



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 15 JUN 2021 DAY: TUESDAY

TAB BY: LMP (Hon. Kimunya)

CLERK-AT THE-TABLE: R. K. T. AIPATI

REPUBLIC OF KENYA

FINANCIAL STATEMENT

for the

Fiscal Year 2021/2022

(1st July – 30th June)

FINANCIAL STATEMENT FOR FINANCIAL YEAR 2021/2022

		Budget Estimates	Revised Estimates I	Budget Estimates
		FY 2020/21	FY 2020/21	FY 2021/22
		KSh.Mn	KSh.Mn	KSh.Mn
	Notes			
1. Revenue		1,892,647	1,848,026	2,038,650
Ordinary Revenue	Note 1	1,633,767	1,594,009	1,775,624
AIA Ministerial Recurrent	Note 2	186,135	185,508	184,761
AIA Ministerial Development	Note 3	72,745	68,510	78,265
2. Grants		56,841	73,017	62,001
Programme Grants/AMISOM Receipts		24,102	7,404	2,500
Project Grants (Revenue)		12,781	17,857	14,231
Project Grants (AIA)		19,958	23,827	26,022
Nairobi County Grants to NMS		-	23,930	19,249
A. TOTAL REVENUE AND GRANTS		<u>1,949,488</u>	<u>1,921,044</u>	<u>2,100,651</u>
1. Recurrent- Ministerial	Note 4 (a)	1,254,353	1,275,112	1,286,590
2. Recurrent -CFS	Note 4 (b)	586,469	574,053	718,317
3. Development Expenditure	Note 5	633,308	696,575	655,420
4. County Governments - Equitable Share	Note 6	316,500	346,216	370,000
B. EXPENDITURE AND NET LENDING		<u>2,790,630</u>	<u>2,891,955</u>	<u>3,030,327</u>
C. DEFICIT INCL.GRANTS		<u>(841,143)</u>	<u>(970,911)</u>	<u>(929,675)</u>
1. Net Foreign Financing	Note 7	346,793	426,991	271,182
2. Net Domestic Financing	Note 8	494,977	497,010	661,634
3. Other Domestic Financing	Note 9	(627)	46,910	(3,141)
4. Adjustment to cash basis/Unfunded Expenditures				
D. FINANCING		<u>841,143</u>	<u>970,911</u>	<u>929,675</u>

NOTES TO THE FINANCIAL STATEMENT FOR FINANCIAL YEAR 2021/2022

		Budget Estimates FY 2020/21 KSh.Mn	Revised Estimates I 2020/21 KSh.Mn	Budget 2021/22 KSh.Mn
Note 1	Ordinary Revenue	1,633,767	1,594,009	1,775,624
	Import Duty	106,762	96,291	118,954
	Excise Duty	241,378	208,786	241,050
	Income tax	685,014	733,000	834,472
	VAT	481,612	395,185	472,907
	Investment Revenue	40,906	64,468	29,996
	Others	78,096	96,279	78,245
Note 2	AIA Ministerial Recurrent	186,135	185,508	184,761
	GoK Road Maintenance Levy 15% - Counties	8,958	8,958	9,700
	Ministerial Recurrent AIA	177,177	172,864	171,008
	African Union & Int't Subscription Fund	-	3,686	4,053
Note 3	AIA Ministerial Development	72,745	68,510	78,265
	Railway Development Levy (RDL)	27,158	27,158	30,642
	Other Local Ministerial Dev AIA (including PDL)	45,587	41,352	47,623
Note 4	Recurrent Expenditure	1,840,822	1,849,164	2,004,907
	(a) Recurrent Ministerial	1,254,353	1,275,112	1,286,590
	(i) GoK Contribution	1,068,218	1,089,604	1,111,528
	National Government O/M Expenditure	1,063,072	1,084,457	1,111,528
	GoK level 5 Hospitals - Counties (See note 6b)	4,326	4,326	-
	GoK User Fees Foregone - Counties (See note 6b)	821	821	-
	(ii) Appropriations-in-Aid (Local)	186,135	185,508	175,062
	GoK RML 15% to Counties (See note 6c)	8,958	8,958	-
	Ministerial Recurrent AIA	177,177	176,550	175,062
	(b) CFS - Recurrent	586,469	574,053	718,317
	Domestic Debt Interest (See note 10)	308,424	339,994	421,897
	Foreign Debt Interest (See note 10)	154,684	118,748	138,365
	Pension, CFS Salaries, Subs and Miscl Exp (See note 10)	123,360	115,310	158,055
Note 5	Development Expenditure	633,308	696,575	655,420
	(a) Cash Payments	387,929	433,621	385,809
	Project Grants (Revenue) Expenditure	12,781	17,857	14,231
	Project Loans (Revenue) Expenditure	81,321	90,278	104,723
	GoK contribution to development	273,534	305,193	247,524
	Counties Conditional Grants (See note 6c)	8,505	8,505	7,505
	Equalization Fund	6,788	6,788	6,826
	Contingency Fund	5,000	5,000	5,000
	(b) Financed by Foreign and Local AIA	245,379	262,954	269,611
	Project Grants AIA	19,958	23,827	26,022
	Project Loans - Counties Conditional Grants (See note 6d)	30,205	30,205	32,344
	Project Loans AIA - National Government	121,563	128,491	136,464
	Railway Development Levy (RDL)	10,816	27,158	27,158
	Project Loans SGR (Phase 2A) AIA	17,250	11,921	-
	Other Local AIA (including PDL)	45,587	41,352	47,623
	Nairobi County Grants to NMS	-	23,930	-
	(c) CBK old loan and Guaranteed debt	-	-	-

NOTES TO THE FINANCIAL STATEMENT FOR FINANCIAL YEAR 2021/2022

	Budget Estimates FY 2020/21 KSh.Mn	Revised Estimates I 2020/21 KSh.Mn	Budget 2021/22 KSh.Mn
Note 6 Total County Allocation Per CARA:	369,314	399,030	409,881
(a) Equitable Share	316,500	346,216	370,000
Equitable Share	316,500	346,216 (23,930)	370,000
Conditional Allocation to Counties	52,814	52,814	39,881
(b) Recurrent	5,147	5,147	-
GoK level 5 Hospitals	4,326	4,326	-
User Fee Foregone	821	821	-
(c) Development - GoK	8,505	8,505	7,537
Leasing of Medical Equipment	6,205	6,205	7,205
Youth Polytechnics	2,000	2,000	-
County Headquarters	300	300	332
(d) Development - External	30,205	30,205	32,344
World Bank (THSUCP)	4,345	4,345	2,235
Worldbank NARIGP	4,262	4,262	6,395
DANIDA (Universal Health DSP)	900	900	701
Worldbank KDSP 1	2,115	2,115	-
Worldbank KDSP 2	-	-	4,600
EU Devolution Advice	216	216	231
Sweden-Agricultural Sector	653	653	1,300
EU (WaTER)	528	528	-
Worldbank WSDP	3,400	3,400	5,000
Worldbank KCSAP	7,120	7,120	7,838
Worldbank KUSP	6,366	6,366	-
Worldbank KUSP Urban Institutional Grants	-	-	-
UNFPA	-	-	74
WB-Kenya informal settlement(KISIP II)	-	-	2,800
WB-Emergency LocustResponse Project	-	-	800
German Development Bank - DRPNK	300	300	370
e) Other County Allocations	8,958	8,958	-
Road Maintenance Levy	8,958	8,958	-
Note 7 Net Foreign Financing	346,793	426,991	271,182
(a) Disbursements	526,434	784,155	533,275
Programme Loans	2,000	4,500	3,500
Rapid Credit Facility from IMF	-	78,760	57,632
Loans AIA Development	145,559	151,953	168,808
Project Loans AIA Revenue	81,321	90,278	104,723
Project Loans AIA - SGR Phase 1 & 2A	17,250	11,921	-
Export Credit- Commercial Financing	6,209	6,743	-
Semi concessional Loans	124,094	-	-
Sovereign Bond	-	123,750	124,318
External Debt Operations - Refinancing	-	220,000	-
Development Policy Operations - WB	150,000	82,500	74,293
Development Policy Operations - ADB	-	13,750	-
(b) Debt repayment - Principal	(179,640)	(357,164)	(262,093)
Note 8 Net Domestic Financing	494,350	543,920	658,493
Government Securities	494,977	497,010	661,634
Note 9 Other Domestic Financing	(627)	46,910	(3,141)
Domestic Redemptions (Receipts)	4,825	-	1,453

NOTES TO THE FINANCIAL STATEMENT FOR FINANCIAL YEAR 2021/2022

	Budget Estimates FY 2020/21 KSh.Mn	Revised Estimates I 2020/21 KSh.Mn	Budget 2021/22 KSh.Mn
Government Deposits		48,020	(3,484)
Domestic Loan Repayments CBK	(1,110)	(1,110)	(1,110)
Annuity Fund	7,000		
Sports Fund	5,000		
Unutilized RDL collections	(16,342)		
Others	-		
Note 10 Consolidated Fund Services	1,028,064	1,296,608	1,327,220
(a) Public Debt	904,704	1,177,860	1,169,165
Domestic Debt Interest	308,424	339,992	421,897
Foreign Debt Interest	154,684	118,748	138,365
Foreign Debt Principal Repayment	179,640	357,164	262,093
Internal Redemptions (Rollovers)	261,955	361,955	346,810
(b) Pension, CFS Salaries, Subscriptions and Misc Exp	123,360	118,748	158,055
Pensions and Gratuities	119,192	118,748	153,640
CFS Salaries, Subscriptions and Misc Exp	4,168	-	4,415
Salaries and Allowances	4,152		4,399
Miscellaneous Services	16		16
Subscriptions to International Organizations	1		1
Guaranteed Debt	-		



10TH JUNE 2021

The PFM Act, 2012 requires the budget for the government to be publicized. This Mwananchi guide therefore, seeks to disseminate information on the budget for the FY 2021/22 to all segments of the society.

THEME: "BUILDING BACK BETTER: STRATEGY FOR RESILIENT AND SUSTAINABLE ECONOMIC RECOVERY AND INCLUSIVE GROWTH"

Government Expenditure and Net Lending for the Financial Year 2021/22 is **Ksh 3,030.3 billion**, of which:

◆ **Ksh 1,272.4 billion** Ministerial Recurrent Expenditure;

Ministerial Recurrent Expenditure include Judiciary **Ksh 15.6 billion** and Parliament **Ksh 35.8 billion**

◆ **Ksh 669.6 billion** allocation for Ministerial Development Expenditure;

◆ **Ksh 697.5 billion** for Interest Payments and Pensions;

◆ **Ksh 20.8 billion** contribution to civil servant pensions

◆ **Ksh 370.0 billion** Equitable share to Counties;

Overall Budget and Financing

Total Revenue Ksh 2,038.6 billion

Grants Ksh 62.0 billion



Deficit (Ksh 929.7 bn)

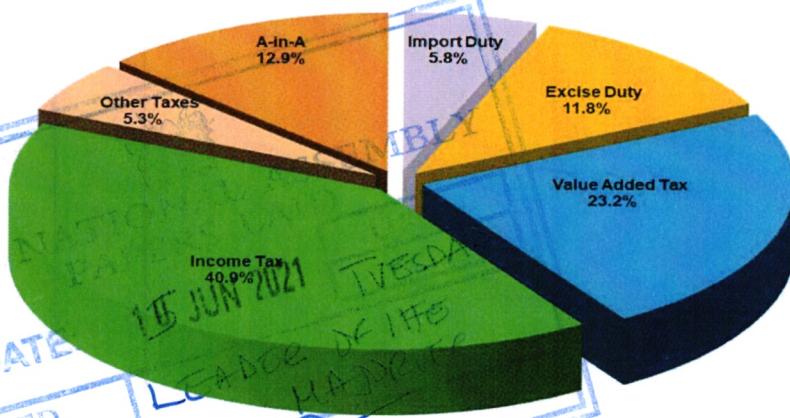
Deficit Financing

Net Foreign Financing **Ksh 271.2 billion**

Net Domestic Financing **Ksh 658.5 billion**

NB: Expenditure of **Ksh 3,030.3 billion** excludes Redemptions of **Ksh 608.9 million**

Composition of the Ksh 2,038.6 billion Total Revenue inclusive of A.I.A



Priority Areas for the FY 2021/22 Budget

Spending Priorities include:

The "Big Four" Drivers & Enablers

Ksh 20.5 billion Supporting Manufacturing for job creation
Ksh 60.0 billion Enhancing Food and Nutrition Security to all Kenyans
Ksh 47.7 billion Providing Universal Health coverage to guarantee quality and affordable healthcare to all Kenyans.
Ksh 13.9 billion Provision of Affordable and Decent Housing for all Kenyans.

Other Key Allocations

Ksh 23.1 billion Economic Recovery Strategy
Ksh 302.1 billion Enhanced security for stability, investment and growth.
Ksh 310.7 billion Investing in infrastructure to unlock growth potential.
Ksh 202.9 billion Enhancing access to quality education outcomes.
Ksh 93.2 billion Environment management and protection, flood control and water harvesting.
Ksh 103.4 billion Equity, poverty reduction & social protection for vulnerable groups.
Ksh 23.0 billion Leveraging on Information, Communication and Technology.
Ksh 409.8 billion Transfer to County Governments Including: Equitable Share Ksh 370.0 billion and Conditional Allocation Ksh 39.8 billion

STATE OF THE ECONOMY

- In 2020, the economy was affected by the outbreak of COVID-19 Pandemic and the attendant containment measures. Consequently, economic growth is estimated to have slowed down to **0.6%** in 2020 from 5.4% in 2019.
- Growth is projected to bounce back to around **6.6%** in 2021 supported by stable macroeconomic environment, expected favorable weather and ongoing COVID-19 vaccinations that is meant to create herd immunity and allow resumption of full economic activities.
- This growth will also be supported by ongoing investments in strategic priorities of the Government under the “**Big Four**” Agenda and the implementation of the **Economic Recovery Strategy**.

Achievements under the Economic Stimulus Programme (ESP)

Since the outbreak of COVID-19 pandemic, the Government has been implementing the Economic Stimulus Programme, which is labour-based.

The programme increased demand for local goods and services, cushioning vulnerable Kenyans, securing household food security for the poor, and creating employment and incomes.

Great gains have been realized under the Programme including;

- Creation of over **100,000 jobs** for youth in urban settlements of Nairobi, Mombasa, Kisumu and Eldoret under “Kazi Mtaani” ;
- Providing **Ksh. 3.0 billion** to the Credit Guarantee Scheme as seed capital to de-risk lending to MSMEs;
- Recruitment and posting of **4,000** primary and **8,000** secondary school intern teachers.
- Construction of additional classrooms in secondary schools and procurement of locally fabricated desks for primary and secondary schools;
- **5,000** Diploma and Certificate level health workers were recruited for one year under the Universal Health Coverage;
- **5,500** Community scouts recruited and distributed to conservation areas across the 47 Counties;
- An additional **Ksh 10.0 billion** was transferred to the vulnerable and the emerging vulnerable as a result of COVID-19 pandemic; and
- Enhancement of liquidity to businesses through payment of VAT refunds of **Ksh 10.0 billion** and clearance of pending bills of **Ksh 13.1 billion**.



Youth engaged under Kazi Mtaani Programme

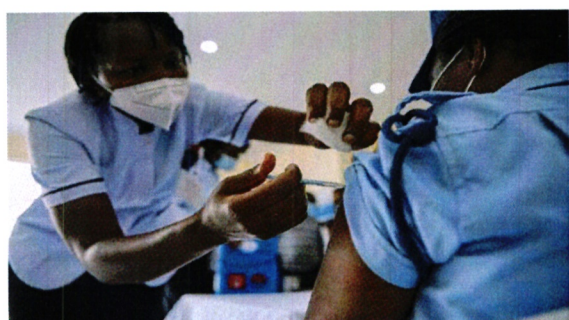


Credit Bank CEO Betty Korir signs Credit Guarantee Scheme agreement with the Treasury

Ongoing Vaccinations Against COVID-19 Pandemic



First batch of COVID-19 vaccines arriving at JKIA



Kenyans receiving Covid-19 vaccine

- In the **FY 2020/21**, the Government spent **Ksh 7.6 billion** to purchase COVID-19 vaccines.
- In March 2021, the Government launched the **National COVID-19** vaccinations after receiving **1.1 million** doses of AstraZeneca Vaccine from the COVAX Facility.
- As of end May, 2021, about **1.0 million** persons had received the first dose of COVID-19 vaccine.
- Vaccination of the second dose kicked off on 28th of May 2020 with priority given to frontline health care workers, who received the first jab during the initial roll out in March 2021.
- As of end May, 2021 about **27,000 persons** had received the second dose of COVID-19 vaccine.
- The Government is in the process of acquiring more vaccines from Johnson and Johnson to supplement AstraZeneca vaccines.
- In the **FY 2021/22 budget**, **Ksh 14.3 billion** is earmarked for the purchase of Covid-19 vaccines. This will facilitate the ongoing vaccination of Kenyans and create herd immunity against COVID-19 to allow resumption of full economic activities

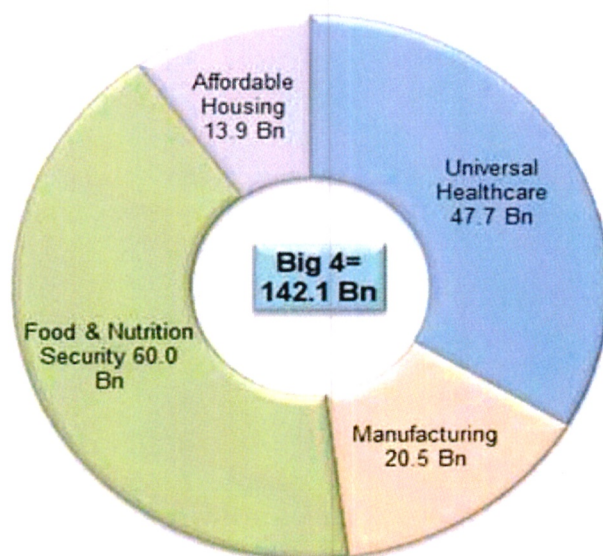
CONTINUED IMPLEMENTATION OF THE “BIG FOUR” AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

Realization of priority programmes under the “Big Four” Agenda is a critical path to supporting sustainable economic recovery, accelerating employment creation, supporting manufacturing activities, enhancing health coverage, improving food & nutrition security and living conditions through affordable housing.

As such, **Ksh 142.1 billion** has been allocated in the FY 2021/22 to support implementation of priority programmes under the “Big Four” Agenda, in various Ministries, Departments and Agencies:

This includes:

- ◆ **Ksh 47.7 billion** for Universal Health Coverage;
- ◆ **Ksh 20.5 billion** for Manufacturing;
- ◆ **Ksh 13.9 billion** for Affordable Housing; and
- ◆ **Ksh 60.0 billion** for Food and Nutrition Security



1. Universal Health Coverage



Soweto Hospital built in Kayole to bring services close to people



Uthiru –Muthua Hospital well equipped with in-patient beds

The outbreak and rapid spread of the Covid-19 Pandemic necessitated the urgent need to upscale implementation of Universal Health Coverage (UHC) to all our counties.

As such, the Government has enhanced allocations to the health sector to support the response to the pandemic and improve health outcomes. In the FY 2021/22 **Ksh 47.7 billion** was allocated to UHC.

Key allocations to the sector include:

- ◆ **Ksh 7.2 billion** for managed equipment services;
- ◆ **Ksh 4.1 billion** for Free Maternity Health Care;
- ◆ **Ksh 1.9 billion** to provide medical cover for the elderly and severely disabled in our society;
- ◆ **Ksh 8.8 billion** for the Kenya COVID-19 Emergency and Response Project;
- ◆ **Ksh 15.3 billion** for Kenyatta National Hospital;
- ◆ **Ksh 11.4 billion** to Moi Teaching & Referral Hospital;
- ◆ **Ksh 7.3 billion** to Kenya Medical Training Centres;
- ◆ **Ksh 2.8 billion** to Kenya Medical Research Institute;
- ◆ **Ksh 1.3 billion** for the construction of Kenya National Hospital Burns and Paediatrics Centre;
- ◆ **Ksh 450 million** for procurement of Cyber Knife Radiotherapy Equipment; and
- ◆ **Ksh 350 million** for the establishment of two cancer centres in Meru and Kakamega.
- ◆ **Ksh 5.8 billion** for addressing and lowering cases of HIV, Malaria and Tuberculosis;

CONTINUED IMPLEMENTATION OF THE “BIG FOUR” AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

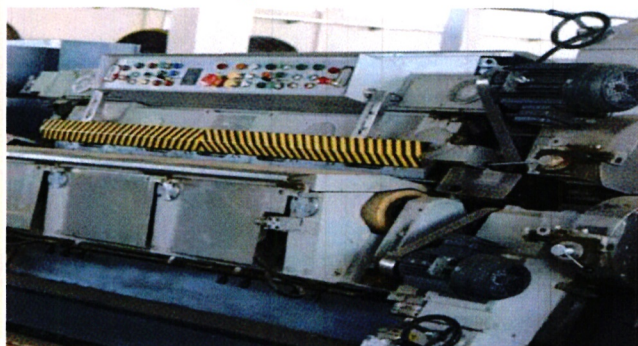
2. Supporting the Growth of Manufacturing for Continued Job Creation

- ⇒ The Government's enhanced investments in manufacturing sector continues to yield results including job creation and improvement of livelihoods.
- ⇒ To this end, the Government has revived and transformed textile, leather and automobile industries, which have in turn created jobs for our youth.
- ⇒ Building on the gains already made, the Government has continued to invest in the manufacturing sector to scale up operations, protect local industries and increase the sector's contribution to GDP.
- ⇒ In particular, the development of Special Economic Zones (SEZ) among them Naivasha Industrial park, Dongo Kundu Special Economic Zone in the coastal region and Kisumu Special Economic Zone in Miwani will spur local industrial activities and unlock additional employment opportunities for the unemployed population.
- ⇒ The Government has also prioritized establishment of private SEZs to boost the manufacturing sector.

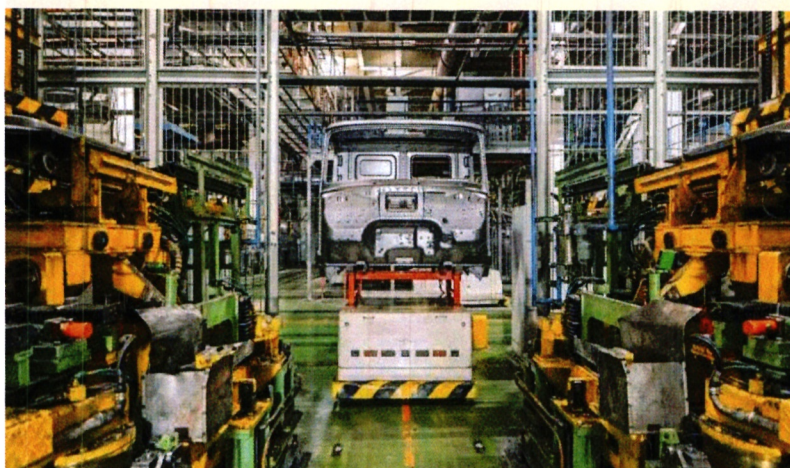
The Government continues supporting reforms to encourage the investment in manufacturing sector to support and protect local industries.



Hela Clothing in Kenya producing PPEs to meet regional demand



A tannery and leather processing factory at Ewaso Ngiro trading centre in Narok



Expanding Local Auto Assembly Industry in Kenya.



To date, thirteen motor vehicle and seventeen motor cycle assemblers have been approved

In the FY 2021/22, **Ksh 20.5 billion** has been set aside to promote local industries under various Ministries, Departments and Agencies.

Key allocations among this include:

- ◆ **Ksh 1.4 billion** to Kenya Industry and Entrepreneurship project;
- ◆ **Ksh 0.5 billion** for Development of various SMEs;
- ◆ **Ksh 0.8 billion** for Kenya Youth Empowerment and Opportunities Project;
- ◆ **Ksh 2.0 billion** additional for Credit Guarantee Scheme to enhance access to affordable credit by MSMEs ;
- ◆ **Ksh 350 million** for development of SEZ Textile Park in Naivasha, Kenanie leather Industrial Park and Athi River Textile Hub;
- ◆ **Ksh 8.3 billion** for Dongo Kundu Special Economic Zone;
- ◆ **Ksh 59.2 million** modernization of cooperative cotton ginneries;
- ◆ **Ksh 130.2 million** for the Modernization of RIVATEX; and
- ◆ **Ksh 210.0 million** coffee industry revitalization

CONTINUED IMPLEMENTATION OF THE “BIG FOUR” AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

3. Provision of Affordable and Decent Housing for All Kenyans



Affordable NHC Stoni Athi view housing units located off Nairobi-Mombasa Highway.



Mavoko affordable Housing Units.

The Government continues to tackle the housing problem in Kenya by implementing programmes under Affordable Housing Pillar.

Resources have been mobilized through the National Housing Development Fund and fostering public-private partnerships in order to fund 500,000 affordable housing units.

The National Housing Development Fund continues to mobilize resources to fund the housing projects in Mavoko, NHC Stoni Athi among others which are at various stages of completion.

In FY 2021/22 budget, **Ksh 13.9 billion** has been allocated for affordable Housing.

Key allocations include:

- ◆ **Ksh 3.5 billion** to operationalize the Kenya Mortgage and Refinance Company (KMRC);
- ◆ **Ksh 7.0 billion** to Kenya Affordable Housing Project ;
- ◆ **Ksh 500.0 million** construction of Social Housing Units;
- ◆ **Ksh 3.5 billion** to Kenya Informal Settlement Improvement Project – Phase II;
- ◆ **Ksh 750.0 million** for the Housing Units for National Police and Kenya Prisons; and
- ◆ **Ksh 1.0 billion** for construction of markets.

4. Enhancing Food and Nutrition Security to all Kenyans

Government's efforts to make food cheap and available to all Kenyans are bearing fruits with various initiatives aimed at supporting farming, livestock rearing and fish production.

More farmers are now accessing subsidized inputs to lower their cost of production and boost earnings.

In FY 2021/22 budget, **Ksh 60.0 billion** has been allocated to support the aspirations to attain 100 percent food and nutrition security.

Key allocations in this budget include:

- ◆ **Ksh 7.0 billion** National Agricultural and Rural Inclusivity project;
- ◆ **Ksh 1.5 billion** Small Scale Irrigation and Value Addition Project;
- ◆ **Ksh 2.7 billion** to Kenya Cereal Enhancement Programme;
- ◆ **Ksh 1.8 billion** for the Emergency Locusts Response;
- ◆ **Ksh 1.5 billion** for National Value Chain Support Project;
- ◆ **Ksh 620.0 million** to the Food Security and Crop Diversification Project;
- ◆ **Ksh 3.1 billion** for free disease holding ground in Lamu;
- ◆ **Ksh 10.7 billion** to increasing agricultural productivity and enhance resilience to climate change risks in targeted smallholder farming and pastoral communities;
- ◆ **Ksh 529.5 million** for Insurance Scheme for livestock and crops;
- ◆ **Ksh 3.2 billion** for the Aquaculture Business Development Project;
- ◆ **Ksh 3.4 billion** for the Kenya Marine Fisheries and Socio-Economic Development Project;
- ◆ **Ksh 2.1 billion** for construction of Liwatoni fishing Complex; and
- ◆ **Ksh 1.0 billion** for construction of a fish processing plant in Lamu.



Kitchen gardens under the One Million Kitchen Gardens Initiative for food & nutrition security.



Combating Desert Locust invasion in Northern Kenya.

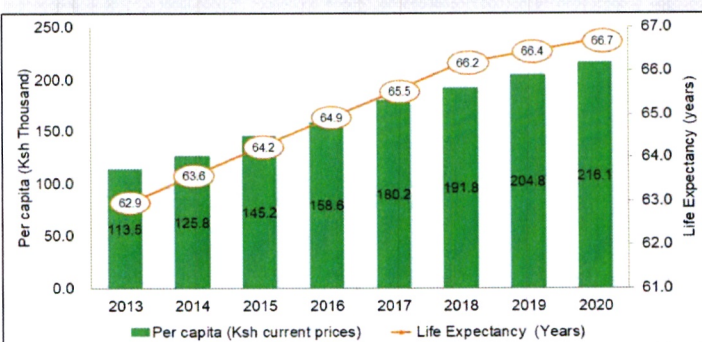
Enablers of the “Big Four” Agenda

A. Conducive Business Environment for Investment

Macro Economic Stability

Government continues to maintain macroeconomic stability by pursuing fiscal and monetary policies that will stimulate the economy to safeguard livelihoods, jobs, businesses and industrial recovery.

- ◆ The **monetary policy** continues to maintain **inflation rate** within target range of **2.5 percent to 7.5 percent** and to ensure stability in interest rates which will in turn support credit extension to the private sector.
- ◆ Monetary policy has also strived to promote stable and competitive **exchange rate** to support exports and ensure sufficient exchange reserves as a cushion from external shocks.
- ◆ To complement monetary policy, the **fiscal policy** will continue to sustain fiscal consolidation efforts through revenue mobilization and expenditure rationalization



Supported by macroeconomic stability, the well being of Kenyans continues to improve

Improving National Security

A safe and secure environment remains a prerequisite for achieving the “Big Four” Agenda.

To support this, the following key allocations have been made:

- ◆ **Ksh 10.7 billion** for Lease Financing of Police Motor Vehicles;
- ◆ **Ksh 4.8 billion** for Police and Prison Officers Medical Insurance Scheme;
- ◆ **Ksh 2.3 billion** for Group Personal insurance for police and prisons
- ◆ **Ksh 1.5 billion** for the National Communication and Surveillance System;
- ◆ **Ksh 335.0 million** for Equipping the National Forensic Laboratory; and
- ◆ **Ksh 1.0 billion** for the second mass registration for Huduma number.



Kenyans registering for Huduma Number.

Digitalizing the Economy to Spur Economic Recovery

The Government has taken advantage of rapid technological advances as they have great potential to catalyse economic recovery, enable attainment of “Big Four” Initiatives, increase economic growth and improve the lives of Kenyans.

To leverage on these gains, the Government continues to enhance investments in the ICT sector to improve access to Government services particularly in the wake of COVID-19 Pandemic.

Key allocations to the sector include:

- ◆ **Ksh 12.0 billion** for development of Konza Horizontal Infrastructure;
- ◆ **Ksh 3.6 billion** for Konza Data Centre and Smart City Facilities;
- ◆ **Ksh 1.2 billion** for National Optic Fibre Backbone Infrastructure (Phase II) Expansion;
- ◆ **Ksh 670.0 million** for Digital Literacy Programme (School Laptop Project);
- ◆ **Ksh 1.0 billion** for Government Shared Services;
- ◆ **Ksh 400.0 million** for Construction of Konza Complex Phase 1B; and
- ◆ **Ksh 604.0 million** for Connectivity to Health Facilities (UHC).



A completed and occupied Konza complex.



ICT interns during induction under the Ajira Digital Programme

B. Infrastructure Development for Inclusive Growth

Road Construction

The Government has been scaling up the construction of modern highways as well as urban and rural roads in every part of the country.

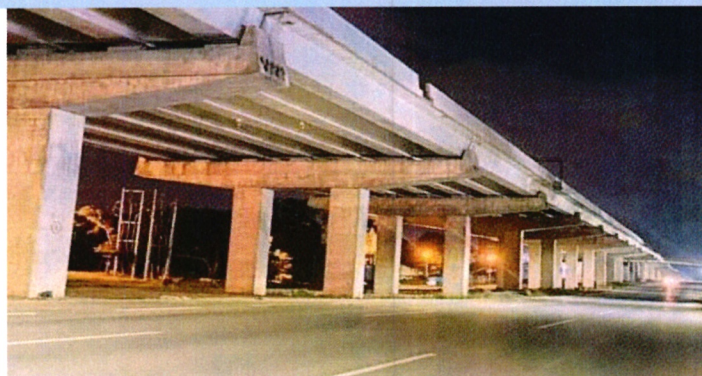
This will open up many areas to economic activities and spur growth .

The following allocations have been made in FY 2021/22:

- ◆ **Ksh 94.7 billion** for the ongoing Road and bridges Construction;
- ◆ **Ksh 36.1 billion** for Rehabilitation of Roads; and
- ◆ **Ksh 54.0 billion** for Maintenance of Roads.



Likoni Floating Bridge has eased congestion across the Likoni Channel



Construction of the Nairobi Expressway. Upon completion, the road will ease traffic congestion

Rail and Ports Construction

Railway transport continues to improve interconnectivity and reduced traffic congestion on our roads while the construction of ports continues to enhance job creation for our youth.

To continue improving public transport and construction of ports, the following allocations have been proposed:

- ◆ **Ksh 27.2 billion** for Construction of SGR Phase II
- ◆ **Ksh 7.5 billion** for LAPSSET project;
- ◆ **Ksh 7.5 billion** Mombasa Port Development Project ;
- ◆ **Ksh 1.8 billion** for rehabilitation of the Meter Gauge Railway;
- ◆ **Ksh 1.3 billion** for Railways Metro Lines;
- ◆ **Ksh 8.3 billion** for Dongo Kundu SEZ;
- ◆ **Ksh 2.0 billion** for construction and rehabilitation of Riruta –Ngong Railway; and
- ◆ **Ksh 2.0 billion** for the Kenya National Shipyard

Energy

The Government is committed to ensure efficient and reliable production, transmission and distribution of affordable, clean and reliable energy.

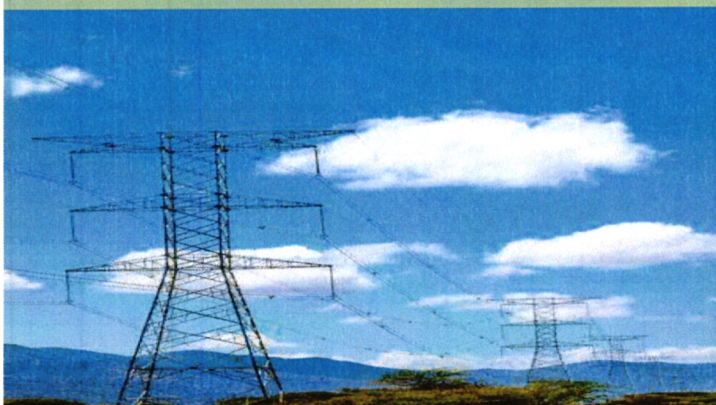
Key allocations under the sector include:

- ◆ **Ksh 50.1 billion** to Power transmission & distribution;
- ◆ **Ksh 11.3 billion** for Geothermal Development;
- ◆ **Ksh 5.7 billion** for Electrification of identified Public Institutions; and
- ◆ **Ksh 1.3 billion** for Development of nuclear energy and exploration and mining of coal

Sustaining Water Supplies

Significant resources have been allocated for water and irrigation infrastructure, sewerage and flood control to safeguard livelihoods as follows:

- ◆ **Ksh 39.1 billion** Water & Sewerage Infrastructure;
- ◆ **Ksh 16.4 billion** for Water Resource Management;
- ◆ **Ksh 9.6 billion** Forest and Water Tower Conservation;
- ◆ **Ksh 10.4 billion** to Irrigation & Land Reclamation;
- ◆ **Ksh 10.8 billion** Water Storage & Flood control; and
- ◆ **Ksh 8.2 billion** Wildlife Conservation & Management;



Alternate Power Pylon for Power Transmission



Irrigation project to increase agricultural productivity

C. Sustained Investment in Social Services for the Welfare of Kenyans

Quality and Relevant Education

Human capital development is central to promoting shared prosperity. The allocations in the FY 2021/22 are aimed at enhancing learning and competencies to develop quality and relevant skills for the 21st century. They include:

- ◆ **Ksh 281.7 billion** for Teachers Service Commission (TSC);
- ◆ **Ksh 77.7 billion** for University Education;
- ◆ **Ksh 62.2 billion** for Free Day Secondary Education;
- ◆ **Ksh 15.8 billion** for Higher Education Loans Board;
- ◆ **Ksh 12.0 billion** for Free Primary Education;
- ◆ **Ksh 1.8 billion** for Construction and Equipping of the Technical Training Institutes;
- ◆ **Ksh 4.0 billion** to KNEC for Examination Fee Waiver;
- ◆ **Ksh 4.2 billion** for both the public Primary and Secondary School Infrastructure;
- ◆ **Ksh 2.5 billion** for Recruitment of Additional Teachers; and
- ◆ **Ksh 1.0 billion** for competency Based Curriculum.



Learning under the Competency Based Curriculum.



Schools resume after COVID-19 disruptions

Equity, Poverty Reduction and Social Protection for Vulnerable Groups

The Government through the National Safety Net (Inua Jamii) Programme, continues to share benefits of economic growth through cash transfers to vulnerable groups.

Allocations in the FY 2021/22 include:

- ◆ **Ksh 16.7 billion** Cash Transfers to Elderly Persons;
- ◆ **Ksh 7.9 billion** for Orphans and Vulnerable Children;
- ◆ **Ksh 4.1 billion** for Hunger Safety Net Programme; and
- ◆ **Ksh 1.2 billion** for Cash Transfer to Persons with Severe Disability.



Elderly persons receiving money from the cash transfer programme



Beneficiaries of Kenya Youth Empowerment and Opportunities Project

To support youth and women empowerment, allocations in FY 2021/22 include:

- ◆ **Ksh 4.2 billion** Kenya Youth Empowerment and Opportunities Project;
- ◆ **Ksh 10.0 billion** for National Youth Service;
- ◆ **Ksh 454.1 million** Youth Enterprise Development Fund
- ◆ **Ksh 120.0 million** for Women Enterprise Fund; and
- ◆ **Ksh 62.0 million** for Uwezo Fund

The National Government Constituency Fund and National Government Affirmative Action Fund play a key role in promoting equity, reduce poverty and promoting and social development especially in marginalized areas.

To continue enjoying these benefits, the FY 2021/22 budget has set aside:

- ◆ **Ksh 41.7 billion** for National Government Constituency Fund (NG-CDF);
- ◆ **Ksh 6.8 billion** for Equalization Fund; and
- ◆ **Ksh 2.1 billion** for National Government Affirmative Action Fund (NG-AAF).



Improving Educational Infrastructure countrywide with the support of the National Government Constituency Development Fund

The office of NGAAF Nairobi issuing modern sewing machines to women and Youth groups. The machines will empower the beneficiaries and improve local manufacturing

D. Continued Support to Counties for Enhanced Service Delivery

The National Government has continued to support the County Governments to ensure that devolution succeeds.

In the FY 2021/22, County Governments have been allocated **Ksh 409.8 billion**, which comprises of:

- ◆ **Ksh 370.0 billion** from the equitable share of revenue raised nationally;
- ◆ **Ksh 7.5 billion** as additional conditional allocations from the National Government share of revenue ; and
- ◆ **Ksh 32.3 billion** as conditional allocation from the Development Partners.

Nairobi Metropolitan Services

- ◆ As a pilot programme, the Nairobi Metropolitan Services has been successful in rolling back the frontiers of urban indignity.
- ◆ **Ksh 27.2 billion** has been allocated in the FY 2021/22 budget to support NMS continue to perform its functions



Machakos Level 5 Hospital in Machakos County . Kenyans are able to access healthcare services



Asphalt Plant Constructed in Kangundo by NMS used for processing bitumen and asphalt



Road Carpeting by the NMS in Nairobi

ECONOMIC RECOVERY STRATEGY

Building on the gains made from Economic Stimulus Programme, the Government is implementing an **Economic Recovery Strategy** to mitigate the adverse impact of the Pandemic on the economy and re-position it on an inclusive and sustainable growth trajectory.

Interventions under this strategy seeks to:

- ◆ Enhance resource mobilization to ensure sustainable funding of our development programs;
- ⇒ Including Public Private Partnerships and lease financing.
- ◆ Support the role of private sector in economic development by facilitating credit access by Micro, Small & Medium Enterprises through the Credit Guarantee Scheme;
- ◆ Upscale investment in ICT and digital infrastructure in order to facilitate e-commerce and efficient delivery of public services;
- ◆ Promote local production processes and domestic supply value chains;
- ◆ Strengthen social protection through targeted policy interventions and programs.
- ⇒ Improve access to education, strengthen health care systems and enhance cash transfers for the support of the vulnerable members of our society;
- ◆ Ensure a secure and conducive business environment;
- ◆ Develop critical infrastructure to reduce cost of doing business as well as promote competitiveness;
- ◆ Support youth, women and persons with disability to enable them actively contribute to economic recovery;
- ◆ Facilitate County Governments in strengthening their systems to enhance service delivery; and
- ◆ Implement various structural reforms to enhance the efficiency of public service delivery-Governance, PFM reforms, financial sector reforms



Youth making soil blocks using ISSB technology that will be used to construct 30 additional classrooms at Mikuyuni Secondary School in Kibwezi .



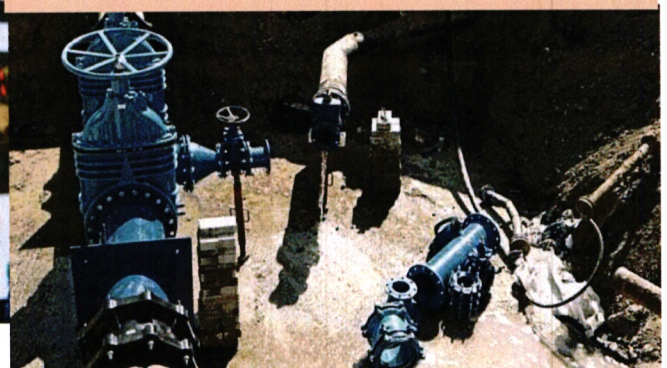
Community Scouts engaged in Wildlife Conservation under the Economic Stimulus Programme.

In the FY 2021/22 budget, Ksh 23.1 billion has been allocated for the Economic Recovery Programme in the following areas:

- ◆ **Ksh. 2.6 billion** to enhance liquidity to business;
- ◆ **Ksh 6.4 billion** for improving education outcome;
- ◆ **Ksh. 6.9 billion** for improving environment, water and sanitation facilities;
- ◆ **Ksh. 1.97 billion** for improving agriculture and food security;
- ◆ **Ksh. 1.2 billion** for the recruitment of health care interns;
- ◆ **Ksh. 1.0 billion** for the Kenya Wildlife Services to engage community scouts; and
- ◆ **Ksh 3.0 billion** for the youth empowerment and employment creation under **Kazi Mtaani Programme**,



President Uhuru Kenyatta launching ARIDHISASA, an ICT platform to digitalize all land transactions.



Water and sanitation project in Bomet County