



REPUBLIC OF KENYA

**MEDIUM TERM EXPENDITURE FRAMEWORK
2010/11 – 2012/13**

**REPORT FOR THE AGRICULTURE
AND RURAL DEVELOPMENT
SECTOR**

JANUARY 2010

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EXECUTIVE SUMMARY

The Agriculture and Rural Development Sector comprises of five sub sectors namely; Agriculture, Cooperatives Development and Marketing, Fisheries Development, Lands, and Livestock Development. The Sector aims to promote an innovative, commercially oriented and modern agricultural sector as envisioned in the Vision 2030, under the Economic and Social Pillar. Under this, the overall agricultural sector goal is to achieve an average growth rate of 7 per cent per year over the next 5 years. In this regard, the Vision 2030 identifies; transforming key institutions in agriculture and livestock to promote agricultural growth, increasing productivity of crops and livestock and fisheries and better land use policies as the priority areas for the Sector. Kenya being an agro-based economy, the agricultural sector plays an important role in ensuring food security, employment creation, poverty reduction, and linkages with other sectors.

The Sector works with various stakeholders from public sector institutions, private sector, research institutions, Non-Governmental Organizations (NGOs), development partners, Community-Based Organizations (CBOs), professional associations, and cooperative societies. These stakeholders are involved in formulation of Sector policies as well as identification, implementation, monitoring and evaluation of projects and programmes within the Sector. The stakeholders collectively bring together farmers, pastoralists and to pool their resources and efforts in order to maximize their returns. Stakeholders' organizations also assist in facilitating access to inputs, credit, markets, market information, extension services, production, animal health services, education, information and advocacy for their members. The Sectors' Public Private Partnership facilitates joint effort between the government and the private sector in sector policy formulation and implementation. Further, the private sector and the development partners have continued to supplement government efforts in resource mobilization.

During the last financial year, the sector strived to achieve optimal performance with the limited resource allocation. The sector ministries managed to achieve good performance towards the sector set objectives and registered significant achievements in regard to the targets set. The major achievements in the last financial year include reforms in the agricultural sector particularly land reforms; review and development of agriculture sector policies; revitalization of the cooperative movement through review of the Cooperative Societies Act; increased production and productivity; better animal health through reduced incidences of diseases; improved and sustainable land use planning and management; improved coordination of the management and development of the fisheries resources and; value addition. This performance was boosted by the various stakeholders within and outside the sector in the spirit of Public Private Partnership and collaboration.

Total resource allocation by government to the sector increased during the review period by 22.4% from Kshs. 17,963.5 million in 2006/07 to Kshs. 21,978.3 million in 2008/09. However, the allocation to the sector as a proportion of total government budget fluctuated during the period under review standing at 3.11% in 2006/07 to 3.43% in 2007/08 and down to 2.89% in 2008/09 respectively. The absorption capacity for the sector continued to average over 90% over the review period. This ranged from 91.4% to 98% reached in 2008/09.

There was tremendous increase in externally funded programmes to the sector over the period rising by 169.2% from Kshs. 1,924 million in 2006/07 to Kshs. 5,719 million in 2008/09. Absorption capacity was generally low ranging from 47% in 2006/07 to 60.6% in 2008/09 although there were marked improvements in utilization in 2007/08 at 86.8%. However, the role of development partners to the sector was considerable with their resources forming a significant of the sector's development budget. This share stood at 30.7% in 2006/07 and rose significantly to 60% in 2008/09. The sector's total portfolio of pending bills as at 2008/09 stood at Kshs. 523.62 million with recurrent budget pending bills at Kshs. 269.9 million and development budget pending bills at Kshs. 253.72.

The Sector however faced some challenges in the process of implementation of its programmes and projects. One major limitation was on resource constraints. Although resource allocation to the sector has increased over the years, it is still below the required level as per the Maputo declaration. Despite efforts to modernize agriculture sector, production and productivity has remained low due various socio economic and environmental factors. The main issues are on availability of arable land; technology development and adoption; climate change; crop and livestock diversification; emerging pests and diseases; and lack of effective marketing system among others.

The Sectors' resource requirements for the next MTEF period is Kshs 52.9 Billion in 2010/11, Kshs 56.5 billion in 2011/12 and Kshs 59.6 billion in 2012/13 respectively. The sector ministries focus will be on improving the legal and policy framework for sector development, enhancing production and productivity, control of diseases and pests; facilitating access to markets, affordable and quality inputs as well as ensuring sustainable use of the natural resource base. The total recurrent requirement in the 2010/11 financial year is Kshs. 24,181Million against an allocation of Kshs. 12,826 which translates to a shortfall of Kshs. 11,355Million. The total requirement for development in the 2010/11 financial year is Kshs. 28,677 Million against GoK allocation of Kshs. 4,179 Million which amounts to a shortfall of Kshs. 24,498 Million.

The performance of the Agricultural Sector is dependent upon the linkages between the various sub-sectors and strong linkages with other sectors. Agricultural Sector Development Strategy (ASDS) provides the framework for intra and inter sector linkages for attainment of the sector goals as identified in

the Vision 2030 and its first Medium Term Plan. The Agricultural Sector Coordination Unit (ASCU) co-ordinates the implementation of the strategy

The emerging issues and challenges for the sector are Inadequate legal and policy frameworks; Low application of modern technology; Agricultural land fragmentation; Inadequate quality control systems; Inadequate market and marketing infrastructure; Diseases and Pests; Low access to financial services and affordable credit; Climate change and Environmental Degradation; Poor infrastructure; High cost, adulteration and low application of key inputs; Poor governance in agricultural institutions; Inadequate Staffing levels; Inadequate financial resources /Disbursement of funds; Transport policy: Increasing incidence of HIV/AIDS, malaria and waterborne diseases; Inadequate monitoring and evaluation; and Gender Inequality.

The preparation of this report was informed by the inputs from the affiliated sector ministries through their individual Ministerial Public Expenditure Reviews. The sector ministries have based their resource requirements for the next MTEF period on the first MTP (2008 – 2012) of Vision 2030; strategic plans; and the Agriculture Sector development Strategy (ASDS) among other policy documents.

CHAPTER ONE:
INTRODUCTION

1.0 Background

The agricultural sector is a key contributory factor to the economic growth as reflected by its share in GDP, job creation, food security, and industrial development. It directly contributes 26.0% of the Gross Domestic Product (GDP) and a further 27% through linkages with manufacturing, distribution and other service related sectors. It is estimated that 45% of Government revenue is derived from agriculture, while the sub-sector contributes over 75% of industrial raw materials and 60.0% of the export earnings. The sector is also the largest employer in the economy, accounting for 60 per cent of the total employment. Further, about 80% of the population living in rural areas derive their livelihoods mainly from agricultural activities.

The Agriculture and Rural Development sector comprises five ministries / sub sectors namely Agriculture, Cooperative Development and Marketing, Fisheries Development, Lands, and Livestock Development. Based on their visions, missions and core mandates, the sector ministries have managed to achieve good performance towards the sector set objectives. This performance was also boosted by the various stakeholders within and outside the sector in the spirit of Public Private Partnership and collaboration.

Kenya being an agro-based economy, the agricultural sector plays an important role in ensuring food security, employment creation, poverty reduction, and linkages with other sectors. In this regard the sector is expected to play a significant role towards achievement of the targets in the Vision 2030, under the Economic and Social Pillars where the country aims to promote an innovative, commercially oriented and modern agricultural sector. The overall agricultural sector goal, as envisaged in the Vision 2030, is to achieve an average growth rate of 7 per cent per year over the next 5 years. To achieve this growth rate and increase productivity of crops, livestock and fisheries the Vision 2030 identifies transforming key institutions in agriculture, livestock, cooperative, fisheries and lands. .

The sub- sectors within the Agriculture and Rural Development sector have registered significant achievements in regard to the targets set despite limited resource allocation. The major achievements in the last financial year include reforms in the agricultural sector particularly land reforms; review and development of agriculture sector policies; revitalization of the cooperative movement through review of the Cooperative Societies Act; increased production and productivity; better animal health through reduced incidences of diseases; improved and sustainable land use planning and management; improved coordination of management and development of the fisheries resources and; value addition.

Some key challenges slowed the implementation pace thus affecting the sector performance. Although resource allocation to the sector has increased over the

years, it is still below the recommended level of 10% of GDP as per the Maputo declaration. Efforts to modernize the agriculture sector, production and productivity have remained low due various socio economic and environmental factors. The main issues are: limited arable land; slow technology development and adoption; gender inequality; adverse climate; inadequate crop and livestock diversification; emerging pests and diseases; and lack of effective marketing system among others.

As part of the wider public sector reforms, the government financial reforms have incorporated new ways in the budgetary process which aims at strengthening the link between policy, planning and budgeting. Indicative Program Based Budgeting was rolled out and is in its second year of implementation. In addition, the Government introduced gender responsive budgeting. The preparation of this report was informed by the inputs from the affiliated sector ministries through their individual Ministerial Public Expenditure Reviews. (MPERs) The sector ministries have based their resource requirements for the next MTEF period on the Vision 2030 first MTP (2008 – 2012); Strategic Plans; and the Agriculture Sector Development Strategy (ASDS) among other policy documents.

1.1 Sector Vision and Mission

Sector Vision

An innovative, commercially-oriented and modern Agriculture and Rural Development Sector

Sector Mission

To improve livelihoods of Kenyans through promotion of competitive agriculture, sustainable livestock and fisheries sub-sectors, growth of a viable cooperatives sub sector, equitable distribution and sustainable management of land resources.

1.2 Strategic goals/objectives of the Sector

a. Strategic Goals

The Sector works towards achievement of the following strategic goals;

- i. Competitive agriculture through creation of an enabling environment and provision of support services;
- ii. Sustainable livestock and fisheries development;
- iii. Vibrant and self-sustaining cooperative movement;
- iv. Sustainable administration and management of land resource.

b. Strategic Objectives

In order to achieve the goals of the Vision 2030 and the Medium Term Plan, 2008-2012, the Agriculture and Rural Development Sector will focus on the following strategic objectives:

- Reforming institutions by transforming key organizations, such as cooperatives, regulatory bodies and research institutions, into complementary and high performing entities that facilitate growth in the sector;
- Increasing productivity through provision of widely-accessible inputs and services to farmers, pastoralists and fisher folk;
- Transforming land use to ensure better utilization of high and medium potential lands;
- Developing arid and semi-arid areas for crops, livestock and fisheries production;
- Facilitating comprehensive land reforms;
- Increasing market access through value addition by processing, packaging and branding the bulk of agricultural produce;
- Re-orientate extension services to emphasize gender sensitization and participatory planning to enhance their responsiveness to the needs of women.

1.3 Sub Sectors and their Mandates

1.3.1 Agriculture

- i. Formulation, implementation and monitoring of agricultural legislations, regulations and policies;
- ii. Provision of agricultural extension service;
- iii. Supporting agricultural research and promoting technology delivery;
- iv. Facilitating and representing agricultural state corporations in the government;
- v. Development, implementation and co-ordination of programmes in the agricultural sector;
- vi. Regulation and quality control of inputs, produce and products from the agricultural sector;
- vii. Management and control of pests and diseases in crops;
- viii. Promoting management and conservation of the natural resource base for agriculture;
- ix. Collecting, maintaining and managing information on the agricultural sector.

1.3.2 Cooperative Development and Marketing

- i. Co-operative Policy and Implementation;
- ii. Co-operative Legislation and Support Services;
- iii. Co-operative Education and Training;

- iv. Co-operative Financing Policy;
- v. Co-operative Savings, Credit and other Financial Services Policy;
- vi. Co-operative Governance;
- vii. Co-operative Tribunal;
- viii. Co-operative College;
- ix. New Kenya Co-operative Creameries;
- x. Co-operative marketing, including value addition processing;
- xi. Promotion of Co-operative Ventures.

1.3.3 Fisheries Development

- i. Fisheries policy formulation and review;
- ii. Fisheries licensing;
- iii. Management and development of marine fisheries including the Exclusive Economic Zone (EEZ);
- iv. Management and development of Fresh water Fisheries;
- v. Commercialization including formation of fisheries groups for local fishermen;
- vi. Promotion of fish quality assurance, value addition and marketing;
- vii. Development of aquaculture;
- viii. Marine and Fisheries Research;
- ix. Promotion of recreational fisheries.

1.3.4 Lands

- i. Formulation and implementation of Land Policies;
- ii. Physical Planning;
- iii. Land transactions;
- iv. Survey and Mapping;
- v. Land Adjudication;
- vi. Settlement matters;
- vii. Land registration;
- viii. Valuation;
- ix. Administration of State and Trust Land;
- x. Land information management systems.

1.3.5 Livestock Development

- i. Formulation and implementation of livestock sub-sector policies;
- ii. Management and control of livestock diseases and pests;
- iii. Provision and facilitation of extension services;
- iv. Development and co-ordination of development programmes in the livestock sub-sector;
- v. Regulatory management and quality control of inputs, produce and products;
- vi. Livestock research agenda setting, liaison and coordination;
- vii. Promotion and development of emerging livestock;
- viii. Monitoring and evaluation of programmes and policies in the livestock sub-sector.

1.4 Autonomous and Semi-Autonomous Government Agencies

1.4.1 Agriculture

Financial Corporations:

- Agricultural Finance Corporation;
- Coffee Development Fund.

Commercial/Manufacturing Corporations:

- Agrochemical and Food Company Limited;
- Sony Sugar Company;
- Nzoia Sugar Company;
- Chemelil Sugar Company;
- Kenya Seed Company;
- Nyayo Tea Zones Development Corporation;
- Pyrethrum Board of Kenya;
- National Cereals and Produce Board;
- Miwani Sugar Company (in receivership);
- Muhoroni Sugar Company (in receivership).

Service Corporations:

- Agricultural Development Corporation.

Regulatory Corporations:

- Coffee Board of Kenya;
- Tea Board of Kenya;
- Horticultural Crops Development Authority;
- Kenya Sisal Board;
- Cotton Development Authority;
- Kenya Sugar Board;
- Kenya Plant Health Inspectorate Service;
- Pest Control Products Board;
- Kenya coconut Development Authority.

Training Institution:

- Bukura Agricultural College.

Statutory Boards:

- Central Agricultural Board;
- Agricultural Information Resource Centre;
- Sugar Arbitration Tribunal;
- Seed Tribunal.

1.4.2 Cooperative Development & Marketing

Cooperative College of Kenya;

SACCO Societies Regulatory Authority (SASRA);

New Kenya Cooperative Creameries (New KCC)

1.4.3 Lands

The sub sector has no Semi-Autonomous Government Agencies.

1.4.4 Livestock Development

Kenya Dairy Board;

Kenya Meat Commission;

Central Artificial Insemination Station;

Kenya Veterinary Board

1.5 Role of stakeholders

The various stakeholders involved in the agricultural and rural development can be categorised as public sector institutions, private sector, research institutions, Non-Governmental Organizations (NGOs), development partners, Community-Based Organizations (CBOs), professional associations, and cooperative societies. They all play different and crucial roles in the sector growth and development and therefore needs proper coordination.

These stakeholders collectively bring together farmers, fisher folks and pastoralists to pool their resources and efforts in order to maximize their returns. Stakeholders' organizations also assist in facilitating access to inputs, credit, markets, market information, extension services, production, education, information and advocacy for their members. The benefits accruing from farmer organizations require the greatest attention to ensure their continued existence and vitality. In this regard, the government, together with the key stakeholders in the sector, will take the necessary steps to ensure formation and sustainability of strong farmer organizations. Specific efforts will be made to encourage women to establish and join farmer organizations. Public Private Partnership facilitates joint effort between the government and the private sector in sector policy formulation and implementation. Further the private sector and the development partners have continued to supplement government efforts in resource mobilization. The stakeholders will also be involved in monitoring and evaluation of projects and programmes within the sub-sectors. Participation of the stakeholders will ensure ownership and thus enhance the impact of policies, projects and programmes on the target beneficiaries.

CHAPTER TWO:
PERFORMANCE AND ACHIEVEMENTS OF THE
SECTOR DURING THE PERIOD 2006/07-2008/09

2.1 Performance of Programmes and Key Indicators of Sector and Sub-Sector Performance

2.1.1 Agriculture

Programme/activities indicators	Targets	Achievement	Remarks
Programme 1: Crop Development and Management			
No. of oil palm seedlings raised & distributed in Western Kenya.	100,000	85,000	
No. of field surveillances for detection of migratory and post harvest pests	42	42	
No. of MT of orphan crops planting material supplied to farmers and planted	1000	975.8	
No. of agricultural technologies promoted in land management	7	7	Included Jab planters, Drip Irrigation Kits and ploughs for black cotton soils.
No. of farmers trained on soil and water conservation	250,000	255,640	50% of the farmers trained were females.
No. of farms laid with soil and water conservation structures	80,000	81,019	
No. of farmers reached with extension.	2.7 Million	2.93 million	Target surpassed due to added support by other service providers. 70% of these farmers were females, 20% males & 10% youths.
No. of policies and bills prepared	4 policies & 4 Bills	4 draft policies & 4 bills	
No. of community groups supported with grants for food security interventions	600	557	60% of the target group membership is composed of females.
No. of Private Sector Organizations supported Food Security Innovations	32	25	
No. of agricultural water harvesting structures constructed	10	7	
Programme 2: Agribusiness and Information Management			
No. of publications of market prices in the daily newspapers	300	298	
No. of farmers supported with fertilizers and seeds. (48% of these are women)	35,000	90,180	Target surpassed due to additional support by development partners.
No. of agricultural input suppliers trained. (35% of these are women).	1600	1680	
No. of markets developed for agricultural commodities	11	8	The final 3 to be finalised in 2009/2010 financial year.

2.1.2 Cooperatives Development & Marketing

Programme/activities indicators	Targets	Achievement	Remarks
Programme 1: Cooperative Development & Management			
Bill Enacted	Bill enacted by June 2009	Sacco Bill enacted into an Act of parliament in December 2008	SASRA board constituted & hiring of CEO in process
Outstanding remittances to Sacco's reduced	From Kshs 1,500 million to Kshs 500 million	From Kshs 1,500 million to Kshs 800 million	
Governance & Ethics Commission operationalized	Board launched	Board was launched	
Prudential standards and codes of ethics developed	5 manuals developed	3	
Computerized audit system developed	1	1	System being tried alongside manual system
Number of audits filed	4,000 registered	4,170 accounts were registered	
Number of disputes resolved by the cooperative tribunal	1,000 cases	764 cases and 19 appeals handled	
Construction of lecture /training theatre at the Cooperative College of Kenya	1	1	
Number of feasibility studies carried out	10	7	Capacity building needed
Programme 2: Cooperative Marketing			
Number of societies engaged in value addition	10	8	
Cooperative marketing information (CMIS) system	1	1	CMIS has been tested for better reports
Cooperative Marketing Strategy developed	1	1	

1.1.3 Fisheries Development

Programme/activities indicators	Targets	Achievement	Remarks
Programme: Fisheries Development			
Number of policies finalized and published	1	1	National Oceans & Fisheries Policy published
Number of fish farms upgraded / up-scaled	8	8	
Number of fish fingerlings produced	4 million	3 million	Shortfall occasioned by slow expansion of hatcheries
Number of development strategies developed	1	0	Draft National Aquaculture Development Strategy in place

Programme/activities indicators	Targets	Achievement	Remarks
Number of cold stores constructed	4	2	Two incomplete due to delays in delivery of imported equipment
Number of samples of fish, water and sediments analyzed	384	384	
Percentage completion of installation of Vessel Monitoring System (VMS)	100	95	Completion delayed by slow process of connection to satellite
Number of fisheries frame surveys conducted	4	4	
Number of Catch Assessment Surveys carried out	20	20	
Number of fish processing industry stakeholder workshops held	10	10	
Number of fish farmers trained	1,200	1,800	
Number of new fish farmers recruited	100	100	
Number of fisheries personnel trained	300	300	
Number of Beach management Units (BMUs) trained.	360	360	
Number of extension manuals developed	1	1	
Number of rivers restocked	2	2	
Number of microbiological laboratories constructed	3	3	

1.1.4 Lands

Programme/activities indicators	Targets	Achievement	Remarks
Programme: Land Policy and Planning			
Percentage of National Land Policy formulated	100%	90%	Draft National land policy approved by Cabinet; Draft Sessional paper prepared and submitted to the Minister for forwarding; Sensitized the parliamentary committee on land and national recourses.
Percentage of National Land Policy implemented	30%	5%	Implementation manual prepared; 60% roll out plan for public awareness.
Percentage of Land Use Policy formulated	20%	5%	Concept paper prepared for stakeholder's discussion and ownership.
Percentage of National Land use/spatial plan prepared	50%	35%	
Number of land registries rehabilitated and banking hall constructed.	4	0	60% of the land registries complete; Banking hall at ring beam.

Programme/activities indicators	Targets	Achievement	Remarks
Percentage of National Land Information Management System developed	20%	5%	Data was captured.
Amount of revenue collected	Ksh.6,000b	Ksh.5,937 b	The revenue collection was hampered by lack of franking machine which is being procured
Number of titles issued	300,000	166,401	Not achieved due to succession dispute in Nyanza where over 60% of land owners are deceased thus complicating issuances of titles due to the long legal procedures.
Valuation for Stamp Duty	20,000	21,302	Surpassed
Number of damaged land documents repaired and replaced	53	53	Achieved
Number of discharge of charge and transfer documents prepared	3000	3192	Achieved
Percentage of land rent records computerized and scanned	50%	48%	170,000 records out of 185,000 were computerized and 71,375 records out of 77,000 scanned.
Number of landless settled	17,000	17,266	Surpassed
Number of adjudication sections finalized	30	30	Achieved
Number of land adjudication disputes resolved	11,000	12,787	Surpassed
Number of National/Urban topographical base map sheets revised	10	10	Achieved
Number of deed plans prepared	8,000	9,500	Surpassed
Percentage of physical development plans finalized	50%.	60%	Surpassed
Number of boundary pillars inspected and maintained	70	80	Surpassed

2.1.5 Livestock

Programme/activities indicators	Targets	Achievement	Remarks
Programme 1: General and support services			
Number of draft Sessional papers and policies developed on poultry, animal breeding, beekeeping and animal feeds policies.	5 draft Sessional papers and policies finalised developed.	5 draft Sessional papers developed.	
Programme 2: Livestock Extension and Production			
No of breeds improved and distributed to farmers to enhance production and	3300 genetically improved animals distributed to farmers.	3,200 animals distributed	

Programme/activities indicators	Targets	Achievement	Remarks
productivity.			
No of new districts where camel rearing is introduced.	6 new districts introduced to camel rearing.	4 new districts	
No of farmers trained on animal husbandry management skills.	700,000 farmers trained (210,000 male & 490,000 females).	500,000 farmers trained (200,000 males & 300,000 females)	
No of water pans rehabilitated	10 water pans in the ASAL districts rehabilitated	13 water pans rehabilitated	
No of holding grounds rehabilitated	3 holding grounds rehabilitated	2 holding grounds rehabilitated.	
Livestock marketing information system in place	6 markets linked to the National Livestock Market Information System.	7 markets linked	
No of slaughter houses constructed	3 slaughter houses construction started	3 slaughter houses under construction.	
Hectares of range rehabilitated	6,000 Hectares to be rehabilitated	4,800 Hectares rehabilitated	
No of farmer groups linked to Financial Service Providers	30 farmers groups to be linked	19 farmer groups linked	
No of district offices constructed and refurbished	44 districts offices	28 districts completed	Other on-going construction works to be completed in 09/10
Programme 3: Livestock diseases and pest control			
No of carcasses of food animals inspected	12,000,000 carcasses to be inspected	10,500,000 carcasses inspected	
Doses of semen produced	1,900,000 doses of semen produced and distributed	1,677,000 doses produced and distributed	
No of livestock vaccinated	40 million animals to be vaccinated against notifiable diseases.	34,705,504 livestock vaccinated	
No of disease zonation maps developed	36 disease zonation maps developed	36 maps developed	
Certification of freedom from trade sensitive diseases by World Animal Health Organisation (OIE)	Certification of freedom from Rinderpest infection in the year 2008/09	Certification granted	
No of animals branded	920,000 animals to be branded	883,285 animals branded	
No of disease free zone initiated	Creation of 3 Disease free zones initiated	No DFZ initiated.	
No of laboratory diagnostic samples analysed	2 million laboratory investigation and diagnostic samples analysed.	1,680,528 samples analysed	
% reduction of hides and skins defects	25% reduction of hides and skins defects	20% reduction	

Programme/activities indicators	Targets	Achievement	Remarks
No of officers trained	3,246 staff members and pre-service trained in local and overseas courses	2,100 trained.	
No of farmers trained on tsetse control technologies	1,500 farmers to be trained	1,362 farmers trained	
No of animals treated	300,000 animals treated for trypanosomiasis	43,412 animals treated	
No of pilot demonstration farms established	7 demonstration farms in tsetse controlled areas to be established	5 farms established.	
No of Tsetse control targets deployed	13,000 targets deployed	12,697 targets deployed	

2.2 Expenditure Analysis

Total resource allocation by government to the sector increased during the review period by 22.1% from Kshs. 17,963.5 million in 2006/07 to Kshs. 21,933.3 million in 2008/09. However, the allocation to the sector as a proportion of total government budget has fluctuated during the period under review standing at 3.11% in 2006/07 to 3.43% in 2007/08 and down to 2.89% in 2008/09 respectively. An analysis of the sector's total expenditures shows that absorption capacity has continued to average over 90% over the review period. This has ranged from 91.4% to 98% reached in 2008/09.

Trends in total expenditure (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MOA	9,310.2	13,754.4	13,094.9	9,619.3	13,523.2	13,138.6
MCD&M	887.7	1,060.8	1,101.0	932.3	1,012.5	982.1
MFD	778	845	870	754	785	763
MoL	2,064.6	3,371.9	2,308.04	1,910.6	3,058.4	2,036.07
MLD	4,923	5,474	4,559.4	3,705	4,009	4,521.1
Total	17,963.5	24,506.0	21,933.34	16,921.2	22,388.1	21,440.87

2.2.1 Analysis of Recurrent Expenditure

Trends in recurrent expenditure (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MOA	5,658.4	9,598.3	7,805.0	5,464.5	9,500.9	7,530.2

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MCD&M	699.1	850.8	882.0	773.6	845.1	853.3
MFD	700	707	699	703	660	673
MoL	1,703.0	1,473.4	1,659	1,807.1	1,603.0	1,682.55
MLD	2,211	2,441	3,579.3	2,362	3,258	3,425.3
Total	10,971.5	15,070.5	14,624.3	11,110.2	15,867.0	14,164.35

Recurrent expenditures have also registered mixed performances during the review period but grew by 33.2% between 2006/07 and 2008/09. Absorption capacity has consistently been over 98% due ability of ministries to target planned activities in their annual work plans. The sector's share of total government budget has generally ranged around 1.9% over the review period.

2.2.2 Analysis of Development Expenditure

Development budget allocations to the sector increased by 37.4% from Kshs. 6,265 million in 2006/07 to Kshs. 8,608 million in 2008/09. However, the allocations as a share of total government budget have remained dismally low averaging about 1.1% annually. Absorption capacity has ranged from 88% in 2006/07, 79% in 2007/08 and 84% in 2008/09. The main reasons for reduced absorptions is delayed disbursements of donor funds, donor conditionalities and lack of records on funds expended directly by donor on behalf of government.

Trends in development expenditure (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MOA	3,651.8	4,156.1	5,289.9	4,478.0	4,022.2	5,608.4
MCD&M	188.6	210.0	219.0	158.7	167.4	128.9
MFD	78	138	171	51	125	90
MoL	361.7	1,898.5	649.04	103.5	1,455.5	353.51
MLD	2,185	1,896	2,279.3	722	750	1,095.8
Total	6,265.10	8,298.6	8,608.24	5,513.2	6,520.1	7,261.61

2.2.3 Analysis of Externally Funded Programmes

Trends in externally funded programmes (Kshs. Millions)

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MOA	882.0	1,069.7	4,160	612.6	1461.3	2,507

Sub Sector	ORIGINAL BUDGET ESTIMATES			ACTUAL EXPENDITURE		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MCD&M	9.1	0	0	8.1	0	0
MFD	0	87	87*	0	0	22
MoL	71.9	50.5	79.34	25.0	0	36.44
MLD	961.5	1,325.3	939.42	262.2	736.8	573.54
Total	1,924.5	2,532.5	5,179.0	907.9	2,198.0	3,139.0

There has been a tremendous increase in externally funded programmes to the sector over the period rising by 169.2% from Kshs. 1,924 million in 2006/07 to Kshs. 5,719 million in 2008/09. Absorption capacity has generally been low ranging from 47% in 2006/07 to 60.6% in 2008/09 although there were marked improvements in utilization in 2007/08 at 86.8%. The main reasons for this include delayed disbursements, cumbersome international procurements procedures and lack of data on funds expended directly by donors on behalf of government. However, the role of development partners to the sector is considerable with their resources forming a significant of the sector's development budget. This share stood at 30.7% in 2006/07 and rose significantly to 60% in 2008/09.

2.3 Review of Pending Bills

The sector's total portfolio of pending bills as at 2008/09 stands at Kshs. 523.62 million with recurrent budget pending bills at Kshs. 269.9 million while development budget pending bills at Kshs. 253.72.

Trends in pending bills (Kshs. Millions)

Sub Sector	Recurrent			Development		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
MOA	194.8	127.2	250.0	0.00	0.00	181.0
MCD&M	2.3	6.0	2.54	0	0.6	14.9
MFD	0	7.7	0	0	20.0	0
MOL	39.5	39.9	12.96	0	0	22.50
MLD	3.4	15.6	4.4	0	27.7	35.32
Total	240	196.4	269.9	0	48.3	253.72

CHAPTER THREE:
MEDIUM TERM PRIORITIES AND FINANCIAL PLAN
FOR THE MTEF PERIOD 2010/11-2012/13

3.1 Prioritization of Programmes and Sub-Programmes

3.1.1 Programmes and their objectives

a) Ministry of Agriculture

Programme 1: Policy, Strategy and Management of Agriculture

The development of the agricultural sector depends on the creation of an enabling environment through appropriate policy, legal and regulatory frameworks and provision of strategic administrative and financial management direction to the stakeholders.

Programme 2: Crop Development and Management

To increase productivity and management by promoting competitive agriculture through improved extension advisory support services, appropriate technology transfer, management of pests & diseases while ensuring sustainable natural resource management for agricultural development

Programme 3: Agribusiness and Information Management

To promote sustained growth in agriculture based on market and product development and information management through the provision of appropriate technical, advisory and logistical support for investments and increased rural off-farm incomes.

b) Ministry of Cooperative Development & Marketing

Programme 3: Cooperative Development & Management

To ensure cooperative societies comply with cooperative management guidelines.

Programme 4: Cooperative Marketing

To promote market access, value addition and marketing efficiency of Cooperatives

c) Ministry of Fisheries Development

Programme 5: 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

d) **Ministry of Lands**

Programme 6: Land Policy and Planning

To create a conducive environment for land administration and management through assuring accessible, accurate and secure land information to speed up development

e) **Ministry of Livestock Development**

Programme 7: Livestock Resources Management and Development

- To create an enabling policy and legal environment for developing , utilizing value adding , capacity building and quality assurance for livestock resources
- To provide services in livestock production technologies, disease and vector control and increase market access

3.1.2 Programmes, Sub-Programmes, Expected Outcomes, Outputs and Key Performance Indicators for the Sector

a) **Ministry of Agriculture**

Programme 1: Policy, Strategy and Management of Agriculture				
Outcome: Improved livelihood of Kenyans through increased agricultural productivity.				
Key Outputs (KO)	Key Performance Indicators (PI)	2010-11	2011-12	2012-13
SP1.1 Development/Review of Agricultural Policy, Legal and Regulatory Frameworks				
Policy framework reviewed and developed into bills and submitted to the Attorney General	15 policies reviewed	5 (Oil Crops, Nut Crops, Soil Fertility and Conditioners, KEPHIS, Consolidated Agriculture Sector Reform bills)	5	5
SP1.2 Agricultural Planning and Financial Management				
Agricultural Development Fund Established	Agricultural Development Fund operationalized	-	Agricultural Development Fund operationalized	Agricultural Development Fund operationalized
Programme 2: Crop Development and Management				
Outcome: Improved livelihood of Kenyans through increased agricultural productivity.				
Key Outputs (KO)	Key Performance Indicators (PI)	2010-11	2011-12	2012-13
SP2.1-Land and Crops Development				
Surveillances and control of strategic pests carried out	36 colony surveys and 36 roost surveys to be carried out	12 12	12 12	12 12

Crop seeds Multiplied and distributed	3700 Metric Tonnes of crop seeds Multiplied and distributed	1000	1200	1500
Reference materials on horticulture prepared	1 Mulberry- sericulture manual and 23 horticulture crop based technical pamphlets, 3 manuals, developed on crop production technologies	23 technical pamphlets	2	1
Water harvesting pans constructed for agricultural use.	270 Water harvesting pans constructed	80	90	100
Agricultural machinery Services Capacity (AMS) (strengthened	15 bulldozers 15 tractors 3 graders and 3 low loader bought	5 5 1 1	5 5 1 1	5 5 1 1
SP 2.2 Food Security Initiatives				
Community groups supported under Njaa Marufuku programme	Fund 5670 farmer groups carrying out various agricultural activities. (60% of group membership should be women)	1270	1800	2600
	Fund 210 schools under community based school meals programme.	60	70	80
	Fund 90 Community Based Organizations to upscale food security initiatives	25	30	35
SP 2.3 -Agriculture Extension Services				
Agricultural Training Centres and Institutions modernized	15 ATCs rehabilitated and equipped	5	5	5
Agricultural technologies that are gender responsive improved	46 appropriate technologies packaged and promoted	13	15	18
Farmers trained on appropriate technologies	Farmers trained/reached. (70% women, 20% men & 10% youth)	64	70	70
Programme 3: Agribusiness and Information Management				
Outcome: Sustained growth in agriculture through market, information dissemination and value addition				
Key Outputs (KO)	Key Performance Indicators (PI)	2010-11	2011-12	2012-13
SP 3.1-Agribusiness & Market Development				
Agricultural input	4700 stockists trained	1700	1500	1500

suppliers Trained	country wide. (50% of those will be women)			
Modern agro-processing technologies developed	15 agro-processing technologies transferred to the farming community	5	5	5
Economically challenged farmers provided with quality inputs	480,000 farmers	150,000	160,000	170,000
SP 3.2 Agricultural Information Management				
Recorded radio programs, produced, recorded, and aired on agricultural commodities technology, information and marketing.	156 radio programs recorded (sikio la mkulima) 364 vernacular programmes on agriculture produced/aired	52 364	52 364	52 364
Agricultural Farmers Information System established	Agricultural Farmers Information System operational Information on 63 enterprises	1 23		20 20

b) Ministry of Cooperative Development & Marketing

Programme 1: Cooperative Development & Management				
Outcome: Strengthened cooperative management and regulation				
Key Outputs	Key Performance Indicators	2010/11	2011/12	2012/13
SP1: Cooperative Governance and Accountability				
SACCO Regulatory Authority operationalized	SASRA operationalized	SASRA operationalized		
SACCOs complied with Act & SASRA regulations	50 SACCOs complying by 2013	-	20	30
Outstanding remittances to SACCOs reduced	Amount of outstanding remittances reduced from Kshs 800m to nil	From Kshs 800 to 400 millions	Kshs 400 to 200 millions	Kshs 200 millions to nil
Disputes in co-operative movement resolved	% of cases arbitrated by the Cooperative Tribunal	90	90	90
SP2: Cooperative Advisory and Extension Services				
Improved access to cooperative information, extension and advisory services	300 co-ops reached (At least 30 % of trainees to be women)	50	100	150
Co-operative societies sensitization on the provision of the SACCO Act	450 societies sensitized	150	200	300
Cooperative societies/organizations	45 cooperative societies revived/revitalized/restruct	10	15	20

revived /revitalized/restructured	ured			
SP3: Cooperative Education and Training				
Improve management of key cooperative organizations/Institutions	Management for 300 co-operatives trained	100	100	100
SP4: Cooperative ventures				
New cooperatives ventures initiated	10 new cooperative initiatives at least 1/3 of which targets at youth & women	3	3	4
Programme 2: Cooperative Marketing				
Outcome: Market and market access improved				
Outputs	Key Performance Indicators	2010/11	2011/12	2012/13
SP1: Commodity value addition and market access				
Improved capacity for Value addition	300 cooperative societies sensitized on value addition	100	100	100

c) Ministry of Fisheries Development

Programme : Fisheries Development				
Outcome: Increase fisheries contribution to GDP				
Key Outputs	Key Performance Indicators	2010/11	2011/12	2012/13
Sub Programme 1: Aquaculture Development				
National Aquaculture Strategic Plan developed	One National Aquaculture Strategic Plan	1		
Aquaculture policy and legislation (Act)	Aquaculture policy and legislation (Act)	1		
Aquaculture research facilities at Sagana, Kabonyo, Ngomeni & Kiganjo up scaled	Four aquaculture research facilities up scaled	2	1	1
Hatcheries / fish multiplication centres (at Chwele, Wakhungu, Lutonyi, Kisii, Kithima, Ndaragua, Muranga, Kinondoni & Nyamira) developed	Nine hatcheries / fish multiplication centres developed	3	3	3
Increase acreage of land under aquaculture production	2400 hectares of land under aquaculture production	800	800	800
Increase fish production from aquaculture	15,000 Metric Tons of annual aquaculture production by 2012/2013	7,000	10,000	15,000
Fingerlings supplied to farmers	84 million fish fingerlings supplied to farmers	28 million	28 million	28 million
Farmers trained in fish farming husbandry	29,600 men and 12600 women fish farmers trained	14,000	14,000	14,000
Field days for fish farmers held	24 field days	8	8	8
Aquaculture training centre established	Aquaculture training centre	1		

Sub Programme 2: Capture Fisheries Management and Development					
Operational Fisheries Patrol Units (L. Victoria, L.Turkana, L.Naivasha & Coast)	Four Fisheries Patrol Units operationalized	2	1	1	
Data and information on fish landings generated	12 catch assessment surveys	4	4	4	
Ecosystem Fisheries Management Plans developed & implemented	Six Ecosystem Fisheries Management Plans	2	2	2	
Fish refugia demarcated, gazetted and protected in L. Turkana, L. Victoria, Naivasha, and Marine waters	4 Fish refugia demarcated, gazetted and protected	1	1	2	
Marine training centre established	Marine training centre			1	
Rivers restocked with Trout Fish	3 rivers restocked in Mt. Kenya Region and one in Mt. Elgon Region	1	1	2	
Co-management of fisheries resource adopted	360 beach management units trained (measures to ensure active participation of women)	120	120	120	
Sub Programme 3: Fish Inspection and Quality Assurance					
National Fish Inspections carried out	150 National Fish Inspection	50	50	50	
Inland lakes and marine products certified	360 Sample analysis Reports	120	120	120	
Comprehensively documented market data and information	200 Hard copies and information up loaded on Internet	50	75	75	
Fish Auction Centres constructed	18 Fish Auction Centres	3	8	7	
Completed and operational laboratories (In Nairobi, Mombasa and Kisumu)	3 Laboratories	1	1	1	
Cold storage facilities complete and operationalized	Eight cold storage facilities	3	3	2	
Online processing of fish and fish products export documents adopted	Online processing system of fish and fish products export documents adopted by 2010/11	1			
Value addition technologies piloted	Six value addition technologies	2	2	2	

d) Ministry of Lands

Programme: Land Policy and Planning				
Outcome: Efficient, effective and sustainable land management				
Key Outputs	Key Performance Indicators	2010/11	2011/12	2012/13
SP 1- Land Reform Programme				
Comprehensive National Land Policy implemented	60% of National Land Policy recommendations implemented	20	20	20
Land related laws harmonized	60% Land related laws harmonized	20	20	20
SP 2- Land Information Management				
GIS based National Land Information Management System developed	60% of National Land Information System developed	20	20	20
	80% of Land paper records scanned and safeguarded	20	30	30
Constructed and rehabilitated Land registries	12 Land Registries constructed and rehabilitated	4	4	4
Kenya National Spatial Data Infrastructure framework Developed	60% of Kenya National Spatial Data framework Developed	20	20	20
Kenya National Spatial Data Infrastructure Policy Developed	100% of Kenya National Spatial Data Infrastructure Policy Developed	70	20	10
SP 3- Land Surveying and Mapping				
National and international boundary pillars inspected and rehabilitated	270 National /urban Topographical base map sheets developed	80	90	100
Establishment of Geodetic control points	25 No. of Geodetic control points established	5	10	10
Deed plans prepared	29,500 deed plans prepared	9,500	10,000	10,000
National topographical and thematic maps updated	35 National topographical and thematic maps updated	10	12	13
SP 4-Land Use Planning				
Land Use Policy prepared	80% of National Land Use Policy developed	20	20	40
Land Use plan/spatial plan prepared	65% Percentage of Land Use Plan/Spatial Plan prepared and approved	20	20	25

Physical Development Plans prepared and approved	100% of Physical Development Plans approved and Prepared	40	40	20
3 resort cities development plans approved (Diani/Ukunda, Kilifi, Isiolo)	100% preparation of plans completion for the 3 resort cities	45	45	10
Capacity building workshops on development control for local authorities	9 local authorities sensitized	3	3	3
SP 5-Development Planning Services				
Conversion of KISM into a SAGA	100% conversion of KISM into a SAGA	20	40	40
Collection of Revenue improved	Ksh.18,150b revenue collected	6,000	6,050	6,100
SP 6-Land Settlement programme				
Landless families Settled	50,000 families settled	15,000	17,000	18,000
Adjudication sections finalized	100 Adjudication sections finalized	30	35	35
Land adjudication and boundary disputes resolved	40,000 land adjudication disputes resolved	12,000	13,000	15,000
Title deeds registered and issued	500,000 titles registered and issued	160,000	170,000	170,000
Land transactions registered	120,000 land transaction registered	35,000	35,000	50,000
Land Acquisition for Public Purposes	100,000 acres of land acquired	30,000	35,000	35,000
Stamp duty cases valued	70,000 Stamp duty cases valued	20,000	25,000	25,000

e) Ministry of Livestock Development

Programme: Livestock Resources Management and Development				
Outcome: Improve livestock industry performance				
Key Outputs	Key Performance Indicators	2010/11	2011/12	2012/13
S.P.1: Livestock Diseases management and control				
Incidence of trade sensitive and trans boundary diseases reduced	15% reduction	5	5	5
Livestock vaccinated against notifiable diseases	18.3 million livestock vaccinated	5	5.3	8
Livestock branded	450,000 livestock	100,000	150,000	200,000

	branded			
Creation of Disease Free Zones Started	2 Disease Free Zones Started (Coast, Laikipia/Isiolo complex)	1	1	0
Certification/Renewal of freedom from trade-sensitive diseases by the world animal health organization (OIE)	Renewal/certification of freedom from one diseases granted.	1	1	1
Disease risk maps developed	3 Disease Risk Maps developed	1	1	1
Avian Influenza contingency plan in place and reviewed annually	Annual response plans	1	1	1
Rift Valley Fever Contingency Plan in place and reviewed annually	Contingency plan document	1	1	1
Supervision Of Ports Entry By Veterinary Services	12 Missions	4	4	4
Holding Grounds Secured And Infrastructure Improved	50 Holding Grounds Improved	30	15	5
Quarantine Stations Erected	7 Quarantine Stations	0	7	0
S.P.2: Livestock Extension and Capacity Building				
Farmers trained on livestock production technologies	4.2m farmers trained	1.2 m	1.5m	1.5m
Staff capacity building on research enhanced	55 staff trained	15 (5women, 10men)	20 (7 women, 13 men)	20 (7 women, 13 men)
Joint diagnostic research surveys carried out	30 surveys carried out.	10	10	10
New engendered innovations and knowledge packaged	6 packages	2	2	2
S.P.3: Food safety and Animal Products Development				
Local slaughter houses countrywide categorized and graded	3,498 slaughter houses	1,166	1,166	1,166
Certification of foods of animal origin for export and import carried out.	5,120 Certificates issued.	1,500	1,700	2,000
Additional municipalities and Districts put under meat inspectorate services by the Ministry of Livestock	25 municipalities and districts	7	8	10
Carcasses of food animals inspected	12 million carcasses inspected	3.5	4.0	4.5
All animals slaughtered in slaughter houses and abattoirs are inspected to ensure food safety	Animal inspected	100%	100%	100%
S.P.4: Vector and Pest control				
Incidence of Trypanosomiasis In L. Victoria Basin, L. Baringo, Mwea/Meru Regions reduced 15%	Trypanosomiasis Incidence reduced by 15%	5%	5%	5%
Integrated Vector Management	Six studies	3	2	1

Strategies developed.	undertaken			
Focal Vector control development established	75 groups established	25	25	25
Training of farmers on safe use of animal pests control products and environmental management carried out	12 trainings carried out	4	4	4
New animal pests control products tested and submitted to Pest Control Products Board (PCPB) for registration	Nine products tested	3	3	3
Tsetse stations (Kiboko, Kiburini, Trans-Mara and Busia) rehabilitated	4 stations	2	1	1
S.P.5: Livestock Production and Management				
Animal Breeding master-plan developed	1 Master-plan	1	-	-
Quality breeding animals bred and availed to farmers (dairy, sheep, goats) for improved productivity	2,700 animals	1,000	1,200	1,500
Livestock for breeding evaluation registered	90,000 animals registered	20,000	30,000	40,000
semen produced and distributed to farmers	1.5 million doses of semen produced	500,000	500,000	500,000
Indigenous animal genetic species characterized and patented	3 animal species patented	1	1	1
Denuded rangelands rehabilitated	30,000 acres rehabilitated	10,000	10,000	10,000
S.P.6: Laboratory Services Quality Assurance and Bio-safety				
Veterinary laboratory investigation and diagnostic samples analyzed	51,000 million samples analyzed	17,000	17,000	17,000
- Inspectorate services for quality of inputs and service provision	1800 livestock inputs outlets and hatcheries inspected and licensed	450	600	750
S.P: 7 Support to livestock Livelihoods and Early Warning Systems				
Livestock early warning systems established	1 Early Warning system	1	0	0
Livestock Restocking and off take fund established	Livestock off-take fund	1	0	0
Livestock off take facilitated	50,000 animals	10,000	20,000	20,000
An early livestock warning and Rapid response system for disease outbreak and forage established	2 response units	2	0	0
S.P.8: Livestock Products Value addition and marketing				
Livestock products (i.e. Leather, honey, milk) value chains promoted and developed	9 value chains promoted	3	3	3

holding grounds secured and infrastructure improved	9 holding grounds improved	2	3	4
SP 9. Livestock Policy Development and Programmes Management				
Policies Sessional papers developed	5 Sessional papers developed	2	2	1
SP 10. Technical Capacity building for Livestock Industry				
Staff members and pre-service trainee trained in local and overseas course	12 Performance contract reports	4	4	4

3.1.3 Sector Programmes

- Policy, Strategy and Management of Agriculture
- Crop Development and Management
- Agribusiness and Information Management
- Fisheries Development
- Cooperative development and management
- Cooperative Marketing
- Land Policy and Planning
- Livestock Resources Management and Development

3.2 Analysis of Resource Requirements

3.2.1 Sector Resource Requirements

The total resource requirement for the sector in the FY 2010/11 is Kshs. 52,857 million. This is a 121 percent increase from the allocated funds in 2009/10 of Kshs 23,930. In 2011/12 and 2012/13 the projected estimates will increase by 7 and 6 percent respectively.

The total resource requirement is 9 percent of the total amount the agriculture sector contributed to the economy in the year 2008. The funds will be utilized to mitigate internal and external factors that affected the sector in 2008/09 and ensure the contribution of agriculture sector increases in 2010/11 financial year. These factors include 2008 post election violence, the global financial crisis and high fuel prices leading to high costs of inputs, high food prices due to low production, unseasonal weather patterns and drought.

Sector	Printed estimates (Million Kshs)	Projected estimates (Million Kshs)		
	2009/10	2010/11	2011/12	2012/13
Agricultural and Rural Development	23,930	52,857	56,472	59,595

3.2.2 Sub-Sector Resource Requirements

The sub-sector resource requirements in 2010/11 for the Agriculture, Fisheries, Cooperatives, Lands and livestock increased by 62, 110, 7, 381 and 161 percent respectively from the allocated funds in 2009/10. This increase will be utilized in, Agriculture Development Fund, NAAIAP input subsidy programme ,strengthening agriculture mechanization stations, upgrading of aquaculture fish farms/hatcheries, development of fish auction centres and fish port facilities at Lamu in Fisheries sub-sector, operationalization of the newly established SASRA in Cooperative sub-sector, development of a GIS based National Land Information Management System and implementation of National Land Policy in Lands sub-sector and implement disease free zones in livestock sub-sector.

Sub sector	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
	2009/10	2010/11	2011/12	2012/13
Agriculture	13,473	21,794	22,884	24,028
Cooperatives	1,146	2,245	2,393	2,513
Fisheries	2,107	4,416	4,794	4,869
Lands	2,535	12,212	13,127	13,909
Livestock	4,669	12,190	13,274	14,276
Total	23,930	52,857	56,472	59,595

3.2.3 Requirements by Programmes and Sub-Programmes

The resource requirements in terms of programmes increased as follows: crop development and management, agribusiness and information management, fisheries development, cooperative development and management, land policy and planning and livestock disease management and development increased by 60 percent, 109 percent, 110 percent, 82 percent, 382 percent and 161 percent respectively in 2010/11 from the allocated funds in 2009/10.

Programmes

Programme	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
	2009/10	2010/11	2011/12	2012/13
Policy, Strategy & Management of Agriculture	2,580	8,056	8,461	8,889
Crop Development and Management	10,291	12,481	13,103	13,753
Agribusiness and Information Management	602	1,257	1,320	1,386
Cooperative Development & Management	1,098	2,003	2,152	2,259
Cooperative Marketing	48	241	241	253
Fisheries Development	2,107	4,416	4,794	4,869

Programme	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
	2009/10	2010/11	2011/12	2012/13
Land Policy and Planning	2,535	12,212	13,127	13,910
Livestock Resources Management and Development	4,669	12,190	13,274	14,276
Total	23,930	52,857	56,472	59,595

Sub Programmes

Programme	Sub programme	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
		2009/10	2010/11	2011/12	2012/13
Policy, strategy and Management of Agriculture	Development/ Review of Agricultural Policy, Legal and Regulatory Frameworks	1,104	1,152	1209	1277
	Agricultural Planning and Financial Management	1,476	6,904	7252	7612
	Sub total	2,580	8,056	8,461	8,889
Crop Development and Management	Land & Crops Development	3,405	4,548	4,850	5,168
	Food Security Initiatives (NMK)	204	765	803	843
	Agriculture Extension Services	6,682	7,168	7,450	7,742
	Sub Total	10,291	12,481	13,103	13,753
Agribusiness And Information Management	Agribusiness & Market Development	537	1,160	1,218	1,279
	Agriculture Information and Service	65	97	102	107
	Sub Total	602	1,257	1,320	1,386
	Total	13,473	21,794	22,884	24,028
Fisheries Development	Aquaculture Development	1,461	2,482	2,534	2,692
	Development and management of capture fisheries	515	1,496	1,559	1,461
	Fish Inspection and Quality Assurance	131	438	701	716
	Total	2,107	4,416	4,794	4,869
Cooperative Development & Management	Cooperative Governance and Accountability	214	270	290	305
	Cooperative Arbitration	25	24	24	25

Programme	Sub programme	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
		2009/10	2010/11	2011/12	2012/13
	Cooperative Extension Services	663	1104	1174	1233
	Cooperative Education and Training	113	61	61	64
	New Cooperatives Ventures	36	147	156	163
	Management capacity of key cooperative organizations/institutions	47	397	447	469
	Sub Total	1,098	2,003	2,152	2,259
Cooperative Marketing	Commodity Value Addition/Market Access	48	241	241	253
	Sub Total	48	241	241	253
	Total	1,146	2,245	2,393	2,513
Land Policy and Planning	Land Reform programme	432	251	261	272
	Land Information Management	548	2,606	3,072	3,265
	Land Mapping and Management of National Spatial Data	614	1,420	1,510	1,658
	Land Use Planning	243	2,135	2,252	2,375
	Development Planning and Project Management	307	414	431	448
	Land Settlement programme	391	5,386	5,602	5,892
	Total	2,535	12,212	13,127	13,910
Livestock Resources Management and Development	Livestock Diseases Management and Control	882	5,259	6,507	6,833
	Livestock Extension and Capacity Building	794	1,803	1,564	1,597
	Food safety and Animal Products Development	199	274	295	297
	Vector and Pest Control	428	409	400	401
	Livestock Production and Management	403	1,103	886	885
	Laboratory Services, Quality Assurance and Bio-safety	265	327	338	348
	Support to Livestock Livelihoods and Early Warning Systems	620	703	897	930
	Livestock Products Value Adding and Marketing	291	663	753	884

Programme	Sub programme	Printed Estimates (Million Kshs)	Projected Estimates (Million Kshs)		
		2009/10	2010/11	2011/12	2012/13
	Livestock Policy Development and Programmes Management	581	1,218	1,273	1,715
	Technical Capacity building for Livestock Industry	206	431	361	386
	Total	4,669	12,190	13,274	14,276
Grand Total		23,930	51,860	55,420	58,526

3.2.4 Requirements by Economic classification

The capital expenditure had the highest increase in requirements. The current expenditure requirements increased by 53 percent while the capital expenditure by 240 percent.

In current expenditure compensation to employees increased by 26 percent, use of goods and services by 139 percent and current transfers to government agencies by 9 percent.

In capital expenditure acquisition of non-financial assets had an increase of 305 percent while capital transfers to government agencies increased by 4 percent.

Economic classification

a) Ministry of Agriculture

Expenditure Classification	Approved Estimates 2009/10 (Million Kshs)	Projected Estimates (Million Kshs)		
		2010-11	2011-12	2012-13
Current Expenditure	7799	9000	9451	9923
Compensation to Employees	2,894	3,069	3,223	3,384
Use of goods and services	1,561	2,487	2,612	2,742
Current transfers Govt Agencies	3,344	3,444	3,616	3,797
Other Recurrent		-	-	-
Capital Expenditure	5674	12794	13433	14105
Acquisition of Non-financial Assets	3,861	10,944	11,533	12,205
Capital Transfers to Government Agencies	1,813	1,850	1,900	1,900

Expenditure Classification	Approved Estimates 2009/10 (Million Kshs)	Projected Estimates (Million Kshs)		
		2010-11	2011-12	2012-13
Other Development	-	-	-	-
Total	13,473	21,794	22,884	24,028

b) Ministry of Cooperatives Development & Marketing

Expenditure Classification	Approved Estimates 2009/10 (Million Kshs)	Projected Estimates (Million Kshs)		
		2010/11	2011/12	2012/13
Current Expenditure	923	1,375	1,464	1,526
Compensation of employees	477	684	726	753
Use of Goods and Services	316	483	527	548
Grants and transfers	86	107	107	110
Other Recurrent	44	101	104	115
Capital Expenditure	223	872	930	986
Grants and transfers	61	90	98	100
Acquisition on Non-financial Assets	85	353	373	403
Other Development	77	429	459	483
Total	1,146	2,245	2,393	2,513

c) Ministry of Fisheries Development

Expenditure Classification	Approved Estimates 2009/10 (Million Kshs)	Projected Estimates (Million Kshs)		
		2010/11	2011/12	2012/13
Current expenditure	674	890	928	911
Compensation to employees	357	430	450	470
Use of goods and services	317	460	478	441
Current transfers Govt. Agencies	0	0	0	0
Other recurrent				
Capital expenditure	1,433	3,526	3,866	3,958
Acquisition of non-financial assets	1,433	3,526	3,866	3,958
Capital transfers to Government agencies	0	0	0	0
Other developments				
Total	2,107	4,416	4,794	4,869

d) Ministry of Lands

Expenditure Classification	Approved Estimates 2009/10 (Million Kshs)	Projected Estimates (Million Kshs)		
		2010/11	2011/2012	2012/2013
Current Expenditure	1,675	3,976	4,175	4,433
Compensation to Employees	1,160	1,172	1,179	1,238
Use of goods and services	515	2,804	2,996	3,195
Capital Expenditure	860	8236	8952	9477
Acquisition of non financial assets	860	8,236	8,952	9,477
Total	2,535	12,212	13,127	13,910

e) Ministry of Livestock Development

Expenditure Classification	Approved Estimates 2009/10 (Million Kshs)	Projected Estimates (Million Kshs)		
		2010/11	2011/2012	2012/2013
Current Expenditure	4,280	8,382	9,603	10,152
Compensation to employees	2,430	3,855	4,026	4,099
Use of goods and services	1,623	4,102	5,205	5,730
Current transfers to government agencies	226	425	373	322
other recurrent	-	-	-	-
Capital expenditure	389	3,808	3,670	4,124
Acquisition of non financial assets	389	3,808	3,670	4,124
Capital transfers to government agencies	-	-	-	-
Other development	-	-	-	-
Total	4,669	12,189	13,274	14,276

3.3 Analysis of Resource Requirement versus allocation by:

3.3.1 Recurrent

In the 2009/10 financial year the total requirement in recurrent budget was Kshs. 25,999 Million and only Kshs. 15,578 Million was allocated. This implies that the sector received 60 percent of the total requirements. The Agriculture, fisheries,

cooperatives, lands and livestock sub-sector received 57 percent, 63 percent, 68 percent, 42 percent, and 62 percent respectively.

The total requirement in the 2010/11 financial year is Kshs. 24,181 Million against an allocation of Kshs. 12,826 which translates to a shortfall of Kshs. 11,355 Million.

Sub Sector	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Agriculture	7,799	9,000	6,241	9,451	9,923
Cooperatives	923.0	1,375	1,062	1,464	1,526
Fisheries	901	1,448	575	1,554	1,476
Lands	1,675	3,976	1,620	4,175	4,433
Livestock	4,280	8,382	3,328	9,603	10,152
Total	15,578	24,181	12,826	26,247	27,510

3.3.2 Development

In the 2009/10 financial year the total requirement in development budget was Kshs. 26,703 Million and only Kshs. 8,352 Million was allocated. This implies that the sector received 31 percent of the total requirements. The Agriculture, fisheries, cooperatives, lands and livestock sub sector received 54 percent, 65 percent, 26 percent, 10 percent, and 7 percent respectively.

The total requirement in the 2010/11 financial year is Kshs. 28,677 Million against GoK allocation of Kshs. 4,179 Million which amounts to a shortfall of Kshs. 24,498 Million.

Sub Sector	Approved (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Agriculture	5,674	12,793	2,093	13,433	14,105
Cooperatives	223.0	872	387	930	986
Fisheries	1,206	2,968	311	3,240	3,393
Lands	860	8,236	736	8,952	9,476
Livestock	389	3,808	652	3,670	4,124
Total	8,352	28,677	4,179*	30,225	32,084

* Allocation for GoK only

3.3.3 Semi Autonomous Government Agencies

The total SAGA requirements in 2009/10 were Kshs. 1,400 Million and Kshs 1,670 Million was allocated. In the 2010/11 the requirement is Kshs. 1,860 Million.

a) **Ministry of Agriculture**

Name of the SAGA	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009-10	2010-11		2009-10
	Allo	Req	Allo	Req	Req
Coffee Development Fund	310	560	310	560	560
Cotton Development Authority	180	180	180	200	200
Coconut Development Authority	80	230	80	241	254
Kenya Plant Health Inspectorate Services	448	468	448	491	516
Pest Control Products Board	82	82	82	86	90
Horticultural Crops Development Authority	320	340	320	357	375
Bukura Agricultural College	160.2	200	160.2	200	200
Total	1580.2	2060	1580.2	2135	2195

b) **Ministry of Cooperatives**

Name of the SAGA	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009-10	2010-11		2009-10
	Allo	Req	Allo	Req	Req
Cooperative College of Kenya	81	68	90	66	66
SACCO Societies Regulatory Authority (SASRA)	66	128.6	159.6	138.5	149.6
Total	147	196.6	249.6	204.5	215.6

c) **Ministry of Livestock**

Name of the SAGA	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009-10	2010-11		2009-10
	Allo	Req	Allo	Req	Req
Kenya Dairy Board	20.3	155	40.3	185	160

Kenya Meat Commission	192	150	0	120	0
Kenya Veterinary Board	1.4	10	2.4	12	12
Central Artificial Insemination Station	12.8	100	27.8	139.3	136.8
Total	226.5	415	70.5	456.3	308.8

3.3.4 Programmes and Sub-Programmes

a) Ministry of Agriculture

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Programme 1: Policy, Strategy and Management of Agriculture					
Development/ Review of Agricultural Policy, Legal and Regulatory Frameworks	980	1,152	1,026	1209	1277
Agricultural Planning and Financial Management	1,085	6,904	1,135	7252	7612
Sub-total	2,065	8,056	2,161	8,461	8,889
Programme 2: Crop Development and Management					
Land & Crops Development	1,623	4,548	1,559	4,850	5,164
Food Security Initiatives (NMK)	204	765	224	803	843
Agriculture Extension Services	6,953	7,168	3,365	7,450	7,742
Sub total	8,780	12,481	5,148	13,103	13,753
Programme 3: Agribusiness and Information Management					
Agribusiness & Market Development	418	1,160	974	1,218	1,279
Agriculture Information and Service	51	97	51	101.85	107
Sub total	469	1,257	1,025	1,320	1,386
Total	11,314	21,794	8,334	22,884	24,028

b) Ministry of Co-operative Development

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Programme 1: Co-operative Development & Management					
Cooperative Governance and Accountability	214	270	264	290	305
Cooperative Arbitration	25	24	21	24	25
Cooperative Extension Services	663	1,104	813	1,174	1,233
Cooperative Education and Training	113	61	59	61	64
New Cooperatives Ventures	36	147	35	156	163
Management capacity of key cooperative organizations/institutions	47	397	201	447	469
Sub total	1098	2,003	1,393	2,152	2,259
Programme 2: Cooperative Marketing					
Commodity Value Addition/Market Access	48	241	56	241	253
Sub-total	48	241	56	241	253
Total	1,146	2,245	1,449	2,393	2,513

c) Fisheries Development

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Programme: Fisheries Development					
Aquaculture Development	1,461	2,482	519	2,534	2,692
Development and management of capture fisheries	515	1,496	293	1,559	1,461
Fish Inspection and Quality Assurance	131	438	223	701	716
Total	2,107	4,417	1,035	4,794	4,869

d) Lands

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Programme: Land Policy and Planning					
Land Reform programme	432	251	32	261	272
Land Information Management	548	2,606	576	3,072	3,265
Land Mapping and Management of National Spatial Data	614	1,420	415	1,510	1,658
Land Use Planning	243	2,135	227	2,252	2,375
Development Planning and Project Management	307	414	444	431	448
Land Settlement programme	391	5,386	662	5,602	5,892
Total	2535	12,212	2,356	13,128	13,910

e) Livestock Development

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Programme: Livestock Resources Management and Development					
Livestock Diseases Management and Control	882	5,259	1189.7	6,507	6,833
Livestock Extension and Capacity Building	794	1,803	864	1,564	1,597
Food Safety and Animal Products Development	199	274	199	295	297
Vector and Pest control	428	409	129.7	400	401
Livestock Production and Management	403	1,103	342.3	886	885
Laboratory Services Quality Assurance and Bio-safety	265	327	270.8	338	348
Support to Livestock Livelihoods and Early Warning Systems	620	703	157	897	930
Livestock Products Value addition and marketing	291	663	59.5	753	884
Livestock Policy	581	1,218	216.3	1,273	1,715

Sub Programme	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)				
		2009/10	2010/11		2011/12	2012/13
		Allo	Req	Allo	Req	Req
Development and Programmes Management						
Technical Capacity building for Livestock Industry	206	431	550.4	361	386	
Total	4,669	12,190	3,979.6	13,274	14,276	

3.3.5 Economic classification

a) Ministry of Agriculture

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)				
		2009/10	2010/11		2011/12	2012/13
		Allo	Req	Allo	Req	Req
(1)Current expenditure	5,900	9,000	6,241	9,451	9,923	
Compensation of Employees	2,931	3,069	2,952	3,223	3,384	
Use of goods and services	1,647	2,487	1,967	2,612	2,742	
Current transfers Govt. agencies	1,322	3,444	1,322	3,616	3,797	
Other recurrent			-			
(2)Capital expenditure	5,414	12,794	2,093	13,433	14,105	
Acquisition of non-financial assets	5,104	10,944	1,783	11,533	12,205	
Capital transfers to Government agencies	310	1,850	310	1,900	1,900	
Other developments			-			
Total	11,314	21,794	8,334	22,884	24,028	

b) Ministry of Cooperatives Development & Marketing

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)				
		2009/10	2010/11		2011/12	2012/13
		Allo	Req	Allo	Req	Req
(1)Current expenditure	923	1,375	1,062	1,464	1,526	
Compensation to employees	477.0	684	528	726	753	
Use of goods and services	316.1	483	373	527	548	

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
Grants and transfers	86.0	107.0	107	107.0	110
Other recurrent	43.9	101	54	104	115
(2)Capital expenditure	223	872	387.4	930	986
Grants and transfers	61.0	90	143	98	100
Acquisition of non-financial assets	85.1	353	157	373	403
Other developments	76.9	429	88	459	483
Total	1,146	2,245	1,449	2,393	2,513

c) Ministry of Fisheries Development

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
(1)Current expenditure	674	890	694	928	911
Compensation of Employees	357	430	372	450	470
Use of goods and services	317	460	322	478	441
Current transfers Govt. agencies					
Other recurrent					
(2)Capital expenditure	1433	3526	341	3866	3958
Acquisition of non-financial assets	1433	3526	341	3866	3958
Capital transfers to Government agencies					
Other developments					
Total	2,107	4,416	1,035	4,794	4,869

d) Ministry of Lands

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)			
		2009/10	2010/11		2011/12
	Allo	Req	Allo	Req	Req
(1)Current expenditure	1,675	3,976	1,620	4,175	4,433
Compensation to employees	1,160	1,443	1,230	1,479	1,238
Use of goods and services	515	2,533	390	2,696	3,195

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)				
		2009/10	2010/11		2011/12	2012/13
		Allo	Req	Allo	Req	Req
Current transfers Govt. agencies						
(2)Capital expenditure	860	8236	736	8952	9477	
Acquisition of non-financial assets	860	8,236	736	8,952	9,477	
Other developments						
Total	2,535	12,212	2,356	13,127	13,910	

e) Ministry of Livestock Development

Expenditure Classification	Approved Estimates (Million Kshs)	Projected Estimates (Million Kshs)				
		2009/10	2010/11		2011/12	2012/13
		Allo	Req	Allo	Req	Req
(1)Current expenditure	4279	8381	3027.6	9604	10151	
Compensation to employees	2,430	3,855	2430.5	4,026	4099	
Use of goods and services	1,623	4102	526.8	5,205	5730	
Current transfers Govt. agencies	226	424	70.3	373	322	
(2)Capital expenditure	389	3807	952	3670	4124	
Acquisition of non-financial assets	389	3807	652	3,670	4124	
Other developments						
Total	4,668	12,189	3,979.6	13,274	14,276	

CHAPTER FOUR:
CROSS-SECTOR LINKAGES

4.0 Introduction

The performance of the Agricultural Sector is dependent upon the linkages between the various sub-sectors and strong linkages with other sectors. Agricultural Sector Development Strategy (ASDS) provides the framework for intra and inter sector linkages for attainment of the sector goals as identified in the Vision 2030 and its first Medium Term Plan. The Agricultural Sector Coordination Unit (ASCU) co-ordinates the implementation of the strategy

4.1 Intra-sector linkages

Sector ministries have intra sectoral linkages that create synergies. Sustainable land management is critical for the development of the sector and indeed the economy. Proper land use planning provides for a balance in the growth of crop, livestock and fisheries sub sectors in ensuring food security and increased earnings from marketed produce. Farmers' organizations such as cooperatives form an important part of the value chain with both backward and forward linkages in inputs provision and marketing of farm produce.

4.2 Inter-sectoral linkages

The sector has strong and important linkages with other sectors of the economy such as Environment, Water and Sanitation; Trade, Tourism and Industry; Physical Infrastructure; Special Programmes; Governance, Justice, Law and Order; and Human Resource Development among others.

a) Physical Infrastructure

Competitiveness in the agricultural value chains for farm produce and livestock is significantly enhanced by good and supportive physical infrastructure. This includes infrastructure that supports on-farm production, irrigation, energy, telecommunications, and transportation, pre-harvest and post-harvest storage and ensures efficient marketing and trading. Inadequate infrastructure thus undermines agricultural productivity in the country. Investments in key marketing infrastructure are therefore needed to support agricultural production and marketing and improve the access of small farmers to markets.

b) Environment, Water and Sanitation

Sustainable environmental management is essential for maintenance of agricultural productivity. Areas where strengthening of linkages is crucial is in forest cover, efficient allocation of water resources among users, development of affluent standards and in mitigating climate change. The existence of vegetation cover helps in reducing soil erosion and increasing water availability. Harnessing the country's irrigation potential, coupled with efficient utilization of available water resources for agriculture through innovative and appropriate water harvesting technologies to improve food security.

c) *Research, Innovation and Technology*

Research and Technology is crucial in realizing increased productivity and output in agriculture. The sector works closely with research institutions and technology centres to boost production, marketing and value addition by developing new innovations and technologies.

d) *Trade, Tourism and Industry*

Agricultural produce forms the bulk of the country's exports, raw materials for the manufacturing industry as well as food for the tourism industry. There is therefore strong cross sectoral linkage in terms of market development, processing and value addition.

e) *Special Programmes*

Agriculture and Rural Development sector works with Special Programmes sector in ensuring food security and responding to disasters affecting the sector. This is in terms of food production, maintenance of National Strategic Grain Reserve; and administration of famine relief food.

f) *Human Resource Development*

Food and nutrition security and absence of disease are key to good health which enhances social, economic growth and poverty reduction. Kenya is currently faced with preventable diseases such as Malaria and tuberculosis which reduce productivity of population. In addition, the challenge of HIV and Aids has greatly affected the agricultural labour force. The improved literacy in communities as part of human resource development will enhance agricultural sector productivity.

g) *National Security*

Political violence, resource conflicts and cattle rustling have undermined agriculture growth and development. For example the general decline in key resources such as available arable land, water and pasture is a main contributor to conflicts. The National Security has the responsibility to provide security of individuals and their properties.

CHAPTER FIVE
EMERGING ISSUES AND CHALLENGES

Emerging Issues and Challenges

The inadequate rainfall in various parts of the country, high costs of agricultural inputs and energy coupled with disruptions due to the post election skirmishes, resulted in the contraction of agriculture sector growth from 2.2% registered in 2007 to negative 5.4% in 2008.

The emerging issues and challenges for the sector are as follows;

a) Inadequate legal and policy frameworks: Currently there are numerous pieces of legislation in the sector which are detrimental to agricultural development. There are over 130 pieces of legislation; some overlap and contradict each other while others are obsolete. This, coupled with policies that have not been revised for a long time to incorporate current socio economic environment, makes agricultural development a formidable task.

b) Low application of modern technology: Use of appropriate modern science and technology in production is still limited and although Kenya has a well-developed agricultural research infrastructure, there is lack of research-extension-farmer linkages and demand-driven research. Dissemination of research findings is not adequately undertaken.

c) Agricultural land fragmentation: This has limited the application of modern technology in agricultural activities, thus reducing the output level. Population increase and urban sprawl have continually reduced land available for agricultural production.

d) Inadequate quality control systems: The marketing of crops, livestock and fisheries products has faced challenges due to poor packaging, damage during transportation, poor handling and quality control.

e) Inadequate market and marketing infrastructure: Marketing of Agricultural produce continues to be adversely affected by lack of market information and supportive infrastructure. The dependence on a few external market outlets makes agricultural exports very vulnerable to changes in the demand of agricultural products and unexpected non-trade barriers by foreign markets.

f) Diseases and Pests: Pests and diseases results into pre-harvest and post-harvest losses. In addition new and emerging diseases such as Avian Influenza, Rift Valley fever continues to pose challenges in improving livestock productivity and limiting external trade.

g) Low access to financial services and affordable credit: The current financial system in the country has not been supportive of agricultural activities. The high interest rate makes it impossible for most farmers and fishers to access credit. The formal banking system is yet to develop credit facilities that

particularly suit agricultural and fishing activities especially for women since they often lack land titles as collaterals.

h) Climate change and Environmental Degradation: Over the last three decades the frequency of droughts and floods in the country increased, resulting in crop failures and pasture shortage. There has been increased land degradation, water pollution, which has greatly reduced the potential for crop, livestock and fisheries productivity.

i) Poor infrastructure: Underdeveloped rural roads and other key physical infrastructure have led to high transport costs for agricultural products to the markets as well as farm inputs. This has continued to reduce competitiveness of the Kenyan agricultural products in the international market. In addition, energy sources in rural areas are expensive and often not available, reducing investment in cold storage facilities, irrigation, and agro-processing.

j) High cost, adulteration and low application of key inputs: The cost of agricultural inputs has escalated over the years making them unaffordable and increasing the cost of production. This has resulted in low application and adulteration of inputs, thus leading to declining quality and productivity in the sector.

k) Poor governance in agricultural institutions: Well managed producer and marketing organizations are vital to the performance of the sector. They provide economies of scale in dealing with credit and marketing of inputs and outputs. Poor management and governance has continued to be a major constraint to the attainment of their full potential. The regulatory aspects of some of the institutions have impeded their performance and needs to be addressed.

l) Staffing levels: The current staff numbers are not adequate to satisfy the deployment needs and requirements at various operational levels. This is particularly so with the increased number of administrative units (districts). This is a main challenge in performance since deployment of staff needs to be done on the basis of grades, skills and experience in relation to workload.

m) Inadequate financial resources /Disbursement of funds: The current level of financial allocation to the sector is about 50% of its resource requirements. In addition, there have been delays in donor funds disbursements affecting the performance of the sector.

n) Transport policy: The restrictions imposed on the purchase of vehicles and the creation of new administrative units has resulted into lack of transport facilities constraining extension services delivery especially for female extension workers.

o) Increasing incidence of HIV/AIDS, malaria and waterborne diseases: The rapid spread of these diseases and the corresponding deaths have resulted in the loss of productive agricultural personnel and base for sustained farming knowledge and diversion of investible resources to the treatment of the diseases. It is worth noting that women are disproportionately affected by HIV/AIDS incidence which in turn affects agricultural production as they do the bulk of agricultural work.

p) Inadequate monitoring and evaluation; The M and E functions are not well linked to the budgetary process. Currently the production of annual and medium term progress reports is not clearly synchronized within the budget cycle. This has made it difficult to track implementation and performance.

q) Gender Inequality; The gender disparities in the sector has resulted in marginalisation of women in decision making processes, ownership, control and access to resources and full participation in commercial activities of the sector.

CHAPTER SIX
CONCLUSION

In Line with Vision 2030, the sector has developed ASDS as a medium term framework for achieving sector objectives. Each subsector has developed strategic plan to implement programmes and projects. During the review period the sector allocated substantial resources to programmes that addressed the country's key priorities of food security and employment creation. The resource envelope for the sector increased from Kshs 17,963.5 Million in 2006/07 to Kshs. 21,978.3 Million in 2008/09. While the resource allocation to the sector has generally been increasing in absolute terms, the proportion of this allocation as a percentage of the total national budget has averaged at a level of 3%. In contrast, the sector's direct contribution to the National GDP has consistently remained over 20%. This increase while appreciated was not in line with the sector's resource requirements. The momentum gained in the sector's growth in 2007 was dampened in 2008 by the post election disruptions early in 2008, inadequate rainfall in most parts of the country and high input and energy prices.

During the last financial year, the major achievements include reforms in the sector particularly land reforms; review and development of sector policies; revitalization of the cooperative movements through review of the Cooperative Societies Act; increased production and productivity of crops and livestock; better animal health through reduced incidences of diseases; improved and sustainable land use planning and management; improved coordination, management and development of fisheries resources and value addition of various sector commodities.

The major challenges encountered over the period have been inadequate resource allocations to the sector that have resulted in low staffing levels in view of the increased administrative units, weak legal, regulatory and policy framework, inadequate marketing infrastructure, continued fragmentation of agricultural land to uneconomical levels, poor transport infrastructure and low access to financial services among others.

In order to address the above challenges, the sector ministries resource requirements for the next MTEF period of is based on the first MTP (2008 -2012) of Vision 2030, ASDS, ministerial strategic plans and other national policy documents. The sector ministries focus will be on improving the legal and policy framework for sector development, enhancing production and productivity, control of diseases and pests; facilitating access to markets, affordable and quality inputs as well as ensuring sustainable use of the natural resource base. The sector's resource requirement in 2010/11 is Kshs. 52,858 million reflecting an increase of 117% over the current allocation of Kshs. 23,930 million. These resources will be allocated to the sector's programmes in efforts to increase food security and employment creation.

CHAPTER SEVEN
RECOMMENDATIONS

- (i) There is need to substantially raise the allocations to enable the sector ministries address fundamental challenges that have impeded the sector from fully becoming innovative, modern and commercially oriented.
- (ii) Fast Track Sector implementation of Epromis and integrate it with National Integrated Monitoring and Evaluations System (NIMES) for monitoring and evaluation of the sectors programs/ projects.
- (iii) The Ministry of roads should give priority to improvement of rural access roads to facilitate market access for agricultural sector produce. In addition, the other relevant ministries should ensure other physical infra structural are in place for the growth of the sector.
- (iv) There is need to achieve more gender equality in the sector, especially in achieving more equal access of women to agricultural inputs and services, such as credits, technology, fertilizers and extension services.
- (v) There is need for improved security measures and land reforms to promote development of the agricultural and pastoral activities.
- (vi) Increased levels of investments in development of agro-processing, micro enterprises as a way of building the small holder agriculture as a business through timely availability of credit and farm inputs by promoting public private partnerships.
- (vii) Accelerate the review and development of the legal framework of various sector programmes.
- (viii) Improve inter-sectoral linkages to harmonise prioritisation of programs and projects implementation.

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