. **Not sufficiently addressed**. Kenya has not addressed 2 out of 5 of the deficiencies which were highlighted in the MER in relation to requirements of R. 24.

Statistics – Rec. 32 (rated NC)

64. The MER outlined two deficiencies as described below:

Kenya does not review the effectiveness of its systems for combating money laundering and terrorist financing on a regular basis. Competent authorities in Kenya do not keep comprehensive annual statistics on matters relevant to the effectiveness and efficiency of systems for combating ML & TF.

65. In the Progress Report submitted, the FRC provided statistics on requests for information from/to supervisory authorities and other FIUs. In addition, the authorities review their laws on a regular basis as evidenced by the amendments to their AML/CFT laws.

Overall conclusion
Sufficiently addressed.

D. CONCLUSION

66. During the meeting held in August 2015, the Task Force of Senior Officials noted that Kenya had made substantial progress in addressing deficiencies identified in the MER. In view of that, the country was advised to report progress the following year on the remaining Non-Core and Non-Key Recommendations, i.e. Recommendations: 12, 16, 21, 24, 32, 33 and 34.

67. This report has therefore reviewed Kenya's progress report and supporting documents on what the country has done since its previous report. On the basis of analysis provided in

the foregoing paragraphs, the country did not make sufficient progress in addressing deficiencies in relation to R.12, 16, 21, 24, 33 and 34.

E. RECOMMENDATIONS

Task Force Plenary recommends that:

i. Kenya should expedite addressing the remaining outstanding issues.

ii. Kenya to continue reporting annually