

REPUBLIC OF KENYA

BUDGET POLICY STATEMENT

MARCH 2011

© Budget Policy Statement (BPS) 2011

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Foreword

This is the second Budget Policy Statement (BPS) to be issued by the Kenya Government and tabled before the National Assembly in accordance with Section 7, subsections (1), (2) and (3) of the Fiscal Management Act, 2009. The 2011 BPS builds on the economic gains the country has achieved partly as a result of the implementation of economic policies and structural reforms outlined in the 2010 BPS. The Budgets for fiscal year 2011/12 and the medium term, which are informed by this BPS, are important and key to achieving the objectives of Vision 2030 and the implementing of the new Constitution.

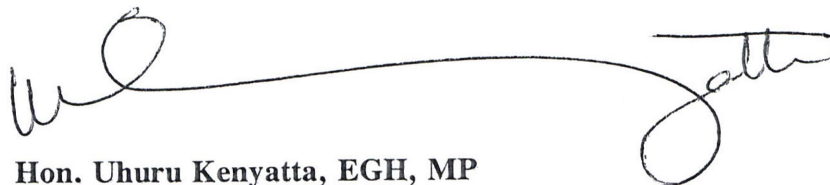
The government responded appropriately to the multiple shocks of 2008-09 by maintaining social spending in health and education, providing economic stimulus countrywide and continuing to invest in infrastructure including roads, water and power. The fiscal deficit (including grants) in consequence rose from 3.5 percent of GDP in 2007/08 to 6.5 percent of GDP in 2009/10 and 6 percent of GDP in 2010/11. Similarly, government net domestic debt increased slightly over 24 percent of GDP from 17 percent of GDP in 2007/08. It is worth underscoring that without such deliberate fiscal and monetary stimulus actions by the Government, the effect of the recession would have been worse in terms of reduced economic activities and the consequent job losses too.

Our economy has now bounced back with real GDP growth estimated at over 5.2 percent in 2010. Growth prospects for 2011 and medium term look favorable, albeit risks associated with dry spells, rising oil prices and weakening of the shilling, remain. We expect real GDP to grow by 5.7 percent in 2011 and to rise steadily to pre-crisis level of 7 percent by 2013. These growth rates are not sufficient to meaningfully deal with the unemployment problem, which largely affects our youth. We need to aim higher and sustain economic growth at an annual average rate of 10 percent as outlined in Vision 2030 for the economy to create enough jobs for our youth. Achieve this objective, calls for urgent action by the Government to remove the factors in the economy that continue to constrain our efforts to leap frog towards higher development frontiers enjoyed by other countries such as China, India and Brazil.

This Budget Policy Statement articulates economic policies and structural reforms as well as sectoral expenditure programmes the Government intends to implement in the next three financial years in order to achieve the broad goal of its development agenda as already indicated. And reasonable

provision is made to ensure smooth implementation of the new Constitution—a key national objective. Care has been taken in this Budget Policy to programme expenditures in a manner consistent with the objective of reducing government debt in the medium term and also ensuring fiscal sustainability.

Moving forward, and with the challenges of 2008-09 now behind us, all of us as Kenyans should refocus the public discourse more towards the realization of higher and inclusive economic growth. Sustained higher and inclusive growth is the surest way to conquer on lasting basis, unemployment, poverty, illiteracy and disease. This is the way to bequeath our youth the prosperous future they deserve.

A handwritten signature in black ink, appearing to read 'U Kenyatta', written in a cursive style. The signature is positioned above the printed name and title.

Hon. Uhuru Kenyatta, EGH, MP
Deputy Prime Minister and Minister for Finance

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Legal Basis for the Publication of the Budget Policy Statement

The Budget Policy Statement is published in accordance with Section 7 sub-sections (1), (2) and (3) of the Fiscal Management Act, 2009. The law states that:

- (1) The Minister shall prepare and lay before the National Assembly a paper to be referred to as a budget policy statement.
- (2) The budget policy statement shall be laid before the National Assembly not later than 21st March each year or, in the event that the National Assembly is not in session on 21st March, within the first week upon the reconvening of the Assembly.
- (3) The budget policy statement shall state the broad strategic macroeconomic issues that will be the basis of the budget of the succeeding financial year and the medium term and shall include –
 - (a) an assessment of the current financial year and the projected state of the economy for the succeeding three years;
 - (b) the macro economic and fiscal policies for the period specified under paragraph (a);
 - (c) targets for overall revenues, total aggregate expenditure and domestic and external borrowing for the succeeding financial year and the medium term;
 - (d) the total resources to be allocated to individual programmes within a sector or Ministry for the period identified under paragraph (a) indicating the outputs expected from each such programme during that period;
 - (e) the criteria used to allocate or apportion the available public resources among the various programmes;
 - (f) the estimates of interest and debt servicing charges and loan repayments for the financial year to which the budget relates and the next two financial years;
 - (g) proposal for financing any deficits for the financial year;
 - (h) indication of the intention regarding borrowing and actions that may increase public debt for the financial year;
 - (i) budgeted and actual revenue levels for the two preceding financial years;
 - (j) budgeted and actual expenditure for the two preceding financial years by vote and main divisions;
 - (k) forecast financial position for the financial year to which the budget relates and the next two financial years;
 - (l) statement of specific fiscal risks and contingent liabilities including guaranteed loans, pending bills, uninsured risks, promissory notes and other internationally accepted instruments, as at the day on which the forecast financial statement are published and the rules that determine what constitutes current and future fiscal risks;
 - (m) the policy objectives that will guide the Government's budget decisions during the financial year and the policy areas that the Government will focus on during the financial year.

BUDGET POLICY STATEMENT

I. INTRODUCTION

1. This is the second Budget Policy Statement (BPS) to be tabled in Parliament in accordance with the requirements of the Fiscal Management Act, 2009. It presents an assessment of the current economic situation and broad macroeconomic and fiscal parameters for the next budget and the medium term, as well as the strategic policy initiatives and resource allocation criteria consistent with the national strategic objectives.

2. The 2011 BPS comes against a backdrop of improved economic environment both at the global and domestic fronts. Inflation and short-term interest rates remain generally low, although inflation has picked in the last two months. The improved performance is a strong indication that the measures undertaken globally as well as those we resolved to implement are now paying dividends. The promulgation of the new Constitution in August 2010 has also renewed optimism in the economy.

3. The overriding policy thrust of this year's BPS, therefore, is to consolidate the broad-based economic recovery gains and sustain it on a higher growth trajectory as envisioned in our Vision 2030 and its the first Medium-Term Plan (MTP), 2008-2012. This will be achieved by focusing on economic policies and structural reforms aimed at removing the binding constraints and facilitating private sector to expand its business, promote productivity and build resilience necessary for sustained assault on unemployment, poverty and inequality.

4. Key priorities include investing in infrastructure, in particular, roads, clean energy to deal with the challenges of climate change, in addition to increasing installed electric power generation capacity, development of the Port of Lamu and modernization of port of Mombasa and other transport systems, especially affordable and modern urban commuter and freight railway systems. Other priorities include implementation of the new Constitution, security and adequate allocation to the key socio-economic sectors such as agriculture and rural development, health and education as well as interventions to support employment generation for our youth. To this end, a framework will be developed to actively engage with the private sector in scaling up agribusiness as a catalyst for rural transformation, food security, employment creation and export diversification. At the same time, we intend to strike a balance between devoting resources for these priorities and gradual fiscal adjustment to ensure long-term debt sustainability.

5. To complement the investment in the socio-economic sectors and physical infrastructure, the Government aims at deepening structural reforms to promote productivity, especially those aimed at strengthening the public financial management, modernizing and simplifying the tax system, increasing access to financial services while ensuring adequate supervision, and enhancing the operating environment for business to flourish. These reforms will be complemented by enhanced security to enforce rule of law, protect property rights and assure Kenyans of security, peace and stability.

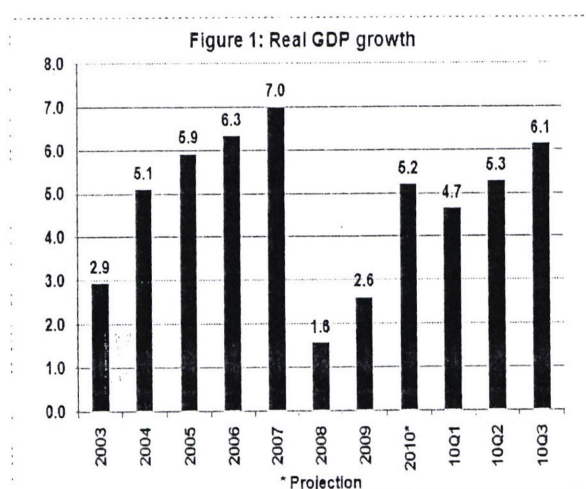
This BPS also underlines the importance of continued maintenance of macroeconomic stability to the achievement of high and sustainable economic growth, employment creation and poverty reduction objectives. On the fiscal front, we take cognisance of the reality that available resources are scarce and that there is need to focus on national priority programmes that have high impact on our stated national objectives.

II. CURRENT ECONOMIC SITUATION

Recent Developments

Growth has bounced back, but risks remain

6. At the time of presenting the first BPS in March 2010, the economy was beginning to show signs of recovery after a lacklustre performance in 2008-2009. At that time, the full impact of the economic stimulus programme was yet to be felt with delayed implementation of projects. But as the year progressed and with improved weather conditions, economic activity picked. Real GDP grew by 4.7 percent, 5.3 percent and 6.1 percent in the first, second and third quarters of 2010, respectively (Figure 1). It is now estimated that overall growth for 2010 will average 5.2 percent, up from 2.6 percent in 2009 and 1.6 percent 2008. Agriculture, electricity and water, finance, tourism and construction were the key sectors driving this growth.



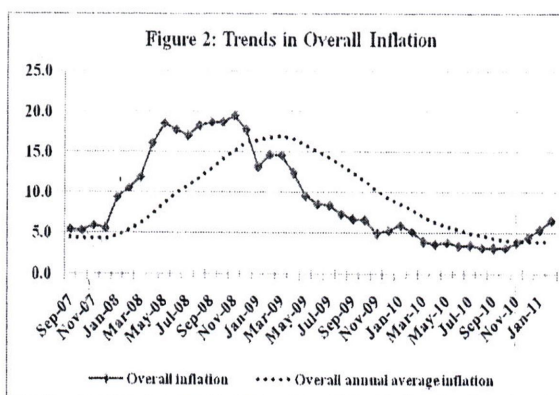
7. The Government's key aim in Budget 2010 was to nurture this recovery. We continued with the economic stimulus programmes and introduced strategic interventions to ensure that jobs and economic activity were supported. Stronger public investment especially in infrastructure has also helped bolster growth. Meanwhile, the Central Bank of Kenya eased monetary policy stance to ensure availability of liquidity to the financial system and support growth.

8. Year 2011 and the medium-term now look bright, with continued global recovery and increased public investments. However, some risks are emerging. Inadequate rainfall during the long-rain season could weaken growth in agriculture as well as energy and water sectors. Also, continued investor confidence in Kenya's economy hinges on the smooth implementation of the new Constitution, which is expected to address the long-standing social and political problems that have held back our growth potential. Current political tensions do not augur well, in this regard.

9. It is also important to note that the pace of current growth is still well below the target of Vision 2030 of 10 percent necessary to draw more Kenyans into employment and reduce poverty. We, therefore, need to grow our economy much faster over an extended period to meet our development goals. Achieving these objectives require stepping up investment in physical infrastructure directly by the Government and where feasible, through public-private partnership, to raise Kenya's economic competitiveness. These are in addition to the strategic interventions elaborated in our Vision 2030.

Inflation has remained subdued, but has started rising recently

10. Inflation has fallen from a high of 19.5 percent in November 2008 and has largely remained well below the 5 percent target for a greater part of 2010. This development reflected ample food supply, stable energy prices and low telecommunication tariff rates associated with intense competition in a vibrant telephony market.

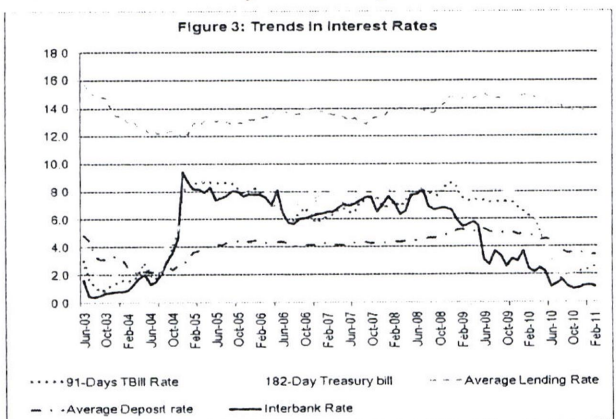


11. However, more recently from November 2010, inflation has started to rise steadily reaching 5.4 percent in January 2011 and 6.5 percent in February, 2011. The pick-up is due to

increased prices of energy and some food stuff, which, respectively, reflects rising oil price occasioned by the North Africa and Middle East crisis and the adverse effects of the recent short dry spell. The recent depreciation of the exchange rate is also bound to put upward pressure on inflation.

Short-term interest rates have remained low, but lending rates charged by commercial banks have generally not fallen in tandem

12. With ample liquidity in the market, interest rates remained low and stable though with a tendency to rise towards the end of the second half of 2010. After declining to 1.6 percent in July 2010 from 3 percent in June 2010, the average interest rate on the 91-day Treasury bill rose to 2.3 percent in December 2010 and further to 2.6 percent in February 2011. Similarly, the average 182-day Treasury bill rate dropped from 2.9 percent in June 2010 to 1.7 percent in July 2010 but rose to reach 2.8 percent in February 2011. The recent increase in Treasury bill rates partly reflects



inflationary pressures and expectation of increase in rates by market players with increased government borrowing.

13. In the short-end of the money market, the average interbank rate, which had fallen to 1.0 percent in October 2010 from 1.7 percent in August 2010 rose marginally to average 1.2 percent in the December 2010 – February 2011 period. Average lending rate for commercial bank rates have, however, not fallen in tandem with short-term rate. They remained fairly steady at 13.9 percent in the period October 2010 – February 2011, while the average deposit rate dropped from 3.8 percent in July 2010 to 3.4 percent in February 2011. As a result, the spread between the average lending and deposit rate increased from 10.4 percent to about 10.6 percent in January/February 2011.

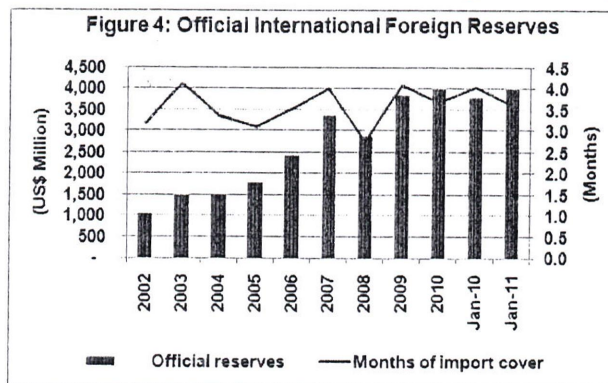
Foreign exchange reserves remain comfortable

14. Reflecting improved balance of payments position with increased surplus in the services account and a stronger rebound in exports earnings, official foreign exchange reserves held by the Central Bank of Kenya rose to US\$ 4.0 billion by end-December 2010, from US\$ 3.8 billion at end-

December 2009. By end of February 2011, official foreign exchange reserves had increased to US\$ 4.1 billion.

15. However, due to increased value of merchandise imports, official reserves in terms of months of imports cover declined from 4.1 months to 3.7 months. In terms of previous three

years of import coverage, the official reserves held were within the 4 months statutory minimum stipulated in the CBK Act.



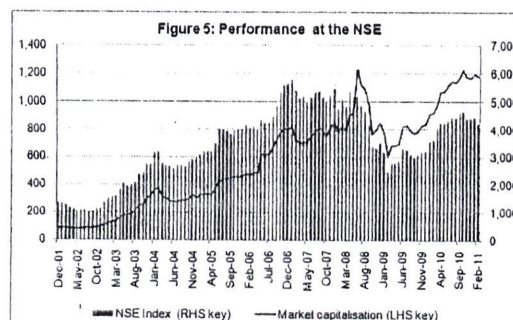
The shilling exchange rate has remained generally stable, although it has weakened recently

16. Against major currencies, the Kenya Shilling has remained stable but with tendencies to appreciate in the last quarter of 2010 mainly due to the weakening of these currencies in the international market. Against the US dollar, the shilling strengthened marginally to trade at an average of KSh. 80.6 per dollar in December 2010 compared to KSh. 80.7 per dollar in October 2010. Similarly, the shilling gained slightly against the Sterling Pound and the Euro to exchange at KSh. 125.7 and KShs. 106.5 in December 2010 compared to KSh. 128.0 and Ksh.112.2 in October 2010 to the Sterling Pound and the Euro, respectively.

17. More recently in the first quarter of 2011, the shilling has started weakening against all major currencies. This follows rising oil prices with political crisis in Middle East and North Africa (MENA).

Activity in the capital markets remain buoyant

18. After dipping to 2,475 points in February 2009, from a peak of 5,774 points in January 2007, the NSE Index rose to 4,660 points in October 2010 before declining to 4,240 in February 2011. Similarly, market capitalization increased to KSh 1.19 trillion January 2011 from KShs. 910 billion in January 2010 and KShs. 611 billion in February 2009.



19. The strengthening of the stock market indicators reflects improved economic prospects as both domestic and external economy recover from adverse effects of global economic and financial crisis. In addition, 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) contributed to improved stock market indicators.

Update on Fiscal Performance

20. The macroeconomic assumptions underlying the 2010/11 budget were detailed in the 2010 BPS and the medium-term Budget Strategy Paper (BSP) released in June 2010. The fiscal framework was anchored on continued maintenance of a strong revenue effort and containing the growth of total expenditure, while shifting the composition of expenditure from recurrent to capital expenditure and eliminating unproductive expenditures and leakages through improved public financial management. These principles also included containing the growth in the public debt to a sustainable level in order to ensure the private sector is not crowded out.

21. The 2010/11 budget envisaged total expenditure amounting to KSh. 998.8 billion, of which KSh. 675.6 billion was recurrent expenditure, KSh. 321.2 billion was development expenditure, and KShs. 2.0 billion was provision for Civil Contingency Fund (CCF).

22. This was to be financed by total revenue (including A-I-A and after adjusting for LATF) amounting to KSh. 688.4 billion, donor project support (including debt swap) totalling KSh. 143.6 billion, domestic debt rollover of KShs. 61.5 billion, and domestic borrowing of KSh. 105.3 billion.

The underlying assumptions are broadly on track

23. As indicated earlier, the underlying assumptions of the 2010/11 budget in terms of growth and inflation has held up well. Real GDP growth of 5.4% for the FY 2010/11 is expected to be achieved, barring any adverse effects of the recent short dry spell.

24. Average inflation assumption of 5 percent for the financial year is also expected to be achieved, in spite of the recent upward pressure with rising oil and food prices, as well as depreciation of the exchange rate.

Revenues have fallen short of target

25. As at end of February 2011, cumulative revenue receipts amounted to KSh. 394.5 billion, against a target of KSh. 426.4 billion. This reflected an underperformance of KSh. 31.9 billion. The underperformance was in respect KSh. 13 billion in Ordinary revenue and KSh. 18.9 billion in Appropriations-in-Aid (A-I-A). The shortfall in A-i-A partly reflects underreporting by line ministries.

26. The underperformance in ordinary revenue was associated with various factors:

- VAT withholding challenges during early in the financial year;
- Competition in Mobile telephony sector;
- Oil supply constraints that weakened tax collection;
- Changes in taxation of cigarettes in the Finance Act, 2010; and
- Implementation of new Alcohol Control Law.

27. For the remainder of the year, we expect the shortfall in ordinary revenue to narrow further. Our revised ordinary revenue for FY 2010/11 is expected to be KSh. 605.9 billion, down from KShs. 609.6 billion in the budget. Going forward, the Government will modernise the VAT legislation to address the current challenges associated with its administration.

Expenditure execution has also fallen behind

28. By February 2011, total expenditure (based on disbursement) amounted to KSh. 489.4 billion against a target of KSh. 611.9 billion. This reflected an overall under-spending of KSh. 122.5 billion, of which KSh. 36.7 billion was in respect to recurrent expenditure, while KSh. 85.9 billion was in respect to development expenditure and net lending. Expenditures financed with domestic resources were below target by KSh. 38.8 billion, and those financed with foreign resources were KSh. 47.1 billion.

29. The under-spending of the development budget reflected:

- Poor procurement planning for government funded projects;
- Low absorption of development project funds due to delays in processing and securing No Objections from donors; and

- Under-reporting by line ministries of actual spending, including low coverage of expenditures incurred in the districts.

The deficit was largely financed by domestic borrowing

30. Taking into account the performance in revenue and expenditure during the first eight months of the financial year, the overall fiscal deficit (including grants) was KSh. 89.8 billion, compared with a target KSh. 159.9 billion.

31. The deficit was financed by net domestic financing amounting to KSh. 69.7 billion and net external financing of KSh. 15.9 billion. Details of the budget outturn as at end of February 2011 are shown in Table 1 below.

Table 1: Cumulative Budget Outturn, July 2010 – February 2011 (in KSh. Billion)

	Cummulative Jul-Feb 2011			2010/11		
	Target	Act	Dev.	Revised Budget	Printed Budget	Dev.
	1	2	3 = 2-1	4	5	6 = 4-5
1.0 TOTAL REVENUE & GRANTS	452.0	408.8	(43.1)	730.1	730.0	0.1
1.1 Total Revenues	428.4	394.5	(31.8)	686.4	689.6	(3.2)
Ordinary Revenue	379.8	366.8	(13.0)	605.9	609.6	(3.7)
Ministerial Appropriation in Aid	46.6	27.8	(18.9)	80.5	80.0	0.5
1.2 Grants	25.6	14.3	(11.3)	43.7	40.4	3.4
2.0 TOTAL EXPENDITURE AND NET LENDING	611.9	489.4	(122.5)	917.5	918.0	(0.6)
2.1 Recurrent Expenditure	391.1	354.4	(36.7)	611.1	592.5	18.7
Domestic Interest	43.6	41.6	(2.0)	67.2	67.9	(0.7)
Foreign Interest	4.4	4.4	-	7.0	7.0	-
Pensions etc	20.5	17.0	(3.5)	28.9	28.6	0.2
Wages & Salaries	127.8	131.2	3.4	202.3	191.7	10.7
Defense and NSIS (NET)	38.3	34.9	(3.4)	60.6	56.3	4.3
Other recurrent Expenditures	156.5	125.2	(31.2)	245.1	241.0	4.1
2.2 Development	219.8	133.9	(85.9)	306.4	323.6	(17.2)
Domestically Financed (Gross)	128.0	89.2	(38.8)	177.3	178.1	(0.9)
Foreign Financed	90.6	43.5	(47.1)	126.6	143.1	(16.5)
Net Lending	1.2	1.2	(0.0)	2.5	2.4	0.2
CCF	1.0	1.1	0.1	-	2.0	(2.0)
3.0 BALANCE INCLUSIVE OF GRANTS	(159.9)	(89.8)	70.2	(187.9)	(188.0)	0.1
4.0 TOTAL FINANCING	159.9	85.6	(74.3)	187.9	188.0	(0.1)
4.1 Net Foreign Financing	51.7	15.9	(35.8)	62.9	102.7	(39.8)
4.2 Net Domestic Financing	108.2	69.7	(38.5)	125.0	105.3	19.7
Discrepancy	-	(4.1)	(4.1)	0.0	-	0.0

Source: Ministry of Finance

Revised Budget FY 2010/11

32. The revised budget has been prepared in the context of the above challenges. Going by the current revenue shortfall, it is likely that the financial year target for ordinary revenue will be missed by about KSh 3.7 billion.

33. On the expenditure side, it is important to note that we conducted a Constitution referendum, which approved a new Constitution that was later promulgated in August 2010. The preparation, promulgation and the ongoing implementation activities of the new Constitution, together with

other interventions to mitigate the ongoing drought and beef up security along our porous borders, among others, have put huge demand for funding. This together with other additional requests from line ministries has amounted to over KSh 120 billion. In the face of revenue shortfall, it is obvious that these requests cannot be met by additional borrowing without causing serious macroeconomic instability.

34. In light of this and coupled with delays in implementation of projects including those for ongoing economic stimulus and strategic intervention programmes, we have rationalized and reprioritized expenditure in the context of revised budget to:

- a. Take into account expected shortfall in revenues; and
- b. Address pressing additional expenditure requests in respect to implementation of new Constitution, drought mitigation interventions, security operations enhancement, and resettlement of Internally Displaced Persons (IDPs).

35. Because of the need to safeguard spending on priority development programmes, domestic borrowing has been raised to KSh. 125 billion from KSh. 105 billion in the original budget estimates. The additional amount of borrowing is considered modest and will not affect macroeconomic stability in terms of higher interest rates.

The New Extended Credit Facility with the IMF

36. The last economic programme supported by the IMF ended in December 2007. Since then, the Government has been engaged with the IMF through the annual surveillance in the context of Article IV Consultation. More recently, the IMF provided an emergency support in 2009 under the Exogenous Shock Facility following multiple shocks we faced in the context of the 2008-09 global financial crisis and droughts.

37. On 31st January 2011, the IMF approved a new three-year facility for Kenya known as Extended Credit Facility, following successful negotiations during the last quarter of 2010. Under the arrangement, Kenya will draw US\$ 509 million over the next three years (January 2011 to December 2013). The money will go towards boosting the reserves of the Central Bank of Kenya. Normally, the IMF funds are not available for budgetary spending but are essential in boosting investor confidence and act as a reserve cushion to help address any adverse external shocks.

38. The policies the Government has committed itself in the programme are basically the ones it has set itself to do, as summarized in the Budget Outlook Paper for 2011 and also elaborated later in this BPS.

39. The programme enables us to:

- ▶ Transit smoothly to sustainable debt levels from the current high debt situation that was brought about by our expansionary fiscal policy (Economic Stimulus) we undertook to shore up growth following the 2008-09 crisis;
- ▶ It will also allow us to spend on our investment programme (especially in infrastructure such as roads and energy) without causing undue pressure on the exchange rate with increased imports; and
- ▶ And finally, it will help us to maintain fiscal discipline during this period of implementation of a decentralization system.

40. Immediately after the IMF Board approval on 31st January 2011, the Government received US\$ 100 million (about KSh 8 billion). Subsequent disbursements will be semi-annual depending on successful reviews as follows:

- ▶ The first review will be completed by July 2011 with 31st March 2011 as the test date;
- ▶ The second review is expected to be completed by October, 2011 with 30th June 2011 as the test date; and
- ▶ Subsequent reviews will be semi-annual.

41. Because of the critical national objective of implementing the new Constitution, the Government reached an understanding with the IMF that during programme reviews sufficient room will be provided for the implementation of the new Constitution.

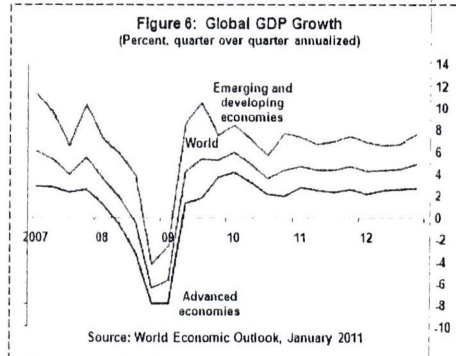
III. ECONOMIC POLICY AND OUTLOOK

Global context

42. The global economy continues to recover, although unevenly and with risks. According to the IMF latest World Economic Outlook for January 2011, world output is projected to expand at 4½ percent in 2011 and remain more or less at that level in the medium term.

43. In most developing countries, activity is buoyant led by Brazil, Russia, India and China (BRIC); and sub-Saharan Africa is also expected to grow strongly. However, inflation pressures are emerging in fast growing economies, especially China,

with some signs of overheating, driven in part by strong capital inflows. In developed countries, growth remains subdued and unemployment is still high, and there are renewed stresses in the euro area periphery. However, recent data suggest that USA and Germany are beginning to grow strongly – this bodes well for our exports.



Growth prospects

44. As the global economy recovers and with the successful implementation of the new Constitution, prospects for the Kenyan economy are bright, barring for any possibility of adverse weather conditions.

45. Real GDP is expected to grow by 5.7 percent in 2011, before accelerating towards the 2007 growth level of about 7 percent in the medium term. In terms of fiscal year, the projections translate to 6.1 percent for 2011/12, 6.7 percent for 2012/13 and 6.8 percent for 2013/14, as shown in Table 3 below. Growth will be bolstered by increased private sector investment, stepped-up public investment in infrastructure projects such as roads, energy, rails and ports, partly funded through Public Private Partnership.

Table 3: Main Macroeconomic Indicators Underlying the Medium-Term Fiscal Framework, 2008/09-2013/14											
	2008/09		2009/10		2010/11		2011/12		2012/13		2013/14
	Target/	Prov.	Target/	Prov.	Target/	Est.	Target/	Proj.	Target/	Proj.	Proj.
<i>Annual percentage change</i>											
National Accounts and Prices											
Real GDP	6.2	2.1	8.3	3.9	9.1	5.5	9.7	6.1	10.0	6.7	6.8
CPI (eop)	7.5	8.6	5.0	3.5	5.0	5.4	5.0	5.3	5.0	5.0	5.0
<i>Percent of GDP</i>											
Investment and Savings											
Investment	21.9	19.9	23.3	22.9	27.3	24.7	29.9	25.6	32.6	26.5	26.7
Gross national savings	15.1	12.9	17.4	16.0	21.8	16.8	24.6	17.3	27.5	18.8	20.0
Central Government Budget											
Revenues	21.6	22.4	21.8	22.8	21.8	25.4	21.9	25.2	22.0	25.3	25.5
Expenditure and net lending	28.6	27.7	27.6	30.2	27.6	32.7	27.8	31.7	28.0	31.5	30.7
Overall balance (excl. grants)	-7.0	-5.2	-5.8	-7.4	-5.7	-7.3	-5.9	-6.6	-6.1	-6.1	-5.2
Overall balance (incl. grants)	-5.6	-4.4	-4.2	-6.5	-4.0	-6.0	-4.0	-5.0	-4.0	-4.7	-3.9
Net domestic debt (eop)	16.8	18.6	16.5	22.3	15.7	24.4	15.0	24.9	14.3	23.3	22.1
External sector											
Current account (incl. official transfers)	-6.8	-7.0	-5.9	-6.9	-5.5	-7.9	-5.3	-8.4	-5.1	-7.7	-6.6
Months of next year's import covers	3.5	3.2	3.7	3.3	3.9	3.4	4.2	3.5	4.5	3.8	4.0

Source: Ministry of Finance

1/ Vision 2030 Medium-Term Plan (MTP) 2008-2012 Target

46. Whereas the projected growth is still below the target envisioned in Vision 2030 necessary to increase labour absorption, further up scaling would require mobilizing larger amounts of resources, raising factor productivity, and moving to a higher value-added and more efficient production structure. Taking into account limited public resources, the government must rely on the private sector to meet the economy's resource requirements while developing the appropriate market environment to promote efficiency. It is with this regard that the government will continue to implement the privatization program; provide for private sector participation in infrastructure development; promote fair market competition and appropriate regulation of private sector activity; increase labor market mobility; and provide greater private sector access to finance.

47. The Government also recognises the importance of achieving durable broad-based growth and the need to ensure that the gains from growth are widely distributed through sustainable employment in order to guarantee a lasting reduction in poverty and progress towards achieving the MDGs. In addition, measures to address socio-economic inequities, improving the country's human capital, and inculcating national cohesion are vital for long-term stability and prosperity. To this end, the Government will continue to implement the socio-economic priority programmes articulated in the Vision

2030's first MTP, as well as increased devolution of resources to county government levels in line with the new Constitution.

Macroeconomic Policies

48. Prudent and sustainable macroeconomic policies that ensures low and stable inflation and affordable market interest rates as well as competitive exchange rate, must form the foundation of the high growth and development agenda set out in the Vision 2030.

49. In this regard, the Government will begin to gradually adjust the monetary and fiscal policies after the expansion in 2008-2009 to mitigate the economic downturn. This move will help pre-empt any inflationary tendencies while restoring public finances to sustainable paths.

50. With respect to monetary policy, the Central Bank of Kenya (CBK) will begin to gradually adjust monetary policy in line with expected performance of the economy and fiscal objectives. It is worth noting that the recent relaxation facilitated the Government to access domestic credit to finance critical interventions and the economic stimulus package in the wake of the drought and global financial crisis in 2008-09.

51. Over the medium term, monetary policy will be targeted at delivering low and stable inflation at around 5 percent, while at the same time 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. Financial sector reforms including measures by the CBK to license credit reference bureaus and agency banking should help enhance the efficiency of the financial sector and thus strengthen monetary policy transmission mechanism.

52. The increase in investments is expected to worsen the current account balance (including official grants), with the deficit expected to hover at around 6.5 percent of GDP in the medium-term before declining to below 5 percent of GDP in the outer years.

53. With improved disbursement from donors and increased investor confidence following successful implementation of the new Constitution and positive sovereign ratings from S&Ps and Fitch (B+ with positive outlook), the capital and financial account should remain in surplus. This will allow the CBK to build up reasonable level of reserves over the medium term.

54. The Government remains committed to its intention to access the international capital markets through issuance of a sovereign bond when

global financial conditions allow. This is expected to ease pressure on domestic interest rates with the pick up of credit by the private sector. It will also help to set up a benchmark profile for the private sector to also borrow from the international capital markets.

55. Despite the positive economic outlook, we recognize that there are downside risks in 2011 and the medium term. The risks include the weaker-than-expected recovery in global economic growth and unfavourable weather conditions should there be a prolonged dry spell into planting season in 2011. In addition, the recent increase in oil prices and the depreciation of the shilling exchange rate could also put pressure on inflation and adversely affect the projected growth. Should this happen the Government will take appropriate measures to support economic activity and safeguard jobs.

IV. FISCAL POLICY AND OUTLOOK

Countercyclical fiscal policy

56. The multiple shocks—post-election violence, commodity price increases, global financial crisis and droughts— we faced during 2008-09 threatened to reverse the gains we had achieved in terms of expanding employment opportunities for our people and fighting poverty. But a concerted effort by the government, including easing of monetary and fiscal policies helped to shore economic growth resulting in the recovery that is now underway.

57. The economic stimulus programme covered spending in socio-economic programmes (building of health and education facilities in each constituency, fish ponds, market stalls, among others) and infrastructure (up-scaling expenditure in roads and power) and was largely financed through domestic borrowing, in the face of falling revenues. In this current budget for 2010/11, we have maintained spending in the economic stimulus programmes, in addition to introducing some strategic interventions aimed at cementing the foundations of economic recovery.

58. Partly as a result of these initiatives, our overall public debt has now increased to about 48 percent of GDP from 39 percent of GDP in 2007/08. This level of debt is considered to be on the higher side particularly when compared with those prevailing in countries with similar level of economic development like Kenya. Now that the economy is moving into a new growth path, we will stabilize our borrowing in line with countercyclical fiscal policy. However, we will do this in a gradual manner in order to safeguard the economic recovery, protect social and critical infrastructure

programmes, as well as ensure the smooth implementation of the new constitution.

Medium-Term Fiscal Objectives

59. The government will aim to reduce the overall public debt to GDP ratio from 48 percent in the FY 2010/11 to about 45 percent over the medium term. This will require reduction in the overall fiscal deficit from the current 6.0 percent of GDP to below 5 percent of GDP over the medium term.

60. This mainly reflects the Government intention to strengthen revenue collection with improved taxation regime and KRA processes as well as continuation of the policy to contain unproductive recurrent expenditure while providing sufficient room for implementation of the new Constitution. The targeted fiscal deficit also accommodates continued investment by the Government in infrastructure. Meanwhile, the Government is committed to increased absorption of foreign financed project from the current level of below 60 percent to 80-90 percent.

Table 3: Central Government Fiscal Projections, 2008/09 - 2013/14

	2008/09		2009/10		2010/11	2011/12	2012/13	2013/14
	Budget 1/	Act.	Budget 1/	Act.	Budget 1/	Proj.	Proj.	Proj.
Revenue and Grants	540.1	507.6	617.6	568.8	721.4	823.2	927.4	1,042.8
% of GDP	23.4%	23.3%	24.9%	23.7%	26.7%	26.8%	26.8%	26.8%
Revenue	510.7	487.9	586.4	548.1	686.4	774.4	877.0	989.9
Tax revenue	417.6	417.4	479.6	466.5	555.3	630.8	736.5	832.9
Non-Tax revenue 2/	93.1	70.5	106.8	81.6	131.1	143.6	140.6	157.1
Grants	29.4	19.7	31.2	20.7	35.0	48.8	50.4	52.9
Expenditure 3/	676.2	601.9	791.8	725.2	883.9	975.8	1,089.2	1,193.1
% of GDP	29.3%	27.7%	32.0%	30.2%	32.7%	31.7%	31.5%	30.7%
Recurrent	470.5	435.5	536.3	510.5	611.1	644.6	699.7	776.3
Of which: Interest payments	53.9	52.1	64.8	63.5	74.2	85.1	93.9	101.9
Development	205.7	166.3	255.4	214.7	272.8	331.1	389.5	416.9
Budget Balance (- deficit, + surplus)	(136.1)	(94.3)	(174.2)	(156.4)	(162.5)	(152.6)	(161.8)	(150.3)
% of GDP	-5.9%	-4.3%	-7.0%	-6.5%	-6.0%	-5.0%	-4.7%	-3.9%
Net External financing	41.0	14.8	49.0	21.1	37.6	47.4	76.5	80.4
Disbursement/loans	58.5	32.3	66.5	39.8	58.0	73.1	102.6	107.7
Repayments due	17.5	17.5	17.5	18.7	20.5	25.7	26.0	27.3
Domestic borrowing	92.4	69.4	126.0	133.5	125.0	105.2	43.1	50.5
% of GDP	4.0%	3.2%	5.1%	5.6%	4.6%	3.4%	1.2%	1.3%
Nominal GDP (KSh billion)	2,307.7	2,175.6	2,475.4	2,399.8	2,705.4	3,074.1	3,462.7	3,888.2

1/ Revised Budget

2/ Includes investment income, royalties and fees, and Ministerial and Departmental fees (AiA)

3/ Excludes domestic debt roll-overs and external debt amortization

Source: Ministry of Finance

61. The medium-term fiscal stance envisages continued borrowing from domestic and external sources with the latter being largely on concessional terms. The Government will ensure that the level of domestic borrowing does not crowd out the private sector given the expected increase in private investment with the pick up in economic activity. In this regard, the Government will maintain its intentions to float a sovereign bond in the international capital markets if and when the global financial conditions permit.

62. Continued investments in infrastructure will include construction of roads, railways (modernization of urban commuter rail system and construction of standard gauge railway line from Mombasa to Malaba via Kisumu), ports and airports as well as investments in energy, particularly geothermal and renewable energy. The Government will endeavour to explore new but competitive alternative sources of private finance, partly through PPPs to finance development of some infrastructure projects. As the Government strives to partner with the private sector through PPPs and undertake to maintain public presence in ownership and strategic policy setting, a PPP policy, which is key in creating a conducive environment for public private partnership will be in place in the FY2011/12. Meanwhile, the PPP Steering Committee and Secretariat will continue, under the existing legal and regulatory framework, to spearhead, coordinate, assess and evaluate PPP projects in Government. It will also establish PPP standards, guidelines, procedures, standard bid documents as well as review and assess liabilities and approve PPPs projects. In this regard, the relevant sector ministries will be expected to conceptualize and identify projects that can be undertaken through PPP arrangements as part of their strategic planning.

63. It should also be noted that there will be increased pressure on current expenditure in view of setting up of new institutions and devolved government following the implementation of the new constitution. There is therefore need for continued prioritization while safeguarding critical social spending in order for the government to live within its means. We also expect continued support from development partners in the implementation of the new constitution.

Policy Initiatives

64. The Government's focus will be on policies to remove binding constraints to foster growth while creating an enabling environment for strong private sector activity. This will enable the Government achieve the national objectives set out under the Vision 2030's Medium-Term Plan,

2008-2012, as well as help ensure that an increasing segment of the Kenyan population benefit from economic development.

65. Specifically, the Government considers the following avenues to achieve the national development objectives:

- Maintenance of a stable macroeconomic framework and creating an enabling environment for business to thrive;
- Setting up the essential frameworks for implementing the new constitutional order;
- Encourage domestic and foreign direct investment in the flagship projects identified under Vision 2030;
- Stepping up public investment especially in infrastructure—roads, energy, railways and ports, partly financed through concessional external borrowing and/or Public-Private Partnership (PPP);
- Expanding investment in physical infrastructure to improve public transport and access to electricity, water, sanitation and housing;
- Enhancing the quality of education and skills development;
- Investing in agribusiness to assure food security, create employment in the agricultural sector, diversify export to drive growth;
- Improving the business environment especially with licensing reforms, elimination of hurdles to business start-ups and ease of cross border trade; and
- Positioning Kenya through appropriate economic policy and reforms to reap the benefits from regional integration with opportunities accorded by EAC Common Market Protocol and the wider COMESA market.

66. These efforts will be complemented with other structural reforms in the area of financial sector, public financial management, judicial reforms,

decentralization/electoral reforms, land reforms and governance and anti-corruption measures. The Government will work closely with the private sector and development partners in all these efforts. The Government will continue to implement reforms in the parastatal sector including organizational and financial restructuring and privatization. Further, in order to untie mature investments and mobilize resources for priority government investment areas and inject efficient and professional management systems for effective service delivery, the modernisation programmes for the identified entities will be concluded.

2011/12 Budget Framework

67. The 2011/12 budget framework is set against the background of the medium-term macro-fiscal framework set out above and the Government's national strategic objectives as outlined in Vision 2030 MTP. Real GDP is expected to increase by 6.1 percent in FY 2011/12 underpinned by continued good performance across all sectors of the economy. The projected growth assumes normal weather pattern during the year. Inflation is expected to hover at around 5 percent, reflecting continued implementation of a prudent monetary policy. Finally, gross international reserves are expected to increase gradually to the equivalent of 3.5 months of next year's import cover by June 2012, up from 3.4 at end-June 2011.

Revenue Projections

68. The 2011/12 budget targets revenue collection including AiA of 25.2 percent of GDP. As noted above, this performance will be underpinned by on-going reforms in tax and customs administration. The modernization of VAT legislation is expected to significantly simplify tax collection and enhance the revenue yield. As such, total revenues including AiA are expected to be KSh 774.4 billion.

Expenditure Forecasts

69. The key policy document guiding the Government's funding allocation decisions continues to be the first MTP (2008-2012) of Vision 2030, which provides the overarching development priorities. In 2011/12, overall expenditures are projected at 31.7 percent of GDP (or KSh 975.8 billion), down from 32.7 percent (KSh 883.9 billion) in 2010/11 revised Budget. This reflects adjustment to one-off items including expenditure on referendum.

Recurrent Expenditure

70. Recurrent expenditures are expected to decline slightly from 22.3 percent of GDP in 2010/11 to 20.5 percent of GDP in 2011/12, on account of a moderately lower wage bill, adjustment of one-off items and robust growth in nominal GDP.

- *Consolidated fund services*: Domestic interest payments are expected to remain stable relative to GDP at 2.5 percent in 2011/12 with stable interest rates, while pension expenditures decline to 1.0 percent of GDP in 2011/12 from 1.1 percent in FY 2010/11 on account of upward adjustments of the mandatory retirement age to 60 years.
- *Wages and salaries*: The wage bill is expected to remain at about 7.2 percent of GDP in 2011/12, after making the year-by-year incremental adjustment to salaries. The continuation of a policy of restraining growth in wage payments and the coming on board of the Salary Review Commission to review remuneration across the board is expected to stabilize wage bill growth, thus freeing more resources towards MTP priorities and implementation of new Constitution.
- *Transfers*: Ongoing reforms of parastatals and semi-autonomous government agencies should ensure that the nominal value of transfers to these agencies is maintained at 2010/11 level, thus providing fiscal space for priority expenditures. Any wage adjustments for these agencies is expected to 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 2010/11 and then an adjustment factor is applied to take into account the general increase in prices.

Development and Net Lending

71. Consistent with the objective of increasing resource allocation towards development outlays and after adjusting for one-off items in 2010/11, the ceiling for development expenditures including donor funded projects will increase to KSh 331 billion (10.8 percent of GDP) in 2011/12.

Most of the outlays are expected to support critical infrastructure that will crowd in private sector investment in the flagship projects as well as critical interventions to remove binding constraints to growth. With the economic recovery on course, the Government will exit from the economic stimulus programme and, therefore, Ministries are expected to cater for any envisaged costs associated with these programmes within the provided ceilings.

72. Project loans and grants not tied to conditionalities from development partners are expected to rise to about 4.0 percent of GDP in 2011/12 from 3.4 percent in 2010/11. With improvement in procurement planning, the absorption capacity of project funds is expected to increase, resulting in a higher investment level in infrastructure activities.

73. In view of challenges of climate change, a drought expenditure of KSh 2 billion and contingency provision of KShs. 2 billion will be provided in the budget for 2011/12. We have also set aside an additional KSh 9.5 billion for the implementation of the new Constitution and initial preparations of the next general elections. Costing of the implementation of the new Constitution is ongoing and additional funding will be considered with finalization of spending plans.

Overall Deficit and Financing

74. The overall budget deficit (including grants) in 2011/12 is projected to be about KSh 152.6 billion (equivalent to 5 percent of GDP). Net external financing amounting to KSh 47.4 billion (1.5 percent of GDP) is expected to cover part of this budget deficit, leaving about KSh 105.2 billion (3.4 percent of GDP) to be financed through domestic borrowing.

75. The Government will continue with the maturity structure of government debt at 75:25 ratio in favour of long term Treasury bonds. More recently, the government has been able to issue a 30-year bond, signifying increased confidence in macroeconomic management.

V. MEDIUM-TERM RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

Resource Envelope

76. The resource envelope available for allocation among the sectors is based on the medium term fiscal framework outlined above:

- Domestically mobilized budget resources finances about 90 percent of the budget. Of this, tax revenue (income tax, customs duties, value added taxes, and excise taxes) accounts for over 80 percent of total budget resources. Between 2011/12 and 2013/14, tax revenue is expected to grow broadly in line with economic growth, after a recovery in 2010/11 from a low base;
- Committed external financing in the form of grants and concessional borrowing tied to specific programmes/projects are expected to stabilize at about 4 percent of GDP over 2011/12 and 2013/14; and
- Domestic borrowing, which has been financing over 75 percent of the budget deficit during the economic stimulus period, is expected to finance less than 70 percent of the deficit in 2011/12 and decline steadily to finance less than 40 percent of the budget deficit in the medium term. This is consistent with the objective of gradually reducing the debt stock as a percentage of GDP. It should also be noted that the sharp decline in domestic borrowing over the medium term reflects a proposed substitution of borrowing from domestic sources to external sources through the issuance of a sovereign bond in 2012/13, market conditions permitting. Accessing external capital market through issuance of sovereign bond is consistent with the objective of ensuring realistic domestic interest rates in order to avoid crowding out the private sector as the economic activity picks.

77. It is important to note that ordinary revenue is projected to cover funding required for recurrent expenditure, leaving the entire development budget to be financed mainly through external project grants and loans, as well as domestic borrowing including infrastructure bonds. This approach bodes well for long-term sustainability of our public finances.

Medium-Term Expenditure Estimates

78. Year 2011 medium-term expenditure projections, classified by sector are provided in Annex Tables 6, 7 and 8. These are projected baseline ceilings that do not take account of policy-related spending proposals that are currently under consideration.

Resource sharing criteria for baseline ceilings

79. The baseline estimates reflects current spending priorities in social programmes (health and education) and infrastructure as well as Vision 2030 flagship projects. Housing, water supply and police services, judiciary and Parliament also receive large shares.

80. Overall, 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 for constitutional offices and pension and salaries for line ministries and public entities that are financed by the National Exchequer. These expenditures are projected to account for about 54.5 percent of the expected ordinary revenue receipts.
- (ii) *Operations and maintenance*: Ministries/Departments are allocated funds for basic operations and maintenance. This accounts for 41 percent of the projected ordinary revenue, of which Defense and NSIS account for 8.4 percent. Thus, taking into expenditure on non-discretionary and operations and maintenance the available balance of 4.5 percent from total ordinary revenue is the recurrent budget surplus to be shared among other ministries/government departments to fund their planned development projects/programmes.
- (iii) *Development expenditure*: As already indicated, it is only 4.5 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 as well as other strategic intervention to deal with unemployment and remove constraints to growth. 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. The implementation of the new constitution is now a key national objective, thus more resources will be set aside for this purpose over the medium terms.

Finalization of spending plans

81. As indicated earlier, the projected baseline ceilings do not take into account policy-related and strategic spending proposals that are currently under consideration. As line ministries/department budgets are scrutinized and the resource envelope firmed up, it is likely that additional resources may become available. Government will utilize these resources to accommodate key national strategic priorities with sound business plans including:

- Implementation of the new Constitution covering proposals not accommodated within the baseline ceilings.
- Consideration for additional resources for strategic intervention in the area of education, health, infrastructure (rail and port), tourism, internal security and agriculture; and
- Giving specific consideration to job creation for the youth based on sound initiatives submitted outside the normal budget preparation.

Details of Sector Priorities

82. The medium term spending estimates for 2011/12 – 2013/14 ensures continuity in resource allocation based on prioritized programmes aligned to Vision 2030 MTP and policy initiatives to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the reports from the Sector Working Groups (SWG) after taking into account recommendations of the Ministerial Public Expenditure Reviews (MPERs).

Agriculture and Rural Development

83. The Agricultural and Rural Development (ARD) sector is critical to economic growth, employment and poverty reduction. The sector is the

mainstay of the Kenyan economy, directly contributing 26 percent of the GDP with linkages in manufacturing, distribution and other service-related sectors.

84. The broad goal for the sector is “an innovative, commercially oriented and modern agriculture sector”. It aims to achieve this by raising agricultural productivity, exploiting irrigation potential, increasing commercialization of agriculture, undertaking a comprehensive review of the legal and policy framework for agriculture, improving governance of agricultural institutions, and land development.

85. The challenges facing the sector include high cost of agricultural inputs such as fertilizer, agrochemical, drugs, animal and fish feeds, which has been rising due to high energy costs (fuel and electricity), sea piracy and poor infrastructure. At regional and international level, Kenya has signed a number of protocols with other countries which have implications on agricultural trade. For instance, following the reduction of import duty on rice and wheat there has been increased importation of the commodities at the expense of local production. Further, the sugar protocol comes to an end in 2011 and it is likely to adversely affect local production.

86. In order to address the challenges, total MTEF estimates for the sector are provided in the table below. For FY 2011/12, KSh 33.2 billion has been set aside, after adjusting one-off items in FY 2010/11. This is projected to increase to KSh 38.8 billion in 2013/14, bringing the total for the entire MTEF period to KSh 107.1 billion.

Agriculture and Rural Development 1/					
KSh billion	2010/11	2011/12	2012/13	2013/14	2011 MTEF Total
	Revised	Medium-term estimates			
Total	36.0	33.2	35.1	38.8	107.1
<i>o/w: wages</i>	8.7	8.8	8.7	8.9	26.4

1/ The sector comprise of agriculture, livestock development, cooperative development and marketing, lands, and fisheries development.

87. A number of functions in the sector have been assigned to the counties under the new Constitution. These include crop and animal husbandry, livestock sale yards, abattoirs, plant and animal disease control, fisheries and cooperative societies. Over the medium-term, the national departments will need to be reorganized and rationalized to ensure efficient delivery of services in a decentralized system.

Trade, Tourism and Industry

88. Despite impressive performance over the recent past, Trade, Tourism and Industry (TTI) sector still faces a myriad of challenges ranging from high cost of production, competition from cheap imports, high taxes and low credits from financial institutions. These challenges hamper the sub-sector from realizing its full potential.

89. To contribute effectively to overall development, the sector plans to create an enabling business environment for trade and investment; undertake policy, legal and institutional reforms for the development of the sector; support entrepreneurship and industrial development; promote exports and sustainable tourism by making Kenya a leading destination for investment and tourist of diverse and high quality products; deepen the EAC integration; and preserve our national heritage and culture.

90. The Sector has identified five priority programmes for implementation during the MTEF period 2011/12 to 2013/14, namely: trade development and investment; coordination of East African Community matters; national heritage and culture; tourism development and marketing; industrial development and investment.

91. Total 2011 MTEF estimate for the sector is KSh 43.7 billion. For FY 2011/12, KSh 13.5 billion has been set aside, representing a 9.8 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 16.1 billion in 2013/14.

Trade, Tourism and Industry Sector 1/					
KSh billion	2010/11	2011/12	2012/13	2013/14	2011 MTEF Total
	Revised	Medium-term estimates			
Total	12.3	13.5	14.1	16.1	43.7
<i>o/w: wages</i>	1.2	1.2	1.2	1.2	3.6

1/ The sector comprise of trade, east Africa community, national heritage and culture, tourism, and industrialization.

92. Some of the assigned functions to the counties include markets, trade license, fair trading licenses, and local tourism. The total cost of providing these services are being worked out and will become clear in due course and reflected in the next MTEF cycle.

Physical Infrastructure

93. Physical infrastructure continues to be an enabler for sustained development of the economy and particularly the six key sectors identified under the economic pillar of Vision 2030.

94. Despite major achievements over the recent past, there are still challenges. During the 2011/12 – 2013/2014 period, the sector's goals include: accelerating ongoing infrastructure development, focusing on quality, aesthetics and functionality of the infrastructure services developed; support identified flagship projects to ensure contribution to the economic growth and social equity goals; improving efficiency and effectiveness of the infrastructure development process at all levels of planning, contracting, and construction; protecting the environment as a national asset and conserving it for benefit of the future generation; and providing utility sector (electricity) that is modern, customer-oriented and technologically-enabled to provide efficient, cost-effective, quality services to all citizens.

95. Total MTEF estimate for the sector is KSh 594.7 billion. For FY 2011/12, KSh 193.1 billion has been set aside, representing a 16 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 206.5 billion in 2013/14.

Physical Infrastructure 1/					
KSh billion	2010/11 Revised	2011/12	2012/13	2013/14	2011 MTEF Total
		Medium-term estimates			
Total	166.5	193.1	195.1	206.5	594.7
<i>o/w: wages</i>	3.2	3.3	3.3	3.3	9.9

1/ Includes roads, public works, transport, energy, local government, Nairobi metropolitan development, Kenya wildlife services and housing subsectors.

96. Assigned functions to the counties include county roads, street lighting, traffic and parking, public road transport and ferries and harbors, and housing. Costing of these services is ongoing and will be reflected in the next MTEF.

Environment, Water and Irrigation

97. The sector plays a key role in providing a clean, secure and sustainable environment, in addition to developing natural resources that form critical linkage with the other sectors of the economy. Prospects for the country's long-term growth are therefore dependent on effective management of these resources.

98. Funding to the sector has increased over the years with about 70 percent going to water and irrigation. The absorption rate of funds by the sector has averaged about 80 percent, in part due to the unpredictability and delayed disbursement from donors and technical issues in the procurement of goods and services.

99. The MTEF estimates of KSh 146.5 billion will fund programmes on: water supply and sewerage/sanitation services; water resources management and water storage; irrigation and drainage infrastructure; environment management and protection; natural resource data and information; mineral resources management; meteorological services and climate change; forestry development, research and management; and wildlife conservation and management.

Environment, Water and Irrigation 1/					
KSh billion	2010/11 Revised	2011/12	2012/13	2013/14	2011 MTEF Total
		Medium-term estimates			
Total	50.0	52.3	45.3	48.4	146.0
<i>o/w: wages</i>	2.7	2.8	2.8	3.2	8.8

1/ Includes water and irrigation, environment and natural resources, forestry and wildlife.

100. For FY 2011/12, KSh 52.2 billion has been set aside, representing a 4.4 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 48.4 billion in 2013/14, bringing the total MTEF funding level to KSh 146 billion. Under this sector, assigned functions to the counties include soil and water conservation, forestry, storm water management, and water and sanitation services, air pollution, noise pollution, other public nuisance and outdoor advertising. Detailed costing of these functions is ongoing.

Human Resource Development

101. Human resource development is a key foundation for national socio-economic transformation. The overall goals of the sector are to: provide access to quality education and training in an equitable manner at all levels; promote industrial peace and harmony, manpower development, employment creation and enterprise competitiveness; improve the health status of the individual, family and community by ensuring acceptable and affordable curative health care services; and enhance access to, financing, quality, efficiency and effectiveness of public health care delivery.

102. Despite the progress realized in the provision of a globally competitive, quality, effective, healthy and well educated human resource for sustainable development, the sector continues to face major challenges. These range from access and equity, staff shortages and poor succession management, HIV and AIDS, quality and relevance, financial management issues, governance issues, outdated labour market information, inadequate policy and legal frameworks and dilapidated infrastructure and equipment, among others.

103. In the medium term, the Government will seek to address these challenges by providing education and training opportunities, building capacity in industrial training, optimal utilization of human resources, medical services, health, and sanitation infrastructure.

Human Resource Development 1/					
KSh billion	2010/11	2011/12	2012/13	2013/14	2011 MTEF Total
	Revised	Medium-term estimates			
Total	201.7	203.9	213.9	225.2	643.0
<i>o/w: wages</i>	119.7	123.2	124.0	127.8	375.0

1/ Includes medical services, public health and sanitation, education, and labour and human resource development.

104. For FY 2011/12, KSh 203.9 billion has been set aside, representing a 1.2 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 225.2 billion in 2013/14. Assigned functions to the counties under this sector include county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertaking that sell food to the public and pre-primary education. The costing of these functions is ongoing.

Research, Innovation and Technology

105. The sector facilitates the acquisition of new knowledge in order to produce and improve products and processes. The sector therefore continues to explore opportunities associated with the convergence of research, innovation and technology to spur economic growth in the country as envisaged in Vision 2030.

106. Recent achievements include completion of the pilot Analogue-Digital migration in Nairobi and its environs, finalization of the provision of high speed broadband infrastructure targeting all major towns, government, social and learning institutions in the country, operationalization of the Government Data Centre and acquiring of 5,000 acres for the establishment of ICT Park, among others.

107. During the 2011 MTEF period, the sector will continue to improve policy, legal and institutional frameworks, provide information and communication services, strengthen research and innovations, expand ICT infrastructure, train human resource, and enhance data management.

Research, Innovation and Technology 1/					
KSh billion	2010/11 Revised	2011/12	2012/13	2013/14	2011 MTEF Total
		Medium-term estimates			
Total	66.2	68.4	72.0	82.8	223.2
<i>o/w: wages</i>	2.9	3.0	3.1	3.2	9.3

1/ Includes information and communication; higher education, science and technology; statistics; government information technology services; resource survey and remote sensing; and research, innovation and technology institutions.

108. For FY 2011/12, KSh 68.4 billion has been set aside, representing a 3.3 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 82.8 billion in 2013/14, bringing the total MTEF funding level to KSh 223.2 billion. Some of the assigned functions to the counties include land survey and mapping, among others.

Governance, Justice, Law and Order Sector (GJLOS)

109. Despite recent achievements in reduction in the number of reported crimes and recovery/restitution of corruptly acquired assets worth over KSh 4 billion, the sector still faces major challenges—notably, crime, court case backlogs and prison overcrowding. Also, corruption still remains a big challenge.

110. Funding over the 2011 MTEF period will: facilitate the implementation of the new Constitution; improve access to judicial and legal services for all Kenyans; enhance the security of identification, registration and travel documents; enhance capacity of parliament to play its oversight role and enact legislations; prevent and combat the occurrence of corruption and economic crimes including tracing, recovering and restituting corruptly acquired assets and ensure public safety and security.

111. Other objectives will include provision of coherent coordination and implementation of reforms within the sector; reform and modernization of the electoral processes to deliver free, fair and credible elections; promotion of national values and ethics; and registration and funding of political parties.

112. Assigned functions to the counties include ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative

capacity for the effective exercise of the functions and powers and participation in governance at the local level. Costing of these assigned functions to the counties will depend on the scope of restructured functions of the provincial administration.

113. For FY 2011/12, KSh 104 billion has been set aside, representing a 5.5 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 117.6 billion in 2013/14, bringing the total funding level for the MTEF period to KSh 340.9 billion.

Governance, Justice, Law and Order Sector 1/					
KSh billion	2010/11 Revised	2011/12	2012/13	2013/14	2011 MTEF Total
		Medium-term estimates			
Total	98.6	104.0	119.3	117.6	340.9
<i>Of which:</i>					
Judiciary	3.9	9.3	10.3	10.6	30.2
Parliament	7.6	8.1	9.7	10.9	28.7
<i>o/w: wages</i>	55.5	57.4	60.7	61.2	179.3
<i>1/ Includes Ministry of State for Provincial Administration and Internal Security, Office of the Vice President and Ministry of Home Affairs, Ministry of Justice, National Cohesion and Constitutional Affairs, State Law Office, Judiciary, Kenya Anti-Corruption Commission, National Assembly, Kenya National Audit Office, Ministry of State for Immigration and Registration of Persons, Interim Independent Electoral Commission and the Directorate of Public Prosecution.</i>					

114. This sector includes budgets for the Judiciary and National Assembly, which are expected to be submitted directly to the National Assembly in line with the new constitution. Their MTEF funding level has been arrived following consultations with Judiciary and National Assembly.

Judiciary

115. The challenges facing the judiciary include case backlog, case delay and inaccessibility to justice in many parts of the country. This is attributed to lack of adequate facilities in most of the existing 120 court stations in the country; inadequate numbers of judicial officers and other support staff; and slow adaptation and institutionalization of ICT technology and other facilities.

116. During this MTEF period, the Judiciary will prioritize the implementation of the new constitution and continue to implement strategies that will lead to reduced case backlog, improved access to justices and modernize the court system. These will be achieved as follows:

- Operationalization of the new Judicial Service Commission (JSC) including establishing a secretariat, hiring of staff, and developing continuous education curriculum for all judicial staff to improve skills.
- Establishment of new offices/structures including the office of the Deputy Chief Justice, Supreme Court and High Courts in the 32 counties where none exists currently.
- Establishment of tribunals under the judiciary, the Board vetting all judges and magistrates under the Judges and Magistrates Vetting Act, 2011, and the National Council on Administration of Justice under the Judicial Service Act, 2011.
- Automation of courts with the ICT strategic plan estimated to cost KSh 4.8 billion during the MTEF period.
- Improvement of terms and conditions of service for judicial staff including housing and car loan schemes.

117. Total MTEF estimate for the judiciary is KSh 30.2 billion. For FY 2011/12, KSh 9.3 billion has been set aside, representing about 140 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 10.6 billion in 2013/14. The funding level is broadly consistent with the estimates submitted to the Judiciary Service Commission.

Parliament

118. Parliament plays a crucial role in strengthening the democratic space and good governance in the country. Under the new constitutional order, parliament will consist of the National Assembly and the Senate. This is expected to increase the resource requirement to cater for the increased membership of Parliament from the current 224 to 418 and for additional physical facilities and infrastructure.

119. In addition, resources will be required for capacity building, embracing ICT to fully realize live house broadcasts, and modernization of the existing facilities. Due to increasing demands for additional facilities, a development vote for parliament has been created.

120. Total MTEF estimate for the Parliament is KSh 28.7 billion. For FY 2011/12, KSh 8.1 billion has been set aside, representing a 6.5 percent increase from FY 2010/11 funding level. This is projected to increase to KSh 11.8 billion in 2013/14. The funding level is broadly consistent with the estimates submitted to the Parliamentary Service Commission.

Public Administration and International Relations

121. The sector plays a key role in enhancing public service delivery, organization and coordination of Government business through planning, mobilization of financial and human resources in the public sector. In addition, the sector links all other sectors with the rest of the world on matters of international treaties, agreements, cooperation and resource mobilization.

122. Funding over the 2011 MTEF period will enable the sector to oversee the implementation of the new constitution; provide leadership and policy direction in the governance of the country; coordinate and supervise government affairs; promote sound public financial and economic management policies for socioeconomic development; articulate and implement Kenya's foreign policy for national development; promote macroeconomic stability, mainstream MDGs into the nation's policy, planning and budgetary process, implementation, monitoring and evaluation; promote efficient and effective human resource management and development for improved public service delivery; and promote public service integrity.

Public Administration and International Relations 1/					
KSh billion	2010/11 Revised	2011/12	2012/13	2013/14	2011 MTEF Total
		Medium-term estimates			
Total	77.5	69.8	66.8	69.8	206.4
<i>o/w: wages</i>	6.6	6.9	7.1	7.4	21.4

1/ Includes state house, public service, foreign affairs, planning and national development, finance, cabinet office, public service commission and prime minister.

123. For FY 2011/12, KSh 69.8 billion has been set aside to fund its programmes. This is projected to remain more or less stable at that level over the medium term, bringing the total MTEF estimate to KSh 206.4 billion. Assigned functions to the counties include office of the governor, county assemblies, county planning and development including statistics.

Special Programmes

124. Activities under special programs include regional development policies, youth empowerment, gender, children and social development, and coordination of development activities in arid and semi arid areas.

125. The strategic objectives of the sector include formulation and implementation of policy guidelines for economic utilization of resources in regions, management of disasters, enhancement of equity and poverty

reduction to improve the welfare of the people in arid and semi arid lands, facilitation and empowerment of vulnerable groups including women and youth.

126. Funding over the 2011 MTEF period will achieve the following priority areas: disaster management; children's services; gender and social development; policy and general administrative services; youth development and empowerment services; management and development of sports and sport facilities; integrated regional development; and special development initiative for northern Kenya and other Arid Lands.

Special Programmes 1/					
KSh billion	2010/11 Revised	2011/12	2012/13	2013/14	2011 MTEF Total
		Medium-term estimates			
Total	40.3	38.4	42.0	44.6	124.9
<i>o/w: wages</i>	2.6	2.7	2.7	2.7	8.1

1/ Includes regional development authorities, gender and children development, special programmes, youth affairs and sports, development of northern Kenya and arid lands.

127. For FY 2011/12, KSh 38.4 billion has been set aside to support the sector' activities. This is projected to increase steadily to KSh 44.6 billion in 2013/14, bring the total MTEF estimate to KSh 124.9 billion.

128. Assigned functions to the counties include sports and cultural activities and facilities, among others. The sector will benefit from additional funding from the equalization fund as some on the activities covered under the sector benefit the marginalized categories. Detailed costing of the assigned functions will become clear in the course of the next financial year and will be reflected in the next MTEF cycle.

Revenue Sharing – 2012/13-2013/14

129. Estimates for 2011 MTEF revenue sharing are provided in the table below. As per the new Constitution, 15 percent of revenues are to be transferred to county government to fund the assigned functions. A further 0.5 percent of revenues are for the equalization fund to be disbursed as per the provisions of the Constitution. It should be noted that these are tentative projections to be firmed up following recommendations from the Commission on Revenue Allocation.

130. Based on a tentative shareable revenue base comprising of all tax revenue (personal and corporate income tax, VAT, import duties, and excise

tax) and other non-tax revenue collected by the Kenya Revenue Authority and assuming that there is a one year lag in auditing of these revenue, projected total revenues for counties (based on 15% rule) amounts to KSh 105.5 billion, while equalization fund is KSh 3.5 billion for 2012/13. This will rise to about KSh 120 billion and KSh 4 billion, respectively, in 2013/14.

Revenue Sharing, 2009/10 - 2013/14					
	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>Prov.</i>	<i>Rev. Bgt</i>	<i>Proj.</i>	<i>Proj.</i>	<i>Proj.</i>
National Government	425.5	571.9	649.4	670.9	757.5
Devolved Government	39.5	46.9	53.6	130.0	147.7
LATF	10.4	12.9	15.0	-	-
RMLF	1.7	2.4	2.7	-	-
CDF	12.7	15.1	17.2	-	-
County Revenue Fund (15% of Revenue)	-	-	-	105.5	120.1
Equalization Fund (0.5% of Revenue)	-	-	-	3.5	4.0
Local Revenues 1/	14.6	16.5	18.7	21.0	23.6
Total shareable revenue 2/	465.0	618.8	703.0	800.9	905.2
<i>Percentage share</i>					
<i>Total shareable revenue</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<i>National</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>84.5%</i>	<i>84.5%</i>
<i>County</i>					
<i>Revenue Sharing (15% of Revenue)</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>15.0%</i>	<i>15.0%</i>
<i>Equalization Fund (0.5% of Revenue)</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.5%</i>	<i>0.5%</i>

Source: Ministry of Finance

Notes:

LATF = Local Authority Transfer Fund

RMLF = Road Maintenance Levy Fund

CDF = Constituency Development Fund

1/ Own sources of revenue

2/ Income taxes, import duty, VAT, excise taxes, and non-tax revenues collected by KRA.

This is approximated by ordinary revenues.

VII. CONCLUSION

131. The government responded appropriately to the multiple shocks we faced in 2008-09 by maintaining social spending in health and education as well as providing economic stimulus countrywide, in addition to continuing to invest in infrastructure such as roads, water and power. This was largely financed through domestic borrowing—thanks to the fiscal space created during the period of strong economic growth prior to the post-election crisis where our domestic debt fell significantly to below 20% of GDP.

132. The countercyclical fiscal measures raised fiscal deficit (including grants) from 3.5 percent of GDP in 2007/08 to 6.5 percent of GDP in 2009/10 and 6 percent in 2010/11. Consequently, our net domestic debt has increased to over 24% of GDP. As the economy recovers, our fiscal objective now is to reduce the budget deficit in order to bring our overall public debt to sustainable level in line with stronger economic growth. The gradual adjustment is designed to ensure that fiscal policy continue to support economic activity and provide sufficient room to implement the new constitution.

133. Overall, the set of policies outlined in this BPS are consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources. Details of the strategic objectives are provided in the first MTP currently being implemented. The policies and sector ceilings annexed herewith will be the basis for the preparation of the 2011/12 MTEF budget.

Annex Table I: Main Macroeconomic Indicators, 2008/09-2013/14

	2008/09	2009/10	2010/11		2011/12			2012/13			2013/14		
		Prov.	Budget	BOPA'11	BPS'11	BSP'10	BOPA'11	BPS'11	BSP'10	BOPA'11	BPS'11	BOPA'11	BSP'11
<i>Annual percentage change, unless otherwise indicated</i>													
National account and prices													
Real GDP	2.1	3.9	5.1	5.4	5.5	6.0	6.1	6.1	6.4	6.7	6.7	6.8	6.8
Real GDP per capita	0.2	2.0	2.2	2.4	2.5	3.1	3.2	3.2	3.5	3.7	3.7	3.9	3.9
GDP deflator	9.3	6.1	6.4	6.9	6.9	5.7	6.8	7.1	6.4	5.6	5.6	4.9	5.1
CPI Index (eop)	8.6	3.5	5.0	5.0	5.4	5.0	5.1	5.3	5.0	5.0	5.0	5.0	5.0
CPI Index (avg)	12.7	5.5	5.0	4.7	5.1	5.0	5.2	5.6	5.0	5.0	5.0	5.0	5.0
Terms of trade (-deterioration)	4.8	4.5	-4.3	-3.0	-2.8	-2.1	-4.1	-3.7	-0.3	-1.8	-2.2	-1.1	-0.5
Money and credit (end of period)													
Net domestic assets	26.5	34.8	13.8	18.7	18.5	9.6	15.4	16.2	10.5	10.5	12.0	13.0	13.5
Net domestic credit to the Government	30.3	59.7	16.9	14.9	14.9	12.8	10.9	10.9	10.5	5.0	4.0	5.0	4.5
Credit to the rest of the economy	22.5	16.8	20.0	22.0	21.5	15.8	18.3	19.2	16.6	15.0	17.0	15.7	16.4
Broad Money, M3 (percent change)	13.0	26.2	14.0	19.8	19.9	14.4	17.7	18.0	15.5	14.9	14.9	14.9	15.2
Reserve money (percent change)	4.6	31.5	11.7	3.7	3.9	12.7	14.8	15.1	13.8	14.9	14.9	14.9	15.2
<i>In percentage of GDP, unless otherwise indicated</i>													
Investment and saving													
Investment	19.9	22.9	21.1	23.6	24.7	21.8	25.1	25.6	22.7	26.5	26.5	26.6	26.7
Central Government	7.5	8.9	10.2	10.3	10.0	9.1	10.6	10.7	8.9	11.8	11.2	11.2	10.6
Other	12.4	14.0	10.9	13.3	14.7	12.7	14.5	15.0	13.8	14.6	15.3	15.4	16.0
Gross National Saving	12.9	16.0	15.5	17.0	16.8	17.3	18.6	17.3	19.0	20.6	18.8	21.4	20.0
Central Government	2.4	1.6	6.4	2.7	2.8	5.6	4.4	4.6	5.6	6.2	5.5	6.4	5.9
Other	10.5	14.4	9.1	14.3	14.0	11.6	14.2	12.7	13.5	14.4	13.3	15.0	14.1
Central government budget													
Total revenue	22.4	22.8	24.9	25.2	25.4	24.6	25.3	25.2	24.5	25.3	25.3	25.5	25.5
Total expenditure and net lending	27.7	30.2	33.1	32.9	32.7	31.2	31.8	31.7	29.6	31.3	31.5	30.7	30.7
Overall balance (commitment basis) excl. grants	-5.2	-7.4	-8.2	-7.7	-7.3	-6.6	-6.6	-6.6	-5.1	-6.0	-6.1	-5.2	-5.2
Overall balance (commitment basis) incl. grants	-4.4	-6.5	-6.8	-6.5	-6.0	-5.0	-5.3	-5.0	-3.5	-4.7	-4.7	-3.9	-3.9
Primary budget balance	-1.4	-3.9	-4.1	-3.8	-3.3	...	-2.7	-2.2		-2.0	-2.0	-1.3	-1.2
Net domestic borrowing	3.2	5.6	3.8	4.6	4.6	1.9	3.4	3.4	1.8	1.5	1.2	1.4	1.3
Total external support (grant & loans)	2.4	2.5	5.2	3.8	3.4	4.2	3.9	4.0	3.6	4.0	4.4	4.0	4.1
External sector													
Exports value, goods and services	26.4	26.2	24.5	25.6	27.3	24.7	24.6	26.8	25.1	24.3	26.2	24.4	26.1
Imports value, goods and services	40.1	39.7	35.2	38.0	41.3	34.0	36.5	40.6	33.3	35.5	39.0	34.7	37.6
Current external balance, including official transfers	-7.0	-6.9	-5.6	-6.6	-7.9	-4.5	-6.4	-8.4	-3.7	-5.9	-7.7	-5.3	-6.6
Current external balance, excluding official transfers	-6.9	-6.9	-5.5	-6.5	-7.8	-4.5	-6.4	-8.3	-3.6	-5.8	-7.6	-5.2	-6.6
Gross international reserve coverage in months of next year imports (end of period)	3.2	3.3	3.2	3.6	3.4	3.6	3.8	3.5	4.0	4.2	3.8	4.4	4.0
Public debt													
Nominal central government debt (eop), net	43.3	45.8	46.0	47.7	47.9	44.4	47.7	47.6	43.1	47.2	47.1	46.3	46.0
Domestic (net)	18.6	22.3	22.9	24.3	24.4	22.3	24.9	24.9	21.4	23.6	23.3	22.5	22.1
External	24.7	23.6	23.2	23.4	23.5	22.2	22.8	22.7	21.6	23.6	23.8	23.7	24.0
Memorandum items:													
Nominal GDP (in Ksh billions)	2,176	2,400	2,767	2,713	2,705	3,102	3,075	3,074	3,510	3,463	3,463	3,879	3,888
Nominal GDP (in US\$ millions)	29,695	30,677	35,973	34,066	33,379	39,840	38,105	36,816	44,524	42,462	41,026	47,101	45,628

Source: Ministry of Finance

BOPA = Budget Outlook Paper

BSP = Budget Strategy Paper

BPS = Budget Policy Statement

Annex Table 2: Central Government Operations 2008/09 - 2013/14 (in billions of Kenya Shillings)

	2009/10 Prov.	2010/11			2011/12			2012/13			2013/14	
		Budget	BOPA'11	BPS'11 Rev. Bgt	BSP'10	BOPA'11	BPS'11	BSP'10	BOPA'11	BPS'11	BOPA'11	BPS'11
TOTAL REVENUE	548.1	689.6	684.2	683.4	764.5	777.3	774.4	770.3	877.8	877.0	990.2	989.9
Ordinary Revenue (excl. LATF)	507.5	609.6	604.2	605.9	682.2	690.8	688.0	708.6	784.4	800.9	886.1	905.2
Income tax	209.1	254.9	252.0	249.9	287.7	288.4	285.4	290.0	328.1	343.7	369.3	387.9
Import duty (net)	41.3	48.9	48.6	48.3	52.7	54.2	55.5	53.1	58.7	60.8	65.0	66.7
Excise duty	74.1	86.2	86.2	86.2	95.9	98.8	93.8	104.2	111.7	106.0	125.2	118.9
Value Added Tax	142.0	172.4	168.7	170.9	192.8	194.3	196.1	204.4	223.9	225.9	257.0	259.4
Investment income	8.4	11.9	11.9	13.8	13.3	13.5	14.8	10.0	15.2	16.7	17.0	18.7
Other	32.7	35.4	36.8	36.8	39.7	41.7	42.4	46.8	46.9	47.8	52.6	53.7
LATF	10.4	13.4	13.4	12.9	16.0	15.2	15.0	15.3	17.3	0.0	19.4	0.0
Ministerial and Departmental fees (AIA)	30.2	86.6	66.6	67.6	66.3	71.4	71.4	46.5	76.1	76.1	84.7	84.7
EXPENDITURE AND NET LENDING	725.2	917.0	892.3	883.9	947.5	978.7	975.8	950.7	1,084.4	1,089.2	1,192.6	1,193.1
Recurrent expenditure	504.4	590.3	603.3	603.7	623.9	638.4	631.1	622.8	666.1	689.3	750.0	766.3
Interest payments	63.5	74.9	74.9	74.2	90.0	82.0	85.1	100.2	91.6	93.9	99.6	101.9
Domestic interest	57.4	67.9	67.9	67.2	80.8	73.3	76.8	88.7	81.4	81.4	86.3	85.4
Foreign interest	6.1	7.0	7.0	7.0	9.2	8.6	8.3	11.5	10.2	12.5	13.3	16.5
Wages and benefits(civil service)	172.6	191.7	197.7	202.3	210.0	218.4	220.0	226.6	244.6	243.8	274.3	273.5
Contribution to civil service pension fund	0.0	0.0	0.0	0.0	12.7	9.0	12.7	14.0	10.1	14.1	11.3	15.8
Civil service Reform	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Pensions etc	29.0	28.6	28.6	28.9	31.5	31.5	31.2	27.8	34.6	32.4	38.1	39.9
Other	182.3	238.4	238.4	237.7	223.7	239.6	224.3	199.5	226.2	246.1	266.5	275.1
Defense and NSIS	56.9	56.7	63.7	60.6	55.9	57.7	57.7	54.5	58.8	58.8	60.0	60.0
Development and Net lending	214.7	323.6	281.9	272.8	320.6	327.8	331.1	324.9	412.3	389.5	437.4	416.9
Domestically financed	151.9	178.1	175.4	177.3	186.6	204.5	206.5	185.5	231.2	191.5	259.0	233.8
Foreign financed	60.5	143.1	104.2	93.0	131.5	120.8	121.9	136.7	178.5	195.2	175.7	180.0
Net lending	2.3	2.4	2.4	2.5	2.5	2.5	2.7	2.7	2.6	2.9	2.7	3.0
Drought Expenditures	6.1	1.0	1.0	5.0	1.0	1.0	2.0	1.0	1.0	2.0	1.0	2.0
Contingencies	0.0	2.0	2.0	0.0	2.0	2.0	2.0	2.0	2.0	5.4	2.2	6.0
Constitution Reform	0.0	0.0	4.0	2.4	0.0	9.5	9.5	0.0	3.0	3.0	2.0	2.0
Balance (commitment basis excl. grants)	-177.1	-227.4	-208.1	-197.5	-183.0	-201.4	-201.4	-180.4	-206.6	-212.2	-202.4	-203.2
Adjustment to cash basis	0.0	-1.0	-1.1	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	20.7	40.4	32.3	35.0	47.0	37.8	48.8	49.6	44.2	50.4	51.6	52.9
Programme grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance (cash basis including grants)	-156.4	-188.0	-176.9	-163.0	-136.0	-163.7	-152.6	-130.8	-162.5	-161.8	-150.8	-150.3
Statistical discrepancy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FINANCING	156.4	188.0	176.9	163.0	119.1	163.7	152.6	113.4	162.5	161.8	150.8	150.3
Net foreign financing	22.9	82.7	51.9	38.0	60.7	58.4	47.4	44.3	109.2	118.7	94.8	99.8
Project loans	39.8	102.7	71.9	58.0	84.5	83.0	73.1	69.7	93.5	102.6	104.7	107.7
Programme loans	0.0	0.0	0.0	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	0.0	0.0	0.0	40.8	42.2	19.4	19.4
Repayments due	-18.7	-20.5	-20.5	-20.5	-23.8	-24.6	-25.7	-25.4	-25.1	-26.0	-29.3	-27.3
Change in arrears	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling/Debt swap	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net domestic borrowing	133.5	105.3	125.0	125.0	58.4	105.3	105.2	69.0	53.2	43.1	56.0	50.5
Financing gap	0.0	0.0	0.0	0.0	-16.9	0.0	0.0	-17.4	0.0	0.0	0.0	0.0
Memo items												
External Debt	565.5	641.9	634.9	636.5	1,053.0	701.1	697.1	1,053.0	818.0	823.5	921.1	931.7
Domestic Debt (gross)	654.6	749.6	779.6	779.6	843.1	884.9	884.8	937.8	938.1	927.8	994.1	978.3
Domestic Debt (net)	534.8	632.8	659.8	659.8	691.2	765.1	765.0	744.2	818.3	808.0	874.3	858.5
Infrastructure bonds	0.0	31.6	30.5	30.5	17.5	31.6	31.6	20.7	56.8	55.1	36.2	34.6
Primary budget balance	-92.9	-113.1	-102.0	-88.9	-46.1	-81.7	-67.5	-30.6	-70.9	-67.9	-51.2	-48.4
Devolved funds:												
County Revenue Fund	...	...	...	...	...	...	...	...	...	105.5	...	120.1
Equalization Fund	...	...	...	...	...	...	...	...	...	3.5	...	4.0
Judiciary Budget	3.9	...	...	3.9	...	...	9.3	...	...	10.3	...	10.6
Parliament Budget	7.2	...	...	7.6	...	...	8.1	...	...	9.7	...	10.9
Nominal GDP	2,399.8	2,767.2	2,713.5	2,705.4	3,101.8	3,074.7	3,074.1	3,484.0	3,463.4	3,462.7	3,878.7	3,888.2

Source: Ministry of Finance

Note

BOPA = Budget Outlook Paper

BSP = Budget Strategy Paper

BPS = Budget Policy Statement

Annex Table 3: Central Government Financial Operations, 2008/09 - 2013/14

	(in percent of GDP)											
	2009/10 Prov.	2010/11			2011/12			2012/13			2013/14	
		Budget	BOPA'11	BPS'11	BSP'10	BOPA'11	BPS'11	BSP'10	BOPA'11	BPS'11	BOPA'11	BPS'11
TOTAL REVENUE	22.8%	24.9%	25.2%	25.4%	24.6%	25.3%	25.2%	22.1%	25.3%	25.3%	25.5%	25.5%
Ordinary Revenue (excl. LATF)	21.1%	22.0%	22.3%	22.4%	22.0%	22.5%	22.4%	20.3%	22.6%	23.1%	22.8%	23.3%
Income tax	8.7%	9.2%	9.3%	9.2%	9.3%	9.4%	9.3%	8.3%	9.5%	9.9%	9.5%	10.0%
Import duty (net)	1.7%	1.8%	1.8%	1.8%	1.7%	1.8%	1.8%	1.5%	1.7%	1.8%	1.7%	1.7%
Excise duty	3.1%	3.1%	3.2%	3.2%	3.1%	3.2%	3.1%	3.0%	3.2%	3.1%	3.2%	3.1%
Value Added Tax	5.9%	6.2%	6.2%	6.3%	6.2%	6.3%	6.4%	5.9%	6.5%	6.5%	6.6%	6.7%
Investment income	0.3%	0.4%	0.4%	0.5%	0.4%	0.4%	0.5%	0.3%	0.4%	0.5%	0.4%	0.5%
Other	1.4%	1.3%	1.4%	1.4%	1.3%	1.4%	1.4%	1.3%	1.4%	1.4%	1.4%	1.4%
LATF	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%	0.0%	0.5%	0.0%
Ministerial and Departmental fees (AIA)	1.3%	2.4%	2.5%	2.5%	2.1%	2.3%	2.3%	1.3%	2.2%	2.2%	2.2%	2.2%
EXPENDITURE AND NET LENDING	30.2%	33.1%	32.9%	32.7%	30.5%	31.8%	31.7%	27.3%	31.3%	31.5%	30.7%	30.7%
Recurrent expenditure	21.0%	21.3%	22.2%	22.3%	20.1%	20.8%	20.5%	17.9%	19.2%	19.9%	19.3%	19.7%
Interest payments	2.6%	2.7%	2.8%	2.7%	2.9%	2.7%	2.8%	2.9%	2.6%	2.7%	2.6%	2.6%
Domestic interest	2.4%	2.5%	2.5%	2.5%	2.6%	2.4%	2.5%	2.5%	2.4%	2.4%	2.2%	2.2%
Foreign interest	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%
Wages and benefits (civil service)	7.2%	6.9%	7.3%	7.5%	6.8%	7.1%	7.2%	6.5%	7.1%	7.0%	7.1%	7.0%
Contribution to civil service pension fund	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%	0.4%	0.4%	0.3%	0.4%	0.3%	0.4%
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%	0.0%
Pensions etc	1.2%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	0.8%	1.0%	0.9%	1.0%	1.0%
Other	7.6%	8.6%	8.8%	8.8%	7.2%	7.8%	7.3%	5.7%	6.5%	7.1%	6.9%	7.1%
Defense and NSIS	2.4%	2.0%	2.3%	2.2%	1.8%	1.9%	1.9%	1.6%	1.7%	1.7%	1.5%	1.5%
Development and Net lending	8.9%	11.7%	10.4%	10.1%	10.3%	10.7%	10.8%	9.3%	11.9%	11.2%	11.3%	10.7%
Domestically financed	6.3%	6.4%	6.5%	6.6%	6.0%	6.7%	6.7%	5.3%	6.7%	5.5%	6.7%	6.0%
Foreign financed	2.5%	5.2%	3.8%	3.4%	4.2%	3.9%	4.0%	3.9%	5.2%	5.6%	4.5%	4.6%
Net lending	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Drought Expenditures	0.3%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.1%
Contingencies	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%
Constitution Reform	0.0%	0.0%	0.1%	0.1%	0.0%	0.3%	0.3%	0.0%	0.1%	0.1%	0.1%	0.1%
Balance (commitment basis excl. grants)	-7.4%	-8.2%	-7.7%	-7.3%	-5.9%	-6.6%	-6.6%	-5.2%	-6.0%	-6.1%	-5.2%	-5.2%
Adjustment to cash basis	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Project grants	0.9%	1.5%	1.2%	1.3%	1.5%	1.2%	1.6%	1.4%	1.3%	1.5%	1.3%	1.4%
Programme grants	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Balance (cash basis including grants)	-6.5%	-6.8%	-6.5%	-6.0%	-4.4%	-5.3%	-5.0%	-3.8%	-4.7%	-4.7%	-3.9%	-3.9%
Statistical discrepancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FINANCING	6.5%	6.8%	6.5%	6.0%	3.8%	5.3%	5.0%	3.3%	4.7%	4.7%	3.9%	3.9%
Net foreign financing	1.0%	3.0%	1.9%	1.4%	2.0%	1.9%	1.5%	1.3%	3.2%	3.4%	2.4%	2.6%
Project loans	1.7%	3.7%	2.6%	2.1%	2.7%	2.7%	2.4%	2.0%	2.7%	3.0%	2.7%	2.8%
Programme loans	0.0%	0.0%	0.0%	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%	0.0%	0.0%	0.0%	1.2%	1.2%	0.5%	0.5%
Repayments due	-0.8%	-0.7%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%	-0.8%	-0.8%	-0.7%
Change in arrears	0.1%	0.0%	0.0%	0.0%	0.0%	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%	0.0%
Privatization proceeds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Refinancing - Telkom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net domestic borrowing	5.6%	3.8%	4.6%	4.6%	1.9%	3.4%	3.4%	2.0%	1.5%	1.2%	1.4%	1.3%
Financing gap	0.0%	0.0%	0.0%	0.0%	-0.5%	0.0%	0.0%	-0.5%	0.0%	0.0%	0.0%	0.0%
Memo items												
Total public debt (net)	45.8%	46.0%	47.7%	47.9%	44.4%	47.7%	47.6%	43.1%	47.2%	47.1%	46.3%	46.0%
Domestic Debt (gross)	27.3%	27.1%	28.7%	28.8%	27.2%	28.8%	28.8%	26.9%	27.1%	26.8%	25.6%	25.2%
Domestic Debt (net)	22.3%	22.9%	24.3%	24.4%	22.3%	24.9%	24.9%	21.4%	23.6%	23.3%	22.5%	22.1%
Infrastructure bonds	0.0%	1.1%	1.1%	1.1%	0.6%	1.0%	1.0%	0.6%	1.6%	1.6%	0.9%	0.9%
Primary budget balance	-3.9%	-4.1%	-3.8%	-3.3%	-1.5%	-2.7%	-2.2%	-0.9%	-2.0%	-2.0%	-1.3%	-1.2%
Tax Revenue	19.4%	20.1%	20.3%	20.3%	20.3%	20.7%	20.5%	18.7%	20.9%	21.3%	21.1%	21.4%
Devolved funds:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
County Revenue Fund	...	...	...	...	...	...	...	...	...	3.0%	...	3.1%
Equalization Fund	...	...	...	...	...	...	...	...	...	0.1%	...	0.1%
Judiciary Budget	0.2%	...	...	0.1%	...	...	0.3%	...	...	0.3%	...	0.3%
Parliament Budget	0.3%	...	...	0.3%	...	...	0.3%	...	...	0.3%	...	0.3%
Nominal GDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Ministry of Finance

Note

BOPA = Budget Outlook Paper

BSP = Budget Strategy Paper

BPS = Budget Policy Statement

Annex Table 4: Consolidated General Government Operations 2009/10 - 2013/14 (in billions of KSh)					
	2009/10	2010/11	2011/12	2012/13	2013/14
		BPS'11	BPS'11	BPS'11	BPS'11
TOTAL REVENUE (incl grants)	583.4	737.9	841.9	952.0	1,070.4
TOTAL REVENUE	562.7	702.9	793.0	901.6	1,017.5
Central Government Revenue 1/	523.2	656.0	739.5	771.6	869.8
Ordinary Revenue (excl. LATF, RMLF, CDF)	507.5	605.9	688.0	800.9	905.2
Income tax	209.1	249.9	285.4	343.7	387.9
Import duty (net)	41.3	48.3	55.5	60.8	66.7
Excise duty	74.1	86.2	93.8	106.0	118.9
Value Added Tax	142.0	170.9	196.1	225.9	259.4
Investment income	8.4	13.8	14.8	16.7	18.7
Other	32.7	36.8	42.4	47.8	53.7
LATF	10.4	12.9	15.0	-	-
Ministerial and Departmental fees (AIA)	30.2	67.6	71.4	76.1	84.7
Adjust: LATF, RFML and CDF	(24.8)	(30.4)	(34.9)	(105.5)	(120.1)
Devolved Revenue	39.5	46.9	53.6	130.0	147.7
LATF	10.4	12.9	15.0	-	-
RMLF	1.7	2.4	2.7	-	-
CDF	12.7	15.1	17.2	-	-
County Revenue Fund (15% of Revenue)	-	-	-	105.5	120.1
Equalization Fund (0.5% of Revenue)	-	-	-	3.5	4.0
Local Revenues	14.6	16.5	18.7	21.0	23.6
Grants	20.7	35.0	48.8	50.4	52.9
TOTAL EXPENDITURE AND NET LENDING	738.9	899.0	992.0	1,107.1	1,212.7
Total Recurrent	515.5	616.7	650.6	709.0	786.6
Central Government Recurrent exp.	498.4	595.9	627.0	645.7	714.7
Interest payments	63.5	74.2	85.1	93.9	101.9
Wages and benefits(civil service)	172.6	202.3	220.0	243.8	273.5
Pension/CS reform	29.0	28.9	44.1	46.7	55.9
Other	176.3	229.8	220.2	256.5	285.1
Defense and NSIS	56.9	60.6	57.7	58.8	60.0
Re-Assigned Rec Expenditure	-	-	-	(54.1)	(61.6)
Devolved Government	17.2	20.8	23.6	63.3	71.9
Civic Expenses[1]	2.4	2.7	3.0	3.4	3.8
Personnel	8.2	10.5	11.9	3.4	3.8
Operations	4.3	5.2	5.9	1.7	1.9
Maintenance	2.4	2.5	2.8	0.8	0.9
Assigned Recurrent Expenditure (Counties)	-	-	-	54.1	61.6
Total Development and Net lending	219.8	278.8	337.9	394.5	422.5
Central Government Dev/Net Lending	202.0	257.6	313.9	334.6	354.3
Domestically financed 1//	139.2	162.1	189.3	191.5	233.8
Foreign financed	60.5	93.0	121.9	195.2	180.0
Net lending	2.3	2.5	2.7	2.9	3.0
Re-Assigned Dev't Expenditure (Counties)	-	-	-	(54.9)	(62.5)
Devolved Government Dev. 1//	17.8	21.1	24.0	59.9	68.2
Non-CDF	5.2	6.0	6.8	5.1	5.7
CDF	12.7	15.1	17.2	-	-
Assigned Dev't Expenditure (Counties)	-	-	-	54.9	62.5
Other County Governments (debt res., repayment)	3.5	3.6	3.6	3.6	3.6
Adjustment to cash	0.0	0.5	0.0	0.0	0.0
Overall Balance (excl. grants)	-176.2	-195.6	-199.0	-205.5	-195.2
Overall Balance (Incl. grants)	-155.5	-160.7	-150.2	-155.1	-142.3
Statistical discrepancy	0.9	2.4	2.4	6.7	8.0
FINANCING	156.4	163.0	152.6	161.8	150.3
Net foreign financing	22.9	38.0	47.4	118.7	99.8
Privatization proceeds	0.0	0.0	0.0	0.0	0.0
Refinancing - Telkom	0.0	0.0	0.0	0.0	0.0
Net domestic borrowing	133.5	125.0	105.2	43.1	50.5
Memo Items					
External Debt	565.5	636.5	697.1	823.5	931.7
Domestic Debt (gross)	688.9	810.4	912.1	951.7	998.7
of which:					
National Gov't Debt	654.6	779.6	884.8	927.8	978.3
Devolved Gov't Debt	34.4	30.9	27.4	23.9	20.4
Domestic Debt (net)	534.8	659.8	765.0	808.0	858.5
Primary budget balance	-92.0	-86.5	-65.1	-61.2	-40.4
Shareable Revenue	517.9	618.8	703.0	800.9	905.2
Transfers to Counties					
County Revenue Fund	-	-	-	105.5	120.1
Equalization Fund	-	-	-	3.5	4.0
Nominal GDP	2,400	2,705	3,074	3,463	3,888

Source: Ministry of Finance
1// Excludes CDF which is already captured in central government
LATF = Local Authority Transfer Fund
RMLF = Road Maintenance Levy Fund
CDF = Constituency Development Fund
BPS = Budget Policy Statement

Annex Table 5: Consolidated General Government Operations 2009/10 - 2013/14 (in percent of GDP)					
	2009/10	2010/11	2011/12	2012/13	2013/14
		BPS'11	BPS'11	BPS'11	BPS'11
TOTAL REVENUE (incl grants)	24.3	27.3	27.4	27.5	27.5
TOTAL REVENUE	23.4	26.0	25.8	26.0	26.2
Central Government Revenue 1/	21.8	24.2	24.1	22.3	22.4
Ordinary Revenue (excl. LATF, RMLF, CDF)	21.1	22.4	22.4	23.1	23.3
Income tax	8.7	9.2	9.3	9.9	10.0
Import duty (net)	1.7	1.8	1.8	1.8	1.7
Excise duty	3.1	3.2	3.1	3.1	3.1
Value Added Tax	5.9	6.3	6.4	6.5	6.7
Investment income	0.3	0.5	0.5	0.5	0.5
Other	1.4	1.4	1.4	1.4	1.4
LATF	0.4	0.5	0.5	-	-
Ministerial and Departmental fees (AiA)	1.3	2.5	2.3	2.2	2.2
Adjust: LATF, RFML and CDF	(1.0)	(1.1)	(1.1)	(3.0)	(3.1)
Devolved Revenue	1.6	1.7	1.7	3.8	3.8
LATF	0.4	0.5	0.5	-	-
RMLF	0.1	0.1	0.1	-	-
CDF	0.5	0.6	0.6	-	-
County Revenue Fund (15% of Revenue)	-	-	-	3.0	3.1
Equalization Fund (0.5% of Revenue)	-	-	-	0.1	0.1
Local Revenues	0.6	0.6	0.6	0.6	0.6
Grants	0.9	1.3	1.6	1.5	1.4
TOTAL EXPENDITURE AND NET LENDING	30.8	33.2	32.3	32.0	31.2
Total Recurrent	21.5	22.8	21.2	20.5	20.2
Central Government Recurrent exp.	20.8	22.0	20.4	18.6	18.4
Interest payments	2.6	2.7	2.8	2.7	2.6
Wages and benefits(civil service)	7.2	7.5	7.2	7.0	7.0
Pension/CS reform	1.2	1.1	1.4	1.3	1.4
Other	7.3	8.5	7.2	7.4	7.3
Defense and NSIS	2.4	2.2	1.9	1.7	1.5
Re-Assigned Rec Expenditure	-	-	-	(1.6)	(1.6)
Devolved Government	0.7	0.8	0.8	1.8	1.9
Civic Expenses[1]	0.1	0.1	0.1	0.1	0.1
Personnel	0.3	0.4	0.4	0.1	0.1
Operations	0.2	0.2	0.2	0.0	0.0
Maintenance	0.1	0.1	0.1	0.0	0.0
Assigned Recurrent Expenditure (Counties)	-	-	-	1.6	1.6
Total Development and Net lending	9.2	10.3	11.0	11.4	10.9
Central Government Dev/Net Lending	8.4	9.5	10.2	9.7	9.1
Domestically financed 1//	5.8	6.0	6.2	5.5	6.0
Foreign financed	2.5	3.4	4.0	5.6	4.6
Net lending	0.1	0.1	0.1	0.1	0.1
Re-Assigned Dev't Expenditure	-	-	-	(1.6)	(1.6)
Devolved Government Dev. 1//	0.7	0.8	0.8	1.7	1.8
Non-CDF	0.2	0.2	0.2	0.1	0.1
CDF	0.5	0.6	0.6	-	-
Assigned Dev't Expenditure (Counties)	-	-	-	1.6	1.6
Other County Governments (debt res., repayment)	0.1	0.1	0.1	0.1	0.1
Adjustment to cash	-	0.0	-	-	-
Overall Balance (excl. grants)	(7.3)	(7.2)	(6.5)	(5.9)	(5.0)
Overall Balance (Incl. grants)	(6.5)	(5.9)	(4.9)	(4.5)	(3.7)
Statistical discrepancy	0.0	0.1	0.1	0.2	0.2
FINANCING	6.5	6.0	5.0	4.7	3.9
Net foreign financing	1.0	1.4	1.5	3.4	2.6
Privatization proceeds	-	-	-	-	-
Refinancing - Telkom	-	-	-	-	-
Net domestic borrowing	5.6	4.6	3.4	1.2	1.3
Memo items					
External Debt	23.6	23.5	22.7	23.8	24.0
Domestic Debt (gross)	28.7	30.0	29.7	27.5	25.7
of which:					
National Gov't Debt	27.3	28.8	28.8	26.8	25.2
Devolved Gov't Debt	1.4	1.1	0.9	0.7	0.5
Domestic Debt (net)	22.3	24.4	24.9	23.3	22.1
Primary budget balance	(3.8)	(3.2)	(2.1)	(1.8)	(1.0)
Shareable Revenue	21.6	22.9	22.9	23.1	23.3
Transfers to Counties	-	-	-	-	-
County Revenue Fund	-	-	-	3.0	3.1
Equalization Fund	-	-	-	0.1	0.1
Nominal GDP	100.0	100.0	100.0	100.0	100.0

Annex Table 6: Recurrent Sectoral Ceilings for the MTEF Period 2011/12 - 2013/14 (KShs. Million)

NAME OF SECTOR		% SHARE OF TOTAL RECURRENT											
		2009/10		Printed		Revised		Ceiling		Projections			
		Approved	2010/11	2010/11	2011/12	2011/12	2012/13	2013/14	2009/10	2010/11	2010/11	2011/12	2012/13	2013/14
S01 AGRICULTURE AND RURAL DEVELOPMENT	Gross	14,088	13,219	13,915	14,299	16,409	18,483	3.2%	2.7%	2.7%	2.8%	3.0%	3.2%
	A-I-A	601	651	672	674	717	753	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
	Net	13,487	12,568	13,242	13,625	15,692	17,730	3.1%	2.6%	2.6%	2.7%	2.9%	3.1%
	Of Which: Salaries	7,668	8,082	8,724	8,800	8,741	8,916	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%
	Grants & Transfers	2,325	1,729	1,741	1,732	1,729	1,729	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%
	Others	4,095	3,408	3,450	3,767	5,938	7,838	0.9%	0.7%	0.7%	0.7%	1.1%	1.4%
S02 TRADE, TOURISM AND INDUSTRY	Gross	7,455	6,703	7,047	7,960	7,992	9,327	1.7%	1.4%	1.4%	1.6%	1.5%	1.6%
	A-I-A	533	289	373	354	325	345	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
	Net	6,921	6,414	6,674	7,595	7,667	8,982	1.6%	1.3%	1.3%	1.5%	1.4%	1.6%
	Of Which: Salaries	1,026	1,141	1,157	1,192	1,203	1,227	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
	Grants & Transfers	3,949	3,933	3,899	4,120	3,933	4,569	0.9%	0.8%	0.8%	0.8%	0.7%	0.8%
	Others	2,479	1,630	1,991	2,638	2,856	3,510	0.6%	0.3%	0.4%	0.5%	0.7%	0.6%
S03 PHYSICAL INFRASTRUCTURE	Gross	40,806	48,364	47,159	52,032	54,392	58,975	9.2%	9.9%	9.3%	10.2%	10.0%	10.2%
	A-I-A	33,540	39,760	37,353	42,534	44,697	47,379	7.6%	8.1%	7.4%	8.3%	8.2%	8.2%
	Net	7,266	8,584	9,807	9,498	9,695	11,596	1.6%	1.8%	1.9%	1.9%	1.8%	2.0%
	Of Which: Salaries	2,813	3,095	3,207	3,304	3,252	3,317	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
	Grants & Transfers	22,002	39,402	38,687	41,215	44,000	47,000	5.0%	8.1%	7.6%	8.1%	8.1%	8.2%
	Others	15,991	5,867	5,265	7,513	7,140	8,659	3.6%	1.2%	1.0%	1.5%	1.3%	1.5%
S04 ENVIRONMENT, WATER AND IRRIGATION	Gross	10,012	11,900	12,566	12,684	13,065	14,747	2.3%	2.4%	2.5%	2.5%	2.4%	2.6%
	A-I-A	1,979	2,883	3,209	3,151	3,151	3,151	0.4%	0.6%	0.6%	0.6%	0.6%	0.5%
	Net	8,033	9,017	9,357	9,533	9,914	11,596	1.8%	1.8%	1.8%	1.9%	1.8%	2.0%
	Of Which: Salaries	2,414	2,509	2,672	2,752	2,835	2,920	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Grants & Transfers	4,915	6,895	7,280	7,323	7,287	7,420	1.1%	1.4%	1.4%	1.4%	1.3%	1.3%
	Others	2,683	2,495	2,614	2,609	2,943	4,407	0.6%	0.5%	0.5%	0.5%	0.5%	0.8%
S05 HUMAN RESOURCE DEVELOPMENT	Gross	146,877	166,728	170,689	173,608	181,455	193,187	33.3%	34.1%	33.6%	34.0%	33.3%	33.5%
	A-I-A	295	6,859	6,963	6,867	6,982	7,645	0.1%	1.4%	1.4%	1.3%	1.3%	1.3%
	Net	146,582	159,870	163,726	166,741	173,810	184,827	33.2%	32.7%	32.2%	32.7%	31.9%	32.1%
	Of Which: Salaries	106,309	115,577	119,658	123,247	126,945	130,753	24.1%	23.6%	23.5%	24.1%	23.3%	22.7%
	Grants & Transfers	20,091	27,461	28,056	28,057	27,898	29,058	4.5%	5.6%	5.5%	5.5%	5.1%	5.0%
	Others	20,478	23,690	22,975	22,303	26,612	33,376	4.6%	4.8%	4.5%	4.4%	4.9%	5.8%
S06 RESEARCH, INNOVATION AND TECHNOLOGY	Gross	37,752	49,584	50,001	51,560	55,844	65,170	8.5%	10.1%	9.8%	10.1%	10.3%	11.3%
	A-I-A	130	15,586	15,714	15,538	15,545	18,141	0.0%	3.2%	3.1%	3.0%	2.9%	3.1%
	Net	37,622	33,998	34,288	36,022	40,299	47,029	8.5%	7.0%	6.7%	7.1%	7.4%	8.2%
	Of Which: Salaries	2,538	2,931	2,890	2,969	3,058	3,150	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%
	Grants & Transfers	31,463	42,499	43,078	43,068	43,845	51,041	7.1%	8.7%	8.5%	8.4%	8.1%	8.9%
	Others	3,751	4,154	4,033	5,522	8,940	10,978	0.8%	0.8%	0.8%	1.1%	1.6%	1.9%
S07 GOVERNANCE, JUSTICE, LAW & ORDER	Gross	78,522	77,554	90,506	90,240	104,206	100,810	17.8%	15.9%	17.8%	17.7%	19.1%	17.5%
	A-I-A	4,387	4,663	4,965	4,960	4,806	5,609	1.0%	1.0%	1.0%	1.0%	0.9%	1.0%
	Net	74,134	72,891	85,521	85,280	99,400	95,201	16.8%	14.9%	16.8%	16.7%	18.3%	16.5%
	Of Which: Salaries	42,603	48,020	55,574	57,406	60,672	61,152	9.6%	9.8%	10.9%	11.2%	11.1%	10.6%
	Grants & Transfers	10,565	4,193	5,058	4,969	4,784	5,540	2.4%	0.9%	1.0%	1.0%	0.9%	1.0%
	Others	25,354	25,340	29,874	27,866	39,517	34,883	5.7%	5.2%	5.9%	5.5%	7.3%	6.1%
S08 PUBLIC ADMINISTRATION	Gross	30,874	44,875	39,980	37,225	36,805	38,712	7.0%	9.2%	7.9%	7.3%	6.8%	6.7%
	A-I-A	656	775	817	787	768	896	0.1%	0.2%	0.2%	0.2%	0.1%	0.2%
	Net	30,219	44,100	39,163	36,438	36,037	37,816	6.8%	9.0%	7.7%	7.1%	6.6%	6.6%
	Of Which: Salaries	5,750	8,738	6,595	10,765	10,968	11,178	1.3%	1.8%	1.3%	2.1%	2.0%	1.9%
	Grants & Transfers	11,050	18,280	19,687	12,503	11,362	11,932	2.5%	3.7%	3.9%	2.4%	2.1%	2.1%
	Others	14,074	17,856	13,698	13,957	14,466	16,016	3.2%	3.7%	2.7%	2.7%	2.7%	2.8%
S09 SPECIAL PROGRAMMES	Gross	16,551	13,262	15,295	13,616	14,853	15,833	3.7%	2.7%	3.0%	2.7%	2.7%	2.7%
	A-I-A	75	82	164	91	98	115	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Net	16,476	13,180	15,131	13,525	14,754	15,718	3.7%	2.7%	3.0%	2.6%	2.7%	2.7%
	Of Which: Salaries	2,207	2,523	2,649	2,728	2,681	2,735	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Grants & Transfers	2,480	2,665	5,389	2,814	2,665	3,110	0.6%	0.5%	1.1%	0.6%	0.5%	0.5%
	Others	11,883	8,074	7,278	8,074	9,506	9,988	2.7%	1.7%	1.4%	1.6%	1.7%	1.7%
S10 NATIONAL SECURITY	Gross	58,644	56,886	61,021	57,186	59,243	60,936	13.3%	11.6%	12.0%	11.2%	10.9%	10.6%
	A-I-A	623	423	432	438	455	531	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
	Net	58,021	56,283	60,589	56,748	58,788	60,405	13.1%	11.5%	11.9%	11.1%	10.8%	10.5%
	Of Which: Salaries	561	575	601	606	624	643	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
	Grants & Transfers	57,916	54,782	48,664	55,451	55,672	59,140	13.1%	11.2%	9.6%	10.9%	10.2%	10.3%
	Others	167	1,328	1,128	1,128	1,128	1,128	0.0%	0.3%	0.2%	0.2%	0.2%	0.2%
TOTAL RECURRENT	Gross	441,581	488,875	508,180	510,399	544,264	576,180	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	A-I-A	42,819	71,990	70,684	75,394	77,546	84,566	9.7%	14.7%	13.9%	14.8%	14.2%	14.7%
	Net	398,762	416,884	437,496	435,005	466,717	491,614	39.4%	85.3%	86.1%	85.2%	85.0%	85.3%
	Of Which: Salaries	173,889	193,193	203,727	213,770	220,980	225,991	37.8%	39.5%	40.1%	41.9%	40.6%	39.2%
	Grants & Transfers	166,738	201,840	201,519	201,252	203,175	220,562	37.8%	41.3%	39.7%	38.4%	37.3%	38.3%
	Others	100,954	93,842	102,034	96,377	120,109	129,627	22.9%	19.2%	20.3%	18.7%	22.1%	22.5%

Annex Table 7: Development Sectoral Ceilings for the MTEF Period 2011/12 - 2013/14 (KShs. Million)

	NAME OF SECTOR		% SHARE OF TOTAL DEVELOPMENT										
			Approved	Printed	Revised	Ceilings	Projections	Approved	Printed	Ceilings	Projections		
			2009/10	2010/11	2010/11	2011/12	2012/13	2013/14	2009/10	2010/11	2011/12	2012/13	2013/14
S01	AGRICULTURE AND RURAL DEVELOPMENT	Gross	13,420	18,838	22,058	18,309	18,738	20,273	5.2%	5.9%	5.8%	5.9%	6.1%
		GOK	6,621	10,805	13,937	10,329	11,272	13,075	2.6%	3.4%	3.2%	3.5%	3.9%
		Loans	2,247	4,270	3,928	4,313	2,867	2,764	0.9%	1.3%	1.3%	0.9%	0.8%
		Grants	4,552	3,763	4,193	4,267	4,599	4,433	1.8%	1.2%	1.3%	1.4%	1.3%
S02	TRADE, TOURISM AND INDUSTRY	Gross	4,218	5,306	5,249	5,538	6,085	6,820	1.6%	1.7%	1.7%	1.9%	2.0%
		GOK	3,112	4,175	3,962	4,284	4,868	5,647	1.2%	1.3%	1.3%	1.5%	1.7%
		Loans	265	275	275	303	265	255	0.1%	0.1%	0.1%	0.1%	0.1%
		Grants	840	855	1,012	951	952	918	0.3%	0.3%	0.3%	0.3%	0.3%
S03	PHYSICAL INFRASTRUCTURE	Gross	111,220	137,184	119,305	141,042	140,716	147,549	43.3%	42.8%	43.6%	44.2%	44.1%
		GOK	63,614	68,816	66,131	73,771	79,490	88,204	24.8%	21.4%	22.8%	25.0%	26.4%
		Loans	40,190	57,441	40,655	54,332	43,836	42,258	15.7%	17.9%	16.8%	13.8%	12.6%
		Grants	2,995	3,780	5,094	5,515	8,418	8,115	1.2%	1.2%	1.7%	2.6%	2.4%
		Local A-I-A	4,420	7,147	7,424	7,424	9,457	9,457	1.7%	2.2%	2.3%	3.0%	2.8%
		Gross	28,114	39,063	37,396	39,816	32,237	33,700	10.9%	12.2%	12.3%	10.1%	10.1%
S04	ENVIRONMENT, WATER AND SANITATION	GOK	13,801	15,710	14,267	16,451	13,385	15,527	5.4%	4.9%	5.1%	4.2%	4.6%
		Loans	9,961	17,952	16,748	18,468	14,160	13,651	3.9%	5.6%	5.7%	4.4%	4.1%
		Grants	4,352	5,402	6,381	4,698	4,692	4,523	1.7%	1.7%	1.5%	1.5%	1.4%
		Gross	28,562	30,421	31,001	30,295	32,456	32,037	11.1%	9.5%	9.4%	10.2%	9.6%
S05	HUMAN RESOURCE DEVELOPMENT	GOK	18,225	12,975	14,853	13,311	15,231	15,431	7.1%	4.0%	4.1%	4.8%	4.6%
		Loans	1,926	6,215	6,054	5,237	6,166	5,944	0.7%	1.9%	1.6%	1.9%	1.8%
		Grants	8,411	11,231	10,094	11,747	11,059	10,661	3.3%	3.5%	3.6%	3.5%	3.2%
		Gross	9,314	17,363	16,241	16,873	16,179	17,610	3.6%	5.4%	5.2%	5.1%	5.3%
S06	RESEARCH, INNOVATION AND TECHNOLOGY	GOK	5,823	10,577	9,967	10,390	12,359	14,322	2.3%	3.3%	3.2%	3.9%	4.3%
		Loans	2,437	5,393	3,887	3,887	2,246	2,165	0.9%	1.7%	1.2%	0.7%	0.6%
		Grants	1,054	1,493	2,387	2,596	1,574	1,124	0.4%	0.5%	0.8%	0.5%	0.3%
		Gross	8,037	9,257	8,104	13,803	15,130	16,773	3.1%	2.9%	4.3%	4.7%	5.0%
S07	GOVERNANCE, JUSTICE, LAW & ORDER	GOK	7,133	8,421	7,211	12,950	14,289	15,962	2.8%	2.6%	4.0%	4.5%	4.8%
		Loans	25	31	31	25	25	24	0.0%	0.0%	0.0%	0.0%	0.0%
		Grants	879	805	862	828	816	787	0.3%	0.3%	0.3%	0.3%	0.2%
		Gross	32,772	38,922	37,523	32,542	29,946	31,129	12.8%	12.1%	10.1%	9.4%	9.3%
S08	PUBLIC ADMINISTRATION	GOK	24,314	27,534	25,140	20,160	21,154	34,449	9.5%	8.6%	6.2%	6.6%	10.3%
		Loans	2,346	2,659	2,872	2,872	2,456	2,367	0.9%	0.8%	0.9%	0.8%	0.7%
		Grants	6,087	8,705	9,486	9,486	6,313	6,076	2.4%	2.7%	2.9%	2.0%	1.8%
		Gross	21,115	24,540	25,050	24,738	27,104	28,735	8.2%	7.6%	7.7%	8.5%	8.6%
S09	SPECIAL PROGRAMMES	GOK	9,883	11,340	12,145	11,832	12,315	14,286	3.8%	3.5%	3.7%	3.9%	4.3%
		Loans	7,657	8,486	8,431	8,431	7,442	7,357	3.0%	2.6%	2.6%	2.3%	2.2%
		Grants	3,320	4,457	4,218	4,218	7,090	6,835	1.3%	1.4%	1.3%	2.2%	2.0%
		Gross	256,771	320,893	301,927	323,355	318,592	334,626	100.0%	100.0%	100.0%	100.0%	100.0%
TOTAL DEVELOPMENT		GOK	152,527	170,352	167,613	173,478	184,362	216,903	59.4%	53.1%	53.6%	57.9%	64.8%
		Loans	67,054	102,722	82,882	97,869	79,464	76,786	26.1%	32.0%	30.3%	24.9%	22.9%
		Grants	32,491	40,491	43,728	44,304	45,514	43,472	12.7%	12.6%	13.7%	14.3%	13.0%
		Local A-I-A	4,420	7,147	7,424	7,424	9,457	9,457	1.7%	2.2%	2.3%	3.0%	2.8%

Annex Table 8: Total Expenditure Ceilings for the MTEF Period 2011/12 - 2013/14													
NAME OF SECTOR		Approved 2009/10	Printed 2010/11	Revised 2010/11	Ceilings 2011/12	Projections 2012/13	Projections 2013/14	Percent of Total Expenditure					
								Approved	Printed	Ceilings	Projections		
								2009/10	2010/11	2011/12	2012/13	2013/14	
S01	AGRICULTURE AND RURAL DEVELOPMENT	Gross	27,508	32,057	35,973	33,208	35,147	38,756	3.9%	4.0%	4.4%	4.0%	4.1%
S02	TRADE, TOURISM AND INDUSTRY	Gross	11,672	12,009	12,296	13,488	14,077	16,147	1.7%	1.5%	1.5%	1.6%	1.6%
S03	PHYSICAL INFRASTRUCTURE	Gross	152,026	185,548	166,464	193,074	195,108	206,525	21.8%	22.9%	20.5%	23.2%	22.6%
S04	ENVIRONMENT, WATER AND IRRIGATION	Gross	38,126	50,963	49,962	52,300	45,302	48,447	5.5%	6.3%	6.2%	6.3%	5.3%
S05	HUMAN RESOURCE DEVELOPMENT	Gross	175,439	197,150	201,691	203,902	213,911	225,224	25.1%	24.3%	24.9%	24.5%	24.8%
S06	RESEARCH, INNOVATION AND TECHNOLOGY	Gross	47,066	66,947	66,242	68,433	72,023	82,780	6.7%	8.3%	8.2%	8.2%	8.3%
S07	GOVERNANCE, JUSTICE, LAW & ORDER	Gross	86,559	86,811	98,610	104,044	119,336	117,584	12.4%	10.7%	12.2%	12.5%	13.8%
S08	PUBLIC ADMINISTRATION	Gross	63,646	83,796	77,503	67,767	66,752	69,840	9.1%	10.3%	9.6%	8.4%	7.7%
S09	SPECIAL PROGRAMMES	Gross	37,665	37,802	40,346	38,353	41,957	44,568	5.4%	4.7%	5.0%	4.6%	4.9%
S10	NATIONAL SECURITY	Gross	58,644	56,686	61,021	57,186	59,243	60,936	8.4%	7.0%	7.5%	6.9%	6.9%
TOTAL			698,352	809,768	810,107	833,755	862,856	910,806	100.0%	100.0%	100.0%	100.0%	100.0%

ANNEX TABLE 9: SECTOR PROGRAMMES AND BUDGETARY ALLOCATIONS, 2011/12-2013/14

	Printed Estimates	Ceiling 2011/12	Projected Estimates	
			2012/13	2013/14
AGRICULTURE AND RURAL DEVELOPMENT	32,057	33,208	35,147	38,756
P.1 Policy, Strategy & Management Of Agriculture	3,865	5,831	4,543	4,632
P.2 Crop Development And Management	9,400	10,415	8,684	9,473
P.3 Agribusiness And Information Management	2,485	1,163	3,106	3,190
P.4 Cooperative Development & Management	1,135	1,509	1,362	1,526
P.5 Cooperative Marketing	28	125	199	292
P.6 Fisheries Development	3,815	3,169	4,322	5,004
P.7 Land Policy And Planning	4,560	3,678	4,159	4,738
P.8 Livestock Resources Management And Development	6,769	7,318	8,772	9,901
TRADE TOURISM AND INDUSTRY	12,009	13,488	14,077	16,147
P.1 Trade Development And Investment	2,412	2,829	2,902	3,310
P.2 Co-Ordination Of East African Community Matters	1,028	1,233	1,289	1,489
P.3 National Heritage And Culture	2,170	2,521	2,516	2,925
P.4 Tourism Development And Marketing	2,539	3,109	3,404	3,923
P.5 Industrial Development And Investment	3,860	3,796	3,966	4,500
PHYSICAL INFRASTRUCTURE	185,548	193,074	195,108	206,525
P.1 Road Development, Maintenance And Management	106,589	109,798	105,756	106,695
P.2 Transport Management And Safety	3,738	3,816	4,036	4,163
P.3 Transport Infrastructure Development	7,905	6,232	6,421	7,316
P.4 Government Buildings	4,702	5,514	6,091	7,588
P.5 Coastline Infrastructure And Pedestrian Access	929	1,251	2,030	1,456
P.6 Procurement, Warehousing And Supply	49	50	73	99
P.7 Construction Standards And Research	30	32	40	42
P.8 General Administration And Planning Support Programme	813	839	919	1,426
P.9 Housing Development And Human Settlement Programme	3,960	4,062	4,512	5,237
P.10 National Electrification Programme	34,572	38,845	41,801	45,739
P.11 Renewable Energy Resources Programme	900	692	821	1,044
P.12 Petroleum Exploration And Distribution Programme	404	650	847	999
P.13 Centralized Support Services Programme	481	1,188	1,262	1,130
P.14 Local Authority Management And Development	19,000	18,213	18,126	20,835
P.15 Metropolitan Infrastructure And Services	1,477	1,892	2,373	2,756
ENVIRONMENT, WATER AND IRRIGATION	50,963	52,300	45,302	48,447
P.1 Water Policy And Management	873	928	1,026	1,085
P.2 Water Supply And Sewerage/Sanitation	26,038	27,786	17,920	20,474
P.3 Water Resources Management And Water Storage	5,518	5,676	6,381	6,481
P.4 Provision Of Irrigation And Drainage Infrastructure	4,038	4,159	4,160	4,260
P.5 Environment Policy Development And Coordination	420	415	685	795
P.6 Environment Management And Protection	4,909	5,137	4,910	5,004
P.7 Mineral Resources Management	281	298	587	592
P.8 Meteorological Services	1,217	1,312	2,208	2,268
P.9 Forestry And Wildlife Policy Regulation & Coordination	673	851	955	1,013
P.10 Forestry Development And Management	5,319	4,551	4,355	4,360
P.11 Wildlife Conservation And Management	1,677	1,187	2,115	2,115
RESEARCH, INNOVATION AND TECHNOLOGY	66,947	68,433	72,023	82,780
P.1 Human Resource Development	49,233	50,463	53,515	62,607
P.2 ICT Infrastructure Development	4,781	4,972	7,674	7,568
P.3 Information & Communication Services	2,137	1,495	982	1,090
P.4 Data Management	5,280	4,937	5,866	5,573
P.5 Development Of Policy, Legal & Institutional Framework	3,661	4,513	2,000	3,800
P.6 Research & innovations	1,855	2,053	1,986	2,142

ANNEX TABLE 9: SECTOR PROGRAMMES AND BUDGETARY ALLOCATIONS, 2011/12-2013/14 (Cont...)

	Printed Estimates	Ceiling 2011/12	Projected Estimates	
			2012/13	2013/14
HUMAN RESOURCE DEVELOPMENT	197,149	203,902	213,911	225,224
P.1 Education Policy, Planning & Administration	9,803	10,702	12,599	15,416
P.2 Basic Education Programme	53,207	55,749	59,571	61,138
P.3 Secondary & Tertiary Education Programme	72,421	72,790	75,096	78,596
P.4 Quality Assurance & Standards Programme	5,560	5,694	5,823	6,073
P.5 Promotion Of Best Labour Practices	688	848	890	1,012
P.6 Manpower Planning, Development, Utilization And Productivity Management.	1,467	1,725	1,118	1,293
P.7 Policy, Planning And Administration	257	319	337	393
P.8 Curative Health Services	32,584	33,560	35,431	37,094
P.9 Preventive And Promotive Health Care Services	21,162	22,515	23,046	24,210
GOVERNANCE JUSTICE LAW AND ORDER	86,811	104,044	119,336	117,584
P.1 Security Services	36,091	41,466	43,983	45,440
P.2 Population Registration	3,560	4,612	4,123	4,887
P.3 Administration And Field Services	8,307	8,736	9,292	9,997
P.4 Dispensation Of Justice	3,567	9,351	10,304	10,604
P.5 Legal, Ethics And Constitutional Reform	1,644	2,421	2,646	3,291
P.6 Legislation And Oversight	7,079	8,100	9,739	10,894
P.7 National Campaign Against Drug And Substance Abuse	310	809	822	856
P.8 Correctional Services	10,977	13,164	13,768	14,974
P.9 Audit Services	1,507	1,548	1,729	2,018
P.10 Anti Corruption	1,571	2,017	1,699	1,982
P.11 Governance, Justice, Law And Order	997	767	808	760
P.12 Management Of Electoral Process	5,090	4,829	12,960	3,691
P.13 Registration, Regulation And Funding Of Political Parties	262	260	460	480
P.14 Immigration Services	1,562	1,477	1,619	1,806
P.15 Policy, Management And Support Services - OVP	840	844	886	930
P.16 Legal Services To Government	1,144	1,268	1,833	2,138
P.17 Public Prosecution Services	-	155	300	350
P.18 Betting And Lottery Services	238	241	253	265
P.19 Government Printing Services	1,180	1,178	1,277	1,373
P.20 Human Rights	135	135	154	154
P.21 Legal Education And Policy	397	397	400	385
P.22 Policy Formulation Coordination.	355	270	281	308
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	83,796	69,767	66,752	69,840
P.1 Management Of State Affairs	1,082	1,500	1,432	1,667
P.2 Human Resource Management And Development	1,645	6,347	6,112	6,386
P.3 Promotion And Safeguarding Of Kenya's Interests Abroad	8,171	8,772	9,289	9,852
P.4 District Planning And Community Development	17,385	17,803	19,072	19,311
P.5 Coordination, Policy Formulation And Implementation Of Vision 2030	999	1,147	1,294	1,882
P.6 General Administration And Support For Planning	251	464	632	817
P.7 Administration And Support For Finance	18,946	4,360	3,637	3,727
P.8 Public Financial Management	29,671	24,718	20,616	21,125
P.9 Development And Stabilization Of The Financial Sector	1,817	151	125	129
P.10 Promotion Of Investment, Private Enterprise And Competition	380	671	560	577
P.11 Coordination And Supervisory Services	2,168	2,511	2,212	2,432
P.12 Cabinet Services	698	698	870	970
P.13 Public Sector Advisory Services	183	232	423	407
P.14 Administration Of Human Resources In Public Service	400	393	478	558
SPECIAL PROGRAMMES	37,802	38,353	41,956	44,568
P.1 Disaster Management.	9,605	10,490	9,561	9,867
P.2 Children's Services	3,497	3,457	5,137	5,242
P.3 Gender And Social Development	2,129	2,280	2,514	2,667
P.4 Policy And General Administrative Services	469	469	499	502
P.5 Youth Development And Empowerment Services	6,612	6,802	6,938	7,223
P.6 Management And Development Of Sports And Facilities	3,654	3,663	3,540	4,707
P.7 Integrated Regional Development	8,301	8,457	5,601	6,160
P.8 Special Development Initiative For N. Kenya And Asals	3,535	2,734	8,167	8,200
NATIONAL SECURITY	56,686	57,186	59,243	60,936
P.1 Maintaining and Safeguarding National Security	56,686	57,186	59,243	60,936
TOTAL	809,767	833,755	862,855	910,807

ANNEX 9: SECTOR PROGRAMMES, OUTPUTS AND PERFORMANCE INDICATORS

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
AGRICULTURE AND RURAL DEVELOPMENT SECTOR			
P.1 Policy, Strategy and Management of Agriculture	To create an enabling environment through appropriate policy, legal and regulatory frameworks and provision of strategic administrative and financial management, direction to the stakeholders	<ul style="list-style-type: none"> ▪ Policy framework reviewed and developed into bills and submitted to the Attorney General ▪ Agricultural Development Fund Established ▪ Programme Development planning 	<ul style="list-style-type: none"> ▪ Number of policies reviewed ▪ Number of bills submitted to the AG ▪ Number of farmers accessing the Fund ▪ Funds spent on projects developed and implemented
P.2 Crop Development and Management	To increase productivity and management of-competitive Agriculture while ensuring sustainable natural resource management for Agricultural development.	<ul style="list-style-type: none"> ▪ Reduced pests Outbreaks ▪ Water harvesting pans constructed for agricultural use. ▪ Agricultural mechanization Services (AMS) supplied with new machinery ▪ Community groups supported under Njaa Marufuku programme (NMIK) ▪ Agricultural technologies that are gender responsive improved ▪ Farmers trained on appropriate technologies 	<ul style="list-style-type: none"> ▪ Number of surveys to be carried out ▪ Number of roosts sprayed ▪ Number of water harvesting pans ▪ Number of bulldozers bought, ▪ Number of tractors bought ▪ Number of graders and ▪ Number of low loader bought ▪ Number of Community Based Organizations accessing the fund ▪ Number of technologies promoted ▪ Number of farmers trained

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.3	Agribusiness and Information Management	To promote sustainable growth in agriculture through provision of appropriate support for investments and increased rural off-farm incomes	<ul style="list-style-type: none"> ▪ Agricultural input suppliers Trained ▪ Modern agro-processing technologies developed and transferred ▪ Economically challenged farmers provided with quality inputs ▪ Recorded radio programs produced and aired on agricultural commodities technology, information and marketing. 	<ul style="list-style-type: none"> ▪ Number of input suppliers trained ▪ Number of agro-processing technologies transferred ▪ Number of farmers accessing inputs(farm acreage below two acres) ▪ Number of radio programs recorded ▪ Number of vernacular programmes on agriculture produced and aired ▪ Number of vernacular programmes on agriculture aired
P.4	Cooperative Development & Management	Governance and management of cooperative societies improved	<ul style="list-style-type: none"> ▪ Agricultural Farmers Information System established ▪ Resolution of disputes in the co-operative movement Improved ▪ Cooperatives compliant with Co-operative Societies Act ▪ Members of management committees of cooperative societies trained in good management practices ▪ Co-operatives compliant with SACCO societies Act 	<ul style="list-style-type: none"> ▪ Agricultural Farmers Information System operational ▪ Number of cases arbitrated by the Cooperative Tribunal ▪ Number of co-operative societies complying ▪ Number of committee members trained
P.5	Cooperative Marketing	To enhance capacity building for value addition and market access in cooperatives	<ul style="list-style-type: none"> ▪ Commodity value addition and market access 	<ul style="list-style-type: none"> ▪ Number of saccos complying ▪ Improved capacity for value addition

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.6 Fisheries Development	To maximize the contribution of fisheries to the achievement of national development goals especially poverty reduction, food security and creation of employment and wealth	<ul style="list-style-type: none"> ▪ Policy and legal framework developed ▪ Mariculture production ▪ Acreage of land under aquaculture production ▪ Fish production from aquaculture ▪ Increased fingerlings supply to farmers ▪ Ecosystem based fisheries management plans ▪ Conservation of Fisheries critical habitats ▪ Fish safety and quality assured 	<ul style="list-style-type: none"> ▪ Policies and final Fisheries Management Bill ▪ Metric tons consumption of Mariculture fish and ▪ hectares of land under aquaculture production ▪ Metric tons of annual aquaculture production ▪ fish fingerlings supplied to farmers ▪ Number of species specific management plans implemented ▪ Number of fisheries critical habitats gazetted ▪ Fish Health inspection certificates issued
P.7 Land Policy and Planning	To create a conducive environment for land administration and management	<ul style="list-style-type: none"> ▪ Comprehensive National land policy implemented ▪ Land related laws harmonised ▪ Improved access to land information 	<ul style="list-style-type: none"> ▪ % of National land policy recommendation implemented ▪ Number of land related laws harmonised ▪ % GIS based National Land Information Management System developed ▪ % Kenya National Spatial Data Infrastructure framework developed ▪ Number of land registers constructed ▪ Number of National /Urban Topographical base map sheets

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.8 Livestock Resources Management and Development	Livestock Resources to be developed, conserved and utilized in a sustainable manner	<ul style="list-style-type: none"> ▪ National topographical and thematic maps updated ▪ Land Use and spatial plans prepared ▪ Landless households Settled ▪ Students trained on surveying and mapping courses ▪ Livestock vaccinated against notifiable diseases ▪ Traceability of Livestock ▪ Area under Disease Free Zones fenced ▪ Livestock vaccinated against foot and Mouth disease, CBPP, LSD ▪ Livestock farmers trained on appropriate technologies ▪ Local slaughter houses 	<ul style="list-style-type: none"> developed ▪ Number of National and International boundary pillars inspected ▪ No. of Geodetic control points established ▪ Number of National topographical and thematic maps updated ▪ % Land Use Policy prepared ▪ Land Use plan/spatial plan prepared ▪ % Physical Development Plans prepared and approved ▪ Number of resort cities development plans approved (Diani/Ukunda, Kilifi, Isiolo) ▪ Number of households settled ▪ Number of students trained ▪ Number of livestock vaccinated ▪ Number of livestock branded ▪ Number of kilometers of fence constructed ▪ Number of livestock vaccinated against the diseases ▪ Number of livestock farmers trained during shows and field days ▪ Number of slaughter houses

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
			<ul style="list-style-type: none"> ▪ Contribution of wholesale & retail trade earnings to GDP ▪ Value of investments in Export Processing Zones 	<ul style="list-style-type: none"> ▪ 33% increase in contribution of wholesale & retail trade to GDP ▪ Value of investments in EPZs from Kshs.21,366 M in 2009 to 22,377 in 2011
P.2	Co-ordination of East African Community Matters	To coordinate and monitor the implementation of EAC Summit and Council decisions on all programmes	<ul style="list-style-type: none"> ▪ Number of jobs created in EPZs 	<ul style="list-style-type: none"> ▪ Number of Jobs created in EPZs from 30,623M in 2009 to 34,227M in 2011
			<ul style="list-style-type: none"> ▪ Increased Trade and Cross Border Investment Opportunities within the EAC. 	<ul style="list-style-type: none"> ▪ Percentage increase in trade volume. ▪ Percentage increase in foreign investments
P.3	National Heritage and Culture Tourism Development and Marketing	To harness, preserve and promote Kenya's cultural and national heritage To provide appropriate information materials Facilitate Tourism development and promotion	<ul style="list-style-type: none"> ▪ foundation for the EAC Monetary Union and Political Federation 	<ul style="list-style-type: none"> ▪ EAC Political Federation fast tracked ▪ 17 meetings held by the High Level Taskforce on Monetary Union for harmonization of exchange rates, fiscal and monetary policies, and eventual establishment of one EAC Central Bank
P.4			<ul style="list-style-type: none"> ▪ Heritage sites and museums developed 	<ul style="list-style-type: none"> ▪ Developed Heroes corner at Uhuru Gardens by June 2012 ▪ A developed Mausoleum of Koitalel Arap Samoei in Nandi ▪ Heritage sites, museums and monuments rehabilitated in Shimoni, Kitale Lamu and Machakos ▪ Stabilized Vasco Da Gama pillar in

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
			<p>Malindi by June 2012</p> <ul style="list-style-type: none"> ▪ 2 museums developed in Garissa and Narok Developed and mounted Exhibitions in Kisumu Museum, Maralal, Nairobi National Museum and Kabarnet Museum
		<ul style="list-style-type: none"> ▪ Enhanced cultural/ creative industries. 	<ul style="list-style-type: none"> ▪ An established International Centre for Arts and Culture ▪ 17 Cultural centres developed across the country ▪ 200 youths trained on music and dance annually. ▪ 33 cultural exchange programmes coordinated 600 cultural practitioners registered and the Cultural databank updated
		<ul style="list-style-type: none"> ▪ Coordination and Regulation of the NGOs Sector 	<ul style="list-style-type: none"> ▪ NGOs Coordination Act 1990 reviewed ▪ Code of conduct for NGOs reviewed Audit guidelines for NGOs developed
		<ul style="list-style-type: none"> ▪ Records preserved 	<ul style="list-style-type: none"> ▪ Archival materials acquired from 390 public offices ▪ 7.5 million Pages of documents digitized. ▪ Documents microfilmed. 3000 documents restored
		<ul style="list-style-type: none"> ▪ Public library services 	<ul style="list-style-type: none"> ▪ A comprehensive database on

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<p>expanded</p> <ul style="list-style-type: none"> ▪ Increase in tourism earnings 	<p>all Kenyan authors and their works</p> <ul style="list-style-type: none"> ▪ upgraded National Library services for preservation of national imprint ▪ International arrivals to increase from 1.49 million in 2009/10 to 3 million in 2011/12. ▪ Average spending per visitor to increase from KShs 43,758 in 2009/10 to KShs 70,000 in 2011/2012.
P.5	Industrial Development and Investment	<ul style="list-style-type: none"> ▪ New Tourist circuits/products ▪ Tourist satisfaction ▪ Integrated GIS on tourism products/mapping ▪ Tourism Infrastructural development ▪ Work space and equipments provided to MSMI's in all constituencies. ▪ Development of Products under 4K (KEBS, KIRDI, KIPI, KNJKA) initiative 	<ul style="list-style-type: none"> ▪ Launch 2 circuits and 4 new products 2011/12 ▪ Expanded tourism training capacity ▪ Tourist establishments/hotels inspected, licensed and classified ▪ Web-enabled GIS internet link by 2011/12 ▪ Model designs for 3 resort cities developed ▪ Accessible credit available to local investors ▪ Number of MSMI's using the Constituency Industrial Development Centres (CIDCs) ▪ Number of CIDCs equipped with tools ▪ Number of products developed under 4K initiative

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<ul style="list-style-type: none"> ▪ Economic support of districts under One Village One Product (OVOP) ▪ Availability of industrial Information ▪ Protection of registered trademarks ▪ Students trained in entrepreneurship ▪ Standardization of industrial products. ▪ Development of technologies in value addition ▪ Promotion of Industrial Property Rights and arbitration 	<ul style="list-style-type: none"> ▪ Number of products developed under OVOP project. ▪ Number of registered enterprises in digital database. ▪ Number of counterfeits discovered. ▪ Number of students trained ▪ Percentage of conformity to standards ▪ Number of prototypes developed ▪ Number of IP registered. ▪ Number of IP cases arbitrated
PHYSICAL INFRASTRUCTURE			
P.1	Road Development, Maintenance and Management To expand, rehabilitate and maintain the road network in addition to building capacity for road construction	<ul style="list-style-type: none"> ▪ No. of kilometers of roads rehabilitated and maintained ▪ No. of Airstrips in Game Reserves and National Parks and constructed and maintained 	<ul style="list-style-type: none"> ▪ 500 Kilometers of roads constructed ▪ 650 Kilometers rehabilitated and 52,245 maintained routinely ▪ Maintenance of 500km of roads in Game Parks and National Parks ▪ Construction of 2 airstrips to bitumen standard and maintenance of 26 airstrips in Game Reserves and National Parks
P.2	Transport Management and Safety Efficient, safe and reliable transport systems	<ul style="list-style-type: none"> ▪ Working Transport Policies, guidelines and legislations ▪ Functional Integrated 	<ul style="list-style-type: none"> ▪ Number of Transport Policies, Guidelines and Legislations ▪ Percentage of Integrated

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
			<p>Transport Management System</p> <ul style="list-style-type: none"> ▪ Measures put in place to control Road Accidents and Incidences ▪ Efficient Railway Transport Services ▪ Secure and Safe airspace 	<p>Transport Management System developed</p> <ul style="list-style-type: none"> ▪ Percentage reduction in Road Accidents and Incidences ▪ Percentage Increase of tonnes of Cargo transported by rail ▪ Percentage Increase of people using railway transport annually ▪ Percentage Reduction in Air Accidents and Incidences
P.3	Transport Infrastructure Development	To develop, expand and modernize Transport Infrastructure System to facilitates efficient trade and mobility	<p>Large and Good Airport infrastructure</p> <ul style="list-style-type: none"> • Wide and Deep Port Facilities that can accommodate big vessels • Modern Standard Gauge and Light rail Network 	<ul style="list-style-type: none"> ▪ Number of expanded Airport Infrastructure (Kisumu and Isiolo) ▪ Percentage of Terminal constructed at Jomo Kenyatta International Airport ▪ Percentage of Second runway constructed at Jomo Kenyatta International Airport ▪ Percentage Increase in annual handling capacity from the current 2.5 million passengers ▪ Number of Runway Facilities ▪ Number of Meters dredged at the Port of Mombasa • Percentage increase in Port handling capacity • Single window System Established • Feasibility study Report for the Standard Gauge Railway Line (Mombasa to Malaba 1200 km)

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
			<ul style="list-style-type: none"> • Number of Kilometers of Light Rail Line Constructed • Detailed design report for the first 3 berths in Lamu Port • Number of Berths Developed in Lamu Port • Meters of Railway Reserve areas fenced and secured
P.4	Government Buildings. To provide a quality and affordable building infrastructure.	<ul style="list-style-type: none"> ▪ Stalled projects Completed and handed over. ▪ Refurbished /maintained government buildings. ▪ New government Buildings constructed. ▪ Lightening arresters installed in government buildings. ▪ PABX's installed in government institution. 	<ul style="list-style-type: none"> ▪ No of projects completed. ▪ No building refurbished and maintained. ▪ No of new buildings constructed. ▪ Lightening arresters installed. ▪ No of PABX installed.
P.5	Coastline Infrastructure And Pedestrian Access. To improve accessibility to coastal towns, neighboring island, areas of difficult Terrain and prevent sea encroachment.	<ul style="list-style-type: none"> ▪ Jetties Constructed and Rehabilitated. ▪ Seawalls Constructed and Rehabilitated. ▪ Footbridges Constructed. ▪ Term Contracts awarded. 	<ul style="list-style-type: none"> ▪ No of jetties constructed and rehabilitated. ▪ Meters of seawalls completed. ▪ No of foot bridges constructed. ▪ No of Term Contracts Procured.
P.6	Procurement, Warehousing And Supply To provide common user items in government institution.		
P.7	Construction Standards and Research To enhance quality of building materials and improved standards of construction.	To ensure innovative building products are available in the market.	No of construction standards and research areas undertaken.
P.8	General Administration services Human Settlement Provide support services.	<ul style="list-style-type: none"> ▪ Enhance support service. ▪ Clear channels of 	<ul style="list-style-type: none"> ▪ % level of customer satisfaction

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.9 Housing Development and Human Settlement	To facilitate access to decent and affordable housing and improved living conditions in informal settlements in urban areas, improved quality shelter in rural areas and efficient and effective managed government estates/plots	<p>communication</p> <ul style="list-style-type: none"> • No. of constituency Appropriate Building Technologies (ABTs) Centres established ▪ No. of housing units and social infrastructure facilities designed and constructed ▪ No. of housing units developed under Civil Servants Housing Scheme ▪ No. of government housing units refurbished 	<ul style="list-style-type: none"> • 30 constituency ABTs Centres established ▪ Design and construct 400 housing units, one primary school, one nursery school, one social hall, one market centre and one health centre in Mavoko, Athi River ▪ 2,000 housing units developed/purchased under Civil Servants Housing Scheme ▪ 7,500 government housing units refurbished
P.10 National Electrification Programme	Increase Access to Electricity	<ul style="list-style-type: none"> ▪ Kilometres of power transmission lines constructed, rehabilitated and energized ▪ New customers connected with electricity ▪ Rural public institutions connected with electricity ▪ Public institutions installed with solar electricity generators (PVs) in ASAL areas. ▪ Wind power station constructed at Ngong hills ▪ MW of Emergency power procured ▪ Geothermal power generated by 2014 	<ul style="list-style-type: none"> ▪ 2,391 Kms of power transmission lines constructed, rehabilitation and energized ▪ 300,000 additional customers connected ▪ 1000 public institutions connected with electricity ▪ 180 PVs installed ▪ 55MW of wind power plant constructed at Ngong hills ▪ 120MW of Emergency power electricity ▪ 280 MW generated at Olkaria I& IV

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.11 Renewable Energy Resources Programme	Development of Renewable Sources of Energy	<ul style="list-style-type: none"> ▪ Acreage of trees planted ▪ New energy centres established ▪ Households/institutions with improved cook stoves / charcoal kilns ▪ Wind masts and data loggers installed, Updated Wind Resource Atlas ▪ Biogas digester installed 	<ul style="list-style-type: none"> ▪ 320 Ha of trees planted ▪ 2 new Energy centers established ▪ 3200 improved cook stoves/charcoal kilns ▪ 20 wind masts and data loggers; ▪ Updated Wind Resource Atlas ▪ 1 Biogas digester installed
P.12 Petroleum Exploration and Distribution Programme	Security of Fossil Fuel Resources	<ul style="list-style-type: none"> ▪ Public buildings efficiently lighted ▪ Seismic Survey of unlicensed Blocks carried out ▪ Gravity Survey of unlicensed Blocks conducted ▪ National Petroleum Data Centre established ▪ Accessibility of branded LPG in the market 	<ul style="list-style-type: none"> ▪ 3 Public buildings efficiently lighted (Nyayo House, Harambee House and Treasury Building) ▪ Seismic Surveys report ▪ Gravity Surveys report ▪ National Petroleum Data Centre established ▪ Standardized values fitted in all LPG cylinders
P.13 Centralized Support Programme	Efficient delivery of services	<ul style="list-style-type: none"> ▪ Administrative services offered ▪ Planning services offered ▪ Financial services offered 	<ul style="list-style-type: none"> ▪ Efficient administration in the Energy sub - sector ▪ Efficient planning in the Energy sub - sector ▪ Efficient financial management in the Energy Sub - Sector
P.14 Local Authority management and development	To Improve Infrastructure and Management in Local Authorities	<ul style="list-style-type: none"> ▪ Bus parks constructed ▪ Urban Databases of Geographical Information 	<ul style="list-style-type: none"> ▪ Ten (10) bus parks constructed ▪ Urban databases of GIS / LIS developed and implemented in

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<p>Systems (GIS/LIS) developed and implemented.</p> <ul style="list-style-type: none"> ▪ Disaster response centres constructed ▪ Kilometres of drainage cleaned, trees planted, culverts constructed and area of bush cleared ▪ Kilometres of storm water drainage constructed. ▪ Kilometres of urban roads constructed. ▪ Schools constructed and upgraded ▪ Wholesale hubs constructed ▪ Wholesale markets constructed ▪ Modern Markets developed ▪ Livestock Markets Developed ▪ Modern Kiosks constructed. ▪ Number of Ex street children rehabilitated ▪ Model street family facility purchased 	<p>LAs</p> <ul style="list-style-type: none"> • Fire and disaster response centres constructed in four counties • Kazi Kwa Vijana (KKV) / Kenya Youth Empowerment Project in 39 counties carried out • Forty (40) Kilometres of storm water drainage constructed • 102 Kilometres of urban roads constructed • Nine (9) Schools in Nairobi and Mombasa constructed and upgraded • Thirteen (13) wholesale Hubs constructed • Twelve (12) Wholesale Markets constructed • Twenty three (23) Retail Markets constructed • 210 Livestock Markets developed • 2,000 Modern Kiosks Constructed in 10 Major towns • 2000 Ex Street Rehabilitated • Model Street Families Rehabilitation Facility in Nyeri (CYEC) – Nyeri Children and Youth Empowerment Centre

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.15 Metropolitan Infrastructure and Services	To enhance infrastructure connectivity and accessibility, safety and security that facilitates within the metropolitan area.	<ul style="list-style-type: none"> ▪ Local Authority Integrated Financial Operation Management Systems ▪ Kilometres of roads constructed, and rehabilitated ▪ Urban Transport Information System ▪ Signalized junctions ▪ Bus Rapid Transit developed and operational ▪ 100-200 m³ capacity water tanks constructed ▪ Boreholes sunk within the four Metro counties ▪ Safety and Security 	<ul style="list-style-type: none"> • Local Authority Integrated Financial Operation Management Systems (LAIFOMS) installed in 92 LAs ▪ 50 Km of strategic roads constructed, and rehabilitated ▪ Metro urban Transport Information System developed ▪ 50 Signalized junctions in Nairobi Metropolitan Region ▪ 1 Bus Rapid Transit developed ▪ 20 Water tanks constructed in the Metro Region ▪ Construction of 120 boreholes in water deficit counties ▪ Install 67 No. high mast Metro Wide security lighting ▪ Install 30,000 No. CCTV for integrated urban surveillance system
PUBLIC ADMINISTRATION & FOREIGN RELATIONS			
P.1 Management of State Affairs	Improved service delivery to the public	<ul style="list-style-type: none"> ▪ Well planned and organized state functions, banquets and parties. ▪ Provision of Quality services to all the State House clients/visitors. ▪ Improved Security and safety within State House, State 	<ul style="list-style-type: none"> ▪ Number of State functions held. ▪ High level quality of Services offered. ▪ Number of security surveillance systems installed within State

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.2	Human Resource Management and Development	Efficient Public Service delivery	<ul style="list-style-type: none"> ▪ Lodges. ▪ Improved working environment through the refurbishment and the renovations done. ▪ Reviewed and harmonized remuneration structure in the public service. ▪ Developed Bi annual competency reports. ▪ Feedback to MDAs on their progress in competency development. ▪ Job Evaluation reports for the Public Service. 	<ul style="list-style-type: none"> ▪ Houses and Lodges ▪ Number of buildings refurbished and lawns maintained. ▪ Re-aligned remuneration structure. ▪ Updated salary negotiation guidelines. ▪ No. of Analytical reports.
P.3	Promotion and protection of Kenya's National Interests Abroad	Prosperity and improved image globally	<ul style="list-style-type: none"> ▪ New Missions/ Consulates opened ▪ Joint Commissions for Co-operation (JCC) launched ▪ Joint Social, economic and cultural programmes undertaken ▪ Investment and development assistance agreements or other arrangements facilitated with interested partners ▪ Placement of Kenyans in key positions in major international organizations 	<ul style="list-style-type: none"> ▪ No. of reports analyzed and feed back reports given. ▪ No. and type of reports. ▪ No. of new Missions/Consulates opened ▪ No. of Joint Commissions of Co-operation (JCC) launched. ▪ No. of JCC's Convened ▪ No. of MOUs signed ▪ No. of joint programmes undertaken ▪ Number of agreements or other arrangements facilitated ▪ No. of Kenyan candidatures lobbied for ▪ No. of positions secured for

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<ul style="list-style-type: none"> ▪ Mainstreamed Diaspora into national development ▪ Interconnection between Missions and Headquarters ▪ Constituency Resource Management Strategy developed (CRMS) ▪ District Data base developed ▪ Revolving Loan Scheme in the pilot districts ▪ Mainstreamed MDG national planning ▪ Enhanced social welfare 	<p>Kenya's</p> <ul style="list-style-type: none"> ▪ Draft Diaspora policy in place ▪ Number of Missions connected with the Headquarter ▪ CRMS in place and implemented
P.4 District Planning and Community Development	Improved living conditions for Kenya's rural population	<ul style="list-style-type: none"> ▪ Progress report on 107 DIDCs supported under (CEISP) ▪ No of people accessing the loan fund ▪ MDG compliant District Development Plans and policies ▪ Level of social welfare as measured by diverse indices ▪ Pro-poor projects under implementation 	<ul style="list-style-type: none"> ▪ Treasury 21 model in place
P.5 Coordination of Policy formulation and Vision 2030	Economic growth better Quality of Life for Kenyans	<ul style="list-style-type: none"> ▪ T21 macroeconomic model developed ▪ Enhanced skills on policy research, modeling & forecasting and negotiation ▪ Enhanced regional and international economic corporation ▪ Knowledge Management Kenya Chapter established ▪ Improved access to skilled maternity services among poor mothers 	<ul style="list-style-type: none"> ▪ No of staff trained ▪ Type of skills imparted ▪ Level of cooperation with regional and international organizations ▪ KMA Kenya Chapter in place ▪ Level of poor mothers accessing skilled maternity services in 3 rural districts and 2 slums of

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
			<ul style="list-style-type: none"> ▪ M&E policy developed and institutionalized ▪ Public Expenditure Reports (PER) ▪ Revitalized District M&E Committees ▪ Quarterly, Mid-Term and Annual Progress Report on Vision 2030 First Medium Term Plan 2008-2012 prepared 	Nairobi <ul style="list-style-type: none"> ▪ Annual NIMES reports ▪ Annual PER reports ▪ District Annual Monitoring and Evaluation Reports. ▪ Quarterly, Mid-Term and Annual Progress Reports
P.6	Public Financial Management	Predictable revenue collection for efficient financing of government expenditure priorities	<ul style="list-style-type: none"> ▪ Total value of tax revenues collected and allocated to Govt. programmes ▪ Minimized costs of financing fiscal deficit ▪ External funding sourced ▪ Treasury approvals of financing agreements for state corporations ▪ Revenue receipts from government investments, including loan and interest receipts, dividends and directors fees ▪ Prioritized public expenditure for achievement of development objectives ▪ State corporations privatized 	<ul style="list-style-type: none"> ▪ Percentage increase in tax revenue ▪ Percentage reduction in debt service costs ▪ Increase in concessionary funding ▪ Number of approved financing agreements ▪ Percentage increase in revenue received from government investments ▪ Timely approval of Annual and Supplementary budgets ▪ Number of state corporations privatized

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<ul style="list-style-type: none"> ▪ Financial management information systems integrated ▪ Accounting risks mitigated ▪ Pensions, death gratuities and other benefits processed and paid to retirees or their dependants ▪ Awareness created on public procurement procedures ▪ Clearing and forwarding services provided to both government and private entities 	<ul style="list-style-type: none"> ▪ Percentage reduction in staff hours per transaction completed ▪ Percentage reduction in audit queries ▪ Time taken to process and pay pension and death gratuities payments ▪ Reduction in number of procurement disputes reported ▪ Time taken to clear and forward consignments
P.7 Development and Stabilization of the Financial Sector	A stable interest rate, low inflation and efficient financial institutions	<ul style="list-style-type: none"> ▪ Local, regional and international fiscal and monetary agreements developed, domesticated and monitored 	<ul style="list-style-type: none"> ▪ Interest and inflation rates held below threshold
P.8 Promotion of Investment, Private Enterprise and Competition	Rapid industrialization in a competitive business environment	<ul style="list-style-type: none"> ▪ Investments attracted and retained in accordance with competition principles and laws 	<ul style="list-style-type: none"> ▪ Number of new investment ventures established
P.9 General Administration and Support Services	Increased efficiency and effectiveness in service delivery	<ul style="list-style-type: none"> ▪ Administrative services provided to all departments 	<ul style="list-style-type: none"> ▪ Increase in customer satisfaction as measured by successive customer satisfaction surveys
P.10 Cabinet Services	Efficient and harmonious operations of the Government	<ul style="list-style-type: none"> ▪ New Government structures Created ▪ Government policies passed ▪ Improved understanding of Government policy among 	<ul style="list-style-type: none"> ▪ % improvement in service delivery ▪ Improved governance in Kenya ▪ Increased awareness of

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.11	Public Sector Advisory Services	<p>the public</p> <ul style="list-style-type: none"> ▪ Presidential honours and awards investiture ▪ Timely, accurate and evidence based advice on social and economic matters <p>Increased compliance to State Corporations Act and other laws</p> <p>Improved management</p> <p>Increased bilateral trade</p> <p>Comprehensive Peace Agreement Reports</p>	<p>Government policies</p> <ul style="list-style-type: none"> ▪ Improved patriotism and inspiration ▪ % GDP growth ▪ Macroeconomic stability <p>Enhanced compliance to State Corporations Act</p> <p>Reduced dependence on Treasury</p> <p>Increased return on public investment</p> <p>% increase in Kenyan exports to Sudan</p> <p>% expansion of Kenyan share of the Sudan market.</p>
P.12	Coordination and Supervisory Services	<p>Public Private Sector Stakeholder Partnership (PSSP) policy</p> <p>Kenyan unemployed youth engaged in productive activities</p> <p>Political and parliamentary matters addressed</p> <p>Rapid Results Initiatives (RRI's) launched in MDAs</p> <p>Performance contracts of MDAs's</p> <p>MDA's ISO certification</p> <p>Enhanced transparency and</p>	<p>PPS Policy in place</p> <p>KKV/KYEP action plan</p> <p>Number of youths employed</p> <p>Number of parliamentary briefs</p> <p>Number of Sub-Cabinet Committee meetings held</p> <p>Number of MDA's brought on board on RRI's</p> <p>Number of MDAs put on performance contract</p> <p>Quarterly and annual performance contract reports</p> <p>Number of MDA's ISO certified</p> <p>Reduced cases of public funds</p>

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		accountability in state corporations	misappropriation in State Corporations
		Restitution of state corporations' lost funds	<ul style="list-style-type: none"> Number of restitution verdicts passed on liable state corporations
		System audits in public institutions	<ul style="list-style-type: none"> Number of system audits carried out
		Value for money audits	<ul style="list-style-type: none"> Number of value for money audits carried out
P.13	Enhanced human resource capacity for efficient and effective public service delivery	Increase level of awareness on wealth declaration Advertised vacancies and promotions disposed off Discipline cases disposed Communication of Commission decisions	<ul style="list-style-type: none"> Level of compliance with Public Officer Ethics Act Reduce recruitment and promotion time Number and gender of staff recruited Number of discipline cases handled Time taken to convey Commission decisions
		<ul style="list-style-type: none"> Commission Administered examinations and subsequent results. Timely availability of resources to departments 	<ul style="list-style-type: none"> Duration of processing Commission administered exams Level of customer satisfaction
RESEARCH, INNOVATION AND TECHNOLOGY			
P.1	To formulate, implement and review appropriate policies, legal and institutional frameworks	<ul style="list-style-type: none"> Bills drafted for enactment on HESTI Coordination/ICT and Media policy and regulations Regulated network bottlenecks in ICT Sector 	<ul style="list-style-type: none"> No. of bills drafted on STI Coordination/ICT and Media policy and regulations
P.2	To promote knowledge based society and economy	<ul style="list-style-type: none"> Applications, books, reports publications and other 	<ul style="list-style-type: none"> Number of copies of Inside Kenya Today published
	Information and Communication services		

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<ul style="list-style-type: none"> documentaries ▪ Provision of National Information & Broadcasting Services ▪ Promotion of local content 	<ul style="list-style-type: none"> ▪ Number of documentaries and films shot in Kenya ▪ Broadband with support capacity ▪ Number of products ▪ Number /copies of Kenya Year Book produced/disseminated
P.3	Research and Innovations	Technologies and innovations developed	<ul style="list-style-type: none"> ▪ Percentage increase in the number of technologies and innovation developed'
P.4	ICT infrastructure development	To develop and promote research, innovation and technology development for high value products and services.	<ul style="list-style-type: none"> ▪ Coordinated ICT Infrastructure development through PPP
	To ensure the availability of accessible, efficient, reliable and affordable ICT Enabled Services in Kenya		<ul style="list-style-type: none"> ▪ Percentage of completion of BPO/ICT Park ▪ Percentage migration from Analogue to Digital TV Services ▪ Kilometers of fiber optic cable laid under NOFBI (Phase II) ▪ Number of digital villages created under KTCIP ▪ Number of Rural Information Resource Centre established ▪ Percentage connectivity of MOIC field stations (LANs & WANs) ▪ Number of Government Tele-Presence established ▪ Percentage of PSTN lines converted to IP platform
P.5	University and Tertiary Education	To develop and strengthen human resources and training capacities	<ul style="list-style-type: none"> ▪ Skilled manpower ▪ Accredited institutions of higher learning
			<ul style="list-style-type: none"> ▪ Percentage increase in enrolment in higher learning institutions. ▪ Percentage growth in the

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.6	Data Management To develop an integrated, secure and reliable National Database and strengthen systems	<ul style="list-style-type: none"> ▪ Secure and reliable national data base ▪ National statistical reports 	<ul style="list-style-type: none"> ▪ completion rate. ▪ Number of accredited institution of higher learning. ▪ % of completion of IPRS project ▪ % of completion of National Data Centre & Disaster Recovery Centre ▪ capacity of data stored ▪ Number of statistical reports published
GOVERNANCE, JUSTICE, LAW & ORDER			
P.1	Security Services To provide protection to both life and property, security reforms, detection and prevention of crime and community policing.	<ul style="list-style-type: none"> Enhanced crime detection and prevention Strengthened patrols to deter crime Criminal cases investigated Number of cases solved Countries crime index developed Improved collaboration in community policing amongst different actors in security related services Provision of adequately skilled police officers in an equitably distributed manner Improved physical infrastructure and equipment Motivated police force Monitoring and evaluation system 	<ul style="list-style-type: none"> Number of surveillance cameras/streets installed /covered Number of offences reported and detected Support to judicial process resulting in successful prosecution Community satisfaction with police services Trend in crime levels in the country Number of community policing units operational Number of additional uniformed officers recruited and deployed. Number of modernized physical infrastructure and equipment Number of police reforms completed Timeliness in Project implementation

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.2 Administration and Field services	To improve access of service to Kenyan citizens	Enhanced awareness of Government policies in the field Strengthened Peace building and conflict management Country's peace index Strengthened disaster response and coordination.	Number of public barazas held Number of District Peace Committees established and functional Peaceful coexistence among Kenyans Number of disaster preparedness and response committees
P.3 National Campaign Against Drug Abuse (NACADA)	To provide leadership for an all-inclusive, innovative collaboration in the coordinated prevention, control and mitigation of drug and Substance abuse	<ul style="list-style-type: none"> ▪ Suppressed alcohol and drug supply chain ▪ Reduced demand of drug and substances in Kenya ▪ Drug addicts rehabilitated, treated and counseled ▪ 100% enforcement of Alcoholic and Drinks control Act 2010. ▪ Improved efficiency and effectiveness in printing government documents ▪ Improved Security of government documents ▪ Increased capacity of government press 	<ul style="list-style-type: none"> ▪ Annual reports on status of alcohol and drug supply chain ▪ Annual reports on status of drug and substance demand in Kenya ▪ Number of drug addicts facilitated for rehabilitation, treatment and counseling ▪ Status report on enforcement of alcoholic and drinks control act 2010 ▪ Reduced throughput time ▪ Number of surveillance equipment installed. ▪ Number of printing orders placed ▪ Number of delegated tasks by the President at National, Regional and International levels fulfilled. ▪ Revised Lottery Bill to incorporate the establishment of National lottery Commission
P.4 Government Printing Services	To improve quality and printing services	<ul style="list-style-type: none"> ▪ Fulfillment of delegated tasks by the President at National, Regional and International levels. ▪ Revised Lottery Bill to incorporate the establishment of National lottery 	<ul style="list-style-type: none"> ▪ Revised Lottery Bill to incorporate the establishment of National lottery Commission
P.5 Policy, Management and Support Services to the Office of the Vice Presidency	To provide policy direction and leadership in government business as Principal Assistant to the Head of State.	<ul style="list-style-type: none"> ▪ Revised Lottery Bill to incorporate the establishment of National lottery 	<ul style="list-style-type: none"> ▪ Revised Lottery Bill to incorporate the establishment of National lottery Commission

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.6 Correctional Services	To contain and rehabilitate offenders	<ul style="list-style-type: none"> ▪ Commission prepared. ▪ Three Draft Policies on Correction service, Gaming and after care prepared. ▪ Offenders resettled and reintegrated back to the community ▪ No. of formally trained and vocationally trained inmates ▪ 24 Complete Prisoners accommodation wards ▪ Needy school going probationers supported with formal education ▪ No. of probationers empowered with tools and other programs 	<ul style="list-style-type: none"> revised ▪ Number of Draft Policies developed on Correction service, Gaming and After care and submitted to Cabinet and Parliament ▪ Number of offenders resettled and reintegrated back to the community ▪ 3,400 formally trained and 3,000 vocationally trained inmates on agricultural production and afforestation ▪ No. of complete Prisoners accommodation wards ▪ 150 needy school going probationers supported with formal education ▪ 150 probationers empowered with tools and other programs
P.7 Betting and Lottery Services	To ensure a well regulated gaming industry	<ul style="list-style-type: none"> ▪ Betting, Lotteries and Gaming activities supervised ▪ Public lotteries and prize competition draws presided ▪ Cases of illegal gambling eliminated ▪ Database for permit and license holders developed ▪ Betting Lotteries and Gaming Act to be reviewed 	<ul style="list-style-type: none"> ▪ No. of Betting, Lotteries and Gaming activities supervised ▪ No. of public lotteries and prize competition draws presided ▪ No. of identified cases of illegal gambling eliminated ▪ Database for all permit and license holders developed ▪ Betting Lotteries and Gaming Act reviewed

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.8 Population Registration Programme	To maintain a comprehensive population database for use by all stakeholders.	<ul style="list-style-type: none"> ▪ Annual permits and licenses renewed ▪ 1,300,000 Identification cards issued ▪ 3rd Generation ID card issuance system to be installed ▪ Birth and deaths registration 	<ul style="list-style-type: none"> ▪ No. of annual permits and licenses renewed ▪ Number of Identification cards issued ▪ 3rd generation identity card issuance system procured ▪ 50.2% births and deaths registration coverage (current level 48.2%); 69.5% death registration coverage achieved (current levels 67.5%)
P.9 Immigration Services Programme	To facilitate safe travel of Kenyan citizens and foreigners and to improve the Immigration service.	<ul style="list-style-type: none"> ▪ Identify and register all refugees <p>192,000 passports are processed and issued</p> <p>1,236,000 Kenyan visas issued</p> <p>Two new Passports Issuing Stations (Nyeri, Nakuru) to be opened.</p> <p>Relocate to actual borders all gazetted borders</p> <p>Open new borders(gazetted borders)</p> <p>Install E- Visa Issuing and E-Border Management System</p> <p>Upgrading of Pisces System</p> <p>3360 work permits and special passes issued</p> <p>Work permits Processing System</p>	<ul style="list-style-type: none"> ▪ Number of Refugees identified and registered <p>Number of passports processed and issued</p> <p>Number of visas issued</p> <p>Number of new passport issuing station opened.</p> <p>Number of borders relocated</p> <p>Number of new borders opened</p> <p>System Installed</p> <p>System Installed</p> <p>Number of work permits and special passes issued</p> <p>System Installed</p>
P.10 Policy Formulation and Coordination	To coordinate and facilitate policy formulation and implementation	<p>Review immigration, Population Registration and Refugee policies and Acts</p>	<p>Number of policies and Acts reviewed</p>

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.11	Legal, Ethics and Constitutional Reform Programme	To provide a new constitutional order, foster national Cohesion and reconciliation, and enhance access to justice to all.	<p>Number of Monitoring and Evaluation Reports</p> <p>Number of bills legislated.</p> <ul style="list-style-type: none"> • Number of Open days held • No. of pool of trained paralegals • No. of trained Trainers on ADR
		Monitoring and Evaluation Reports	Number of Monitoring and Evaluation Reports
		Bills to be legislated in respect of the 5 th schedule in the New Constitution	Number of bills legislated.
		Legal awareness for civic empowerment of the public to be created	<ul style="list-style-type: none"> • Number of Open days held
		Pool of Pro-bono lawyers and paralegal trainers to be trained.	<ul style="list-style-type: none"> • No. of pool of trained paralegals
		Use of Alternative Dispute Resolution (ADR) to be promoted.	<ul style="list-style-type: none"> • No. of trained Trainers on ADR
		Computerized Complaint handling System to be installed	Complaint Management Information System
		National cohesion and integration fostered	5 forums conducted to provide platforms for sustained sensitization campaign among the Kenyan youth
		policies and programmes that promote national cohesion and integration in education sector reevaluate and emphasized	5 forums held to re-evaluate and emphasis policies and programmes that promote national cohesion and integration in education sector
		Policy on National values developed	Reports on the preparation of Policy on National values
		Policy on National Cohesion and integration developed	Reports on the development of Policy on National Cohesion and integration produced
		Kenyans sensitized on the importance of national values in national development	No. of sensitizations national values conducted
P.12	Governance, Justice, Law and Order Sector Reforms	To provide policy framework and proper coordination of the	ISO implementation reports
		Implementation of ISO 9001:2008 procedures	ISO implementation reports

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
	Governance, Justice, Law and order Sector Reforms	GJLOS sector-wide Administrative, policy law and regulations survey report implemented Medium-Term Reform Strategy (GJLOS Phase II) implemented	Progress GJLOS sector-wide Administrative, policy law and regulations for the GJLOS sector Progress reports on the implementation of GJLOS phase II Medium-Term Strategy
P.13	Human Rights Programme To enhance the promotion and protection of Human rights in the country.	National action plan and Policy on human rights finalized and aligned to the new constitution Establish Effective and Sustainable System for Reporting on All International Human Rights Obligations Annual assessments on the state of Human Rights in Kenya prepared.	Reports on alignment of National action plan and Policy on human rights to the new constitution prepared No. of country reports under the various Human Rights instruments prepared Assessment reports on the state of Human Rights in Kenya issued prepared Progress reports on the development and implementation of the NAP No. of reports on government's compliance with international human rights obligations prepared
P.14	Legal Education programme To provide quality legal education in Kenya	Public Education and Training on human rights Economic Social and Cultural Rights infused in policy and legislation Economic Social and Cultural Rights implemented Legal education legislation implemented	No. of institutions/individuals trained Report on infusion of Economic Social and Cultural Rights infused in policy and legislation Report on the implementation of Economic Social and Cultural Rights Progress report on the implementation of legislative framework for legal

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.15 Legal Services to Government and Public	Provide legal services to Government and public	Legal research projects	education No. of policy research on legal education conducted and reports produced
		Continuing professional development (CPD) programmes for lawyers	No. of curricula and specialized legal courses implemented
		Clinical approaches to training advocates	No. of legal clinics and moot courts conducted
		Enhanced pupillage supervision	No. of students supervised
		Enhanced learning process through ICT application in lecture delivery methods	% of ICT used in lecture delivery methods
		Legal research projects	No. of policy research on legal education conducted and reports produced
		Domestication of treaties and agreements	No. of international treaties domesticated No. of International conventions, treaties and agreements being complied with
		Legal opinions	No. of legal opinions
		Matters handled or concluded Cases attended	No. of cases handled/concluded
		Cases filed on behalf of government	No. of cases filed
		Revenue earned/saved	Amount of revenue earned/saved
		Ruling/judgments delivered	No. of matters conclude
		Arbitration/mediations conducted/attended	No. of arbitrations conducted/attended
		Alternate Dispute Resolution (ADR) mechanism	-No. of complaints settled in-house -No. of Disciplinary committee

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<p>Prosecuted complaints before the Disciplinary Committee</p> <p>Finalized summary cases</p> <p>Finalized normal estates</p> <p>Trust accounts annual report</p> <p>No. of registration certificates in respect of companies, business names, societies, adoptions, marriages</p> <p>Number of entities wound up</p> <p>Inspection reports in respect to hire purchase companies</p> <p>Bills and subsidiary legislations</p> <p>Gazette Notices</p>	<p>meetings</p> <p>No. of complaints prosecuted</p> <p>No. of charges drafted and referred to the Disciplinary Committee</p> <p>No. of summary certificates</p> <p>No. of finalized normal estates</p> <p>Published Trusts accounts annual report</p> <p>No. of certificates issued</p> <p>No. of files closed</p> <p>No. of Hire purchase companies inspected</p> <p>No. of Bills done</p> <p>No. of Gazette Notices and subsidiary legislations done</p>
P.16	Promote Law And Order and Justice	<p>Policies formulated</p> <p>Supreme court services to be provided</p> <p>Appeal services provided</p> <p>High court services provided</p> <p>Resolved minor civil disputes, fined</p>	<p>Number of policies formulated</p> <p>Number of petitions concluded.</p> <p>Number of constitutional rulings</p> <p>Number of appeals finalized</p> <p>Number of civil and criminal cases concluded</p> <p>-Number of cases concluded</p>

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		traffic and petty criminal offences	-Number of backlog cases cleared. -Number of offenders committed to communal services.
P.17	Enhanced rule of law, democracy and Human rights and more effective administration of justice	100% Court attendance by Counsel Legal opinion reports Matters handled or concluded Cases attended <ul style="list-style-type: none"> • Laws • Motions • PAC & PIC Reports 	No. of cases prosecuted No. of reports No of cases where legal opinion given No. of cases handled/concluded
P.18	Legislation and Good Governance	Good Governance environment Budgets approved <ul style="list-style-type: none"> • Audit Reports for Central Government, Local Government, State Corporation Audit 	Laws enacted. Oversight reports produced No. of policy documents adopted Enactment of the Financial tools <ul style="list-style-type: none"> • 50 Audit reports to be issued (Central Government, Local Government, State Corporation)
P.19	To provide the assurance that national resources are being optimally utilized and managed for the public good.	179 Audit reports to be issued- (Central Government, Local Government, State Corporation)	No. of Audit Reports- Central Government, Local Government, State Corporation Audit
P.20	To deliver free, fair and credible elections	By-Elections conducted Voters sensitized on electoral process Partners identified To register eligible voters Electronic collation, transmission and tallying of electoral data developed	Number of by-elections conducted Increased voter awareness by 30% Number of partnerships established Status of voters register Electronic collation, transmission and tallying of electoral data developed
P.21	To promote genuinely	Registration certificates issued.	Number of political parties registered

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
Funding of Political Parties	competitive and issue-based political parties.	47 Political Parties to be Funded.	Number of Political Parties funded
P.22 Anti-Corruption	To investigate cases of corruption and economic crime, reconstitute corruptly acquired assets, and educate public on corruption prevention.	Number of corruption and economic crimes cases investigated Number of corruptly acquired assets recovered. Number of Kenyans sensitized, trained, educated and or enlisted to combat corruption Number of Broad based Examinations targeting various sectors/institutions/ Departments carried out to seal corruption loopholes	173 Corruption and economic crimes cases to be investigated 25 Corruptly acquired assets valued at KShs 1.5 billion to be recovered and/or restituted 8 million Kenyans to be sensitized, trained, educated and or enlisted to combat corruption 5 broad based Examinations targeting various sectors/institutions/ Departments carried out to seal corruption loopholes
HUMAN RESOURCE DEVELOPMENT			
P.1 Education Policy Planning and Administration	Improve coordination of education policy formulation and implementation	Number of Institutions advised and assisted on ways to eliminate corrupt practices Number of Disruptive interventions on corruption networks accomplished	500 Institution to be advised and assisted on ways to eliminate corrupt practices 10 Disruptive interventions on corruption networks to be accomplished
P.2 Basic Education	To expand access to basic quality education for all children aged 4-13 years and ensure their retention to the last grade	<ul style="list-style-type: none"> ▪ Clear implementation guidelines and programming ▪ Increase enrolment and completion levels 	<ul style="list-style-type: none"> ▪ Revised policy guidelines and programmes ▪ Gross enrolment rate ▪ Completion rate

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.3	Adult and Continuing Education	Improve and expand ACE so as to benefit out of school youth acquire lifelong education	<ul style="list-style-type: none"> ▪ More facilities providing ACE 	<ul style="list-style-type: none"> ▪ Reduction in illiteracy levels
P.4	Secondary and Tertiary Education	Promote transition from primary education and reduce wastage	<ul style="list-style-type: none"> ▪ Well equipped secondary schools with adequate teaching capacity 	<ul style="list-style-type: none"> ▪ Increased transition by pupils from primary to secondary level education
P.5	Quality Assurance and Standards	Improve quality of education offered to pupils at primary and secondary schools	<ul style="list-style-type: none"> ▪ Revision of curriculum and learning materials 	<ul style="list-style-type: none"> ▪ Relevant and updated curricula
P.6	Curative Health Services	To improve the health status of the individual, family and community by ensuring acceptable and affordable curative health care services.	<ul style="list-style-type: none"> ▪ -Improved hospitals infrastructure ▪ -Strengthened Human Resource 	<ul style="list-style-type: none"> ▪ Mortality rates ▪ Customer satisfaction ▪ Life expectancy
P.7	Preventive And Promotive Health Care Services	To increase access to quality and effective Promotive and preventive health care services in the country	<ul style="list-style-type: none"> ▪ -Improved hospitals infrastructure ▪ -Strengthened Human Resource 	<ul style="list-style-type: none"> ▪ Mortality rates ▪ Customer satisfaction ▪ Life expectancy
P.8	Promotion of Best Labour Practices	To promote industrial peace and harmony and enhance safety and health of workers	<ul style="list-style-type: none"> ▪ Labour disputes resolved ▪ Safe work environment 	<ul style="list-style-type: none"> ▪ Number of labour disputes resolved ▪ Number of trade disputes arbitrated and awarded ▪ Number of hazardous plants and equipment examined ▪ Number of people trained on occupational safety and health
P.9	Manpower Planning, Development, Utilization and Productivity Management	To promote manpower development, employment creation and enterprise competitiveness	<ul style="list-style-type: none"> ▪ Decent employment for Kenyans 	<ul style="list-style-type: none"> ▪ National Skills Inventory ▪ Number of individuals trained in industrial skills ▪ Number of Micro and Small Enterprise workites developed

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.10 Policy Planning and Administration	To build capacity for effective and efficient service delivery to Kenyans	<ul style="list-style-type: none"> ▪ Conductive policy, legal and institutional framework. 	<ul style="list-style-type: none"> ▪ Number of Kenyans placed in employment ▪ Number of productivity Technical Service Providers (TSPs) trained ▪ Number of policies developed by the Ministry
P.11 Preventive And Promotive Health Care Services	To increase access to quality and effective Promotive and preventive health care services in the country	<ul style="list-style-type: none"> ▪ Increased number of immunized children ▪ Availability of family planning facilities ▪ Number of schools implementing a comprehensive school health package ▪ Number of schools-age children de-wormed at least once per year. ▪ Increased awareness on childhood diseases prevention interventions; ▪ Increased awareness on water safety ▪ Improved hygienic practices; improved community participation ▪ 3.5 million clients counseled and tested; ▪ 80 % of pregnant HIV+ 	<ul style="list-style-type: none"> ▪ Increasing the number of infants fully vaccinated; Having availability of vaccines, ▪ Number of women of reproductive age receiving family planning services ▪ Number of facilities screening children for disabilities; ▪ Number schools-age children de-wormed at least once per year. ▪ Number of awareness campaigns to be held, number of people being educated ▪ Number of awareness campaigns held, number of people educated ▪ Number of awareness campaigns held in the communities ▪ Number of pregnant women HIV+ on ART ▪ Number of patients on ART.

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<ul style="list-style-type: none"> mothers receive ARVs; Availability of condoms, ARVs, Reduction of disease prevalence through primary health care interventions. 	<ul style="list-style-type: none"> percentage of disease indicators
SPECIAL PROGRAMMES			
P.1	<p>To promote balanced, equitable, and sustainable integrated basin based development</p>	<ul style="list-style-type: none"> Projects of the first phase of implemented Mau catchment conserved Eco-tourism lodges and eco-tourist circuits developed Irrigation scheme developed ASAL Infrastructure Development 	<ul style="list-style-type: none"> Implementation of the first phase of 6 projects; namely Magwagwa Integrated, Tana High Grand Falls, Aror Integrated , Mwache Dam, Nandi Forest Integrated and Chalbi Integrated 400,000 ha of land planted with trees 20 eco-tourist lodges developed 20 schemes established 110 boreholes drilled and equipped 21 dams and pans excavated & de-silted 1 sewerage & treatment plant completed 180 classrooms constructed/rehabilitated
P.2	<p>A safe and resilient society responding adequately to disasters</p>	<ul style="list-style-type: none"> Increased ART services to persons living with HIV/AIDS. Enhanced Strategic Grain Reserve Increased relief food support 	<ul style="list-style-type: none"> Number of persons under ART services Number of 90 kg bags of maize under SGR Percentage of needy people

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		<ul style="list-style-type: none"> ▪ to the needy people ▪ Resettlement of IDPs ▪ Increased participatory integrated community development training ▪ Increased check dams to regulate river flow ▪ Increased public awareness to handle disasters 	<ul style="list-style-type: none"> ▪ under relief food support. ▪ Number of IDPs resettled ▪ Number of communities trained ▪ No of check dams completed ▪ Number of people aware and able to manage disasters
P.3 Gender and Social Development	To empower and provide welfare services to the vulnerable members of society	<ul style="list-style-type: none"> ▪ Developed Plan of Action for Older Persons and the Ageing ▪ Trained leaders for community groups ▪ Increased support to People With Disabilities (PWDs) 	<ul style="list-style-type: none"> ▪ Number of households of elderly persons provided with support ▪ Number of Group Leaders trained ▪ Amount of funds disbursed to disabled persons organizations, individual PWDs, and procurement of assistive devices for PWDs
P.4 Children's Services	To safeguard the rights and welfare of all children in Kenya in order to promote child development	<ul style="list-style-type: none"> ▪ Developed gender mainstreaming coordination strategy ▪ Developed Children policy ▪ Developed national children database ▪ Increased support and care to Orphans and Vulnerable Children ▪ Youth trained and sensitized in 	<ul style="list-style-type: none"> ▪ Reviewed National Policy on Gender & Development 2000 ▪ Children policy drafted and submitted to relevant bodies for action ▪ Number of children beneficiaries on the database ▪ Number of beneficiary households. ▪ 37,000 recruits trained in
P.5 Youth Development and	To equip youth with relevant		

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
Empowerment Services	skills, knowledge and right attitudes for the labour market and be productive citizens	relevant skills	<ul style="list-style-type: none"> ▪ paramilitary skills ▪ 900 Skilled youth in engineering (Diploma) ▪ 1250 Skilled youth in engineering (Craft) ▪ 1200 Skilled youth in Business Management (Dip/Cert) ▪ 1200 Skilled youth in Agric (Dip/Cert) & Plant Engineering ▪ 1000 Skilled youth in Catering (Dip/Cert) ▪ 4,000 Skilled Manpower in artisan trades ▪ 74,926 youth trained and mentored on leadership ▪ 48,000 youth sensitized on career choices ▪ 48,914 youth sensitized on Health issues, ▪ 66,000 Youth sensitized on environmental issues ▪ 48,914 Youth sensitized on Crime, Drugs and Substance abuse. ▪ 48,914 Youth sensitized on gender issues. ▪ 81,300 youth trained in entrepreneurship skills ▪ Rehabilitated Orphaned Youths ▪ 11,500 disadvantaged and orphaned youths rehabilitated ▪ Improvement of facilities in 80 Barracks for servicemen/

PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
		Youth Training Institutions	<ul style="list-style-type: none"> ▪ women Constructed ▪ 120 Category E officers' houses constructed ▪ Refurbishment of administration block at NYS ▪ 6 Kitchens and recreational halls and double span kitchen constructed ▪ 150 Youth Polytechnics (YPs) rehabilitated and 313 equipped ▪ 91,000 youth enterprises financed
P.6 Management and Development of Sports and Sport Facilities	To provide an enabling environment for sports development	<ul style="list-style-type: none"> ▪ Youth enterprises financed ▪ Youths identified and trained in sports skills ▪ No. of national sports championships organized ▪ No. of community sports grounds developed/rehabilitated 	<ul style="list-style-type: none"> ▪ 54,000 youths identified and trained in sports skills ▪ 153 national sports championships organized. ▪ 75 community sports grounds developed/rehabilitated
P.7 Development of Northern Kenya and Other Arid Lands	To improve the enabling environment for growth and development of communities living in arid areas	<ul style="list-style-type: none"> ▪ Irrigation schemes established /rehabilitated ▪ Communities restocked with livestock ▪ Increased access to water and education, and improved sanitation 	<ul style="list-style-type: none"> ▪ 20 irrigation schemes established ▪ 8 Communities restocked with 3,200 animals ▪ 110 boreholes drilled and equipped ▪ 21 dams and pans excavated & de-silted ▪ 1 sewerage & treatment plant completed ▪ 180 classrooms constructed/rehabilitated

	PROGRAMME NAME	PROGRAMME OBJECTIVE	PROGRAMME OUTPUT	KEY PERFORMANCE INDICATORS
P.1	NATIONAL SECURITY Maintaining and Safeguarding National Security	To prevent, deter and defend the Nation against internal and external threats	<ul style="list-style-type: none"> ▪ Secure national boundaries ▪ Actionable intelligence. ▪ Improve security and accessibility of remote, hostile and harsh areas by construction of road. 	<ul style="list-style-type: none"> ▪ Improved investor confidence, ▪ Protected citizenry. ▪ Recovery/collection of illegal fire arms and ammunitions. ▪ Restoration of law and order