



**REPUBLIC OF KENYA**

**PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS**

**MEDIUM TERM EXPENDITURE FRAMEWORK SECTOR REPORT**

**FOR 2010**

**PREPARED BY**

**THE SECTOR SECRETARIAT**

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## **Executive Summary**

The Public Administration Sector Comprises eight Ministries /department namely the Presidency and Cabinet Affairs Office, State House, Office of the Prime Minister, Office of the Prime Minister and Ministry of State for Planning, National Development and Vision2030, Office of the Prime Minister and Ministry of State for Public Service, Office of the Deputy Prime Minister and Ministry of Finance, Ministry of Foreign Affairs and the Public Service Commission of Kenya. The sector also hosts 10 Semi –Autonomous Government Agencies (SAGAS).

The sector mandate is coordination in nature and it cuts across other MTEF sectors. It provides leadership and overall strategic leadership and direction in the implementation of Government policy and further undertakes key functions cutting across all government agencies such as mobilization of both human and capital resources, budgeting, planning and the management of the country's foreign policy.

In the coming 2011/12 -2013/14 MTEF period, the sector plans to continue:

- Facilitating and ensuring the implementation of the new Constitution
- Providing strategic policy and leadership direction for socio economic development
- Protecting Kenya's sovereignty and integrity, projecting its image positively and exerting its influence in the regional and international arena for socio-economic development
- Ensuring recruitment, development and retention of suitable human resource and application of best practices in the management of the Public Service for improved performance
- Facilitating creation of Government structures and institutional frameworks for optimal Public Service performance to reflect the new political dispensation
- Strengthening public policy formulation, planning, coordination, implementation, monitoring and evaluation
- Promoting macroeconomic stability, sound management of public finances and assets as well as provision of conducive business environment
- Mainstreaming MDGs into the national policy, planning and budgetary process.

During 2007/08-2009/10 MTEF period, the sector's recurrent allocations and actual expenditures fluctuated. Allocations ranged from KSh. 29,415 million to KSh. 38,770 million while actual expenditures ranged from KSh. 27, 226 million to KSh. 36,563 million. The Ministries of Finance lead in the level of allocations and expenditures followed by Foreign Affairs and Ministry of State for Public Service. Large Ministries tended to have larger allocations and expenditures due to one off payments factored in their budgets.

Development allocations and actual expenditures also fluctuated over the period. Major development resource increments were highest in Ministry of Finance, followed by

Planning, then Foreign Affairs and Cabinet. The increments were attributed to ongoing project, CDF and one off payments.

The outgoing implementation period 2007/08 -2009/10 witnessed increasing pending bills. Combined pending bills rose from KSh. 119.3 million in 2007/08 to reach KSh. 512.24m in 2008/9 before falling to KSh. 440.984 million in 2009/10. This therefore calls for the sector to develop a strategy for managing its debts in the coming budget period.

The resources allocated in 2007/08- 2009/10 facilitated the sector to implement its programmes. Some of its key outputs include the Kenya Vision 2030, Fiscal Management Act, 2009, Development of Kenya's Foreign Policy, establishment of missions/ Consulates in Kuwait, Dublin, Seoul, Madrid and Bujumbura. Chancery buildings and Official residences were also procured in Tokyo and Beijing.

Others outputs include the institutionalization of the Performance Appraisal System (PAS) in the public service, on-line public service recruitment, gazettelement of Asset Based Securities Regulations, elimination of 315 licenses and simplification of 379 others. The Commissions, Tribunal and Taskforces appointed finalized their work and submitted their reports such as the Waki Commission on Conduct of Security Forces during Post Election Violence, Kriegler Commission on the Conduct of 2007 National Elections, and the Taskforce report on the Delineation of Kenya's Outer Continental Shelf. The Court of Appeal and Puisne Judges Tribunals also submitted their reports to the Government.

In the coming 2011/12-2013/14 MTEF period, the sector has prioritized 13 programmes for implementation. The programmes are aligned to Vision 2030 and its First Medium Term Plan (2008-2012) and are consistent with the government policy of stimulating growth, employment creation and poverty reduction. The sector's combined resource requirements (including SAGAs) are estimated at KSh. 111,836 million, KSh. 102,978 million and KSh. 111,571 million in 2011/12, 2012/13 and 2013/14 financial years respectively.

Excluding SAGAS, the sector's combined resource requirements are estimated at KSh. 86,467 million, KSh. 78, 127 million, and KSh. 87,262 million in 2011/12, 2012/13 and 2013/14 financial years respectively. Over the same period, proposed sector allocations are projected at KSh. 53,969 million, KSh. 67,404 million, and KSh. 75,879 million respectively. Proposed allocations will therefore fall short of requirement and the sector should brace itself for hard budget period. Similar shortfall will also be experienced in the SAGAS within the sector.

Most of the projected resources will be allocated for recurrent purposes. In the recurrent vote, Current Transfer to Government Agencies will consume most resources and its allocation is projected at KSh. 11,461million, KSh. 14,314 million and KSh. 16,113 million in 2011/12, 2012/13 and 2013/14 financial years respectively. Second in consumption of recurrent resources will be the Use of Goods and Service whose proposed allocations are projected at KSh. 8,806 million, KSh. 10,998 million, and KSh.

12,380 million for the same period respectively. These proposed allocations will fall short of requirements.

In development vote, Capital Transfer to Government Agencies will lead followed by the Acquisition of non Financial Assets. The former's resource allocation is projected at KSh. 23,090 million, KSh. 28,838 million, and KSh. 32,464 in 2011/12, 2012/13 and 2013/14 respectively. The latter's proposed allocations are projected at KSh. 7,172 million, 8,957 million and KSh. 10,084 million respectively for the same period. The proposed resource allocations for development will also fall short of requirements and will constrain the sector's development initiatives.

The implementation of the past budgets faced some challenges and which will spill over in the new budget period. These are declining sector and sub sector budget, declining resources amid increasing public expectations, maintenance of stable macro economic environment, implementation of Public Sector reforms, automation of devolved levels (budget) and mobilization of adequate resources.

The budgets for the coming years will also fund the implementation of the new Constitution guided by the Fiscal management Act, 2009 which was enacted recently. In view of the foregoing, it is recommended that the sector

- Strongly lobbies Treasury to increase the sector ceiling for both recurrent and development.
- Develops innovative ways of sustaining service delivery in the light of declining budget
- Continues to implement and deepen Public Service reforms to improve service delivery and productivity of public resources.
- Hastens Public Financial management reforms to improve uptake of Information Communication and Technology and related service delivery.
- Institutionalizes M& E capacity to monitor implementation of the budget and its projects for improved accountability

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## **CHAPTER ONE**

### **1.1 Background**

The Public Administration Sector is one of the ten MTEF budget sectors. It comprises the Presidency and Cabinet Affairs Office, State House, Office of the Prime Minister, Ministry of Foreign Affairs, Office of the Prime Minister and Ministries of State for Planning, National Development and Vision 2030, State for Public Service, Office of the Deputy Prime Minister and Ministry of Finance and the Public Service Commission of Kenya. 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, cooperations and resource mobilization.

The MTEF budget period 2011/12 – 2013/14 is critical as it coincides with the initial phase of implementation and operationalization of the new Constitution. Consequently, the sector will provide policy and leadership direction in the actualization of the new supreme law of the land. In addition, it will mobilize resources to fund the new government structures and facilitate implementation of Vision 2030.

Over the medium term, the sector will continue to guide other sectors of the MTEF in prioritization of government activities, resource allocation and management as well as overseeing the implementation, monitoring and evaluation of the public funded programmes countrywide.

Presently, the sector has identified 13 programmes, aligned to the Kenya Vision 2030 and its first Medium Term Plan 2008 – 2012, for implementation during the 2011/12 – 2013/14 MTEF period. Besides implementing its own programmes and projects, the sector will also facilitate the implementation of the new Constitution in all the other MTEF sectors. The full implementation of the new constitution, the country is expected to improve the business environment for the private sector which drives the economy. The implementation of the new Constitution will also expand the scope of peoples freedoms, Rights and ensure better service delivery in all parts of the country.

### **1.2 Sector Vision and Mission**

#### **1.2.1 Vision Statement**

A leading sector in public policy formulation, implementation, coordination, supervision and prudent resource management

#### **1.2.2 Mission Statement**

To provide overall leadership and policy direction in resource mobilization and management for quality public service delivery.

### **1.3 Sector goals**

The goals of the Public Administration sector are 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 socio-economic development;
- Articulate and implement Kenya's foreign policy for national development;
- Promote policy formulation, implementation, monitoring and evaluation;
- Promote efficient and effective human resource management and development for improved Public Service delivery; and
- Promote Public Service integrity.

### **1.4 Strategic Objectives of the Sector**

- To facilitate and ensure the implementation of the new Constitution;
- To provide strategic policy and leadership direction for socio economic development;
- To protect Kenya's sovereignty and integrity, project its positive image and exert its influence in the regional and international arena for socio-economic development;
- To ensure continuous recruitment, development and retention of suitable human resource and application of best practices in the management of the Public Service for improved performance;
- To facilitate creation of Government structures and institutional frameworks for optimal Public Service performance to reflect the new political dispensation;
- To strengthen public policy formulation, planning, coordination, implementation, monitoring and evaluation;
- To promote macroeconomic stability, sound management of public finances and assets and provision of conducive business environment;

- To mainstream MDGs into the nation’s policy, planning and budgetary process.

## **1.5 Sub Sector Visions, Missions, Mandates and Strategic Objectives**

### **1.5.1 The Presidency and Cabinet Affairs Office**

#### **1.5.1.1 Vision Statement**

A competent Public Service for a competitive and prosperous Kenya

#### **1.5.1.2 Mission Statement**

To Provide overall strategic policy leadership and direction for quality public service delivery for prosperity of Kenyans.

#### **1.5.1.3 Mandate**

Organization and facilitation of the Government business.

#### **1.5.1.4 Strategic Objectives**

- To facilitate the establishment of Government structures and institutional framework that are responsive to the aspirations of Kenyans and in line with Kenya Vision 2030;
- To ensure optimal public service performance for national development;
- To enhance and consolidate nationhood and unity of purpose;
- To facilitate establishment of appropriate framework for the expansion of the economy in line with Kenya Vision 2030.

### **1.5.2. Ministry of Foreign Affairs**

#### **1.5.2.1 Vision Statement**

A peaceful and prosperous Kenya effectively contributing to the realization of a stable continent and better international understanding.

#### **1.5.2.2 Mission**

To advance Kenya’s interests, through innovative diplomacy

#### **1.5.2.3 Mandate**

To formulate, articulate and implement Kenya's Foreign policy.

#### **1.5.2.4 Strategic Objectives**

- To Promote regional integration and cooperation;
- To enhance regional peace and security;
- To advance economic prosperity of Kenya;
- To protect Kenya's sovereignty and territorial integrity;
- To promote international cooperation and multilateralism;
- To project Kenya's image and prestige;
- To promote the interests of Kenyans abroad;
- To promote operational efficiency and capacity.

### **1.5.3 Planning, National Development and Vision 2030**

#### **1.5.3.1 Vision Statement**

“To be a centre of excellence in planning for a globally competitive and prosperous nation with a high quality of life for all Kenyans”

#### **1.5.3.2 Mission Statement**

To provide effective leadership and coordination in planning, policy formulation and tracking results for a globally competitive and prosperous nation”.

#### **1.5.3.3 Mandate**

To facilitate and coordinate the national development planning process and to provide leadership in national economic policy management.

#### **1.5.3.4 Strategic Objectives**

- To coordinate planning, policy formulation and monitoring and evaluation;
- To coordinate and track the implementation of Kenya Vision 2030 and its first Medium Term Plan, 2008-2012;
- To strengthen the Human Resource Capacity and improve the ministerial working environment;
- To enhance the visibility of the ministry's programmes;

- To leverage on the Information, Communication Technologies (ICTs);
- To strengthen the linkages between policy, planning and budgeting at the national and district levels;
- To strengthen co-operation with regional and international Economic Institutions and bodies;

#### **1.5.4 Ministry of State for Public Service**

##### **1.5.4.1 Vision Statement**

“To be a leading agency of excellence in Human Resource Management and Development”.

##### **1.5.4.2 Mission Statement**

Provide policy direction in human resource management and development; advise on appropriate organization structures; and initiate and coordinate human resource reforms to improve service delivery in the Public Service for sustainable socio- economic development in Kenya”.

##### **1.5.4.3 Mandate**

To provide strategic leadership and guidance to the Public Service on Human Resource Management and development

##### **1.5.4.4 Strategic Objectives**

- To review the existing human resource management and development policies, rules, regulations and procedures;
- To harmonize and improve the terms and conditions of service in the public service;
- To provide advice on effective organizational systems;
- To develop and harmonize clear career guidelines in the public service;
- To institute a competitive and harmonized remuneration system to ensure regular review of remuneration and other terms and conditions of service in the public service;
- To build and develop the human resource capacity in public service.

#### **1.5.5 Ministry of Finance**

### **1.5.5.1 Vision Statement**

“A world-class institution in economic and financial management”.

### **1.5.5.2 Mission Statement**

To create an enabling environment for accelerated and sustained economic growth through pursuit of prudent economic, fiscal and monetary policies and coordination of government financial operations.

### **1.5.5.3 Mandate**

Development of economic, fiscal and monetary policies and coordination of Government financial operations.

### **1.5.5.4 Strategic Objectives**

- To ensure macroeconomic stability in the country;
- To mobilize and ensure prudent management of public financial resources;
- To safeguard government property and assets;
- To increase the reliability, stability and soundness of the financial sector;
- To promote and sustain competition and to create an enabling environment for private sector;
- To promote and sustain retirement benefit schemes, increase pension coverage to 60 percent of the labour force and increase insurance coverage;
- To effectively manage government enterprises.

## **1.5.6 State House**

### **1.5.6.1 Vision Statement**

“To be an institution of Honour and Excellence for a Democratic and prosperous Nation”

### **1.5.6.2 Mission Statement**

To provide timely and quality services to the Presidency through efficient utilization of resources for the fulfillment of the Presidential mandate

### **1.5.6.3 Mandate**

To provide secure and conducive environment necessary for the Presidency in the overall policy direction and leadership to the country.

#### **1.5.6.4 Strategic Objectives**

- To ensure, sustain and secure hospitable State Houses and Lodges
- To improve coordination and planning of Presidential and State functions.

### **1.5.7 Public Service Commission of Kenya**

#### **1.5.7.1 Vision Statement**

“To be a world class constitutional body in the provision of a globally competitive human resource that serves the needs of Kenyans”.

#### **1.5.7.2 Mission statement**

To enhance excellence in public service delivery by providing the required human resource in the most effective manner

#### **1.5.7.3 Mandate**

To manage the entry, stay and exit of human resources in civil service and local authorities as provided for in the constitution of Kenya.

#### **1.5.7.4 Strategic Objectives**

- To mainstream gender issues and concerns of the vulnerable groups in the discharge of the Commission’s mandate;
- To address human resource requirements in the public service for the implementation of Vision 2030;
- To protect the rights of public officers and enhance justice and fairness in the public service;
- To harness science, technology and innovations for effective and efficient service delivery;
- To continuously improve the work environment;
- To strengthen the Commission’s human resource capacity to deliver on its mandate;

- To enhance professionalism and relevance in the Commission’s administered examinations.

## **1.5.8 Office of the Prime Minister**

### **1.5.8.1 Vision Statement**

“A goal driven and responsive Government trusted by its citizens”

### **1.5.8.2 Mission Statement**

To lead a transformative Government for prosperity, unity and fairness

### **1.5.8.3 The Mandate**

Co-ordination and supervision of the execution of the functions and affairs of the government, including those of ministries and chairing of Cabinet Committees.

### **1.5.8.4 Strategic Objectives**

- To ensure citizen centered and linked-up policy development and implementation;
- To engender a new culture of priority setting and relentless focus on the national initiatives;
- To enable a new system-wide focus to deliver policies and priorities;
- To modernize Government through public service reform;
- To undertake organizational restructuring and development.

## **1.6: Autonomous and Semi-Autonomous Government Agencies (SAGAs)**

The following matrix shows the Semi Autonomous Government Agencies (SAGAS) in the sector.

Sub-Sector	Name of Autonomous/Semi-Autonomous Government Agencies
Ministry of Planning , National Development and Vision 2030	The Kenya National Bureau of Statistics (KNBS)
	Kenya Institute of Public Policy Research and Analysis (KIIPRA)
	Community Development Trust Fund (CDTF)
	Poverty Eradication Commission
	New Partnership for Africa’s Development (NEPAD) Secretariat
	Constituency Development Fund (CDF) Board
	Vision 2030 Delivery Secretariat
	National Coordinating Agency for Population and Development (NCAPD)
Ministry of State for Public Service	Kenya Institute of Administration

Ministry of Finance	Central Bank of Kenya (CBK)*
	Capital Market Authority (CMA)*
	Retirement Benefit Authority (RBA)*

Sub-Sector	Name of Autonomous/Semi-Autonomous Government Agencies
Ministry of Finance	Kenya Revenue Authority (KRA)
	Insurance Regulatory Authority (IRA) *
	Kenya Investment Authority
	Public Procurement and Oversight Authority (PPOA).
	Privatization Commission
	Kenya Institute of Supplies Management
	State Corporations Appeals Tribunal

\* Autonomous body under Ministry of Finance but does not receive funding from sector

### 1.7 Role of sector Stakeholders

The following matrix lists Key stakeholders and their role in the execution of the sector's mandate.

#### Key stakeholders and their roles:

Stakeholder	Interest in MTEF Budget	Outcome/Output
Staff	<ul style="list-style-type: none"> <li>Appropriation of funds for service delivery and implementation of Programmes / Projects on the Government policy</li> <li>Employee development and welfare</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced service delivery</li> <li>Enhanced Coordination of govt. Ministries/Dept/agencies</li> <li>Enhanced staff welfare</li> </ul>
Line Ministries/Depts.	<ul style="list-style-type: none"> <li>Provision of overall policy and leadership direction.</li> <li>Budgetary allocation, release and financial advice.</li> <li>National economic policy management.</li> <li>Facilitate, uphold and implement links with the rest of the world</li> </ul>	<ul style="list-style-type: none"> <li>Better decision making/governance</li> <li>Better service delivery</li> <li>Stable macro economic environment</li> <li>Better bilateral and multilateral partnerships</li> </ul>
Development Partners	<ul style="list-style-type: none"> <li>Open budget formulation process.</li> <li>Accountable expending of budget for realization of set objectives</li> <li>National economic policy management</li> </ul>	<ul style="list-style-type: none"> <li>Transparent budget process</li> <li>Improved accountability for resources provided and service delivery.</li> <li>Stable macroeconomic environment</li> </ul>
The Citizens and	<ul style="list-style-type: none"> <li>Provision of leadership and direction</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable development and</li> </ul>

Civil Society	<ul style="list-style-type: none"> <li>• Provision of better services.</li> <li>• Better fiscal management of the economy</li> <li>• Equity in resource allocation</li> <li>• National economic policy management</li> </ul>	<p>improved citizen welfare</p> <ul style="list-style-type: none"> <li>• Economic growth and development</li> <li>• Enhanced public sector performance and service delivery.</li> <li>• Balanced development.</li> <li>• Stable macroeconomic environment</li> </ul>
Parliament	<ul style="list-style-type: none"> <li>• Open and participatory budget formulation process.</li> <li>• Oversight over budget expending.</li> <li>• Appropriation approval</li> <li>• National economic and social policy management</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent budget.</li> <li>• Reduced resource wastage</li> <li>• Equitable resource distribution</li> <li>• Stable macroeconomic environment</li> </ul>

<b>Stakeholder</b>	<b>Interest in MTEF Budget</b>	<b>Outcome/Output</b>
Private Sector	<ul style="list-style-type: none"> <li>• Timely payment for goods and services supplied</li> <li>• Conducive business environment and infrastructure</li> <li>• Open business transactions</li> <li>• Enhanced public private partnership</li> <li>• Development of private sector friendly policies</li> <li>• National economic policy management</li> </ul>	<ul style="list-style-type: none"> <li>• Better service delivery</li> <li>• Conducive and competitive business environment</li> <li>• Enhanced private sector participation in public affairs</li> <li>• Stable macroeconomic environment</li> </ul>
Trade Unions	<ul style="list-style-type: none"> <li>• Resource allocation for enhanced workers welfare</li> <li>• National economic policy management</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced morale and productivity</li> <li>• Stable macroeconomic environment</li> </ul>

## **CHAPTER TWO**

### **PERFORMANCE AND ACHIEVEMENTS OF THE SECTOR AND SUB-SECTOR.**

#### **2.0 Introduction**

This chapter provides an overview of performance of the sector programmes over 2007/08 -2009/10 period. It highlights programmes implemented, their outputs, outcomes and their associated key performance indicators and further analyzes expenditures on the programmes for the review period.

#### **2.1 Progress in the implementation of programmes**

The sector made remarkable progress in the implementation of its programmes, the highlights of which are outlined by programmes as follows:

##### **2.1.1. Programme 1: Public Financial Management Programme**

This programme entailed mobilization of both domestic and external resources for national development. It aimed at increasing revenue collection, enhancing external resources and their management as well as enhancing Programme Based Budgeting in consistency with Fiscal Management Act, 2009.

It continued to implement the cash management programme with the view of ensuring regular flow of financial resources to line Ministries. Other activities supported under the programme include support to timely production of the annual Appropriation Accounts and Risk Based Audit. Arising from the programme, Ministerial and State Corporations Audit Committees were created for overseeing public expenditures and implementation of the Public Procurement and Disposal Act, 2003.

##### **2.1.2. Programme 2.0: Development and Stabilization of the Financial Sector**

The programme spearheaded the Financial Sector and business licensing reforms. During the review period, Asset Backed Securities regulations were gazetted with the objective of deepening and broadening the capital markets. Capital Market regulations were also amended while the Micro Finance Act was commenced by issuing supporting regulations. A total of 1,325 licenses were also reviewed of which 315 were eliminated while other 379 were simplified. This endeavour will improve the business environment in the country and thus make Kenya a preferred investment destination.

### **2.1.3. Programme 3.0: Promotion of Investment, Private Enterprise and Competition**

Resources allocated to this programme facilitated investigations on six restrictive trade practices among Kenol /Kobil and Kenya petroleum Refineries, KERUSS and Green Fedha Ltd (KTDA subsidiary), Softa and Coca Cola, Cereals Millers Association and Monopolies and Prices Commission, AIG and Association of Kenya Insurers, Kenya Association of Transporters and International Air Travel Association (IATA) and East African Key Traders and City Armsco Ltd.

Mergers and takeovers were also approved for SafariCom and packet stream data networks, E.A magazine and Media 24 ltd, Standards Chartered bank and Barclays bank Custodial Services, Equatorial bank and Southern Credit Bank, Faulu Advisory Services and Trustmark Insurance Brokers, and Diagnostic imaging centre, Diagnostic Clinic and Aga Khan Hospital.

### **2.1.4 Programme 4.0: Formulation and Articulation of Kenya's Foreign Policy**

The sector continued to implement Kenya's Foreign policy. This initiative resulted in the development of Kenya's Foreign policy, strengthening and expansion of bilateral ties as well as the opening of new missions/consulates in Kuwait, Dublin, Seoul, Madrid, and Bujumbura. The Ministry successfully lobbied for Kenya's candidature to policy organs of international organizations including membership to International Maritime Organization, Presidency of the high level South - South Cooperation, Vice Chair of AU Peace and Security Council and the Vice Chair of World Tourism Organization in Geneva.

Property was acquired in missions whereby a Chancery building was purchased in Brussels while ambassadors' residences were purchased in Tokyo and Beijing. Construction of the Chancery and High Commissioner's Residence in Dar- es- Salaam commenced. Further, refurbishment of Government owned properties commenced in Windhoek, New York, Washington, London, Kinshasa, Lusaka, Paris, Brussels, Beijing, Rome, Kampala, and The Hague.

### **2.1.5 Programme 5.0: Human Resource Management and Development**

The Government through the programme recruited, developed and retained qualified staff in the Public Service. Some of the outcomes of this initiative include the on-line recruitment and selection in the public, continuous capacity building and review of Schemes of Service and regulations for central Government and local authorities. Schemes of Service reviewed over the period include those of the Local Authorities, Prisons, Police and the Pensions Department. Affirmative action was also implemented over the period.

#### **2.1.6 Programme 6.0: Cabinet Services Programme.**

This sector facilitated Presidential Commissions of Inquiry, Tribunals and Taskforces during the review period. These Commissions/Tribunals/Taskforces include the Kriegler Commission, Waki Commission, the Kiruki Commission, Tribunal on the Court of Appeal and Puisne Judges, and the Task Force on the Delineation of Kenya's Outer Continental Shelf. The Commissions/Tribunals/Taskforce have completed their assignments and submitted reports to the government and are at various stages of implementation. Resources allocated under the programme were also spent on engaging a foreign Public Relations Consultant to improve the country's image abroad. There are positive indications that the Country's image is improving as evidenced by the increasing number of tourist and the recent upgrade of its credit rating to B+. Some of the programmes resources were applied in fostering Kenya Southern Sudan social-economic partnership. More Kenyans are now trading with Southern Sudan while others have established businesses there.

#### **2.1.7 Programme 7.0: Public Sector Advisory Services**

The programme entails provision of evidence based advice to the public sector. During the review period key policies were nurtured and launched such as the Vision 2030, Nairobi Metropolitan development Ministry and the 24 hour economy among others. A state corporations reform strategy was also developed and launched and is under implementation.

#### **2.1.8 Programme 8.0: Public Service Reforms**

The 2007/08-2009/10 period witnessed the deepening of Public Service Reforms. Some of the reforms institutionalized include the Integrated Payroll and Personnel Database (IPPD) that was rolled out to all Ministries and Nairobi City Council. The Teachers Service Commission also rolled out the Computerized Registry Management Information System (RMIS) to Ministries. Performance Appraisal System (PAS) was also rolled out during the period while the implementation of the succession management strategy was commenced. A Human Resource Policy was also developed and a Civil Service payroll Audit was initiated among others.

#### **2.1.9 Programme 9.0: Increased capacity utilization in Government Training Institutes (GTIs)**

The Government Training Institutes (GTIs) introduced a certificate level course for senior management to facilitate their career progression in the service courses. A modern 42 capacity hostel was also constructed in Baringo GTI to accommodate senior staff while other existing buildings were refurbished.

#### **2.1.10 Central Kenya Dry Areas Smallholders and Community Services Project (CKDAP)**

The Central Kenya Dry Area Project is an IFAD/GOK funded project which was initiated in July 2001 to December 2007 with an extension of two years till 2010 covering the vulnerable households in the designated dry marginal areas of Nyeri, Kirinyaga, Thika, Nyandarua and Maragua. The aim of the project includes reducing poverty and vulnerability to disease and hunger among households in the project area. This is an integrated project with six components; primary health care, domestic water supply, and water development and technical services. Other components include agricultural extension services, group development services, and the project management unit.

The project targets groups that are exposed to constant threat of hunger and malnutrition, lack of basic facilities in health, safe drinking water, lack of incoming earning opportunities and face the high risk of various types of diseases. To this end, several health facilities and water supply schemes have been constructed or rehabilitated . Improved livestock breeds and agricultural extension services have also been provided. The project commitment is US\$ 18 million (Kshs. 1,421, 864,999) and it is at its final year of implementation. At the closer of the 2009/10 financial year, a total of Ksh 985, 467,049 accounting for 69% of the project cost had been disbursed.

#### **2.1.11 Millennium Development Goals Initiatives (MDGs)**

This subprogram aims to mainstream MDGs into the country's development process. It specifically seeks to put the internationally accepted MDGs at the center of policy, planning and budgeting in all government Ministries, Departments and Agencies. The project's phase 1 came to an end in 2009 where 2.08 Million Euros had been committed. Phase 2 of the project will commence in 2011 and the Government of Finland has earmarked 6.345 Million Euros. This project is expected to undertake the Mainstreaming activities both at nationally and Sub-National Levels between 2010 to 2013 period.

#### **2.1.12 Southern Nyanza Community Development Project (SNCDP)**

This is a collaborative effort to reduce poverty and improve livelihoods of Communities by IFAD, the Government of Kenya and beneficiary communities in 54 planning areas with a population of about 250,000 people. The project is being implemented in seven districts of Southern Nyanza including Homa Bay, Ndhiwa, Kuria West, and Nyatike. Other project districts include, Nyamira North, Rachuonyo North and Suba. This is a seven year project covering the period 2004-2012 at a cost of Kshs. 1.42 billion initially but was granted an additional loan of Ksh. USD 5.8 million.

The Project was designed to address frequent food shortages, lack of access to portable water and proper sanitation, heavy disease burden, including malaria, diarrhea, and HIV/AIDS all leading to high incidences of poverty. This is an integrated project with six components, namely; - community empowerment, primary health care, domestic water supply, agriculture and livestock, rural finance and project management. To date total project disbursement stands at 81% of which Ksh. 198,984,210 was for the financial year 2009/10.

Notable achievements for the project include, enhanced capacity of the relevant government services, empowerment of the local communities, improved primary health care, sanitation and general hygiene, access to safe water for domestic use, increased uptake and yields from traditional drought resistant food crops, improved livestock productivity and enhanced savings culture and access to rural credit.

### **2.1.13 Community Empowerment and Institutional Support Programme**

This 5-year ADB funded Community Empowerment and Institutional Support Project covers 107 districts. It aims at empowering the poor communities to access socio-economic services, reducing poverty and improving the management of local economic development. Part of the total project cost of Kshs 2.0 Billion will be applied on rehabilitation and construction of 107 district information and documentation centres.

### **2.1.14 Community Development Programme (CDP)**

This is a joint programme between the EU and the GOK which provides funds for development initiatives in water sanitation, health, rural electrification, agriculture, education and environment. Out of the 179 projects it has been implementing, 162 were complete by the end of 2009/10 financial year.

### **2.1.15 Community Development for Environmental Management (CDEMP)**

This is a four-year programme commencing in 1<sup>st</sup> April 2006 running till 30<sup>th</sup> June 2010, funded by the EEC at a cost of Kshs. 456,062,574.30. It is a flexible, demand-driven funding mechanism that provides financial and technical assistance to sound environmental management and poverty reduction initiatives in priority ecosystems, habitats and urban areas in Kenya. The Facility is aimed at reinforcing the capacity of communities to integrate environmental concerns into the development process through their empowerment to identify and manage environmental initiatives supported by direct financing through a Community Environmental Grant Scheme.

The Programme aims at reducing poverty through enhanced environmental conservation by:

Promoting initiatives that integrate sound environmental management practices into the national and local development agenda.

Developing capacities of local and national level stakeholders to engage in effective management of the natural resource base.

Supporting community driven initiatives that reduce poverty while promoting sound environmental management.

Supporting initiatives that reduce conflicts and threats to the environment.

As at 30<sup>th</sup> June 2010, Kshs. 429,429,616.70 of the total committed funds, had been disbursed to projects.

### **2.1.16 Environmental Programme Support (EPS)**

The EPS is a five year programme jointly funded by the governments of Denmark and Sweden at a cost of US\$ 27 million. The programme objective is: ‘Sustainable Environmental Management in Support of improved Livelihoods in Kenya’ and is being implemented through three separate but interlinked components:

- Policy Development (MENR)
- Strategic Management (NEMA)
- Community and Civil Society (CDTF)

A total of Kshs. 489,203,678 was committed for disbursement to approved projects. As at 30<sup>th</sup> June 2010, Kshs. 402,727,929.50 of the total committed funds, had been disbursed to projects. The funds were committed to the following projects:

- Kshs. 302,213,509.50 was committed for community environmental projects, of which Kshs. 245,548,103 was disbursed to approved projects as at 30<sup>th</sup> June 2010.
- Kshs. 156,991,168.50 was committed to Advocacy and awareness projects. As at 30<sup>th</sup> June 2010, Kshs. 134,777,787.50 of the total commitment had been disbursed to approved projects.
- Kshs. 29,999,000 was committed to Post Election Conflict Projects. As at June 30<sup>th</sup> 2010, Kshs. 22,402,039 had been disbursed to approve projects.

### **2.1.17 Management of State Affairs.**

State House undertook the refurbishment and improvement of Sagana, Eldoret and Kakamega State Lodges and the work is 98% complete. The refurbishment of State House, Mombasa has been completed.

## **2.2 Key Indicators of Sector and sub sector performance**

The following matrix shows the sector’s programmes, outputs/outcomes and their performance indicators.

### **Key Indicators of Sector and sub sector performance**

<b>Function/ Objective</b>	<b>Outputs/ Outcomes</b>	<b>Performance Indicator</b>
Formulation and Implementation of Fiscal Policies in collaboration	<ul style="list-style-type: none"> <li>• Fiscal policies</li> <li>• Strengthening of tax administration</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of revenue collected to GDP</li> <li>• Publication of Fiscal Strategy</li> </ul>

<b>Function/ Objective</b>	<b>Outputs/ Outcomes</b>	<b>Performance Indicator</b>
with KRA		Paper
Formulation and Implementation of Monetary Policies in collaboration with CBK	<ul style="list-style-type: none"> <li>• Financial sector policy</li> <li>• Enhanced stability in the banking sector</li> </ul>	<ul style="list-style-type: none"> <li>• Annual rate of inflation</li> <li>• Adoption of E-Services.</li> <li>• Growth rate in banking sector.</li> <li>• The Anti money Laundering Act.</li> <li>• The Credit Reference Bureau Regulations gazetted.</li> <li>• Level of nonperforming loans</li> </ul>
Preparation and Presentation of Annual and Supplementary estimates of revenue and expenditure to Parliament	<ul style="list-style-type: none"> <li>• Annual printed estimates</li> <li>• Supplementary estimates</li> </ul>	<ul style="list-style-type: none"> <li>• Budget</li> <li>• Annual/Supplementary Estimates</li> </ul>
Ensuring timely flow of budgetary resources from the exchequer to various Government Ministries/ Departments	<ul style="list-style-type: none"> <li>• Timely release of funds to Ministries/ Departments</li> </ul>	<ul style="list-style-type: none"> <li>• Level of resources disbursed to Ministries</li> <li>• Timeliness in resource disbursement</li> </ul>
Enforcement of financial discipline in the public sector	Improved controls and better public resource management	Level of pending bills
Ensuring proper management, control, accounting and auditing of public funds	<ul style="list-style-type: none"> <li>• Controls and procedures in place</li> <li>• Effective financial systems</li> <li>• Effective financial regulations</li> </ul>	No. Of audit queries
Financial performance and impact analysis	<ul style="list-style-type: none"> <li>• M&amp;E system in place</li> <li>• Budget outturn</li> </ul>	Monitoring and evaluation reports
Ensuring safe custody of public assets	<ul style="list-style-type: none"> <li>• Records register in place</li> </ul>	<ul style="list-style-type: none"> <li>• Properties Unit set up</li> <li>• Bench marking study report</li> <li>• Draft circular on assets Management prepared</li> </ul>
Ensuring transparent and accountable disposal of identified public enterprises and surplus and unserviceable stores, vehicles, plant and equipment	<ul style="list-style-type: none"> <li>• Public enterprises privatized or being prepared for privatization</li> <li>• Improvement of the public procurement system</li> <li>• Efficient procurement</li> </ul>	<ul style="list-style-type: none"> <li>• The privatization commission in place</li> <li>• Various proposals to privatize public enterprises were forwarded for approval.</li> <li>• Public Procurement Oversight Authority in place</li> </ul>

<b>Function/ Objective</b>	<b>Outputs/ Outcomes</b>	<b>Performance Indicator</b>
Processing and payment of pension claims in the public service	Improved service delivery to pensioners	Reduced delays and backlog
Ensure timely clearance and distribution of all imported government goods	Prompt Clearance of imported public goods	Clearing time.
Encourage public private (PPP) sector partnerships	Enhanced partnership	PPP guidelines in place
Coordination of district planning	<ul style="list-style-type: none"> <li>• Operational 2008-12 Medium Term District plans</li> <li>• Enhanced capacity of District Planning Offices</li> </ul>	<ul style="list-style-type: none"> <li>• Level of implementation of district plans</li> <li>• No of economists recruited and deployed</li> <li>• No of short term trainings DDOs</li> <li>• No of DFOAs deployed</li> </ul>
	Revised DFRD Strategy and Bill	<ul style="list-style-type: none"> <li>• Revised DFRD Strategy</li> <li>• Draft DFRD Bill</li> <li>• Draft Constituency Resource Management Framework</li> </ul>
Housing of the DDOs and DIDCs and Safe guarding of government assets.	DDOs Offices constructed (7) DIDCS/DDOs Offices rehabilitated (12)	<ul style="list-style-type: none"> <li>• No of offices</li> <li>• No of offices rehabilitated</li> </ul>
Facilitate the implementation of CDF activities	Increased uptake of CDF funds	<ul style="list-style-type: none"> <li>• Level of disbursement</li> <li>• No of projects undertaken and completed</li> </ul>
Facilitate, monitor and evaluate the MDGS projects	Mainstreamed MDGs in Planning , budgeting and Policy	<ul style="list-style-type: none"> <li>• Level of mainstreaming of MDGs in public sector</li> <li>• Level of achievement of MDG goals</li> </ul>
Provide advisory and guidance services in Poverty alleviation initiatives	Poverty alleviation interventions in place	<ul style="list-style-type: none"> <li>• No of Revolving Loan Schemes up scaled and institutionalized</li> <li>• No of District Poverty Eradication Committees (DPECs) trained</li> <li>• No of forums held to coordinate stakeholders on resource mobilization</li> <li>• The World Anti-Poverty day celebrated and a report done</li> </ul>
Coordinate, facilitate and manage Community	Improved livelihoods in project areas	<ul style="list-style-type: none"> <li>• Annual progress reports for project areas</li> </ul>

<b>Function/ Objective</b>	<b>Outputs/ Outcomes</b>	<b>Performance Indicator</b>
Development Programmes		<ul style="list-style-type: none"> <li>Level of accomplishment of project/ programme objectives</li> </ul>
Receive and evaluate project proposals and fund community projects by the CDTF PMU/BOARD.	CDTF projects portfolio	Project reports Completion rates. No and type of projects funded
Promote regional and international economic Partnerships.	Improved trade, bilateral and regional cooperation.	No of Trade, bilateral and regional pacts entered
Promote NEPAD initiative	Integration of NEPAD initiative in the Country's planning, political and budget process NEPAD Peer review reports	<ul style="list-style-type: none"> <li>Annual Progress Reports</li> <li>Level of accomplishment of NEPAD goals</li> <li>Peer review Reports</li> <li>Country Review Reports</li> </ul>
Coordinate formulation of Economic policy.	Improved policy formulation and coordination	<ul style="list-style-type: none"> <li>Economic and other policies in place</li> <li>Social budgeting initiatives up scaled in three districts</li> <li>Hold one sensitization workshop on knowledge management Africa (KMA) to stakeholders and Ministry staff.</li> </ul>
Mainstream population in policy and planning	Sustainable and viable population policy Improved population management	Annual population growth % of expectant mothers accessing safe motherhood services
Formulation and articulation of Kenya's Foreign Policy	Expanded diplomatic representation	No. of new Missions/Consulates opened
	Enhanced and strengthened bilateral relations	No. of Joint Commissions for Co-operation (JCC) launched or Convened.
	Expanded engagement with new and traditional FDI and ODA sources	<ul style="list-style-type: none"> <li>No. of investment and assistance agreements initiated or concluded</li> <li>Level of FDI flows</li> </ul>
	Kenya's increased visibility in International Organizations	No. of positions lobbied for and or secured for Kenyan's
	Development of the Kenya's Foreign Policy	Operational draft Foreign Policy in place
	Mainstreaming the Diaspora into national development	Adopted Draft Sessional Paper on Diaspora in place
Facilitate conducive accommodation of Kenyan	<ul style="list-style-type: none"> <li>Improved embassy/ consulate premises</li> </ul>	<ul style="list-style-type: none"> <li>Number of refurbished properties in Missions and</li> </ul>

<b>Function/ Objective</b>	<b>Outputs/ Outcomes</b>	<b>Performance Indicator</b>
diplomats	<ul style="list-style-type: none"> <li>Increased ownership of property in Missions</li> </ul>	Ministry headquarters. <ul style="list-style-type: none"> <li>Number of Chanceries/ official Residences acquired/constructed in Missions</li> <li>Operational Asset policy in place</li> </ul>
Provide direction on coalition and public Policy Coordination Services	Partial recovery and rehabilitation of Mau Forest	<ul style="list-style-type: none"> <li>Acres of recovered land/forest</li> <li>Acres of forest rehabilitated</li> </ul>
	Gainful employment among Youth due to Kazi Kwa Vijana programme	No. of Youths engaged
	Operational Crisis Response Centre (CRC)	CRC established and operational
	Taskforce on accelerated development of Green Energy	Task force established and operational
Entrench Results Based Management in Public Service	Ongoing RRIs in MDAs	No. of RRIs launched in MDA's
	To carry out continuous and capability reviews in 28 MDAs	Capability reviews undertaken in 28 MDAs
	Entrenched Transformative Leadership	Draft Transformative Leadership Strategy developed
	Draft Public Private Sector Stakeholder Partnership (PSSP) Policy	<ul style="list-style-type: none"> <li>Draft PSSP Policy in place</li> <li>Stakeholder forums held</li> </ul>
	On going Performance Contracting in MDAs.	No and level of performance contracts among MDA's and tertiary institutions.
	Draft M&E policy for State Corporations	Draft policy on M&E for State corporations in place
Facilitate effective Recruitment, Selection and Exit in the public service	<ul style="list-style-type: none"> <li>Improved public Service delivery</li> <li>Reduced recruitment time</li> </ul>	<ul style="list-style-type: none"> <li>No and gender of recruited officers</li> <li>Time spent from placement of indent to recruitment</li> </ul>
Undertake Human Resource Audit	Human Audit reports	Human Resource Audits in place
Conduct Exams & Occupational Tests	<ul style="list-style-type: none"> <li>Timely release of Commission's administered exams</li> <li>Reviewed syllabi for Commission's administered examinations.</li> </ul>	<ul style="list-style-type: none"> <li>Time taken to process results.</li> <li>Reviewed syllabi for administrative officers and proficiency examinations for clerical officers</li> </ul>
Improvement of Infrastructure at State Houses and Lodges.	Improved infrastructure within State Houses and Lodges.	Number of facilities rehabilitated.

<b>Function/ Objective</b>	<b>Outputs/ Outcomes</b>	<b>Performance Indicator</b>
Improve Human Resource Management in the public service	<ul style="list-style-type: none"> <li>• Computerized registry management system in use.</li> <li>• Draft human resource strategy developed</li> <li>• Performance Appraisal System</li> </ul>	<ul style="list-style-type: none"> <li>• Computerized registry management system in place</li> <li>• HR strategy in place</li> <li>• Level of coverage and implementation of the Revised Performance Appraisal system</li> </ul>
Implement Training Policy	Training needs assessment report	Training needs assessment (TNA) reports
Provide HR Management Consultancy Services	Civil service payroll audit report	Civil service payroll audit report
	Frame work for development of schemes of service	Draft frame work for the development of schemes of service in place
Strengthened GTIs	New training course introduced at GTIs.	No. and type of courses introduced.
Organization of Government Business	<ul style="list-style-type: none"> <li>• Kriegler Commission Report and Recommendations</li> <li>• Waki Commission Report and recommendations</li> <li>• Task Force report on Delineation of Kenya's Outer Continental Shelf</li> <li>• Tribunal Reports on Court of Appeal/Puisne Judges</li> </ul>	<ul style="list-style-type: none"> <li>• No and type of reports and recommendations/findings</li> </ul>
National Economic and Social Advisory Services	Improved policy formulation and implementation	No. and type of evidence based policies recommended to Cabinet for approval
Promote Kenya Southern Sudan relations	<ul style="list-style-type: none"> <li>• Quarterly Monitoring reports and Associated recommendations on Comprehensive Peace Agreement</li> <li>• Increased trade between Kenya and Southern Sudan</li> </ul>	<ul style="list-style-type: none"> <li>• No. of reports and recommendations</li> <li>• Status of implementation of CPA</li> <li>• Volume of Trade between Kenya/Southern Sudan</li> </ul>

### 2.3 Expenditure analysis

This section analyzes the estimates and actual expenditures for each sub sector for both recurrent and development budgets 2007/08 – 2009/10.

### 2.3.1 Analysis of recurrent expenditure

Table 2.1 below outlines the sector's allocation and actual expenditures 2007/08 -2009/10 period. Both recurrent resource allocations and expenditures for the sector fluctuated during the review period. Recurrent allocations ranged from KSh. 28,918 million to KSh. 38,770 million while expenditures exhibited a similar trend as shown in Table 2.1 ranging from KSh. 27,227 million to KSh. 36,770 million.

**Table 2.1: Recurrent Expenditure by Sub-Sector (KSh. Million)**

Sub Sector	Approved Estimates			Actual Expenditure		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
State House	1,230	1,084	963	1,221	1,083	955
Office of the Prime Minister	244	1,066	1,554	219	1,034	1,544
Cabinet Office	1,535	1,221	1,086	1,477	1,152	916
Ministry of Finance	15,487	13,355	16,429	14,138	12,568	15,090
Ministry of Planning	1,893	2,755	9,174	1,798	2,672	9,052
Ministry of Foreign Affairs	6,820	7,826	7,729	6,238	7,397	7,192
Ministry of State for Public service	1,903	1,246	1,428	1,837	1,210	1,407
Public Service Commission	303	365	407	298	363	407
<b>Total</b>	<b>29,415</b>	<b>28,918</b>	<b>38,770</b>	<b>27,226</b>	<b>27,479</b>	<b>36,563</b>

Source: Printed Estimates and Annual Accounts

From the sub sector perspective, some Ministries experienced an upward recurrent resource allocation and expenditure trend. These are the Office of the Prime Minister, Ministry of Finance, Planning, Foreign Affairs and the Public Service Commission of Kenya as noted in Table 2.1. The notable increase in allocation and expenditures in the Ministry of Foreign Affairs between 2007/08 -2009/10 period is attributed to the recruitment of additional staff at various levels including over 200 Third Secretaries. The Ministry of Finance was the only sub-sector with the highest resource allocations and expenditures. Recurrent allocations for this sub sector ranged from KSh. 13,355 – KSh 16,429 million between 2007/08/2009/10 while expenditures ranged from KSh. 12,568 million to Kshs. 15,090 million for the same period as shown in Table 2.1.

Some sub sectors like the State House, Cabinet Office and Ministry of State for Public Service experienced reductions in both recurrent allocations and expenditures as shown

in Table 2.1. While reduced allocations for the sector are attributed to the state of the economy at the time, reduced expenditures are attributed to austerity measures in place, especially on discretionary expenditures, IFMIS failures, shelving of the succession management plan in Ministry of Finance, the late approval of the Revised Budget in 2007/08 as well as resource constraints following the aftermath of the post election violence.

### 2.3.2 Analysis of Development expenditure

The following section analyzes the sector's development allocations and expenditures as shown in Table 2.2.

**Table 2.2: Development Expenditure by Sub-Sector (KShs. Million)**

Sub Sector	Approved Estimates			Actual Expenditure		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
State House	189	222	329	185	132	325
Office of the Prime Minister	184	77	392	31	209	340
Cabinet Office	100	2,947	1,455	266	1,564	1,235
Ministry of Finance	63,074	14,379	14,363	59,498	9,915	10,504
Ministry of Planning	2,381	13,007	16,008	1,424	12,220	14,694
Ministry of Foreign Affairs	979	1,818	855	823	1,611	495
Ministry of State for Public service	359	323	442	400	322	382
Public Service Commission	0	0	0	0	0	0
<b>Total</b>	<b>67,266</b>	<b>32,773</b>	<b>33,844</b>	<b>62,627</b>	<b>25,973</b>	<b>27,975</b>

Source: Printed Estimates and Annual Accounts

Generally, the sector experienced dwindling development resource allocations and expenditures as shown in Table 2.2. The development allocations ranged from KSh. 32,773 million – KSh. 67,266 million over the period. A similar declining trend was also noted in the development expenditures and this was attributed to long procurement processing, liquidity problems, the late approval of the Revised Budget and low absorption capacity experienced in Ministries. The sub sectors expended their development resources within their allocations but cases of over expenditure were noted in Cabinet Office and Public Service during the 2007/08 financial year and the Office of the Prime Minister in 2008/09.

The high development allocations and expenditures under the Ministry of Finance in 2007/08 – 2009/10 period are attributed to the construction of the disaster data recovery centre in Naivasha to provide backup for the current IFMIS system, installation of the Local and Wide Area networks for District Treasuries and Nairobi based offices, modernization of the Information Technology at KRA, and the refurbishment of the KRA border posts in preparation for 24-hour operations. CDF accounts for the high development allocations and expenditures in the Ministry of Planning while the high development allocations and expenditures in the Ministry of Foreign Affairs are attributed to the purchase of a building to house a Chancery and Official Residence in Tokyo. The high development allocations and expenditures during the 2008/09 -2009/10 period for the Cabinet Office are explained by the e-Government project where resources were spent on procurement of ICT equipment and creation of the Government Data Centre.

### 2.3.3 Analysis of Externally funded programmes

The sector implements externally funded programmes such as the Environmental Support Programme, Community Development Programme (CDP), the Community Development Environmental Programme and the Community Development Trust Fund. Other projects include the Millennium Development Goals, Central Kenya Dry Area Community Development Programme (CKDAP) and the South Nyanza Community Development Programme (SNCDP).

The sector also implements the Public Financial Management Reform Programme (PFMR), the Financial and Legal Sector Technical Assistance Programme (FLSTAP), and the Public Sector Reforms funded by the World Bank (IDA), African Development Bank, (ADB) European Union, GOK and other donors. Table 2.3 shows the allocations and actual expenditures for the externally funded projects in the sector.

**Table 2.3: Summary of Externally Funded Programmes (Ksh million)**

Sub Sector	Approved Estimates			Actual Expenditure		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Southern Nyanza Community Development Project	192	240	285	137	221	199
Central Kenya Dry Areas Small holders and Community Services Project	207	229	522	78	163	173
Community Development Programme (CDP)	382	519	304	188	461	175
Community Development for Environmental Management (CDEMP)	313	270	176	165	186	119

Environmental Programme Support (EPS)	146	407	537	47	206	206
<b>Total</b>	<b>1240</b>	<b>1665</b>	<b>1824</b>	<b>615</b>	<b>1237</b>	<b>872</b>

Source: Printed Estimates and Annual Accounts

## 2.4 Review of pending bills

Combined pending bills for recurrent and development rose from Ksh 119.3 million in 2007/08 to reach Ksh 512.24 million in 2008/09 before falling to Ksh 440.984 million. Both arose from lack of liquidity and lack of provision. The following section shows the bills incurred on each category of expenditure and their causes.

### 2.4.1 Recurrent Pending bills

The sector incurred pending recurrent bills as shown in Table 2.4 below.

The sector incurred recurrent pending bills totaling KSh. 119.3 million, KSh. 449.14 million, and KSh. 335.384 million in 2007/08, 2008/09 and 2009/10 respectively. These bills arose from lack of liquidity and lack of provision as shown in Table 2.4. As noted in this table, pending recurrent bills generally tended to increase over the review period and more so due lack of provision. Recurrent bills incurred by the Ministry of Foreign Affairs were attributed to currency fluctuations in Kenyan missions abroad and this was not provided for in the budget.

**Table 2.4: Summary of Pending Recurrent Bills 2007/08 -2009/10 (KSh million)**

Type/nature	Due to lack of liquidity			Due to lack of provision.		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Ministry of Finance	0	343.9	81	0	1,150	1,150
Ministry of Foreign Affairs	53	60	71.816	0	0	3.968
Office of the Prime Minister	0	17.84	86.6	0	0	0
Ministry of State for Planning National Development and Vision 2030	19.2	0	15	11.1	15.4	0
Ministry of State for Public Service	0	0	0	0	0	0
Cabinet Office	0	0	0	0	0	0
State House	36	12	77	0	0	0
Public Service Commission of Kenya	-	-	-	-	-	-
<b>TOTAL</b>	<b>108.2</b>	<b>433.74</b>	<b>331.416</b>	<b>11.1</b>	<b>15.4</b>	<b>3.968</b>

Source: Annual Accounts

Management of pending bills is therefore emerging as a key challenge in the management of the sector's budget and especially when they arise from lack of provision.

#### 2.4.2 Development pending bills

The sector also incurred development pending bills as shown in Table 2.5 below. Development pending bills incurred between 2007/08 -2009/10 period exhibited a rising trend though manageable. They arose from both lack liquidity and lack of provision but most of them arose from the former as shown in Table 2.5.

**Table 2.5:** Development Pending Bills (KSh million)

Type/nature	Due to lack of liquidity			Due to lack of provision.		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Ministry of Finance	0	61.7	40.8	-	-	0
Ministry of Foreign Affairs	-	-	39.1	-	-	25.7
Office of the Prime Minister	-	1.2	-	-	-	0
Ministry of State for Planning National Development and Vision 2030	-	-	-	-	0.2	-
Ministry of State for Public Service	-	-	-	-	-	-
Cabinet Office	-	-	-	-	-	-
State House	-	-	-	-	-	-
Public Service Commission of Kenya	-	-	-	-	-	-
<b>TOTAL</b>	-	<b>62.9</b>	<b>79.9</b>	-	<b>0.2</b>	<b>25.7</b>

Source: Annual Accounts

Total pending development bills stood at KSh. 63.1 million, and KSh. 105.6 million in 2008/09 and 2009/10 respectively.

They were attributed to the mandatory budget cuts in the Revised Budget, late procurement and the IFMIS related processing problems.

## **CHAPTER 3:**

### **MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2011/12 – 2013/14**

#### **3.1. Prioritization of Programmes and Sub-Programmes**

##### **3.1.1 Programmes and their Objectives**

###### **3.1.1.1 Management of State Affairs**

To provide timely and quality services to the Presidency through efficient utilization of resources in a working environment conducive to the fulfillment of the constitutional mandate of the office

###### **3.1.1.2 Human Resource Management and Development**

To spearhead management and development of human resources in the public service to support efficient and effective service delivery

###### **3.1.1.3 Promotion and safeguarding of Kenya's national interests abroad**

To provide professional and world class diplomatic services to effectively promote Kenya's national interests abroad

###### **3.1.1.4 District Planning and Community Development**

To enhance the standard of living for the rural population by providing and coordinating technical services in the implementation of sustainable community projects in rural Kenya

###### **3.1.1.5 Coordination of policy formulation and Implementation of Vision 2030**

To enhance capacity in policy research, formulation and implementation of Vision 2030 to make Kenya a globally competitive and prosperous by 2030

###### **3.1.1.6 Public Financial Management**

To formulate and implement policies for the mobilization, allocation and management of public financial resources and coordinate the preparation of the national budget.

###### **3.1.1.7 Development and Stabilization of the Financial Sector**

To facilitate economic development by regulating and supervising financial institutions and markets

### **3.1.1.8 Promotion of Investments, Private Enterprise and Competition**

To create an enabling environment for private sector participation in economic development by nurturing and providing incentives to investors, implementing regional and international investment agreements and removing restraints to trade and investment

### **3.1.1.9 General Administration and Support Services**

To provide leadership in efficient customer service to all stakeholders

### **3.1.1.10 Cabinet Services**

To provide overall strategic leadership and policy direction in the management of the Government affairs, creation of structures and institutional framework for the management of the Government at the central and devolved levels, enhance and consolidate nationhood and national unity and to ensure optimal public service delivery for national development.

### **3.1.1.11 Public Sector Advisory Services**

To facilitate the expansion and competitiveness of the economy by creation of growth inducing systems, enhancing the management and productivity of state corporations, expanding online service delivery and fostering Kenya- Southern Sudan partnership for national development.

### **3.1.1.12 Coordination and Supervisory Services**

To improve service delivery to the citizens of Kenya by entrenching performance based management

### **3.1.1.13 Administration of Human Resources in the Public Service**

To provide competent, skilled, responsible and accountable human resources in the public service for effective and efficient service delivery for the realization of Vision 2030.

### 3.1.2 Programmes, Sub Programmes, Expected Outcomes, Outputs and key Performance Indicators

The following matrix shows programmes, sub programmes in the Sector, their respective outputs/outcomes and key performance indicators.

<b>Programme Name: Management of State Affairs</b>		
<b>Outcome: Improved service delivery to the public</b>		
<b>Sub-programme</b>	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Coordination of state functions	Well developed Government policies.	Number of policies developed.
	Improved infrastructure within State Houses and Lodges.	Number of facilities maintained.
	Improved hospitality services at State Houses and Lodges and internationally recognized VVIP standards	<ul style="list-style-type: none"> <li>• Quality of service by the hospitality service providers.</li> <li>• Number of compliments / complaints about the services from the public.</li> </ul>
<b>Programme Name: Human Resource Management and Development</b>		
<b>Outcome: Efficient Public Service delivery</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Human Resource Management	<ul style="list-style-type: none"> <li>• M&amp;E framework for HR policies</li> <li>• Reviewed remuneration structure in the public service</li> </ul>	<ul style="list-style-type: none"> <li>• Framework in place</li> <li>• Remuneration Review report</li> </ul>
<b>Programme Name: Human Resource Management and Development.. continued</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Human Resource Development	<ul style="list-style-type: none"> <li>• Bi annual competency development reports</li> <li>• Feedback to MDAs on their progress in competency development</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical reports</li> <li>• Feed back reports</li> </ul>
Management Consultancy services	<ul style="list-style-type: none"> <li>• Job Evaluation reports for the Public Service</li> <li>• Organizational study reports</li> </ul>	<ul style="list-style-type: none"> <li>• No. and type of reports</li> <li>• Organizational structure chart.</li> <li>• Proposed organization structure</li> </ul>
Strengthening GTIs	<ul style="list-style-type: none"> <li>• New courses introduced</li> <li>• Expanded intake</li> </ul>	<ul style="list-style-type: none"> <li>• No of new courses introduced.</li> <li>• New buildings put up and old ones refurbished</li> <li>• Additional trainees capacity.</li> </ul>
<b>Programme Name: Promotion and protection of Kenya's National Interests Abroad</b>		
<b>Outcome: Prosperity and improved image globally</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
<b>Formulation and articulation of Kenya's</b>	New Missions/ Consulates opened	No. of new Missions/Consulates opened

<b>Foreign Policy</b>	Joint Commissions for Co-operation (JCC) launched	No. of Joint Commissions of Co-operation (JCC) launched. No. of JCC's Convened
	Joint Social, economic and cultural programmes	<ul style="list-style-type: none"> <li>No of MOUs signed</li> <li>No of joint programmes undertaken</li> </ul>
	Investment and development assistance agreements or other arrangements facilitated with interested partners	<ul style="list-style-type: none"> <li>Number of agreements or other arrangements facilitated</li> </ul>
	Declarations/communiqués on regional peace and stability	No of declarations/communiqués on regional peace and stability adopted
	Placement of Kenyans in key positions in major international organisations	<ul style="list-style-type: none"> <li>No. of Kenyan candidatures lobbied for</li> <li>No. of positions secured for Kenyans</li> </ul>
	Strengthened Foreign Service Institute	<ul style="list-style-type: none"> <li>Institute made autonomous</li> <li>Increased funding to the Institute</li> </ul>

<b>Programme Name: Promotion and protection of Kenya's National Interests Abroad</b>		
<b>Sub-programme</b>	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
	Kenya's Foreign Policy	<ul style="list-style-type: none"> <li>Foreign policy in place</li> </ul>
	Revised Scheme of Service for Foreign Service Officers implemented	<ul style="list-style-type: none"> <li>New vacant posts filled</li> <li>Promotions made</li> <li>Proposed training on diplomacy and on other fields undertaken</li> </ul>
	Draft Diaspora policy	Draft Diaspora policy in place
	Improved host country relations	Number of host country agreements reviewed
	Kenya's Foreign Policy	Foreign Policy document adopted
<b>Infrastructural development</b>	Appropriate and conducive accommodation	<ul style="list-style-type: none"> <li>No. of properties acquired</li> <li>No. refurbished properties.</li> </ul>
	Interconnection between Missions and Headquarters	Number of Missions connected with the Headquarter
<b>Programme Name: District Planning and Community Development</b>		
<b>Outcome: Improved living conditions for Kenya's rural population</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
<b>District Planning</b>	Constituency Resource Management Strategy developed (CRMS)	CRMS in place and implemented
	Improved implementation capacity in the decentralized planning services	<ul style="list-style-type: none"> <li>Regional Dissemination Workshops for the DDPs;</li> <li>No of additional field officers hired</li> </ul>

	District Data base developed	Progress report on 107 DIDCs supported under (CEISP)
	Provincial Monitoring & Evaluation Committee tours undertaken	32 Provincial Monitoring & Evaluation Committee reports;
<b>Programme Name: District Planning and Community Development.continued</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
	Vehicles procured and deployed in the field	No. and type of vehicles procured
Constituency Development Fund	Improved Social and economic welfare among constituents	No. and type of projects undertaken
Millennium Development Goals & Poverty Alleviation Initiatives	Institutionalized Revolving Loan Scheme in the pilot districts	<ul style="list-style-type: none"> <li>• Level of coverage of revolving funds</li> <li>• No of people accessing the loan funds</li> </ul>
	Poverty study and alleviation Strategy	Poverty Policy documents in place
	Project proposals received and implemented under the quick wins poverty eradication initiative	Quarterly MDGs progress Reports
	Investment handbook for mid-sized cities under the Millennium Cities	Investment hand book in place
	Mainstreamed MDG national planning	MDG compliant District Development Plans and policies
	Enhanced social welfare	Level of social welfare as measured by diverse indices Pro-poor projects under implementation

<b>Programme Name: Coordination of Policy formulation and Vision 2030</b>		
<b>Outcome: Economic growth better Quality of Life for Kenyans</b>		
Outcome: Economic growth and better Quality of Life for Kenyans		
Research, Macro Economic policy and Regional Integration	T21 macroeconomic model developed	Treasury 21 model in place
	Enhanced skills on policy research, modeling & forecasting and negotiation	No of staff trained Type of skills imparted
	Enhanced regional and international economic corporation	Level of cooperation with regional and international organizations

Infrastructure, Social - economic policy and Planning	Institutionalized social budgeting	status reports on social budgeting
	Knowledge Management Kenya Chapter established	KMA Kenya Chapter in place
	Improved access to Skilled maternity services among poor mothers	Level of poor mothers accessing skilled maternity services in 3 rural districts and 2 slums of Nairobi
Monitoring and Evaluation Systems	M&E policy developed and institutionalized	Annual NIMES reports
	Automated M&E system developed and implemented	Level of operation of the M&E system
	Public Expenditure Reports (PER) prepared	<ul style="list-style-type: none"> <li>• Annual PER reports</li> </ul>
	Revitalized District M&E Committees	District Annual Monitoring and Evaluation Reports.
	Quarterly, Mid-Term and Annual Progress Report on Vision 2030 First Medium Term Plan 2008-2012 prepared	Quarterly, Mid-Term and Annual Progress Reports
Vision Delivery	Sector delivery secretariat and working teams in place	No and thematic teams established
<b>Programme Name: Public Financial Management</b>		
<b>Outcome: Predictable revenue collection for efficient financing of government expenditure</b>		
<b>Priorities</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Mobilization of Public Financial Resources	Enhanced tax collection	<ul style="list-style-type: none"> <li>• Proportion of tax collection to GDP</li> <li>• Level of fiscal deficit</li> <li>• Level Annual domestic and external debt contracted</li> </ul>
	Stable macro economic environment	Level of inflation, interest and exchange rates
	Enhanced external resource flows	Proportion of external resource flows to GDP
Budgeting of Public Financial Resources	Annual Budget statement	<ul style="list-style-type: none"> <li>• Annual budget statement</li> <li>• No and type of policies arising from budget</li> </ul>

<b>Programme Name: Public Financial Management... continued</b>		
<b>Sub-programme</b>	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Management and Control of Public Financial Resources	<ul style="list-style-type: none"> <li>• Financial management policies issued</li> <li>• Value for money</li> <li>• Improved resource use in public agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Number of management circulars/guidelines issued</li> <li>• Level of resource wastage</li> <li>• Level of customer satisfaction/service delivery</li> </ul>
	<ul style="list-style-type: none"> <li>• Privatization programme in place</li> </ul>	<ul style="list-style-type: none"> <li>• Number of state corporations privatized</li> <li>• Reduced parastatals dependence on Treasury</li> </ul>
	<ul style="list-style-type: none"> <li>• Improved budget process and systems</li> <li>• Legal budget framework in place</li> <li>• Public procurement Authority in place</li> <li>• Improved public procurement</li> </ul>	Level of compliance to procurement regulations
<b>Programme Name: Development and Stabilization of the Financial Sector</b>		
<b>Outcome: A stable interest rate, low inflation and efficient financial institutions</b>		
Achieve macro-economic stability	Stable macro economic environment	<ul style="list-style-type: none"> <li>• Level of inflation, interest rate and exchange rate</li> <li>• Level of compliance to the Banking Act</li> </ul>
<b>Programme Name: Promotion of Investment, Private Enterprise and Competition</b>		
<b>Outcome: Increased investment and competitive business environment</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Conducive Investment climate	<ul style="list-style-type: none"> <li>• Documented domestic and external investments</li> </ul>	<ul style="list-style-type: none"> <li>• Number of new investment ventures established</li> <li>• Volume of domestic and external investments</li> </ul>
<b>Programme Name: General Administration and Support Services</b>		
<b>Outcome: Efficient customer service delivery</b>		
	Enhanced service delivery	Level of customer satisfaction Customer satisfaction
<b>Programme Name: Cabinet Services</b>		
<b>Outcome: Efficient and harmonious operations of the Government</b>		

Organization and facilitation of Government business	<ul style="list-style-type: none"> <li>• New Government structures Created</li> <li>• Government policies passed</li> </ul>	<ul style="list-style-type: none"> <li>• Number and type of Government structure created</li> <li>• Number and type of Government policies approved</li> </ul>
	<ul style="list-style-type: none"> <li>• Commissions/Tribunals/ Taskforce reports made</li> </ul>	<ul style="list-style-type: none"> <li>• Number and type of Commissions, Taskforce and Tribunal reports submitted</li> </ul>
	<ul style="list-style-type: none"> <li>• Presidential honours and awards investiture</li> </ul>	<ul style="list-style-type: none"> <li>• Annual awards and investitures</li> </ul>
	<ul style="list-style-type: none"> <li>• Improved understanding of Government policy among the public</li> </ul>	<ul style="list-style-type: none"> <li>• Number and type of policies disseminated</li> </ul>

<b>Programme Name: Public Sector Advisory Services</b>		
<b>Outcome: Improved performance and management of State Corporations, Improved economic and trade relations with Southern Sudan, and Improved</b>		
<b>Sub-programme</b>	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
National Economic and Social Advisory Services	Timely, accurate and evidence based advice on social and economic matters	No. and type of policies discussed and recommended for adoption
State corporations Advisory Services	<ul style="list-style-type: none"> <li>• Increased compliance to State Corporations Act and other laws</li> <li>• Improved management</li> </ul>	<ul style="list-style-type: none"> <li>• Level of compliance to State Corporations Act</li> <li>• Level of management/ profitability</li> </ul>
Kenya– Southern Sudan Liaison Services	<ul style="list-style-type: none"> <li>• Increased bilateral trade</li> <li>• Comprehensive Peace Agreement Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Level of trade between two countries</li> <li>• Level of Kenya’s investments in Southern Sudan</li> <li>• Quarterly monitoring reports and associated recommendations</li> </ul>
<b>Programme : Coordination and Supervisory Services</b>		
<b>Outcome: Well Coordinated and Functional Government</b>		
Harmonise Ministerial functions	Reduced inter ministerial conflicts	Level of ministerial conflicts
Enhance stakeholder participation in planning and budgeting	Public Sector stakeholder policy	Stakeholder forums
	National priorities and budgeting linkages	Consultation and collaboration policies between OPM and Ministry of Finance on

	strengthened	MTEF process developed.
Policy Coordination Services	Improved implementation of national policies/ priorities	Strategic plans developed by MDAs around specific national priorities.
	Improved public sector governance.	Management and value for money audit reports.
	Improved public sector performance.	Annual evaluation reports.
	Restored Mau Forest	Acreage of Mau Forest Rehabilitated
	KKV/ KYEP programme and employment created	<ul style="list-style-type: none"> <li>• KKV/KYEP action plan</li> <li>• Employment opportunities created</li> </ul>
Political and Parliamentary Affairs	Public Service communication strategy on priorities	Published communication strategy.
	Improved Parliamentary – Executive relations and engagement	Parliamentary briefs prepared and presented.
	Monitor the execution of Cabinet’s decisions	Number of Cabinet decisions executed
Results Based Management Services	Improved performance in the public sector	Number and types of RRIs launched in MDAs
	Transformative Leadership Strategy	Transformative Leadership framework
	Public - Private Sector Stakeholder Partnership (PSSP) Policy	Public - Private stakeholder policy in place
<b>Programme : Coordination and Supervisory Services</b>		
<b>Sub-programme</b>	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Results Based Management Services		
	National customer satisfaction survey	Survey report and its recommendations
	Service delivery charters implementation report	Number of service delivery charters implemented
	Operational E-service in some MDAs	Number of MDAs e-service delivery system
<b>Programme : Coordination and Supervisory Services</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Performance Contracting	Institutionalized Performance Contracting in MDA	Number and type of institutions and on performance contracts Quarterly and annual reports
Efficiency Monitoring and Inspectorate Services	Enhanced Public service delivery and corporate	Evaluation reports. No and type of organizations evaluated

	governance Reduced wastage of public resources	Level of completion of projects
<b>Programme Name: Administration of Human Resources in the Public Service</b>		
<b>Outcome: Enhanced human resource capacity for efficient and effective public service delivery</b>		
	<b>Outputs/outcomes</b>	<b>Key Performance indicators</b>
Promotion of Integrity and Ethics for public officers	<ul style="list-style-type: none"> <li>• Increased compliance with the Public Officer Ethic Act</li> <li>• Improved ethic and integrity among public Official</li> <li>• Improved Service delivery</li> </ul>	Level of compliance with Public Officer Ethics Act.
<b>Programme Name: Administration of Human Resources in the Public Service.. continued</b>		
Recruitment Selection, Stay and Exit management	<ul style="list-style-type: none"> <li>• Sustenance of efficient and effective public service delivery</li> <li>• Timely recruitments for the public Service</li> </ul>	<ul style="list-style-type: none"> <li>• No and type of staff recruited</li> <li>• No of discipline, promotions, retirement cases handled</li> </ul>
Human resource audit	Human Audit reports and recommendations	No. and type of institutions audited
Occupational tests and examinations	Commission Administered examinations and subsequent results.	Duration of processing Commission Administered exams
General administration support	Timely availability of resources to departments	<ul style="list-style-type: none"> <li>• Finalized policy guidelines in place</li> <li>• Increased customer satisfaction levels</li> </ul>

### 3.1.3 Programmes by Order of Ranking for each Sub Sector

The sub sectors have ranked their programmes as shown below;

#### 3.1.3.1 State House

- Management of State Affairs

#### 3.1.3.2 Ministry of State for Public Service

- Human Resource Management and Development

#### 3.1.3.3 Ministry of Foreign Affairs

- Promotion and safeguarding of Kenya's interests abroad

### **3.1.3.4 Ministry of State for Planning, National Development and Vision 2030**

- District Planning and Community Development
- Coordination of policy formulation and implementation of Vision 2030

### **3.1.3.5 Office of the Deputy Prime Minister and Ministry of Finance**

- Public Financial Management
- Development and Stabilization of the Financial Sector
- Promotion of Investment, Private Enterprise and Competition
- General Administration and Support Services

### **3.1.3.6 Cabinet Office**

- Cabinet Services
- Public Sector Advisory Services

### **3.1.3.7 Office of the Prime Minister**

- Coordination and Supervisory Services

### **3.1.3.8 Public Service Commission**

- Administration of Human Resources in the Public Service

## **3.2 Analysis of Resource Requirements by:**

### **3.2.1 Sector**

The sector's resource requirements for 2010/11 stood at KShs. 75,909 million. Future resource requirements for 2011/12, 2012/13 and 2013/14 period are projected at KShs. 111,836 million KShs. 102,978 million and KShs.111,571 million respectively inclusive of SAGAS as shown in Table 3.1 below. The Ministries of Deputy Prime Minister and Ministry of Finance will continue to lead in resource requirement over the MTEF period followed by the Ministries of Planning, National Development and Vision 2030 and the Ministry of Foreign Affairs.

### **3.2.2 Sub Sector**

Table 3.1 below shows resource requirements by sub sector. Compared to 2010/11 the sub sectors have sought significant resource increases in the 2011/12 financial year. The Ministry of Finance leads in resource needs followed by the Ministry of Planning, Ministry of State for Public Service, Prime Minister's Office and the public Service Commission.

**Table 3.1: Summary of Sub Sector Resource Requirements (Ksh million)**

Sub-Sectos	Approved allocation	Resource requirement		
	2010/11	2011/12	2012/13	2013/14
State House	1,080	2,175	2,234	2,335
Office of the Prime Minister	2,168	3,269	2,600	2,748
Office of the Deputy Prime Minister and Ministry of Finance	42,897	59,164	57,219	58,292
Ministry of State for Planning, National Development and Vision 2030	18,633	21,249	20,509	20,400
Cabinet Office	881	1,395	1,391	1,458
Ministry of Foreign Affairs	8,204	20,058	14,962	22,282
Ministry of State for Public Service	1,646	3,284	2,920	2,975
Public Service Commission	400	1,242	1,143	1,081
<b>Total</b>	<b>75,909</b>	<b>111,836</b>	<b>102,978</b>	<b>111,571</b>

Source: Sub Sector Budget Requests and Printed Estimates

### 3.2.3 Analysis of Resource Requirements by Programmes and Sub Programmes

The resources requested for 2010/11- 2012/13/14 period will be applied in the following programmes and sub programmes as shown in Table 3.2 below.

**Table 3.2: Summary of expenditure by Programme and Sub-Programmes (KSh. million)**

State House				
Programme 1: Management of State Affairs				
Sub-programme Name	Approved Estimates	Resource requirement		
	2010/11	2011/12	2012/13	2013/14
Coordination of State Functions	1,080	2,175	2,234	2,335
<b>Total Expenditure</b>	<b>1,080</b>	<b>2,175</b>	<b>2,234</b>	<b>2,335</b>
Ministry of State for Public Service				
Programme 2: Human Resource Management and Development				
Human Resource Development	263	449	467	476
Sub-programme Name				
Human Resource	724			

Management		1,711	1,285	1,309
Management Consultancy	313	534	555	565
Development of GTIs	346	590	613	625
<b>Total Expenditure</b>	<b>1,646</b>	<b>3,284</b>	<b>2,920</b>	<b>2,975</b>
<b>Sub-programme Name</b>	<b>Approved Estimates Ksh.million</b>	<b>Resource requirement KSh million</b>		
	2010/11	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Ministry of Foreign Affairs</b>				
Programme 3: Promotion and safeguarding of Kenya's interests abroad				
Formulation and articulation of Kenya's Foreign Policy	7,655	11,490	10,314	10,556
Infrastructural Development for Missions	549	8,568	4,648	11,726
<b>Total Expenditure</b>	<b>8,204</b>	<b>20,058</b>	<b>14,962</b>	<b>22,282</b>
<b>Ministry of State for Planning, National Development and Vision 2030</b>				
Programme 4: District Planning and Community Development				
District Planning	1,243	1,689	1,012	1,027
Constituency Development Fund	14,283	15,743	15,743	15,743
Environmental Management Initiatives	464	464	464	464
Community Development Initiatives	1,134	583	584	285
Poverty Alleviation Initiatives	261	345	376	444
<b>Total Expenditure</b>	<b>17,385</b>	<b>18,824</b>	<b>18,179</b>	<b>17,963</b>
<b>Programme 5: Coordination of policy formulation and implementation of Vision 2030</b>				
Macro Economic Policy And Regional Integration	139	183	183	184
Monitoring & Evaluation Systems	214	226	206	207
Vision 2030 Delivery	133	940	865	885
Social Economic				

Policy and Planning	513	700	681	731
<b>Total Expenditure</b>	<b>999</b>	<b>2,049</b>	<b>1,935</b>	<b>2,007</b>
<b>Administration and Support</b>				
Human Resources and Support Services	215	308	320	345
Financial Services	29	44	50	55
Information Communications Technology	5	24	25	30
<b>Total</b>	<b>249</b>	<b>376</b>	<b>395</b>	<b>430</b>

<b>Office of the Deputy Prime Minister and Ministry of Finance</b>				
Programme 6: Public Financial Management				
Mobilization of Public Financial Resources	14,485	21,052	21,538	22,679
Budgeting of Public Financial Resources	3,463	3,529	3,552	3,576
Management of Public Financial Resources	11,723	27,936	26,070	25,683
<b>Total Expenditure</b>	<b>29,671</b>	<b>52,517</b>	<b>51,161</b>	<b>51,938</b>
<b>Programme 7: Development and Stabilization of the Financial Sector</b>				
Development and Stabilization of the Financial Sector		1,817	303	335
<b>Total Expenditure</b>		<b>1,817</b>	<b>303</b>	<b>366</b>
Programme 8: Promotion of Investment, Private Enterprise and Competition				
Promotion of investment, Private Sector and Competition		380	1,147	1,762
<b>Total Expenditure</b>		<b>380</b>	<b>1,147</b>	<b>1,995</b>
<b>Programme 9: General Administration and Support Services</b>				

General Administration and Support Services	11,030	5,197	3,961	3,994
<b>Total Expenditure</b>	<b>11,030</b>	<b>5,197</b>	<b>3,961</b>	<b>3,994</b>
<b>Cabinet Office</b>				
Programme 9: Cabinet Services				
Organization of Government Business	591	843	825	851
Public Communications	107	236	250	264
<b>Total Expenditure</b>	<b>698</b>	<b>1,079</b>	<b>1,075</b>	<b>1,115</b>
Programme 10: Public Sector Advisory Services				
Economic and Social Advisory Services	90	168	163	181
Programme 10: Public Sector Advisory Services.. continued				
State Corporations Advisory Services	62	89	93	96
Kenya-Southern Sudan Advisory Services	31	58	60	66
e- Government Advisory Services	-	-	-	-
<b>Total Expenditure</b>	<b>183</b>	<b>315</b>	<b>317</b>	<b>343</b>

<b>Office of the Prime Minister</b>				
<b>Sub-programme Name</b>	<b>Approved Estimates Ksh.million</b>	<b>Resource requirement KSh million</b>		
	2010/11	2011/12	2012/13	2013/14
Programme 11: Coordination and Supervisory Services				
Policy Coordination services	370.2	478	385.2	392.9
Political and Parliamentary Affairs	590	762	614	626
Results Based Management Services	512	539	598	647
Efficiency Monitoring and Inspectorate Services	241	450	445	471

General Administration Planning	824	1,041	943	1,004
<b>Total Expenditure</b>	<b>2,537</b>	<b>3,269</b>	<b>2,985</b>	<b>3,141</b>
<b>Public Service Commission</b>				
Programme 12: Administration of Human Resources in the Public Service				
Recruitment and Selection, Stay and Exit	95	164	165	166
Human Resource Audit	19	107	107	107
Promotion Of Integrity and Ethics for Public Officers	6	57	57	57
Occupational Tests and Examinations	19	72	73	73
General Administration Support	262	842	742	678
<b>Total Expenditure</b>	<b>400</b>	<b>1,242</b>	<b>1,143</b>	<b>1,081</b>
<b>GRAND TOTAL</b>	<b>75,909</b>	<b>111,836</b>	<b>102,978</b>	<b>111,571</b>

### 3.2.4 Analysis of Resource Requirements by Devolved Levels-Counties/Districts

It is noted that part of the resources requested will be applied to support the devolved levels of Government. Table 3.3 below shows the recipients of the devolved resources in the sector.

**Table 3.3:** Summary of resource requirements by Devolved Levels-Counties/Districts (KSh. million)

District Planning and Community Development	Approved Estimates	Resource Requirement		
	2010/11	2011/12	2012/13	2013/2014
District Development Services	347	741	784	606
Provincial Planning Services	34	44	45	45
Constituency Development Fund	14,283	15,717	15,743	15,743
Public Financial Services(Districts/Counties)	1,474	804	1,970	1,980
<b>Total Expenditure</b>	<b>16,138</b>	<b>17,306</b>	<b>18,542</b>	<b>18,374</b>

**Source:** Printed Estimates and Sub sector submissions

### 3.2.5: Analysis of Resource Requirements by Economic Classification

The resources requested by the sector will be applied on the expenditure categories shown in Table 3.4 below.

**Table 3.4: Summary of Expenditures by Economic Classification (KSh million)**

Expenditure Classification	Approved allocation	Resource Requirements		
	2010/11	2011/12	2012/13	2013/14
<b>(1) Current Expenditure</b>	<b>50,464</b>	<b>49,078</b>	<b>48,746</b>	<b>51,473</b>
Compensation to Employees	6,638	6,739	6,401	6,529
Use of Goods and Services	14,938	18,247	17,251	17,999
Current Transfers to Govt Agencies	28,798	23,749	24,689	26,677
Other Recurrent	90	343	405	268
<b>(2) Capital Expenditure</b>	<b>25,445</b>	<b>62,758</b>	<b>54,232</b>	<b>60,098</b>
Acquisition of Non-Financial Assets	4,297	14,862	8,766	15,499
Capital Transfers to Govt Agencies	20,445	47,848	45,429	44,556
Other Development	703	48	38	43
<b>Total Expenditure</b>	<b>75,909</b>	<b>111,836</b>	<b>102,978</b>	<b>111,571</b>

Source: Sub sector Budget requirements

During 2010/11, the sector received KSh. 75,909 million for recurrent purposes. The recurrent resources are projected at KSh. 111,836 million, in 2011/12, Ksh.102, 978 million in 2012/13 and KSh. 111,571 million in 2013/14 as shown in Table 3.4 above. Of the projected resources, capital expenditures will dominate and are projected at KSh. 62,758 million in 2011/12, Kshs. 54,232 million in 2012/13 and KSh. 60,098 million in 2013/14.

Under current expenditures, current transfers to Government agencies will dominate the expenses and are projected to reach KSh 26,677 million in 2013/14 up from KSh 23749 million in 2011/12. Second in rank in expending of current expenditures will be Use of goods and services which is projected to stabilize over the budget period as shown in Table 3.4. Regarding capital expenditures, capital transfers to government agencies are projected to dominate this category of expenditure and will remain stable in the budget period as shown in Table 3.4 above.

### 3.3 Analysis of recurrent Resource Requirements versus Allocation by:

#### 3.3.1 Recurrent

Table 3.5 below summarizes recurrent resource requirements vis-à-vis proposed allocations for the sector. The sector's recurrent resource requirement vis-a-vis proposed allocation and by sub sectors. Broadly, it is observed that the sector resource requirement exceed the proposed allocation even by sub sector. The sector's resource requirements for 2011/12, 2012/13 and 2013/14 period stand at KSh. 50,878 million, KSh. 50,999 million and KSh. 53,468 million respectively. Budget shortfalls will thus prevail in the budget period which requires sub sectors to prioritize their projects and programmes within the proposed allocations.

Going by sub sector, the Ministries of Finance is projected to receive most of the recurrent resources followed by Foreign Affairs while third in rank will be the Ministry of State for Public Service as shown.

**Table 3.5: Recurrent Resource requirement Vis-A-Vis Proposed Allocations (Ksh. million)**

	Approved resource Allocation	Resource Requirement			Proposed Resource Allocation		
	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
					790	881	968
State House	814	1,690	1,745	1,815			
Office of the Prime Minister	1,704	2,962	2,628	2,734	1,613	1,799	1,977
Finance	33,726	26,810	28,083	30,213	14,606	16,290	17,898
Planning	3,245	4,154	3,626	3,536	1,303	1,451	1,594
Cabinet Office	794	1,075	1,126	1,174	742	828	909
Foreign Affairs	7,655	10,884	10,314	10,556	7,271	8,109	8,910
Public Service	1,274	2,062	2,334	2,359	7,097	7,915	8,697
Public Service Commission	400	1,242	1,143	1,081	389	4,33	477
<b>Total</b>	<b>49,495</b>	<b>50,878</b>	<b>50,999</b>	<b>53,468</b>	<b>33,809</b>	<b>37,706</b>	<b>41,430</b>

Source: Printed Estimates and proposed shared allocations

### 3.3.2 Development

Table 3.6 shows development resource requirement vis-a vis proposed allocations.

In development, there is a projected resource short fall in 2011/12. Broadly, the sector's development resource requirements are projected at KSh. 35,589 million, KSh. 27,128 million and KSh. 33,794 million in 2011/12, 2012/13 and 2013/14 years respectively against proposed allocation of KSh 20,160 million, KSh 29,698 million and KSh 34,449 million for the same period respectively.

**Table 3.6: Development Resource requirement Vis-à-vis proposed Allocations (KSh. m)**

	Approved resource Allocation	Resource Requirement			Proposed Resource Allocation		
	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
State House	329	485	489	520	423	623	723
Office of the Prime Minister	845	307	357	407	307	452	525
Finance	9,172	7,732	3,963	3,455	1,469	2,164	2,510
Planning	15,390	17,095	16,883	16,864	16,029	23,613	27,390
Cabinet Office	127	180	202	205	160	236	273
Foreign Affairs	549	8,559	4,648	11,726	850	1,252	1,452
Public Service	371	1,222	586	617	922	1,358	1,576
Public Service Commission	-	-	-	-	-	-	-
<b>Total</b>	<b>26,838</b>	<b>35,589</b>	<b>27,128</b>	<b>33,794</b>	<b>20,160</b>	<b>29,698</b>	<b>34,449</b>

Source: Ministerial Sub missions

### 3.3.3 Devolved Levels-Counties/Districts

The sector has been funding decentralized activities in the districts even before the enactment of the new Constitution. Funding of these activities as shown in Table 3.7 below albeit with some restructurings.

**Table 3.7: Analysis of resource requirements versus Allocation by Devolved Level/Counties/Districts (Ksh million)**

District Planning and Community Development	Approved Allocation	Resource requirements			Proposed resource Allocation		
		2010/11	2011/12	2012/13	2013/14	2011/12	2012/13
District Development Services	347	741	784	606	300	784	606
Provincial Planning Services	34	44	45	45	30	45	45
Constituency Development Fund	14,283	15,743	15,743	15,743	15,717	15,743	15,743
Public Financial Services(Districts/Counties)	1,474	2,695	1,970	1980	804	1,970	1980
<b>Total Expenditure</b>	<b>17,359</b>	<b>17,332</b>	<b>18,017</b>	<b>17,868</b>	<b>16,047</b>	<b>18,017</b>	<b>17,868</b>

Source: Printed Estimates and Sector Submissions

### 3.3.4 Semi Autonomous Government Agencies (SAGAs)

The Sector has a twelve (12) Semi-Autonomous Government Agencies namely the State Corporations Appeals Tribunal (SCAT), Kenya Revenue Authority (KRA), Public Procurement Oversight Authority (PPOA), Kenya Institute of Supplies Management (KISM), Privatization Commission, Kenya Investment Authority, National Coordinating Agency for Population and Development (NCAPD), New Partnership for African Development (NEPAD) Secretariat, Vision 2030 Delivery Commission and the Kenya Institute of Administration. Table 3.8 shows the SAGAs resource requirements against proposed allocations.

**Table 3.8: Analysis of SAGAs Resource requirements Vi-a-vis Proposed Allocations (KSh Million)**

Name of SAGA	Approved Estimates	Resource Requirement			Proposed Allocation		
		2010/11	2011/12	2012/13	2013/14	2011/12	2012/13
	(A)	(B)	C	(D)			
NEPAD	43	63	63	63	44	63	63
NCAPD	130	241	310	360	121	300	350

Vision 2030 Delivery Commission	233	131	131	131	129	884	681
Constituency Development Fund	14,283	16,613	16,613	16,613	15,717	16,613	16,613
Community Development Trust Fund	-	-	-	-	-	-	-
KIA	25	70	70	70	25	70	70
SCAT	21	23	26	28	21	23	26
KRA	9,598	14,998	15,846	17,037	9,750	15,846	17,037
PPOA	300	305	336	369	300	336	369
KISM	30	669	740	949	30	63	61
Privatization Commission	360	1,368	1,275	1,291	360	1,275	1,291
Kenya Investment Authority	285	758	797	1,024	285	797	1024
<b>Totals</b>	<b>25,308</b>	<b>35,239</b>	<b>36,207</b>	<b>37,935</b>	<b>26,782</b>	<b>36,270</b>	<b>37,585</b>

Source: Printed Estimates and Sub sector submissions

As shown in Table 3.8 above, Proposed allocations for SAGAs are projected to remain at the current year's levels as per the Government policy with the exception of KRA and CDF whose allocations are mandatory and increments institutionalized by the law.

### 3.3.5 Programmes and sub-programmes

Table 3.9 below shows the sector's resource requirements by Programme and sub programmes

**Table 3.9: Resource Requirement Vis-à-vis proposed Allocation by Programme and Sub Programme**

Sub-sectors	Programmes / Sub-Programmes	Resource Requirement Ksh million				Proposed Resource allocation Ksh million		
		Approved Estimates Ksh million	2011/12	2012/12	2013/14	2011/12	2012/12	2013/14
		2010/11	2011/12	2012/12	2013/14	2011/12	2012/12	2013/14

State House	Programme: Management of State Affairs							
	Coordination of State Functions	1,080	2,175	2,234	2,335	1,213	1,515	1,705
	Total	<b>1,080</b>	<b>2,175</b>	<b>2,234</b>	<b>2,335</b>	<b>1,213</b>	<b>1,515</b>	<b>1,705</b>
	Programme: Coordination and Supervisory Services							
OPM	Policy Coordination services	370	478	385	393	281	355	386
	Political and Parliamentary Affairs	590	762	614	626	448	566	615
	Results Based Management Services	512	539	598	647	317	552	635
	Efficiency Monitoring and Inspectorate Services	241	450	445	471	264	410	463
	General Administration and Planning	824	1,041	943	1,004	611	870	986
<b>Total</b>		<b>2,168</b>	<b>3,269</b>	<b>2,600</b>	<b>2,748</b>	<b>1,920</b>	<b>2,398</b>	<b>2,699</b>
	Programme name: Public Financial Management							
Finance	Mobilization of Public Financial Resources	14,485	21,052	21,538	22,679	10,215	12,758	14,362
	Budgeting of Public Financial Resources	3,463	3,529	3,552	3,576	57	71	80
	Management of Public Financial Resources	11,723	27,936	26,070	25,683	3,017	3,768	4,242

Sub-sectors	Programmes / Sub-Programmes	Approved Estimate s Ksh million	Resource Requirement Ksh million				Proposed Resource allocation Ksh million		
		2010/11	2011/12	2012/12	2013/14	2011/12	2012/12	2013/14	
	Programme name : Development and Stabilization of the Financial Sector								
	Development and Stabilization of the financial sector	1,817	303	335	366	81	101	114	
	Programme name: Promotion of Investment, Private Enterprise and Competition								
	Promotion of Investment, Private Enterprise and Competition	380	1,147	1,762	1,995	361	451	508	
	Programme Name: General Administration and support Services								
	General Administration and Support Services	11,030	5,197	3,961	3,994	2,344	2,928	3,296	
<b>Total</b>		<b>42,897</b>	<b>59,164</b>	<b>57,219</b>	<b>58,292</b>	<b>16,075</b>	<b>20,077</b>	<b>22,601</b>	
<b>Planning</b>	<b>Programme: District Planning And Community Development</b>								
	District Planning	1,243	1,689	1,012	1,027	544	679	765	
	Constituency Development Fund	14,283	15,743	15,743	15,743	15,717	18,908	21,286	
	Environmental Management Initiatives	464	464	464	464	-	721	812	
	Community Development Initiatives	1,134	583	584	285	22	27	31	
	Poverty alleviation initiatives	261	345	376	444	244	305	343	
	Programme: Coordination of Policy Formulation And Statistical Services								
	Macro Economic Policy And Regional	139	183	183	184	117	146	165	

	Integration							
<b>Planning</b>	Monitoring & Evaluation Systems					137	171	193
		214	226	206	207			
	Vision 2030 Delivery	133	940	865	885	129	161	181
	Social Economic Policy And Planning	513	700	681	731	<b>173</b>	216	243

Sub-sectors	Programmes / Sub-Programmes	Approved Estimates Ksh million	Resource Requirement Ksh million				Proposed Resource allocation Ksh million		
			2010/11	2011/12	2012/12	2013/14	2011/12	2012/12	2013/14
Programme: Administration and Support									
<b>Planning</b>	Human Resources and Support Services	215	308	320	345	213	266	299	
	Financial Services	29	44	50	55	29	36	41	
	Information Communications Technology	5	24	25	30	5	6	7	
<b>Total</b>		<b>18,633</b>	<b>21,249</b>	<b>20,509</b>	<b>20,400</b>	<b>17,330</b>	<b>21,644</b>	<b>24,366</b>	
Programme: Cabinet Services									
Cabinet Office	Organization of Government Business	591	843	825	851	545	668	740	
	Public Communications	107	236	250	264	153	202	230	
	Programme name : Public Sector Advisory Services								
	Economic and Social Advisory Services	90	168	163	181	109	132	157	
	State Corporations Advisory Services	62	89	93	96	58	75	83	

	Kenya-Southern Sudan Advisory Service	31	58	60	66	38	49	57	
	e- Government Advisory Services	-	-	-	-	-	-	-	
	Sub-total	183	<b>315</b>	<b>316</b>	<b>343</b>	<b>205</b>	<b>256</b>	<b>297</b>	
<b>Total</b>		<b>881</b>	<b>1,395</b>	<b>1,391</b>	<b>1,458</b>	<b>902</b>	<b>1,126</b>	<b>1,268</b>	
Programme: Promotion and Safeguarding Kenya's national Interests Abroad									
Foreign Affairs	Formulation and Articulation of Kenya's Foreign Policy	7,655	11,490	10,314	10,556	4,654	6,992	5,409	
	Infrastructural Development for Missions	549	8,559	4,648	11,726	3,467	3,151	6,009	
<b>Total</b>		<b>8,204</b>	<b>20,049</b>	<b>14,962</b>	<b>22,282</b>	<b>8,121</b>	<b>10,143</b>	<b>11,418</b>	
Human Resource Management and Development									
Ministry of state for Public Service	Human Resource Development	263	449	467	476	1,096	1,602	1,804	
	Human Resource Management	724	1,711	1,285	1,309	4,178	4,407	4,961	
		Approved estimates Ksh m	Resource Requirement Ksh million				Proposed Resource allocation Ksh million		
		<b>2010/11</b>	<b>2011/12</b>	<b>2012/12</b>	<b>2013/14</b>	<b>2011/12</b>	<b>2012/12</b>	<b>2013/14</b>	
	Management Consultancy	313	534	555	565	1,304	1,904	2,141	
	Development of GTIs	346	590	613	625	1,441	2,102	2,368	
	Human Resource Development	263	449	467	476	1,096	1,601	1,804	

<b>Total</b>		<b>1,646</b>	<b>3,284</b>	<b>2,920</b>	<b>2,975</b>	<b>8,019</b>	<b>10,015</b>	<b>11,274</b>
Administration Of Human Resources In Public Service								
Public Service of Kenya	Recruitment, Selection, stay And Exit	95	164	165	166	51	70	84
	Human Resource Audit Programme	19	107	107	107	34	45	54
	Promotion Of Integrity and Ethics for Public Officers	6	57	57	57	18	24	29
Administration Of Human Resources In Public Service								
	Occupational Tests and Examinations	19	72	73	73	23	31	37
General Administration Support								
	General Administration and Support	262	842	742	678	263	314	344
<b>Total</b>		<b>400</b>	<b>1,242</b>	<b>1,143</b>	<b>1,081</b>	<b>389</b>	<b>486</b>	<b>548</b>
<b>Sector Total</b>		<b>75,909</b>	<b>111,836</b>	<b>102,978</b>	<b>111,571</b>	<b>53,969</b>	<b>67,404</b>	<b>75,879</b>

Source: Printed Estimates and Sector Submissions

### 3.3.6 Economic classification

The resource requirements and the proposed allocations can further be disaggregated by economic classification of expenditures as shown in Table 3.10.

According to Table 3.10 below, transfer to Government agencies, use of goods and services and compensation to employees are projected to be allocated most of the recurrent resources by order of ranking in the 2011/12 -2013/14 MTEF period. In development, a capital transfer to Government agencies is projected to lead in allocation of resource in 2011/12-2013/14 followed by acquisition of non financial assets. In both development and recurrent, proposed resource allocations fall short of the requirements.

**Table 3.10: Resource Requirement Versus Allocation By Economic Classification  
(KSh million)**

Expenditure Classification	Approved Estimates	Resource Requirements			Proposed Resource Allocation		
		2010/11	2011/12	2012/13	2013/14	2011/12	2012/13
(1) Current Expenditure	50,464	49,078	48,746	51,473	23,684	29,580	33,299
Compensation to Employees	6,638	6,739	6,401	6,529	6,739	6,401	6,529
Use of Goods and Services	14,938	18,247	17,251	17,999	8,806	10,998	12,380
Current Transfers to Govt Agencies	28,798	23,749	24,689	26,677	11,461	14,314	16,113
Other Recurrent	90	343	405	268	166	207	233
(2) Capital Expenditure	25,445	62,758	54,232	60,098	30,285	37,825	42,580
Acquisition of Non-Financial Assets	4,297	14,862	8,766	15,499	7,172	8,957	10,084
Capital Transfers to Govt Agencies	20,445	47,848	45,429	44,556	23,090	28,838	32,464
Other Development	703	48	38	43	23	29	33
<b>Total Expenditure</b>	<b>75,909</b>	<b>111,836</b>	<b>102,978</b>	<b>111,571</b>	<b>53,969</b>	<b>67,404</b>	<b>75,879</b>

Source: Sub Sector Sub missions

## **CHAPTER FOUR**

### **4.1 Cross - Sector Linkages**

The Public Administration and International Relations Sector is an important player in the management of public finances and maintain close linkages with other sectors on a wide range of issues. It works closely with the entire Government by ensuring provision and management of human resource and capital resources in addition to providing guidance in the execution of public policy and programmes. The sector comprises key Government Ministries which influence the management of the Government such as the Presidency and Cabinet Affairs Office, Office of the Prime Minister, Office of the Prime Minister and Ministries of State for Public Service, Planning, National Development and Vision 2030, Ministry of Foreign Affairs, Office of the Deputy Prime Minister and Ministry of Finance and the Public Service Commission of Kenya.

Besides this, the sector through its member Ministries provides strategic and policy direction to all other MTEF sectors and ensures performance of the public service. It also ensures that the public service has the requisite staff and skills necessary for service delivery to meet the expectations of the Kenya citizens. In addition, It facilitates the creation of the necessary Government structures to provide public services and to respond to the emerging issues and the public expectations.

It thus maintains close linkages with all the others on matter of budgeting, planning and human resource management. It also links all other sectors on matters of external resource mobilization and ensures that they are well linked with regional and international organizations. This function is executed by the Ministry of Foreign Affairs and ensures that all sectors maintain contacts with the rest of the world on economic, social and cultural matters, among others. The sector is therefore at the forefront and helps others to mobilize credit and other technical assistance needed to execute their mandates by facilitating resource flows, technical and other forms of cooperation and Kenya's membership in world bodies. It also oversees the implementation of Government programmes and the performance of all public agencies for national development and this keeps it well connected with al the other sectors.

On the policy front, the sector maintains close contacts with other bodies in the Government by facilitating formulation of evidence based policies. This function is usually executed through the National and Economic and Social Council which reviews and recommends social and economic policies for adoption by the Government. On the other hand, the sector influences the entire public policy by undertaking detailed policy research and analysis through the Kenya Institute of Public Policy Research and Analysis (KIPPRA). KIPPRA undertakes economic, social and other forms of research and analysis which feed into public policy in the various sectors of the economy. In addition, the sector collects, collates, analyzes, publishes and stores data for all sectors in the economy and thus facilitates data for planning in the public sector.

The sector also ensures that public policies discussed and analyzed are submitted to the Cabinet for approval before being submitted to the Parliament for further deliberation and passing into the relevant laws. After the enactment of the various laws or the public policy, the sector coordinates implementation among players to ensure harmony and achievement of the set objectives especially when the policy transcends other sectors.

The Office of the Prime Minister comes in handy and supervises the implementation of the policy and also facilitates evaluation of the same with assistance of the Monitoring and Evaluation Directorate falling within the sector.

The sector also maintains cross sectoral linkages with other Government agencies by coordinating the on-going public sector reforms. Some of the resources allocated to the sector are thus applied in the promotion of public sector reforms which aim at improving service delivery and efficiency besides improving the competitiveness of the economy. The sector in particular maintains close relationship with the Research, Innovation and Technology sector in the promotion of ICT uptake in public service delivery. It provides policy in the adoption of e-Government vide the Directorate of e-Government domiciled in the Cabinet Office while other public agencies undertake the execution. This initiative has improved service delivery by facilitating online services to the public and by providing guidance to the public sector on automation.

Regarding governance and accountability, the sector ensures productivity of public resources by undertaking value for money audits and monitoring the performance of state enterprises irrespective of the host sector. This ensures that public resources allocated are spent well for public good. Policies pertaining to the creation, abolition and restructuring of these enterprises also emanate from the sector and through this way, the sector safeguards public resources and assets for national posterity.

Concerning policy formulation and coordination, the sector through the Ministry of Planning, National Development and Vision 2030 plays an important role. It monitors and facilitates formulation and implementation of the national, sectoral and strategic plans of all Ministries in the Government to ensure focus on the set targets. It also coordinates planning in all Ministries and ensures linking of policy to planning and budgeting for national development. It is currently coordinating the implementation of Vision 2030, whose projects transcend all the MTEF sectors. The success of this sector will greatly influence performance of the other sectors positively.

## CHAPTER FIVE

### 5.0 Challenges and Emerging Issues

The sector has encountered some challenges in the execution of its mandate while new issues emerged as follows:

#### 5.1 Challenges

- **Declining Budgets:** The sector has continuously faced declining budgets over the MTEF period largely due to the slow growth of the sector ceilings relative to the increasing needs of the sector. Demand for better service delivery has been increasing thus leaving the sector unable to meet public expectations. The declining resources have also undermined funding of the Vision 2030 flagship and other projects in the sector a situation which undermines national development in future.
- **Implementation of the New Constitution**  
In the forthcoming MTEF period, the sector is likely to face challenges in the implementation of the new Constitution considering the dwindling resources and the emerging demands from the devolved Government.
- **Mobilization of resources to meet national needs:** The sector is charged with the responsibility of mobilizing financial resources for entire Government. This has been a challenge in view of the past economic and financial crisis which hit the world during the MTEF review period. Consequently, not all projects earmarked by the sector have received full funding whereas some deserving projects had to be shelved. The inability to generate the required resources has partly arisen from the adverse weather conditions that faced the country during the MTEF period as well as the post election violence of 2008. This greatly undermined growth and revenue generation.
- **Maintenance of sound macro economic stability:** As noted in the preceding sections, resource needs for the sectors have been increasing thus putting pressure on the sector to generate additional resources without sparking instability in key macro economic variables such as inflation, interest and exchange rates as well as the fiscal deficit.
- **Stringent conditions for donor funded projects:** Donors continued to apply stringent conditions in the implementation of their sponsored projects. The long procurement and disbursement procedures caused delays in the commencement of such projects and subsequent under spending on the same. The problem was more pronounced in the development vote where donor funds were granted or loaned as revenue.
- **Automation of Government Budget to devolved levels:** Though the sector has been automating the Government Budget through the IFMIS, the process has not reached the districts where most of the funds are spent due to lack of the necessary infrastructure. At the Headquarters level, ICT uptake has not been encouraging due to capacity constraints and this undermines efficiency and productivity.

- **Implementation of Public Service Reforms:** This sector has been coordinating the Public Sector reforms and the Public Financial management Reforms to improve efficiency, accountability and productivity. The uptake of the reforms has however been low due to resistance but the sector will continue to implement them to improve Government operations.
- **Staff shortages:** The sector continues to face professional shortages arising from past budget constraints which have undermined both recruitment and filling of the existing positions. This undermines service delivery and overall national development and may compromise the envisioned growth.
- **High staff turn over:** Besides staff shortages, staff turn over has been high which undermines better execution of its projects.
- **Rising stakeholder expectation:** Overtime, stake holder expectations of the sector have been rising which calls for improved service delivery. On the other hand, the sector budget has not risen commensurate with the stakeholder needs thus leading to unmet needs.

## 5.2 Emerging Issues

- **Implementation of the Fiscal Act, 2009:** The budget for 2011/12-2013/14 MTEF period will be implemented within the context of the Fiscal Management Act, 2009 that created a Parliamentary Budget Office to provide the national Assembly with timely and objective information relating to the national budget and the economy. Parliament will therefore exercise more power on the national budget than ever before.
- **Resistance to ongoing Reforms:** The Sector in collaboration with stakeholders has been implementing Public Financial Management reforms to hasten service delivery and improve accountability on the use of public resources. The implementation of these reforms still face resistance but the sector is determined to implement them fully.
- **Ring fencing of Resources:** A trend has emerged in the sector where resources for specified programmes are ring fenced due to their legal status among other considerations. A case in point is the CDF and the Kazi Kwa Vijana Programme as well as other programmes covering the entire Government. Any increment in the sector's ceiling is usually taken up by these programmes leaving few resources for other programmes and this risks sector's prioritization of its programmes in the light of scarce resources.
- **Low funding of Vision 2030 and MTP projects:** Due to resource constraints in the sector, it has not been possible to provide adequate resources for the Vision 2030 projects from the sub sectors. This will result on prolonged implementation, escalation of costs and delayed services to the public.

- **Inability to monitor budget execution:** Limited financial and human resources has constrained the sector's ability to monitor the implementation of budget, projects, programmes. And this may compromise the outputs and outcomes of the budget.
- **Effects of HIV/AIDS on Performance:** The effects of HIV Aids in the work place are slowly manifesting themselves in the form of increased morbidity, loss of man hours and death. The sector will therefore continue to deepen its interventions in the fight against the scourge in the work place. This will however be at the expense of development and behavioural change is therefore urged among all.
- **Medical Insurance:** The sector is unable to provide for medical insurance estimated at Ksh 3.1 billion from its ceiling. Treasury should consider funding this item by expanding the ceiling or from elsewhere.

## CHAPTER SIX

### CONCLUSION

The Public Administration and International relations Sector plays an important role in the management and conduct of Government Affairs. It undertakes the role by coordinating key functions of the Government most of which are cross cutting and essential for the performance and service delivery. It manages key functions such the provision of overall strategic policy and direction, supervision of Government affairs, human resource management and development, economic planning, finance, budgeting and the foreign affairs.

These functions define the operating environment for both the private and public sectors and its performance is therefore critical to the performance of other sectors in the economy. During the period under review, the sector implemented its projects and programmes despite the apparent challenges. The projects and programmes were implemented within the allocated resources indicating the sector's fiscal discipline. Enhanced performance could have been achieved had more resources been allocated. It is noted that since 2007/08, the sector's resource ceiling has been declining and where increments were made, they comprised one off payments in a particular sub sector thus leaving them at their pre existing levels or worse off.

Indeed, a trend has emerged within the sector where sub sector budgets have continuously declined year after year. This is a great challenge for the subsector considering the increasing public expectations in service delivery. Sub sectors should thus explore innovative ways of sustaining quality service delivery amid the declining budgets.

On the development vote, the sector's development budget and expenditures have experienced a similar declining trend over the last three years. The decline in development budget is critical as it will undermine the implementation of some projects and programmes at the grassroots compromising on growth and poverty reduction at those levels. The declining development budget is also undermining the implementation of the only flagship project in the sector; Kenya School of Government and other projects.

As the sector executes its budget, a worrying trend of pending bills is emerging. They have been rising since 2007/08. Though the sector has managed its development bill well, it has not been the case with the recurrent which has increased overtime mostly due to lack of liquidity. The sector now needs to devise a strategy for managing pending bills in the coming MTEF period as this has been a challenge.

A review of the resource allocation for the period in question shows a worrying trend. Resources allocated have usually fallen short of the sector's requirements. This has resulted in the shelving of some projects as the budget can only fund some of the core activities in the sector. The expansion of the sector's ceiling should therefore be pursued.

In the coming MTEF period, the sector should brace itself for budget austerity as sub sector are projected to receive lower budgets compared to the current one unless the ceiling is expanded. The tight budget is coming at a critical period when the country is embarking on the implementation of the new Constitution. This may undermine the implementation of this new law and the country's economic growth.

## CHAPTER SEVEN

### Recommendations

In view of the challenges faced by the Sector in the implementation of its budget, it is recommended that:

- Treasury considers increasing the sector ceiling for both recurrent and development. The sector members are facing declining allocations yearly and this will compromise their service delivery
- The sector develops innovative ways of sustaining service delivery in the light of declining budget
- The Sector continues to implement and deepen Public Service reforms to improve service delivery and productivity of public resources.
- The sector hastens Public Financial management reforms to improve uptake of ICT and related service delivery.

The sector builds and institutionalizes M& E capacity to monitor implementation of the budget and its projects for improved accountability

- strengthen capacity building activities among its staff so that they can acquire the skills required to improve their productivity
- The sector continues to enhance stakeholder participation for broad ownership of the budget.
- The Sector Considers providing additional resources for non ring fenced and mandatory projects to hasten their implementation.
- The Sector recruits additional staff to enable the hiring of extra expert staff to address emerging challenges in management of government as well as executions of its programmes