



REPUBLIC OF KENYA

BUDGET POLICY STATEMENT

MARCH 2010

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BUDGET POLICY STATEMENT

I. INTRODUCTION

1. This is the first Budget Policy Statement (BPS) to be tabled in Parliament in accordance with the requirements of Fiscal Management Act, 2009, section 7 subsections (1), (2) and (3). It presents broad strategic macroeconomic, fiscal policy and structural reform measures underpinning the Budget for FY 2010/11 and the medium-term. Specifically, the 2010 BPS presents the recent economic developments; the medium-term macroeconomic and fiscal framework underlying the MTEF budget; an outline of the expenditure programme priorities and allocation of resources as well as a summary of sector achievements and medium-term priorities.

2. The overriding policy thrust of this BPS is to consolidate the economic recovery gains made so far and put the economy back onto a firm foundation of high and sustainable growth path. To achieve the envisaged performance, the Government will step-up investment in the key priority social and economic sectors. Equally important is the planned up-scaling of investment in critical physical infrastructure such as roads, rail, power generation as well as power transmission and distribution systems, and port modernization and expansion.

3. To complement the investment in the socio-economic sectors and physical infrastructure, the Government aims at deepening structural reforms in the area of governance, public financial management; public service, business regulation, and the financial sector. These reform measures are aimed at reducing the cost of doing business with a view to enhancing Kenya's competitiveness and investment.

4. The 2010 BPS also underlines the importance of continued maintenance of macroeconomic stability to the achievement of high and sustainable economic growth, employment creation and poverty reduction objectives. On the fiscal front, this BPS takes cognisance of the reality that available resources are scarce and that there is need to focus on national priority programmes that have high impact on our stated national objectives, but within a framework of a stable macroeconomic environment.

II. RECENT ECONOMIC DEVELOPMENTS

Growth

5. After experiencing a sharp decline in growth from 7.1 percent in 2007 to 1.7 percent in 2008, Kenya's economy is beginning to emerge from the challenges of the last quarter of 2007 and the first quarter of 2008 following return of peace in the country. Provisional estimates put the growth in real GDP at about 2.2 percent, which, though weak an improvement, is encouraging. Indeed, economic recovery is now underway; thanks to the good rains that started falling in November 2009, and the global economic recovery that is gaining momentum.

6. Adherence to sound macroeconomic policies, a credibility achieved over the last seven years, has played a crucial role to stabilize the economy and allow counter-cyclical adjustments. Cautious policies that reduced substantially domestic and external debt levels (from about 60 percent to 40 percent) during the last decade has enabled the Government to maintain monetary and fiscal policy stance supportive of increased economic activities, without compromising its macroeconomic stability objective.

Inflation and Interest Rates

7. The 12-month overall rate of inflation fell from 14.6% in February 2009 to 4.7 percent in January 2010. Over the same period the annual average rate of inflation dropped from 16.8% to 8.5%. The decline reflected in part the change in the computation methodology and more importantly reduced prices of food items that were driving inflationary pressures in 2009. However, the underlying rate of inflation (excluding food and energy), which had eased to 4.9% in November 2009 from 8.4% in February 2009, stood at 5.7 percent in January 2010.

8. Interest rates have remained generally stable during the period under review, with the average 91-day Treasury bill rate rising modestly from 7.7 percent in September 2008 to 8.5 percent in January 2009 before easing to 6.6 percent in January 2010. The 182-day Treasury bill rate also increased to about 9.1 percent in December 2008 from 8.1 percent in September 2008, but it declined to 7.0 percent by end-January 2010. Interest rates for longer term (3 to 20-year) government bonds ranged between 9 percent and 12.5 percent.

Balance of Payments and Exchange Rates

9. During the year ending-December 2009, the external current account worsened recording a deficit of US\$ 2.1 billion (7.3 percent of GDP) compared with a deficit of US\$ 2.2 billion (7.2 percent of GDP) in 2008. The weaker current account position in 2009 reflected the deterioration in the trade balance from a deficit of US\$ 5.6 billion to US\$ 5.7 billion. The weakening of the trade balance was driven by 11.4 percent contraction in exports earnings, which more than offset the 4.5 percent drop in imports. The fall in export earnings largely reflected reduced volume of exports of horticulture, tea and re-exports that outpaced the improvement in commodity prices during the review period.

10. The capital and financial accounts, on the other hand, recorded a larger surplus amounting to USD 2.5 billion (8.9 percent of GDP) and thereby offset the deficit in the current account. In consequence, the overall balance of payments registered a surplus of US\$ 464 million, a sharp turnaround from a deficit of US\$ 513 million in 2008.

11. The improvement in the overall balance of payments was mirrored in the country's foreign exchange holdings. Official foreign exchange reserves rose to reach

US\$ 3.8 billion at end-December 2009 (equivalent to 3.3 months of imports cover¹) from US\$ 3.1 billion at end-December 2008 (equivalent to 2.9 of months of imports cover). The improved reserve position was bolstered by disbursements from the IMF's Exogenous Shock Facility and the enhancement in the SDR allocations by the Fund, as well as CBK's efforts to increase its foreign exchange holdings through purchases in the inter-bank foreign exchange market.

12. After depreciating to Ksh. 80.3 per US dollar by March 2009, the Kenya shilling stabilised during the second half of 2009, exchanging at Ksh. 74-76 per US dollar. By February 2010, the shilling exchange rate strengthened to trade at Ksh. 76.7 per US dollar compared to Ksh 79.5 per US dollar in February 2009. Against the other major currencies, the Kenya shilling depreciated by 25.8 percent to the South African Rand, 4.9 percent to the Sterling Pound and 3.3 percent against the Euro but appreciated by 1.3 percent against the Yen in February 2010.

Monetary Developments

13. Broad money, M3, increased by 19.2 percent in the twelve months to January 2010, compared to 11.8 percent in a similar period in 2009. The stronger expansion in money supply reflected growth in both net foreign assets (NFA) and net domestic assets (NDA) of the banking system. The NFA of the banking system grew by 5.9 percent compared with a contraction of 6.1 percent a year earlier.

14. Over the same period, the NDA of the banking system, mainly driven by government borrowing, rose by 24.7 percent compared to 21.1 percent in 2009. Credit to the private sector in the 12-month to January 2010 slowed to 15.2 percent compared to 23.4 percent over a similar period in 2009. Most of the credit extension to the private sector supported agriculture and construction sectors as well as consumer spending.

15. After dipping to 2,475 points in February 2009, from a peak of 5,774 points in January 2007, the NSE Index rose to 3,247 points in December 2009. By January 2010, the index had risen further to 3,565 points. Similarly, market capitalization increased to Ksh. 910 billion in January 2010, from Ksh. 611 billion in February 2009. The strengthening of the stock market indicators reflects improved profitability of key companies listed at the NSE and improvement in investor confidence, in part due to the bold reform measures taken by the Government to improve transparency and accountability in the operations of the NSE as well as steps to strengthen the supervisory capacity of the Capital Markets Authority (CMA).

¹ This refers to next year's import cover

Fiscal Performance, July 2009 – February 2010

16. Total revenue for the period July 2009- February 2010 amounted to Ksh. 340.7 billion, following an increase of Ksh. 31.5 billion or 10.2 percent over a similar period ending February 2009. Ordinary revenue stood at Ksh 313.4 billion at the end of February 2010, representing an increase of Ksh. 27.6 billion or 9.7 percent over a similar period in the previous financial year. However, against the budget target of Ksh. 363.7 billion, total revenue was Ksh. 23 billion lower than expected. Ordinary revenue was Ksh. 20.6 billion below the expected receipts of Ksh. 334.0 billion over the period under review. Indeed, the underperformance in ordinary revenue accounted for nearly 90 percent of the shortfall in total revenue for the 8-month period ending February 2010. The under-performance in ordinary revenue was largely due to slower recovery of the economy than envisaged. On the other hand, Appropriations-in-Aid (A-I-A), which stood at Ksh. 27.3 billion by the end of February 2010, also underperformed and accounted for Ksh. 2.4 billion or about 10 percent of the overall shortfall in total revenue. (see Table 1 below). The lower than targeted A-I-A is mainly attributed to reporting lags in projects supported by the development partners who funding does not pass through the National Exchequer.

17. During July 2009 - February 2010, total expenditure amounted to Ksh. 440.0 billion against a target of Ksh. 503.6 billion, reflecting an under-spending of Ksh. 63.5 billion. Recurrent expenditure amounted to Ksh. 331.2 billion against the budget target of Ksh. 332.3 billion, recording a slight under-expenditure of about Ksh. 1.0 billion. Development expenditure, on the other hand, amounted to Ksh. 108.3 billion against a target of Ksh. 170.3 billion, representing an under-spending of Ksh. 62 billion (see Table 1 below).

18. Domestically financed development expenditure amounted to Ksh. 85.0 billion, Ksh. 23.1 billion below the budget target. This under-performance was mainly due to the slow take off in the implementation of Economic Stimulus Programme (ESP), occasioned by the need for consulting widely with all relevant stakeholders in order to establish a credible framework for implementing and monitoring the progress in the implementation of the ESP projects.

19. Foreign financed development spending continues to face a number of implementation problems at the project level and thus affecting the extent of uptake of external resources. Indeed, for the period under review, foreign-funded development expenditure amounted to Ksh. 23.3 billion against a target of Ksh. 62.3 billion (see Table 1 below). Some of the factors behind this underperformance include: lengthy and at times unnecessary disbursement steps and procedures, cumbersome procurement procedures, and delays in obtaining no objection approvals required by the donors. These challenges are compounded by insufficient understanding of donor policies by project personnel.

20. Taking into account the developments in revenue and expenditure during July 2009 and February 2010, the overall fiscal balance registered a deficit (after

grants) amounting to Ksh. 88.1 billion compared to the budget target of Ksh. 118.1 billion. After taking account of net foreign financing, the actual net domestic financing amounted to Ksh. 87.3 billion against a target of Ksh.81.8 billion (see Table 1).

21. It is, however, worth noting that whereas domestic borrowing fared well and financed almost the entire fiscal deficit in the period under review, over reliance on domestic borrowing poses a potential risk of crowding out the private sector, which, over the years has been recognised as the engine for economic growth, employment creation and poverty reduction. Consistent with Vision 2030 and Medium- term Plan, the Government will contain growth in total expenditures to levels consistent with sustainable debt and gradually reduce domestic debt to create fiscal space through reduced interest payments. To facilitate reduction in domestic debt, the Government aims to increase access to external concessional funds and use part of the proceeds to repay the domestic debt already acquired. The savings likely to arise from this debt management strategy will be used to finance critical and strategic priority development programmes.

Table 1: Fiscal Developments, July 2009 – February 2010

	2008/09	2009/10	2009/10		
	Feb-09	Budget	Feb-10		Deviation
	Prov.		Prog.	Prov.	
TOTAL REVENUE	309.2	568.9	363.7	340.7	(23.0)
Ordinary Revenue (excl. LATF)	285.8	522.8	334.0	313.4	(20.6)
Ministerial and Departmental fees (AiA)	23.5	46.1	29.7	27.3	(2.4)
EXPENDITURE AND NET LENDING	359.0	772.4	503.6	440.0	(63.5)
Recurrent expenditure	277.8	509.1	332.3	331.2	(1.0)
Development and Net lending	80.5	261.3	170.3	108.3	(62.0)
Domestically financed	56.8	157.5	108.0	85.0	(23.1)
Of which Net Lending	1.1	2.4	1.1	1.3	0.2
Foreign financed	23.7	103.8	62.3	23.3	(38.9)
CCF	1.0	2.0	1.0	0.5	(0.5)
GRANTS	9.6	35.3	21.8	10.0	(11.8)
BALANCE INCL. OF GRANTS (CASH BASIS)	(43.3)	(168.2)	(118.1)	(88.1)	30.0
FINANCING	40.1	168.2	113.6	87.9	(25.7)
Net foreign financing	2.9	50.2	27.7	0.6	(27.1)
Disbursements	14.1	68.5	40.5	13.4	(27.1)
Repayments	(11.1)	(18.3)	(12.8)	(12.8)	-
Domestic financing	37.2	118.0	85.8	87.3	1.5
Privatization proceeds & Others	-	8.5	4.0	-	(4.0)
Net domestic borrowing	37.2	109.5	81.8	87.3	5.5
Financing Gap/Statistical discrepancy	(3.18)	0.00	(4.50)	(0.17)	4.3

Source: Ministry of Finance

Emerging Challenges

22. Since the commencement of this financial year in July 2009, a number of challenges, which are likely to affect the original assumptions that formed the basis of the FY 2009/10 Budget, have emerged. These challenges include:

- (a) **Revenue underperformance:** On the resources front, as already indicated, ordinary revenues experienced a cumulative shortfall of Ksh. 20.6 billion by end of February 2010. Therefore, revenue targets for FY 2009/10 may not be fully realized.
- (b) **Privatization:** The FY 2009/10 budget framework envisaged receipts amounting to Ksh. 6.0 billion from sale of government shares in SONY Sugar Company and the National Bank of Kenya. It is now evident that the privatization process will not be complete before the close of the financial year, thus reducing the expected resource envelope by Ksh. 6.0 billion.
- (c) **On the expenditure side:** In August 2009, the Government rolled out a Ksh. 24.6 billion programme to mitigate the adverse effects of the prolonged drought experienced in most parts of the country. Of this amount, Ksh. 13.1 billion was financed through realignment of the concerned spending ministries' budget; Ksh 6 billion from the Civil Contingency Fund and borrowing from the Strategic Grain Reserve (SGR); and the balance of Ksh. 5.5 billion from expenditure cuts across all ministries.
- (d) **Additional Funding:** Treasury has since July 2009, received requests for additional funding by spending ministries amounting to slightly over Ksh. 123 billion. Among these expenditures include the Ksh. 9.9 billion required to put into operation the IIECK in readiness for the Constitutional Referendum. An additional Ksh. 2.9 billion is also now required to rehabilitate infrastructure damaged by the floods from the mini-El Nino rains, which rocked the country in late 2009 and continued in early 2010.

23. In view of the financial constraints and the need to ensure sustainable domestic borrowing and maintain macroeconomic stability, the requests for additional funding have been rationalized and limited only to key interventions that cannot be postponed.

III. MEDIUM-TERM MACROECONOMIC FRAMEWORK, 2010/11-2012/13

24. The broad national objectives remain as outlined in the National Vision 2030, which aims at raising growth to 10 percent by 2013/14 and sustaining it at that level in the medium-term; reducing poverty and addressing socio-economic regional

inequities; improving the country's human capital; and investing in programmes aimed at inculcating national cohesion.

25. To this end, the Government will continue to implement national priority programs articulated in the Vision 2030 and its Medium Term Plan, 2008 – 2012, while maintaining prudent management of public resources. In this regard, the public resources will be aligned to attainment of sustainable pro-poor growth projects and programmes identified under the pillars of Vision 2030.

26. The Government is aware that persistent socio-economic inequities threaten national unity and social stability. This is, indeed, the reason why the Government created the Ministry of State for Development of Northern Kenya and Other Arid Lands to coordinate the development and implementation of development programmes for these regions. Moving forward with its commitment to address regional inequality, the Government will develop a special socio-economic programme, with resources dedicated for this programme, covering education, health, roads and water supply.

Medium Term Outlook

27. Kenya's growth prospects for 2010 and the medium term look brighter now with the recovery of the global economy. In 2010, world output is expected to rise by about 4 percent, following a decline of 0.8 percent in 2009. This reflects growth in real GDP for advanced economies of 2 percent and 2.5 percent in 2010 and 2011, respectively, following a sharp decline in 2009. With the global economy recovery underway, exports of goods and tourism are expected to rebound and the flow of both private capital and remittances to improve. The economy will also benefit from ongoing interventions in key sectors, including agriculture and livestock, transport, roads, energy, and information, communication and technology (ICT). Overall, Kenya's economy is expected to revert to its potential growth of 6-7% by mid-2014.

28. Expansion in the private sector investments is expected to contribute significantly to the realisation of Kenya's economic growth potential. To move in this direction, continued pursuit of sound macroeconomic policies and deepening of structural reforms in the area of governance, public financial management, public service, business regulation and financial sector, will be implemented to further increase economic efficiency and effectiveness in public service delivery. In addition, the Government will continue to ensure prudent fiscal management, including re-orienting expenditures towards Vision 2030 Medium Term Plan (MTP) priority sectors.

29. At the same time, the Central Bank of Kenya will continue to pursue monetary policy targeted at low inflation of around 5 percent, while ensuring continued stability in long-term interest rates as well as maintaining a competitive exchange rate consistent with Kenya's export-oriented private-sector led growth strategy.

30. The assumptions underpinning the medium-term macroeconomic framework are outlined in Table 2

Table 2: Assumptions Underpinning the 2010/11-2012/13 Macroeconomic Framework

	2007/08	2008/09		2009/10		2010/11	2011/12	2012/13
	Prov.	Budget	Prel.	Budget	Proj.	Medium term projections		
<i>Annual percentage change, unless otherwise indicated</i>								
National account and prices								
Real GDP	4.4	2.5	2.0	3.1	3.2	4.9	6.0	6.4
CPI Index (eop)/1	29.3	18.0	8.6	10.1	6.7	5.0	5.0	5.0
<i>In percentage of GDP, unless otherwise indicated</i>								
Investment and saving								
Investment	19.1	18.1	15.3	19.2	15.7	19.4	20.2	21.1
Gross National Saving	13.3	11.9	7.8	14.1	8.2	12.3	14.1	16.3
Central government budget								
Total revenue	22.0	22.6	21.8	22.4	22.5	22.4	22.4	22.1
Total expenditure	27.2	28.5	26.9	30.3	30.7	29.3	28.6	27.3
Overall balance incl. grants	-3.5	-4.9	-4.2	-6.6	-6.9	-5.5	-4.8	-3.8
Domestic debt (net)	16.9	18.5	17.9	20.6	20.8	22.2	21.7	21.4
External sector								
Current external balance, incl. official transfers	-5.8	-6.2	-7.4	-5.1	-7.5	-7.0	-6.1	-4.8
Reserves (months of next year imports, oep)	3.5	2.8	2.7	2.9	2.9	3.1	3.5	4.0
/1 Up to 2007/08, GDP Deflator and Consumer Price Index are overstated, KNBS released new CPI series in October 2009								

31. As can be seen from Table 2, the underlying assumptions for the medium-term fiscal framework include the following:

- Containing inflation at around 5 percent in the medium-term.
- Bringing down the overall fiscal deficit, including grants from 6.6 percent of GDP in FY 2009/10 to 3.8 percent of GDP in FY 2012/13, consistent with Kenya's medium-term debt sustainability.
- Maintaining revenue-to-GDP ratio within the range of 21 to 23 percent.
- Keeping budgetary expenditures consistent with MTP priorities, while safeguarding resources for operational and maintenance as the stock of physical infrastructure increases.
- Continuing with the policy of factoring only bilateral and multilateral budgetary support that is confirmed.
- Increasing steadily total foreign financed development expenditure from 2.3 percent of GDP in 2008/09 to about 4 percent by 2012/13, as the

Government improves the execution of donor funded development projects.

- Reduce the current account deficit from 7.5 percent of GDP in FY2009/10 to 4.8 percent in FY 2012/13.
- Build official foreign exchange reserves from 3.3 months of import cover at the end of December 2009 to an average of 4.0 months of import cover in 2012/13.

32. The above guiding framework, which provided the basis for macroeconomic stability -- steady economic recovery, competitive and realistic interest rates, stable exchange rate as well as reduction of public debt to GDP ratio -- over the Economic Recovery Strategy (ERS) period, will be continued throughout the MTP period.

IV. BUDGET FRAMEWORK FOR 2010/11

33. In line with the medium term macroeconomic framework, the fiscal parameters for 2010/11 budget are also set against the background of the Medium Term Plan objectives.

34. Maintaining prudent fiscal policy will be critical to attaining the 4.9 percent growth target. Among the principles of prudent fiscal policy to be pursued include maintaining a strong revenue effort and containing the growth of total expenditure while maintaining the shift in the composition of expenditure from recurrent to capital expenditure and eliminating unproductive expenditures.

35. These principles also include containing the growth in the public debt to a sustainable level in order to ensure the private sector is not crowded out.

Revenues

36. In line with forecast economic growth, revenues are targeted at Ksh 629.2 billion or about 22.4 percent of GDP. The Government, working with KRA, will pursue new revenue and compliance initiatives to increase revenue collection and maintain revenue growth in line with the growth in nominal GDP (see Annexes 3 and 4).

Expenditure

37. The overall sector resource requirement is over and above the projected resources over the MTEF period. The sector requirements for the period are Ksh. 453.8 billion, 487.1 billion, and 534.6 billion above the BOPA ceilings for FY 2010/11, 2011/12, and 2012/13, respectively. The economy, as already illustrated, cannot afford to fund all these requests. Therefore, it is important to rationalize and prioritize expenditure programmes in FY 2010/11 to focus only on the strategic interventions and MTP priorities.

38. In this regard, the MTP priorities will guide the Government's funding allocation decisions in the next Budget. In 2010/11, overall funded expenditures are projected at Ksh. 821.5 billion or 29.3 percent of GDP, compared to Ksh. 722.4 or 30.3 percent of GDP provided for in 2009/10 budget (see Annexes 2 and 3).

Recurrent Expenditure

38. Total funded recurrent expenditures in 2010/11 amount to Ksh. 537.3 billion or 19.2 percent of GDP, compared with Ksh. 507.1 billion or 19.9 percent of GDP in 2009/10 Budget. The slow down in recurrent expenditure (which is necessary to release resources for funding critical development programmes) is due to adjustment of one-off items and modest growth in nominal GDP (Annexes 2 and 3).

- *Consolidated fund services:* Domestic interest payments are expected to remain more or less stable relative to GDP at 2.4 percent in FY 2010/11, with stable interest rates and in line with the continued shift to longer term debt that provides greater stability than short-term debt. Pension expenditures are expected to remain stable at the 2009/10 level of about Ksh. 26.0 billion in 2010/11.
- *Personal emoluments:* The wage bill is expected to remain at below 7 percent of GDP in 2010/11, after making the year- on year incremental adjustment to salaries and implementing the second phase of teachers' salaries award. The continuation of a policy of restraining growth in wage payments is expected to free resources towards MTP priorities.
- *Transfers:* With the ongoing reforms of parastatals and semi-autonomous government agencies, it is expected that the transfers to these agencies will stabilize to provide fiscal space for expenditures on MTP priorities. As such, the nominal value of transfers to agencies for FY 2010/11 budget will be maintained at 2009/10 level. Any wage adjustments for these agencies is expected be made within the ministerial ceilings.
- *Goods and services:* expenditure ceilings for sectors/ministries are determined by the funding allocation for goods and services in the previous year budget as the starting point. The ceilings are then reduced to take into account one-off expenditures in FY 2009/10 and then an adjustment factor is applied to take into account the general increase in prices.

Development Expenditure

39. The FY 2010/11 Budget will be the third and at the same time the second full year implementation of Vision 2030 MTP objectives. The overall development expenditure amounts to Ksh. 281.2 billion or 10 percent of GDP, which is Ksh. 20 billion above the provision in 2009/10 Budget. The outlays are expected to support

critical infrastructure that will (i) reduce the cost of doing business and (ii) crowd in private sector investment in the key sectors identified under Vision 2030 MTP (see Annexes 2 and 3).

40. Domestically financed expenditure is expected to comprise about 60 percent of the overall development budget or Ksh. 164.7 billion. However, over 20 percent of this expenditure is already committed in the form of Constituency Development Fund (8 percent) and Counterpart Funding for donor-funded projects (about 10 percent). Given the fact that recovery underway is still fragile, the Government will continue with the economic stimulus programme initiated in the FY 2009/10. The development outlays in FY 2010/11 will, therefore, include Ksh. 22 billion earmarked for the economic stimulus programme and another Ksh. 4 billion toward irrigation agriculture (see Annexes 2 and 3).

41. A drought expenditure of Ksh. 1.0 billion and civil contingency fund provision of Ksh. 2.0 billion has been provided in the Budget for 2010/11 (see Annex 2).

Overall Deficit and Financing

42. The overall budget deficit (including grants) in 2010/11 is projected at Ksh. 153.5 billion (equivalent to 5.5 percent of GDP), down from Ksh. 168.2 billion (6.6 percent of GDP) in FY 2009/10. Net external financing amounting to Ksh. 51.6 billion (1.8 percent of GDP) is expected to cover part of this budget deficit and will be limited to concessional loans only in order to contain debt to a sustainable level. However, if the global financial conditions improve sufficiently, Kenya will consider issuing an international sovereign bond to benchmark the country externally.

43. The balance of about Ksh101.9 billion (3.6 percent of GDP) to be financed through domestic borrowing of about Ksh. 95.3 billion (or 3.4 percent of GDP), which includes domestic infrastructure bonds of Ksh. 28.6 billion (or 1.0 percent of GDP). This leaves a financing gap of Ksh. 6.6 billion, which will be closed through improved revenue when the macroeconomic forecast is finalized under the 2010 Budget Strategy Paper (see Annexes 2 and 3).

44. The 2010/11 Budget Framework has not factored in privatization proceeds from planned sale of GoK shares in various parastatals as these revenues have proved very unpredictable in the recent past. Any privatization proceeds realized in the course of FY 2010/11, will be applied towards reducing domestic debt.

Underlying Risks to 2010/11 Budget

45. The risks to the outlook for 2010 include a weaker-than-expected recovery of the global economy. This may, therefore, impact negatively on Kenya's export demand, lead to a decline in commodity prices and further reduce receipts from

tourism and remittances. Nonetheless, the Government will monitor closely developments in external sector, especially remittances, the current account, foreign exchange reserves and the exchange rate with a view to adopting appropriate measures to safeguard the macroeconomic stability. In addition, the Government shall continue to pursue policies that are geared toward mitigating the impact of the global recession on economic activity and the vulnerable while continuing to strengthen the foundations for sustained economic growth and poverty reduction.

46. As the Government embraces the Private Public Partnership (PPP) framework in implementing key infrastructure projects, we need to be wary of the fiscal risks associated with contingent liabilities. If these liabilities were to materialize, the then fiscal discipline and macroeconomic stability would be under serious threat. Therefore, projects to be financed through the PPP financing modality will be carefully scrutinized to safeguard the interest of the tax payers, who, in the end would have to bear the burden if the contingent liabilities were to become a reality. .

V. RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

47. The resource envelope available for allocation among the sectors is derived from:

- Tax collection, which finances about 95% of our total budget; this calls for accurate estimation of taxes, such as income tax; customs duties; value added taxes; and excise taxes.
- Committed external financing—both grants and concessional borrowing; and
- Domestic borrowing that is consistent with realistic interest rates in order to avoid crowding out the private sector.

48. In the FY 2010/11, revenues are expected to rise by about Ksh.60.3 billion and domestic borrowing to decline by Ksh. 14.2 billion, while funded expenditures rise by Ksh. 49.1 billion of which non-discretionary expenditures (interest, pensions and wages) are to rise by Ksh.20.9 billion. It is important to note that close to 96.7 percent of the Exchequer's ordinary revenue is projected to fund recurrent expenditure (see Annex 2). With a paltry 3.3 percent left, the development budget is expected to be financed mainly through domestic and foreign borrowing.

Table 3: Medium Term and 2010/11 Sectoral Ceilings

	NAME OF SECTOR		Total Expenditure (KShs. Million)						% SHARE OF TOTAL EXPENDITURE			
			2009/10 Ceilings	Medium Term								
				2010/11		2011/12	2012/13	2010/11		2011/12	2012/13	
				Draft ceilings	Final ceilings	ceilings	ceilings	Draft ceilings	Final ceilings	ceilings	ceilings	
S01	AGRICULTURE AND RURAL DEVELOPMENT	Gross	25,253	26,274	26,274	30,324	32,663	3.9%	3.9%	4.3%	4.3%	
S02	TRADE, TOURISM AND INDUSTRY	Gross	11,277	10,917	11,477	11,643	12,442	1.6%	1.7%	1.6%	1.6%	
S03	PHYSICAL INFRASTRUCTURE	Gross	139,804	156,147	156,147	171,125	185,414	23.3%	23.2%	24.2%	24.2%	
S04	ENVIRONMENT, WATER AND SANITATION	Gross	34,768	32,981	34,981	35,111	38,471	4.9%	5.2%	5.0%	5.0%	
S05	HUMAN RESOURCE DEVELOPMENT	Gross	182,766	178,892	179,892	186,417	195,908	26.7%	26.7%	26.4%	25.6%	
S06	RESEARCH, INNOVATION AND TECHNOLOGY	Gross	36,567	45,535	45,535	46,660	55,179	6.8%	6.8%	6.6%	7.2%	
S07	GOVERNANCE, JUSTICE, LAW & ORDER	Gross	80,354	83,299	83,299	85,818	89,380	12.4%	12.4%	12.2%	11.7%	
S08	PUBLIC ADMINISTRATION	Gross	80,939	50,869	50,869	53,620	66,101	7.6%	7.6%	7.6%	8.6%	
S09	SPECIAL PROGRAMMES	Gross	32,092	30,126	30,126	31,707	35,804	4.5%	4.5%	4.5%	4.7%	
S10	NATIONAL SECURITY	Gross	54,338	54,359	54,359	53,564	53,497	8.1%	8.1%	7.6%	7.0%	
	TOTAL EXPENDITURE	Gross	678,159	669,400	672,960	705,989	764,860	100.0%	100.0%	100.0%	100.0%	

Resource Sharing Guidelines

49. Table 3 shows allocation of fiscal resources by sector(ceilings) over the medium term. The resources available are shared in accordance with the following guidelines:

- (i) **Non discretionary expenditures:** this takes first charge and includes payment of statutory obligations such as loan amortization and interest payments, salaries, pension and other Consolidated Fund Services (CFS) expenditures. These expenditures are projected to account for about 53.1 percent of the expected ordinary revenue receipts.
- (ii) **Operations and maintenance:** Ministries/Departments are allocated funds for basic operations and maintenance. This accounts for 43.6 percent of the projected ordinary revenue, of which Defense and NSIS account for 9.3 percent. The rest, which is the recurrent budget surplus of 3.3 percent, is what is available of the total ordinary revenue to be shared among other ministries/government departments to fund their planned development projects/programmes.
- (iii) **Development expenditure:** As already indicated, it is only 3.3 percent of the ordinary revenue that will be available to finance part of the planned development expenditure. The rest of the development expenditure will be

funded through borrowing from the domestic as well foreign sources. Development expenditures are shared out on the basis of the Vision 2030 and MTP priorities and other strategic national considerations. The following guidelines are used:

- On-going projects: emphasis is given to completion of on-going projects and in particular infrastructure projects, flagship projects and projects with high impact on poverty reduction and equity, employment and wealth creation.
- Statutory requirements: priority is also given to programmes that must be funded in accordance with the law -- Constituency Development Fund (CDF) and Local Authorities Transfer Fund (LATF).
- Strategic policy interventions: priority is given to policy interventions covering the entire nation, regional integration, social equity and environmental conservation. As already indicated resources will be ring-fenced for the special programmes for the Northern Kenya and Other Arid Lands.

VI. DETAILS OF SECTOR PRIORITIES AND MINISTERIAL CEILINGS FOR 2010/11 – 2012/13

50. As mentioned above, the 2010 BPS provides the sector ceilings for the MTEF Period 2010/11 – 2012/13, which ensures continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach. However, these ceilings do not include the strategic interventions already mentioned, for instance the second phase of Economic Stimulus Program. Once specific interventions are agreed upon with the various Sector Working Groups, these ceilings will be updated accordingly. Details of sector ceilings as well as programmes and expected outputs are attached (Annexes 3, 4, and 5 and Sector Programs attached).

Agriculture and Rural Development

51. The sector is critical to economic growth, employment and poverty reduction, contributing about 23 percent of GDP. Of this, crop and horticulture production accounts for about 18% of GDP, livestock about 5% of GDP; while fisheries accounts for about 0.5% of GDP. Cooperatives contribute directly and indirectly to the livelihoods of nearly 63% of Kenyans and accounts for about 31% of national savings.

52. The Sector recorded impressive achievements over the period 2006/07 to 2008/09. Some of the key achievements were: 91,000 farmers were supported with fertilizer and seeds; 6,000 metric tonnes of Orphaned Crops planting material were supplied to farmers and planted, and 5 million heads of cattle were vaccinated while about 883,285 were branded. The National Oceans and Fisheries Policy was put in place and 3 million fish fingerlings were produced and supplied to farmers. The

SACCO Act was enacted and the SACCO Regulatory Authority is being constituted. Parliament adopted the National Land Policy; 166,401 land titles were registered and issued, and 4 land registries put in place in Bondo, Siaya, Eldoret and Thika.

53. In the medium term, the sector will focus its efforts on promoting an innovative, commercially oriented and modern agriculture by transforming key institutions in the sector, increasing productivity, and promoting better land use policies. The ceiling allocated to the Sector in proposed Budget for FY 2010/11 to undertake these expenditure programmes amounts to Ksh 26.3 billion, equivalent to 3.9% of total ministerial expenditures. This is expected to increase to 4.3% by 2012/13, reflecting the increasing important role of agriculture in promoting growth, rural development and poverty reduction.

Trade, Tourism and Industry Sector

54. The Sector plays a vital role in creating an enabling environment for trade development; promotion of industrial development and investment; facilitation of East African Community integration; promotion of sustainable tourism and marketing; preservation of national heritage and culture and coordination and regulation of the NGOs Sector.

55. The sector's major achievements over the last MTEF period include facilitating the expansion of domestic exports by 23.3 per cent. The value of manufacturing output rose by 14.5 per cent from Ksh. 626.2 billion in 2007 to Ksh. 717.2 billion in 2008 and resulted in the share of Manufacturing to GDP rising 10.6% in 2008. However, tourism earnings decreased from Ksh. 65.2 billion in 2007 to Ksh. 52.7 billion in 2008, following the post election violence. The sector also developed a National Trade Policy; a draft National Industrial Policy; a draft National Business Incubation Policy; a National Records Management Policy; Culture and Heritage Policy; a Draft National Audio Visual Policy, a National Music Policy; Private Sector Development Strategy, Tourism Policy and Bill; the Anti-Counterfeit Bill which was enacted in December 2008, and the National Museums and Heritage Act, 2006.

56. In addition, the sector developed a Communication Strategy for EAC activities and the EAC Common Market Protocol, which is awaiting ratification by EAC Partner States, and a Regional Monitoring and Evaluation system known as the EAC Decisions and Process Monitoring (EDPM) System was initiated and the identification and elimination of Non Tariff Barriers by the established National Monitoring Committee also commenced.

57. To facilitate sustainable trade, investment and tourism, vibrant industrial base, regional integration and preservation of national heritage and culture for sustainable development, the sector will, in the medium term, focus on undertaking policy, legal and institutional reforms for the development of the sector; improving business environment for trade, tourism and investment; supporting entrepreneurship, industrial

development, research and innovations; and establishing an effective coordination mechanism for EAC projects and programmes.

58. Also on the agenda of the sector in the medium term is promotion of Kenya's cultural and natural heritage; improving records and archives management; access to public library services; and making Kenya a leading tourist destination with diverse and high quality products. The ceiling allocated to the Sector in the budget for FY 2010/11 to undertake these programmes amounts to Ksh. 11.5 billion, which is equivalent to 1.6% of total ministerial expenditures. This allocation is expected to stabilize at 1.6% by FY 2011/12.

Physical Infrastructure

59. The Sector is responsible for provision of an efficient, affordable and reliable infrastructure network for sustainable economic growth and development through construction, modernization, rehabilitation and effective management of all infrastructure facilities. Between 2006 and 2008, through the Roads Act, 2006 and Energy Act, 2007, six Semi Autonomous Government Agencies were created as part of the reform agenda in the Sector.

60. The key achievements for the sector include: the creation of Rural Electrification Authority (REA) to accelerate penetration of electrification in the rural areas consistent with government policy. To focus on development of geo-thermal, and construction and operations of power transmission lines, the Geothermal Development Company (GDC) and the Kenya Electricity Transmission Company (KETRACO) were created. Further, 128 PV systems were provided; 7 new mini grids installed and the existing seven maintained; 1714 markets and public institutions were connected to electricity supply; 427,450 households were provided with electricity connections; and the National Grid was extended by 10,044 km.

61. In addition, some 715 km of roads were constructed; 1,112 km rehabilitated; and 1,142 km maintained. Routine maintenance of 132,396 km of roads was also done while the Kenya Ferry Services acquired two Ferries (these two ferries are expected to be operational before end of 2009/10 FY). In the Housing sub-sector, 600 housing units at Kibera Decanting site were completed; Ksh 722 m worth of loans advanced to civil servants to purchase or develop houses; construction of 93 building projects, which had stalled under the previous administration, were completed and 6,516 government houses were refurbished.

62. The strategic objectives of the sector over the medium term include: strengthening the institutional framework for infrastructure development and accelerating the speed of completion; raising efficiency and quality of infrastructure projects and timely implementation; developing and maintaining an integrated, safe

and efficient transport network; benchmark infrastructure facilities and services provision with globally acceptable performance standards targeting enhanced customer satisfaction; and enhancing private sector participation in the provision of infrastructure facilities and services strategically complemented by public sector interventions. The ceiling allocated to the Sector in the budget for FY 2010/11 to undertake these programmes is Ksh. 156.1 billion, equivalent to 23.3% of total expenditure. This allocation is expected to increase to 24.2% by 2012/13, reflecting the critical role infrastructure is expected to play toward reducing cost of doing business, improving competitiveness of the economy, and promoting high and sustainable level of economic growth and development.

Environment, Water and Irrigation Sector

63. The main mandate of this sector is to provide clean, secure and sustainable environment by promoting the quality and preservation of the country's environment and natural resources. The Sector's major achievements include: drilling and equipping 482 boreholes Countrywide; Construction and rehabilitation of 272 small dams and water pans in ASALs; Construction of 118 new rural water schemes and rehabilitation of 244 existing ones; 16,380 hectares put under irrigation; and water and sewerage schemes in Eldoret, Garissa and Nyeri and Phase One of the Kisumu water and sanitation programmes, were completed. A Wildlife database was established for all species and translocation of various species of wild animals was undertaken. The Nakuru National Park airstrip was improved and a 30 km of fence was constructed in the Aberdares.

64. On environmental conservation, illegal dumping of Solid waste and waste water was banned and controlled along the Nairobi River and a total of 70,250 hectares of Natural Forests were rehabilitated & protected in the 5 water towers and about 9,200 hectares of plantation forest were established. Another 5,000 Hectares of trees were planted on Private farms and draft Eco-system management plans completed for Aberdares and Mt. Kenya, and 25,000 hectares of forest land reclaimed in Mau, Embobut, and Zaina in Nyeri.

65. In the medium term, the sector will: rehabilitate and expand water supply services and sewerage facilities in urban, rural and ASAL areas; scale up water storage to improve water security in the country; scale up irrigation to reduce dependence of rain fed agriculture especially in ASALs; protect catchment's conservation as a source of water; enforce environmental laws and regulations; rehabilitate and restore Nairobi River; modernize meteorological services; restore forest cover in the five water towers and other forest areas from the current 1.7% to 4% by 2012 by planting 28 billion seedlings; upgrade and market premium parks and less visited Parks in order to increase number of tourists, and begin the construction work of Mombasa Branch of Utalii College.

66. To achieve these goals, the sector is allocated a total budget of Ksh 35 billion, equivalent to 4.9% of total expenditure for the FY 2010/11 to undertake these activities. This allocation is expected to stabilize at about 5.0% by 2012/13.

Human Resource Development Sector

67. The Human Resource Sector is responsible for the provision and co-ordination of education, labour, medical services, public health and sanitation services. The Sector's achievements include the development of infrastructure to support Early Childhood Development and Education (ECDE) which has led to improved enrolment from 1.69 million children in 2007 to 1.72 million children in 2008; provision of Free Primary Education which has led to increased access and participation. The Net Enrolment Rate (NER) has increased from 91.6 percent (94.1 percent and 89.0 percent for boys and girls respectively) in 2007 to 92.5 percent (94.6 and 90.5 percent for boys and girls respectively). The Gross Enrolment Rate (GER) increased from 108.9 percent (118 and 106 percent for boys and girls respectively) in 2007 to 109.8 percent (112.2 percent and 107.3 percent for boys and girls respectively) in 2008. The Textbook-Pupil ratio for lower primary has improved from 1:3 in 2007 to 1:2 in 2008 whereas for upper primary it has improved from 1:2 in 2007 to 1:1 in 2008.

68. Provision of Free Secondary Education has increased enrolment at secondary level from 1.18 million students in 2007 (639,393 boys and 540,874 girls) to 1,328,964 (735,680 boys and 593,284 girls) students in 2008. The Gross Enrolment Ratio for secondary schools increased from 38.0 percent in 2007 to 42.5 percent in 2008. Transition rate from primary to secondary increased from 59.6 percent (56.5 percent for male and 63.2 percent for female) in 2007 to 59.9 percent (61.1 percent for male and 58.5 percent for female) in 2008. The Net Enrolment Ratio increased from 24.2 percent (25.2 percent for male and 23.2 percent for female) in 2007 to 28.9 percent (29.8 percent for male and 27.9 percent for female) in 2008. Key labour market institutions namely: the National Labour Board, General Wages Council, Agricultural Wages Council, Rules Board for the Industrial Court of Kenya and the National Council for Occupation Safety and Health were established. About 5,154 individuals were trained in relevant industrial skills and 8,959 trainees placed on industrial attachment.

69. The coverage of HIV&AIDS patients on ARV increased from 42% to 56.2% and HIV&AIDS prevalence national average decreased from 15% to 7.4%. Community health strategy to mobilize the population to protect themselves against diseases and improvement on nutrition has been initiated. A significant use of Long Lasting Insecticide Treated nets, more effective anti-malarial drugs and Indoor Residual Spraying has resulted in a decline of malaria. In addition, a decline in maternal mortality has been noted since more expectant mothers are delivered by skilled birth attendants.

70. In the medium term, the Sector's priorities include: enhancing access, equity, quality and relevance of education at all levels; ensuring equitable access to medical,

public health and sanitation services in the country; institutionalizing human resource development within employment with emphasis on learning to deepen technological knowledge; strengthening linkages between industry and training/research institutions to promote demand driven training responsive to industry requirements; providing a functional, efficient and sustainable health infrastructure network; improving the quality of health care delivery to international standards; establishing and strengthening institutions for social dialogue, minimizing industrial disputes and building adequate capacity for effective application of the labour laws; establishing a comprehensive National human resource database; formulate and implement an integrated human resource development policy and strategy; and promote entrepreneurship development and competitiveness of Micro and Small Enterprises.

71. The ceiling allocated to the Sector in the FY 2010/11 to undertake these programmes amounts to about Ksh. 179.9 billion, equivalent to 26.7% of total expenditure. As the sector is already receiving huge funding, this allocation is expected to stabilize at the same level by 2012/13.

Research Innovation and Technology Sector

72. The overriding mandate of Research, Innovation and Technology (RIT) Sector is to facilitate the achievement of a knowledge-based economy as envisaged in Kenya Vision 2030; harness talent, technologies, knowledge and other resources that will best position Kenya in the modern and competitive global economy. The sector is also expected to play a leading role toward addressing socio-economic challenges associated with evolving demographic and technological developments as well as leveraging on research and innovation to address scarcity of resources and widening equity concerns.

73. Over the last MTEF period, the sector has made tremendous progress, including: establishing a National Research Database and commercial community sea weed nursery; developing various Agricultural crops varieties and releasing the same to farmers and enacting the Kenya Communications Amendment Act, 2009. Other achievements include: development of a Draft Science, Technology and Innovation Policy and Strategy as well as a Draft Film Policy. To facilitate widespread connectivity to ensure universal access to ICT throughout the country, the TEAMS and NOFBI projects are complete; a Digital Transmitter has been put in place; Installation of LANs District treasuries is ongoing and a Government Common Core Network has been developed. 70,000 University students and 4,500 students in technical training institutions received bursary to facilitate them in pursuing tertiary and university education; two polytechnics and 5 Technical training Institutions were upgraded to University and constituent university colleges, respectively, to facilitate higher student intakes.

74. In the medium term, the Sector strategic objectives will focus on developing and promoting research, innovation and technologies for high value products and services; developing modern national ICT infrastructure for sustainable development; developing and strengthening training capacity of higher education institutions; strengthening systems for the creation, translation of data, knowledge and dissemination of information; and developing and strengthening policies and capabilities of the institutions in this sector. Given the important role of the sector in leveraging the economy to a higher value chain through competitiveness, the ceiling allocated to the Sector in the Budget for FY 2010/11 to undertake its planned programmes amounts to Ksh. 45.5 billion, equivalent to 6.8% of total expenditure. This allocation is expected to increase to 7.2% of total expenditure by 2012/13.

Governance, Justice, Law and Order Sector (GJLOS)

75. The GJLOS Sector's strategic priority areas include enhancing the rule of law and human rights; electoral and political processes; democracy and public participation; transparency and accountability; public administration and service delivery; and ensure security, peace building and effective conflict management.

76. The sector's achievements over the last MTEF period include reduction in the number of reported crimes and the Corruption and Economic crimes from 72,225 to 63,476 and 2,125 to 2,031, respectively. Corruptly acquired assets worth over Ksh. 4 billion were recovered/restituted; percentage of Audit reports issued within the statutory deadliness increased from 74% to 98%; number of houses constructed for security officers increased from 1,500 units to 2,914 units; police to population ratio improved from 1:1,050 to 1:600; a total of 5,160,579 new ID cards and 383,325 passports were issued, respectively, and a total of 1,272,485 Visas were issued. The birth registration coverage reached 47% while the death registration coverage reached 54%. A total of 15 new Courts were established; 1,250,008 Court cases were disposed and the backlog of pending Court cases reduced 814,137 to 768,908. The Kenya Anti-Corruption Commission investigated and forwarded to the Attorney General a total of 388 corruption cases. Parliament passed a total of 62 Bills into law.

77. The Sector's medium term priorities include: promotion of sustainable peace, security, tolerance, unity and development in the country; enhancing registration of persons, births and deaths; security of identification and travel documents; promoting efficient and proper functioning of the legal and justice system; drafting and vetting of treaties and agreements; improving the custodial facilities, supervision, rehabilitation, reintegration and resettlement of offenders; combating corruption and economic crimes, ensuring effective enforcement of laws, management of free, fair, and credible elections; and enhancing regulation of political parties to internalize democracy as well as promoting accountability, transparency and efficiency in public expenditures. In addition, the sector will implement key reforms under the Agenda Four items of the National Accord. To implement these crucial reform programmes, the sector is

allocated Ksh. 83.3 billion, equivalent to 12.4% of total expenditure in FY 2010/11. This allocation is expected to stabilize at about 12% by 2012/13.

Public Administration and International Relations

78. The sector's strategic objectives over the MTEF period include: promoting public sector reforms, global integration and cooperation, public service integrity, national unity, developing policies and creating a conducive environment for fair, competitive and sustainable private sector participation and development, human resource management and development, better service delivery, efficient public finance and enterprise management for macro economic and financial stability, policy formulation, coordination and implementation, and national monitoring and evaluation.

79. Over the last three years, the sector has achieved the following: implementation of revenue enhancing reform measures, which assured maintenance of revenues at above 21 percent of GDP, rolling out of Integrated Financial Management and Information System (IFMIS) to Ministries/Departments, adoption of and publishing of Programme-Performance Based Budgeting (PBB); development and implementation of a Cash Management Programme (CMP) and Electronic Fund Transfer system to ensure better and efficient flow of financial resources to line Ministries and settlement of payments; operationalization of the Micro Finance Act with the issuance of supporting regulations; developed Private Public Partnership Regulations; initiated integrated pension management system, about 90 per cent complete; establishment of the Insurance Regulatory Authority as envisaged in the Insurance (Amendment) Act and enactment of the Anti-Money Laundering Act, 2009 and developed Competition Policy Bill.

80. Other achievements include: harmonizing planning and budgeting by developing Kenya Vision 2030 and establishing a National Integrated Monitoring and Evaluation System (NIMES); deepening of Performance Contracting, strategic planning, ministerial rationalization and reduction of recruitment time from 8 months to six months for new entrants. Processing of promotions for in-post staff reduced from 5 to 4 months. The sector also witnessed the establishment of Kenya's diplomatic presence in six foreign missions opened in South Korea, Brazil, Spain, Thailand, Ireland and Libya.

81. Over the medium term, priority areas for the Sector include: policy formulation and implementation of the of Vision 2030; promotion and safeguarding Kenya's interests abroad; development of an economic and structural reform programme which will have, among others, the following elements: deepening of public sector and structural reforms; development and implementation of a comprehensive financial sector reform programme,, strengthening public finance management, and entrenching Programme-Performance Based Budgeting (PBB); operationalize the Private Public Partnership; establishment of Competition Policy Authority; promotion of investments, private enterprises and competition, administration and management of human

resources in the public sector, and coordinating District Planning and Community development. The ceiling allocated to the Sector in the budget for 2010/11 to undertake these programmes amounts to Ksh. 50.9 billion, equivalent to 7.6% of total expenditure. This allocation is expected to reach 8.6% by 2012/13.

Special Programmes Sector

82. The main goal of the sector is to empower and mainstream the vulnerable and marginalized groups/areas for sustainable and equitable development. The strategic objective of the sector include: formulation and implementation of policies for economic utilization of resources in regions, management of disasters, enhancement of equity and poverty reduction in order to improve the welfare of the people in arid and semi arid lands, and facilitation and empowerment of vulnerable groups, including women and youth.

83. The key achievements of the sector over the last MTEF period include; 92,000 women entrepreneurs supported through Women Enterprise Fund; 300 senior citizens received cash transfers under Social Protection Initiatives; 2,958 Self Help Groups were supported with grants; 30,315 households with Orphans and Vulnerable Children received assistance; 50 youth empowerment centres established; 54,080 youth trained in technical, vocational and entrepreneurship skills for employment /self-employment; 71,000 youth directly engaged in employment/self employment locally and abroad through the Youth Enterprise Development Fund (YEDF) and other initiatives; 399,000 persons were put on ARV support; emergency relief food given to support 2 million people; SGR stock levels were raised from 2 million bags in 2006 to 4 million bags in 2009; 110 irrigation schemes established in Northern Kenya; 550 water pumps provided, 3 sewerage projects and 30 rock catchment constructed in the ASAL region; 600 boreholes drilled/rehabilitated and 306 dams/pans excavated/de-silted in Northern Kenya.

84. The medium term priority areas for the Sector include: Integrated Regional Development; Gender and Social Development; Children services; Disaster management; Youth Development and Empowerment services; Management and Development of Sports facilities; and Special Development initiative for Northern Kenya and other Arid Lands. The ceiling allocated to the Sector in the budget for 2010/11 to undertake these programmes amounts to Ksh 30.1 billion, equivalent to 4.5% of total expenditure. This allocation is expected to reach 4.7% by 2012/13.

VII. CONCLUSION

85. The major challenges before the Government are: (i) to put the economy on high growth trajectory of 10 percent per annum at the earliest; (ii) broaden the agenda for inclusive development in order to eliminate hard core poverty;(iii) to improve the delivery mechanisms of the Government; and (iv) to entrench the culture of hard work, ethical behaviour and good governance. This MTEF Budget for the period FY 2010/11-

2012/13, while consolidating the gains made so far, aims to further the cause against these challenges. There is no doubt the road ahead is not so easy but working together united against our common enemy – poverty- the Government is convinced we will succeed.

HON. UHURU KENYATTA, EGH, MP
DEPUTY PRIME MINISTER AND MINISTER FOR FINANCE

MARCH 16, 2010

Annex 1: Leading Economic Indicators

	2007/08	2008/9		Medium Term							
				2009/10		2010/11		2011/12		2012/13	
		Prov.	BSP'09	BOPA'10	BSP'09	BOPA'10	BSP'09	BOPA'10	BSP'09	BOPA'10	BSP'09
<i>Annual percentage change, unless otherwise indicated</i>											
National account and prices											
Real GDP	4.4	2.5	2.0	3.1	3.2	5.2	4.9	6.4	6.0	6.8	6.4
CPI Index (eop) ¹	29.3	18.0	8.6	10.1	6.7	5.9	5.0	5.0	5.0	5.0	5.0
Money and credit (end of period)											
Net domestic assets	14.0	21.4	24.9	13.4	8.2	13.0	13.0	10.0	7.1	11.1	8.1
Net domestic credit to the Government	-15.1	20.4	25.8	22.5	22.5	12.1	16.8	10.3	13.8	10.2	11.3
Credit to the rest of the economy	26.0	21.6	23.4	18.6	17.1	20.5	17.8	17.1	13.4	17.5	14.2
Broad Money, M3 (percent change)	18.7	13.0	13.0	15.9	13.5	15.2	11.6	15.3	12.1	15.9	13.1
Reserve money (percent change)	18.2	6.9	4.7	14.1	13.3	15.2	12.4	15.3	12.1	15.9	13.1
<i>In percentage of GDP, unless otherwise indicated</i>											
Investment and saving											
Investment	19.1	18.1	15.3	19.2	15.7	22.1	19.4	23.3	20.2	24.3	21.1
Central Government	6.6	7.6	7.3	10.2	9.0	8.9	8.9	9.1	8.7	9.2	8.6
Other	12.5	10.5	7.9	9.1	6.7	13.2	10.5	14.2	11.5	15.1	12.5
Gross National Saving	13.3	11.9	7.8	14.1	8.2	17.3	12.3	19.0	14.1	20.7	16.3
Central Government	1.7	1.7	2.3	2.3	2.0	5.2	5.7	6.6	4.9	6.5	4.9
Other	11.7	10.1	5.5	11.8	6.2	12.1	6.7	12.5	9.2	14.2	11.4
Central government budget											
Total revenue	22.0	22.6	21.8	22.4	22.5	22.5	22.4	22.6	22.4	22.7	22.1
Total expenditure and net lending	27.2	28.5	26.9	30.3	30.7	28.4	29.3	28.3	28.6	28.2	27.3
of which : wages and salaries	7.4	7.1	6.9	6.8	6.8	6.7	6.5	6.7	6.5	6.6	6.5
Interest payments	2.4	2.4	2.3	2.5	2.6	2.8	2.7	2.7	2.8	2.6	2.9
Development expenditures	6.7	7.7	7.4	10.3	10.3	9.0	10.0	9.2	10.0	9.3	9.3
Overall balance (commitment basis) excl. grants	-5.2	-6.0	-5.1	-8.0	-8.3	-5.9	-6.9	-5.7	-6.2	-5.5	-5.2
Overall balance (commitment basis) incl. grants	-3.5	-4.9	-4.2	-6.6	-6.9	-4.5	-5.5	-4.2	-4.8	-4.0	-3.8
Net external borrowing	0.3	1.1	0.6	2.0	2.0	1.7	1.8	1.7	1.9	1.8	1.8
Infrastructure bonds	0.0	0.8	0.8	1.3	1.5	1.3	1.0	1.2	0.5	1.1	1.1
Net domestic borrowing	-0.7	3.7	3.1	4.3	5.0	2.5	3.4	2.2	1.7	2.1	2.0
Total external support (grant & loans)	2.4	2.9	2.3	4.1	4.1	3.4	4.1	3.5	4.1	3.5	3.4
External sector											
Exports value, goods and services	25.7	27.2	24.6	26.4	21.6	26.3	21.0	26.6	21.3	26.3	22.1
Imports value, goods and services	38.0	39.8	38.2	37.2	34.2	36.4	32.8	35.9	31.7	34.7	31.0
Current external balance, including official transfers	-5.8	-6.2	-7.4	-5.1	-7.5	-4.8	-7.0	-4.3	-6.1	-3.5	-4.8
Current external balance, excluding official transfers	-5.9	-6.2	-7.4	-5.1	-7.4	-4.8	-7.0	-4.2	-6.0	-3.5	-4.8
Gross international reserve coverage in months of next year imports (end of period)	3.5	2.8	2.7	2.9	2.9	3.1	3.1	3.5	3.5	4.0	4.0
Public debt											
Nominal central government debt (eop), gross	44.4	47.0	46.3	48.1	46.8	47.5	47.0	46.7	46.9	45.8	46.4
Nominal central government debt (eop), net	39.3	42.6	41.1	44.5	42.4	44.3	42.7	43.8	41.4	43.2	40.9
Domestic (gross)	21.9	22.9	23.1	24.2	25.1	24.3	26.5	24.0	27.1	23.6	26.9
Domestic (net)	16.9	18.5	17.9	20.6	20.8	21.1	22.2	21.1	21.7	21.0	21.4
External	22.4	24.1	23.2	23.9	21.7	23.2	20.5	22.7	19.7	22.2	19.5
Memorandum items:											
Nominal GDP (in Ksh billions)	1,963	2,241	2,240	2,547	2,539	2,831	2,805	3,150	3,113	3,529	3,484
Nominal GDP (in US\$ millions)	29,885	30,384	31,899	32,887	36,166	36,464	40,805	40,376	45,422	45,021	50,601
Per capita income (US\$)	792	782	821	818	905	887	993	956	1,075	1,036	1,165
Source: Ministry of Finance											
BOPA = Budget Outlook Paper											
BSP = Budget Strategy Paper											
¹ Up to 2007/08, GDP Deflator and Consumer Price Index are overstated, KNBS released new CPI series in October 2009											

Annex 2: Central Government Operations 2007/08 – 2012/13 (in billions of KSh)

	2007/08		2008/09		2009/10 Budget	Medium-Term					
	Rev. Bgt	Prel.	Rev. Bgt	Prel.		2010/11		2011/12		2012/13	
						BSP'09	BOPA'10	BSP'09	BOPA'10	BSP'09	BOPA'10
TOTAL REVENUE	434.5	432.2	510.8	487.9	568.9	637.1	629.2	712.9	697.4	801.8	770.3
Ordinary Revenue (excl. LATF)	389.0	396.5	463.7	455.8	522.8	585.2	580.0	654.9	642.0	736.6	708.6
Income tax	147.6	156.8	183.6	184.4	209.3	234.9	234.6	264.0	261.7	298.5	290.0
Import duty (net)	32.5	32.9	36.5	36.2	40.6	43.6	44.4	47.6	48.2	52.4	53.1
Excise duty	65.3	61.9	68.9	69.9	78.1	87.6	85.5	97.9	94.9	109.7	104.2
Value Added Tax	109.8	111.9	128.6	126.9	148.4	167.4	168.2	187.8	185.5	211.6	204.4
Investment income	2.7	3.1	7.9	6.9	9.0	10.0	8.6	11.1	9.3	12.5	10.0
Other	31.2	29.8	38.1	31.5	37.5	41.7	38.7	46.4	42.5	51.9	46.8
LATF	7.6	8.6	9.7	9.2	10.4	11.7	12.3	13.2	13.8	14.9	15.3
Ministerial and Departmental fees (AiA)	37.8	27.1	37.4	22.9	35.7	40.1	36.9	44.8	41.6	50.2	46.5
EXPENDITURE AND NET LENDING	598.5	534.8	676.2	601.9	772.4	805.0	821.5	890.9	889.8	996.6	950.7
Recurrent expenditure	429.6	403.4	467.5	431.2	507.1	546.6	537.3	599.1	578.5	685.5	622.8
Interest payments	49.3	47.9	53.9	52.1	64.3	80.4	74.8	84.7	88.4	91.7	100.2
Domestic interest	43.2	42.2	47.8	45.9	58.0	71.2	67.7	74.2	79.8	79.7	88.7
Foreign interest	6.1	5.7	6.1	6.1	6.3	9.1	7.1	10.5	8.6	12.0	11.5
Wages and benefits(civil service)	146.4	146.0	158.8	155.2	173.5	190.5	183.6	209.7	200.8	231.8	226.6
Contribution to civil service pension fund		0.0	0.0	6.1	0.0	11.8	0.0	13.0	12.1	14.3	14.0
Civil service reform	0.8	0.8	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Pensions etc	24.3	24.1	26.1	27.2	25.6	28.2	25.9	31.0	25.3	34.1	27.8
Other	161.0	139.7	180.1	148.2	189.6	182.2	198.6	207.4	196.1	240.6	199.5
Defense and NSIS	47.6	44.9	48.5	48.5	54.0	53.4	54.3	53.0	53.6	52.8	54.5
Development and Net lending	168.9	131.5	205.7	166.3	261.3	255.4	281.2	288.1	310.3	328.1	324.9
Domestically financed	93.5	86.2	115.4	112.0	155.1	142.1	164.7	161.1	181.1	183.2	185.5
Domestically financed Ministerial	93.5	86.2	115.4	112.0	132.8	142.1	134.4	161.1	145.1	183.2	184.5
Domestically Financed/Special interventions	0.0	0.0	0.0	0.0	22.3	0.0	30.3	0.0	42.0	0.0	26.0
Foreign financed	73.0	42.9	87.9	52.0	103.8	110.8	114.1	125.2	126.6	142.1	136.7
Net lending	2.4	2.3	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7
Drought Expenditures	0.0	0.0	1.0	4.3	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Contingencies	0.0	0.0	2.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Balance (commitment basis excl. grants)	-164.0	-102.6	-165.4	-114.0	-203.5	-167.9	-192.3	-178.0	-192.4	-194.9	-180.4
Adjustment to cash basis	1.2	9.3	-0.4	12.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	33.1	21.7	29.4	19.7	35.3	40.0	38.8	46.4	42.7	53.9	49.6
Balance (cash basis including grants)	-125.9	-67.8	-136.4	-81.5	-168.2	-128.0	-153.5	-131.6	-149.7	-141.0	-130.8
Statistical discrepancy	-0.1	-8.0	0.0	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FINANCING	125.8	59.8	136.4	88.7	168.2	-128.0	146.9	131.6	122.7	141.0	113.4
Net foreign financing	24.4	6.3	41.5	16.8	50.2	48.3	51.6	55.1	60.1	64.0	44.3
Project loans	39.9	21.2	58.5	32.3	68.5	56.6	75.3	63.0	83.9	70.6	69.7
Commercial Fin./Sovereign bond	0.0	0.0	0.0	0.0	0.0	14.2	0.0	15.7	0.0	17.6	0.0
Repayments due	-16.8	-16.5	-17.5	-17.5	-18.7	-22.5	-23.7	-23.7	-23.8	-24.2	-25.4
Change in arrears	0.0	0.3	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling/Debt swap	0.0	0.0	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Privatization proceeds	76.4	76.3	0.0	0.0	6.0	7.5	0.0	7.7	0.0	2.0	0.0
Refinancing - Telkom	0.0	0.0	2.5	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Net domestic borrowing	34.0	-13.9	92.4	69.4	109.5	72.1	95.3	68.9	62.6	74.9	69.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	-6.6	0.0	-27.0	0.0	-17.4
Memo items											
Domestic Debt (gross)	448.7	430.6	523.1	518.3	616.6	688.7	743.0	757.6	843.8	832.8	937.8
Domestic Debt (net)	362.8	332.1	424.5	404.1	524.0	596.1	622.8	665.0	675.2	740.3	744.2
Infrastructure bonds	0.0	0.0	18.6	18.6	32.9	35.8	28.6	36.4	15.7	40.1	20.7
Nominal GDP	2,036.0	1,962.9	2,307.7	2,240.4	2,546.6	2,831.2	2,805.2	3,150.0	3,112.5	3,529.1	3,484.0
Source: Ministry of Finance											
Note											
BOPA = Budget Outlook Paper											
BSP = Budget Strategy Paper											

Annex 3: Central Government Operations 2007/08 – 2012/13 (in % of GDP)

	2007/08		2008/09		2009/10	Medium-Term					
	Rev. Bgt	Prov.	Rev. Bgt	Prel.		2010/11		2011/12		2012/13	
						BSP'09	BOPA'10	BSP'09	BOPA'10	BSP'09	BOPA'10
TOTAL REVENUE	21.3%	22.0%	22.1%	21.8%	22.3%	22.5%	22.4%	22.6%	22.4%	22.7%	22.1%
Ordinary Revenue (excl. LATF)	19.1%	20.2%	20.1%	20.3%	20.5%	20.7%	20.7%	20.8%	20.6%	20.9%	20.3%
Income tax	7.2%	8.0%	8.0%	8.2%	8.2%	8.3%	8.4%	8.4%	8.4%	8.5%	8.3%
Import duty (net)	1.6%	1.7%	1.6%	1.6%	1.6%	1.5%	1.6%	1.5%	1.5%	1.5%	1.5%
Excise duty	3.2%	3.2%	3.0%	3.1%	3.1%	3.1%	3.0%	3.1%	3.0%	3.1%	3.0%
Value Added Tax	5.4%	5.7%	5.6%	5.7%	5.8%	5.9%	6.0%	6.0%	6.0%	6.0%	5.9%
Investment income	0.1%	0.2%	0.3%	0.3%	0.4%	0.4%	0.3%	0.4%	0.3%	0.4%	0.3%
Other	1.5%	1.5%	1.7%	1.4%	1.5%	1.5%	1.4%	1.5%	1.4%	1.5%	1.3%
LATF	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Ministerial and Departmental fees (AiA)	1.9%	1.4%	1.6%	1.0%	1.4%	1.4%	1.3%	1.4%	1.3%	1.4%	1.3%
EXPENDITURE AND NET LENDING	29.4%	27.2%	29.3%	26.9%	30.3%	28.4%	29.3%	28.3%	28.6%	28.2%	27.3%
Recurrent expenditure	21.1%	20.5%	20.3%	19.2%	19.9%	19.3%	19.2%	19.0%	18.5%	18.9%	17.9%
Interest payments	2.4%	2.4%	2.3%	2.3%	2.5%	2.8%	2.7%	2.7%	2.8%	2.6%	2.9%
Domestic interest	2.1%	2.1%	2.1%	2.1%	2.3%	2.5%	2.4%	2.4%	2.6%	2.3%	2.5%
Foreign interest	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Wages and benefits(civil service)	7.2%	7.4%	6.9%	6.9%	6.8%	6.7%	6.5%	6.6%	6.5%	6.6%	6.5%
Civil service reform	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pensions etc	1.2%	1.2%	1.1%	1.2%	1.0%	1.0%	0.9%	1.0%	0.8%	1.0%	0.8%
Other	7.9%	7.1%	7.8%	6.6%	7.4%	6.4%	7.1%	6.6%	6.3%	6.8%	5.7%
Defense and NSIS	2.3%	2.3%	2.1%	2.2%	2.1%	1.9%	1.9%	1.7%	1.7%	1.5%	1.6%
Pending bills change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development and Net lending	8.3%	6.7%	8.9%	7.4%	10.3%	9.0%	10.0%	9.2%	10.0%	9.3%	9.3%
Domestically financed	4.6%	4.4%	5.0%	5.0%	6.1%	5.0%	5.9%	5.1%	5.8%	5.2%	5.3%
Domestically financed Ministerial	4.6%	4.4%	5.0%	5.0%	6.1%	5.0%	5.9%	5.1%	5.8%	5.2%	5.3%
Domestically financed Special interventions	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	1.1%	0.0%	1.3%	0.0%	0.7%
Foreign financed	3.6%	2.2%	3.8%	2.3%	4.1%	3.9%	4.1%	4.0%	4.1%	4.0%	3.9%
Net lending	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Pending bills (change)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Drought Expenditures	0.0%	0.0%	0.0%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Contingencies	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Balance (commitment basis excl. grants)	-8.1%	-5.2%	-7.2%	-5.1%	-8.0%	-5.9%	-6.9%	-5.7%	-6.2%	-5.5%	-5.2%
Adjustment to cash basis	0.1%	0.5%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LATF account	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Project grants	1.6%	1.1%	1.3%	0.9%	1.4%	1.4%	1.4%	1.5%	1.4%	1.5%	1.4%
Balance (cash basis including grants)	-6.2%	-3.5%	-5.9%	-3.6%	-6.6%	-4.5%	-5.5%	-4.2%	-4.8%	-4.0%	-3.8%
Statistical discrepancy	0.0%	-0.4%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FINANCING	6.2%	3.0%	5.9%	4.0%	6.6%	-4.5%	5.2%	4.2%	3.9%	4.0%	3.3%
Net foreign financing	1.2%	0.3%	1.8%	0.7%	2.0%	1.7%	1.8%	1.7%	1.9%	1.8%	1.3%
Project loans	2.0%	1.1%	2.5%	1.4%	2.7%	2.0%	2.7%	2.0%	2.7%	2.0%	2.0%
Programme loans	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial Fin./Sovereign bond	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.5%	0.0%	0.5%	0.0%
Repayments due	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%
Change in areas	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rescheduling/Debt swap	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Privatization proceeds	3.8%	3.9%	0.0%	0.0%	0.2%	0.3%	0.0%	0.2%	0.0%	0.1%	0.0%
Net domestic borrowing	1.7%	-0.7%	4.0%	3.1%	4.3%	2.5%	3.4%	2.2%	2.0%	2.1%	2.0%
Financing gap	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	0.0%	-0.9%	0.0%	-0.5%
Memo items											
Domestic Debt (gross)	22.0%	21.9%	22.7%	23.1%	24.2%	24.3%	26.5%	24.0%	27.1%	23.6%	26.9%
Domestic Debt (net)	17.8%	16.9%	18.4%	18.0%	20.6%	21.1%	22.2%	21.1%	21.7%	21.0%	21.4%
Infrastructure bonds	0.0%	0.0%	0.8%	0.8%	1.3%	1.3%	1.0%	1.2%	0.5%	1.1%	0.6%
Nominal GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100%	100%	100.0%	100.0%	100.0%	100.0%
Source: Ministry of Finance											
Note											
BOPA = Budget Outlook Paper											
BSP = Budget Strategy Paper											

Annex 4: Development Estimates ceilings for the MTEF period 2010/11 – 2012/13

	NAME OF SECTOR		DEVELOPMENT EXPENDITURE (Kshs. Million)					% SHARE OF TOTAL DEVELOPMENT			
			2009/10 Budget	Draft Ceilings	Final Ceilings	Projections		2010/11		Projections	
				2010/11	2011/12	2012/13	Draft ceilings	Final ceilings	2011/12	2012/13	
S01	AGRICULTURE AND RURAL DEVELOPMENT	Gross	9,590	12,675	12,675	14,602	14,279	5.2%	5.2%	5.6%	4.8%
		GOK	4,169	4,179	4,179	4,472	4,785	1.7%	1.7%	1.7%	1.6%
		Loans	2,158	4,586	4,586	5,400	5,369	1.9%	1.9%	2.1%	1.8%
		Grants	3,263	3,909	3,909	4,730	4,125	1.6%	1.6%	1.8%	1.4%
S02	TRADE, TOURISM AND INDUSTRY	Gross	4,552	4,005	4,005	4,377	4,718	1.6%	1.6%	1.7%	1.6%
		GOK	3,609	3,350	3,350	3,584	3,907	1.4%	1.4%	1.4%	1.3%
		Loans	265	-	-	-	200	0.0%	0.0%	0.0%	0.1%
		Grants	678	655	655	793	610	0.3%	0.3%	0.3%	0.2%
S03	PHYSICAL INFRASTRUCTURE	Gross	99,755	113,497	113,497	125,053	133,278	46.6%	46.6%	47.6%	44.8%
		GOK	57,828	57,861	57,861	62,971	70,527	23.8%	23.8%	24.0%	23.7%
		Loans	32,698	44,033	44,033	49,780	51,830	18.1%	18.1%	19.0%	17.4%
		Grants	5,137	7,307	7,307	8,487	7,995	3.0%	3.0%	3.2%	2.7%
		Local A-I-A	4,092	4,296	4,296	3,815	2,926	1.8%	1.8%	1.5%	1.0%
S04	ENVIRONMENT, WATER AND SANITATION	Gross	28,334	24,243	24,243	26,048	28,857	10.0%	10.0%	9.9%	9.7%
		GOK	9,868	10,767	10,767	11,951	13,385	4.4%	4.4%	4.6%	4.5%
		Loans	14,160	8,834	8,834	9,155	10,398	3.6%	3.6%	3.5%	3.5%
		Grants	4,306	4,642	4,642	4,942	5,073	1.9%	1.9%	1.9%	1.7%
S05	HUMAN RESOURCE DEVELOPMENT	Gross	37,393	24,783	24,783	26,023	28,085	10.2%	10.2%	9.9%	9.4%
		GOK	20,392	5,923	5,923	6,088	7,044	2.4%	2.4%	2.3%	2.4%
		Loans	6,182	5,148	5,148	5,335	6,060	2.1%	2.1%	2.0%	2.0%
		Grants	10,819	13,712	13,712	14,600	14,982	5.6%	5.6%	5.6%	5.0%
S06	RESEARCH, INNOVATION AND TECHNOLOGY	Gross	7,390	12,930	12,930	12,315	19,065	5.3%	5.3%	4.7%	6.4%
		GOK	5,884	7,435	7,435	6,590	8,980	3.1%	3.1%	2.5%	3.0%
		Loans	1,262	4,417	4,417	4,578	5,244	1.8%	1.8%	1.7%	1.8%
		Grants	243	1,078	1,078	1,147	4,840	0.4%	0.4%	0.4%	1.6%
S07	GOVERNANCE, JUSTICE, LAW & ORDER	Gross	9,063	9,855	9,855	10,495	11,272	4.0%	4.0%	4.0%	3.8%
		GOK	8,035	8,816	8,816	9,389	9,790	3.6%	3.6%	3.6%	3.3%
		Loans	25	21	21	22	20	0.0%	0.0%	0.0%	0.0%
		Grants	1,003	1,018	1,018	1,084	1,462	0.4%	0.4%	0.4%	0.5%
S08	PUBLIC ADMINISTRATION	Gross	42,891	23,917	23,917	25,145	36,113	9.8%	9.8%	9.6%	12.1%
		GOK	32,759	17,597	17,597	18,477	28,029	7.2%	7.2%	7.0%	9.4%
		Loans	3,728	2,985	2,985	3,093	3,767	1.2%	1.2%	1.2%	1.3%
		Grants	6,379	3,335	3,335	3,551	4,293	1.4%	1.4%	1.4%	1.4%
		Local A-I-A	24	24	24	24	24	0.0%	0.0%	0.0%	0.0%
S09	SPECIAL PROGRAMMES	Gross	20,011	17,452	17,452	18,389	21,941	7.2%	7.2%	7.0%	7.4%
		GOK	8,220	9,016	9,016	9,557	10,130	3.7%	3.7%	3.6%	3.4%
		Loans	7,978	5,279	5,279	5,471	8,228	2.2%	2.2%	2.1%	2.8%
		Grants	3,555	3,157	3,157	3,362	3,584	1.3%	1.3%	1.3%	1.2%
		Local A-I-A	258	258	258	258	258	0.1%	0.1%	0.1%	0.1%
TOTAL DEVELOPMENT		Gross	258,980	243,356	243,356	262,446	297,609	100%	100.0%	100%	100%
		GOK	150,765	124,944	124,944	133,079	156,578	51%	51.3%	51%	53%
		Loans	68,457	75,303	75,303	82,833	91,117	31%	30.9%	32%	31%
		Grants	35,383	38,813	38,813	42,695	46,964	16%	15.9%	16%	16%
		Local A-I-A	4,374	4,578	4,578	3,821	3,916	2%	1.9%	1%	1%

Annex 5: Recurrent Estimates ceilings for the MTEF period 2010/11 – 2012/13

	NAME OF SECTOR		RECURRENT EXPENDITURE (Kshs. Million)					% SHARE OF TOTAL RECURRENT			
			2009/10 Budget	2010/11	2010/11	2011/12	2012/13	2010/11		2011/12	2012/13
				Draft Ceiling	Final Ceiling	ceilings	ceilings	Draft Ceiling	Final Ceiling	ceilings	ceilings
S01	AGRICULTURE AND RURAL DEVELOPMENT	Gross	15,663	13,600	13,600	15,722	18,383	3.2%	3.2%	3.5%	3.9%
		A+A	737	774	774	504	569	0.2%	0.2%	0.1%	0.1%
		Net	14,925	12,826	12,826	15,218	17,814	3.0%	3.0%	3.4%	3.8%
S02	TRADE, TOURISM AND INDUSTRY	Gross	6,725	6,912	7,472	7,266	7,724	1.6%	1.7%	1.6%	1.7%
		A+A	505	530	530	501	554	0.1%	0.1%	0.1%	0.1%
		Net	6,220	6,382	6,942	6,765	7,171	1.5%	1.6%	1.5%	1.5%
S03	PHYSICAL INFRASTRUCTURE	Gross	40,049	42,650	42,650	46,072	52,136	10.0%	9.9%	10.4%	11.2%
		A+A	33,565	34,836	34,836	36,323	40,544	8.2%	8.1%	8.2%	8.7%
		Net	6,484	7,815	7,815	9,749	11,592	1.8%	1.8%	2.2%	2.5%
S04	ENVIRONMENT, WATER AND SANITATION	Gross	6,434	8,738	10,738	9,063	9,614	2.1%	2.5%	2.0%	2.1%
		A+A	1,205	1,265	1,265	1,216	1,375	0.3%	0.3%	0.3%	0.3%
		Net	5,229	7,473	9,473	7,847	8,239	1.8%	2.2%	1.8%	1.8%
S05	HUMAN RESOURCE DEVELOPMENT	Gross	145,373	154,109	155,109	160,394	167,824	36.2%	36.1%	36.2%	35.9%
		A+A	293	308	308	441	672	0.1%	0.1%	0.1%	0.1%
		Net	145,080	153,801	154,801	159,953	167,151	36.1%	36.0%	36.1%	35.8%
S06	RESEARCH, INNOVATION AND TECHNOLOGY	Gross	29,177	32,605	32,605	34,345	36,114	7.7%	7.6%	7.7%	7.7%
		A+A	147	154	154	272	338	0.0%	0.0%	0.1%	0.1%
		Net	29,029	32,450	32,450	34,073	35,776	7.6%	7.6%	7.7%	7.7%
S07	GOVERNANCE, JUSTICE, LAW & ORDER	Gross	71,291	73,444	73,444	75,324	78,107	17.2%	17.1%	17.0%	16.7%
		A+A	4,211	4,422	4,422	3,540	3,453	1.0%	1.0%	0.8%	0.7%
		Net	67,081	69,022	69,022	71,783	74,655	16.2%	16.1%	16.2%	16.0%
S08	PUBLIC ADMINISTRATION	Gross	38,048	26,952	26,952	28,475	29,988	6.3%	6.3%	6.4%	6.4%
		A+A	594	630	630	1,100	1,243	0.1%	0.1%	0.2%	0.3%
		Net	37,454	26,323	26,323	27,376	28,744	6.2%	6.1%	6.2%	6.2%
S09	SPECIAL PROGRAMMES	Gross	12,081	12,675	12,675	13,318	13,863	3.0%	3.0%	3.0%	3.0%
		A+A	72	79	79	93	109	0.0%	0.0%	0.0%	0.0%
		Net	12,010	12,595	12,595	13,225	13,754	3.0%	2.9%	3.0%	2.9%
S10	NATIONAL SECURITY	Gross	54,338	54,359	54,359	53,564	53,497	12.8%	12.7%	12.1%	11.4%
		A+A	423	444	444	423	423	0.1%	0.1%	0.1%	0.1%
		Net	53,915	53,915	53,915	53,141	53,074	12.7%	12.5%	12.0%	11.4%
	TOTAL RECURRENT	Gross	419,180	426,044	429,604	443,543	467,251	100.0%	100.0%	100.0%	100.0%
		A+A	41,753	43,442	43,442	44,413	49,281	10.2%	10.1%	10.0%	10.5%
		Net	377,427	382,602	386,162	399,130	417,971	89.8%	89.9%	90.0%	89.5%

Annex 6: Ministerial and Departmental Expenditures

Ministry/Department	Recurrent				Development			
	Jun-08		Jun-09		Jun-08		Jun-09	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Ministry of State for Provincial Administration & Internal Security	33,245	25,916	40,747	33,326	3,701	1,486	2,996	1,382
State House	1,233	1,230	1,089	1,079	189	186	222	134
Ministry of State for Public Service	1,903	1,855	1,246	1,241	359	260	323	104
Ministry of Foreign Affairs	6,820	5,497	7,826	6,717	979	719	1,818	1,611
Office of the Vice-President and Ministry of Home Affairs	6,487	5,541	9,523	9,416	1,075	1,029	1,139	1,120
Ministry of Planning and National Development	1,891	1,629	2,756	2,131	2,382	1,116	13,007	10,323
Office of the Deputy Prime Minister and Ministry of Finance	15,487	13,950	13,355	13,032	19,162	60,071	14,379	9,791
Ministry of State for Defence	39,483	37,959	41,209	40,754	-	-	-	-
Ministry of Regional Development Authorities	640	628	712	688	1,138	436	1,207	614
Ministry of Agriculture	7,372	5,214	7,819	7,050	5,145	1,737	8,890	4,750
Ministry of Medical Services	22,831	19,437	23,126	22,911	3,959	2,204	2,763	2,615
Office of the Deputy Prime Minister and Ministry of Local Government	10,156	4,574	10,547	10,546	2,864	3,092	3,462	2,375
Ministry of Roads	24,408	12,548	21,159	11,304	33,682	16,285	46,437	24,326
Ministry of Transport	4,021	3,239	3,214	3,072	4,682	3,140	2,481	1,657
Ministry of Labour and Human Resource Development	969	744	1,000	968	414	237	400	340
Ministry of Trade	946	929	1,521	1,555	204	259	395	213
Ministry of Justice, National Cohesion and Constitutional Affairs	815	719	1,617	1,384	1,079	1,072	596	168
Ministry of Gender and Children	1,098	987	1,640	968	1,810	1,134	1,421	258
Ministry of Livestock	3,351	3,057	3,579	3,058	1,881	750	2,272	759
Ministry of Water and Irrigation	4,160	2,313	4,678	2,309	11,655	6,049	18,197	6,604
Ministry of Environment and Mineral Resources	1,059	712	2,164	1,882	1,230	274	1,254	816
Ministry of Cooperative Development and Marketing	845	665	863	760	170	165	135	115
Cabinet Office	1,535	1,376	1,221	1,065	100	60	2,947	110
Ministry of East African Community	360	329	455	478	-	-	-	-
State Law Office	687	596	1,031	895	101	46	43	43
Judicial Department	1,820	1,821	2,013	1,999	335	60	437	442
Public Service Commission	303	246	365	365	-	-	-	-
Kenya National Audit Office	1,236	997	1,408	1,138	-	-	-	-
National Assembly	6,591	4,999	6,782	6,386	-	-	-	0
Ministry of Energy	322	238	366	380	21,071	6,068	31,260	28,418
Ministry of Education	96,587	100,273	106,193	104,494	9,506	4,097	9,867	3,993
Ministry of Information and Communications	840	812	1,246	1,217	3,783	1,601	2,018	1,443
Electoral Commission of Kenya	7,752	2,373	838	459	-	-	-	-
Kenya Anti-Corruption Commission	1,248	1,504	1,239	1,149	60	232	63	2
Ministry of State for Special Programmes	2,809	3,910	12,078	11,973	2,873	604	3,968	3,314
Ministry of Lands	1,647	1,152	1,756	1,316	527	1,583	560	113
Ministry of State for Immigration and Registration of Persons	3,328	1,432	3,211	2,666	668	248	641	575
Ministry of State for National Heritage and Culture	1,424	743	1,524	1,818	411	73	293	238
Ministry of State for Youth Affairs and Sports	3,269	1,631	4,231	4,165	1,809	1,064	7,830	2,855
Ministry of Higher Education, Science and Technology	15,007	14,301	19,335	19,125	913	883	3,386	3,200
Ministry of Housing	1,766	813	1,716	1,034	1,364	889	2,066	704
National Security Intelligence Service	8,161	6,894	7,702	7,700	-	-	-	-
Ministry of Tourism	1,210	905	1,689	2,623	884	160	447	1,183
Office of the Prime Minister	244	228	1,066	251	183	-	77	10
Ministry of Public Health and Sanitation	921	707	4,563	1,608	6,534	813	4,185	852
Ministry of Forestry and Wildlife	3,289	2,939	3,705	3,501	2,201	1,150	1,883	1,508
Ministry of Fisheries Development	718	647	892	474	213	-	171	121
Ministry of Nairobi Metropolitan Development	42	37	268	220	-	-	1,690	569
Ministry of Development of Northern Kenya and Other Arid Areas	42	42	196	166	1,818	1,614	2,574	1,065
Ministry of Public Works	792	756	991	715	1,705	1,279	2,287	2,190
Ministry of Industrialization	1,174	79	1,092	812	503	45	820	621
Total	354,344	302,124	390,564	356,342	155,325	124,268	203,305	123,643

SECTOR PROGRAMMES, OUTPUTS AND PERFORMANCE INDICATORS

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
AGRICULTURE AND RURAL DEVELOPMENT SECTOR							
P.1	Land Policy and Planning	Equitable distribution and sustainable management of land resources	<ul style="list-style-type: none"> • 80% of National Land Use Policy developed • 65% Percentage of Land Use Plan/Spatial Plan prepared and approved • 12 Land Registries constructed and rehabilitated • 60% of Kenya National Spatial Data framework • Ksh.18,150b revenue collected • 60% of National Land Policy recommendations implemented • 500,000 titles registered and issued • 40,000 land adjudication disputes resolved • 70,000 Stamp duty cases valued • 270 National /urban Topographical base map sheets developed 	2,535	2,356	2,728	3,131

² In some cases budgetary allocations for programmes excludes donor funding which is not yet confirmed. In such cases, actual level of funding will be confirmed in 2010/11 Budget Estimates

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			<ul style="list-style-type: none"> • 29,500 deed plans prepared • 100% preparation of plans completion for the 3 resort cities • 50,000 families settled • 100% of Physical Development Plans approved and 120,000 land transaction registered 				
P.2	Policy, Strategy and Management of Agriculture	Creation of an enabling environment for agriculture development	<ul style="list-style-type: none"> • 15 policies reviewed • 15 bills processed • Agricultural Development Fund operationalized 	2,065	2,161	2,502	2,872
P.3	Crop Development and Management	Improved livelihood of Kenyans through increased agricultural productivity	<ul style="list-style-type: none"> • 36 colony surveys and 36 roost surveys carried out to control strategic pests • 3700 Metric Tonnes of crop seeds Multiplied and distributed • 1 Mulberry- sericulture manual and 23 horticulture crop based technical pamphlets and 3 manuals developed on crop production technologies • 270 Water harvesting pans constructed • Fund 5670 farmer groups carrying out 	10,390	9,783	11,278	11,874

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			various agricultural activities <ul style="list-style-type: none"> • Fund 210 schools under community based school meals programme • Fund 90 Community Based Organizations to upscale food security initiatives • Modernize and equip 15 ATCs • 46 appropriate technologies packaged and promoted • 9.1 million farmers trained/ reached 				
P.4	Agribusiness and Information Management	Sustained growth in agriculture through market, information dissemination and value addition	<ul style="list-style-type: none"> • 4700 agricultural input stockist trained country wide • 15 agro-processing technologies transferred to the farming community • Provide inputs to 480,000 economically challenged farmers • Develop 30 agricultural commodity markets in partnership with Ministry of Local Authorities country wide • 156 radio programs recorded(<i>sikio la mkulima</i>) • 364 vernacular programmes on agriculture produced/aired 	469	1,025	1,187	1,362

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			<ul style="list-style-type: none"> • Comprehensive Agricultural Farmers Information System infrastructure developed and operationalized • Information on 63 enterprises developed for the Farmers Information System 				
P.5	Fisheries Development	maximized contribution of fisheries to poverty reduction, food security and creation of employment and wealth	<ul style="list-style-type: none"> • 100% completion of National Aquaculture Strategic Plan • Three hatcheries / fish multiplication centres developed at Wakhungu, Kisii,, Kinondoni • 74% Increase in land acreage under aquaculture production. • 79% increase in fish production from aquaculture • 28 million fish fingerlings supplied to farmers • Training manual developed and 14,000 men and 14,000 women fish farmers trained • 50% Fish Patrol Units operationalized (L. Victoria, and Coast) • 4 Fisheries catch assessment survey 	507	886	1,026	1,177

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			<p>reports.</p> <ul style="list-style-type: none"> • 2 Ecosystem Fisheries Management Plans developed & implemented • 3 Fish refugia demarcation reports, 3 gazettment and protection notices for L. Turkana, L. Victoria, Naivasha, and Marine waters • 2 rivers restocked with Trout Fish (1) in Mt. Kenya Region and (1) in Mt. Elgon Region. 2 River management Reports. • Established one Marine Training Centre • 120 beach management units trained (measures to ensure active participation of women). Training manual and Training Reports. • 50 National Fish Inspections carried out and 50 Inspection Reports developed. • land lakes and marine products certified and 120 Sample analysis Reports developed • 3 Fish Auction Centres constructed 				

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			<ul style="list-style-type: none"> • 1 quality assurance laboratory operationalized • 3 cold storage facilities complete and operationalized • 2 reports on value addition technologies piloted 				
P.6	Cooperative Development & Management	Governance and management of cooperative societies improved	<ul style="list-style-type: none"> • Number of new cooperative societies registered • SACCO Societies Regulatory Authority (SASRA) operationalized • Reduction of outstanding remittances to Sacco's • Level of savings mobilization through cooperatives 	1,098	1,210	1,401	1,608
P.7	Cooperative Marketing	Improved bargaining power/organized marketing and capacity building for value addition in cooperatives.	<ul style="list-style-type: none"> • Extent of market access and marketing efficiency by cooperatives • Number of societies engaged in value addition 	48	239	277	318
P.8	Livestock Resources Management and Development	Improve livestock industry performance	<ul style="list-style-type: none"> • 15% reduction in incidence of trade sensitive and trans boundary diseases • Creation of 2 Disease Free Zones Started (Coast, Laikipia/Isiolo complex) • 18.3 million Various livestock 	10,145	8,615	9,925	10,321

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			vaccinated against notifiable diseases. • Trypanosomiasis Incidence reduced by 15% • 30,000 acres of denuded rangelands rehabilitated • 1.5 million doses of semen produced • 4.2m farmers trained on livestock production technologies • 9 value chains promoted in livestock products (i.e. leather, honey, milk) • 5 Sessional Papers on policies developed				
TOTAL				27,257	26,274	30,324	32,663
TRADE TOURISM AND INDUSTRY SECTOR							
P.1	Trade Development	<ul style="list-style-type: none"> ▪ Increase Value and volume of exports 	<ul style="list-style-type: none"> ▪ Increase export earnings from COMESA from KShs 111,362M in 2008 to 133,634M in 2010. ▪ Increase export earnings from KShs 83,941M in 2008 to 100,729M in 2010 from EAC. 	2,279	2,587	2,632	2,347
P.2	Co-ordination of East African Community	<ul style="list-style-type: none"> ▪ Effective coordination of EAC Programmes 	<ul style="list-style-type: none"> ▪ Zero EAC Tariff Regime ▪ Establishment of 3 regional integration centres. 	968	1,151	1,070	1,172

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
	matters		<ul style="list-style-type: none"> ▪ Increase in EAC Cross Border Investments. ▪ Number of Agreements, protocols and policy documents. ▪ Bilateral and Multilateral Trade agreements. 				
P.3	National Heritage and Culture	<ul style="list-style-type: none"> ▪ Increased sense of national identity, cohesion and patriotism 	<ul style="list-style-type: none"> ▪ Development of the Heroes and heroines corner. ▪ Develop museum in Garissa. ▪ Establishment of a national library. ▪ Construction of a heritage house. 	2,041	2,064	2,113	2,801
P.4	Coordination and Regulation of the NGOs Sector	<ul style="list-style-type: none"> ▪ A fully integrated NGO sector to the national development agenda 	<ul style="list-style-type: none"> ▪ Review of the NGOs Act ▪ Development of Audit Procedures for NGOs. ▪ 2 regional offices opened. ▪ 2700 NGOs returns analyzed and Government advised. 	145	198	145	150
P.5	Tourism Development and Marketing	<ul style="list-style-type: none"> ▪ Increased tourism Contribution to the GDP 	<ul style="list-style-type: none"> ▪ Increase international tourist arrivals from 2M to 2.2M. ▪ Increase bed-nights occupied by Kenyans from KShs 40,000 to KShs 50,000. ▪ Increase tourism earnings from 	2,873	2,918	3,038	3,216

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			84.3billion to 99.05billion.				
P.6	Industrial development and investment	<ul style="list-style-type: none"> ▪ Increased contribution of industry to GDP 	<ul style="list-style-type: none"> ▪ Feasibility studies and acquisition of land. ▪ Phase 11 of the industrial development centre constructed in 210 constituencies. ▪ Industrialization fund established. ▪ Operationalize anti-counterfeit Agency. 	2,268	2559	2,645	2,788
TOTAL				10,574	11,477	11,643	12,442
PHYSICAL INFRASTRUCTURE SECTOR							
P.1	Road Development, Maintenance and Management	<ul style="list-style-type: none"> ▪ Kilometers of roads constructed; rehabilitated, and maintained. ▪ No. of airstrips constructed 	<ul style="list-style-type: none"> • 350 km of roads constructed, 274 km rehabilitated, and 50,634 km maintained. • 2 airstrips constructed. 	72,566	83,478	87,501	98,130
P.2	National Transport Management and Infrastructure Development	<ul style="list-style-type: none"> • Transport Policy, guidelines and legislations • Railways Concession Agreement. • Bilateral Agreement between Kenya and Ethiopia on Second Corridor. • No. of Bilateral Air Services 	<ul style="list-style-type: none"> • Transport Policy, guidelines and legislations developed and implemented • Railways Concession Agreement Reviewed. • Bilateral Agreement between Kenya and Ethiopia on Second Corridor 	8,169	8,592	8,765	8,943

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
		<p>Agreements (BASAs).</p> <ul style="list-style-type: none"> • Computerized Motor Vehicle Registration Stations. • Port facilities developed. • Acquisition of new ferries • Road safety regulations • Developed railway system • Developed airstrips 	<p>concluded.</p> <ul style="list-style-type: none"> • 2 BASAs concluded • 4 Motor Vehicle Registration Stations computerized. • Construction of 2 main berths, No 20 (water depth: 11m) and No 21 (water depth: 15m) and a Small Berth (water depth: 4.5m) • Free Port facilities on 3,000 acres at Dongo Kundu including Roads and Rail links and Port equipment developed. • Two ferries purchased and operating across the Ocean. • 10% reduction in Road accident and deaths. • Standard Railway Gauge from Mombasa to Kampala. • Redeveloped and rehabilitated terminal and runway facilities at Wajir, Isiolo and Nyaribo Airstrips. • Foundation for Public Private Venture for development of three Mass Transit 				

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			Routes namely Athi River to City Centre, Kikuyu Town to city centre and Thika Town to the Central Business District.				
P.3	Government Buildings	<ul style="list-style-type: none"> Number of Projects 	471 projects to be completed.	4,805	4,888	5,370	5,789
P.4	Coastline & Pedestrian Infrastructure	<ul style="list-style-type: none"> Jetties, Sea wall, and footbridges. 	<ul style="list-style-type: none"> 5 jetties to be completed. 5160 meters of seawall to be completed. 270 foot bridges to be completed. 	1,034	1,177	1,348	1,572
P.5	Procurement, Warehousing & Supply	<ul style="list-style-type: none"> Number of Term Contracts. 	<ul style="list-style-type: none"> 135 Term Contracts Procured. 	347	290	460	684
P.6	Construction Standards and Research	<ul style="list-style-type: none"> Research on construction standards 	<ul style="list-style-type: none"> 9 areas of buildings research to be undertaken. 	338	278	448	671
P.7	Housing Development and Human Settlement Programme	<ul style="list-style-type: none"> Land opened up for housing development and houses constructed 	<ul style="list-style-type: none"> 100 acres of land opened up in nine towns. 1,826 housing units developed under Civil Servants Housing Scheme & KENSUP. 15 constituency Appropriate Building Technologies (ABTs) Centres established. 2,500 housing units refurbished. 4,650 plots/estates secured. 	4,112	4,206	4,374	4,636
P.8	Energy	<ul style="list-style-type: none"> Increase electricity access. 	<ul style="list-style-type: none"> Increase in electricity access from 63% 	31,013	35,468	43,702	44,014

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
	Development and Management	<ul style="list-style-type: none"> • Construction works of the 35MW Power Plant Ol Karia II • Increase access to energy saving stove & charcoal kilns. • Renewable Energy. • Power stations • Public institutions • Power connections • Wells and • Appraisal reports • Power connections. • Ha of trees 	<p>to 70%.</p> <ul style="list-style-type: none"> • 20% of construction works of the 35MW Power Plant Ol Karia II completed. • 10,000 households with energy saving stove & charcoal kilns • 5MW new generation capacity from Renewable Energy sources available. • 8 Isolated Power stations commissioned • 60 public institutions installed with Solar PVs • 45,320 power connections to rural households • 15 wells drilled, One appraisal report prepared • 340 power connections (markets, public institutions and utilities). • 500 Ha of trees established 				
P.9	Local Authority Management and Development	<ul style="list-style-type: none"> ▪ Access roads in Local Authorities ▪ Draft strategic urban development plans. 	<ul style="list-style-type: none"> ▪ Construct 241 kms of access roads. ▪ Developed urban Strategic Plan for Digital Mapping and Planning of the following Towns: Eldoret, Othaya, 	15,661	15,932	17,227	18,949

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> ▪ Solid waste management ▪ Construct and rehabilitate whole sale markets ▪ Develop physical and social infrastructure in informal settlements 	<ul style="list-style-type: none"> ▪ Bungoma, Mtwapa and Garissa. ▪ Solid waste studies in 5 major towns Nairobi, Mombasa, Kisumu, Eldoret and Nakuru. ▪ Ten (10) wholesale hubs and 1,000 – 1,500 Producer Business Group to be constructed ▪ Physical and social infrastructure in informal settlements in slum upgrading at Korogocho, Kilifi and Mito- Andei. 				
P.1 0	Metropolitan Services	<ul style="list-style-type: none"> • Metropolitan infrastructure and facilities 	<ul style="list-style-type: none"> • Strategic roads constructed, and rehabilitated. • Urban Transport Information System developed • Operationalize Bus Rapid Transit. • Pilot landfill project at Thika & Nairobi in Solid Waste Management. • Improved access to safety & security from 40% to 60% • Increase in Metro Wide security lighting from 10% to 70% 	1,759	1,838	1,930	2,026
TOTAL				139,804	156,147	171,125	185,414

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
RESEARCH INNOVATION AND TECHNOLOGY SECTOR							
P.1	Human Resource Development	<ul style="list-style-type: none"> No. of students absorbed by Public Universities and Tertiary Institutions per annum 	<ul style="list-style-type: none"> 30, 000 students absorbed by Public Universities 60,000 admitted in Tertiary Institutions 	25,488	27,988	29,022	34594.9
P.2	Information and Communication	<ul style="list-style-type: none"> BPO jobs Created. Film documentaries produced and KNA stories and news features disseminated Rural publications produced annually 	<ul style="list-style-type: none"> 7,500 BPO jobs Created. 394 film documentaries produced 120,000 KNA stories disseminated and 4800 news features produced 210 rural publications produced annually 	1,640	2568	2,648.5	2,637.5
P.3	Research and Innovation	<ul style="list-style-type: none"> New technologies and products developed Research publications 	<ul style="list-style-type: none"> 50 new technologies and 30 new products developed Research publications made and dissemination forums held 	5409	10,300	10,414	13,634.1
P.4	Data Management	<ul style="list-style-type: none"> Integrated Population Information Applications Statistical Reports Kenyan Land with land use/cover reports and maps 	<ul style="list-style-type: none"> Integrated Population Information Applications to be put in place 100 Statistical Reports 100 % of Kenyan Land with land use/cover reports and maps 	1,428	1,669	1,611	1,716

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
P.5	Policy and Legal Framework	<ul style="list-style-type: none"> • Policies and regulatory frameworks developed 	<ul style="list-style-type: none"> • 18 policies and regulatory frameworks 	569	893	962	996
P.6	ICT Infrastructure	<ul style="list-style-type: none"> • Fiber cable laid across the land and under sea • Government offices LANs & WANs installed • Digital Villages created • ICT Park provided Basic Infrastructure. • BPO Centers Established 	<ul style="list-style-type: none"> • 3000 Kilometers of Fiber cable laid across the land and under sea • 70% government offices LANs & WANs installed • 210 of Digital Villages created • ICT Park provided Basic Infrastructure. • 10 BPO Centers Established 	2,033	2,117	2,003	1,602
TOTAL				36,567	45,535	46,660	55,179
HUMAN RESOURCES DEVELOPMENT SECTOR							
P.1	Education Policy , Planning and Administration	Rationalized operational structure for MOE	Enhanced resource mobilization Strengthened educational management bodies	6,845	4,327	5,495	6,705
P.2	Basic Education	<ul style="list-style-type: none"> • Improved access to quality basic education • Availability of learning /teaching materials to all public primary schools 	<ul style="list-style-type: none"> • Rise in net enrolment from 91.6 to 95% by 2011 in primary schools • Student textbook ratio at least 1:3 for lower primary and 1:2 for upper primary in all primary schools 	15,045	15,988	13,494	14,326

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> Increased enrolment in ASALs and slums Quality basic education and training 	<ul style="list-style-type: none"> The proportion of ECDE Teachers trained from 56% to 60% by 2011 Number of Non-Formal Schools registered within NFE policy guidelines 				
P.3	Adult and Continuing Education	Increased adult literacy rate	<ul style="list-style-type: none"> Number of Adult Basic Education centres getting funding. E- learning centers established 	1,244	1,245	1,308	1,386
P.4	Secondary and Tertiary Education	<ul style="list-style-type: none"> Improved access to secondary education for the disadvantaged students including the MVCs in urban slums and ASALs especially the girl child Increased transition rate from primary to secondary school 	<ul style="list-style-type: none"> % increase in Number of bursary beneficiaries Number of schools receiving FSE grants Number of schools with ICT infrastructure 	21,669	21,700	21,968	22,980
P.5	Quality Assurance and Standards	<ul style="list-style-type: none"> A quality market-driven curriculum Efficient administration of examinations 	<ul style="list-style-type: none"> Number of educational material developed and evaluated Existence of proper examination regulations 	1,136	944	992	1,052
P.6	Teacher Management Services	<ul style="list-style-type: none"> Effective deployment and utilization of teachers. 	<ul style="list-style-type: none"> Number of teachers recruited and/or promoted 	88,846	96,849	101,749	105,854
P.7	Promotion of	<ul style="list-style-type: none"> Resolving of Labour and trade 	<ul style="list-style-type: none"> 95% of reported Labour disputes 	1,101	745	783	830

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
	best Labour Practices	<p>disputes</p> <ul style="list-style-type: none"> • Policy on Child Labour developed and implemented • National Occupational Safety and Health at Workplace Policy approved and operational 	<p>resolved</p> <ul style="list-style-type: none"> • % decrease in incidences of child Labour • Reduced incidences of workplace injury or illnesses arising from hazardous working conditions • % of trade disputes arbitrated 				
P.8	Manpower Planning Development, Utilization And Productivity Management	<ul style="list-style-type: none"> • Job seekers placed through the Public Employment System • MSE worksites upgraded and developed 	<ul style="list-style-type: none"> • 12,000 job seekers placed through the Public Employment System • 485 MSE worksites developed and upgraded • 2,000 MSEs exposed to local and international trade exhibitions • 8 MSE Centres of Excellence established and operational 	658	669	703	745
P.9	Labour Policy, Planning and Administration	<ul style="list-style-type: none"> ▪ Upgrading and refurbishment of industrial training centres ▪ Industrial attachment for trainees 	<ul style="list-style-type: none"> ▪ 5 existing Industrial Training Centres refurbished and upgraded ▪ 2 regional training centres established ▪ 38,000 trainees to be placed on industrial attachment 	320	339	356	378
P.10	Curative Health Services	<ul style="list-style-type: none"> • Improved Access to quality, efficient and effective medical services 	<ul style="list-style-type: none"> • Increase proportion of pregnant women delivering in hospitals from 67% to 75% 	26,721	24,040	25,256	26,782

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
			<ul style="list-style-type: none"> • Increase in the number of hospitals with improved infrastructure. • Increase proportion of eligible patients on ARVs from 55% to 60% • Reduced inpatient malaria mortality as % of total inpatient morbidity. 				
P.1 1	Preventive and Promotive healthcare services	<ul style="list-style-type: none"> • Timely prevention and responses to epidemics and emergencies • Increased awareness on childhood diseases prevention interventions; • Reduction of disease prevalence through primary health care interventions • Improved hygienic practices; improved community participation 	<ul style="list-style-type: none"> • Number of epidemics reported and responded to • 80% of pregnant women accessing IPT • 80% of children under five years and pregnant women sleeping under ITNs • 80% of districts with guideline for surveillance and control measures of vector borne diseases and their vectors • Number of pregnant women HIV+ on ART • Number of isolation ward set up at KNH and in all major hospitals, Availability of TB drugs 	19,180	13,045	14,312	14,871
TOTAL				182,765	179,891	186,416	195,909
<i>GOVERNANCE, JUSTICE, LAW & ORDER SECTOR</i>							

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
P.1	Security Services	<ul style="list-style-type: none"> Improved Internal Security of People and property Immediate response to security emergencies Improved investigation 	<ul style="list-style-type: none"> % Reduction in crime per capita level per 100,000 people Response time to security emergencies % of reported crimes that are successfully investigated 	35,798	36,276	37,786	39,296
P.2	Policy, Management, Administration and Field services	<ul style="list-style-type: none"> Enhanced coordination and monitoring implementation of government programmes in the field Improved Peace building and conflict management 	<ul style="list-style-type: none"> Performance of Government programmes in the field % increase in Kenya's peace index 	7,396	7,831	7,822	8,202
P.3	Government Printing Services	<ul style="list-style-type: none"> Improvement in throughput time at GP Improved Security printing 	<ul style="list-style-type: none"> Through-put time at GP No. and Type of security documents printed 	728	732	761	791
P.4	National Campaign Against Drug and Substance Abuse	<ul style="list-style-type: none"> Well coordinated Campaign Against Drug and Substance Abuse 	<ul style="list-style-type: none"> DSA level in the country 	210	211	220	229

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
P.5	Policy, Management and Support Services of Home Affairs	<ul style="list-style-type: none"> • 100% of the delegated tasks by the President effectively fulfilled at National, Regional and International levels • 100% implementation of the planned activities as per the Performance Contract 	<ul style="list-style-type: none"> • Number of delegated tasks by the President • Number of planned targets achieved 	857.17	887.01	980.50	1,000.30
P.6	Correctional Services	<ul style="list-style-type: none"> • Number of offenders rehabilitated • Number of offenders resettled and reintegrated back to the community • Number of offenders contained in safe custody • Number of Warders/wardresses and Probation officers recruited and trained • Number of staff houses and offices constructed • Number of health facilities in the Penal Institutions upgraded • Number of non-custodial orders supervised 	<ul style="list-style-type: none"> • 75,000 offenders rehabilitated • 8,800 offenders, resettled and reintegrated back to the community • 55,000 offenders contained in safe custody • 3200 Warders, wardresses and probation officers recruited and trained • 330 staff houses and offices constructed • 92 health facilities in the penal institutions upgraded • 33,700 non-custodial offenders supervised 	10,644.0 9	10,960.7 0	10,923.0 0	11,391.0 0

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> Number of offenders under aftercare programme supervised 					
P.7	Betting and Lottery Services	<ul style="list-style-type: none"> Number of gaming activities supervised Gaming applications processed 	<ul style="list-style-type: none"> 80 betting, lotteries and gaming activities supervised 1,900 gaming premises and activities licensed 	204.96	323.01	607.15	727.15
P.8	Population Registration	<ul style="list-style-type: none"> Number of Identification cards issued. Third generation identity card issuance system procured. % of births registration coverage death registration coverage 	<ul style="list-style-type: none"> 800,000 Identification cards issued. Third generation identity card issuance system installed 50.2% births and deaths registration coverage (current level 48.2%) 69.5% death registration coverage achieved (current levels 67.5%) 	3,441.34	3,605.64	3,713.81	3,825.22
P.9	Immigration Services	<ul style="list-style-type: none"> Number of passports processed No. of work permits and special passes issued. Number of visas issued 	<ul style="list-style-type: none"> 192,000 passports are processed and issued. 3360 work permits and special passes issued. 1,236,000 Kenyan visas issued. 	1,634.60	1,774.60	1,827.84	1,882.67
P.10	Policy, Management and	<ul style="list-style-type: none"> Review Immigration, Population Registration and Refugee policies and Acts 	<ul style="list-style-type: none"> Number of policies and acts reviewed Number Monitoring and Evaluation Reports 	270.7	320.6	330.22	340.12

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
	coordination for Population Registration and Immigration Services	<ul style="list-style-type: none"> ▪ Monitoring and Evaluation Reports 					
P.1 1	Legal, Ethics, National Cohesion and Constitutional Reforms	<ul style="list-style-type: none"> • Strengthened Institutional framework for advocacy programmes for Anti-corruption campaign • Policy on administration of Justice • Legislation to effect the new constitution • Draft National Anti-Corruption Policy • Research report on issues requiring legislation from the Krieger Commission recommendations 	<ul style="list-style-type: none"> • No. of advocacy programmes implemented • Draft Policy on administration of Justice prepared • No. of inconsistent laws amended and new legislation enacted • Draft National Anti-Corruption Policy prepared • Recommendations of the Krieger Commission implemented and report prepared 	670	795	808	880
P.1 2	Policy, Management and Sector wide	<ul style="list-style-type: none"> • Ministry mandates implemented 	<ul style="list-style-type: none"> • Policy dialogue on governance • Legal reforms • New constitutional order • Foster national cohesion 	1,110	780	1,105	1,019

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
	Coordination		<ul style="list-style-type: none"> Policy framework document developed and implemented No. of NSAs supported 				
P.1 3	Agenda Four Programme	<ul style="list-style-type: none"> Resolve any constitutional disputes Research report on issues requiring legislation from the Krieger Commission recommendations Implement National Cohesion and Integration Act New constitutional order Implementation of the Waki report Implementation of recommendations of TJRC report 	<ul style="list-style-type: none"> No. of constitutional disputes resolved Recommendations of the Krieger Commission implemented and report prepared No. of reports produced on the implementation of National Cohesion Act Awareness created on new Constitution No. recommendations implemented No. recommendations implemented 	883	1,157	874	903
P.1 4	Legal Education	<ul style="list-style-type: none"> Policy framework for legal Education KSL and CLE Acts Implemented 	<ul style="list-style-type: none"> 2 bills on Legal Education (KSL and CLE Bills) published No. of progress reports prepared 	394	415	423	440
P.1 5	Human Rights	<ul style="list-style-type: none"> New legislation to give effect to the Human Rights policy Action plan on Human Rights 	<ul style="list-style-type: none"> New legislation to give effect to the Human Rights policy developed No. of progress reports prepared on 	135	146	149	155

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<p>Implemented</p> <ul style="list-style-type: none"> Compliance with Human Rights treaty obligations 	<p>the implementation of Action plan for Human Rights</p> <ul style="list-style-type: none"> No. of reports on compliance with Human Rights treaty obligations prepared 				
P.1 6	Legal services to Government and public	<ul style="list-style-type: none"> No of domestication of treaties and agreements Legal reports Enactment of the relevant law Arbitrations cases conducted/ attended to. No. of bills done No. of finalized normal estates Certificates issued to companies, businesses, societies, marriages and adoptions 	<ul style="list-style-type: none"> International treaties, conventions and agreements domesticated and complied with Legal opinion reports produced on periodic basis Legal Instruments No of Arbitration/mediations conducted/attended No of Bills and subsidiary legislation 2879 normal estates finalized. Number of registration certificates in respect of companies, business names, societies, adoptions, marriages issued 	1,204	1,262	1,316	1,368

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
P.1 7	Dispensation of Justice	<ul style="list-style-type: none"> Judicial service Commission Act. enacted Number of new Judges increased as provided by an Act of Parliament Number of additional court premises completed and judicial officers hired. Alternative Dispute Resolution adopted in court process... Kenya Law Reports Website. 	<ul style="list-style-type: none"> A strong and independent Judicial Service Commission Speedy dispensation of justice. Better civil procedure rules. Speedy dispensation of justice. Better public image for the Judiciary. Administration of justice demystified. Improved accessible justice system. Enhanced case law Reporting. 	3,080.00	3,213.00	3,358.00	3,393.00
P.1 8	Legislation	<ul style="list-style-type: none"> Laws PAC & PIC Departmental House Committees 	<ul style="list-style-type: none"> No of laws enacted within the financial year Percentage of PAC and PIC reports produced within the FY No. of Working policy documents on all Government sectors adopted 	7,258	7,673	7,780	8,199
P.1 9	Audit Services	<ul style="list-style-type: none"> Audit Reports 	<ul style="list-style-type: none"> 212 Audit reports to be issued 	1,437	1,507	1,568	1,630
P.2 0	Management of Electoral Process	<ul style="list-style-type: none"> By-Elections and referendum conducted List of eligible voters 	<ul style="list-style-type: none"> Conduct by-elections within the specified timeframe Register of eligible voters 	1,251	1,456	1,514	1,574

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> Voters sensitized on electoral process Register and fund political parties registered as required by law 	<ul style="list-style-type: none"> Increased voter awareness by 30% Registration certificates issued. Political Parties Funded. 				
P.2 1	Anti-Corruption programme	<ul style="list-style-type: none"> Corruption and economic crimes cases investigated Corruptly acquired assets recovered and/or restituted Kenyans sensitized, trained, educated and or enlisted to combat corruption 	<ul style="list-style-type: none"> 155 Corruption and economic crimes cases investigated 25 Corruptly acquired assets valued at KShs 3.2 billion recovered and/or restituted 5.5 million Kenyans sensitized, trained, educated and or enlisted to combat corruption 	1,396	1,571	1,633	1,698
P.2 2	Boundaries Review and Demarcation	<ul style="list-style-type: none"> Data collected and analyzed Visits and hearings at constituencies, civic wards and administrative units Electoral and administrative boundaries surveyed and mapped 	<ul style="list-style-type: none"> Data collected and analyzed 210 constituencies and 254 districts visited and reports developed for constituencies and districts No. of electoral and administrative units surveyed and mapped MMMMM 	351.00	403.25	419.38	436.16
TOTAL				80,354	83,299	85,818	89,380
ENVIRONMENT, WATER AND IRRIGATION SECTOR							

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
P.1	Environment policy development and regulation	<ul style="list-style-type: none"> National Climate Change Strategy formulated. Noise, water and air quality regulations and standards. Draft National strategy for Multilateral Environmental agreements (MEAs) 	<ul style="list-style-type: none"> 1 strategy on climate change formulated. No. of Noise, water and quality regulations developed/reviewed 1 draft National strategies on Multilateral Environmental Agreements (MEAs) established. 	407	547	540	600
P.2	Environment Management And Protection.	<ul style="list-style-type: none"> Land use/cover database Wildlife/livestock & vegetation database Sample Units in the target districts completed, distribution maps, statistics, trends, reports Spatial distribution maps, statistics, trends, reports Human/wildlife conflict map, satellite imagery report Land use map, settlement patterns Reports on ecological changes Multilateral Environmental Agreements (MEAs) Action Plans 	<ul style="list-style-type: none"> 3 databases established 7,037 Sample Units in the target districts completed, distribution maps, statistics, trends, reports No. of Maps & reports 1 ecological map No. of Action Plans 1 inventory 1 ESD Policy in place 1 baseline survey 10% illegal discharges stopped 1 .Number of access permit issued. 2.Number of monitoring and inspection reports 1 set of standard 	1,961	2,105	1,678	1,734

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> coastal and marine resources Conservation inventory Baseline surveys and reduced illegal discharges in Water bodies Inventory of biological resources National Noise and Vibration Pollution standards Number of EIA licenses issued Chemical and waste policy Inventory and data base of ODSs, National inventory on green houses gases(GHG) Environment guidelines Harmonization of water and fisheries policies Rehabilitated and restored Nairobi river; 30 metres of the riparian reserve delineated Monitoring of Nairobi Rivers' Basin Clean up Exercise: 	<ul style="list-style-type: none"> No. Inventory Reports, licenses issued and of prosecutions made 1 Policy in place 1 Inventory 1 national inventory No of Guidelines developed 1 SoE report Task force has been formed on water release policy, the national project coordination is in place since September 60 Km rehabilitated and restored Area delineated 48 campaigns held 3,000 pieces of awareness material printed and distributed 4 Evaluations 3 closed discharge points 				
P.3	Minerals resources management.	<ul style="list-style-type: none"> Area of unmapped parts of Kenya mapped No. of additional mining entities 	<ul style="list-style-type: none"> 700 Square km mapped 4 additional mining entities engaged 	294	324	330	400

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> engaged in mineral development • Geo data base developed 	<ul style="list-style-type: none"> • 1 databases established 				
P.4	Meteorological services	<ul style="list-style-type: none"> • FM stations Established • Meteorological information transmission, processing and dissemination improved • Improved meteorological observation networks • Capacity building in meteorology • Disaster management and early warning system established • Establish Meteorological Conference Centre and Museum 	<ul style="list-style-type: none"> • 6 FM stations established • Integrated Meteorological Information system installed at Meteorological Headquarters • Wind profile system installed and Pilot Briefing System at airport (JKIA) • 12 Automatic Weather Stations acquired and installed • 1 Weather surveillance radar acquired • Install 2 upper-air observing stations • 200 students trained • 6 Automatic Hydro-meteorological stations installed for monitoring of floods and water towers • 3 broadband seismic equipment installed • Construction of the premises 	1,161	1,261	1,300	1,400
P.5	Water Policy and Management	<ul style="list-style-type: none"> ▪ No. of people with access to water ▪ No of hectares put under irrigation 	<ul style="list-style-type: none"> ▪ Policy formulated to guide water supply and irrigation development 	345	345	457	578

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
P.6	Water Supply and Sewerage services	<ul style="list-style-type: none"> ▪ No. of urban water supplies infrastructure expanded ▪ No. of rural water projects constructed ▪ No. of boreholes drilled ▪ No. of boreholes equipped 	<ul style="list-style-type: none"> ▪ medium size towns urban water supplies infrastructure expanded ▪ 180 new rural water projects constructed ▪ 92 new boreholes drilled and 56 existing boreholes equipped 	19,753	15,795	15,933	17,500
P.7	Water Resources Management	<ul style="list-style-type: none"> ▪ No. of monitoring stations rehabilitated and operational ▪ No. of Medium size dams constructed ▪ No. of small dams and water pans constructed 	<ul style="list-style-type: none"> ▪ 60 hydrological monitoring stations rehabilitated and operational ▪ 5 Medium size dams constructed ▪ 98 small dams and water pans constructed annually 	4,558	4,558	4,819	5,509
P.8	Provision of Irrigation and Drainage Infrastructure	<ul style="list-style-type: none"> ▪ No. of irrigation schemes constructed ▪ No. of hectares put under irrigation - No. of water conservation and rain water harvesting structures constructed 	<ul style="list-style-type: none"> ▪ 485 small-holder community irrigation schemes put up ▪ 6000 hectares put under irrigation ▪ 1,700 water conservation and rain water harvesting structures constructed in ASALs 	2,409	5,934	6,000	6,500
P.9	Forestry and Wildlife Policy regulation and coordination	<ul style="list-style-type: none"> ▪ Integrated policies in Forestry & Wildlife ▪ Establish Forestry & Wildlife Monitoring & Evaluation Systems 	<ul style="list-style-type: none"> ▪ Number of policies Forestry & Wildlife Integrated ▪ No. of Forestry & Wildlife Monitoring & Evaluation Systems established 	235	450	540	650

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> ▪ Develop Forestry & Wildlife rare species Conservation Strategy 	<ul style="list-style-type: none"> ▪ No. of Forestry & Wildlife rare species Conservation Strategy developed 				
P.1 0	Forestry Development and Management	<ul style="list-style-type: none"> ▪ 100,000 ha of Natural forests (water towers) planted and protected. ▪ Plantation establishment 5,000 ha ▪ 50 Nature based enterprises & ecotourism established ▪ Plant 80 ha of Tree seedlings on farms ▪ Build Capacity in 500 staff and forest guards and 200 Community Forest Associations ▪ Carry out an Inventory of 15,000 hectares forest resources ▪ Recovery and Gazettment of new forest land 15,000 hectares ▪ Develop 20 Forest Management Plans 	<ul style="list-style-type: none"> ▪ No. of hectares under protection ▪ No. of hectares under plantation ▪ No. of enterprises established ▪ No. of hectares planted on farms ▪ No. Staff/people trained ▪ No. of hectares inventoried ▪ No of hectares gazetted and recovered ▪ No. of plans completed 	2,629	2,532	2,380	2,437
P.1 1	Wildlife Conservation	<ul style="list-style-type: none"> ▪ No. of cases successfully prosecuted. 	<ul style="list-style-type: none"> ▪ 100 % response rate to poaching incidences 	1,016	1,130	1,134	1,163

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
	and Management	<ul style="list-style-type: none"> ▪ No. of officers recruited and trained ▪ No. of border patrols ▪ No. of firearms and ammunitions recovered ▪ No. of trophies, pieces of ivory and bush meat recovered ▪ No. in Km of fencing done ▪ No. of stakeholder meetings held ▪ GIS maps ▪ Population distribution maps ▪ % response rate to human wildlife conflict cases ▪ Launch of Endowment fund 	<ul style="list-style-type: none"> ▪ Recruitment and Capacity building for 400 officers ▪ 4 cross border wildlife security operations (Kenya – Tanzania – Uganda and Ethiopia) ▪ Recovery of firearms and ammunitions. ▪ Recovery of assorted trophies i.e. ivory and bush meat. ▪ 65 km of fence done in Mt. Kenya and Tsavo ▪ Stakeholder consultations on wildlife migration corridors ▪ Mapping of two wildlife corridors & stakeholder Sessions-Kitengela/Mt Kenya ▪ Population distribution survey along wildlife migration corridors. ▪ 100% response rate to human wildlife conflict issues ▪ Enhance financial sustainability ▪ 4 translocations done ▪ Visibility of KWS parks/ 				

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> ▪ 10% increase of current funds in the Kitty ▪ No of translocations done ▪ No. of parks and reserves branded ▪ No. of schools visited and sensitized on conservation education (wildlife conservation and protection) 	<ul style="list-style-type: none"> ▪ Branding of 2 national parks and reserves ▪ Sensitization of 10,000 youth country wide in wildlife conservation and protection ▪ 120 schools & colleges visited 				
TOTAL				34768	34,981	35,111	38,471
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS SECTOR³							
P.1	Human Resource Management and Development	<ul style="list-style-type: none"> ▪ restructuring studies finalized ▪ HR data base created ▪ Harmonized career guidelines ▪ Harmonized pay and allowance structures ▪ Hostel blocks constructed in GTIs ▪ Modern Learning Facilities Developed 	<ul style="list-style-type: none"> ▪ 17 restructuring studies done ▪ HR data base in place ▪ Harmonized career guidelines in place ▪ Pay and allowance guidelines issued ▪ Four New hostel block built in GTIs ▪ Constructed 3 Modern Lecture Theatres 	1,895	1,911	2,027	2,357
P.2	District planning and	<ul style="list-style-type: none"> ▪ DIDCs operationalized ▪ District Development Plans 	<ul style="list-style-type: none"> ▪ 59 DIDCs operationalized ▪ 148 DDPs developed 	17,660	18,691	17,025	25,208

³ Budgetary allocations for programmes excludes donor funding which is not yet confirmed. In such cases, actual level of funding will be confirmed in 2010/11 Budget Estimates

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
	Community Development	<ul style="list-style-type: none"> prepared (DDP) ▪ Programmes/projected funded by CDF ▪ Constituency resource management strategy development ▪ District data base created ▪ Revitalized District M& E Committees 	<ul style="list-style-type: none"> ▪ No and type of programmes/projects funded by CDF ▪ Level of operation for CDF funded projects/ programmes ▪ Constituency Fund resource Strategy ▪ 107 DIDCs created and their location ▪ No of District M& E Committee revitalized 				
P.3	Coordination of policy formulation and Vision 2030	<ul style="list-style-type: none"> ▪ MTP 2013-2017 developed ▪ (NEPAD) APRM activities implemented ▪ T21 macro economic model developed ▪ Knowledge Management Framework created (KMA) ▪ M & E policy developed ▪ Vision 2030 MTP implementation progress ▪ Vision 2030 Sector Delivery Teams operationalized 	<ul style="list-style-type: none"> ▪ MTP in place ▪ APRM reports ▪ T21 model ▪ Level of utilization of model ▪ KMA framework created ▪ M&E Policy ▪ Quarterly and annual progress reports ▪ No. of SDT operationalized 	965	688	3,684	4,342
P.4	Administration of Human	<ul style="list-style-type: none"> ▪ HR audit reports ▪ Public Service complement 	<ul style="list-style-type: none"> ▪ No, type and distribution of public servants 	408	964	982	1,118

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
	resources in the Public Service	<ul style="list-style-type: none"> ▪ Administration of annual occupational tests and examinations 					
P.5	Cabinet Services	<ul style="list-style-type: none"> ▪ National/Sectoral policies passed ▪ Continental shelf ▪ Waki, Kiruki, Kriegler ▪ Commissions/Task Forces, Tribunals reports and recommendations ▪ Government structures/institutions created 	<ul style="list-style-type: none"> ▪ No. and type of policies passed ▪ No and type of Presidential Commission/Task Force/Tribunal reports produced ▪ No. and type of Government Structures/Institutions created 	943	875	934	1,042
P.6	Public Sector Advisory Services	<ul style="list-style-type: none"> ▪ State Corporations reform Strategy ▪ Economic and Social policies recommended to cabinet for passing ▪ Volume of trade between Kenya and Southern Sudan 	<ul style="list-style-type: none"> ▪ State Corporations Reform Strategy developed ▪ No. and type of policies recommended to Cabinet for Passing ▪ Level of trade between Kenya and Southern Sudan 	228	183	274	298
P.7	Promotion and Safeguarding Kenya's Interests Abroad	<ul style="list-style-type: none"> ▪ Open New Missions abroad ▪ Increased FDI and trade ▪ Enabling environment for cooperation with UN and other international agencies 	<ul style="list-style-type: none"> ▪ new consulates/missions opened in Yaunde, Cape Town, Luanda, Dubai, Doha, Oman, Arusha, ▪ Level of bilateral relations ▪ Level of trade and FDI inflows 	10,504	8,001	8,759	9,657

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> ▪ Increased placement of Kenyans in International Jobs 	<ul style="list-style-type: none"> ▪ No of trade agreement signed ▪ No of summits./conferences held in Nairobi ▪ No. of Kenyans accessing International jobs 				
P.8	Public Financial Management	<ul style="list-style-type: none"> ▪ IFMIS Programme rolled out ▪ Annual Budget ▪ Macro economic and financial stability ▪ Increased revenue generation 	<ul style="list-style-type: none"> ▪ Level of operation of IFMIS and roll out ▪ Budget prepared and presented to Parliament ▪ Level of inflation, exchange and interest rates ▪ Debt service ratio ▪ Level of fiscal deficit relative to GDP ▪ % increase in revenue as of GDP 	41,087	14,541	14,525	16,244
P.9	Development and Stabilization of the Financial Sector	<ul style="list-style-type: none"> ▪ Stability in the financial sector ▪ Low inflation 	<ul style="list-style-type: none"> ▪ Level of compliance to banks capitalization requirements ▪ Level of inflation 	2,205	1,632	1,855	1,857
P.10	Promotion of Investments, Private Enterprises	<ul style="list-style-type: none"> ▪ Business reforms in place ▪ Public Private partnership framework/regulations in place ▪ Enterprises under PPP 	<ul style="list-style-type: none"> ▪ No and type of business reforms implemented ▪ PPP guidelines in place ▪ No of public enterprises adopting PPP 	1,857	323	730	733

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
	and Competition		<ul style="list-style-type: none"> ▪ No and type of public enterprises under PPP 				
P.1 1	Management of state Affairs	<ul style="list-style-type: none"> ▪ Successful state functions held 	<ul style="list-style-type: none"> ▪ No. and types of presidential /State functions held 	1,289	1,085	1,243	1,436
P.1 2	Coordination and supervision services	<ul style="list-style-type: none"> ▪ Institutionalized Results Based management in Public Service ▪ Monitoring and evaluation reports and recommendations ▪ Public sector communication strategy ▪ Stakeholders engagement framework created 	<ul style="list-style-type: none"> ▪ Level of performance for MDAs ▪ No and type of MDAs on performance contracts ▪ No and type of MDAs covered ▪ Communication Strategy in place ▪ Stakeholders forum created 	1,898	1,976	1,584	1,807
TOTAL				80,939	50,870	53,622	66,099
SPECIAL PROGRAMMES SECTOR							
P.1	Integrated Regional Development	<ul style="list-style-type: none"> ▪ Feasibility studies done ▪ Project implementation process started ▪ Mau catchment area conserved ▪ Eco-tourism lodges and eco- 	<ul style="list-style-type: none"> ▪ 5 feasibility studies completed. ▪ Implementation of the first phase of 6 projects: Magwagwa integrated, Tana High Grand falls, .Aror integrated, Mwache dam, Nandi forest integrated, Wajir integrated ▪ 400,000 ha of land planted with trees and 90 million seedlings raised. ▪ 20 eco-tourist lodges developed 	3,505.0	3,416.0	3,612.0	4,536.9

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		tourist circuits developed <ul style="list-style-type: none"> ▪ Master plans developed ▪ Data banks developed 	<ul style="list-style-type: none"> ▪ 6 Master plans developed ▪ 6 Data bases developed one for each RDA 				
P.2	Gender and Social Development	<ul style="list-style-type: none"> ▪ Community groups assisted with grants. ▪ Impact analysis on community grants conducted. ▪ Policy on Older Persons and Ageing disseminated. ▪ Older persons supported through cash transfer under the Social Protection Initiatives. ▪ Persons with disabilities trained in various technical skills. ▪ New district offices constructed ▪ Action Plan for Gender and development Policy disseminated. ▪ Stakeholders sensitized on GBV and FGM ▪ Women groups supported through Constituency Women Enterprise Development Fund 	<ul style="list-style-type: none"> ▪ 7,500 community groups assisted with grants. ▪ 2 Reports on impact analysis on community grants. ▪ 39,000 eligible household with older persons supported with Cash Transfers under Social Protection Initiative ▪ 1,000 persons with disabilities trained ▪ 100 district offices constructed ▪ 3 workshops undertaken to disseminate Action Plan for Gender and Development Policy. ▪ 200 stakeholders sensitized on GBV and FGM. ▪ 10,000 groups granted loans ▪ 450,000 women entrepreneurs 	2,886.1	2,324.3	2,362.7	2,239.2

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		<ul style="list-style-type: none"> ▪ Women entrepreneurs supported through MFIs 	accessing the fund.				
P.3	Children Services	<ul style="list-style-type: none"> • Support households with Orphans and Vulnerable Children (OVC) • National Children Database • New Children Institutions constructed • Children receiving care and rehabilitation programmes. 	<ul style="list-style-type: none"> • 130,000 households on OVC-Cash Transfer programme • National children Database in place. • 4 new children Institutions constructed.–Two Rescue centres (Meru, Kisumu West) One Remand Home(Machakos) and 1 Rehabilitation (Dagoretti-reconstruction) • 500 children receiving care and rehabilitation programmes 	3,859.3	1,765.1	5,342.6	5,932.3
P.4	Disaster Management	<ul style="list-style-type: none"> ▪ Support HIV + people with ARVs ▪ Provide nutritional support to people living with Aids. ▪ Maintain adequate maize stocks in SGR ▪ Emergency relief food to needy people ▪ Resettled IDPs on farms and 	<ul style="list-style-type: none"> ▪ 587,380 infected persons put on ARVs ▪ 858,300 people on food supplements (Adults 759,700 and Children 98,600) ▪ 4 million bags of maize bought for SGR purposes ▪ 2.5 million people given food relief support ▪ All IDPs resettled on farms and 	7,766.1	7,190.8	6,649.9	6,821.8

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million) ²			
				2009/10	2010/11	2011/12	2012/13
		houses reconstructed.	houses constructed.				
P.5	Youth Development and Empowerment Services	<ul style="list-style-type: none"> ▪ Skilled youth graduating from NYS ▪ Barracks/Kitchens/Messes/Officers' houses constructed, rehabilitated, refurbished. ▪ Youth Polytechnics rehabilitated and equipped ▪ Youth Polytechnics benefiting from subsidized tuition ▪ Youth Empowerment Centres / field offices constructed ▪ Youth empowered through sensitization, entrepreneurship skills and trees for jobs programmes. ▪ Funding of youth enterprises. 	<ul style="list-style-type: none"> ▪ 4,000 Skilled youth trained in various disciplines ▪ 216 Barracks/Kitchens/Messes/Officers' houses constructed/rehabilitated/ refurbished. ▪ 490 Youth Polytechnics rehabilitated and equipped ▪ Youth Polytechnics benefiting from subsidized tuition ▪ 165 Youth Empowerment Centers' / field offices constructed ▪ 591,840 Youth empowered through sensitization, entrepreneurship skills and trees for jobs programmes. ▪ 91,000 youth enterprises financed 	8,160.9	8,429.8	7,829.3	9,201.9
P.6	Management of Sports and Sports facilities	<ul style="list-style-type: none"> ▪ No. of youths identified and trained in sports skills ▪ Participation in international sports events ▪ Community sports grounds developed/rehabilitated 	<ul style="list-style-type: none"> ▪ 54,000 youths identified and trained in sports skills ▪ 55% participation in international sports events ▪ 75 community sports grounds developed/Rehabilitated 	1,086.7	1,127.6	1,189.6	1,244.1

	PROGRAMME NAME	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS	BUDGETARY ALLOCATION (KShs. Million)²			
				2009/10	2010/11	2011/12	2012/13
P.7	Special Development Initiative for Northern Kenya and other Arid Lands.	<ul style="list-style-type: none"> ▪ Enhanced food security ▪ Easy access to water and improved sanitation ▪ Increased enrolment and retention rates in Primary and Secondary schools ▪ Enhanced peaceful coexistence among communities 	<ul style="list-style-type: none"> ▪ 110 irrigation schemes established; 20,000 animals restocked; 580 groups assisted with seeds; and 550 pumps provided ▪ 3,000 water tanks provided; 600 boreholes drilled /rehabilitated; 306 dams and pans excavated/disilted; 30 rock catchments constructed; 3 sewerage projects undertaken ▪ 200 classrooms constructed/ rehabilitated. ▪ 230 peace meetings/forums held 	4,828.3	5,869.0	4,720.9	5,827.8
TOTAL				32,092	30,123	31,707	35,804
NATIONAL SECURITY				54,338	54,359	54,564	54,494